

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

November 11, 2014

PC DEPOT CORPORATION

Securities code: 7618
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 Scheduled date of quarterly securities report filing:
 Scheduled date of dividend payment:
 Preparation of supplementary references for these second quarter financial results:
 Holding of an IR Briefing on these second quarter financial results:

Stock Exchange Listing:
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 November 14, 2014
 December 5, 2014
 Yes
 Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (April 1, 2014 – September 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	%
Six months ended September 30, 2014	24,382	(0.2)	1,627	76.2	1,681	70.6	1,043	63.6
Six months ended September 30, 2013	24,433	1.1	923	362.1	985	277.6	638	575.3

Note: Comprehensive income Six months ended September 30, 2014: 1,050 mil. yen (66.1%)
 Six months ended September 30, 2013: 632 mil. yen (664.5%)

	Net quarterly inc. per share	Diluted net quarterly inc. per share
	Yen	Yen
Six months ended September 30, 2014	41.22	41.02
Six months ended September 30, 2013	29.17	29.05

(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 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 September 30, 2014	25,646	14,399	56.0	567.33
As of March 31, 2014	27,138	13,464	49.5	530.84

Reference: Shareholder equity As of September 30, 2014: 14,369 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	355.00
Fiscal year ending March 31, 2015	—	5.00			
Fiscal year ending March 31, 2015 (forecast)			—	5.00	—

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

(Note 1) 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.

(Note 2) Effective on January 1, 2015, the Company will split its common shares at a rate of one to 1.5 shares. The forecasted amount of dividend per share calculated based on the number of shares prior to the stock split is 12.50 yen, which is an increase of 2.50 yen from the previous forecast.

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
Full year	53,000	(1.5)	3,100	34.2	3,200	32.7	1,960	26.1	51.59

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

* Net income per share was calculated based on the average number of shares during the period with the stock split scheduled for January 1, 2015 taken into account.

* Notes

(1) Were there changes in important subsidiaries during the six 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 September 30, 2014	25,952,000 shares	As of March 31, 2014	25,952,000 shares
② Number of shares of treasury stock as of the end of the period	As of September 30, 2014	623,852 shares	As of March 31, 2014	623,800 shares
③ Average number of shares outstanding during the cumulative quarterly period	2Q of fiscal year ending March 31, 2015	25,328,181 shares	2Q of fiscal year ended March 31, 2014	21,878,200 shares

(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 assumptions and other matters regarding earnings forecasts, please see page 3 of the appendix, "1. Qualitative Information on the Consolidated Financial Results for the Six Months Ended September 30, 2014: (3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2015."

Effective on January 1, 2015, the Company will split its common shares at a rate of one to 1.5 shares. Net income per share was calculated based on the average number of shares during the period with the stock split scheduled for January 1, 2015 taken into account.

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1. Qualitative Information on the Consolidated Financial Results for the Six Months Ended September 30, 2014

(1) Explanation of operating results

During the six months under review (April 1, 2014 to September 30, 2014), the Japanese economy remained on a moderate recovery track while certain sectors merely stood on the sidelines. However, the consumption environment remained clouded with uncertainties due to factors such as unseasonable weather conditions and the pullback following the demand surge prior to the hike in Japanese consumption tax implemented in April.

In domestic over-the-counter sales of PCs, there was a certain amount of replacements of PCs for private use with new models following the termination of support for Windows XP in April 2014. However, the replacement demand began tapering off in July, resulting in a drop in sales volume. The PC sales continued to face a severe situation. On the other hand, sales of smart devices such as smartphones and tablets remained strong backed by the release of new products in September.

Against this backdrop, we at 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 to 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 (a new type of outlet that focuses more on providing services) and reopened stores in Tokyo and Kanagawa Prefecture. As a result, the total number of PC DEPOT Smart Life Stores was 11 as of the end of September 2014. In addition, we started to introduce a business model for a new type of outlet, "Smart x Solutions (S x S)," in our large-scale stores in September 2014. This allowed PC DEPOT stores to further accelerate sales across the board, including support, services and content for smart devices. In terms of service products, we offered more solutions that combine content, cloud, and other services. Furthermore, we greatly increased our iPhone and Mac service product lineups in line with the September release of new versions of these products. In this way, we strove to meet potential customer demand and broaden our customer base.

As a result, sales for existing stores and those from services continued to be favorable, registering year-on-year increases of 0.8% and 21.1%, 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 characteristic feature of our business. However, we worked to maintain other expenses at reasonable levels, resulting in selling, general and administrative expenses rising only 5.9% year-on-year.

As a result, for the six months ended September 30, 2014, net sales were 24.382 billion yen (down 0.2% YoY), operating income was 1.627 billion yen (up 76.2% YoY), ordinary income was 1.681 billion yen (up 70.6% YoY), and net income was 1.043 billion yen (up 63.6%).

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 having 50 stores carry Apple Macs and having all 61 PC DEPOT stores and PC DEPOT Smart Life Stores (both directly managed stores and subsidiaries) carry iPads. Replacement demand for private-use PCs remained flat after the termination of Windows XP support in April 2014. Although PC sales have faced a severe situation since July as the effect of the termination settled down, we continued to strive to expand our support services.

In terms of services, we launched "Apple Start Pack," a service which combines Apple's iPhone or iPad with our support service. Furthermore, we embarked on a low-price smartphone business and started to provide a support service that covers everything from application to support for service subscription procedures and device configuration, allowing customers to enjoy the worry-free use of SIM free devices, which require a certain level of knowledge and technology. We also actively provided services that meet potential customer demand such as the swift provision of technical services supporting iPhone 6, which was released in September 2014, thereby striving to encourage new customers to use our services and increase the number of subscribers to our Premium Service (maintenance services provided on a monthly membership fee basis). We enhanced our digital content distribution services such as digital magazines on an ongoing basis by, for example, launching a service that provides a combination of a music distribution service and speakers. The number of digital magazines we carry had increased to 53 as of September 30, 2014, as we expanded the range of services focusing on magazines specialized in health and hobbies, Nikkei Business and other economics magazines, Fujin Gaho and other women's magazines, and sports magazines. As a result of these efforts, sales from our Premium Service, digital magazines and video-on-demand content services, our cloud, IP phone, and other solutions services, our low-price smartphone business, our support for subscription procedures for the use of services by Mobile Virtual Network Operators (MVNO), and our technical services and support for PCs and smart devices all continued to be strong.

At the end of the six months under review, there were 39 directly-managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 11 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 54 stores: 48 stores directly managed by the company and 6 franchise stores, giving us 120 PC DEPOT, PC DEPOT Smart Life Store, and PC DEPOT PC Clinic stores in total.

As a result of the above, net sales for the PC sales business were 23.722 billion yen (up 0.0% YoY) and ordinary income for the segment was 1.665 billion yen (up 65.7% 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 of the above, net sales for the Internet-related business amounted to 659 million yen (down 8.7% YoY) and ordinary income for the segment was 198 million yen (up 33.8% YoY).

(2) Explanation of financial condition

As of September 30, 2014, consolidated total assets were 25.646 billion yen, which represents a decrease of 1.492 billion yen from March 31, 2014. Consolidated total liabilities were 11.246 billion yen, a decrease of 2.427 billion yen from March 31, 2014. Net working capital (the amount calculated by subtracting current liabilities from current assets) was 8.689 billion yen, indicating continued financial soundness.

Total capital investments made during the six months ended September 30, 2014, totaled 601 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

Revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2015 announced on May 12, 2014.

For details, please see “Notice of revised forecasts of financial results for the fiscal year ending March 31, 2015” released on October 30, 2014.

2. Information Concerning Summary (Notes)

(1) Changes in important subsidiaries during the six 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. Material Events Related to Premise of Going Concern

N/A

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 Second Quarter (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	4,679,944	2,725,669
Accounts receivable- trade	6,939,300	7,041,569
Inventories	5,775,344	5,830,140
Accounts receivable- other	367,462	446,896
Deferred tax assets	359,612	387,026
Other	473,385	477,563
Allowance for doubtful accounts	(100,654)	(132,868)
Total current assets	18,494,396	16,775,996
Non-current assets		
Property, plants and equipment		
Buildings and structures	6,101,079	6,368,503
Accumulated depreciation	(2,069,865)	(2,207,071)
Buildings and structures- net	4,031,214	4,161,432
Tools, furniture and fixtures	1,951,425	2,026,969
Accumulated depreciation	(1,462,433)	(1,506,992)
Tools, furniture and fixtures- net	488,991	519,977
Land	263,011	263,011
Construction in progress	53,628	52,981
Total property, plants and equipment	4,836,845	4,997,402
Intangible assets		
Goodwill	10,299	7,244
Other	626,440	682,402
Total intangible assets	636,740	689,647
Investments and other assets		
Investment securities	162,114	175,793
Deferred tax assets	265,797	286,516
Guarantee deposits	1,349,135	1,314,530
Lease deposits	1,248,874	1,269,432
Other	147,642	139,800
Allowance for doubtful accounts	(2,945)	(2,840)
Total investments and other assets	3,170,618	3,183,234
Total non-current assets	8,644,204	8,870,284
Total assets	27,138,601	25,646,281

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 Second Quarter (As of September 30, 2014)
Liabilities		
Current liabilities		
Accounts payable- trade	3,506,024	2,586,894
Short-term loans payable	900,000	600,000
Current portion of long-term loans payable	1,727,399	1,529,964
Accounts payable- other	1,179,507	1,059,793
Income taxes payable	860,571	677,873
Provision for bonuses	158,980	183,677
Provision for merchandise warranties	159,903	226,568
Other	1,266,510	1,221,588
Total current liabilities	9,758,897	8,086,359
Non-current liabilities		
Long-term loans payable	3,244,261	2,499,279
Long-term accounts payable- other	122,760	112,700
Liabilities associated with retirement benefits	15,924	17,648
Asset retirement obligations	398,227	401,585
Long-term guarantee deposits	133,872	129,078
Total non-current liabilities	3,915,046	3,160,291
Total liabilities	13,673,944	11,246,651
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	8,722,799
Treasury stock	(151,298)	(151,344)
Total shareholder equity	13,413,014	14,330,325
Other comprehensive income		
Valuation difference on available-for-sale securities	32,244	38,985
Total other comprehensive income	32,244	38,985
Subscription rights to shares	19,397	30,318
Total net assets	13,464,656	14,399,629
Total liabilities and net assets	27,138,601	25,646,281

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)

(Second quarter of consolidated period)

(Thousands of yen)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
Net sales	24,433,950	24,382,037
Cost of sales	16,004,484	14,804,970
Gross profit	8,429,465	9,577,066
Selling, general and administrative expenses		
Advertising expenses	595,933	485,148
Sales commissions	274,275	293,729
Directors' compensation	68,580	77,416
Salaries and allowances	2,546,519	2,842,462
Bonuses	104,384	124,319
Provision for bonuses	168,056	183,677
Retirement benefit expenses	31,384	34,800
Supplier expenses	238,929	278,707
Depreciation	309,246	339,579
Amortization of goodwill	72,519	3,054
Rent expenses on real estate	1,112,018	1,112,153
Other	1,983,927	2,174,077
Total selling, general and administrative expenses	7,505,775	7,949,126
Operating income	923,690	1,627,939
Non-operating income		
Interest income	1,252	1,122
Dividends income	2,982	1,656
Sales incentives	22,879	17,153
Rent income	68,086	70,396
Commission fees	21,964	14,340
Equity in earnings of affiliates	1,614	3,215
Other	42,799	34,650
Total non-operating income	161,579	142,535
Non-operating expenses		
Interest expenses	41,378	29,289
Rent expenses	57,176	57,176
Other	755	2,209
Total non-operating expenses	99,309	88,674
Ordinary income	985,960	1,681,800

(Thousands of yen)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
Extraordinary income		
Gain on sales of non-current assets	—	14
Gains on sales of investment securities	63,600	—
Gains from business transfers	17,000	—
Total extraordinary income	80,600	14
Extraordinary losses		
Loss on sales of non-current assets	54	151
Loss on retirement of non-current assets	8,740	17,175
Total extraordinary losses	8,794	17,326
Income before income taxes and minority interests	1,057,765	1,664,488
Income taxes-current	472,706	672,346
Income taxes-deferred	(53,111)	(51,856)
Total income taxes	419,595	620,490
Income before minority interests	638,170	1,043,998
Minority interests in income	—	—
Net income	638,170	1,043,998

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

(Thousands of yen)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
Income before minority interests	638,170	1,043,998
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,413)	6,740
Total other comprehensive income	(5,413)	6,740
Comprehensive income	632,757	1,050,739
(Breakdown)		
Comprehensive income related to parent company shareholders	632,757	1,050,739
Comprehensive income related to minority shareholders	—	—

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
Cash flow from operating activities		
Quarterly net income before income taxes	1,057,765	1,664,488
Depreciation and amortization	325,992	362,682
Amortization of goodwill	72,519	3,054
Increase (decrease) in allowance for doubtful accounts	8,004	32,214
Increase (decrease) in provision for bonuses	4,721	24,697
Increase (decrease) in provision for retirement benefits	1,220	—
Increase (decrease) in net defined benefit liability	—	1,723
Increase (decrease) in provision for merchandise warranties	(824)	66,665
Losses (gains) on sales of investment securities	(63,600)	—
Interest and dividend income	(4,234)	(2,779)
Interest expenses	41,378	29,289
Foreign exchange losses (gains)	(340)	(596)
Equity in (earnings) losses of affiliates	(1,614)	(3,215)
Losses (gains) on sales of property, plants, and equipment	54	136
Loss on retirement of non-current assets	8,740	17,175
Gains from business transfers	(17,000)	—
Decrease (increase) in notes and accounts receivable- trade	(590,893)	(102,268)
Decrease (increase) in inventories	612,929	(54,796)
Decrease (increase) in accounts receivable- other	(17,302)	(79,433)
Increase (decrease) in notes and accounts payable- trade	298,164	(933,329)
Increase (decrease) in accounts payable- other	(38,478)	(217,275)
Decrease (increase) in other assets	22,721	(5,001)
Increase (decrease) in other liabilities	(262,103)	(52,108)
Other	19,036	15,964
Subtotal	1,476,855	767,287
Interest and dividend income received	3,023	1,695
Interest expenses paid	(41,043)	(27,980)
Income taxes paid	(326,630)	(849,019)
Net cash provided by (used in) operating activities	1,112,206	(108,017)

(Thousands of yen)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
Cash flow from investment activities		
Purchases of property, plants and equipment	(123,160)	(362,369)
Proceeds from sales of property, plants and equipment	33	20
Purchases of intangible assets	(166,026)	(122,463)
Proceeds from sales of investment securities	196,100	—
Proceeds from business transfers	17,000	—
Payments for leases and guarantee deposits	(2,523)	(55,480)
Proceeds from collection of leases and guarantee deposits	53,188	70,104
Repayments of guarantee deposits received	(5,079)	(4,794)
Other	3,734	(2,824)
Net cash provided by (used in) investment activities	(26,732)	(477,807)
Cash flow from financing activities		
Increase in short-term loans payable	13,100,000	3,600,000
Decrease in short-term loans payable	(13,350,000)	(3,900,000)
Repayment of long-term loans payable	(947,442)	(942,417)
Cash dividends paid	(76,686)	(126,583)
Purchases of treasury stock	—	(46)
Net cash provided by (used in) financing activities	(1,274,128)	(1,369,046)
Effect of exchange rate changes on cash and cash equivalents	340	596
Net increase (decrease) in cash and cash equivalents	(188,313)	(1,954,275)
Cash and cash equivalents at the beginning of the period	2,982,430	4,679,944
Cash and cash equivalents at the end of the quarter	2,794,117	2,725,669

(4) 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 second quarter (April 1, 2013 to September 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	23,711,764	722,185	24,433,950	—	24,433,950
(2) Inter-segment	376	355,979	356,355	(356,355)	—
Total	23,712,141	1,078,164	24,790,306	(356,355)	24,433,950
Segment income	1,005,028	148,288	1,153,317	(167,356)	985,960

- (Note) 1. The negative 167,356 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 second quarter (April 1, 2014 to September 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	23,722,993	659,043	24,382,037	—	24,382,037
(2) Inter-segment	805	358,548	359,353	(359,353)	—
Total	23,723,799	1,017,591	24,741,390	(359,353)	24,382,037
Segment income	1,665,804	198,403	1,864,208	(182,407)	1,681,800

- (Note) 1. The negative 182,407 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

(Material subsequent events)

The Board of Directors of the Company has approved, at a meeting held on November 11, 2014, a stock split of its common shares.

(1) Purpose of stock split

The purpose of the stock split is to provide investors with more affordable purchase opportunities by reducing the price per unit of shares, thereby enhancing the liquidity of the Company's stock and expanding its investor base. Reflecting the business results for this term, the dividend per share will remain unchanged, which rewards the Company's shareholders with increased dividend payments.

(2) Summary of stock split

(i) Method of stock split

With December 31 (Wednesday), 2014 as the date of record, we will split each of our common shares held by our shareholders recorded in the final list of shareholders at a rate of one to 1.5 shares.

(Note) Fractional shares (Shares less than one share)

Any fractional shares (less than one share) arising from the stock split will be sold or purchased in one batch by the Company. The proceeds from this sale or purchase will be distributed to shareholders who had fractional shares in proportion to the size of their fractional shares.

(ii) Increase in the number of shares as a result of the split

Total number of shares issued prior to the stock split	25,952,000
Increase in the number of shares resulting from the stock split	12,976,000
Total number of shares issued after the stock split	38,928,000
Total number of authorized shares after the stock split	133,500,000

(iii) Schedule

Official notice of record date	December 15, 2014 (Monday)
Record date	December 31, 2014 (Wednesday)
Effective date	January 1, 2015 (Thursday)

(iv) Impact on per share data

On the assumption that the stock split took place at the beginning of the previous consolidated fiscal year, per share data for FY2013 Second Quarter and FY2014 Second Quarter are as follows:

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)	FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)
(1) Net inc. per share	19.45 yen	27.48 yen
(Basis for calculation)		
Net income (thousands of yen)	638,170	1,043,998
Amount not attributed to common shareholders (thousands of yen)	—	—
Net income attributable to shares of common stock (thousands of yen)	638,170	1,043,998
Average number of shares of common stock during the period (shares)	32,817,300	37,992,271
(2) Diluted net inc. per share	19.37 yen	27.35 yen
(Basis for calculation)		
Adjustment on net income (thousands of yen)	—	—
Increase in the number of shares of common stock (shares)	136,298	182,203
Significant changes from the end of the previous fiscal year in potential securities excluded from the computation of diluted net income per share because they do not have dilutive effects	—	—

5. Supplementary Information

Sales results

(Sales by product)

	FY2013 Second Quarter (Apr. 1, 2013 – Sep. 30, 2013)		FY2014 Second Quarter (Apr. 1, 2014 – Sep. 30, 2014)		YoY change (%)
	Amount (thousands of yen)	Pct. of sales (%)	Amount (thousands of yen)	Pct. of sales (%)	
(PC sales business)					
PCs	5,936,402	24.3	4,878,504	20.0	82.2
Peripherals	4,442,060	18.2	3,872,612	15.9	87.2
Accessories and supplies	1,951,830	8.0	1,572,234	6.4	80.6
Software	713,985	2.9	548,724	2.3	76.9
Previously owned products and other	3,002,663	12.3	3,587,126	14.7	119.5
Total product sales	16,046,941	65.7	14,459,202	59.3	90.1
Royalties and other revenue	81,233	0.3	78,097	0.3	96.1
Sales from technical services and commissions	7,583,589	31.0	9,185,694	37.7	121.1
Total	23,711,764	97.0	23,722,993	97.3	100.0
(Internet-related business)	722,185	3.0	659,043	2.7	91.3
Grand total	24,433,950	100.0	24,382,037	100.0	99.8

- (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 1,295,803,000 yen.