



**FY March 2012 Consolidated Financial Results [Japan GAAP]
(April 1, 2011 to March 31, 2012)**

Corporate Name: PROTO CORPORATION
 Securities Code: 4298
 Representative: Tatsuzo Irikawa, President and Chief Operating Officer
 Contact: Shigeyoshi Shimizu, Director
 General Shareholders' Meeting: June 26, 2012
 Dividends Paid: From June 5, 2012
 Expected date of filing of financial report: June 27, 2012
 Earnings supplementary explanatory documents: Yes
 Earnings presentation: Yes (for institutional investors and analysts)

May 11, 2012
 Stock Exchange Listing: OSE
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(¥ million, rounded down)

**1. Financial Results for the Fiscal Year Ended March 31, 2012
(April 1, 2011 to March 31, 2012)**

(1) Operating Results (Consolidated) (% of change from previous corresponding year)

	Net Sales (% change)		Operating Income (% change)		Ordinary Income (% change)		Net Income (% change)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year to March 31, 2012	30,582	6.3	5,846	(4.3)	6,002	(5.9)	3,275	2.4
Year to March 31, 2011	28,779	12.1	6,111	0.2	6,375	3.4	3,197	(9.4)

Note: Comprehensive income

Year to March 31, 2012: ¥3,372 million (5.8%) Year to March 31, 2011: ¥3,186 million (-%)

	Net Income per Share (Yen)	Net Income per Share (fully diluted) (Yen)	ROE (Net Income/ Shareholders' Equity) %	ROA (Ordinary Income/ Total Assets) %	Operating Margin %
Year to March 31, 2012	313.17	—	15.4	21.9	19.1
Year to March 31, 2011	305.71	—	17.0	25.3	21.2

Reference: Equity in net income of affiliated companies

Year to March 31, 2012: - Year to March 31, 2011: -

(2) Financial Position (Consolidated) (¥ million, rounded down)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of March 31, 2012	28,585	22,569	79.0	2,157.72
As of March 31, 2011	26,163	20,034	76.6	1,915.33

Reference: Equity capital

March 31, 2012: ¥22,569 million March 31, 2011: ¥20,034 million

(3) Cash Flows (Consolidated) (¥ million, rounded down)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
Year to March 31, 2012	3,556	(3,606)	(907)	11,524
Year to March 31, 2011	3,896	(1,625)	(996)	12,476

2. Cash Dividends (Consolidated)

(Date of Record)	Cash Dividends per Share					Total Annual Dividends Paid ¥ million	Payout Ratio (Cons.) %	Dividends on Net Assets (Cons.) %
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
	¥	¥	¥	¥	¥			
Year to March 2011	—	37.50	—	37.50	75.00	784	24.5	4.2
Year to March 2012	—	42.50	—	42.50	85.00	889	27.1	4.2
Year to March 2013 (Est.)	—	37.50	—	37.50	75.00		—	

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

(% of change from previous corresponding year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
For the 6 months ending September 30, 2012	18,042	22.5	2,428	(15.5)	2,445	(15.5)	1,354	(17.5)	129.49
Fiscal Year Ending March 31, 2013	38,300	25.2	5,100	(12.8)	5,130	(14.5)	2,930	(10.6)	280.11

*** Note**

(1) Major changes in consolidated subsidiaries during period: Yes

[Newly consolidated: 5 companies (PROTO MALAYSIA Sdn. Bhd., PROTO (TAIWAN) CO., LTD., CAR CREDO Co., Ltd., etc.)]
[Newly excluded: 2 companies (SYSTEM-ONE Corporation, PROTO (SHANGHAI) ADVERTISING CO., LTD.)]

(2) Changes to accounting policies, changes to accounting estimates, restatements

- 1) Changes to accounting principles caused by revision of accounting standards: None
- 2) Changes to accounting principles other than 1): Yes
- 3) Changes to accounting estimates: None
- 4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of period (including treasury stock)

As of March 31, 2012	10,470,000 shares	As of March 31, 2011	10,470,000 shares
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2) Number of treasury stock at the end of period

As of March 31, 2012	10,005 shares	As of March 31, 2011	9,925 shares
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3) The average number of outstanding shares over period

Year to March 31, 2012	10,460,038 shares	Year to March 31, 2011	10,460,172 shares
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Reference: Non-Consolidated Performance Summary

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2012

(April 1, 2011 to March 31, 2012)

(1) Non-Consolidated Operating Results

(% of change from previous year)

	Net Sales (% change)		Operating Income (% change)		Ordinary Income (% change)		Net Income (% change)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Year to March 31, 2012	24,541	1.9	5,575	(6.7)	5,868	(7.1)	3,314	4.1
Year to March 31, 2011	24,075	2.1	5,979	(0.5)	6,314	3.3	3,185	(7.3)

	Net Income per Share (Yen)	Net Income per Share (fully diluted) (Yen)
Year to March 31, 2012	316.88	—
Year to March 31, 2011	304.51	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of March 31, 2012	26,991	23,003	85.2	2,199.17
As of March 31, 2011	24,492	20,437	83.4	1,953.87

Reference: Equity capital

March 31, 2012: ¥23,003 million March 31, 2011: ¥20,437 million

2. Non-Consolidated Forecast for the Fiscal Year Ending March 2013

(April 1, 2012 to March 31, 2013)

(% of change from previous corresponding year)

	Net Sales		Ordinary Income		Net Income		Net Income per Share (Yen)
	¥ million	%	¥ million	%	¥ million	%	¥
For the 6 months ending September 30, 2012	11,983	1.1	2,635	(8.7)	1,640	(5.3)	156.79
Year Ending March 31, 2013	25,000	1.9	5,140	(12.4)	3,200	(3.5)	305.93

*** Indication regarding the implementation status of the review procedure**

This financial result is exempted from the review procedure based on the Financial Instruments and Exchange Act, and the review procedure of the quarterly financial statement based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial results.

*** Explanations on the appropriate use of earnings forecasts and special instructions**

- The above estimates were made based on the information available as of the date of this release. Actual results could significantly differ from the above estimates due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts, and notes on using earnings forecasts, please refer to page 5, "1. Operating Results (1) Analysis of Results (c) Outlook for the Year Ending March 31, 2013."
- It is planned that the Company will hold a briefing on account settlement for institutional investors and analysts on May 14, 2012. Briefing documents will be posted on our websites immediately after the briefing.

1. Operating Results

(1) Analysis of Results

(a) Performance Summary

Consolidated operating results

(Millions of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012	YoY Change (Amount)	YoY Change (%)
Net Sales	28,779	30,582	1,802	6.3
Cost of Sales	11,810	13,294	1,483	12.6
Gross Profit	16,969	17,288	318	1.9
Selling, General and Administrative Expenses	10,955	11,451	495	4.5
Operating Income	6,111	5,846	(264)	(4.3)
Ordinary Income	6,375	6,002	(373)	(5.9)
Net Income	3,197	3,275	77	2.4

In the year ended March 31, 2012 (consolidated), the Japan's economy had seen an improvement of supply chains thanks to recovery from the great earthquake. However, it came to a standstill because of yen appreciation influenced by euro debt crises and because of floods in Thailand. The prospect of the Japanese economy remains unclear. Against this background, the automobile industry, the main clients of Company Group, had been on year-on-year downward trends until September due to the stagnation of domestic production caused by the Great East Japan Earthquake. After October, however, the industry has experienced recovery thanks to the reintroduction of the eco-car subsidies. The number of registered used cars has been also on upward trends after October.

In this context, Company Group pursued "the maximization of corporate value" through the maintenance of business growth, placing the establishment of corporate and product brands as a management strategic priority, fortifying the automobile-related information business and expanding the lifestyle-related information business. More specifically, the Group strived to have an increased share in the Japanese market through the development and offer of products and services tailored to customer's needs and their consumption behavior and tried to further strengthen the product brands, such as "Goo," as well as the corporate brand themed on "Transforming information into future wisdom."

Incidentally, Company Group suffered only minimal damage from the Great East Japan Earthquake, but some of our customers in the Tohoku region suffered damage from the disasters. With this, the Group engaged in reconstruction assistance by making a disaster-relief donation through the Japanese Red Cross Society and hosting or co-hosting used-car sales events at disaster hit zones.

Also, pertaining to the automobile-related information business, the Group acquired 100% ownership of MTM Multimedia Sdn. Bhd. (currently, PROTO MALAYSIA Sdn. Bhd.), number-one used-car information company in Malaysia, in September 2011 and pursued the globalization of our main business. As for the lifestyle-related information business, the Group acquired the elderly care magazine business (the "Heart Page Magazine") in June 2011 and the social-welfare-facilities-specific mail-order business in March 2012 for the expansion of the business.

As a result of these initiatives, net sales for the year ended March 31, 2012 (consolidated) reaches 30,582 million yen (6.3% yr-on-yr increase) thanks to remarkable sales made by the EC business, etc. and the contribution of services for the care/medical/social welfare industries to increased revenue, although the automobile-related and lifestyle-related information businesses, our main businesses, were negatively influenced by the voluntary restraints of advertising activities after the Great East Japan Earthquake. Operating income, meanwhile, is 5,846 million yen (4.3% yr-on-yr decrease) because of increased advertising costs incurred by intensified promotion of the IT business and because of increased survey costs incurred by the investigations of the overseas business. Ordinary income is 6,002 million yen (5.9% yr-on-yr decrease). Net income is 3,275 million yen (2.4% yr-on-yr increase). This is because the amount of impairment loss and temporary

depreciation in goodwill was larger in the year ended March 31, 2011 (consolidated) than in the year ended March 31, 2012 (consolidated).

(b) Segment Results

Business results by segment

(Millions of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012	YoY Change (Amount)	YoY Change (%)
Net Sales				
Automobile-related Information	25,566	26,704	1,138	4.5
Lifestyle-related Information	2,616	3,470	853	32.6
Real Estate Business	181	166	(14)	(8.1)
Other Business	415	240	(174)	(42.1)
Total	28,779	30,582	1,802	6.3

Automobile-related Information

Surrounded by these difficult external circumstances, the PROTO Group adopted the business policy of engaging in comprehensive management support for used car dealers in everything from stocking inventories to selling the merchandise. The Group has also made efforts to expand the number of clients and endeavored to maintain and increase the transaction value associated with each client.

In the year ended March 31, 2012 (consolidated), the Group pursued the globalization of the automobile-related information business by acquiring 100% ownership of MTM Multimedia Sdn. Bhd. (currently, PROTO MALAYSIA Sdn. Bhd.), number-one used-car information company in Malaysia, in September 2011.

As for the “Goo” business, the expansion of business areas was pursued through the launch of “Goo Okinawa Edition” (in September 2011) and “Goo Shikoku Edition” (in August 2011) for an increase of clients. At the same time, the used-car database offered by “Goo-net” was updated and improved. For the EC business, which trades motorbike components and products, the expansion of membership and product lines was pursued through intensified promotional activities.

Also, through the unification of consolidated subsidiaries, REPAIR-TECH INC. and SYSTEM-ONE Corporation, in January 2012, business efficiency and product development capacity were boosted while the expansion of business areas was pursued.

In the Internet/mobile media business, services for smart-device, such as iPhones, iPads, and Android terminals, were strengthened to meet diversified customer needs and to maximize connections with users, with the goal of enhancing the presence of the “Goo” brand further.

These initiatives for establishing business environment tailed to various needs of customers resulted in an increase in the number of customers who use our media and services, as well as their willingness to purchase goods, despite the stagnating used-car market, thus leading to the expansion of business opportunities for our clients.

As the Group pursued the enhancement of the “Goo” brand by establishing competitive advantages with above-mentioned initiatives and strived to maximize the synergy of the Group, net sales reach 26,704 million yen (4.5% yr-on-yr increase). Operating income, meanwhile, is 7,272 million yen (0.1% yr-on-yr decrease) because of advance investment in the expansion of business areas for the “Goo” business, increased advertising costs incurred by intensified promotion of the IT business, and an increase in the amount of depreciation in goodwill pertaining to the acquisition of a subsidiary.

Lifestyle-related Information

The PROTO Group has endeavored to develop and provide goods and services that accurately grasp the needs of users and clients. The Group has also engaged in efforts to strengthen media power by expanding content and services (functions).

In the year ended March 31, 2012 (consolidated), the Company transferred the care-related business to PROTO MEDICAL CARE, our subsidiary, in June 2011, aiming for enhanced business efficiency. At the same time, the Company strived to fortify the temporary help services for the care, medical, and social welfare industries. Also, the expansion of the lifestyle-related information business was pursued through the acquisition of the elderly-care magazine business (“Heart Page Magazine”) and the social-welfare-facilities-specified mail order business. Furthermore, “Oasis Navi,” websites for the search of pay nursing homes and residences targeting the elderly, was renewed as “Oasis Navi-Heart Page,” a portal for information on elderly care, with the goals of improving the content and usability of the websites for users.

In the culture-related information business, “VeeSCHOOL,” websites giving information on certifications and schools, was renamed as “Goo School” for the brand integration and for an increase in the number of clients and lecturers.

As a result of these business expansion initiatives, net sales marks 3,470 million yen (32.6% yr-on-yr increase). Operating income, meanwhile, is 228 million yen (24.0% yr-on-yr decrease) because business expansion and intensified promotion of the IT business resulted in an increase in personnel and advertising costs, respectively.

Real Estate Business

PROTO CORPORATION and PROTO-RIOS INC. focused on the rental management of their own properties, resulting in sales of 166 million yen (8.1% yr-on-yr decrease) and operating income of 83 million yen (20.1% yr-on-yr decrease).

Other Business

As for the business process outsourcing (BPO) business offered by PROTO DATA CENTER, net sales is 240 million yen (42.1% yr-on-yr decrease), and operating income is the deficit of 149 million yen (the deficit of 91 million yen in the year-earlier period). This is because Mars Flag Corporation had been sold in the year ended March 31, 2011 and removed from the consolidated group, although PROTO DATA CENTER saw an increase in business deals with companies outside the Group during the year ended March 31, 2012.

(c) Outlook for the Year Ending March 31, 2013

In the automobile industry, it is expected that the sales of new cars will continue to increase thanks to the extension of eco-car tax reduction and the reintroduction of the eco-car subsidies. Meanwhile, the used-car market, the main customers of Company Group, is expected to go through harsh business situation for a while. Against this background, for “Goo” Series, the main products of Company Group, the Group will continue to fortify the sales systems under the management policy of offering comprehensive business support for retailers from procurement to sales, striving to further augment the number of clients. More specifically, the used-car export support business and the Goo Inspection (name was changed from Goo-approved in April 2012) business, as well as the sales of “Data Line PRO” and “Data Line Assessment,” business support systems for automobile retailers, will be fortified. With this, intensified sales activities will be made not only to used-car retailers but also to new-car retailers. Also, business plans eying the whole automobile-related industries will be implemented through the boost of services for the automobile mechanics, as well as for the sheet metal, repair, and coating industries. Furthermore, as medium-term growth strategies of the automobile-related information business, overseas business expansion will be further pursued in Asian countries, including Malaysia, Singapore, and Taiwan.

In the lifestyle-related information business, the lines of products and services will be continuously enhanced mainly in the culture-information and recycle/reuse-information businesses for the augmentation of business partners. Also, business expansion will be pursued in the medical/care/social welfare industries through the fortification of information services (giving information on facilities and on personnel recruitment) and temporary help services.

Incidentally, as for selling, general and administrative expenses, it is expected that personnel costs will be increase because of a rise in the number of consolidated subsidiaries and because of the fortification of the sales systems, as well as an increase in promotional costs because of business

area expansions in each business field and a rise in the amount of depreciation in goodwill.

Accordingly, the forecasts of the consolidated operating results of the next fiscal year (the year ending March 31, 2013) are estimated as follows: net sales of 38,300 million yen (25.2% yr-on-yr increase), operating income of 5,100 million yen (12.8% yr-on-yr decrease), ordinary income of 5,130 million yen (14.5% yr-on-yr decrease), and net income for the year of 2,930 million yen (10.6% yr-on-yr decrease).

The forecasts in question are estimated based on the information currently available to Company Group and reasonable assumptions. It shall be noted, however, that there is possibility that actual operating results will significantly differ from the forecasts owing to uncertain factors intrinsically included in forecasts, future change to business operation conditions, etc.

(2) Analysis of Financial Position

(a) Assets, Liabilities and Net Assets

Total assets at the end of current consolidated fiscal year were 28,585 million yen, increasing 2,421 million yen (9.3%) from the end of the previous fiscal year.

Current assets were 15,855 million yen, decreasing 205 million yen from the end of the previous fiscal year, as cash decreased due to the payment for the share acquisition to make MTM Multimedia Sdn. Bhd. (present: PROTO MALAYSIA Sdn. Bhd.) and corporate tax, etc. (For further information on cash, see the consolidated statement of cash flows on pages 23 to 24.)

Fixed assets were 12,729 million yen, increasing 2,627 million yen from the end of the previous fiscal year, due to the goodwill as MTM Multimedia Sdn. Bhd. (present: PROTO MALAYSIA Sdn. Bhd.) became a subsidiary.

Liabilities were 6,015 million yen, decreasing 113 million yen from the end of the previous fiscal year, as payables increased due to the expansion of the business scale while accrued corporate tax and long-term borrowings, etc. decreased.

Net assets were 22,569 million yen, increasing 2,535 million yen from the end of the previous fiscal year, as 836 million yen was paid for dividends and a current net profit of 3,275 million yen was posted, and so retained earnings increased 2,438 million yen.

(b) Consolidated Cash Flows

Cash and cash equivalents at the end of the current consolidated fiscal year stood at ¥11,524 million, a decrease of ¥952 million from the previous fiscal year. Major factors for this decrease were as follows.

<Cash flows from operating activities>

As for the cash flows from operating activities, there was an income of 3,556 million yen (8.7% decrease from the same period of the previous year), as income before income taxes increased, the payment of corporate income tax, etc. decreased, and trade payables increased, while notes and accounts receivable increased.

<Cash flows from investing activities>

As for the cash flows from investing activities, there was a loss of 3,606 million yen, as we paid 2,842 million yen for acquiring the shares of MTM Multimedia Sdn. Bhd. (present: PROTO MALAYSIA Sdn. Bhd.) to make it a subsidiary, 359 million yen for obtaining tangible fixed assets due to the reconstruction of branch facilities, etc., and 356 million yen for receiving intangible fixed assets due to the acquisition of land lease rights, etc.

<Cash flows from financing activities>

As for the cash flows from financing activities, there was a loss of 907 million yen, as we paid 824 million yen for dividends and paid 82 million yen for settling long-term borrowings.

(Reference) Cash Flow Indicators

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Equity ratio (%)	64.7	68.4	72.7	76.6	79.0
Equity ratio based on market value (%)	132.0	96.4	136.9	120.7	99.2
Debt coverage (%)	---	---	4.0	3.5	1.5
Interest coverage ratio (times)	8,557.7	---	1,855.5	631.2	1604.3

Equity ratio:

Equity capital/Total assets

Equity ratio based on market value:

Total stock based on market/Total assets

Debt coverage:

Interest-bearing debt/Operating cash flow

Interest coverage ratio:

Operating cash flow/Interest paid

Notes:

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the closing stock price at the end of the year by the number of shares outstanding at the end of the year (after deduction of treasury stock).
3. Cash flow and interest paid are calculated using operating cash flow and interest payment amounts recorded in Consolidated Statement of Cash Flows.
4. Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets).
5. Because the Company did not have interest-bearing debt in the year ended March 2008, a figure for debt coverage is not shown for that year.
6. Because the Company did not have interest-bearing debt in the year ended March 2009, figures for debt coverage and interest coverage ratio are not shown for that year.

(3) Profit Appropriation Policy, Cash Dividends

PROTO CORPORATION's basic profit appropriation policy emphasizes reinforcement of the Company's business foundation while recognizing the importance of returning profits to shareholders. Through this balanced approach, we adopt a comprehensive perspective by retaining sufficient internal reserves to finance future growth while rewarding shareholders with steady returns.

Internal reserves are used efficiently to fund existing and new businesses aimed at further reinforcing our business foundation and expanding the scope of operations.

For the current consolidated fiscal year, we paid interim and year-end dividends of ¥37.50 each. Furthermore, we paid the dividend of 5 yen per share for commemorating the 10th anniversary of listing, that is, 85 yen per share annually.

In the year ending March 2013, we intend to pay annual cash dividends of ¥75.00 per share. This will consist of interim and year-end dividends of ¥37.50 each.

(4) Business Risks

The following sets out the various items that can potentially have a serious impact on investors' decisions.

The PROTO Group does not necessarily view the items mentioned below as business risks. However, it is important to understand such items in relation to the Group's business activities when making investment decisions. Their inclusion here signifies our commitment to disclosing information to investors. Having recognized these risks, the PROTO Group endeavors to avoid them and/or adopt appropriate measures in event of their occurrence.

Items contained in the following paragraphs concerning the future are based on judgments made by the company Group as of the financial filing date, May 11, 2012.

(a) Dependence on Automobile-related Information

The PROTO Group consisted of PROTO CORPORATION and ten consolidated subsidiaries. The Group's main businesses are the provision of information services on new vehicles, used vehicles, parts, and accessories; other automobile-related information; information on cultural, care-related, and reuse; and lifestyle-related information services. Revenues from automobile-related information derive from fees paid to register inventory data on used cars owned by car dealers on our databases and in our information magazines, as well as information magazine sales and sales from providing

information to other companies. In the year ended March 31, 2012, 87.3% of total Group revenue derived from sales of automobile-related information. Fees for registering information accounted for 64.8% of total Group revenue. Accordingly, the Group depends on automobile-related information registration fees for a substantial portion of its revenue.

Furthermore, sales of the car information magazine Goo account for 31.5% of consolidated net sales. Accordingly, the performance of Goo can significantly impact the Group's business results. Nonetheless, we intend to reduce our dependence on Goo and are currently taking steps toward this objective. For example, we are expanding sales of our various secondary products developed using our abundance of information related to automobiles, as well as our lineup of Internet-related products.

(b) Market Fluctuations in Printing Paper

Paper is required for printing and producing various publications, such as the car information magazine Goo, a core product. Purchase prices for printing paper are determined through negotiations with suppliers, while monitoring market prices. It is possible that printing costs will increase if there are significant increases in printing paper prices. Nonetheless, the PROTO Group is endeavoring to mitigate this risk by shifting from using mainly magazines to employing the Internet and mobile media to disseminate information, due to the growing popularity of that medium.

Market rates announced for the printing paper used by PROTO Group are as follows.

Market Rates for A2 Coat Paper (Distributor Wholesale Price (yen/ kg)					
	Mar. 2011	June 2011	Sept. 2011	Dec. 2011	Mar. 2012
Price	116-126	117-126	117-126	117-126	127-128

(Source: NIKKEI)

(c) Dependence on Specific Vendors

The Group consigns printing of its mainstay magazine Goo and other major publications to the Kyoritsu Printing Group. In the year ended March 31, 2012, this represented 35.3% of total outsourcing expenditure. We use Kyoritsu Printing because of its stable supply system, its high reliability in meeting delivery schedules, and its ability to meet the technological needs of the PROTO Group.

While we enjoy the stable supply system and business relationship afforded by Kyoritsu Printing, we recognize that certain circumstances could affect our dealings with that company, and that its supply of media could be impeded as a result. Therefore, we also consign printing to other companies in an effort to diversify away risks affecting our overall printing activities.

(d) Dependence on Specific Suppliers

Supply of printing paper to the PROTO Group for its mainstay Goo magazine and other major publications is sourced from Tokyo Pulp & Paper Co., Ltd. In the year ended March 2012, Tokyo Pulp & Paper supplied 35.6% of all printing paper sourced by PROTO CORPORATION. We use Tokyo Pulp & Paper because of its stable supply system, and its ability to meet the needs of the PROTO Group. We are also able to achieve cost reductions by limiting procurement to a single supplier.

We enjoy a stable supply of paper and a good relationship with Tokyo Pulp & Paper. Should there be a problem with our current arrangement for some reason or other, however, we will need to change and diversify our sources of paper, which may make it difficult to achieve the cost-reduction benefits received to date.

(e) Legal Restrictions on Content

All sorts of content appear on the Internet, including content that violates rules covering protection of privacy, public decency, and intellectual copyright. It is possible that certain legal restrictions may be implemented in the future to address these kinds of issues.

To date, the Group has addressed consumer needs by providing helpful content considered necessary by society without experiencing problems related to delivering content via the Internet. Accordingly, we believe that we would not be affected by legal restrictions covering the Internet. However, it is difficult to predict the precise effects that such implementation would have on the Group, given that the particulars and scope of such legal restrictions have yet to be made public.

(f) System Security and Risk from Network Downtime

The PROTO Group has constructed a computer system that utilizes the Internet to perform its services, and it continually invests in capacity and performances maintenance on the system while including the latest system and security technology as required. However in the event of damage or interruption of the PROTO Group's system due to hardware or software defects, sudden increases in amount of access, human error, network line problems, computer virus, power outage, natural disaster, or other unforeseeable factor, the possibility exists that such damage or interruption could have an important impact on the performance of the PROTO Group.

(g) Protection of Personal Information

Recently, personal information leaks by a large number of companies have become a social problem. The PROTO Group endeavors to protect personal information in an appropriate manner through the implementation of its Regulations for the Protection of Personal Information. These regulations are based on the President's Policy on the Protection of Personal Information, formulated in accordance with the Personal Information Protection Law, enacted in April 2005.

However, in the event that personal information held by the Group is leaked to outside entities or used fraudulently, the Group could be subject to compensation claims and lose the confidence of the public community, which could have an adverse impact on its performance.

(h) Corporate Responsibility for Digital Content

As an information service provider that uses various forms of media, the Group believes that it is in the same position as other mass media insofar as its impact on society is concerned. Therefore, in the unlikely event that we make an error in the information content we provide, it is possible that we could inflict tangible or intangible harm on a particular person or corporation and that we could be sued for damages.

The Group strives to ensure strict control over information content through its system of carrying out multiple checks. However, in the unlikely event of an error, it is possible that we could lose the trust of society, which could have an adverse impact on the Group's performance.

(i) Legal Regulations for Used Car Export Business

In the Group, the used car export business is conducted by Goo Auto Inc. and Kings Auto Co., Ltd. (acquired in April 2012). Goo Auto and Kings Auto export used cars to Asian countries via used car dealers, which are our major clients, and auction sites, respectively.

The performance of the used car export business of the Group may be affected, if the government of an importing country drastically revises tariff measures and import regulations, etc.

2. Corporate Group

The PROTO Group consists of the PROTO CORPORATION and its ten consolidated subsidiaries. Its primary business is to collect, organize and categorize information concerning automobiles and lifestyle, process that information into useful content, and finally provide consumers and corporations with that information via the PROTO CORPORATION's media (information magazines, the Internet, mobile media). In addition to these activities, the Group also provides corporations with services related to supporting their business operations. See below for descriptions of these main business activities, positioning of the relevant activities carried out by each affiliated company, and the business segments as categorized by type.

Automobile-related Information

In order to expand sales opportunities for car dealers, used car dealers and parts retailers, the Group carries out advertising activities through diverse media. Consumers who purchase used cars and parts use the information transmitted from their retailers to find and purchase the products they want.

The PROTO CORPORATION gathers data on the merchandise inventories of car dealers, used car dealers and parts retailers to use for advertising. This inventory data is organized and categorized, then fed into a database. Having been turned into useful content, the data is then provided to consumers via the PROTO CORPORATION's media (information magazines, Internet and mobile media). By matching the needs of both the consumers and the retailers in this manner, the PROTO CORPORATION supports the purchasing activities of consumers and greatly contributes to creating sales opportunities for the retailers.

Furthermore, as a corporate service provided to used car dealers and others, the PROTO CORPORATION provides information that is useful in the circulation of used cars. For example, the PROTO CORPORATION first gathers information on bid prices for used cars at automobile auctions across the country. Based on this and other information on bid prices, the PROTO CORPORATION produces its own standard pricing information for used cars, and then provides this information to dealers. The PROTO CORPORATION provides further business support services that result in sales and efficient, effective purchases of inventory. One of these is the used car purchasing service "Goo Auctions," through which used car dealers can bid on cars owned by consumers. Other services include the "Goo-approved" ("Goo Inspection" from April 2012) services, by which consumers can get information on the quality of used cars, the "Goo Warranty Service," which provides repair warranty services for used cars, and "Goo-approved TRADE" ("GooTRADE" from April 2012), by which Goo-approved cars are traded among member dealers and sold to users.

The main sources of business income can be split in two categories: advertising revenue and information sales. The former refers to the fees charged for registering and posting the used car dealers' merchandise inventory data on the PROTO CORPORATION's media. The latter refers to revenue from the sale of information magazines, the providing of information, and the providing of other related services.

BikeBros. Inc. runs the EC website "BikeBros.," which deals in motorcycle parts and accessories, and publishes motorcycle magazines such as ROAD RIDER.

PROTO-RIOS INC. provides information regarding automobile repair and parts, develops and sells business support software for sheet metal and repair.

Goo Auto Inc. is engaged in the used car export support business, aiding domestic used car dealers through the PROTO CORPORATION's medium of "Goo-net Exchange," which targets overseas users.

PROTO DATA CENTER publishes the used car information magazine "Goo" in Okinawa Prefecture, inputs data for the media of our company, produces designs, conducts website solution businesses, and offers customer support.

PROTO MALAYSIA Sdn. Bhd. Publishes the used car information magazine "Motor Trader" in Malaysia and the motorbike information magazine "Bike Trader," and operates related websites. It also publishes the new car information magazine "Autocar" in Malaysia and Singapore.

PROTO (TAIWAN) CO., LTD. surveys markets and develops businesses, in order to conduct businesses utilizing the know-how of the Group in East Asia.

CAR CREDO Co., Ltd. inspects and appraises used cars owned by dealers, in order to secure safety and reliability of used cars for users.

Lifestyle-related Information

The PROTO CORPORATION provides lifestyle-related information in the cultural information business and recycle-reuse information business. The PROTO CORPORATION also engages in the Internet and mobile media advertising business. Regarding the cultural information business, the PROTO CORPORATION contributes to the expansion of the certification and education market by providing lesson information on certifications, skills, hobbies and schools. Regarding the recycle-reuse information business, the PROTO CORPORATION contributes to the revitalization of the recycling market, not only by providing information on recycle shops, but also by providing services that allow people to conduct purchase assessments and place purchase orders on web sites. Just like the automobile-related information, the various types of information described above are organized and categorized so that they can easily be compared and examined, then provided to consumers and users via the internet and mobile media. In addition to all of this, the PROTO CORPORATION also utilizes its own and other companies' media to engage in internet and mobile media advertising for its clients.

PROTO MEDICAL CARE operates the portal site regarding nursing care, publishes nursing-care information magazines, provides information on job opportunities in the fields of nursing care, medical services, and welfare, and offers personnel dispatch and introduction services to the clients in these fields.

PROTO DATA CENTER handles design, web solutions, customer support and data entry for information that is to be posted on the PROTO CORPORATION's media.

Real Estate Business

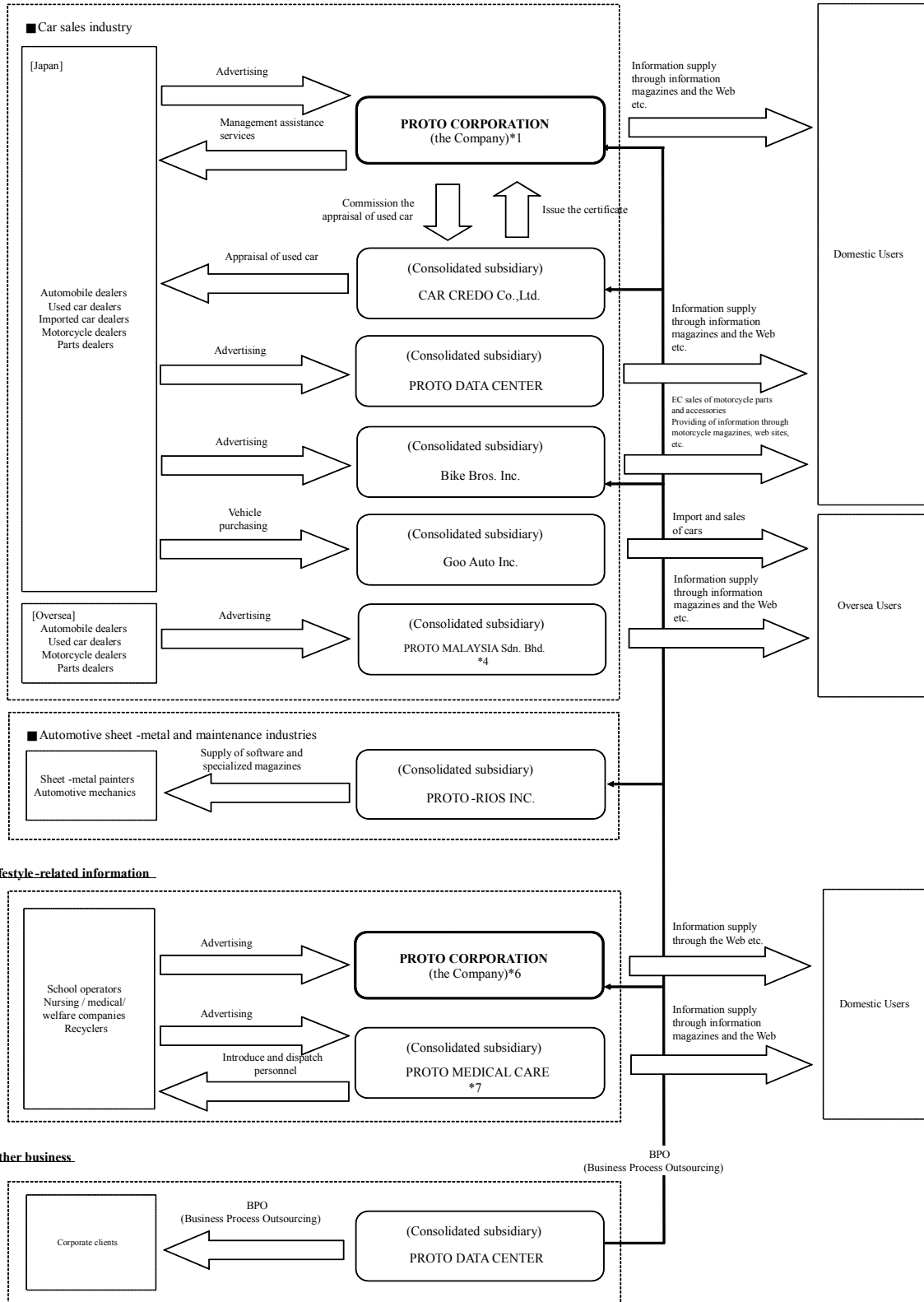
With respect to their own assets, the PROTO CORPORATION and PROTO-RIOS INC. carry out real estate management activities with management engineering as their principal goal.

Other Business

PROTO DATA CENTER inputs data, produces designs, and conducts website solution and telemarketing businesses as the business process outsourcing (BPO) business.

The following diagram illustrates the business structure of the PROTO Group as described above.

Automobile-related information



Automobile-related information Main products

- *1 Car information magazine "Goo," import car information magazine "GooWORLD," and motorcycle information magazine "GooBike" car portal website "Goo-net," weekly auction information, used car data search system "Data Line," etc.
- *2 Car information magazine "Goo"
- *3 Motorcycle information magazine "ROAD RIDER," motorcycle portal website "BikeBros," etc.
- *4 Used car information magazine "Motor Trader," motorcycle information magazine "Bike Trader," etc.
- *5 Automobile mechanic and sheet-metal integrated system "RacroS," monthly BODYSHOP REPORT, etc.

Lifestyle-related information Main products

- *6 Certification and education information website "Goo School," comprehensive information website for recycle "Oikura," etc.
- *7 Nursing-care portal website "Oasis Navi-Heart page," job information services for the medical, nursing-care and welfare industries "Kaigo-Kyujin Navi" Nursing-care information magazine "Heart page," job information services for medical doctor, nurse and pharmacist "Medical CUBIC"

*1 PROTO CORPORATION and PROTO-RIOS INC. are also engaged in other property management businesses in addition to those listed above.

*2 SYSTEM-ONE Corporation dissolved due to the merger with REPAIR-TECH INC. surviving on January 1, 2012. In addition, REPAIR-TECH INC. was renamed PROTO-RIOS INC. on that date.

*3 PROTO (SHANGHAI) ADVERTISING CO., LTD. is excluded from the range of consolidation in clearing.

*4 In addition to the above mentioned, Kings Auto Co., LTD. became a subsidiary on April 1, 2012.

3. Management Policies

(1) Basic Management Policies

The PROTO CORPORATION manages itself under the unchanging philosophy of “Rather than simply selling products, our fundamental business ideal is to effectively bring people and businesses together through wisdom and information in order to contribute to society.” The company’s fundamental idea is that people and corporations exist in both society and the industry, and it is through being truly needed that they can discover their value. Society overflows with people and things, so in order to be truly needed, people must use their information and intelligence as weapons and open up the next generation with a vivacious, challenging spirit and quick action – even when faced with a certain amount of risk. The company believes that it is important to feel the joy of significant growth. To this end, the company strives to always undertake creative projects, aiming for continual and stable future growth and development, with the result of continuing to be an appealing corporation.

In order to realize these ideas, the PROTO CORPORATION sets corporate goals every ten years. The corporate goal from 2010 to 2019 has been to maximize the company’s corporate significance under the slogan “A Company that Takes on the Global Market – Global Company.” The PROTO CORPORATION aims to increase its domestic market share by developing and providing products and services catering to diversifying consumer behavior and consumer needs. The PROTO CORPORATION also seeks to actively develop its businesses with an eye towards the world market. The goal is to build up an internationally competitive company well-equipped to compete under global standards.

(2) Performance Indicators

In order to secure continual and stable profits, and in order to further expand the scale of operations, the PROTO Group has marked the growth potential of sales, operating income and ordinary income as important management indices.

(3) Medium- and Long-term Strategies

The PROTO Group is working towards the expansion of operations for its automobile-related information business – the backbone of its operations. At the same time, the PROTO Group is also working to expand operations in the lifestyle-related business in order to set up additional core operations which will serve as the Group’s second and third pillars. Expressed in more concrete terms, the PROTO Group is aiming to secure continual and stable profits. It also seeks to further expand its scale of operations by becoming a corporate group supported by its users and clients and possessing creative and absolute significance. The Group aims to accomplish these goals by continuing to provide users in each of its operations with content they can trust, while at the same providing various forms of management support services to its clients.

(4) Company Issues to Address

(a) Brand Establishment

Society is flooded with various different pieces of information. In order for the Group to expand its operations in the future, it will be important to get society to trust and value PROTO’s information – to get people to feel that “PROTO’s information is trustworthy, useful and high-quality.” The Group must, in other words, establish the corporate brand.

In order to attain this goal of establishing the corporate brand, the Group will endeavor to gain and maintain high levels of trust and value by selecting valuable information that people actually need, and use the knowledge it has built up thus far to continue providing society with information of high added value.

(b) Establishment of Comprehensive Automobile Information Services and Diversification of Revenue Sources

As for the automobile portal site “Goo-net,” which is the strategic media in the automobile-related information field, it won significant support from consumers as the site for retrieving used cars, but

in order to keep this position, it is important to make the site more convenient by “enriching contents and services (functions)” to meet the needs of users as the preference of users is getting diversified and segmentalized. In detail, we plan to attract more new car purchasers in addition to used car purchasers, by developing the comprehensive information service business regarding the purchase and sale of automobiles, etc.

At present, the main source of income for the PROTO Group comes in the form of advertising fees paid by used car dealers. In order to further expand business performance, it will be necessary to secure new sources of income, namely income from sources besides the advertising fees. Expressed more concretely, the plan is to utilize all the car-related websites (such as the car portal website “Goo-net”) to gain revenue in fees paid for mediation and the settling of contracts. The Group also plans to maintain and expand income from the aforementioned advertising fees by providing new Internet-based services to used car dealers.

(c) Promotion of M&A and Business Alliance

In order to promote the expansion of content and services, the PROTO Group will speed up the growth of business by effectively utilizing the management resources at each member company. Concerning content and services unavailable within the Group, the Group will actively pursue M&A and alliances to handle the situations.

(d) Overseas Business Expansion

Through our consolidated subsidiaries, PROTO Group will promote the establishment of businesses utilizing our know-how in the collection and supply of information in global markets such as China and Asia.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	March 31, 2011	March 31, 2012
ASSETS		
Current Assets		
Cash	12,748,091	11,734,088
Notes and accounts receivable	2,654,846	3,078,917
Short-term investment securities	19,076	—
Goods and products	27,328	92,030
Goods in process	61,211	81,276
Raw material and inventory goods	2,642	21,122
Deferred tax assets	217,143	218,144
Other current assets	334,814	644,750
Allowance for doubtful accounts	(3,779)	(14,911)
Total Current Assets	16,061,374	15,855,418
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	5,168,924	5,490,179
Accumulated depreciation	(2,202,005)	(2,491,163)
Building and structures -Net	2,966,919	2,999,015
Land	3,998,869	4,021,355
Other tangible fixed assets	440,113	533,577
Accumulated depreciation	(319,787)	(349,515)
Other tangible fixed assets -Net	120,326	184,061
Total Tangible Fixed Assets	7,086,115	7,204,432
Intangible Fixed Assets		
Goodwill	954,252	3,160,304
Other intangible fixed assets	154,887	483,288
Total Intangible Fixed Assets	1,109,140	3,643,593
Investment and Other Assets		
Investments in securities	499,156	623,758
Deferred tax assets	599,783	435,837
Other investments	900,979	882,217
Allowance for doubtful accounts	(93,035)	(60,104)
Total investments and other assets	1,906,884	1,881,707
Total Fixed Assets	10,102,139	12,729,733
Total Assets	26,163,513	28,585,152

(Thousands of yen)

	March 31, 2011	March 31, 2012
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	776,034	896,845
Current portion of long-term borrowings	82,821	48,594
Accrued expenses	1,251,505	1,457,422
Accrued income taxes	1,333,671	991,976
Advances received	1,741,097	1,656,574
Allowance for sales returns	95,545	105,090
Allowance for bonus payable	41,813	52,217
Provision for repayment	—	2,768
Other current liabilities	316,622	362,086
Total Current Liabilities	5,639,110	5,573,575
Long-Term Liabilities		
Long-term borrowings	53,954	5,840
Allowance for Employee' retirement benefits	882	—
Allowance for directors' retirement benefits	232,300	246,050
Asset retirement obligation	73,268	74,002
Negative goodwill	21,917	12,143
Other long-term liabilities	107,573	103,805
Total Long-Term Liabilities	489,895	441,842
Total Liabilities	6,129,006	6,015,418
NET ASSETS		
Shareholder's equity		
Common stock	1,824,620	1,824,620
Capital surplus	2,011,736	2,011,736
Retained earnings	16,236,318	18,675,287
Treasury stock	(13,598)	(13,806)
Total Shareholders' Equity	20,059,077	22,497,837
Accumulated other comprehensive income/(loss)		
Net unrealized gains (losses) on securities	(12,252)	74,252
Foreign exchange adjustment account	(12,317)	(2,357)
Total accumulated other comprehensive income/(loss)	(24,570)	71,895
Total Net Assets	20,034,506	22,569,733
Total Liabilities and Net Assets	26,163,513	28,585,152

(2) Consolidated Statements of Income

(Thousands of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Net Sales	28,779,831	30,582,216
Cost of Sales	11,810,257	13,294,104
Gross Profit	16,969,573	17,288,111
Reversal of Reserve for Returned Products	193,712	113,765
Transfer to Reserve for Returned Products	95,850	103,632
Adjusted Gross Profit	17,067,435	17,298,244
Selling, General and Administrative Expenses		
Salaries for directors and employees	4,670,603	4,681,775
Provision for allowance for directors' retirement benefits	19,400	18,900
Provision for allowance for bonus payable	30,421	38,012
Advertising	1,694,901	2,104,162
Provision for allowance for doubtful accounts	8,254	22,552
Amortization of goodwill	422,474	405,083
Others	4,109,923	4,180,869
Total Selling, General and Administrative Expenses	10,955,979	11,451,356
Operating Income	6,111,455	5,846,888
Non-Operating Income		
Interest income	15,908	20,236
Dividend income	5,254	7,109
Income from sales of used paper	20,633	31,821
Amortization of negative goodwill	9,773	9,773
Reversal of allowance for doubtful accounts	—	20,073
Other income	231,660	96,057
Total Non-Operating Income	283,230	185,072
Non-Operating Expenses		
Interest expenses of loans	6,289	2,224
Foreign exchange losses	—	2,738
Contribution	—	10,000
Other expenses	12,490	14,976
Total Non-Operating Expenses	18,780	29,940
Ordinary Income	6,375,906	6,002,020

	(Thousands of yen)	
	Year Ended March 31, 2011	Year Ended March 31, 2012
Extraordinary Income		
Gains from sales of fixed assets	—	70
Gains from sales of securities	—	8,371
Gains from forgiveness of debt	6,106	—
Total Extraordinary Income	6,106	8,441
Extraordinary Losses		
Losses from sales of fixed assets	318	258
Losses from disposals of fixed assets	46,981	8,839
Impairment losses	367,337	230,822
Losses from revaluation of securities	0	4,291
Losses from sales of shares in affiliates	7,397	—
Loss on adjustment for the changes of accounting standard for asset retirement obligations	53,517	—
One-time amortization of goodwill	242,119	80,373
Other expenses	10,032	19,666
Total Extraordinary Losses	727,704	344,251
Income before Income Taxes	5,654,308	5,666,210
Income Taxes	2,575,038	2,272,075
Adjustment of Corporate Income Tax	(122,799)	118,360
Corporate Income Tax Total	2,452,239	2,390,436
Net Income before Adjusting for the Losses of Minority Shareholders	3,202,069	3,275,774
Minority Interest in Earnings (Losses)	4,290	—
Net Income	3,197,778	3,275,774

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	Year Ended March 31, 2011	Year Ended March 31, 2012
Net Income before Adjusting for the Losses of Minority Shareholders	3,202,069	3,275,774
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(6,678)	86,505
Foreign currency translation adjustments	(8,474)	9,960
Other comprehensive income	(15,153)	96,465
Comprehensive Income	3,186,915	3,372,240
(Breakdown)		
Comprehensive income concerning shareholders of the parent company	3,182,624	3,372,240
Comprehensive income concerning minority shareholders	4,290	—

(3) Consolidated Statements of Changes in Shareholders' Equity

(Thousands of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Capital		
Shareholder's Equity		
Balance at the beginning of current year	1,824,620	1,824,620
Increase (decrease) during the year		
Total increase (decrease) during the period	—	—
Balance at end of period	1,824,620	1,824,620
Capital Surplus		
Balance at the beginning of current year	2,011,736	2,011,736
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance at end of period	2,011,736	2,011,736
Retained earnings		
Balance at the beginning of current year	13,796,905	16,236,318
Increase (decrease) during the period		
Cash dividends (Note)	(758,365)	(836,805)
Net income	3,197,778	3,275,774
Total increase (decrease) during the period	2,439,412	2,438,969
Balance at end of period	16,236,318	18,675,287
Treasury stock		
Balance at the beginning of current year	(12,916)	(13,598)
Increase (decrease) during the period		
Acquisition of treasury stocks	(681)	(208)
Total increase (decrease) during the period	(681)	(208)
Balance at end of period	(13,598)	(13,806)
Total Shareholder's Equity		
Balance at the beginning of current year	17,620,346	20,059,077
Increase (decrease) during the period		
Cash dividends (Note)	(758,365)	(836,805)
Net income	3,197,778	3,275,774
Acquisition of treasury stocks	(681)	(208)
Total increase (decrease) during the period	2,438,730	2,438,760
Balance at end of period	20,059,077	22,497,837

(Thousands of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Accumulated other comprehensive income/(loss)		
Profit/Loss on Deferred Valuation of Other Securities		
Balance at the beginning of current year	(5,573)	(12,252)
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(6,678)	86,505
Total increase (decrease) during the period	(6,678)	86,505
Balance at end of period	(12,252)	74,252
Profit/Loss on Deferred Exchange		
Balance at the beginning of current year	(3,843)	(12,317)
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(8,474)	9,960
Total increase (decrease) during the period	(8,474)	9,960
Balance at end of period	(12,317)	(2,357)
Total Valuation and Exchange Difference		
Balance at the beginning of current year	(9,416)	(24,570)
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(15,153)	96,465
Total increase (decrease) during the period	(15,153)	96,465
Balance at end of period	(24,570)	71,895
Minority Interests		
Balance at the beginning of current year	89,847	—
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(89,847)	—
Total increase (decrease) during the period	(89,847)	—
Balance at end of period	—	—
Total Net Assets		
Balance at the beginning of current year	17,700,776	20,034,506
Increase (decrease) during the period		
Cash dividends (Note)	(758,365)	(836,805)
Net income	3,197,778	3,275,774
Acquisition of treasury stocks	(681)	(208)
Net change in items excluding shareholders' equity during the period	(105,000)	96,465
Total increase (decrease) during the period	2,333,730	2,535,226
Balance at end of period	20,034,506	22,569,733

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Cash Flows from Operating Activities		
Income before income taxes	5,654,308	5,666,210
Depreciation	322,563	288,884
Impairment loss	367,337	230,822
Amortization of goodwill	422,474	405,083
One-time amortization of goodwill	242,119	80,373
Amortization of negative goodwill	(9,773)	(9,773)
Increase (decrease) in reserve for directors' retirement allowances	19,400	13,750
Increase (decrease) in reserve for employees' retirement benefits	391	(882)
Increase (decrease) in reserve for bonuses	(14,262)	10,404
Increase (decrease) in reserve for returned products	(97,861)	(7,812)
Increase (decrease) in allowance for doubtful accounts	(9,096)	(7,582)
Interest and dividend income	(21,162)	(27,345)
Interest expenses	6,289	2,224
Loss (gain) on investments in business associations	7,245	2,813
Loss (gain) on investments in anonymous associations	(186,005)	(2,101)
Loss (gain) on sales of investment securities	—	(8,371)
Loss (gain) on revaluation of investment securities	0	4,291
Loss (gain) on sales of shares in affiliates	7,397	—
Loss (gain) on sales/disposal of property and equipment	47,299	9,027
Loss on adjustment for the changes of accounting standard for asset retirement obligations	53,517	—
Decrease (increase) in trade receivables	232,814	(615,994)
Decrease (increase) in inventories	(7,269)	(103,247)
Increase (decrease) in accounts payable	(113,937)	90,571
Increase (decrease) in accrued expenses	(9,831)	176,332
Increase (decrease) in advances received	(160,173)	(86,033)
Increase (decrease) in accrued consumption taxes, etc	(127,961)	16,575
Others	(43,121)	16,865
Subtotal	6,582,700	6,145,086
Interest and dividends received	21,162	26,664
Interest paid	(6,173)	(2,216)
Income taxes paid	(2,701,153)	(2,613,090)
Net Cash Provided by (Used in) Operating Activities	3,896,535	3,556,443

(Thousands of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Cash Flows from Investing Activities		
Decrease in time deposits	(210,000)	—
Increase in time deposits	—	60,255
Proceeds from sales of property and equipment	1,716	293
Acquisition of property and equipment	(438,601)	(359,715)
Acquisition of intangible fixed assets	(58,797)	(356,588)
Payment of long-term prepaid expenses	(12,269)	(22,473)
Addition to investment securities	—	14,723
Payment for acquisition of subsidiary's shares accompanying changes in scope of consolidation	(621,355)	(2,842,350)
Payment for sales of subsidiary's shares accompanying changes in scope of consolidation	(73,895)	—
Investment income received from business associations	19,952	16,219
Proceeds from anonymous associations	130,970	—
Payment for acquisition of business	(380,000)	(130,420)
Others	16,867	13,698
Net Cash Provided by (Used in) Investing Activities	(1,625,413)	(3,606,357)
Cash Flows from Financing Activities		
Proceeds from long-term borrowings	50,000	—
Payment for repaying of long-term borrowings	(286,642)	(82,341)
Acquisition of treasury stock	(681)	(208)
Dividends paid	(759,119)	(824,965)
Net Cash Provided by (Used in) Financing Activities	(996,443)	(907,514)
Translation Gain (Loss) Related to Cash and Cash Equivalents	(5,541)	4,890
Net Change in Cash and Cash Equivalents	1,269,137	(952,537)
Cash and Cash Equivalents at Beginning of Term	11,207,424	12,476,561
Cash and Cash Equivalents at End of Term	12,476,561	11,524,023