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# Financial Results

## for the Three Months Ended June 2012

### (April 1, 2012 to June 30, 2012)



July 30, 2012  
PROTO CORPORATION (4298)

### Financial data (consolidated)

Shares outstanding (million)	10.4
Market capitalization (¥ billion, Jun/12)	24.9
DPS (¥, FY Mar/13, Forecast)	75.0
EPS (¥, FY Mar/13, Forecast)	280.1
BPS (¥, Mar/12)	2,157.7
ROE (% , FY Mar/12, Net income basis)	15.4
ROA (% , FY Mar/12, Ordinary income basis)	21.9
Equity ratio (% , Mar/12)	79.0
Potential share dilution (million)	-
Foreign ownership (% , Jun/12)	28.6

### Major Shareholders

	(Thousands)
1) Mugen Corporation	3,403 (32.50%)
2) Hiroichi Yokoyama	520 (4.96%)
3) Japan Trustee Services Bank, Ltd. (Trust Account)	501 (4.78%)
4) Yoshihiro Yokoyama	310 (2.96%)
5) The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	280 (2.67%)
6) Morgan Stanley & Co. LLC	253 (2.42%)
7) J.P. Morgan Clearing Corp-Sec	193 (1.84%)
8) Northern Trust Co. (AVFC) Sub Account American Clients	186 (1.78%)
9) The Bank of New York Mellon as Agent BNYM AS EA Dutch Pension Omnibus 140016	175 (1.67%)
10) Minoru Saito	170 (1.62%)

(As of June 30, 2012)

# Operating Results by Segment (1)



## Net sales

(Unit: million yen)

	FY Mar. 2012 Q1		FY Mar. 2013 Q1			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	6,492	89.8%	7,972	89.7%	8,538	89.0%
Info Registration Fee	4,756	65.8%	4,935	55.5%	4,934	51.4%
Information Service Fee	1,736	24.0%	3,036	34.2%	3,604	37.5%
Lifestyle-related	640	8.9%	814	9.2%	925	9.6%
Real Estate	41	0.6%	43	0.5%	42	0.4%
Others	49	0.7%	60	0.7%	91	1.0%
Total	7,223	100.0%	8,890	100.0%	9,599	100.0%

YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
2,046	131.5%	566	107.1%
178	103.7%	(1)	100.0%
1,868	207.6%	567	118.7%
285	144.6%	111	113.7%
1	103.8%	(0)	98.6%
42	185.6%	31	152.2%
2,375	132.9%	709	108.0%

- 1) Info Registration Fee: Advertising fees for information magazines and Internet media, etc.
- 2) Information Service Fee: Fees from selling information magazines, providing contents, and EC etc.
- 3) The earnings forecast for the year ending March 2013 is a value announced on May 11, 2012.

## Operating income

(Unit: million yen)

	FY Mar. 2012 Q1		FY Mar. 2013 Q1			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	1,820	28.0%	1,639	20.6%	1,932	22.6%
Lifestyle-related	27	4.3%	20	2.5%	52	5.7%
Real Estate	20	50.6%	23	54.0%	24	56.4%
Others	(38)	-	(76)	-	(55)	-
Management Division	(427)	-	(407)	-	(369)	-
Total	1,403	19.4%	1,198	13.5%	1,585	16.5%

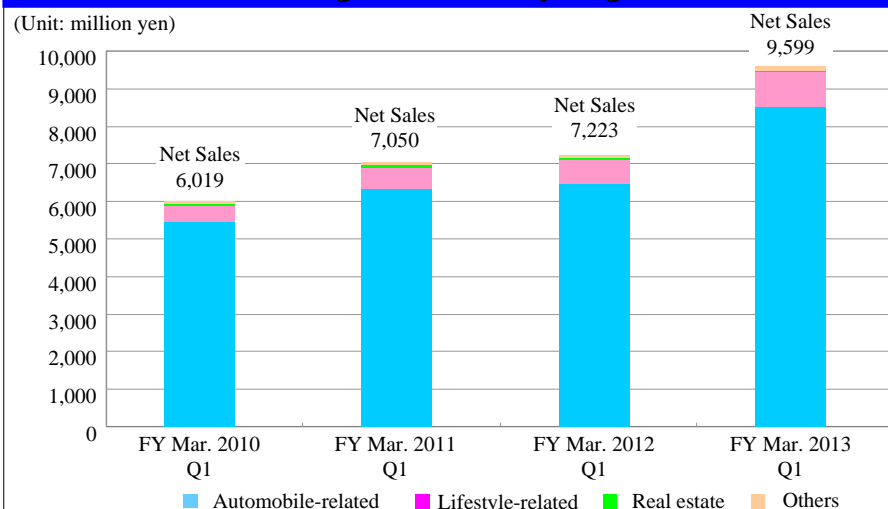
YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
112	106.2%	293	117.9%
24	189.7%	32	261.1%
3	115.6%	0	103.1%
(16)	-	21	-
58	-	38	-
181	112.9%	386	132.2%

- 1) The earnings forecast for the year ending March 2013 is a value announced on May 11, 2012.

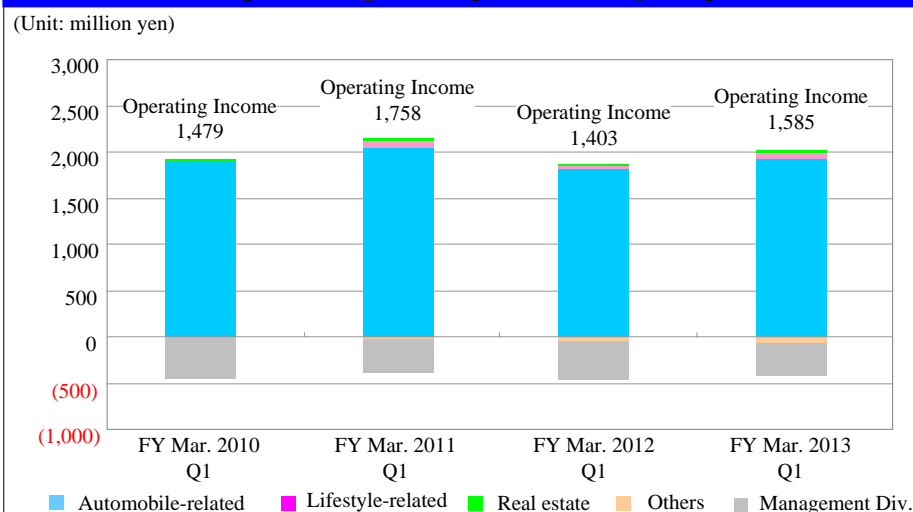
## Operating Results by Segment (2)



### Changes in Sales by Segment



### Changes in Operating Income by Segment



### Automobile-related information

As PROTO MALAYSIA Sdn. Bhd. became a subsidiary on Sep. 2, 2011, the sales of the information magazine business increased to 103.2% compared with the same period of the previous year. The sales of the IT business increased to 165.4% compared with the same period of the previous year, as the performance of the IT products of PROTO CORPORATION was healthy and King's Auto Co., Ltd., which exports used cars, became a subsidiary. The total sales of the automobile-related information business increased 2,046 million yen (131.5% compared with the same period of the previous year). Operating income increased 112 million yen (106.2% compared with the same period of the previous year), as sales increased although personnel expenses and depreciation of goodwill, etc. increased.

### Lifestyle-related information

PROTO MEDICAL CARE promoted the expansion of the area for the nursing care information magazine "Heart Page" business, redeveloped the mail-order business for social welfare facilities acquired in Mar. 2012, and pursued synergy through the sales promotion targeted at existing clients. Furthermore, the Internet advertising agency business was healthy. Consequently, the total sales of the lifestyle-related information business increased 285 million yen (144.6% compared with the same period of the previous year). Operating income increased 24 million yen (189.7% compared with the same period of the previous year), as the sales of PROTO MEDICAL CARE increased although personnel expenses augmented due to business expansion.

### Others

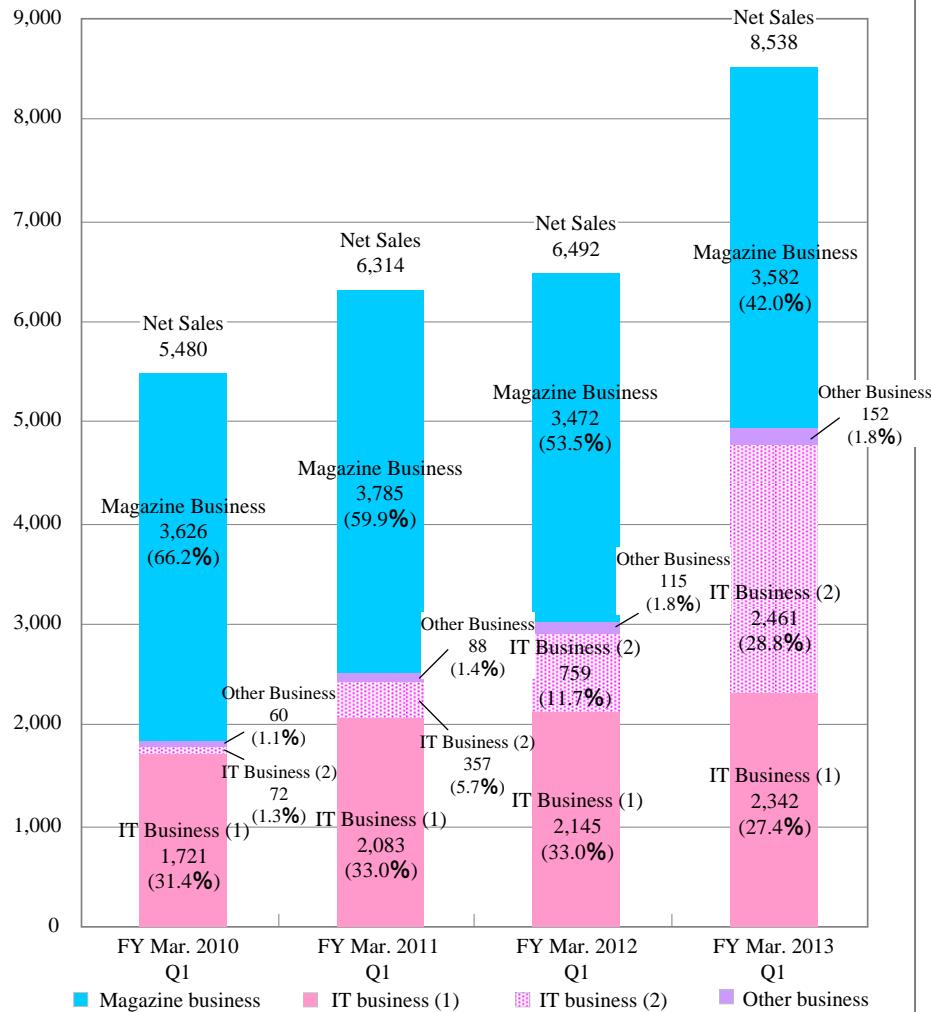
Sales increased 42 million yen (185.6% compared with the same period of the previous year), mainly because the number of orders in the BPO business of PROTO DATA CENTER increased. On the other hand, there was an operating loss of 55 million yen (operating loss for the same period of the previous year: 38 million yen), as we conducted a prior investment in social games, etc.

# Operating Results of Automobile-related Information (1)



## Changes in Automobile-related Sales by Product Classification

(Unit: million yen) \*Parentheses represent composition ratios.



### Magazine business

In this quarter, we have made efforts to increase the number of client companies of the Goo Series through the promotion of Goo Inspection, etc. However, dealers refrained from procuring used cars, because the demand for used cars declined although the sales volume of new cars was healthy due to the Eco-car Subsidy.

Consequently, although the number of ad submissions to the Goo Series was smaller than the planned value, the sales of the information magazine business increased 110 million yen (103.2% compared with the same period of the previous year) mainly because PROTO MALAYSIA Sdn. Bhd. became a subsidiary.

### IT business (1) (Option products, such as Goo-net, B to B data service etc.)

We conducted the sales promotion for the Internet option products of the Goo Series and Data Line PRO, which is a tool for supporting the sale of automobiles, and PROTO-RIOS INC. promoted business support systems. Consequently, the sales of the IT business (1) increased 196 million yen (109.2% compared with the same period of the previous year).

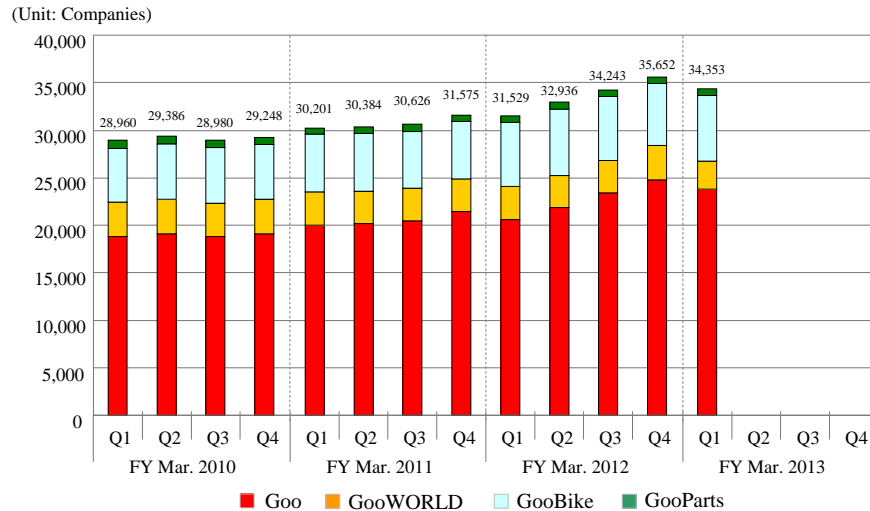
### IT business (2) (EC, Service of supporting the export of used cars etc.)

As the performances of the used car export business of King's Auto Co., Ltd. and the e-commerce of motorbike parts of BikeBros Inc. were healthy, the sales of the IT business (2) increased 1,701 million yen (324.0% compared with the same period of the previous year).

### Other business (Goo Inspection, etc.)

As we actively promoted Goo Inspection targeting the clients of the Goo Series and then the number of graded cars increased, the sales of other businesses increased 37 million yen (132.2% compared with the same period of the previous year).

## Changes in Quarterly Totals of Business Partners for Goo Series



Although the demand for used cars declined due to the effect of the Eco-car Subsidy and the business environment surrounding used car dealers became severe, the cumulative number of client companies of the Goo Series for the first quarter (Apr.-Jun.) was 109.0% of the value for the same period of the previous year.

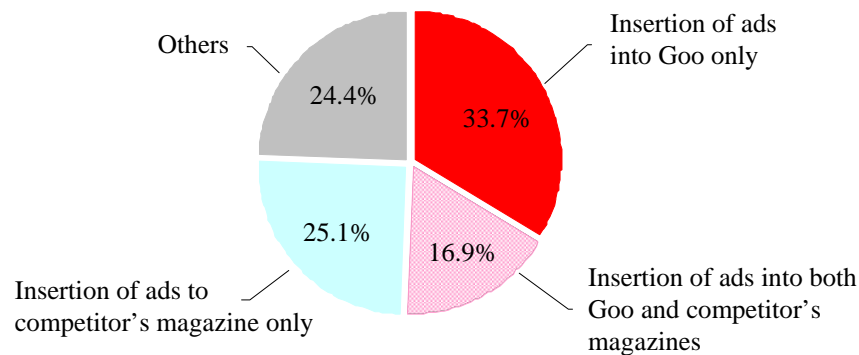
The monthly average value of transactions for the first quarter (Apr.-Jun.) was 95.0% of the value for the same period of the previous year, as new areas were cultivated and the number of smaller dealers increased.



The number of the member shops of Goo Inspection was 4,571 IDs as of the end of June 2012 (137.3% of the value for June of the previous year).

【For reference: Number as of the end of Mar. 2012: 4,234 IDs】

## Situation of Market Share (Compared with Competitors)



\* Competitor's magazine: Car Sensor (Mj Magazine in Shikoku, Crossroad in Okinawa)

\* The numerical value has totaled for the entire area.

\* Method for counting client companies: To count the number of dealers that inserted their ads into information magazines.

(Surveyed by our company in Jun. 2012)

【Regarding the change of the method for calculating market share】

Previously, reference values for only major cities in each area were used for market share, but market share is calculated for the entire area from this term.

# Consolidated Statements of Income (1)



## Status of consolidated income

(Unit: million yen)

	FY Mar. 2012 Q1		FY Mar. 2013 Q1			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Net sales	7,223	100.0%	8,890	100.0%	(1) 9,599	100.0%
Cost of Sales	3,010	41.7%	4,526	50.9%	(2) 5,007	52.2%
Gross Profit	4,213	58.3%	4,364	49.1%	4,591	47.8%
SG&A Expenses	2,810	38.9%	3,165	35.6%	(3) 3,006	31.3%
Operating Income	1,403	19.4%	1,198	13.5%	(4) 1,585	16.5%
Ordinary Income	1,437	19.9%	1,206	13.6%	1,602	16.7%
Net Income	827	11.5%	644	7.2%	(5) 1,082	11.3%

YoY Change		Achievement rate	
(C)-(A)	%	(C)-(B)	%
2,375	132.9%	709	108.0%
1,997	166.4%	481	110.6%
377	109.0%	227	105.2%
196	107.0%	(159)	95.0%
181	112.9%	386	132.2%
165	111.5%	396	132.8%
255	130.9%	438	168.1%

1) Cost of sales includes reversal of allowance for sales returns and provision.

2) The earnings forecast for the year ending March 2013 is a value announced on May 11, 2012.

## Status of SG & A expenses

(Unit: million yen)

	FY Mar. 2012 Q1		FY Mar. 2013 Q1			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
SG&A Expenses	2,810	38.9%	3,165	35.6%	3,006	31.3%
Employment Cost	1,371	19.0%	1,542	17.4%	1,456	15.2%
Advertising Cost	558	7.7%	622	7.0%	604	6.3%
Other Expenses	879	12.2%	1,000	11.2%	945	9.8%
Number of Employment	886	-	1,058	-	1,027	-

YoY Change		Achievement rate	
(C)-(A)	%	(C)-(B)	%
196	107.0%	(159)	95.0%
84	106.2%	(86)	94.4%
45	108.2%	(18)	97.1%
65	107.5%	(54)	94.5%
141	115.9%	(31)	97.1%

1) Advertising and related costs is the total of advertising costs and merchandising costs.

2) The number of employees is as of the end of June.

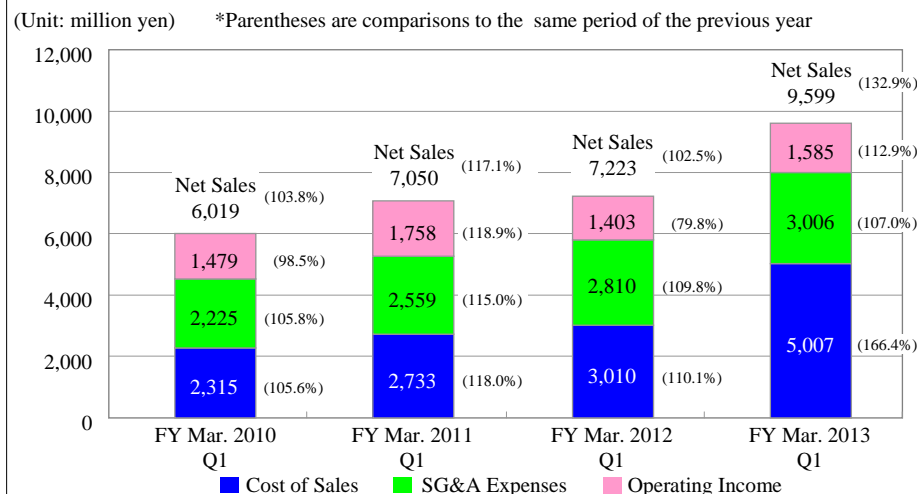
3) The earnings forecast for the year ending March 2013 is a value announced on May 11, 2012.

# Consolidated Statements of Income (2)

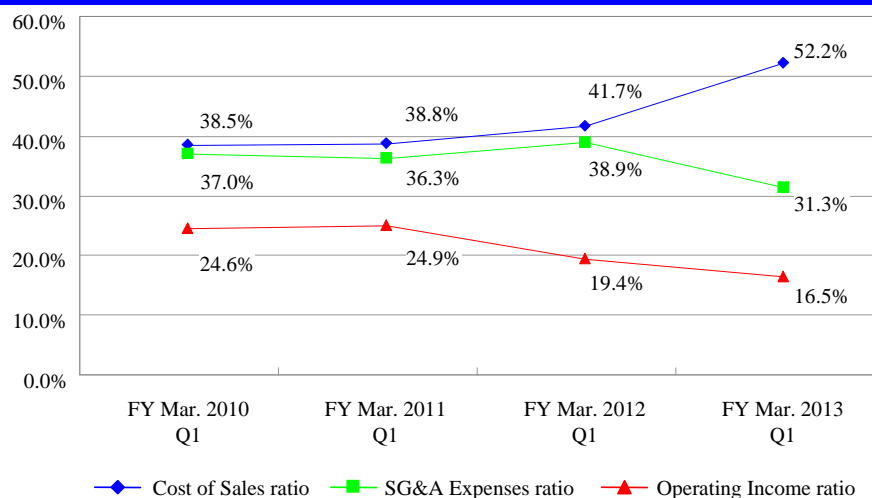


## Performance Overview for the Q1 of FY March 2013

### Changes in Performance



### Changes of Individual Indicators



#### Point (1) Net Sales

Sales increased from the same period of the previous year in all business segments. The total sales of the Group increased 2,375 million yen (132.9% compared to the same period of the previous year). Sales were 108.0% of what was planned.

#### Point (2) Cost of Sales

As King's Auto Co., Ltd., which mainly exports used cars, became a subsidiary on Apr. 1, 2012, and the sales of the Internet advertising agency business of PROTO CORPORATION and the e-commerce of motorbike parts of BikeBros Inc. increased, the cost of sales was 166.4% compared with the same period of the previous year (cost rate: 10.5 point increase). The ratio to the planned value was 110.6%, as the cost of sales in each of these businesses exceeded the planned values.

#### Point (3) SG&A Expenses

As the number of employees increased due to the increase of consolidated subsidiaries, personnel expenses, etc. augmented. Consequently, SG&A expenses was 107.0% of the same period of the previous year (SG&A rate: 7.6% decrease).

On the other hand, its ratio to the planned value was 95.0%, mainly because the personnel expenses in PROTO CORPORATION were lower than the planned value.

#### Point (4) Operating Income

Although personnel and other expenses augmented, sales increased, and so the ratio of operating income to the value for the same period of the previous year was 112.9%. Its ratio to the planned value was 132.2%, as the sales of profitable IT services exceeded the planned value.

#### Point (5) Net Income

Operating income increased as mentioned above, and taxes decreased due to the liquidation of PROTO (SHANGHAI) ADVERTISING CO., LTD. Consequently, net income was 130.9% compared with the same period of the previous year.



# Consolidated Balance Sheet



(Unit: million yen)

	FY Mar. 2012 (As of Mar. 31, 2012)		FY Mar. 2013 (As of Jun. 30, 2012)		Increase/Decrease (B) - (A)	
	(A)	Composition ratio	(B)	Composition ratio		
Current Assets	15,855	55.5%	17,938	56.3%	(1)	2,083
Fixed Assets	12,729	44.5%	13,948	43.7%	(2)	1,218
Current Liabilities	5,573	19.5%	7,587	23.8%	(3)	2,014
Long-term Liabilities	441	1.5%	1,069	3.4%	(4)	627
Net Assets	22,569	79.0%	23,229	72.9%	(5)	659
Total Assets	28,585	-	31,886	-		3,301

**Point (1) Increase in Current Assets (2,083 million yen increase from the end of the term ended Mar. 2012)**

Current assets increased 2,083 million yen from the end of the previous consolidated fiscal year, mainly because cash and deposits and inventory assets increased as King's Auto Co., Ltd. became a subsidiary, although there were some payments for share acquisition of King's Auto Co., Ltd. and accrued income tax, etc.

**Point (2) Increase in Fixed Assets (1,218 million yen increase from the end of the term ended Mar. 2012)**

Fixed assets increased 1,218 million yen from the end of the previous consolidated fiscal year, mainly because of the goodwill amortization due to the reorganization of King's Auto Co., Ltd. into a subsidiary, etc.

**Point (3) Increase in Current Liabilities (2,014 million yen increase from the end of the term ended Mar. 2012)**

Current liabilities increased 2,014 million yen from the end of the previous consolidated fiscal year, mainly because short-term debts, etc. increased as King's Auto Co., Ltd. became a subsidiary.

**Point (4) Increase in Fixed Liabilities (627 million yen increase from the end of the term ended Mar. 2012)**

Fixed liabilities increased 627 million yen from the end of the previous consolidated fiscal year, mainly because long-term debts, etc. increased as King's Auto Co., Ltd. became a subsidiary.

**Point (5) Increase in Net Assets (659 million yen increase from the end of the term ended Mar. 2012)**

Net assets increased 659 million yen from the end of the previous consolidated fiscal year, because retained earnings increased although there was a dividend payment of 444 million yen.

# Consolidated Statements of Cash Flows



(Unit: million yen)

	FY Mar. 2012 Q1	FY Mar. 2013 Q1	Increase/Decrease	(Reference) FY Mar. 2012
Cash Flows from Operating Activities	163	(1) 1,142	979	3,556
Cash Flows from Investing Activities	(303)	(2) 82	385	(3,606)
Cash Flows from Financing Activities	(390)	(3) (442)	(52)	(907)
Cash and Cash Equivalents at End of Term	11,946	12,312	365	11,524
Capital Expenditure (tangible/intangible fixed assets)	342	379	36	845
Depreciation (Including amortization of goodwill)	116	107	(9)	475

## Point (1) Cash Flows from Operating Activities

Although 1,008 million yen was paid for corporate income tax, etc. for the previous consolidated fiscal year, there was an income of 1,142 million yen as income before income taxes of 1,601 million yen was recorded.

## Point (2) Cash Flows from Investing Activities

Although 375 million yen was paid for acquiring fixed assets, there was an income of 82 million yen as the net increase in cash and cash equivalents was 479 million yen due to the reorganization of King's Auto Co., Ltd. into a subsidiary.

## Point (3) Cash Flows from Financing Activities

There was an expenditure of 442 million yen, mainly because 430 million yen was paid for dividends.

## Reference: Consolidated Quarterly Earnings Forecast for the Fiscal Year Ending in March 2013



(Unit: million yen)

	FY March 2011 (Results)					FY March 2012 (Results)					FY March 2013 (Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	7,050	7,075	7,422	7,232	28,779	7,223	7,501	7,975	7,880	30,582	8,890	9,152	9,972	10,284	38,300
Cost of Sales	2,733	2,884	3,033	3,061	11,712	3,010	3,270	3,500	3,502	13,283	4,526	4,674	5,153	5,455	19,810
Gross Profit	4,317	4,190	4,388	4,170	17,067	4,213	4,230	4,475	4,378	17,298	4,364	4,477	4,819	4,828	18,490
SG&A Expenses	2,559	2,592	2,674	3,129	10,955	2,810	2,758	2,770	3,112	11,451	3,165	3,247	3,370	3,606	13,390
Operating Income	1,758	1,598	1,714	1,041	6,111	1,403	1,472	1,705	1,265	5,846	1,198	1,230	1,448	1,222	5,100
Ordinary Income	1,782	1,610	1,909	1,072	6,375	1,437	1,458	1,739	1,367	6,002	1,206	1,238	1,455	1,229	5,130
Net Income	1,051	891	1,080	173	3,197	827	815	945	687	3,275	644	710	851	724	2,930

\* Cost of sales includes reversal of allowance for sales returns and provision.

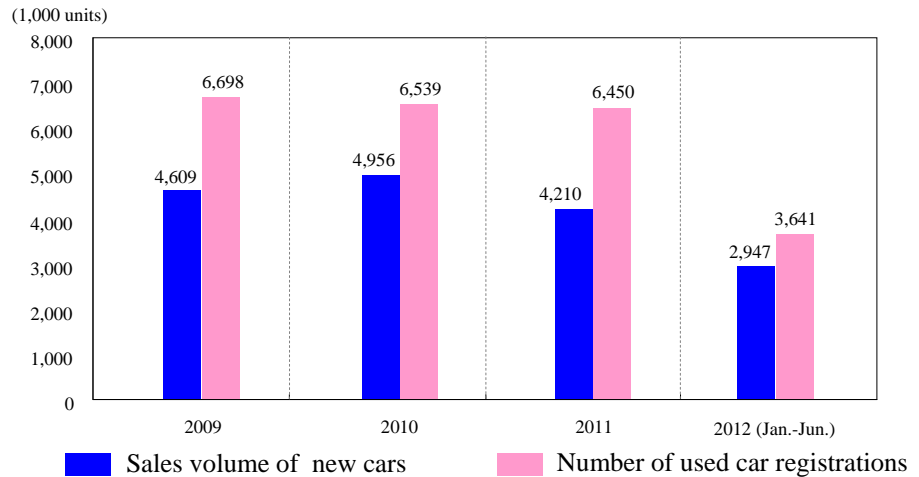
	FY March 2011 (Results)					FY March 2012 (Results)					FY March 2013 (Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	7,050	7,075	7,422	7,232	28,779	7,223	7,501	7,975	7,880	30,582	8,890	9,152	9,972	10,284	38,300
Automobile-related	6,314	6,276	6,546	6,428	25,566	6,492	6,506	6,852	6,852	26,704	7,972	8,167	8,820	8,922	33,882
Info Registraion Fee	5,000	4,863	5,059	4,907	19,831	4,756	4,826	5,166	5,082	19,830	4,935	5,057	5,259	5,092	20,345
Info Service Fee	1,314	1,412	1,487	1,521	5,735	1,736	1,680	1,686	1,770	6,873	3,036	3,109	3,560	3,829	13,536
Lifestyle-related	599	644	701	671	2,616	640	907	1,010	911	3,470	814	875	1,039	1,240	3,969
Real Estate	48	46	44	42	181	41	41	42	41	166	43	42	43	51	181
Others	87	108	129	89	415	49	45	70	75	240	60	66	69	69	265
Operating Income	1,758	1,598	1,714	1,041	6,111	1,403	1,472	1,705	1,265	5,846	1,198	1,230	1,448	1,222	5,100
Automobile-related	2,049	1,869	1,991	1,370	7,281	1,820	1,823	2,045	1,583	7,272	1,639	1,660	1,812	1,454	6,566
Lifestyle-related	69	79	90	61	301	27	40	73	86	228	20	37	110	227	396
Real Estate	29	26	25	23	104	20	19	21	22	83	23	23	20	29	97
Others	(27)	(26)	(8)	(28)	(91)	(38)	(48)	(34)	(27)	(149)	(76)	(89)	(91)	(95)	(353)
Management Division	(363)	(351)	(384)	(385)	(1,484)	(427)	(362)	(400)	(399)	(1,589)	(407)	(401)	(403)	(393)	(1,607)

\* The forecasted values for the term ending March 2013 (Q1, Q2, Q3, Q4 and full year) were values announced on May 11, 2012.

## Appendix

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## Trends in the Sales Volume of New Cars and the Number of Used Car Registrations (Calendar Years)



Note: Data from Japan Auto Dealers Association and Japan Mini Vehicles Association

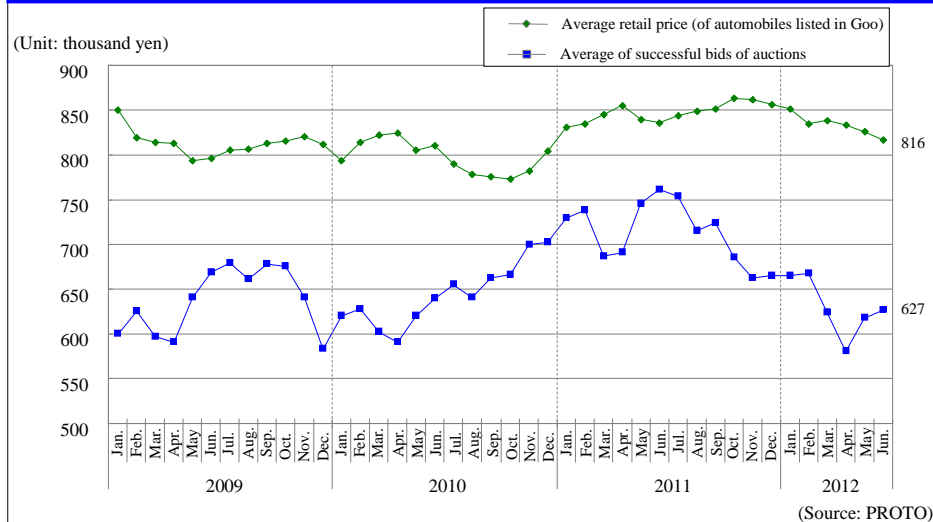
### Sales volume of new cars

The sales volume of new cars for 2012 (Jan.-Jun.) was 2.94 million (153.6% of the value for the same period of the previous year), due to the effects of the Eco-car Subsidy, etc.

### Number of used car registrations

The number of used vehicles registered in 2012 (Jan.-Jun.) was 3.64 million (107.4% of the value for the same period of the previous year)

## Variations in Retail and Wholesale Prices of Used Cars



(Source: PROTO)

### Variations in average retail and wholesale prices of used cars

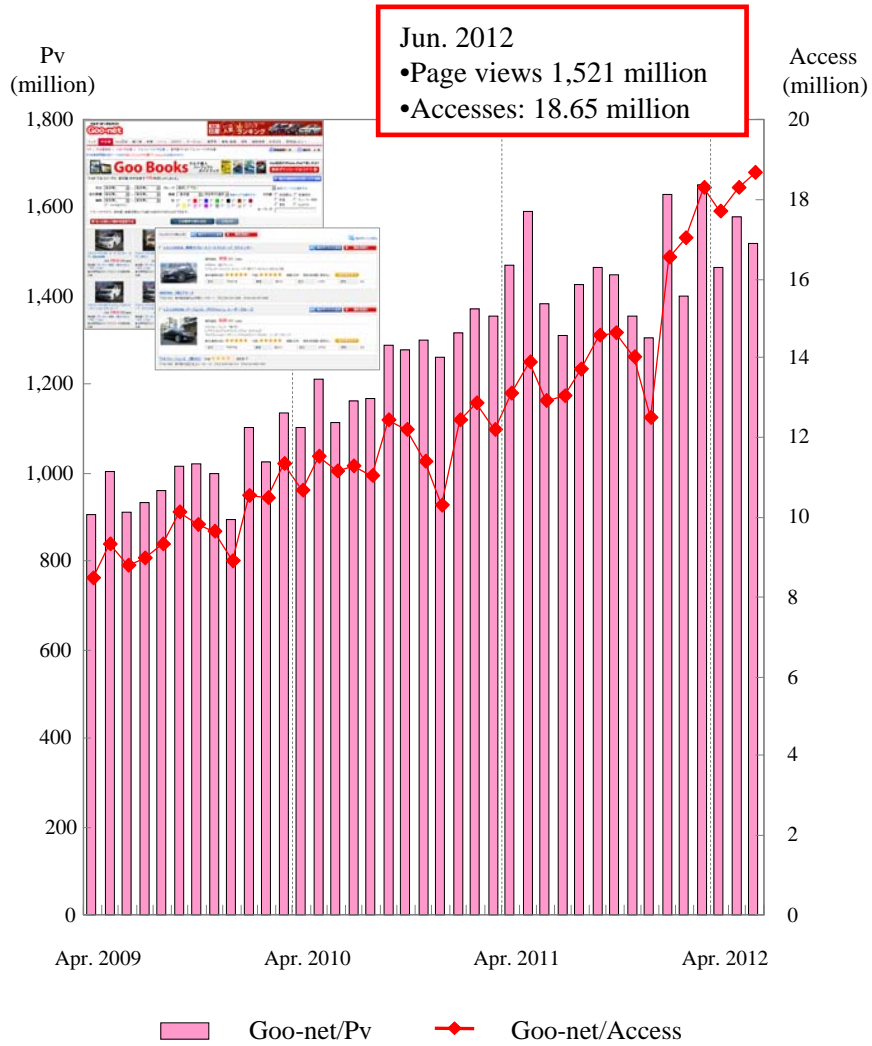
The demand for used cars declined due to the effects of the Eco-car Subsidy, and so average retail price is decreasing gently.

On the other hand, average wholesale price had decreased since Jun. 2011, and bottomed out in Apr. 2012.

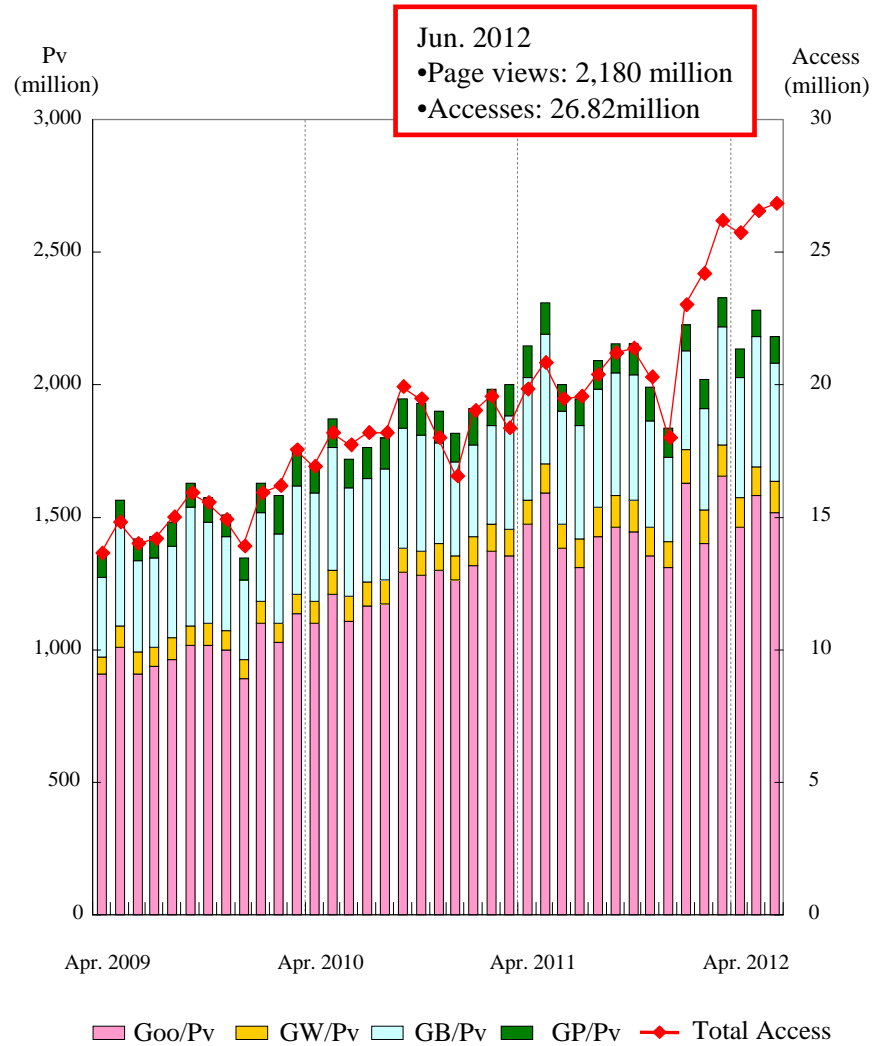
#### 【For reference: Eco-car Subsidy】

1. First phase: Eco-car Subsidy  
Apr. 10, 2009 to Sep. 7, 2010: a budget of 583.7 billion yen with Scrap Incentive
2. Second phase: Eco-car Subsidy (present)  
Dec. 20, 2011 to Jan. 31, 2013: a budget of 300 billion yen without Scrap Incentive

## Car Portal Site "Goo-net" (PC + Smartphone)



## Total of Goo Series (PC + Smartphone)



\* The amount of money described in this material rounds down and displays one million yen or less.

## ■ Future outlook

The IR information in this document includes a future outlook.

Such information other than the past events may be influenced by the risk and uncertainty due to the competition, market, and systems in the field of our company's business. As a result, the outlook based on the assumption and estimation with available information may be different from actual results and performance in the future. We would appreciate your understanding.

## ■ For inquiries

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