

# Investor Meeting for the Year Ended March 2011

May 13, 2011  
PROTO CORPORATION (4298)



Corporate Message “Leveraging Information for the Future”

## Financial data (consolidated)

Shares outstanding (million)	10.4
Market capitalization (¥ billion, Mar/11)	31.6
DPS (¥, Mar/11)	75.0
EPS (¥, Mar/11)	305.7
BPS (¥, Mar/11)	1,915.3
ROE (% , Mar/11, Net income basis)	17.0
ROA (% , Mar/11, Ordinary income basis)	25.3
Equity ratio (% , Mar/11)	76.6
Potential share dilution (million)	-
Foreign ownership (% , Mar/11)	28.7

## Major Shareholders

	(Thousands)
1) Mugen Corporation	3,403 (32.50%)
2) Japan Trustee Services Bank, Ltd. (Trust Account)	611 (5.84%)
3) Hiroichi Yokoyama	520 (4.96%)
4) The Chase Manhattan Bank, N.A. London	433 (4.13%)
5) Yoshihiro Yokoyama	330 (3.15%)
6) Northern Trust Co. (AVFC) Sub Account American Clients	203 (1.94%)
7) The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	200 (1.91%)
8) Mellon Bank ABN Amro Global Custody N.V.	175 (1.67%)
9) Minoru Saito	169 (1.62%)
10) Morgan Stanley & Co. Inc	163 (1.55%)

(As of March 31, 2011)

# Consolidated Statements of Income (1)



## Status of Consolidated Income

(Unit: million yen)

	FY Mar/10		FY Mar/11				YoY Change		Achievement rate	
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales	(C)-(A)	%	(C)-(B)	%
Net sales	25,682	100.0%	29,120	100.0%	① 28,779	100.0%	3,097	112.1%	(340)	98.8%
Cost of Sales	10,273	40.0%	11,773	40.4%	② 11,712	40.7%	1,439	114.0%	(61)	99.5%
Gross Profit	15,409	60.0%	17,346	59.6%	17,067	59.3%	1,658	110.8%	(278)	98.4%
SG&A Expenses	9,310	36.3%	10,946	37.6%	③ 10,955	38.1%	1,645	117.7%	9	100.1%
Operating Income	6,098	23.7%	6,400	22.0%	④ 6,111	21.2%	12	100.2%	(288)	95.5%
Ordinary Income	6,165	24.0%	6,662	22.9%	6,375	22.2%	210	103.4%	(286)	95.7%
Net Income	3,529	13.7%	2,938	10.1%	⑤ 3,197	11.1%	(331)	90.6%	259	108.8%

- 1) Cost of sales includes reversal of allowance for sales returns and provision
- 2) The earnings forecast for the year ended March 2011 is a value announced on March 11, 2011.

## Status of Marketing and Administration Costs

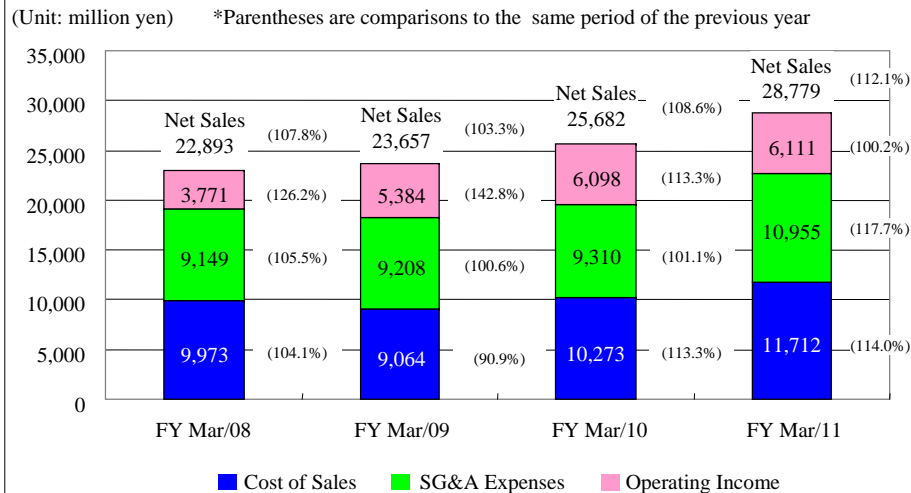
(Unit: million yen)

	FY Mar/10		FY Mar/11				YoY Change		Achievement rate	
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales	(C)-(A)	%	(C)-(B)	%
SG&A Expenses	9,310	36.3%	10,946	37.6%	10,955	38.1%	1,645	117.7%	9	100.1%
Employment Cost	4,919	19.2%	5,441	18.7%	5,414	18.8%	494	110.1%	△ 26	99.5%
Advertising Cost	1,659	6.5%	2,113	7.3%	2,152	7.5%	492	129.7%	39	101.9%
Other Expenses	2,731	10.6%	3,392	11.6%	3,388	11.8%	657	124.1%	△ 3	99.9%
Number of Employment	798	-	969	-	875	-	77	109.6%	△ 94	90.3%

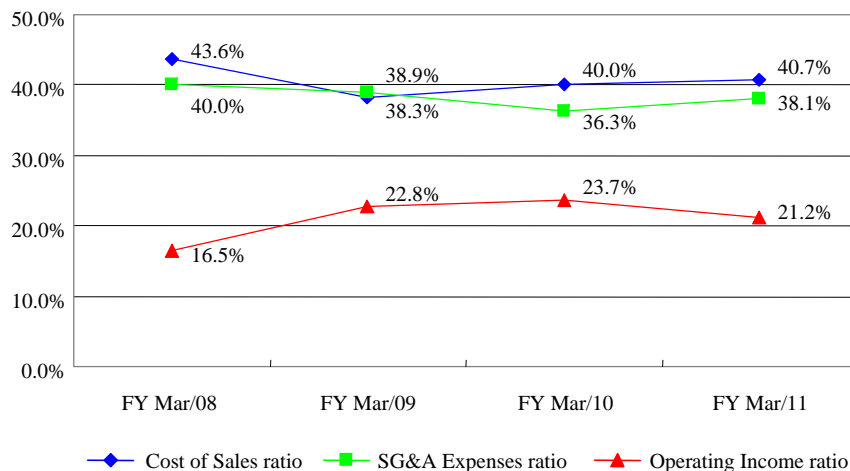
- 1) Advertising and related costs is the total of advertising costs and merchandising costs.
- 2) The number of employees is as of the end of March 2011. The forecast of the number of employees of the end of March 2011 is a value announced on October 28, 2010.
- 3) The earnings forecast for the year ended March 2011 is a value announced on March 11, 2011.

## Performance Overview for the Year Ended March 2011

### Changes in Performance



### Changes of Individual Indicators



#### Point ① Sales

All segments, excluding the real estate segment, increased earnings from the same period of the previous year. In the entire group, sales increased 3,097 million yen (112.1% compared to the same period of the previous year). Sales were slightly smaller than the estimate due to the earthquake disaster, etc.

#### Point ② Cost of Sales

Due mainly to the increase in the cost of sales for new consolidated subsidiaries, including BikeBros.Inc. (which became a subsidiary on Apr. 1, 2010) and the number of exported cars increased in the used car export support business of Goo Auto Inc, the cost of sales was 114.0% of those recorded in the same period of the previous year (cost rate: 0.7 point increase).

#### Point ③ SG&A Expenses

Mainly because of the increases in personnel expenses for new consolidated subsidiaries, including BikeBros.Inc., the promotion cost for stirring demand, and the goodwill amortization due to business transfer and the inclusion of new consolidated subsidiaries, SG&A was 117.7% (SG&A rate: 1.8% increase) from the same period of the previous year.

#### Point ④ Operating Income

Operating income rate decreased 2.5 points from the same period of the previous year and operating income was nearly equal to that in the previous year, because cost rate augmented due to the increase in the number of exported cars in the used car export support business and the expansion of the EC business, and SG&A rate augmented due to the growing promotion cost for stimulating demand, etc.

#### Point ⑤ Net Income

Net income decreased 331 million yen (90.6% compared to the same period of the previous year), due to impairment loss, etc.

# Segment Information (1)



## Net Sales

(Unit: million yen)

	FY Mar/10		FY Mar/11			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	22,858	89.0%	25,721	88.3%	25,566	88.8%
Info Registration Fee	19,039	74.1%	20,037	68.8%	19,831	68.9%
Info Service Fee	3,818	14.9%	5,684	19.5%	5,735	19.9%
Lifestyle-related	2,286	8.9%	2,792	9.6%	2,616	9.1%
Real Estate	205	0.8%	181	0.6%	181	0.6%
Others	332	1.3%	424	1.5%	415	1.4%
Total	25,682	100.0%	29,120	100.0%	28,779	100.0%

YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
2,707	111.8%	(155)	99.4%
791	104.2%	(206)	99.0%
1,916	150.2%	50	100.9%
330	114.5%	(175)	93.7%
(24)	88.2%	0	100.0%
83	125.1%	(8)	97.9%
3,097	112.1%	(340)	98.8%

- 1) Info Registration Fee: Advertising fees for information magazines and internet media, etc.
- 2) Information Service Fee: Fees from selling information magazines, providing content, etc.
- 3) The earnings forecast for the year ended March 2011 is a value announced on March 11, 2011.

## Operating Income

(Unit: million yen)

	FY Mar/10		FY Mar/11			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	7,590	33.2%	7,437	28.9%	7,281	28.5%
Lifestyle-related	162	7.1%	394	14.1%	301	11.5%
Real Estate	105	51.4%	103	57.2%	104	57.7%
Others	(35)	-	(75)	-	(91)	-
Management Division	(1,725)	-	(1,460)	-	(1,484)	-
Total	6,098	23.7%	6,400	22.0%	6,111	21.2%

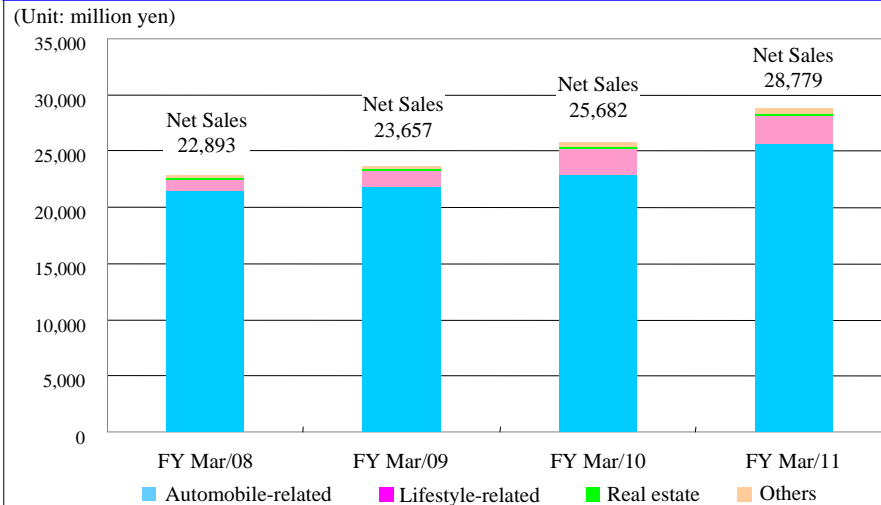
YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
(309)	95.9%	(155)	97.9%
138	185.0%	(93)	76.4%
(1)	99.0%	0	100.9%
(55)	-	(16)	-
240	-	(24)	-
12	100.2%	(288)	95.5%

- 1) The earnings forecast for the year ended March 2011 is a value announced on March 11, 2011.
- 2) Part of expenses that had been included in the management section was included in each business segment from the year ended March 2011.

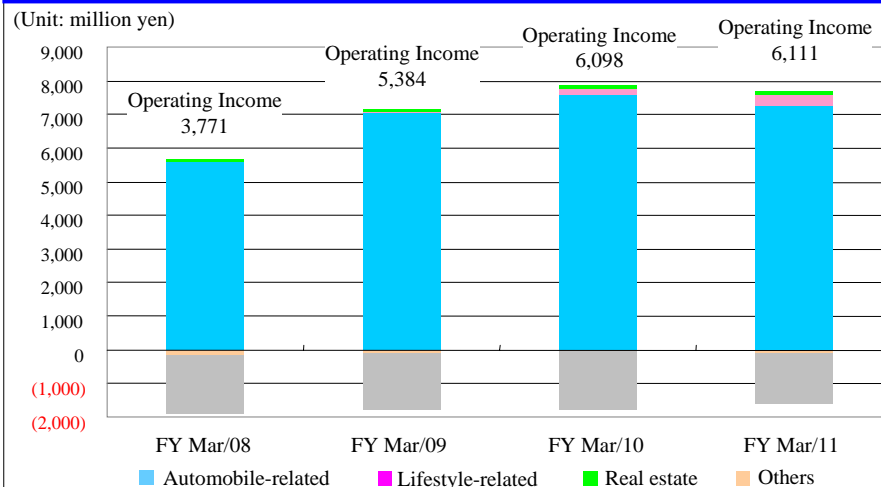
## Segment Information (2)



### Change in Sales by Segment



### Change in Operating Income by Segment



### Automobile-related Information

Amid the severe business environment surrounding used car dealers, we have made efforts to increase the number of companies handling the Goo Series, by targeting the Koshin area and conducting sales promotion of IT products and Goo-approved cars, etc. We also promoted the used car export support business of Goo Auto Inc. and expanded business areas through BikeBros.Inc. and SYSTEM-ONE Corporation. Consequently, sales increased in both the information magazines business (101.7% of the same period of the previous year), the IT business (129.5%), and the total sales in the automobile-related information business increased 2,707 million yen (111.8%).

Operating income decreased 309 million yen (95.9%), mainly because of the augmentation of the promotion cost for spurring demand and the changes in accounting processes\*, etc.

### Lifestyle-related Information

In the care-related information field (medical, nursing-care, welfare), sales increased because the number of client companies increased for all of "Oasis Navi," "Kaigo-Kyujin Navi," and "Nurse Agent," and Proto Medical Care Co., Ltd. (former Medical CUBIC Co., Ltd.), which offers personnel introduction and dispatch services in this field, became a subsidiary. In addition, sales of "Vee SCHOOL" in the culture information field and "Oikura" in the recycle/reuse information field increased as the number of client companies increased. This made up for the decrease in sales in the advertising business. Consequently, the total sales in the lifestyle-related information field increased 330 million yen (114.5% of the same period of the previous year).

Operating income increased 138 million yen (185.0%) due to the increase in sales, despite the changes in accounting processes\* and the augmentation of goodwill amortization and personnel expenses, etc.

### Others

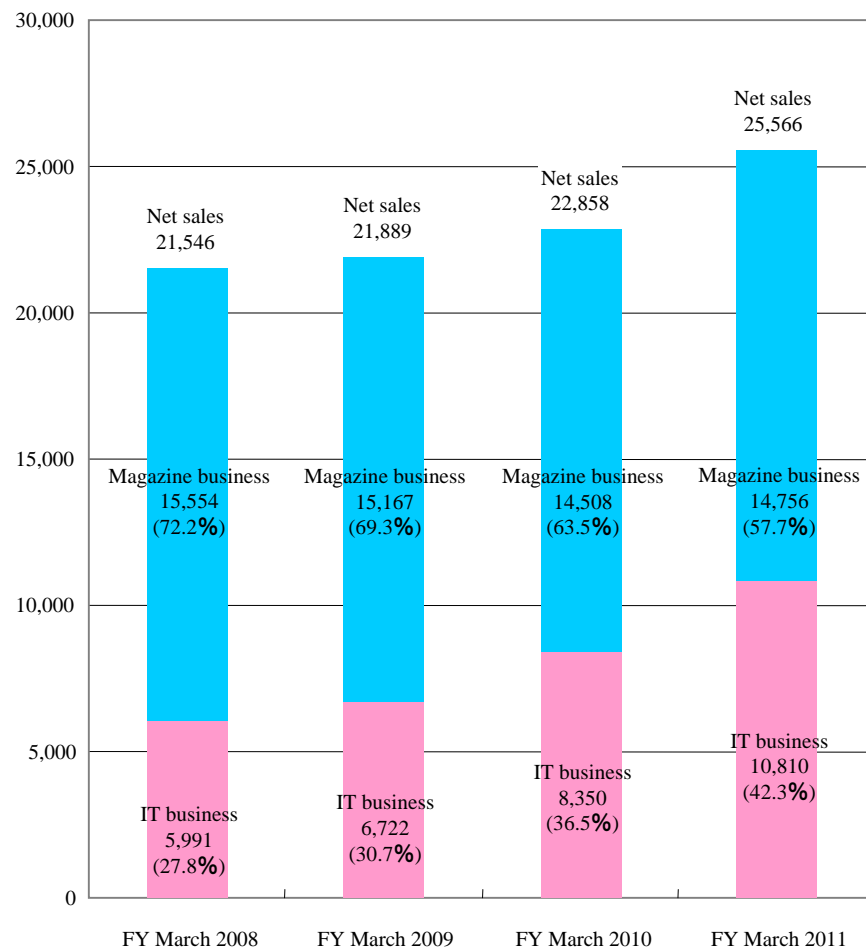
Sales increased 83 million yen (125.1% of the same period of the previous year), due to the increase in the number of transactions in the BPO business of Proto Data Center.

Operating loss was 91 million yen (it was a loss of 35 million yen in the same period of previous year), because operating cost augmented in Mars Flag Co., Ltd. and PROTO Data Center Co., Ltd. through business expansion. As for Mars Flag Co., Ltd., all of owned shares were transferred on Mar. 1 of this year.

(\* ) Part of expenses that had been included in the management section was included in each business segment from this term.

## Changes in Automobile-related Sales by Product Classification

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



### ■ Magazine business

Due to the eco-car subsidy system, etc., the used car distribution market lacked products and wholesale prices kept increasing. The business environment surrounding used car dealers has been stringent throughout the year. In this situation, inventory decreased in each dealer, and so the amount of advertisements for the Goo Series decreased except some areas. Nevertheless, the sales of the information magazines business increased 247 million yen (101.7% of the same period of the previous year), as this business expanded in the Koshin area and the motorbike information magazines were sold well by BikeBros.Inc. while earning from advertisements.

### ■ IT business

The sales of the IT business increased 2,459 million yen (129.5% of the same period of the previous year), due to the sales promotion of IT products (mediation service for quotations, QE, GCS, etc.), Goo-approved cars, and business support systems for maintenance, sheet metal, and coating firms, and the strengthening of the EC business for motorbike parts and goods. The ratio of the businesses that require procurement in accounting, such as the EC and used car export support businesses, was 7.5% in the automobile-related information field, increasing 5.2% from the same period of the previous year.

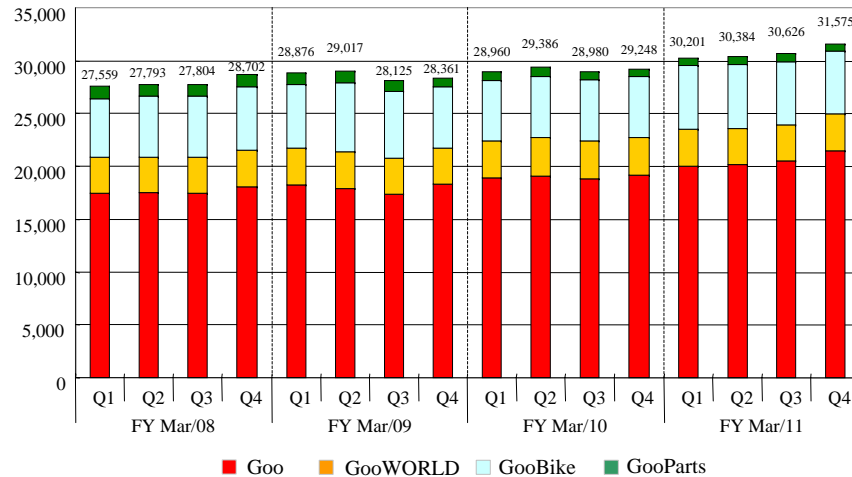
As a result, the ratio of the IT business in sales for the year ended Mar. 2011 was 42.3%, increasing 5.8% from the same period of the previous year.

# Operating Results of Automobile-related Information (2)



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

(Unit: Companies)



The average unit price per month in the Goo Series was 96.0% of the value for the same period of the previous year, due to the increase of small-scale dealers, etc., while the annual cumulative number of client companies was 105.3% of the value for the same period of the previous year.



The number of stores involved in for the “Goo-approved Cars” service is 3,072 IDs as of the end of Mar. 2011 (187.8% of the value in the same month of the previous year).

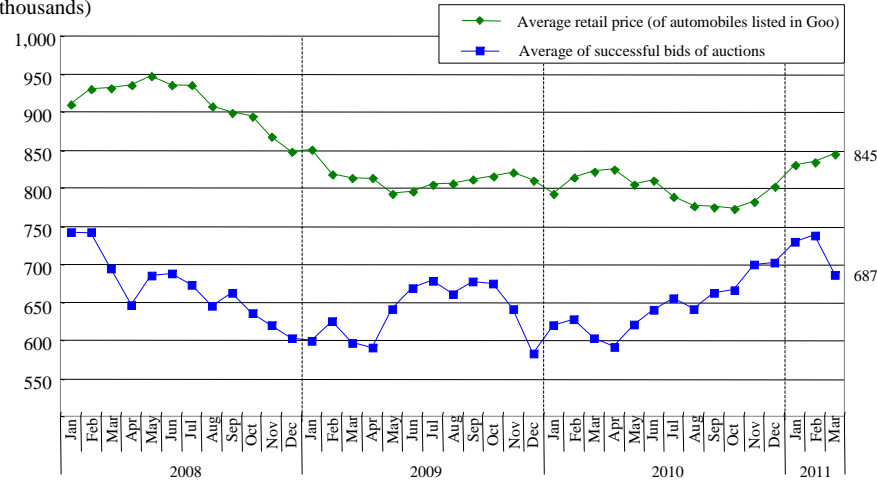
\*Reference: Number of stores as of the end of Mar. 2010: 1,636 IDs

[Number of quote requests in Goo-net]

The annual cumulative number of orders for the Goo-net (PC & Mobile) quoting service slightly decreased and was 99.3% of the value for the same period of the previous year, due to the effects of the earthquake disaster, etc.

## Variations in retail and wholesale prices of used cars

(¥ thousands)



(Source: PROTO)

[Variations in retail and wholesale prices of used cars]

Average wholesale price had steadily increased until February of this year.

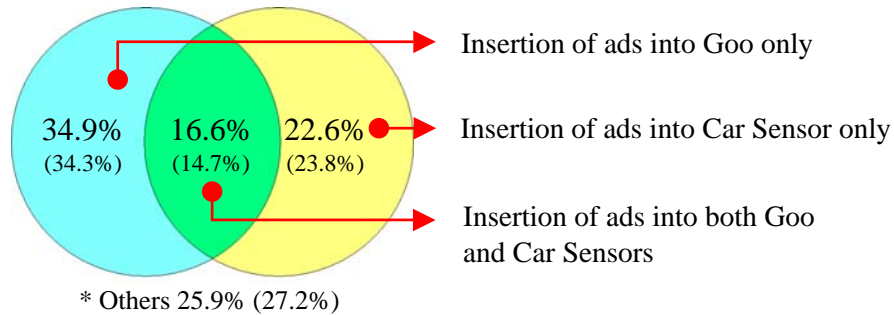
Average retail price also started rising in November.



# Operating Results of Automobile-related Information (3)



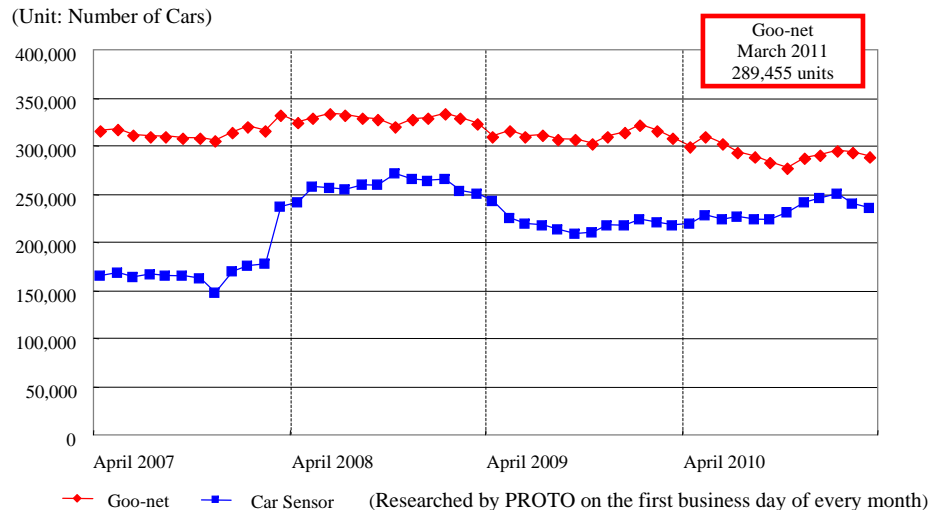
## Situation of Market Share (Compared with Competitors)



\* Major cities in each area were targeted to obtain the numerical values.  
 \* Method for counting client companies: To count the number of dealers that inserted their ads into information magazines.  
 \* Parentheses represent shares in the same month of the previous year.

(Researched by PROTO in Mar. 2011)

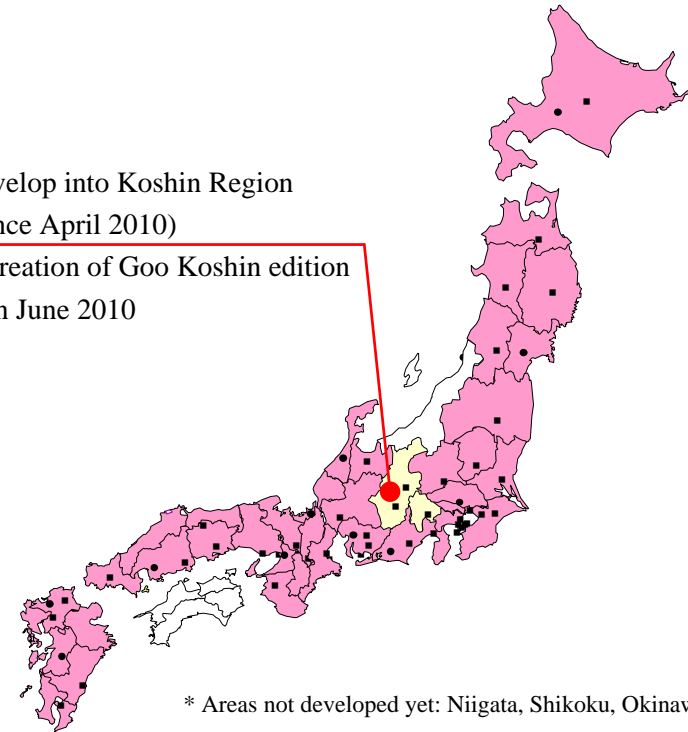
## Changes in Numbers of Used Automobiles Listed on Main Sites



## [Publication area of Goo]

Develop into Koshin Region  
 (Since April 2010)

\* Creation of Goo Koshin edition  
 on June 2010



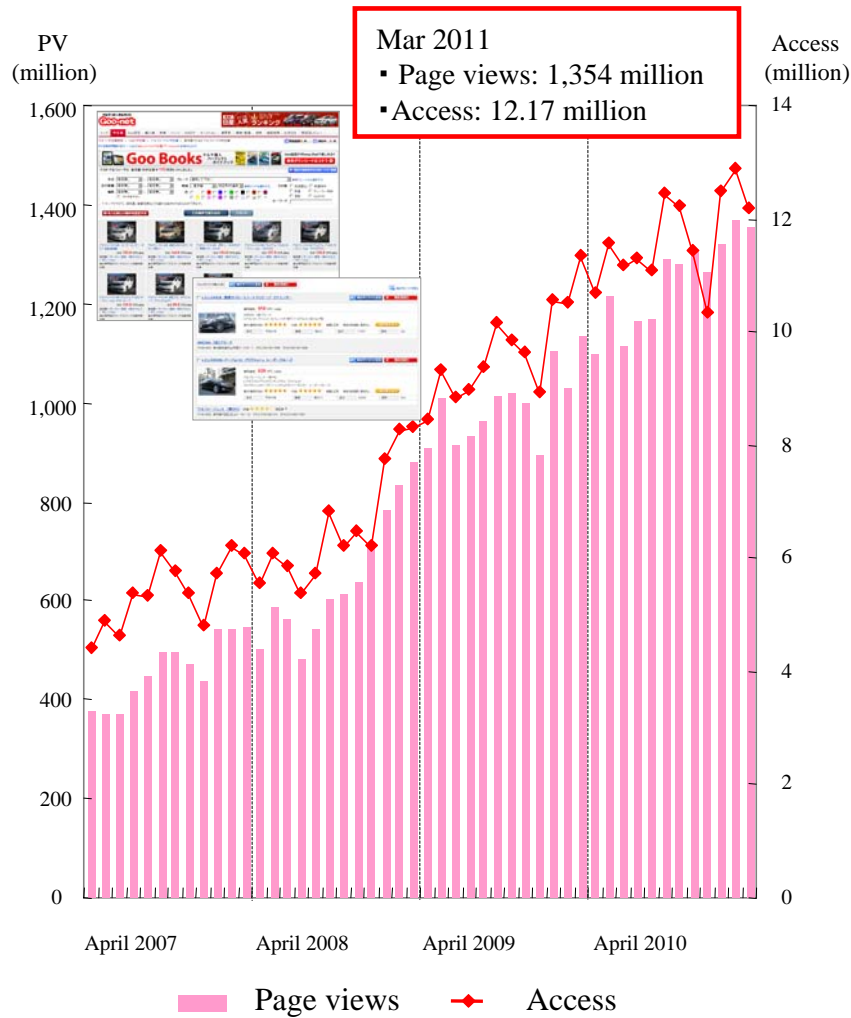
Due to the eco-car subsidy, etc., the supply of used cars to the used car distribution market restrained, and so stock decreased in each dealer. Amid this situation, the number of used cars introduced in “Goo-net” is larger than competitors’ sites. (according to our survey)

\* The number of used vehicle listings for “Car Sensor (run by Recruit)” is the total of “Car Sensor-net” and “D-Ucar.net” since March 2008.

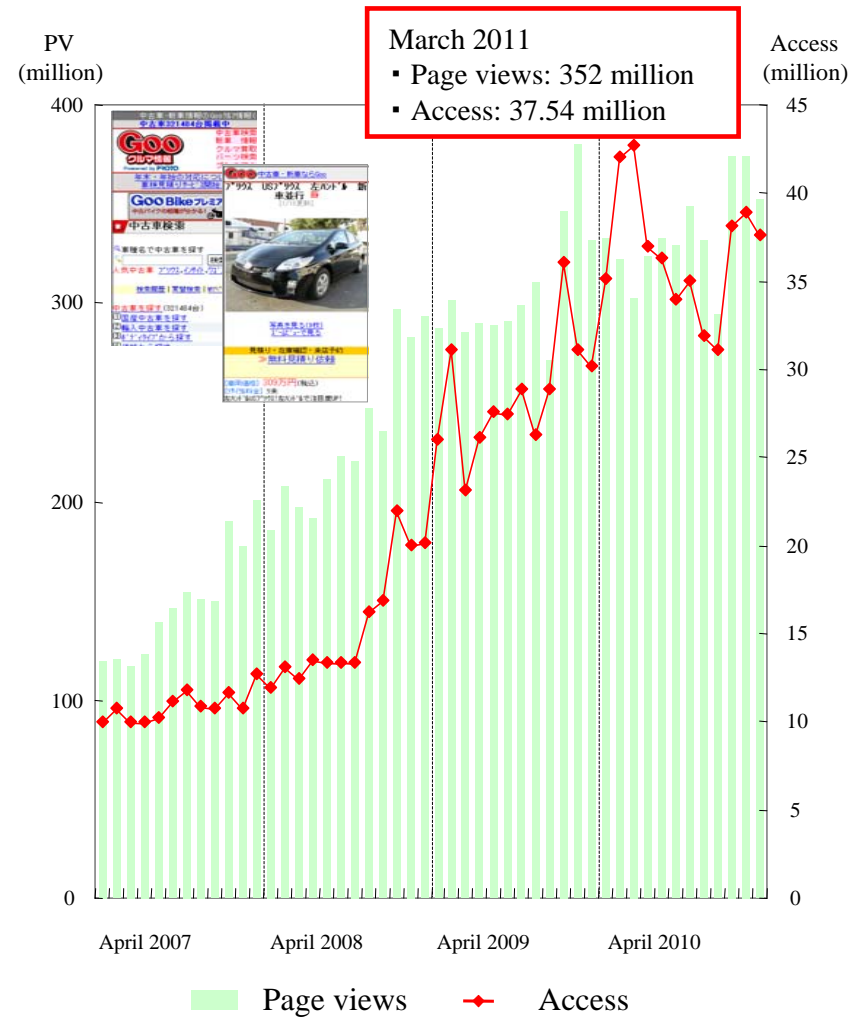
# Operating Results of Automobile-related Information (4)



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



## "Goo Car Information" (Mobile)



# Consolidated Balance Sheets



(Unit: million yen)

	FY March 2010 (Full year - end)		FY March 2011 (Full year - end)		Increase/Decrease (B) - (A)
	(A)	Composition ratio	(B)	Composition ratio	
Current Assets	14,184	58.6%	16,061	61.4%	① 1,877
Fixed Assets	10,038	41.4%	10,102	38.6%	63
Current Liabilities	5,862	24.2%	5,639	21.6%	② (223)
Long-term Liabilities	659	2.7%	489	1.9%	③ (169)
Net Assets	17,700	73.1%	20,034	76.6%	④ 2,333
Total Assets	24,223	-	26,163	-	1,940

**Point ① Increase of Current Assets (March 2010 period, 1,877 million yen increase from previous period)**

There was an increase of 1,877 million yen as compared with the end of the previous consolidated fiscal year, as we paid for acquiring shares to reorganize BikeBros.Inc. into a subsidiary and succeeding the business of Mj, added tangible fixed assets when rebuilding branch facilities, and income tax paid, etc., but operating cash flow exceeded the payment amount, and cash increased.

**Point ② Decrease of Current Liabilities (March 2010 period, 223 million yen decrease from previous period)**

There was a decrease of 223 million yen as compared with the end of the previous consolidated fiscal year, mainly because accrued income tax and advances received, etc. decreased.

**Point ③ Decrease of Long-term Liabilities (March 2010 period, 169 million yen decrease from previous period)**

There was a decrease of 169 million yen as compared with the end of the previous consolidated fiscal year, mainly because anonymous association liabilities decreased as anonymous association contracts expired.

**Point ④ Increase of Net Assets (March 2010 period, 2,333 million yen increase from previous period)**

There was an increase of 2,333 million yen as compared with the end of the previous consolidated fiscal year, because retained earnings increased 2,439 million yen as a net income of 3,197 million yen was recorded, although 758 million yen was paid as dividends.

# Consolidated Statements of Cash Flows



(Unit: million yen)

	FY March 2010	FY March 2011	Increase/Decrease
Cash Flows from Operating Activities	4,005	① 3,896	(109)
Cash Flows from Investing Activities	(1,141)	② (1,625)	(483)
Cash Flows from Financing Activities	(773)	③ (996)	(223)
Cash and Cash Equivalents at End of Term	11,207	12,476	1,269
Capital Expenditure (tangible/intangible fixed assets)	320	881	560
Depreciation (Including amortization of goodwill)	347	538	190

## Point ① Cash Flows from Operating Activities

The expenses without cash payout, such as impairment loss, goodwill amortization, and temporary goodwill amortization, augmented; income before income taxes decreased; and income tax paid, etc. augmented. Consequently, revenue totaled 3,896 million yen, decreasing 2.7% from the same period of the previous year.

## Point ② Cash Flows from Investing Activities

The total expenses came to 1,625 million yen, mainly because of expenses of 621 million yen for acquiring the shares of BikeBros.Inc. to make it a subsidiary, 380 million yen for succeeding the business of Mj, and 438 million yen for obtaining tangible fixed assets when rebuilding branch facilities, etc.

## Point ③ Cash Flows from Financing Activities

The total expenses came to 996 million yen, mainly because of expenses of 759 million yen for dividends paid and 286 million yen for repaying long-term borrowings at subsidiaries.

## Earnings Forecast for the Fiscal Year Ending in March 2012

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■ It is expected that the effects on the performance of our group will subside in a short period of time (first half of the term ending Mar. 2012).

(1) Direct damage to the stores (fully or partially demolished stores) of our clients, etc.

① Used car dealers: 0.2% of the total number of stores listed in “Goo” (according to the result in Mar. 2011)

② Automobile maintenance factories: 3.6% of the clients of the consolidated subsidiary SYSTEM-ONE Corporation (according to the result in Mar. 2011)

③ Sheet metal, repair, and coating shops: 2.6% of the clients of the consolidated subsidiary Repair-Tech Inc. (according to the result in Mar. 2011)

(2) “Goo Tohoku Edition, First and Third Week Issues,” “Goo Bike Tohoku Edition”: The Apr. 2011 issues were not published. (resumed in May)

(3) Sluggish demand for used cars due to the decline in users’ willingness to consume and their reluctance in buying

① The sales of automobiles are sluggish in the first half of the term ending Mar. 2012 (The number of new car registrations for Apr. 2011 decreased 47.3% from the same month of the previous year (according to quick estimation))

(4) Effects of domestic companies’ refraining from advertising

① Automobile makers refrained from advertising with banners in Goo-net

② The number of orders decreased in the advertising business (lifestyle-related business) as firms refrained from advertising in leading portal sites, etc.

## ■ Consolidated Statements of Income

(Unit: million yen)

	FY March 2011		FY March 2012		YoY Change	
	Results	% of Net Sales	Forecast	% of Net Sales	Increase/Decrease	%
Net sales	28,779	100.0%	31,000	100.0%	2,220	107.7%
Cost of Sales	11,712	40.7%	12,821	41.4%	1,108	109.5%
Gross Profit	17,067	59.3%	18,178	58.6%	1,111	106.5%
SG&A Expenses	10,955	38.1%	11,878	38.3%	922	108.4%
Operating Income	6,111	21.2%	6,300	20.3%	188	103.1%
Ordinary Income	6,375	22.2%	6,318	20.4%	(57)	99.1%
Net Income	3,197	11.1%	3,663	11.8%	466	114.6%
Net Income per Share (Yen)	305.71	-	350.27	-	-	114.6%

**We aim to increase sales and operating income for 7 consecutive terms\*.** \*Operating income basis

## ■ Net sales

(Unit: million yen)

	FY March 2011		FY March 2012		
	Results	YoY change	Forecast	YoY change	Increase/Decrease
Automobile-related	25,566	111.8%	26,713	104.5%	1,147
Info Registration Fee	19,831	104.2%	① 20,110	101.4%	279
Info Service Fee	5,735	150.2%	② 6,603	115.1%	868
Lifestyle-related	2,616	114.5%	③ 3,608	137.9%	991
Real Estate	181	88.2%	163	90.1%	△ 18
Others	415	125.1%	④ 514	123.8%	98
<b>Total</b>	<b>28,779</b>	<b>112.1%</b>	<b>31,000</b>	<b>107.7%</b>	<b>2,220</b>

\* Info Registration Fee: Cost for advertisements in information magazines and the net media, etc.

\* Info Service Fee: Cost for selling information magazines and providing contents, etc.

### Point

#### [Automobile-related Information]

- ① Continuous Growth of Goo Series (Develop into Niigata, Shikoku, Okinawa Region )
- ② Expansion of the EC business for motorbikes parts, expansion of Goo-approved Cars/Goo Warranty

#### [Lifestyle-related Information]

- ③ PROTO MEDICAL CARE: Business expansion in the medical, nursing, and welfare field  
Increase in the number of target stores through the regional expansion of the comprehensive recycle information website “Oikura” and the lesson information website “Vee SCHOOL.com”

#### [Others]

- ④ PROTO DATA CENTER: Expansion of BPO business

\*The results for the term ended Mar. 2011 include the sales of 235 million yen of Mars Flag Co., Ltd., whose shares were sold on Mar. 1, 2011.



## ■ Operating Income

(Unit: million yen)

	FY March 2011		FY March 2012			
	Results	Profit margin	Forecast	Profit margin	YoY change	Increase/Decrease
Automobile-related	7,281	28.5%	① 7,585	28.4%	104.2%	303
Lifestyle-related	301	11.5%	② 358	9.9%	119.0%	57
Real Estate	104	57.7%	99	60.8%	94.9%	(5)
Others	(91)	-	(27)	-	-	63
Management Division	(1,484)	-	③ (1,716)	-	-	(231)
Total	6,111	21.2%	6,300	20.3%	103.1%	188

### Point

#### [Automobile-related Information]

- ① The profit from Goo Series increased due to the increase in sales in the IT business and the improvement in business efficiency in existing areas. The comprehensive management support business for automobile dealers (Goo approval, Goo Auctions, Data Line) expanded. For the first half, profit decreased due to the effects of the Great Eastern Japan Earthquake and the prior investment for the promotion of Goo Series in new areas, including Niigata, Shikoku, and Okinawa.

#### [Lifestyle-related Information]

- ② The sales of the profitable Internet business increased. (information on medical, nursing-care, and welfare facilities, job vacancies, recycling, and lessons)  
For the first half, profit decreased due to the strengthening of sales activities of PROTO Medical Care Co., Ltd. and the prior investment in the regional promotion of “Oikura” and “Vee SCHOOL.com.”

#### [Management Division]

- ③ Increase in research costs, etc. (start of investigations and discussions regarding overseas businesses)

(Unit: million yen)

	FY March 2010 (Results)					FY March 2011 (Results)					FY March 2012 (Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	6,019	6,300	6,615	6,746	25,682	7,050	7,075	7,422	7,232	28,779	7,004	7,599	8,162	8,234	31,000
Cost of Sales	2,315	2,506	2,754	2,696	10,273	2,733	2,884	3,033	3,061	11,712	2,882	3,230	3,345	3,363	12,821
Gross Profit	3,704	3,793	3,861	4,049	15,409	4,317	4,190	4,388	4,170	17,067	4,121	4,369	4,817	4,870	18,178
SG&A Expenses	2,225	2,168	2,277	2,639	9,310	2,559	2,592	2,674	3,129	10,955	2,966	3,039	2,861	3,011	11,878
Operating Income	1,479	1,624	1,584	1,410	6,098	1,758	1,598	1,714	1,041	6,111	1,155	1,329	1,956	1,858	6,300
Ordinary Income	1,502	1,632	1,604	1,425	6,165	1,782	1,610	1,909	1,072	6,375	1,152	1,336	1,963	1,866	6,318
Net Income	892	959	889	787	3,529	1,051	891	1,080	173	3,197	618	771	1,163	1,111	3,663

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

	FY March 2010 (Results)					FY March 2011 (Results)					FY March 2012 (Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	6,019	6,300	6,615	6,746	25,682	7,050	7,075	7,422	7,232	28,779	7,004	7,599	8,162	8,234	31,000
Automobile-related	5,480	5,638	5,824	5,914	22,858	6,314	6,276	6,546	6,428	25,566	6,309	6,539	6,980	6,883	26,713
Info Registraion Fee	4,660	4,796	4,651	4,931	19,039	5,000	4,863	5,059	4,907	19,831	4,781	4,992	5,211	5,124	20,110
Info Service Fee	819	841	1,173	983	3,818	1,314	1,412	1,487	1,521	5,735	1,528	1,546	1,769	1,759	6,603
Lifestyle-related	414	529	658	683	2,286	599	644	701	671	2,616	573	888	994	1,151	3,608
Real Estate	51	51	52	50	205	48	46	44	42	181	40	40	40	40	163
Others	73	80	80	98	332	87	108	129	89	415	79	130	146	157	514
Operating Income	1,479	1,624	1,584	1,410	6,098	1,758	1,598	1,714	1,041	6,111	1,155	1,329	1,956	1,858	6,300
Automobile-related	1,892	1,991	1,940	1,766	7,590	2,049	1,869	1,991	1,370	7,281	1,662	1,758	2,176	1,988	7,585
Lifestyle-related	3	52	48	58	162	69	79	90	61	301	(18)	37	128	211	358
Real Estate	26	26	28	25	105	29	26	25	23	104	24	24	25	25	99
Others	10	(20)	(22)	(2)	(35)	(27)	(26)	(8)	(28)	(91)	(32)	(5)	2	7	(27)
Management Division	(453)	(424)	(409)	(437)	(1,725)	(363)	(351)	(384)	(385)	(1,484)	(480)	(485)	(376)	(373)	(1,716)

## Medium term Business Strategies (From FY March 2012 to FY March 2014)

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# Numerical Targets

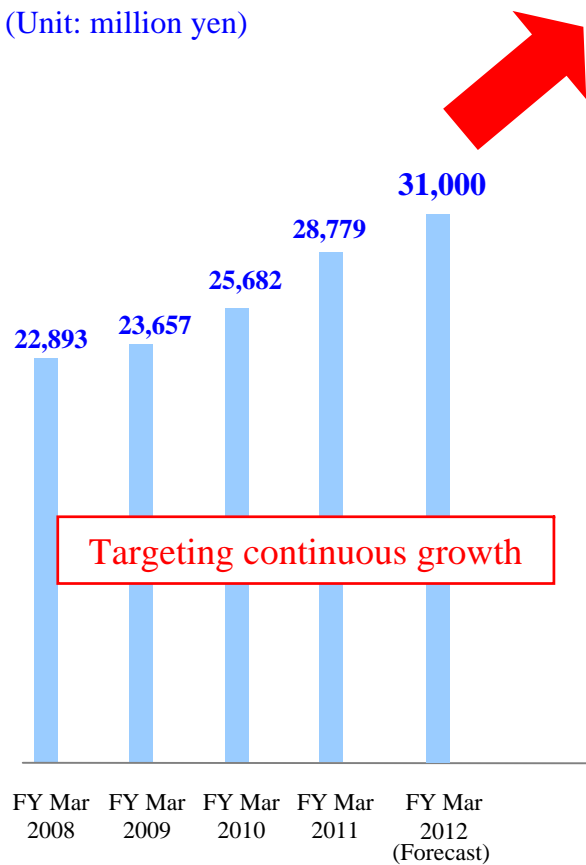


■ We will advance our business with three numerical targets, while focusing on “expansion of business scale” and “profitability”.

## Growth of Net Sales

### Net Sales

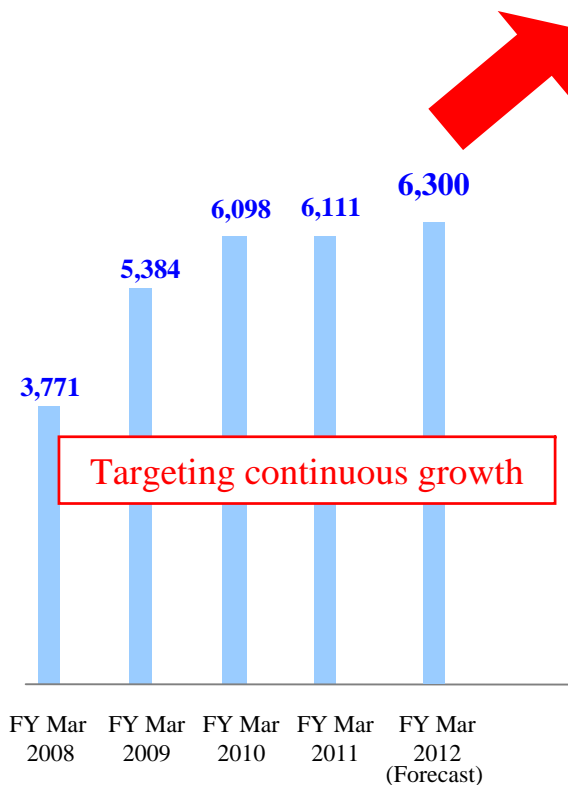
(Unit: million yen)



## Growth of Operating Income

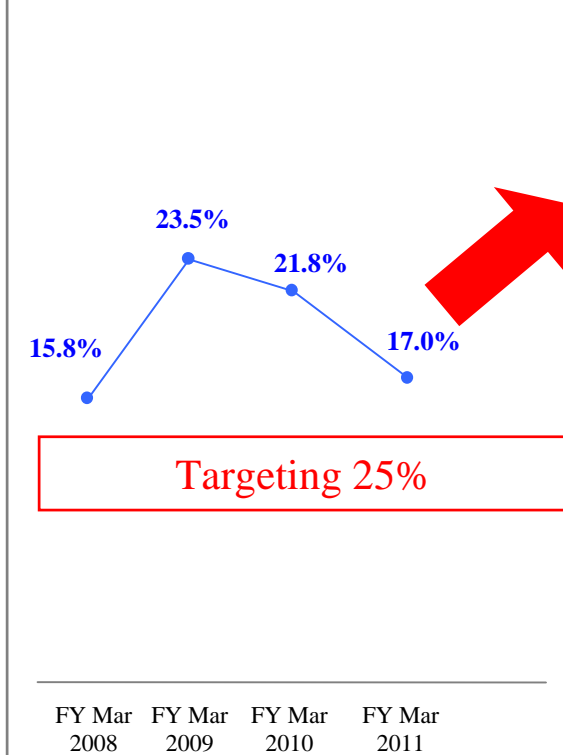
### Operating Income

(Unit: million yen)

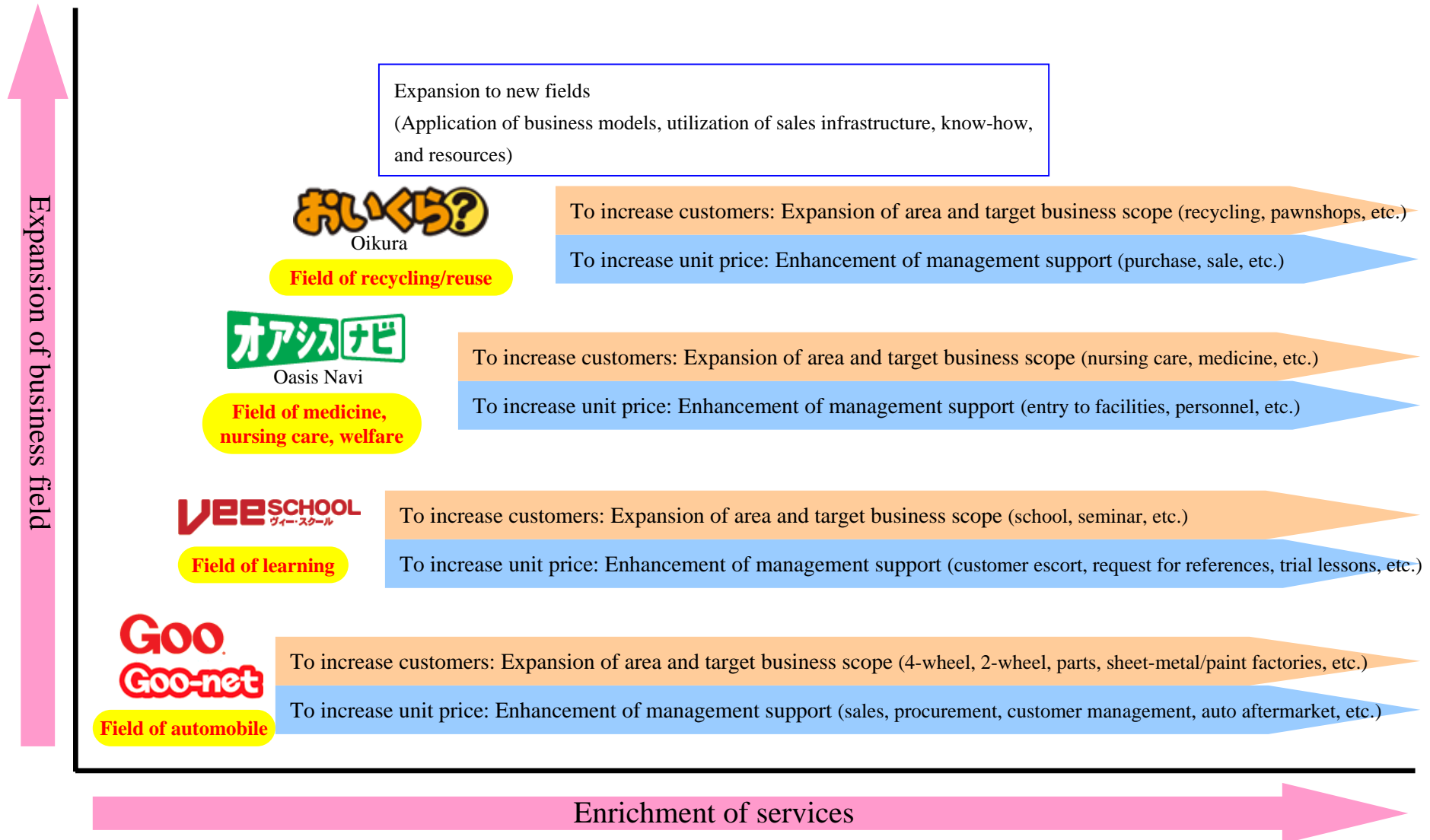


## Profitability/Investment Efficiency

### ROE



■ We will keep expanding our business scale based on the core business model of Goo Series.



## Activity of Each Segment (From FY March 2012 to FY March 2014)

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Automobile-related  
Information Business

Lifestyle-related  
Information Business

# Expansion of Field of Automobile-related Information Business



■ We aim to improve “the comprehensive assistance in management” and expand our business field.

Expansion of business field

	Used car dealers		Parts dealers	Used car purchasing dealers	Sheet-metal/coating shops	Maintenance shops	New car dealers	Nonlife insurance companies	Loan credit companies	Rental lease companies	Overseas market
	Four-wheel	Two-wheel	Four/two-wheel	Four/two-wheel	Four-wheel	Four-wheel	Four-wheel				
Advertisement	Information on stores and cars	Information on stores and cars	Information on stores and cars	Information on stores	Information on stores	Information on stores	Information on stores Displayed cars	List for comparison Magazine ads	List for comparison Magazine ads	Magazine ads	
Inquiry	Quote Inventory check	Quote Inventory check	Inquiry about products	Request for appraisal	Quote for repair (Repair-Tech)	Quote for car inspection	Quote	Lump-sum quote	Lump-sum quote		
Attending to customers	Booking for visiting shops	Booking for visiting shops				Booking for visiting shops					
Settlement function (EC)			Sale of parts								
Assistance in sale	Goo-approved Cars/ Goo Warranty Goo Raku Goo Books						Goo Books		Goo Raku		
Assistance in export	Goo-net Exchange										
Assistance in import											Goo-net Exchange
Assistance in procurement	Goo-net Auction Market price info	Goo-net Auction		Goo-net Auction							
Assistance in business Customer management	GCS	GBCS			Morenon (Repair Tech)	Super ATOM3 (System-One)					

Automobile-related Information Business services (as of Apr. 2011)

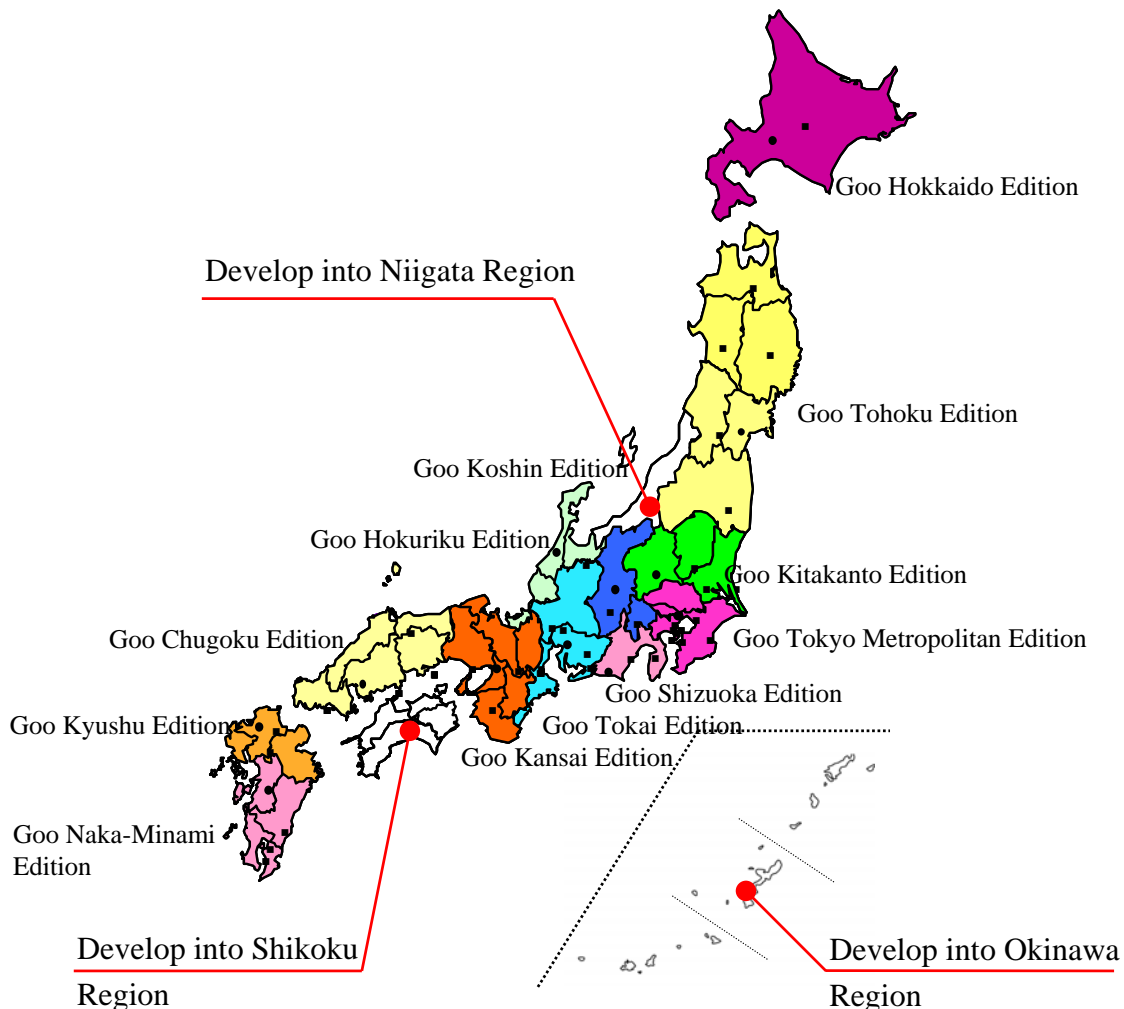
Enrichment of services

- : Current business area
- : Areas not covered yet
- : Priority area for FY Mar. 2011
- : Priority area for FY Mar. 2012
- : New area planned to cover after FY Mar. 2013

■ As for the core business Goo Series, we aim to increase client companies through regional promotion.

[Publication area of Goo]

We will cover 47 prefectures nationwide within the term ending Mar. 2012.




### Issues: Revising the advertisement fee system


[Current advertisement fee system]

- Basic advertisement fee: Set pricing of the three types of media
- Optional (charged)(1): IT products (Quotation, QE, GCS, etc.)
- Optional (charged)(2): Accessorial service (e.g. Goo-approved Cars, Goo-net Auction)


Basic advertisement fee: Advertisement in three types of media



Magazine



PC



Mobile

↓

Revising the advertisement fee system towards “Internet (PC)” and “mobile”.





**■ We will strive to expand our services to enhance our customers' feeling of safety and reliability and differentiate ourselves from the other competitive sites.**

## (1) Expansion of Goo-approved Cars (Car with a certificate)

### Safe/reliable feeling of car quality

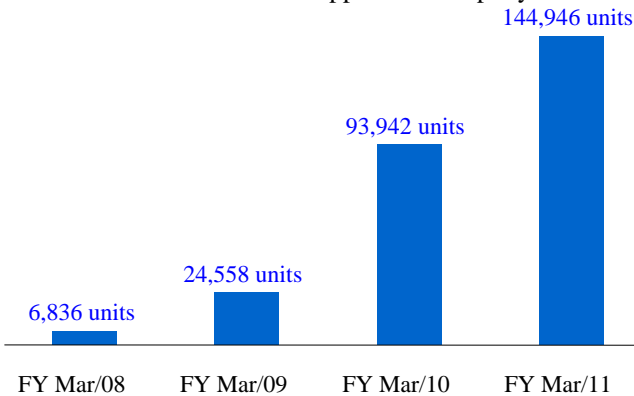
Numbers of stores involved in: **3,072 ID**

Numbers of automobiles listed on Goo-net: **35,071 units** (As of Mar. 2011)



\*Assessment will be conducted by the Japan Automobile Appraisal Association (JAAI).

<Variation in the number of appraised cars per year >



## (2) Expansion of Goo Warranty

### Safety and reliability after purchase

Number of Goo approvals: **923** (FY Mar/11)



## (3) To increase the reviews by used car dealers in Goo-net

### Safe/reliable feeling of used car dealers

Number of posted reviews: **13,842** (As of Mar. 2011)

**販売店のユーザーレビューページ**

評価件数 2件

総合★★★★☆ 満足度 3.8 (普通=3.0が評価時の基準です)

問い合わせ(見積り)	★★★★☆ 満足度 3.5	納車までの対応	★★★★★ 満足度 4.5
説明のわかりやすさ	★★★★☆ 満足度 3	おすすめ度	★★★★★ 満足度 4

※Goo-net見積りサービスよりお車をご購入頂いたユーザーからの投稿です。

■クチコミ評価について  
クチコミは「問い合わせ(見積り)」「説明のわかりやすさ」「納車までの対応」「おすすめ度」について、以下の評価を投稿していただいたものです。

■ We will support the sale of next-generation cars (electric motorbikes) and strengthen EC.

## “Electric motorbike wholesale brokerage service” for used motorbike dealers

Cooperation with Terra Motors Corp.

We broker the wholesale of “SEED 48” for used motorbike dealers listed in Goo Bike.

▼ Announced to users in GooBike.com

今なら、「純正リヤボックス」をプレゼント!!

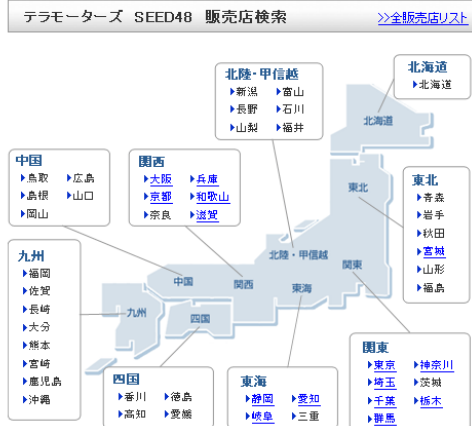


買うならバイク販売店! 専門家にお任せ!

Point

※販売店によっては納期に時間を要する場合がございます。予めご了承ください。  
 ■ 今なら、GooBike掲載店でテラモーターズSEED48予約購入で、純正リヤボックスプレゼント! (2011年4月30日まで)

- 1 バイクの専門家ならではの!**  
バイク販売店がバイクの専門家。しっかりとした知識をもっています。
- 2 試乗もできる!**  
バイク販売店で実際に乗って、電動バイクのよさをチェックしましょう!
- 3 メンテもお任せ!**  
バイク販売店だからこそ、メンテナンスから困ったときまで相談できます。
- 4 保険やロードサービスも!**  
盗難保険やロードサービスに対応しているショップもあります。最適な保険も案内してもらえます。
- 5 いろいろ相談!**  
なんといってもバイクのこと、バイク販売店にお任せください!



## Strengthening EC (Motorbike parts)

Further strengthening motorbike parts online mail order.

### GOOBikeParts BikeBros. [バイクブros]

In Apr. 2011, we entrusted Bike Bros with the operation of Goo Bike Parts.  
 → We aim to enrich our products and reduce procurement cost by integrating operation systems.

To advertise more through several sales channels (sharing products)



GooBikeParts

BikeBros.

Bike Bros Rakuten Market Branch

Bike Bros Yahoo! Store

The core business of the information on used motorbikes is healthy.

In Apr. 2010, Bike Bros became a subsidiary, and our share in used motorbike information became outstanding.

### GOO Bike

Number of motorbikes listed in the website: 110,308  
 Number of companies introduced in the website: 2,161  
 No. 1 in this field (as of Mar. 2011)



### BikeBros. [バイクブros]

Number of motorbikes listed in the website: 98,001  
 Number of companies introduced in the website: 926  
 No. 2 in this field (as of Mar. 2011)

As for information magazines, Bike Bros was discontinued in Mar. 2011, and we concentrate on Goo Bike for seven areas in Japan.

■ We will strengthen procurement support for used car dealers and buyers.

iPhone Application “Goo Car Appraisal”



Features of Goo Car Appraisal

- Price is estimated, when you input the information on your car, scratches and dents on the car.
- It is possible to retrieve cars with model number and classification code.
- Price is estimated immediately, considering outer and interior designs, systems, and electric components.
- It is possible to retrieve the once-appraised car and estimate its price again after updating conditions.

Charge-free version “Goo Car Appraisal Lite”

It is assumed that this version is used by ordinary users.

- It is possible to appraise up to three cars per month.
  - It is possible to put your car into Goo Auctions immediately.
- To increase opportunities to make cars listed in Goo Auctions.

Paid version “Goo Car Appraisal Professional”

It is assumed that this version is used by used car dealers and buyers.

- Procurement support
- 800 yen is charged when downloading the application for the first time.
  - From the second month, 800 yen/month is charged for the latest price data.

The management window in the PC version displays the detailed results of appraisal. (only for Paid version)

車種別	車名	メーカー	車種	グレード	ドア	駆動	トランス	色
2011/2/23	107年式	ホンダ	オデッセイ	アパルト	5D	2WD	SAT	ブラック
2011/2/23	型式番号	仕様	走行距離	車検	排気	型式	エンジン	実車
		AW-ナビ	51000km	H22/6		ABA-R01		

エンジン	ガソリン	排気量	1800cc
駆動方式	FF	トランスミッション	CVT
ボディ	ミニバン	ドア	5D
カラー	ブラック	グレード	アパルト
走行距離	51000km	車検	H22/6
実車	あり	写真	あり
査定額	¥1,350,000		

The once appraised cars are listed.

■ We aim to increase clients by offering the sales assistant service.

## Sales Assistant (SA)

Background system for clients listed in Goo and Goo-net (ASP-type tool)

(At present, this is available to the clients listed in Goo and Goo-net only.)



Available services of SA (offered according to the needs of clients)

### (1) Assistance in selling

- To insert car information into Goo and Goo-net.
- Stock management and page designing tools (QE)
- Goo Approval, Goo Warranty, and Goo Approval TRADE
- Used car export support (Goo-net Exchange)

### (2) Assistance in procurement

- Goo-net purchase auction (Goo Auctions)
- Rate information (Date Line)

### (3) Other business support

- Car inspection expense and booking
- Business support tool (GCS)
- Purchase of used parts (EC)
- Purchase of sales promotion tools (EC)

Some services are offered according to needs.

## Sheet-metal/paint factories

### Customer base of a subsidiary REPAIR-TECH

Develop and offer business support systems for sheet-metal/paint factories

Entire market : approx. 37,000 (\*1)  
 Number of business partners with Repair-Tech : 1,935 (As of March 2011)

## Car maintenance shops (Accredited/designated shops)

### Customer base of a subsidiary SYSTEM-ONE Corporation

Develop and offer business support system for maintenance shops

Entire market : 91,726 (\*2)  
 Number of business partners with SYSTEM-ONE : 2,850 (As of March 2011)

\*1. Estimates by REPAIR-TECH INC. \*2. Survey report on the car disassembly maintenance industry, 2009, by Ministry of Land, Infrastructure, Transport, and Tourism

## Activity of Each Segment (From FY March 2012 to FY March 2014)

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Automobile-related  
Information Business

Lifestyle-related  
Information Business



# Expansion of Field of Lifestyle-related Information Business



■ We will expand the “specialized service” business fields and upgrade service types.

Expansion of business fields

	Medical and nursing care facilities	Recycling/Reuse	Real estate	Learning	Leisure	Sports	Entertainment
	Oasis Navi Kaigo-Kyujin Navi, Nurse Agent Yakuzaishi-kyujin Agent Medical CUBIC	Oikura	Goo Home	VeeSCHOOL Vee Seminar	Goo Style Leisure POPSNOW&SUMMER	Goo Style Cycle	Hanryu (Korean style) Entertainment!
Advertisement	Information on recruitment	Information on store property		Information on lectures	Leisure places	Information on stores	
Inquiry/ Request for information	Request for information Inquiry/ application	Inquiry, Quotation		Request for information	Inquiry	Inquiry	
Sending clients/ Appointment	Appointment for viewing Introducing personnel		Real estate brokerage	Trial lessons	Leisure coupon		
Support for sales and management	Introduction for occupancy						
Settlement (EC)						Bicycle parts (on-line shopping)	
Mobile charges				Paying members	Paying members	Paying members	Paying members
Business support, management of business partners and clients							

Lifestyle-related Information Business services (as of Apr. 2011)

Enrichment of services

- : Current business area
- : Priority area for FY Mar. 2011
- : Areas not covered yet
- : Priority area for FY Mar. 2012
- : New area planned to cover after FY Mar. 2013

■ We will emphasize it the most in the lifestyle-related information field, and make efforts to increase its business scale.

## PROTO MEDICAL CARE

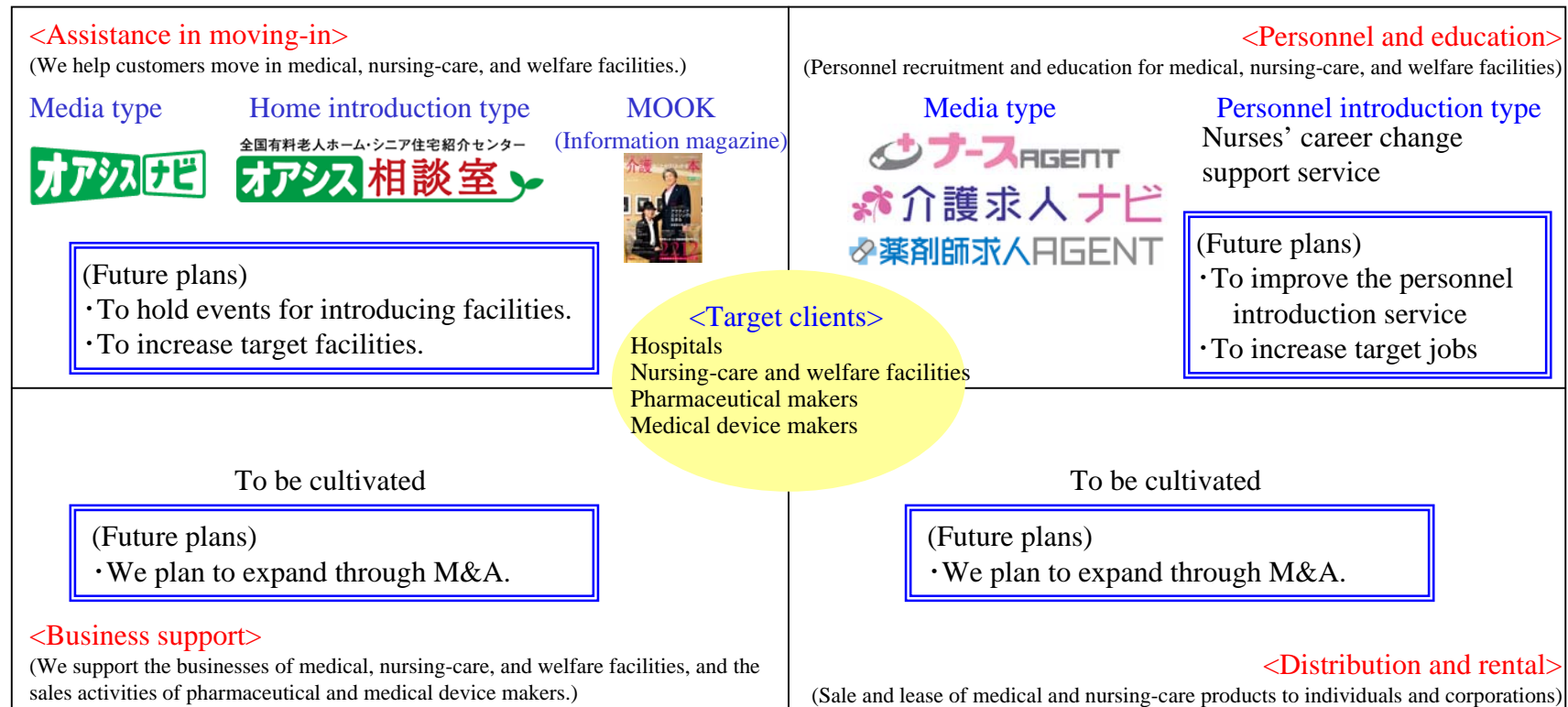
We aim to improve business efficiency by integrating the medical, nursing-care, and welfare-related businesses of our group.

May 1, 2011 Corporate name was changed from Medical CUBIC Co., Ltd.

May 6, 2011 Capital was increased from 98 million yen to 498 million yen.

Jun. 1, 2011 Our company will entrust this company with the businesses in the medical, nursing-care, and welfare fields (business transfer).

### <Strategies>



■ We aim to increase client companies by adding business footholds and improve unit prices by enriching services.



Business footholds and coverage rate

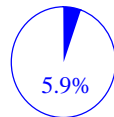
\*Coverage rate represents the rate of paid stores for each prefecture.  
(surveyed by our company in Mar. 2011)



Hiroshima  
FY Mar. 2012 (plan)



Fukuoka  
Since Feb. 2011



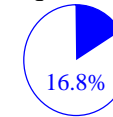
Nagoya  
Since Apr. 2011



Osaka  
Since Oct. 2010



Tokyo  
Acquisition of Business in Oct. 2009



Sapporo  
FY Mar. 2012 (plan)



Sendai  
FY Mar. 2012 (plan)





### Activities for CSR (Corporate Social Responsibility)

(1) Support for the recovery from the Great Eastern Japan Earthquake (monetary donation)

We donated some money via Japanese Red Cross Society, in order to support the restoration of devastated areas, in Apr. 2011.

(2) To include the donation for the Great Eastern Japan Earthquake (Japanese Red Cross Society) in the gift catalog for shareholders. (Reward for shareholders as of the end of Mar. 2011)

(3) Participation in “Challenge 25” (Participation in “Team Minus 6%” from 2006, Participation in “Challenge 25” from Mar. 2010 )

Thorough temperature control: In our offices, air conditioner’s temperature is set at 28oC in the summer and 20oC in the winter, to reduce the emission of CO2.

Eco driving: To promote “Idling Stop” so that people stop the engine when a car stops or parks for over 1 min. and “Gentle Acceleration ‘e-start’” so that acceleration is conducted gently and smoothly.

(4) Feb. 5: “Eco-Chu Day” (approved by Japan Anniversary Association)

With the purposes of energizing the automobile distribution field and inhibiting global warming, which are plaguing people around the world, economical and ecological activities are conducted. “Eco-Chu” was declared.

### Fortification of in-company management systems

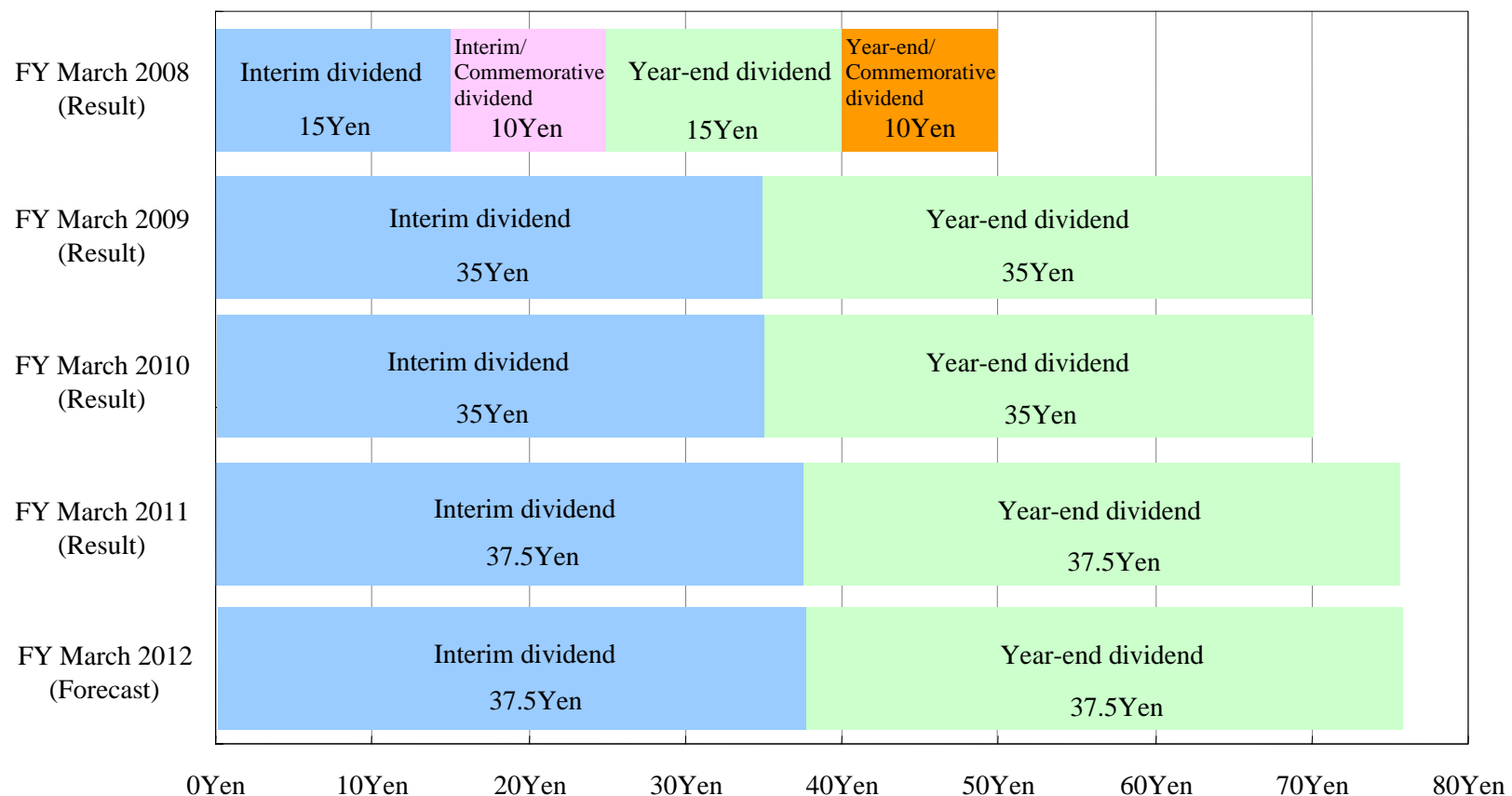
(1) Compliance

(2) Fortification of the corporate governance (internal control) system

(3) Transparent, sincere corporate activities

## Variation in annual dividend per share

We make efforts to return profits to shareholders, while emphasizing continuous, stable dividends, and comprehensively considering the enrichment of retained earnings for the future growth.



## Appendix

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# Corporate Profile

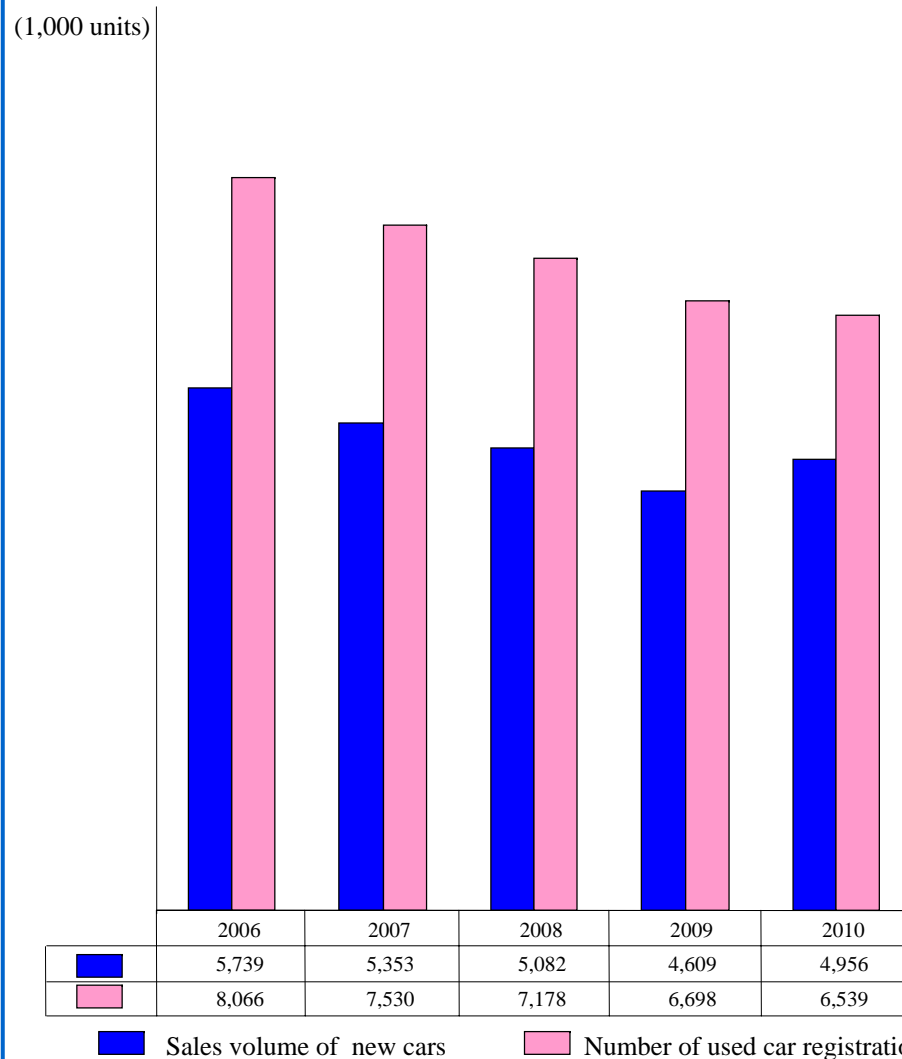


Corporate Name	PROTO CORPORATION
Founded	Oct. 1, 1977
Established	Jun. 1, 1979
Common Stock	¥1,824,620 thousand (as of March 31, 2011)
Shares Outstanding	10,470,000 (as of March 31, 2011)
Head Offices	1-23-14, Aoi, Naka-ku, Nagoya 460-0006, Japan 2-22-2 , Hongo, Bunkyo-ku, Tokyo 113-0033, Japan
Branch Offices	Sapporo, Sendai, Kita-Kanto, Tokyo, Nagano, Hamamatsu, Nagoya, Hokuriku, Osaka, Hiroshima, Matsuyama, Fukuoka, Kumamoto (56 Sales Outlets Nationwide/2 Head Offices, 13 Branch Offices, 41 Sales Offices)
Fiscal Year-end	March 31
Number of Employees	Consolidated : 875 (as of March 31, 2011) (Parent : 640)
Stock Exchange Listing	Osaka Stock Exchange JASDAQ Standard (listed on September 12, 2001)
Subsidiary	<ol style="list-style-type: none"><li>1. REPAIR-TECH INC. (Full subsidiary since October, 2002)</li><li>2. PROTO DATA CENTER (Full subsidiary, established in April, 2007)</li><li>3. Goo Auto Inc. (Full subsidiary, established in January, 2009)</li><li>4. SYSTEM-ONE Corporation (Full subsidiary since October, 2009)</li><li>5. PROTO MEDICAL CARE * (Full subsidiary since October, 2009)</li><li>6. BikeBros. Inc. (Full subsidiary since April, 2010)</li><li>7. PROTO (SHANGHAI) ADVERTISING CO., LTD (Full subsidiary, established in September, 2004)</li></ol> <p>(as of May 1, 2011) *Corporate name was changed from Medical CUBIC Co., Ltd. on May 1, 2011</p>



Our magazine was first issued in 1977

## ■ Trends in the sales volume of new cars and the number of used car registrations (calendar years)



As customers own automobiles for a longer period of time (longer cycle of repurchasing cars), the sales volume of new cars and the number of used car registrations are decreasing.

### Sales volume of new cars:

Due to the effects of “the tax system for popularizing environmentally friendly cars (eco-car tax reduction)” and “the subsidy for popularizing environmentally friendly cars (eco-car subsidy),” the sales volume of new cars increased from Sep. 2009, but started decreasing in Oct. 2010, as the eco-car subsidy ended.

### Number of used car registrations:

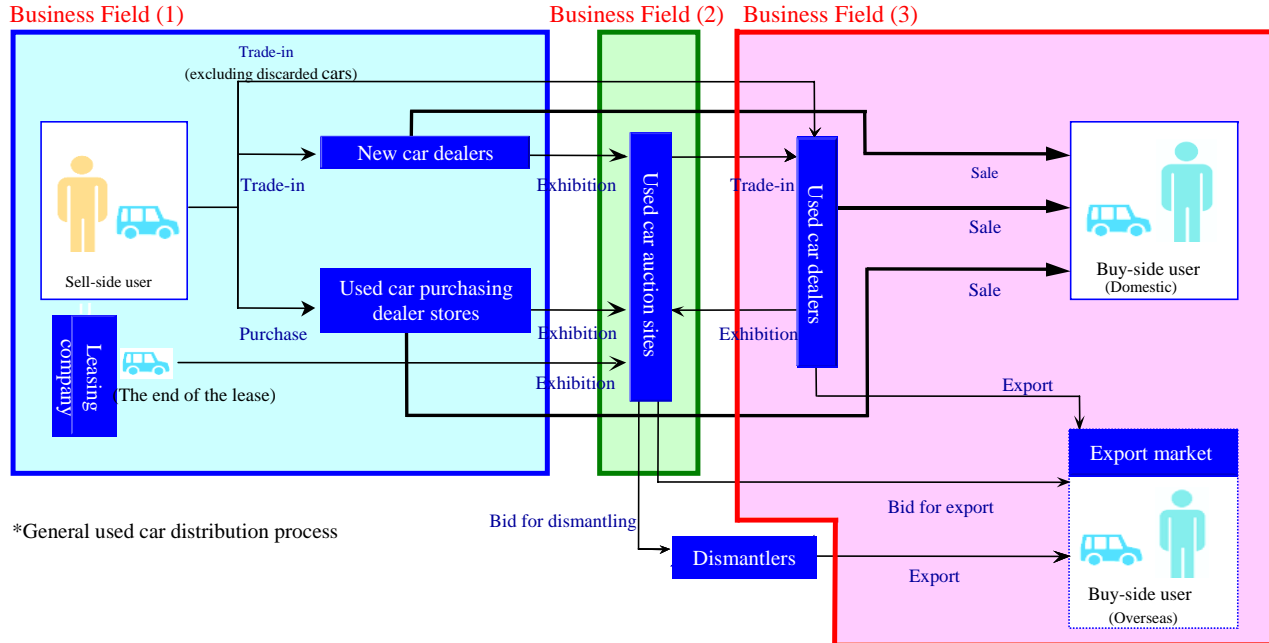
As the eco-car subsidy ended, the demand for used cars recovered gently from Sep. 2010, but the shortage of used cars is lingering due to the scrap incentive.

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

# Core Products and Services of Automobile-related Information



- We promote the development and provision of products and services according to the needs from clients and users.  
 ⇒ **“Comprehensive management support”** for assisting dealers in procuring and selling, etc. comprehensively.



## <Business Field (3)>

[Products and services for clients and users]

**Goo Series** (PC, mobile, information magazines)  
To search favorite cars and estimate their prices

**Goo-approved Cars**  
Addition of the information on the appraisal by the third-party institution

**Goo Warranty**  
Used car repair warranty for up to 3 years

**Goo Raku**  
Provision of the used-car fixed amount credit

**Reviews on dealers by users (Goo-net)**  
Evaluation of dealers posted by users who purchased car

**SA (platform for dealers), QE, GCS**  
Stock, client, and customer management tools utilizing the platform for dealers, etc.

**Goo-net Exchange**  
To assist dealers in the export of used cars

## < Business Field (1) >

[Products and services for clients]

**Data Line, Auction Information**  
Weekly and basic price data for automobile manufacturers  
To offer the data on final bidding prices and retail prices, etc.

[Products and services for clients]

**e-satei**  
To offer the system for appraising used cars for corporations

[Products and services for clients and users]

**Goo-net Auction**  
Goo-net Car purchasing/charge-free simultaneous appraisal service  
With the charge-free simultaneous appraisal service, it is possible to compare the purchase prices of up to 10 firms.

## < Business Field (2) >

[Products and services for clients]

**Goo-net Automobile Distribution**  
**Automobile Distribution Journal**  
The trend of the distribution market is informed via websites and paper sheets to automobile-related firms.

## Information registration and posting fees (1)

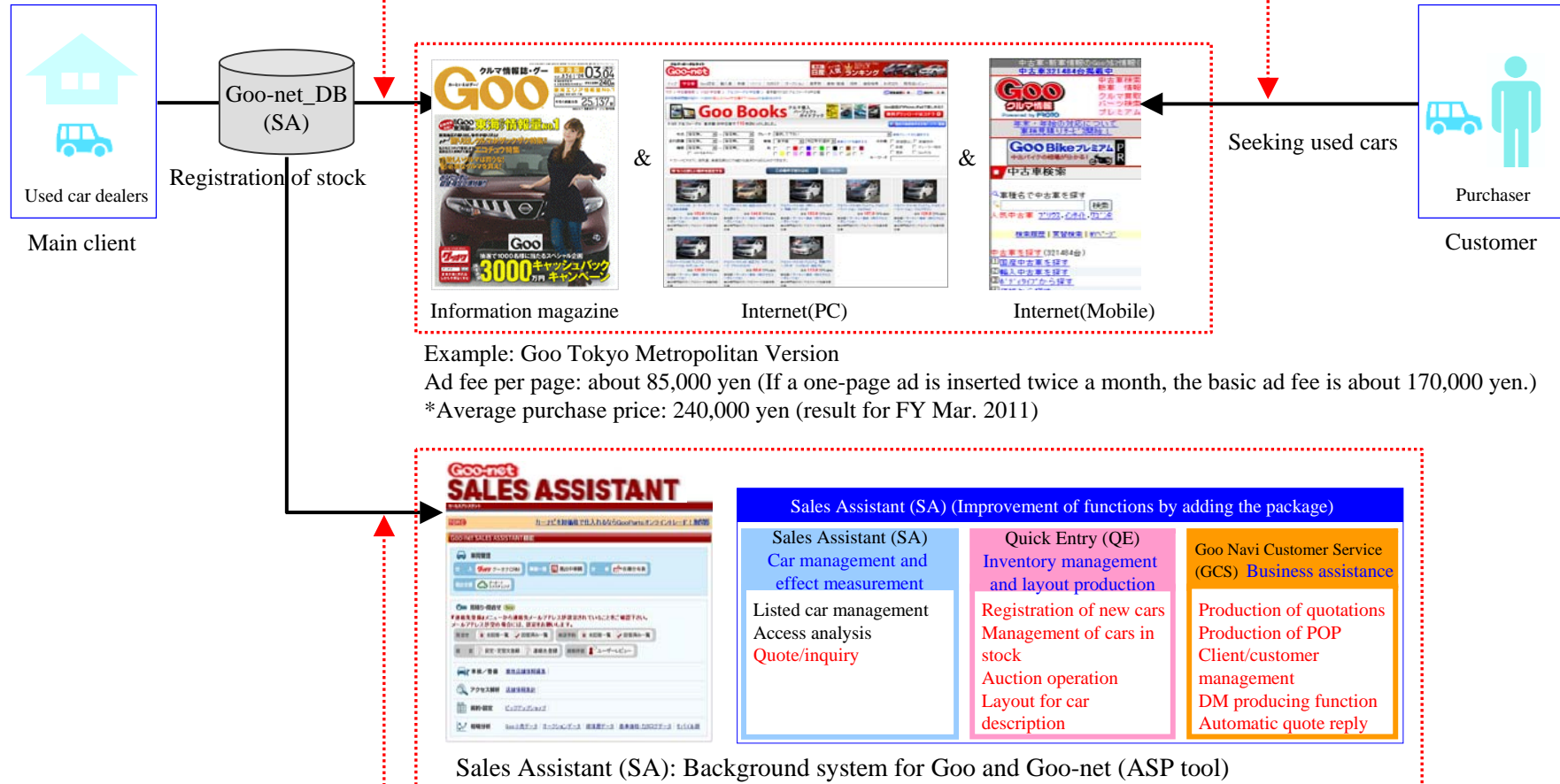
Charging system: Ad fee per page

\*Basic ad fee (package of information magazines, PCs, and mobile devices)

## Information provision fee

Sale of information magazine

Mobile device charging



## Information registration and posting fees (2)

Internet options of Goo-net (HNP quoting service, QE, GCS, etc.)

\* Rubric: Paid product (service)



# Response to the Next Generation Media (Smart Phone)



■ We aim to maximize the contact points with users, and adjust to the next-generation media.

“Goo Books”



“Goo Car Information”



“Goo Bike Information”



“Goo Parts Information”



“Goo Car Appraisal”



Information on ski resorts and accumulated snow for 2010-2011



Seminar booking and search

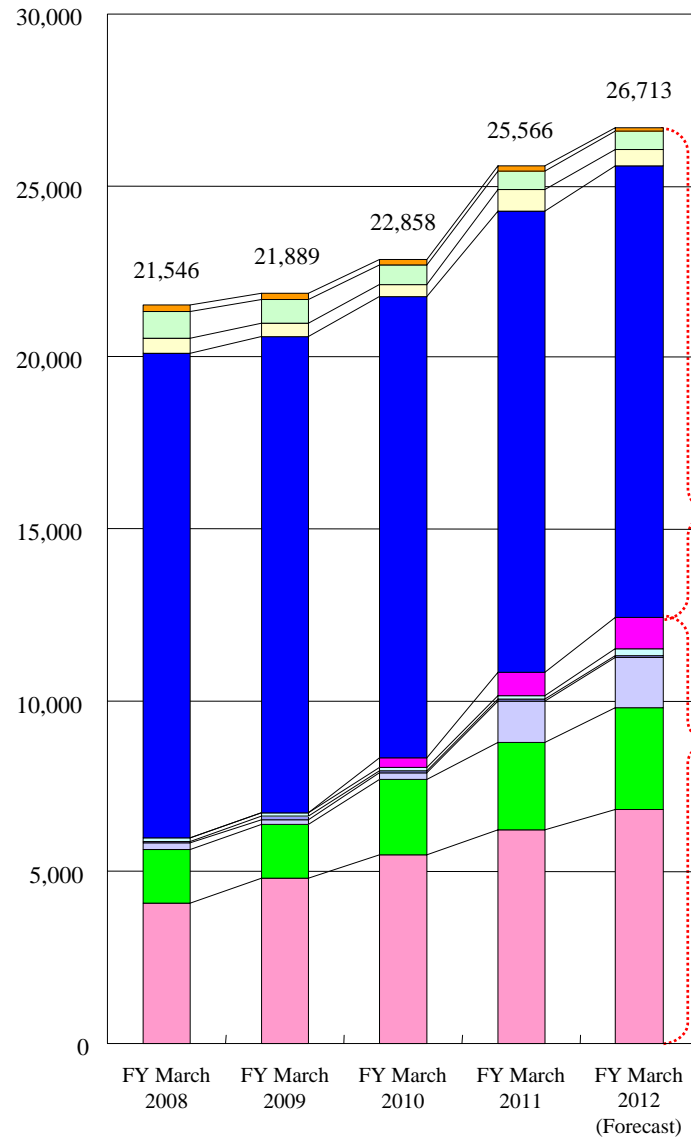




# Reference: Changes in Automobile-related Sales by Product Classification



(Unit: million yen)



### <Magazine>



Used car information magazine: Goo  
Imported car information magazine: GooWORLD



Bike information magazine: GooBike  
Car parts information magazine: GooParts

### <Internet site>



Used car information search site: Goo-net

### <Mobile site>



Used car information search mobile site: Goo

### <Magazine Business>

- BtoB fee for advertising in data book
- BtoB subscription fee of data book
- Sale of information magazines
- Basic advertisement costs (Package of PC, mobile phone, and information magazines)

### <IT business>

- BtoB automobile sale (Service of supporting the export of used cars of Goo Auto Inc.)
- Mobile charges (e.g. Goo Car Info)
- EC(to B)
- EC(to C)
- BtoB fee for data provision (Goo-approved Cars, Goo Warranty, Data Line, quotation system of REPAIR-TECH INC.)
- Internet option products, such as Goo-net (quotation agency service, QE, GCS, etc.)

\* 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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