

Financial Results

for the Nine Months Ended December 2010

(April 1, 2010 to December 31, 2010)

January 28, 2011
PROTO CORPORATION (4298)



Corporate Message “Leveraging Information for the Future”

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Financial data (consolidated)

Shares outstanding (million)	10.4
Market capitalization (¥ billion, Dec/10)	37.6
DPS (¥, Mar/11, Forecast)	75.0
EPS (¥, Mar/11, Forecast)	387.8
BPS (¥, Mar/10)	1,683.6
ROE (% , Mar/10, Net income basis)	21.8
ROA (% , Mar/10, Ordinary income basis)	26.9
Equity ratio (% , Mar/10)	72.7
Potential share dilution (million)	-
Foreign ownership (% , Dec/10)	26.6

Major Shareholders

	(Thousands)
1) Mugen Corporation	3,403 (32.50%)
2) Japan Trustee Services Bank, Ltd. (Trust Account)	735 (7.02%)
3) BNP Paribas Securities Services Singapore/BP2S Sydney/Jasdec/Australian Residents	570 (5.45%)
4) Hiroichi Yokoyama	520 (4.96%)
5) Yoshihiro Yokoyama	330 (3.15%)
6) The Master Trust Bank of Japan, Ltd. (Trust Account)	244 (2.33%)
7) Northern Trust Co. (AVFC) Sub A/C American Clients	202 (1.93%)
8) Mellon Bank ABN Amro Global Custody N.V.	175 (1.67%)
9) Minoru Saito	169 (1.62%)
10) Morgan Stanley & Co. Inc	160 (1.52%)

(As of December 31, 2010)

Consolidated Statements of Income (1)



Status of Consolidated Income

(Unit: million yen)

	Apr.-Dec. 2009		Apr.-Dec. 2010				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	18,935	100.0%	21,892	100.0%	① 21,547	100.0%	2,611	113.8%	(344)	98.4%
Cost of Sales	7,576	40.0%	8,650	39.5%	② 8,651	40.1%	1,074	114.2%	0	100.0%
Gross Profit	11,359	60.0%	13,241	60.5%	12,896	59.9%	1,536	113.5%	(345)	97.4%
SG&A Expenses	6,671	35.2%	7,978	36.4%	③ 7,826	36.3%	1,154	117.3%	(152)	98.1%
Operating Income	4,688	24.8%	5,262	24.0%	④ 5,070	23.5%	382	108.2%	(192)	96.3%
Ordinary Income	4,739	25.0%	5,315	24.3%	5,302	24.6%	563	111.9%	(12)	99.8%
Net Income	2,741	14.5%	3,057	14.0%	3,024	14.0%	282	110.3%	(33)	98.9%

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

2) The forecasted values for the term from Apr. to Dec. 2010 were values announced on Oct. 28, 2010.

Status of Selling, General and Administrative Expenses

(Unit: million yen)

	Apr.-Dec. 2009		Apr.-Dec. 2010				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	6,671	35.2%	7,978	36.4%	7,826	36.3%	1,154	117.3%	(152)	98.1%
Employment Cost	3,601	19.0%	4,187	19.1%	4,067	18.9%	465	112.9%	(120)	97.1%
Advertising Cost	1,080	5.7%	1,254	5.7%	1,233	5.7%	153	114.2%	(20)	98.4%
Other Expenses	1,989	10.5%	2,537	11.6%	2,525	11.7%	535	126.9%	(11)	99.5%
Number of Employment	808	-	964	-	903	-	95	111.8%	(61)	93.7%

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 December.

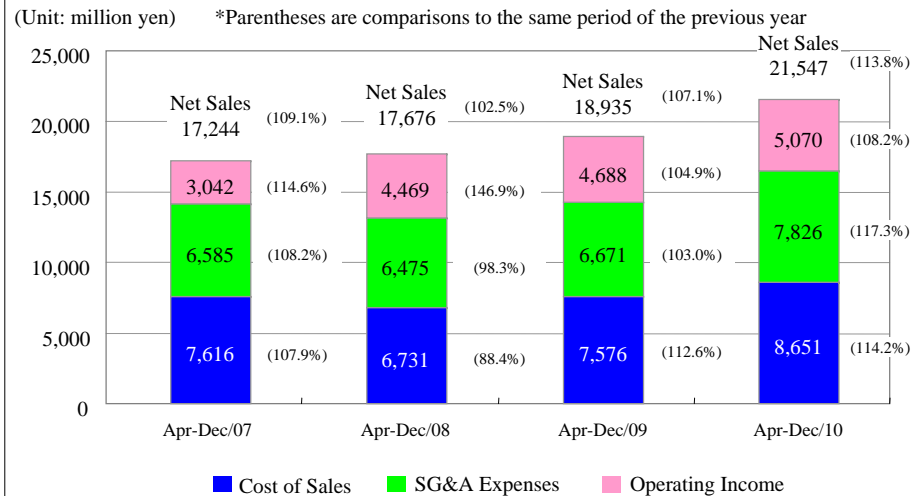
3) The forecasted values for the term from Apr. to Dec. 2010 were values announced on Oct. 28, 2010.

Consolidated Statements of Income (2)



Performance Overview for the Nine Months Ended Dec. 2010

Changes in Performance



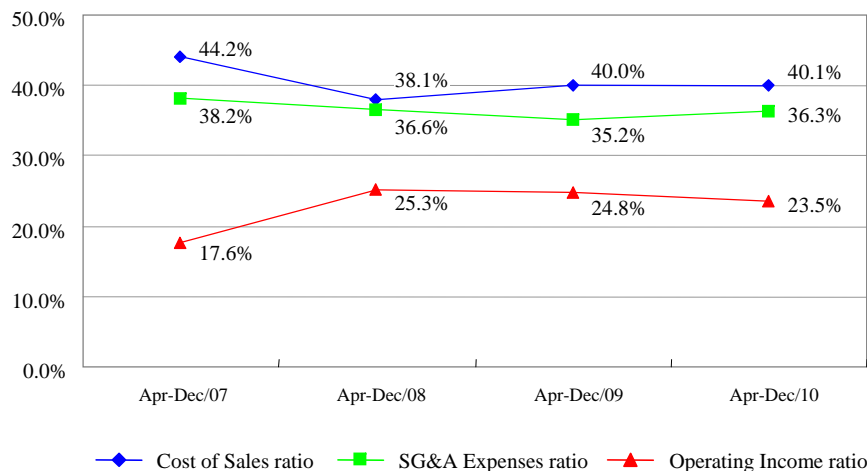
Point ① Sales

All segments, excluding the real estate segment, increased earnings from the same period of the previous year. In the entire group, sales increased 2,611 million yen (113.8% compared to the same period of the previous year). As compared with projections, sales were 98.4% of the projection, or slightly below the projections.

Point ② Cost of Sales

Due mainly to the cost of sales for new consolidated subsidiaries, including BikeBros.Inc. (which became a subsidiary on Apr. 1, 2010), was included and the expenditures for the BPO business of Proto Data Center augmented, the cost of sales was 114.2% of those recorded in the same period of the previous year (cost rate: 0.1 point increase). In addition, since EC of BikeBros.Inc. was healthy, product procurement increased, and the results were almost the same as the forecasts.

Changes of Individual Indicators



Point ③ SG&A Expenses

Mainly because goodwill amortization amount increased due to business succession and the increase in consolidated subsidiaries and the expenses for personnel and others increased due to the increase in the number of employees (which increased 95 compared to the same period of the previous year), SG&A was 117.3% (SG&A rate: 1.1 point increase). In addition, SG&A was 98.1% of the projection, due to thorough cost management.

Point ④ Operating Income

Although the cost of sales and SG&A increased, operating income was 108.2% of the same period of the previous year, due to the increase in sales. As compared with projections, operating income was 96.3% of the projection, or slightly below the projections.

Segment Information (1)



Sales

(Unit: million yen)

	Apr.-Dec. 2009		Apr.-Dec. 2010			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	16,943	89.5%	19,283	88.1%	19,137	88.8%
Info Registration Fee	14,108	74.5%	15,043	68.7%	14,923	69.3%
Information Service Fee	2,835	15.0%	4,240	19.4%	4,214	19.6%
Lifestyle-related	1,602	8.5%	2,123	9.7%	1,945	9.0%
Real Estate	155	0.8%	144	0.7%	138	0.6%
Others	233	1.2%	340	1.6%	325	1.5%
Total	18,935	100.0%	21,892	100.0%	21,547	100.0%

YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
2,194	113.0%	(146)	99.2%
815	105.8%	(119)	99.2%
1,379	148.6%	(26)	99.4%
342	121.4%	(177)	91.6%
(16)	89.1%	(5)	96.1%
91	139.3%	(15)	95.6%
2,611	113.8%	(344)	98.4%

- 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 forecasted values for the term from Apr. to Dec. 2010 were values announced on Oct. 28, 2010.

Operating Income

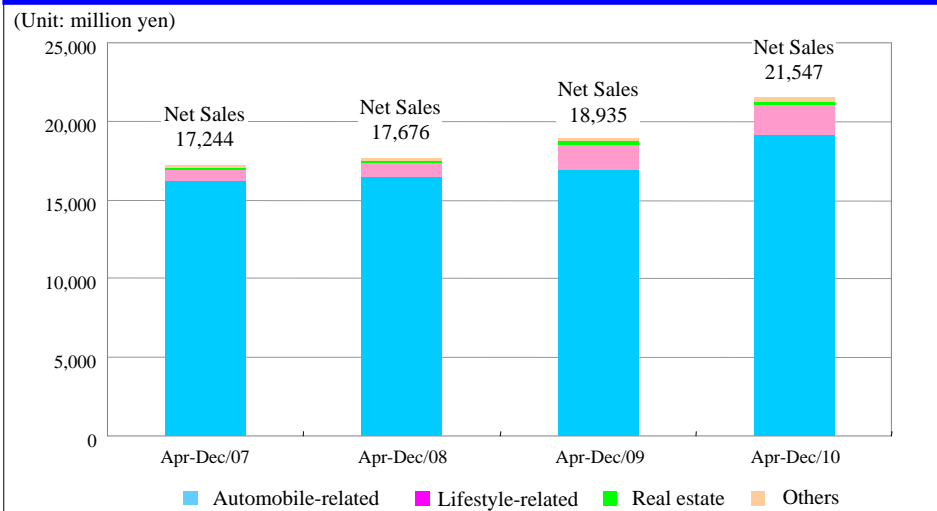
(Unit: million yen)

	Apr.-Dec. 2009		Apr.-Dec. 2010			
	Results (A)	Profit margin	Forecast (B)	Profit margin	Results (C)	Profit margin
Automobile-related	5,824	34.4%	6,030	31.3%	5,911	30.9%
Lifestyle-related	104	6.5%	290	13.7%	239	12.3%
Real Estate	80	51.8%	80	55.9%	81	58.8%
Others	(33)	-	(41)	-	(62)	-
Management Division	(1,287)	-	(1,096)	-	(1,099)	-
Total	4,688	24.8%	5,262	24.0%	5,070	23.5%

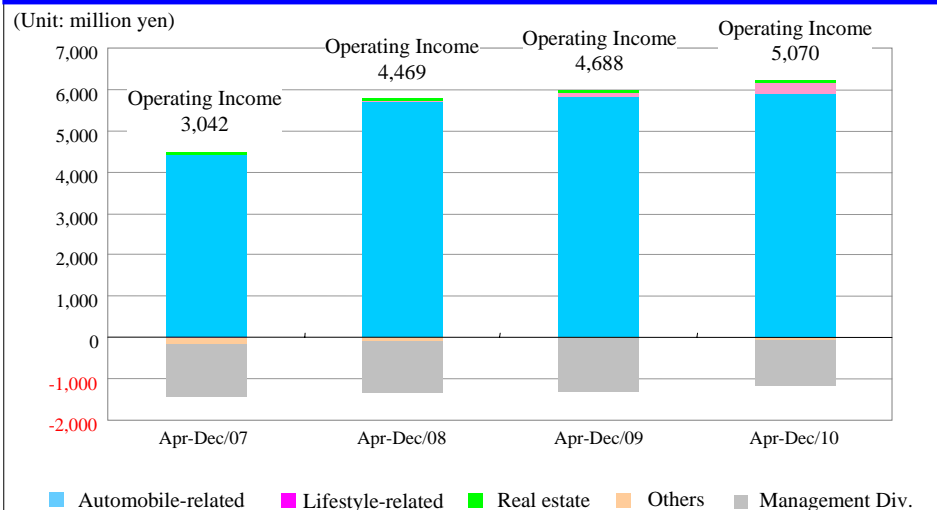
YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
86	101.5%	(119)	98.0%
135	230.2%	(50)	82.6%
0	101.1%	0	101.0%
(29)	-	(20)	-
188	-	(2)	-
382	108.2%	(192)	96.3%

- 1) The forecasted values for the term from Apr. to Dec. 2010 were values announced on Oct. 28, 2010.

Changes in Sales by Segment



Changes in Operating Income by Segment



Automobile-related Information

The business situation surrounding used car sellers was severe, due to the effects of “subsidy for promoting the diffusion of environmentally friendly cars (eco-car subsidy),” but we increased the number of clients in the Koshin area and other areas, promoted the Goo-approved cars service, and reorganized BikeBros.Inc. and SYSTEM-ONE Corporation into our subsidiaries. Consequently, sales increased in both the information magazine business (103.4% of the same period of the previous year) and the IT business (129.6%), and the total sales in the automobile-related information business increased 2,194 million yen (113.0%). Operating income increased 86 million yen (101.5% of the same period of the previous year) due to the increase in sales in the IT business, although goodwill amortization amount and personnel expenses, etc. augmented.

Lifestyle-related Information

In the care-related (medicine, nursing care, and welfare) business, the number of trading partners increased for all of (1) Oasis Navi, (2) Kaigo Kyujin Navi, and (3) Nurse Agent, and average trade prices were healthy. In addition, Medical CUBIC Co., Ltd. became a subsidiary, and then sales increased. As for the lesson information website “VeeSCHOOL” and the recycle/reuse information website “Oikura,” the number of trading partners and sales increased. Consequently, the total sales in the lifestyle-related information field increased 342 million yen (121.4% of the same period of the previous year). Operating income increased 135 million yen (230.2% of the same period of the previous year) due to the increase in sales, although goodwill amortization amount and personnel expenses, etc. augmented.

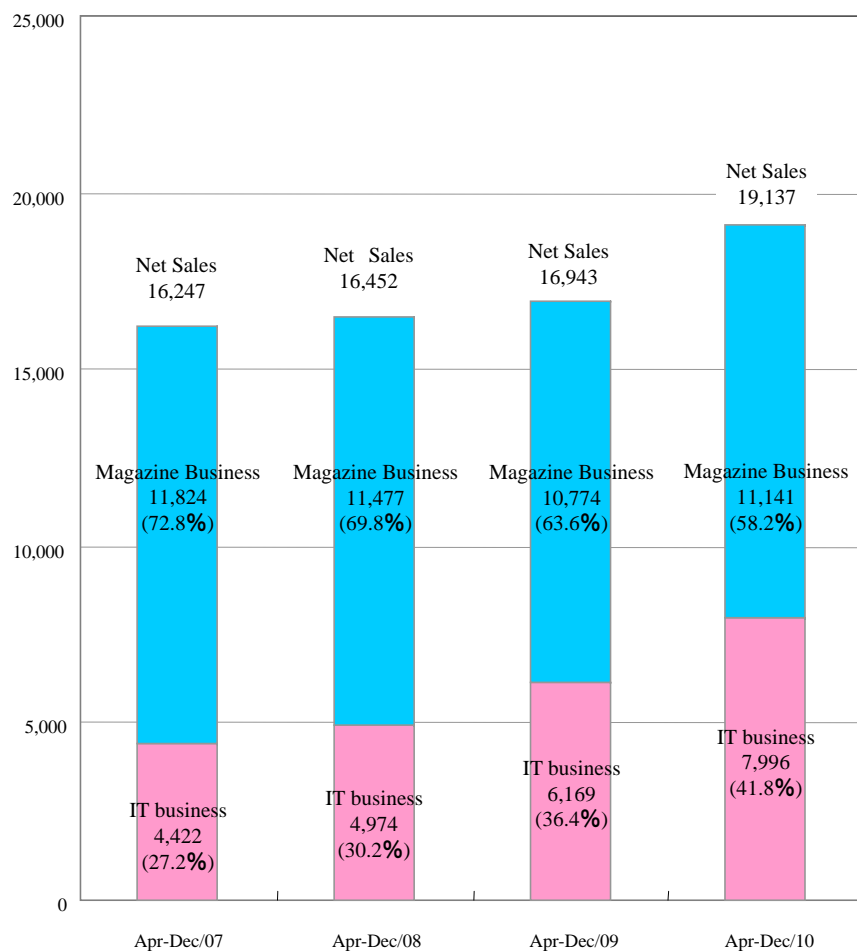
Others

Sales increased 91 million yen (139.3% 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 62 million yen (it was a loss of 33 million yen in the same period of previous year), because operating costs augmented in MARS FLAG Corporation and Proto Data Center due to business expansion.

Changes in Automobile-related Sales by Product Classification

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



Magazine business

Due to the eco-car subsidy, etc., the supply of used cars to the used car distribution market restrained and the stock at each seller decreased.

Accordingly, the number of advertisements decreased, but the sales in the information magazine business increased 367 million yen (103.4% of the same period of the previous year), because of the expansion in the Koshin area and the ads in the motorbike magazines and journals published by BikeBros.Inc. and the sale of them, etc.

IT business

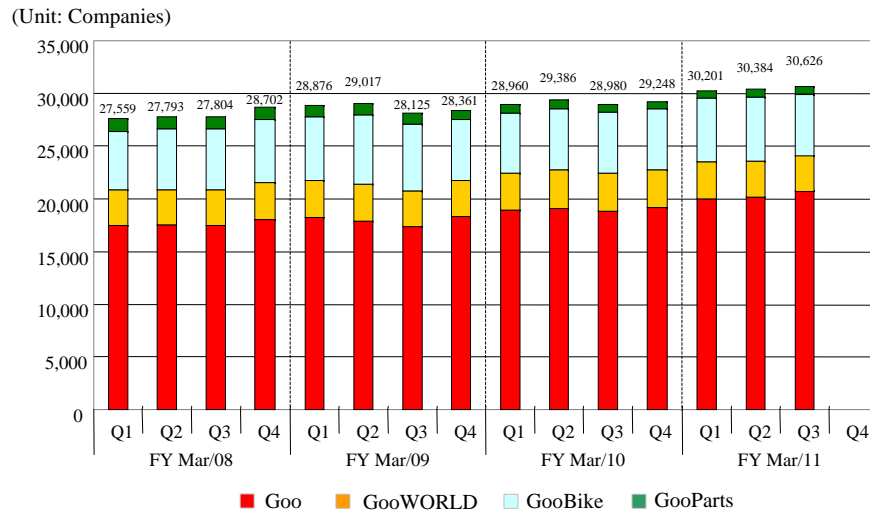
In the Goo series, we promoted the sale of Internet-related optional products (mediation service for quotations, QE etc.) and sold assistance systems for EC of BikeBros.Inc. and maintenance factory of SYSTEM-ONE Corporation. Consequently, the sales in the IT business increased 1,827 million yen (129.6% of the same period of the previous year).

As a result, the sales in the IT business accounted for 41.8% of the total sales in the period from Apr. to Dec. 2010, 5.4 points higher than that in the same period of the previous year.

Operating Results of Automobile-related Information (2)



Changes in Quarterly Totals of Business Partners for Goo Series



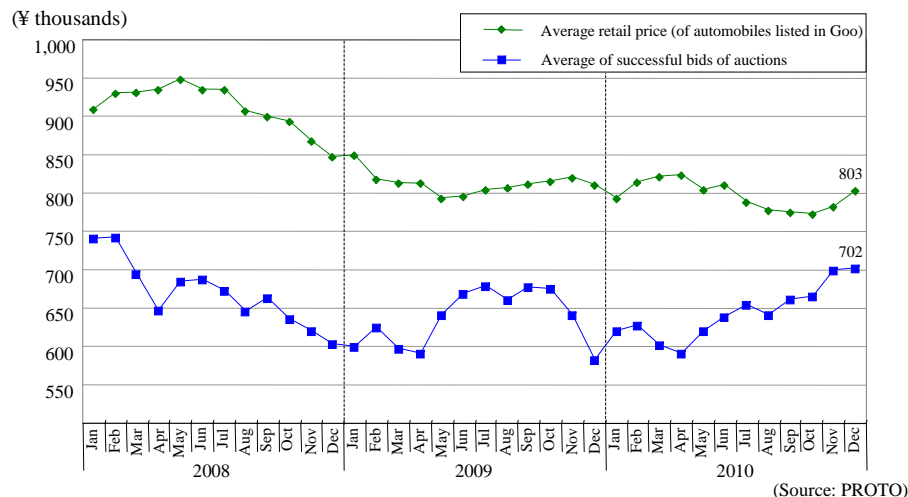
As the business situation surrounding used car sellers was severe, the number of trading partners in the entire Goo series for the first to third quarters (Apr. to Dec.) was 104.4% of the number for the same period of the previous year. The average trading price for the third quarter (Oct. to Dec.) was 100.0% of the value for the same period of the previous year. It improved from the second quarter (Jul. to Sep.), but the average trading price for the first to third quarters (Apr. to Dec.) was 98.0% of the value for the same period of the previous year.



The number of stores involved in for the “Goo-approved Cars” service is 2,693 IDs as of the end of Dec. 2010 (184.7% 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

Variations in retail and wholesale prices of used cars



[Number of quote requests in Goo-net]

The number of requests for the quote in Goo-net (PC & mobile) for the first to third quarters (Apr. to Dec.) was 962,395 (100.4% of the same period of the previous year).

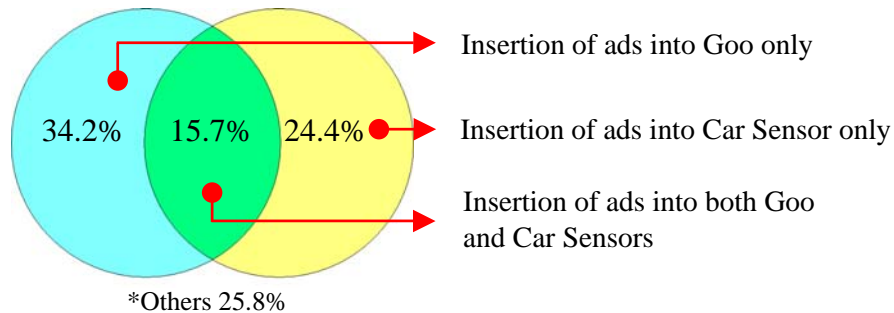
[Variations in retail and wholesale prices of used cars]

The average wholesale price is increasing, and the average retail price started increasing in November.

Operating Results of Automobile-related Information (3)

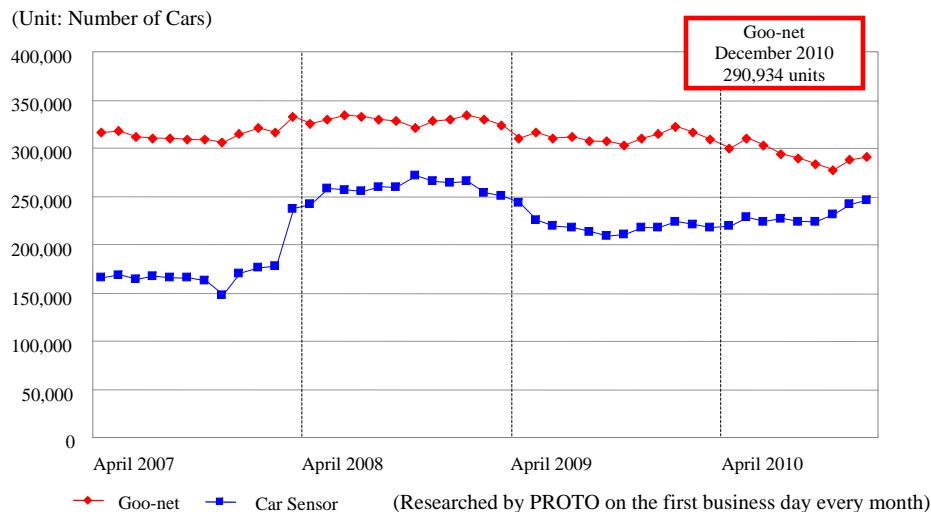


Situation of Market Share (Compared with Competitors)



* 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.
 (Researched by PROTO in Dec. 2010)

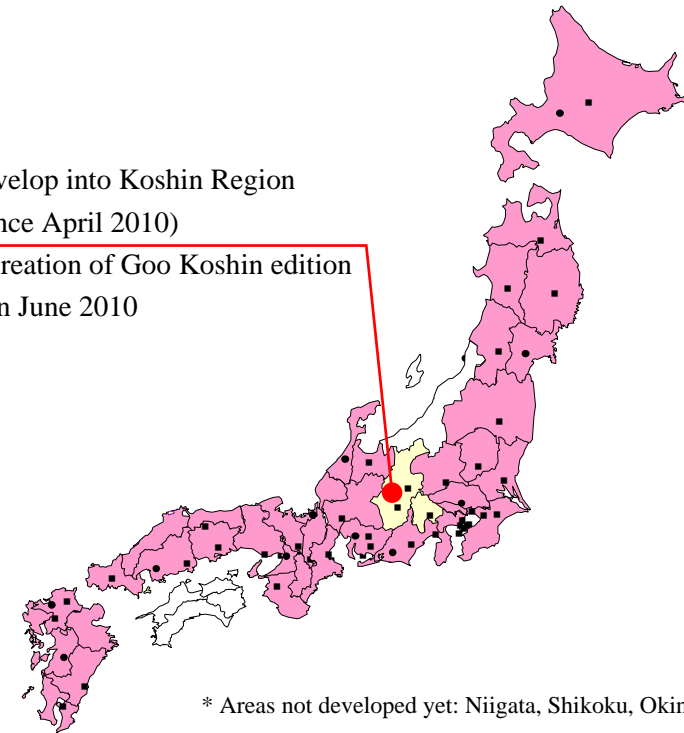
Changes in Numbers of Used Automobiles Listed on Main Sites



[Publication area of Goo]

Develop into Koshin Region
(Since April 2010)

* Creation of Goo Koshin edition
on June 2010

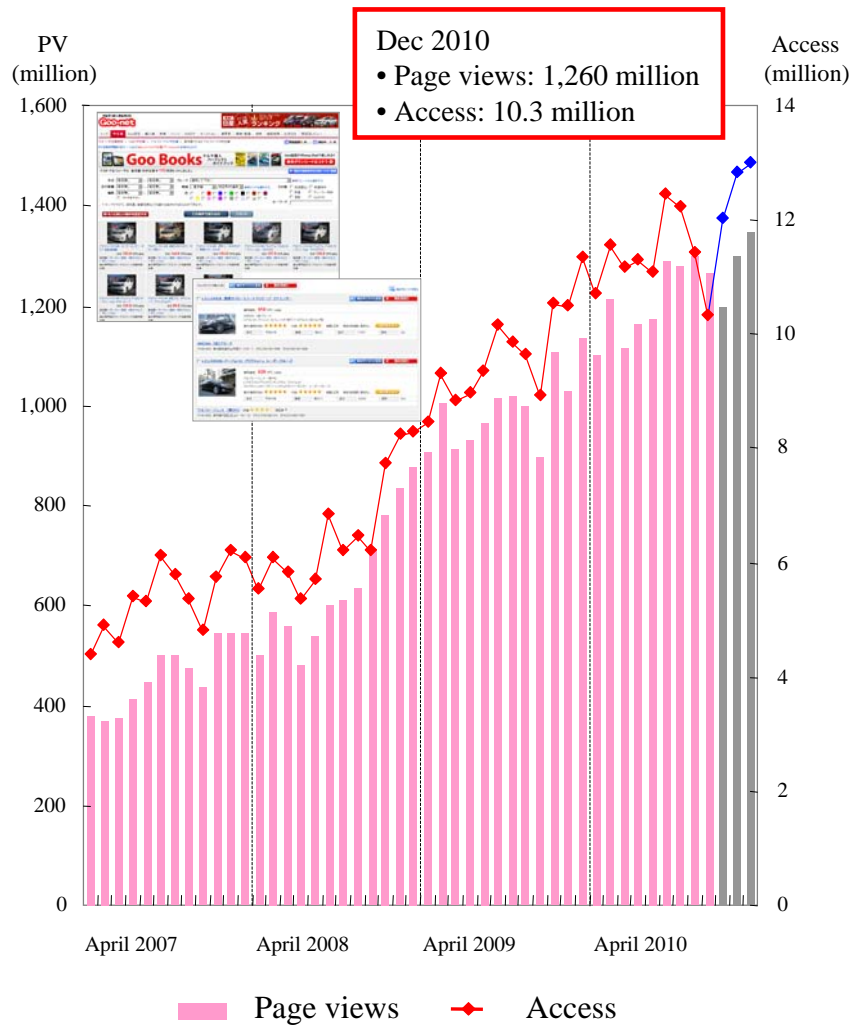


* Areas not developed yet: Niigata, Shikoku, Okinawa

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)

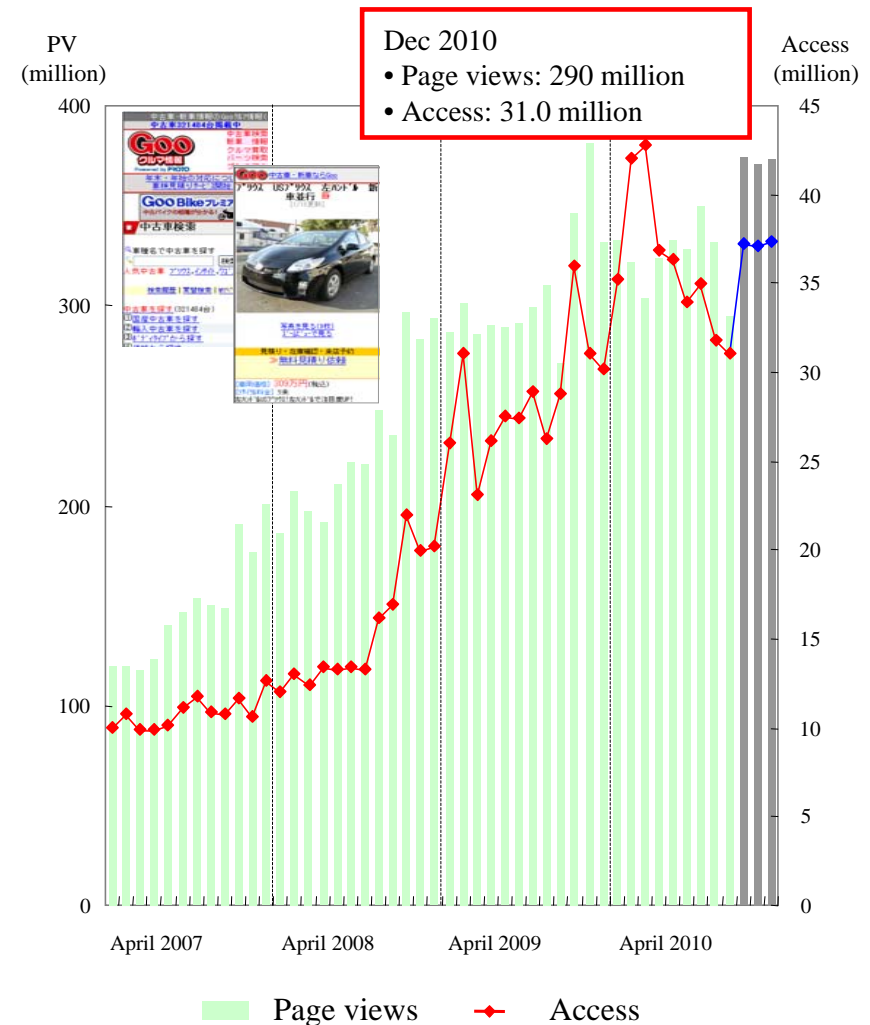
* The number of used vehicle listings for “Car Sensor (run by Recruit)” is the total of “Car Sensor-net” and “D-Ucar.net” since March 2008.

Car Portal Site "Goo-net" (PC)



Note: Values for the period from Jan. to Mar. 2011 (right region) are predicted values

"Goo Car Information" (Mobile)



Note: Values for the period from Jan. to Mar. 2011 (right region) are predicted values

Consolidated Balance Sheets



(Unit: million yen)

	FY March 2010 (As of Mar. 31, 2010)		FY March 2011 (As of Dec. 31, 2010)		Increase/Decrease (B) - (A)
	(A)	Composition ratio	(B)	Composition ratio	
Current Assets	14,184	58.6%	15,510	58.9%	① 1,326
Fixed Assets	10,038	41.4%	10,843	41.1%	② 805
Current Liabilities	5,862	24.2%	5,877	22.3%	14
Fixed Liabilities	659	2.7%	519	2.0%	③ (140)
Net Assets	17,700	73.1%	19,958	75.7%	④ 2,257
Total Assets	24,223	-	26,354	-	2,131

Point ① Increase of Current Assets (1,326 million yen increase compared with the previous fiscal year end)

There was an increase of 1,326 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 and accrued income tax, etc., but operating cash flow exceeded the payment amount, and cash on hand and in banks increased.

Point ② Increase of Fixed Assets (805 million yen increase compared with the previous fiscal year end)

There was an increase of 805 million yen as compared with the end of the previous consolidated fiscal year, as the goodwill for reorganizing BikeBros.Inc. into a subsidiary and succeeding the business of Mj was taken into account.

Point ③ Decrease of Fixed Liabilities (140 million yen decrease compared with the previous fiscal year end)

There was a decrease of 140 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 (2,257 million yen increase compared with the previous fiscal year end)

There was an increase of 2,257 million yen as compared with the end of the previous consolidated fiscal year, because retained earnings increased as quarterly net income was recorded, although 758 million yen was paid as dividends.

Consolidated Statements of Cash Flows



(Unit: million yen)

	Apr.-Dec. 2009	Apr.-Dec. 2010	Increase/Decrease	(Reference) FY Mar. 2010
Cash Flows from Operating Activities	2,328	① 2,646	318	4,005
Cash Flows from Investing Activities	(1,147)	② (1,344)	(196)	(1,141)
Cash Flows from Financing Activities	(742)	③ (963)	(221)	(773)
Cash and Cash Equivalents at End of Term	9,552	11,541	1,989	11,207
Capital Expenditure (tangible/intangible fixed assets)	251	750	499	320
Depreciation (Including amortization of goodwill)	247	401	153	347

Point ① Cash Flows from Operating Activities

Despite expenses of 2,695 million yen due to the payment of income tax, etc., 5,208 million yen of quarterly net income before taxes was recorded. Consequently, revenue totaled 2,646 million yen.

Point ② Cash Flows from Investing Activities

The total expenses came to 1,344 million yen, mainly due to expenses of 384 million yen due to the acquisition of fixed assets, 621 million yen due to the acquisition of shares as BikeBros.Inc. became a subsidiary, and 380 million yen due to the succession of the Mj business.

Point ③ Cash Flows from Financing Activities

The total expenses came to 963 million yen, mainly due to expenses of 748 million yen due to the payment of dividends and 265 million yen due to the repayment of long-term liabilities at subsidiaries.

Appendix

Reference: Consolidated Quarterly Earnings Forecast for the Fiscal Year Ending in March 2011



(Unit: million yen)

	FY March 2009 (Result)					FY March 2010 (Result)					FY March 2011(Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	5,797	5,971	5,908	5,980	23,657	6,019	6,300	6,615	6,746	25,682	7,050	7,075	7,766	7,873	29,765
Cost of Sales	2,192	2,265	2,272	2,333	9,064	2,315	2,506	2,754	2,696	10,273	2,733	2,884	3,032	3,155	11,806
Gross Profit	3,604	3,705	3,635	3,647	14,592	3,704	3,793	3,861	4,049	15,409	4,317	4,190	4,733	4,718	17,959
SG&A Expenses	2,103	2,154	2,217	2,732	9,208	2,225	2,168	2,277	2,639	9,310	2,559	2,592	2,827	3,023	11,002
Operating Income	1,501	1,550	1,417	914	5,384	1,479	1,624	1,584	1,410	6,098	1,758	1,598	1,906	1,694	6,957
Ordinary Income	1,516	1,544	1,433	905	5,400	1,502	1,632	1,604	1,425	6,165	1,782	1,610	1,922	1,712	7,028
Net Income	906	929	875	476	3,187	892	959	889	787	3,529	1,051	891	1,113	999	4,056

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

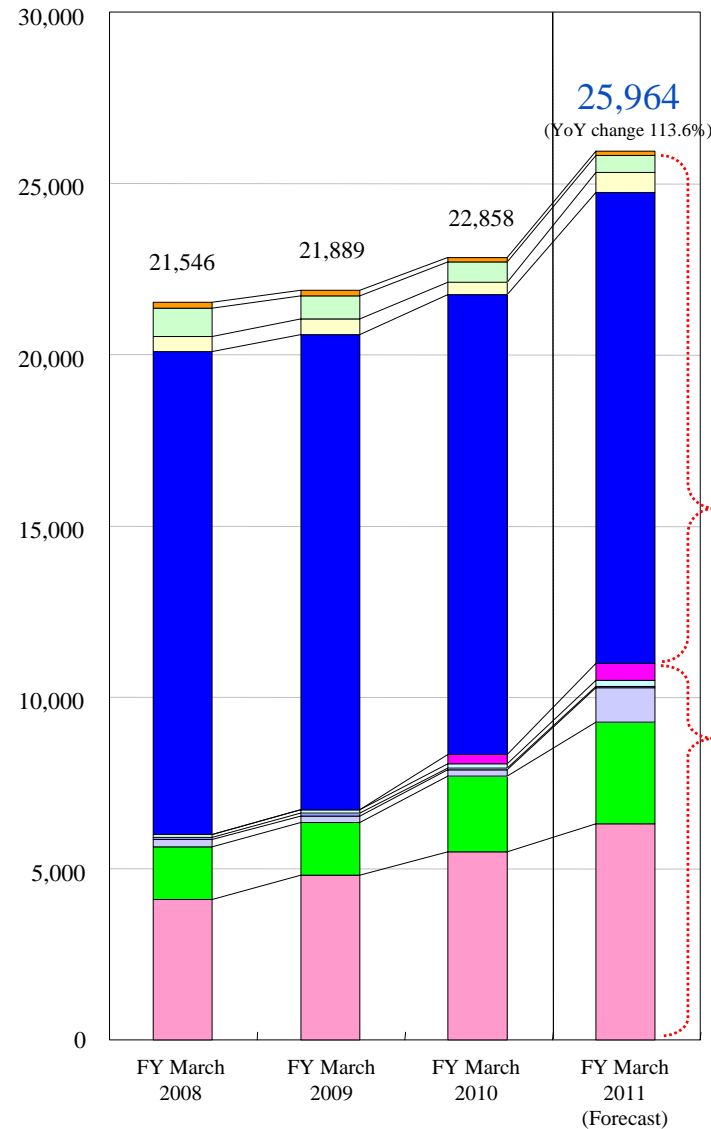
	FY March 2009 (Result)					FY March 2010 (Result)					FY March 2011(Forecast)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Sales	5,797	5,971	5,908	5,980	23,657	6,019	6,300	6,615	6,746	25,682	7,050	7,075	7,766	7,873	29,765
Automobile-related	5,455	5,574	5,422	5,437	21,889	5,480	5,638	5,824	5,914	22,858	6,314	6,276	6,692	6,680	25,964
Info Registration Fee	4,686	4,875	4,633	4,676	18,872	4,660	4,796	4,651	4,931	19,039	5,000	4,863	5,179	5,144	20,187
Info Service Fee	769	698	788	761	3,017	819	841	1,173	983	3,818	1,314	1,412	1,513	1,536	5,776
Lifestyle-related	247	296	364	436	1,345	414	529	658	683	2,286	599	644	878	998	3,121
Real Estate	43	50	50	49	194	51	51	52	50	205	48	46	49	50	194
Others	49	49	70	57	227	73	80	80	98	332	87	108	144	144	485
Operating Income	1,501	1,550	1,417	914	5,384	1,479	1,624	1,584	1,410	6,098	1,758	1,598	1,906	1,694	6,957
Automobile-related	1,909	1,950	1,829	1,344	7,034	1,892	1,991	1,940	1,766	7,590	2,049	1,869	2,110	1,846	7,877
Lifestyle-related	4	24	16	16	62	3	52	48	58	162	69	79	140	218	508
Real Estate	13	12	27	17	70	26	26	28	25	105	29	26	24	25	105
Others	(20)	(39)	(19)	(1)	(80)	10	(20)	(22)	(2)	(35)	(27)	(26)	12	10	(31)
Management Division	(404)	(397)	(436)	(462)	(1,701)	(453)	(424)	(409)	(437)	(1,725)	(363)	(351)	(381)	(405)	(1,502)

*The forecasted values for the term ending Mar. 2011 (Q3, Q4, full-year) were values announced on Oct. 28, 2010.

Reference: Changes in Automobile-related Sales by Product Classification



(Unit: million yen)



<Magazine>



<Internet site>



<Mobile site>



<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 forecasted values for the term ending Mar. 2011 were values announced on Oct. 28, 2010.

* 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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