

Financial Results

for the Three Months ended June 2010

(April 1, 2010 to June 30, 2010)

July 28, 2010
PROTO CORPORATION (4298)



Corporate Message “Leveraging Information for the Future”

Financial data (consolidated)

| | |
|---|---------|
| Shares outstanding (million) | 10.4 |
| Market capitalization (¥ billion) | 35.4 |
| DPS (¥, Mar/10) | 70.0 |
| EPS (¥, Mar/10) | 337.4 |
| 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 (% , Jun/10) | 24.4 |

Major Shareholders

| | (Thousands) |
|--|----------------|
| 1) Mugen Corporation | 3,403 (32.50%) |
| 2) Japan Trustee Services Bank, Ltd. (Trust Account) | 829 (7.91%) |
| 3) BNP Paribas Securities Services Singapore/BP2S Sydney/Jasdec/Australian Residents | 536 (5.12%) |
| 4) Hiroichi Yokoyama | 520 (4.96%) |
| 5) Yoshihiro Yokoyama | 330 (3.15%) |
| 6) The Master Trust Bank of Japan, Ltd. (Trust Account) | 255 (2.44%) |
| 7) Northern Trust Co. (AVFC) Sub A/C American Clients | 202 (1.93%) |
| 8) Mellon Bank ABN Amro Global Custody N.V. | 186 (1.77%) |
| 9) Mellon Bank, N.A. as Agent for Its Client Mellon Omnibus US Pension | 178 (1.70%) |
| 10) Minoru Saito | 169 (1.62%) |

(As of June 30, 2010)

Consolidated Statements of Income (1)



Status of Consolidated Income

(Unit: million yen)

| | Apr.-Jun. 2009 | | Apr.-Jun. 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 | 6,019 | 100.0% | 7,114 | 100.0% | ① 7,050 | 100.0% | 1,030 | 117.1% | (63) | 99.1% |
| Cost of Sales | 2,315 | 38.5% | 2,830 | 39.8% | ② 2,733 | 38.8% | 417 | 118.0% | (97) | 96.5% |
| Gross Profit | 3,704 | 61.5% | 4,283 | 60.2% | 4,317 | 61.2% | 612 | 116.5% | 34 | 100.8% |
| SG&A Expenses | 2,225 | 37.0% | 2,751 | 38.7% | ③ 2,559 | 36.3% | 334 | 115.0% | (192) | 93.0% |
| Operating Income | 1,479 | 24.6% | 1,531 | 21.5% | ④ 1,758 | 24.9% | 278 | 118.9% | 226 | 114.8% |
| Ordinary Income | 1,502 | 25.0% | 1,547 | 21.7% | 1,782 | 25.3% | 280 | 118.7% | 235 | 115.2% |
| Net Income | 892 | 14.8% | 855 | 12.0% | 1,051 | 14.9% | 158 | 117.8% | 196 | 122.9% |

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

Status of Selling, General and Administrative Expenses

(Unit: million yen)

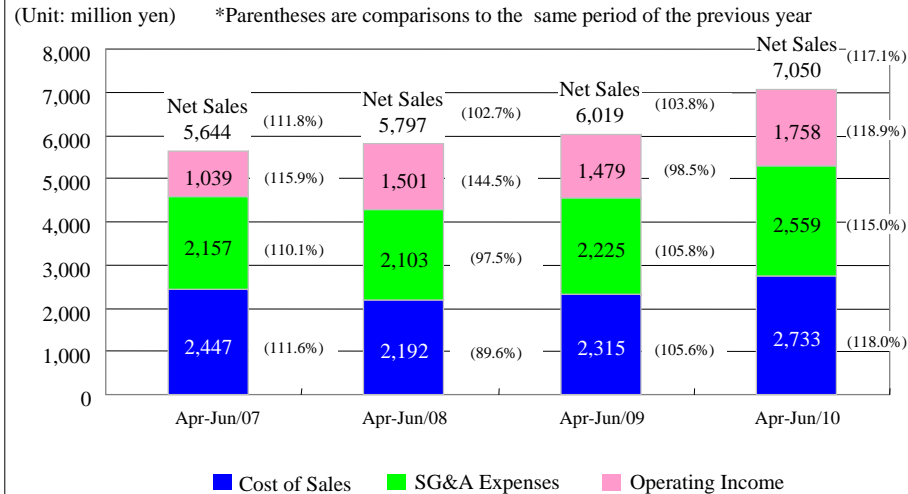
| | Apr.-Jun. 2009 | | Apr.-Jun. 2010 | | | | YoY Change | | Achievement rate | |
|----------------------|----------------|----------------|----------------|----------------|-------------|----------------|------------|--------|------------------|-------|
| | Results (A) | % of Net sales | Forecast (B) | % of Net sales | Results (C) | % of Net sales | (C) - (A) | % | (C) - (B) | % |
| SG&A Expenses | 2,225 | 37.0% | 2,751 | 38.7% | 2,559 | 36.3% | 334 | 115.0% | (192) | 93.0% |
| Employment Cost | 1,181 | 19.6% | 1,438 | 20.2% | 1,377 | 19.5% | 195 | 116.6% | (61) | 95.7% |
| Advertising Cost | 373 | 6.2% | 411 | 5.8% | 363 | 5.2% | (9) | 97.4% | (48) | 88.3% |
| Other Expenses | 670 | 11.1% | 901 | 12.7% | 818 | 11.6% | 148 | 122.1% | (82) | 90.8% |
| Number of Employment | 754 | - | 948 | - | 923 | - | 169 | 122.4% | (25) | 97.4% |

*Advertising and related costs is the total of advertising costs and merchandising costs.

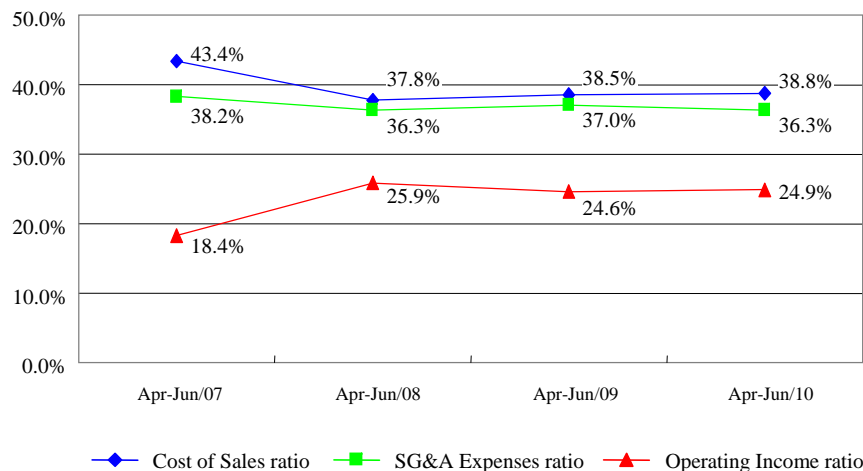
*The number of employees is as of the end of June.

Performance Overview for the Three months ended Jun. 2010

Changes in Performance



Changes of Individual Indicators



Point ① Sales

All segments increased earnings compared to the same period of the previous year, particularly the lifestyle-related information segment, with an overall increase in earnings of 1,030million yen (117.1% compared to the same period of the previous year)
As compared with projections, the result was 99.1%, or almost in line with projections.

Point ② Cost of Sales

Due mainly to sales costs being recorded by SYSTEM-ONE Corporation and Medical CUBIC Co., Ltd, which were made into subsidiaries on October 1, 2009, as well as sales costs recorded by BikeBros. Inc., which was made into a subsidiary on April 1, 2010, sales costs were 118.0% of those recorded in the same period of the previous year (cost rate: 0.3 point increase).
As compared with projections, they came to 96.5%.

Point ③ SG&A Expenses

The employment cost and other expenses have increased due to an increase in the number of employees (an increase by 169 from the end of previous year), caused by an increase of subsidiaries. However, this is 115.0% of the previous year (SG&A Expenses rate: 0.7 point decrease) and is 93.0% of projections because of thorough cost control such as streamlining promotion activities.

Point ④ Operating Income

As a result of an increased earnings and thorough management of SG&A expenses, this is 118.9% of the previous year. It is 114.8% of projections.

Segment Information (1)



Sales

(Unit: million yen)

| | Apr.-Jun. 2009 | | Apr.-Jun. 2010 | | | |
|-------------------------|----------------|----------------|----------------|----------------|-------------|----------------|
| | Results (A) | % of Net sales | Forecast (B) | % of Net sales | Results (C) | % of Net sales |
| Automobile-related | 5,480 | 91.0% | 6,308 | 88.7% | 6,314 | 89.6% |
| Info Registration Fee | 4,660 | 77.4% | 5,033 | 70.8% | 5,000 | 70.9% |
| Information Service Fee | 819 | 13.6% | 1,275 | 17.9% | 1,314 | 18.6% |
| Lifestyle-related | 414 | 6.9% | 653 | 9.2% | 599 | 8.5% |
| Real Estate | 51 | 0.9% | 49 | 0.7% | 48 | 0.7% |
| Others | 73 | 1.2% | 101 | 1.4% | 87 | 1.2% |
| Total | 6,019 | 100.0% | 7,114 | 100.0% | 7,050 | 100.0% |

| YoY Change | | Achievement rate | |
|------------|--------|------------------|--------|
| (C) - (A) | % | (C) - (B) | % |
| 834 | 115.2% | 6 | 100.1% |
| 339 | 107.3% | (33) | 99.3% |
| 494 | 160.3% | 39 | 103.1% |
| 184 | 144.6% | (54) | 91.7% |
| (3) | 93.9% | (1) | 97.2% |
| 14 | 119.8% | (14) | 86.2% |
| 1,030 | 117.1% | (63) | 99.1% |

*Info Registration Fee: Advertising fees for information magazines and internet media, etc.

*Information Service Fee: Fees from selling information magazines, providing content, etc.

Operating Income

(Unit: million yen)

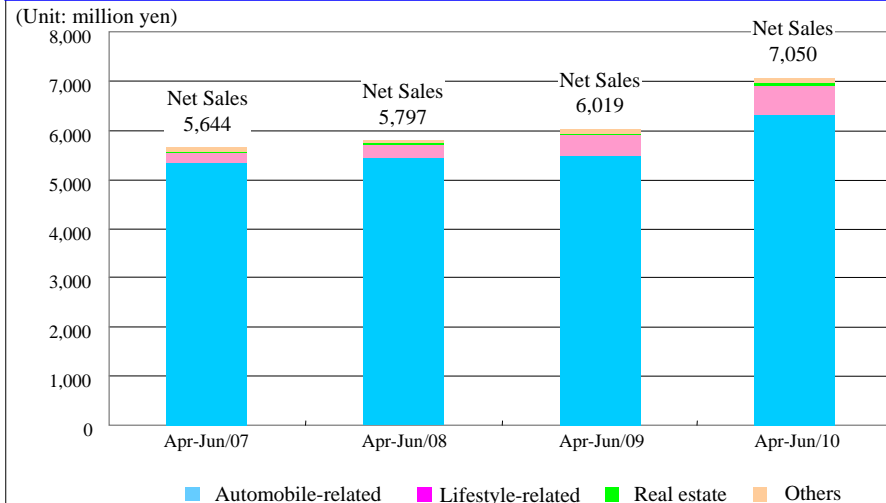
| | Apr.-Jun. 2009 | | Apr.-Jun. 2010 | | | |
|---------------------|----------------|---------------|----------------|---------------|-------------|---------------|
| | Results (A) | Profit margin | Forecast (B) | Profit margin | Results (C) | Profit margin |
| Automobile-related | 1,892 | 34.5% | 1,899 | 30.1% | 2,049 | 32.5% |
| Lifestyle-related | 3 | 0.8% | 34 | 5.3% | 69 | 11.6% |
| Real Estate | 26 | 51.2% | 21 | 43.6% | 29 | 61.6% |
| Others | 10 | 14.1% | (24) | - | (27) | - |
| Management Division | (453) | - | (399) | - | (363) | - |
| Total | 1,479 | 24.6% | 1,531 | 21.5% | 1,758 | 24.9% |

| YoY Change | | Achievement rate | |
|------------|---------|------------------|--------|
| (C) - (A) | % | (C) - (B) | % |
| 157 | 108.3% | 150 | 107.9% |
| 66 | 2137.2% | 35 | 202.6% |
| 3 | 112.9% | 8 | 137.4% |
| (38) | - | (3) | - |
| 89 | - | 36 | - |
| 278 | 118.9% | 226 | 114.8% |

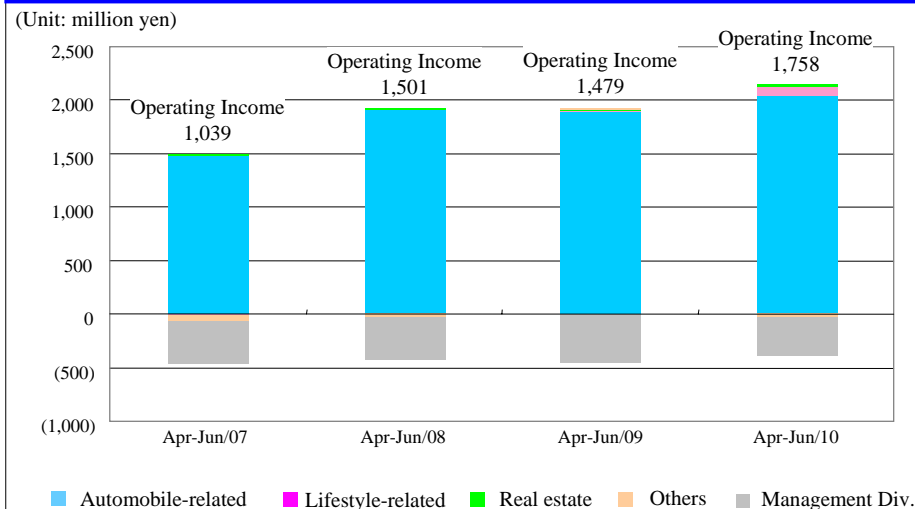
Segment Information (2)



Changes in Sales by Segment



Changes in Operating Income by Segment



Automobile-related Information

Through various initiatives such as expansion into the Koshin area, expansion of Goo-approved service, and making BikeBros. Inc. and SYSTEM-ONE Corporation into subsidiaries, we achieved increased sales in information magazine business (104.4% of the same period of the previous year), IT business (136.4%), with net sales increased by 834 million yen from the same period of the previous year (115.2%).

In terms of operating income too, through the effects of increased sales in IT business, and increased efficiency in promotions, we achieved a 157 million yen increase in income (108% of the same period of the previous year).

In comparison with projections, the result was an upward change of 150 million yen (107.9% of the planned figure).

Lifestyle-related Information

In the medical, nursing and welfare segments, both of our sites, 1) Oasis Navi and 2) Kaigo Kyujin Navi, drew an increased number of trading partners, average trade prices remained steady, and due to initiatives such as developing Nurse Agent, job information website for nurses, and making Medical CUBIC Co., Ltd. a subsidiary, we achieved increased sales.

Also, in addition to cultural information business and Internet advertisement agency business achieved increased sales, by developing Oikura, our recycling information website, overall we achieved an increase of 184 million yen in sales through sales in lifestyle-related information segment (144.6% of the same period of the previous year).

The operating income increased by 66 million yen from the previous year (2,137.2%).

Others

The sales increase by 14 million yen from the previous year (119.8% of the previous year) as a result of a sales expansion of the BPO business by PROTO Data Center.

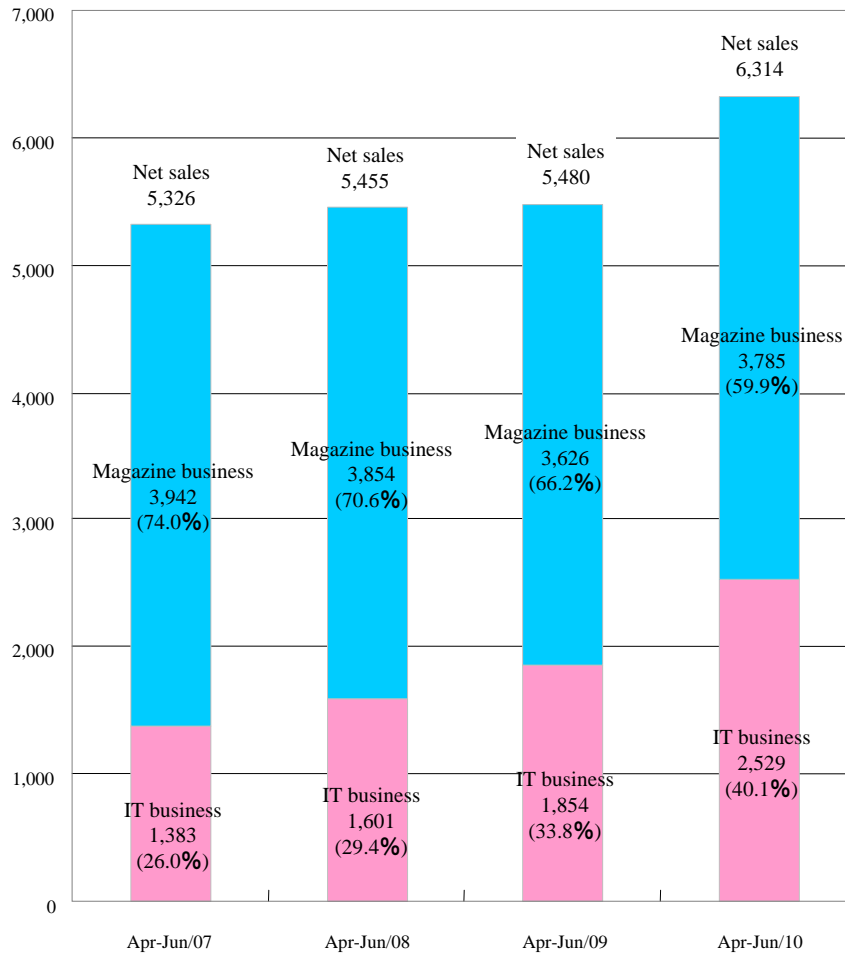
Through the business expansion, MARS FLAG Corporation and PROTO Data Center had an increase in the operating expenses. As a result, the operating loss was 27 million yen. (it was a loss of 10 million yen in the previous year).

Operating Results of Automobile-related Information (1)



Changes in Automobile-related Sales by Product Classification

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



As for information magazine business, through initiatives such as expanding into the Koshin area (from June 2010, we have begun publishing Goo Koshin edition), as well as placing advertisements in specialized magazines published by BikeBros. Inc. and selling these magazines, we achieved increased sales (104.4% of the same period of the previous year).

With IT business, by continuing to promote sales expansions for Internet-related products (mediation service for quotations, QE etc.) and also selling parts EC in BikeBros. Inc., and business support systems for maintenance factories in SYSTEM-ONE Corporation, we achieved increased sales (136.4% of the same period of the previous year).

TOPICS

May In App Store, which is run by Apple Inc., we have begun supplying an iPhone application that allows users to search used-car information displayed in car information magazine Goo, and to make requests for quotations.

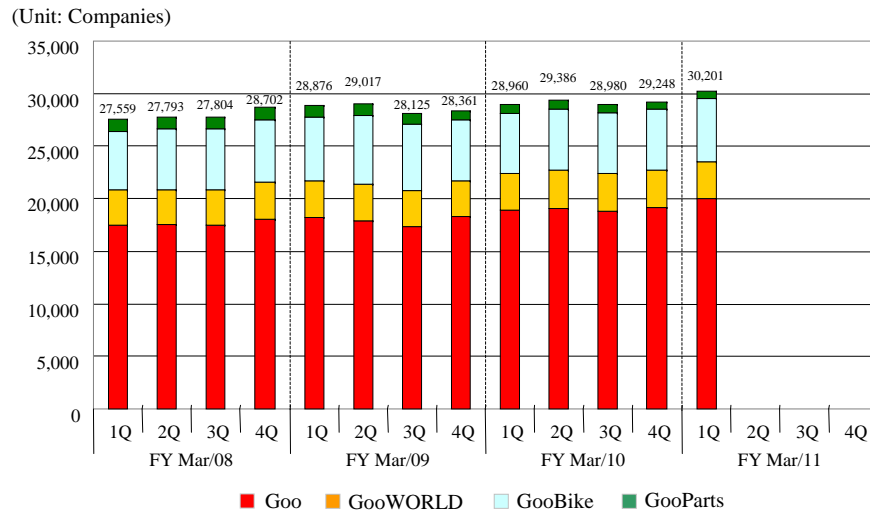
June We have also begun supplying the same application for use with iPad.



Operating Results of Automobile-related Information (2)



Changes in Quarterly Totals of Business Partners for Goo Series



The accumulated number of business partners (accumulation from April to June) for the Goo series as a total was 104.3% of the previous year, caused by the creation of “Goo Koshin Edition” etc.

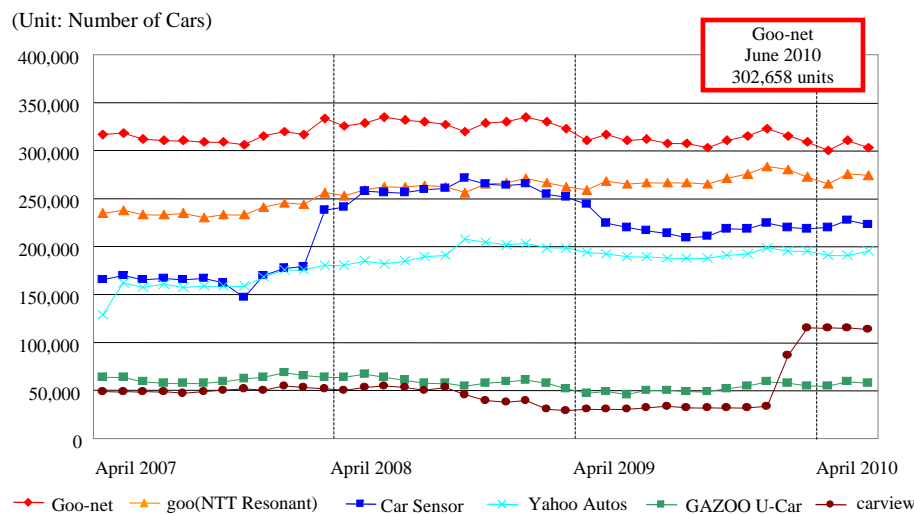
The average unit price also reached the same level as previous year (99.6% of the previous year) caused by the increased sales of the “Goo-approved Cars” service.

The number of stores involved in for the “Goo-approved Cars” service is 1,750 IDs as of the end of June 2010 (181.7% of the previous year).

*Reference/As of the end of March 2010: 1,636 IDs



Changes in Numbers of Used Automobiles Listed on Main Sites



The number of used vehicles listed on Goo-net remains in the lead compared to other company’s sites. (According to in-house research)

* 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.

[Number of requests for Goo-net quotations]

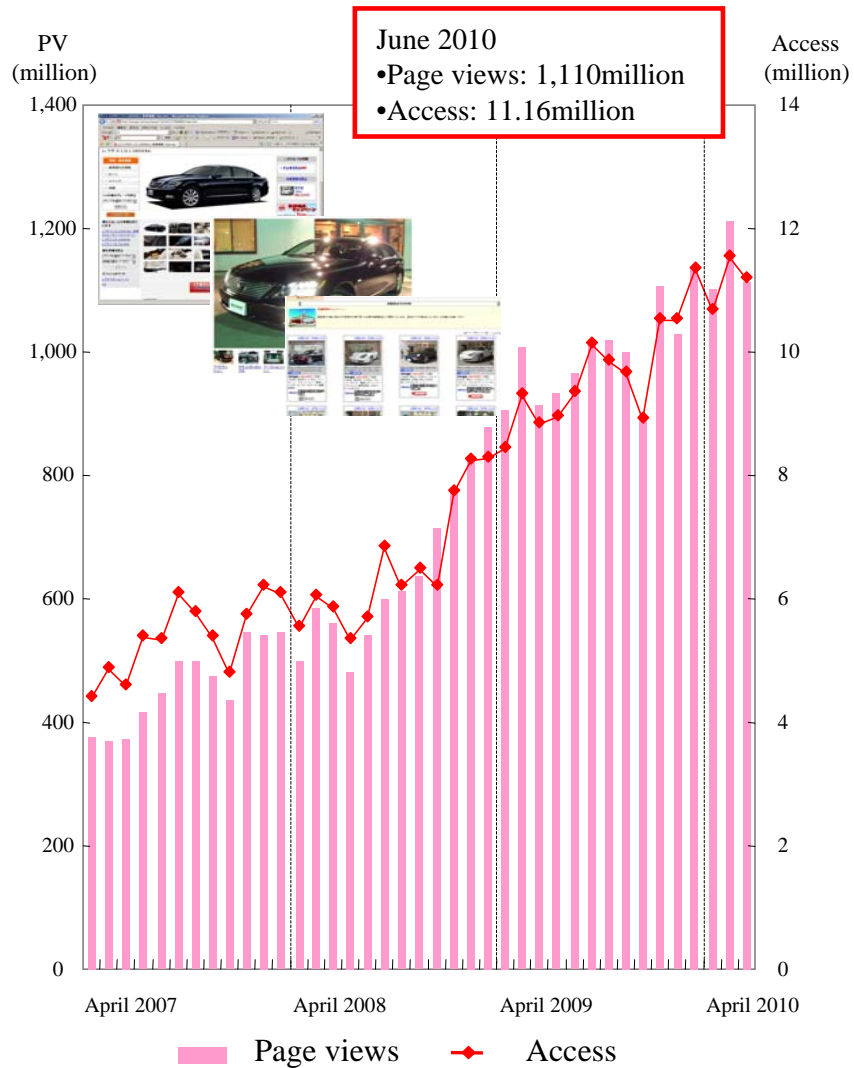
The number of requests made to Goo-net (PC&Mobile) quotation service was as follows.

June 2010: 115,669 requests (104.1% of the level recorded in the same month last year).

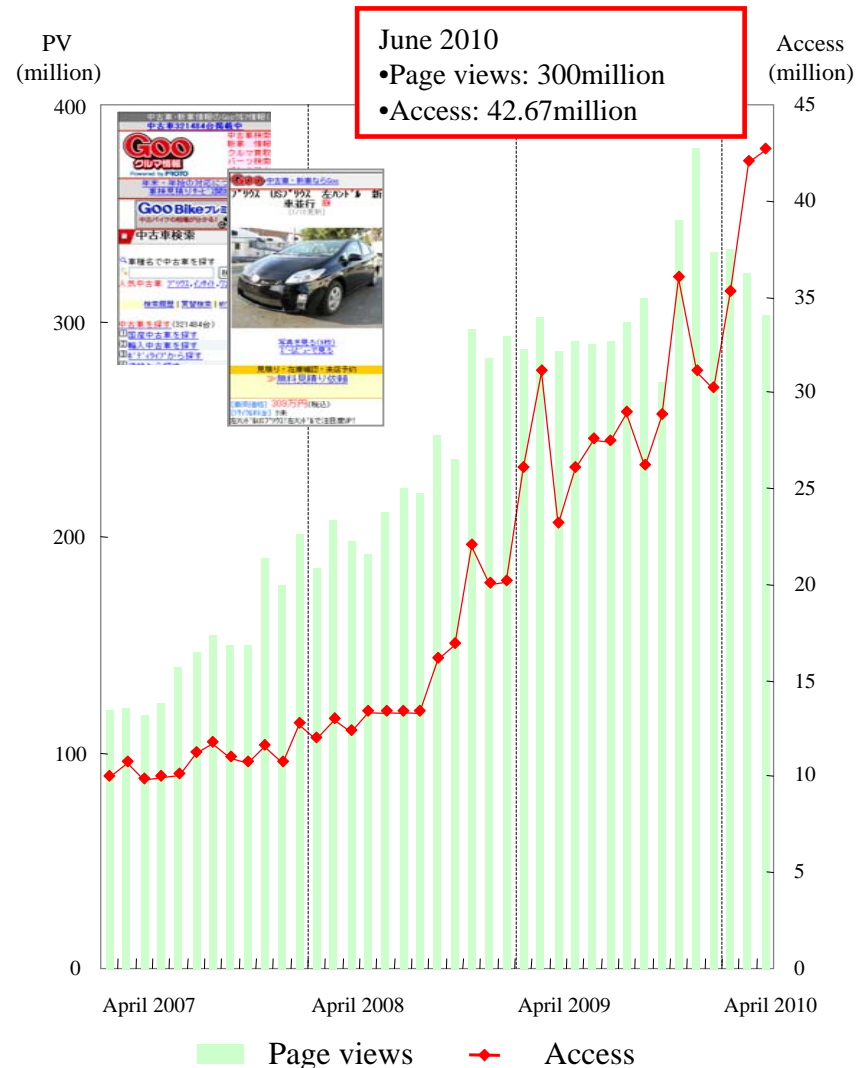
Operating Results of Automobile-related Information (3)



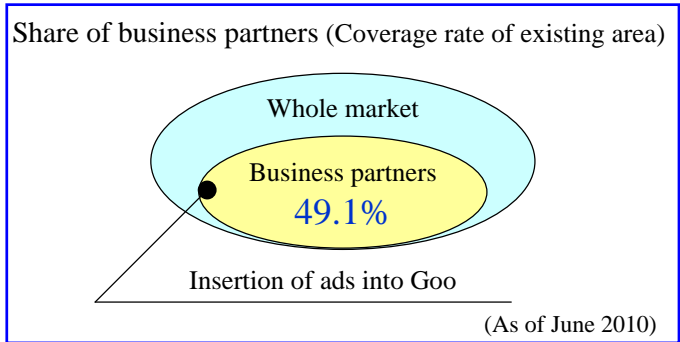
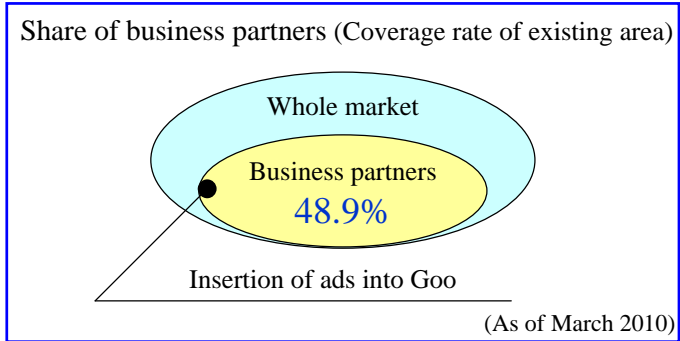
Car Portal Site "Goo-net" (PC)



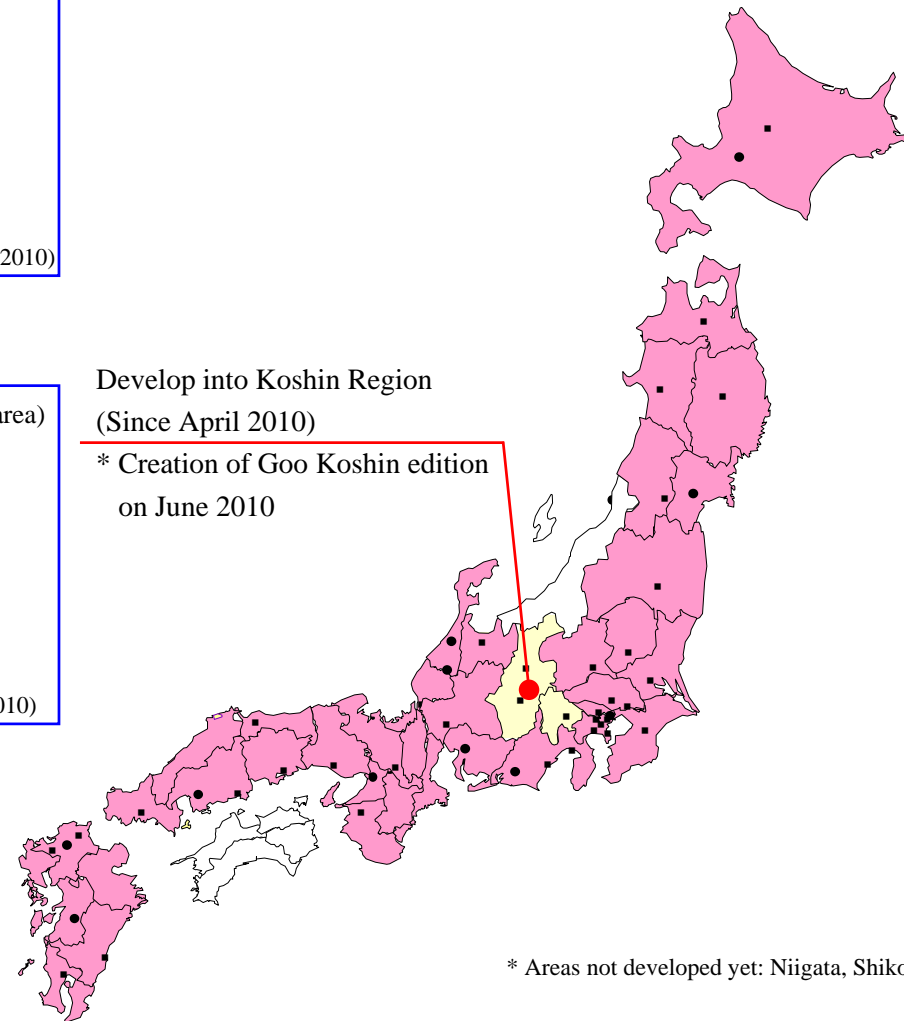
"Goo Car Information" (Mobile)



Development area of Car information magazine Goo



[Publication area of Goo]



* Areas not developed yet: Niigata, Shikoku, Okinawa

Consolidated Balance Sheets



(Unit: million yen)

| | FY March 2010 (As of Mar. 31, 2010) | | FY March 2011 (As of Jun. 30, 2010) | | Increase/Decrease (B) - (A) | |
|-----------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|--------------------------------|-------|
| | (A) | Composition ratio | (B) | Composition ratio | | |
| Current Assets | 14,184 | 58.6% | 13,784 | 55.6% | ① | (400) |
| Fixed Assets | 10,038 | 41.4% | 11,009 | 44.4% | ② | 970 |
| Current Liabilities | 5,862 | 24.2% | 5,521 | 22.3% | ③ | (340) |
| Long-term Liabilities | 659 | 2.7% | 891 | 3.6% | ④ | 231 |
| Net Assets | 17,700 | 73.1% | 18,379 | 74.1% | ⑤ | 679 |
| Total Assets | 24,223 | - | 24,793 | - | | 570 |

Point ① Decrease of Current Assets (March 2010 period, 400 million yen decrease from previous period)

Because cash and deposits decreased, mainly due to payments for M&A (share acquisitions involved in making BikeBros.Inc. into a subsidiary, and acceptance of Mj business) and payments of accrued income tax, there was a decrease of 400 million yen as compared with the end of the previous fiscal year.

Point ② Increase of Fixed Assets (March 2010 period, 970 million yen increase from previous period)

Because goodwill was recorded mainly due to making BikeBros. Inc. into a subsidiary, and also for accepting Mj business, there was a 970 million yen increase as compared with the end of the previous fiscal year.

Point ③ Decrease of Current Liabilities (March 2010 period, 340 million yen decrease from previous period)

While account payables and allowances for sales returns increased due to making BikeBros. Inc. into a subsidiary, because of a decrease in accrued income tax due to income tax payments that were made, there was a 340 million yen decrease as compared with the end of the previous fiscal year.

Point ④ Increase of Fixed Liabilities (March 2010 period, 231million yen increase from previous period)

Because long-term borrowings increased mainly due to making BikeBros. Inc. into a subsidiary, there was a 231 million yen increase as compared with the end of the previous fiscal year.

Point ⑤ Increase of Net Assets (March 2010 period, 679 million yen increase from previous period)

While 366 million yen were paid as dividends, the quarterly net income brought an earned surplus. As a result, there was a 679 million yen increase as compared with the end of the previous fiscal year.

Consolidated Statements of Cash Flows



(Unit: million yen)

| | Apr.-Jun. 2009 | Apr.-Jun. 2010 | Increase/Decrease | (Reference) FY Mar. 2010 |
|--|----------------|----------------|-------------------|-----------------------------|
| Cash Flows from Operating Activities | 81 | ① 153 | 72 | 4,005 |
| Cash Flows from Investing Activities | (456) | ② (1,018) | (562) | (1,141) |
| Cash Flows from Financing Activities | (354) | ③ (338) | 15 | (773) |
| Cash and Cash Equivalents at End of Term | 8,396 | 10,003 | 1,607 | 11,207 |
| Capital Expenditure (tangible/intangible fixed assets) | 26 | 389 | 362 | 320 |
| Depreciation (Including amortization of goodwill) | 74 | 131 | 57 | 347 |

Point ① Cash Flows from Operating Activities

Despite an expenses of 1,430 million yen for final payments of income tax accrued in the previous fiscal year, and a 148 million yen increase in trade receivables, because we recorded 1,735 million yen in quarterly net income before income taxes, revenue totaled 153 million yen.

Point ② Cash Flows from Investing Activities

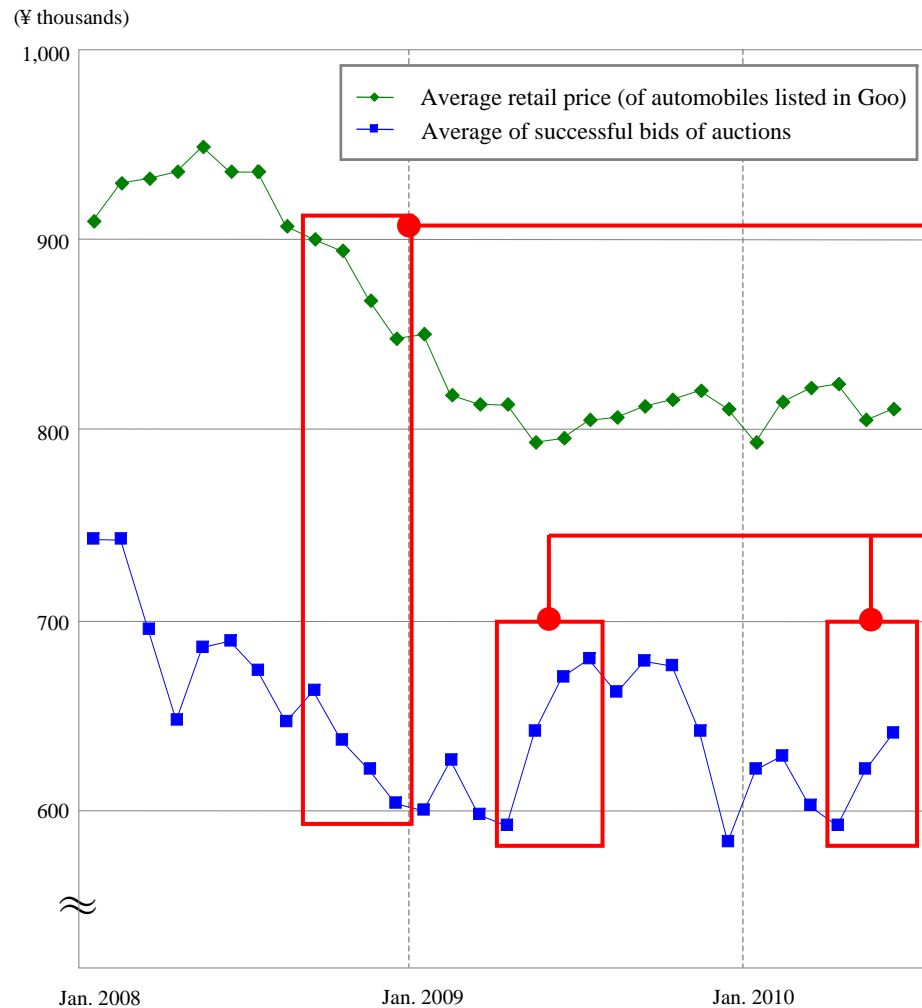
The total expenses came to 1,018 million yen, due mainly to expenses of 621 million yen in share acquisitions for making BikeBros. Inc. into a subsidiary, and 380 million yen for accepting Mj business.

Point ③ Cash Flows from Financing Activities

The total expenses came to 338 million yen, due mainly to expenses of 356 million yen in payments of year-end dividends at PROTO CORPORATION in the previous term.

Appendix

Reference: Variation in Margin of used vehicle sale



Decrease in retail prices
 Due to the worsening of the business situation, users' willingness to purchase is weakening.

Decrease in successful bids of auctions
 Decrease in demand for the export of used cars (yen appreciation)

Increase in successful bids of auctions
 Shortage of used cars because used car dealers demanded a large amount of used cars.
 (The retail price of used car has improved slightly.)

※1. Average retail price (of automobiles listed in Goo): Average of prices of the automobiles that are listed in Goo and have no repair history under the assumption that their annual travel distance is 9,000 km and they need to undergo car inspection.

※2. Average of successful bids of auctions: Average of prices of automobiles whose evaluation point is at the level of 4 taken from our company's data on successful bids, under the assumption that their annual travel distance is 9,000 km and they need to undergo car inspection.

(Source: PROTO)

Reference: Consolidated quarterly earnings forecast for the Fiscal Year ending March 2011



(Unit: million yen)

| | FY March 2009 (Results) | | | | | FY March 2010 (Results) | | | | | FY March 2011 (Forecast) | | | | |
|------------------|-------------------------|-------|-------|-------|--------|-------------------------|-------|-------|-------|--------|--------------------------|-------|-------|-------|--------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Net Sales | 5,797 | 5,971 | 5,908 | 5,980 | 23,657 | 6,019 | 6,300 | 6,615 | 6,746 | 25,682 | 7,114 | 7,345 | 7,766 | 7,873 | 30,100 |
| Cost of Sales | 2,192 | 2,265 | 2,272 | 2,333 | 9,064 | 2,315 | 2,506 | 2,754 | 2,696 | 10,273 | 2,830 | 2,980 | 3,032 | 3,155 | 11,999 |
| Gross Profit | 3,604 | 3,705 | 3,635 | 3,647 | 14,592 | 3,704 | 3,793 | 3,861 | 4,049 | 15,409 | 4,283 | 4,365 | 4,733 | 4,718 | 18,100 |
| SG&A Expenses | 2,103 | 2,154 | 2,217 | 2,732 | 9,208 | 2,225 | 2,168 | 2,277 | 2,639 | 9,310 | 2,751 | 2,778 | 2,827 | 3,023 | 11,380 |
| Operating Income | 1,501 | 1,550 | 1,417 | 914 | 5,384 | 1,479 | 1,624 | 1,584 | 1,410 | 6,098 | 1,531 | 1,586 | 1,906 | 1,694 | 6,720 |
| Ordinary Income | 1,516 | 1,544 | 1,433 | 905 | 5,400 | 1,502 | 1,632 | 1,604 | 1,425 | 6,165 | 1,547 | 1,600 | 1,922 | 1,712 | 6,782 |
| Net Income | 906 | 929 | 875 | 476 | 3,187 | 892 | 959 | 889 | 787 | 3,529 | 855 | 917 | 1,113 | 999 | 3,886 |

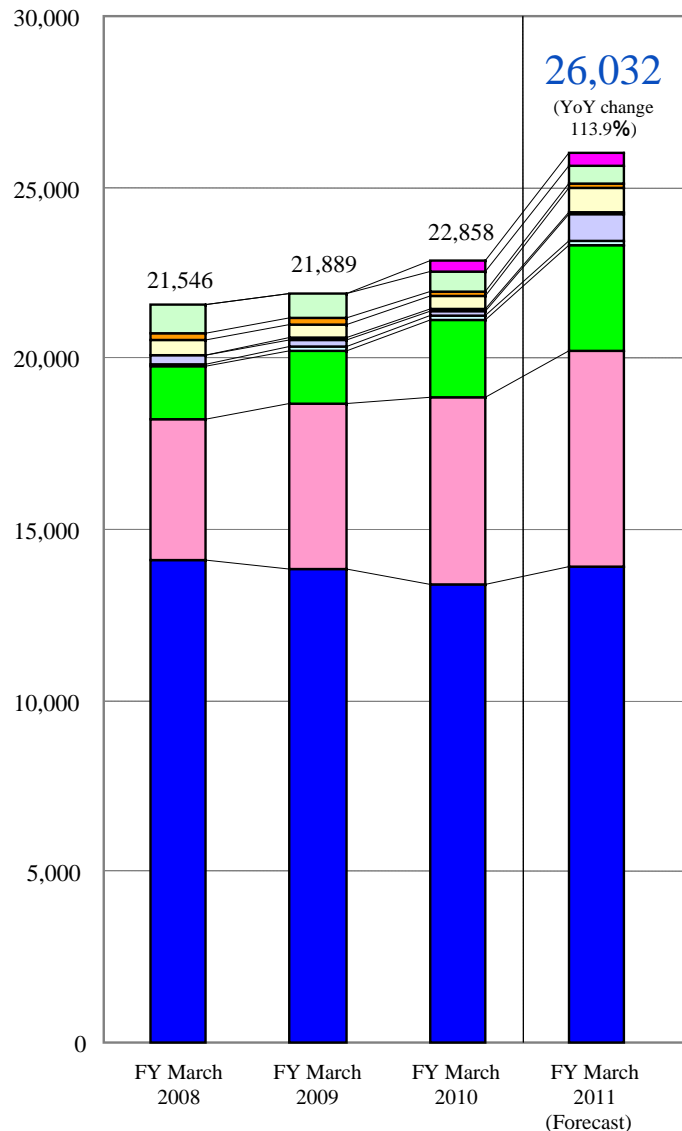
* Cost of sales includes reversal of allowance for sales returns and provision.

| | FY March 2009 (Results) | | | | | FY March 2010 (Results) | | | | | FY March 2011 (Forecast) | | | | |
|----------------------|-------------------------|-------|-------|-------|---------|-------------------------|-------|-------|-------|---------|--------------------------|-------|-------|-------|---------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Net Sales | 5,797 | 5,971 | 5,908 | 5,980 | 23,657 | 6,019 | 6,300 | 6,615 | 6,746 | 25,682 | 7,114 | 7,345 | 7,766 | 7,873 | 30,100 |
| Automobile-related | 5,455 | 5,574 | 5,422 | 5,437 | 21,889 | 5,480 | 5,638 | 5,824 | 5,914 | 22,858 | 6,308 | 6,350 | 6,692 | 6,680 | 26,032 |
| Info Registraion Fee | 4,686 | 4,875 | 4,633 | 4,676 | 18,872 | 4,660 | 4,796 | 4,651 | 4,931 | 19,039 | 5,033 | 5,032 | 5,179 | 5,144 | 20,389 |
| Info Service Fee | 769 | 698 | 788 | 761 | 3,017 | 819 | 841 | 1,173 | 983 | 3,818 | 1,275 | 1,318 | 1,513 | 1,536 | 5,642 |
| Lifestyle-relted | 247 | 296 | 364 | 436 | 1,345 | 414 | 529 | 658 | 683 | 2,286 | 653 | 808 | 878 | 998 | 3,339 |
| Real Estate | 43 | 50 | 50 | 49 | 194 | 51 | 51 | 52 | 50 | 205 | 49 | 49 | 49 | 50 | 199 |
| Others | 49 | 49 | 70 | 57 | 227 | 73 | 80 | 80 | 98 | 332 | 101 | 137 | 144 | 144 | 528 |
| Operating Income | 1,501 | 1,550 | 1,417 | 914 | 5,384 | 1,479 | 1,624 | 1,584 | 1,410 | 6,098 | 1,531 | 1,586 | 1,906 | 1,694 | 6,720 |
| Automobile-related | 1,909 | 1,950 | 1,829 | 1,344 | 7,034 | 1,892 | 1,991 | 1,940 | 1,766 | 7,590 | 1,899 | 1,817 | 2,110 | 1,846 | 7,673 |
| Lifestyle-relted | 4 | 24 | 16 | 16 | 62 | 3 | 52 | 48 | 58 | 162 | 34 | 111 | 140 | 218 | 504 |
| Real Estate | 13 | 12 | 27 | 17 | 70 | 26 | 26 | 28 | 25 | 105 | 21 | 24 | 24 | 25 | 95 |
| Others | (20) | (39) | (19) | (1) | (80) | 10 | (20) | (22) | (2) | (35) | (24) | 12 | 12 | 10 | 10 |
| Management Division | (404) | (397) | (436) | (462) | (1,701) | (453) | (424) | (409) | (437) | (1,725) | (399) | (377) | (381) | (405) | (1,565) |

Reference: Changes in Automobile-related Sales by Product Classification



(Unit: million yen)



《 Magazine 》



《 Internet site 》



《 Mobile site 》



- BtoB automobile sale (Service of supporting the export of used cars of Goo Auto Inc.)
- BtoB subscription fee of data book
- BtoB fee for advertising in data book
- Sale of information magazines *1
- EC(to B)
- EC(to C) *1
- Mobile charges (e.g. Goo Car Info)
- BtoB fee for data provision (Goo-approved Cars, Goo Warranty, Data Line, quotation system of REPAIR-TECH INC.) *2
- Internet option products, such as Goo-net (quotation agency service, QE, GCS, etc.)
- Basic advertisement costs (Package of PC, mobile phone, and information magazines)
- IT business

*1. BikeBros. Inc. is expected to contribute to a sales increase.

*2. SYSTEM-ONE Corporation is expected to contribute to a sales increase.

* The plan numerical value for the year ending March 2011 described in this material is the one that announced on May 12, 2010.

■ 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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