



Financial Results for the Nine Months ended December, 2009

January 28, 2010

PROTO CORPORATION

JASDAQ 4298

Consolidated Statements of Income (1)



Status of Consolidated Income

(Unit: million yen)

	Nine months ended Dec./08		Nine months ended Dec./09				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	17,676	100.0%	19,256	100.0%	① 18,935	100.0%	1,259	107.1%	(320)	98.3%
Cost of Sales	6,731	38.1%	7,760	40.3%	② 7,576	40.0%	844	112.6%	(184)	97.6%
Gross Profit	10,945	61.9%	11,495	59.7%	11,359	60.0%	414	103.8%	(135)	98.8%
SG&A Expenses	6,475	36.6%	7,028	36.5%	③ 6,671	35.2%	195	103.0%	(356)	94.9%
Operating Income	4,469	25.3%	4,467	23.2%	④ 4,688	24.8%	218	104.9%	221	104.9%
Ordinary Income	4,495	25.4%	4,485	23.3%	4,739	25.0%	244	105.4%	254	105.7%
Net Income	2,711	15.3%	2,641	13.7%	2,741	14.5%	30	101.1%	100	103.8%

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

Status of Marketing and Administration Costs

(Unit: million yen)

	Nine months ended Dec./08		Nine months ended Dec./09				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	6,475	36.6%	7,028	36.5%	6,671	35.2%	195	103.0%	(356)	94.9%
Employment Cost	3,243	18.4%	3,636	18.9%	3,601	19.0%	357	111.0%	(35)	99.0%
Advertising Cost	1,263	7.1%	1,228	6.4%	1,080	5.7%	(182)	85.5%	(147)	88.0%
Other Expenses	1,968	11.1%	2,163	11.2%	1,989	10.5%	20	101.1%	(173)	92.0%
Number of Employment	701	-	847	-	808	-	107	115.3%	(39)	95.4%

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

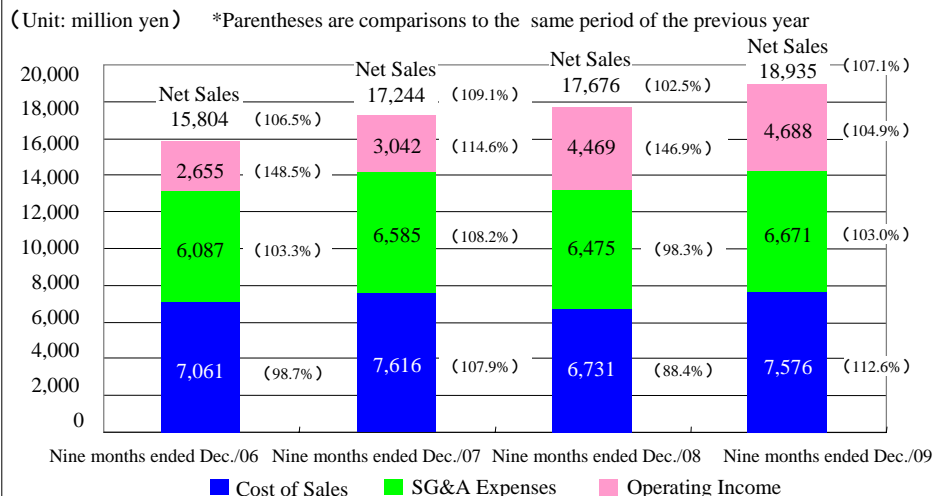
*The number of employees is as of the end of December.

Consolidated Statements of Income (2)



Performance Overview for the Nine months ended Dec. 2009

Changes in Performance



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 1,259million yen (107.1% compared to the same period of the previous year) However, these results were slightly lower than projected at 98.3% of projections.

Point ② Cost of Sales

Compared to the same period of the previous year, it is 112.6% (Cost rate: 1.9 point increase). This is because rise in variable costs with increased earnings from advertising operations in the lifestyle-related information, as well as increased appraisal commissions from expanded sales for the Goo Certification service, and the start of Goo Auto Exchange INC. used car export support enterprises.

This is 97.6% of what was projected.

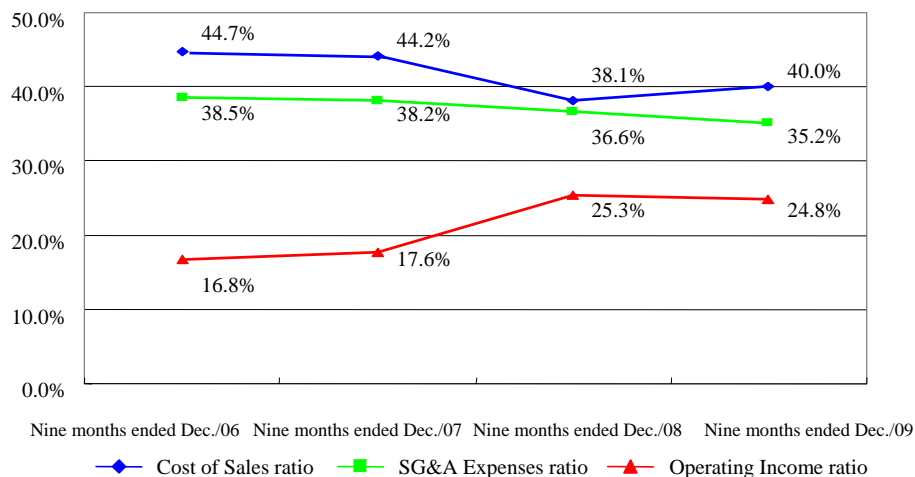
Point ③ SG&A Expenses

Compared to the same period of the previous year, it is 103.0% (SG&A Expenses Ratio: 1.4 point decrease). This is because increased employee numbers (End of December comparison: increase of 107) leading to higher labor costs. Also, thanks to M&A costs being below projections and efficient implementation of promotions, costs were 94.9% of projections.

Point ④ Operating Income

Benefiting from increased earnings and effective management of SG&A expenses, operating income were 104.9% compared to the same period of the previous year. This was 104.9% of projections.

Changes of Individual Indicators



Segment Information (1)



Sales

(Unit: million yen)

	Nine months ended Dec./08		Nine months ended Dec./09			
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales
Automobile-related	16,452	93.1%	17,107	88.8%	16,943	89.5%
Info Registration Fee	14,195	80.3%	14,112	73.3%	14,108	74.5%
Information Service Fee	2,256	12.8%	2,994	15.6%	2,835	15.0%
Lifestyle-related	909	5.1%	1,625	8.4%	1,602	8.5%
Real Estate	144	0.8%	153	0.8%	155	0.8%
Others	170	1.0%	369	1.9%	233	1.2%
Total	17,676	100.0%	19,256	100.0%	18,935	100.0%

YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
491	103.0%	(163)	99.0%
(87)	99.4%	(4)	100.0%
578	125.6%	(159)	94.7%
693	176.3%	(22)	98.6%
10	107.4%	2	101.5%
63	137.2%	(135)	63.3%
1,259	107.1%	(320)	98.3%

*Info Registration/Listing 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)

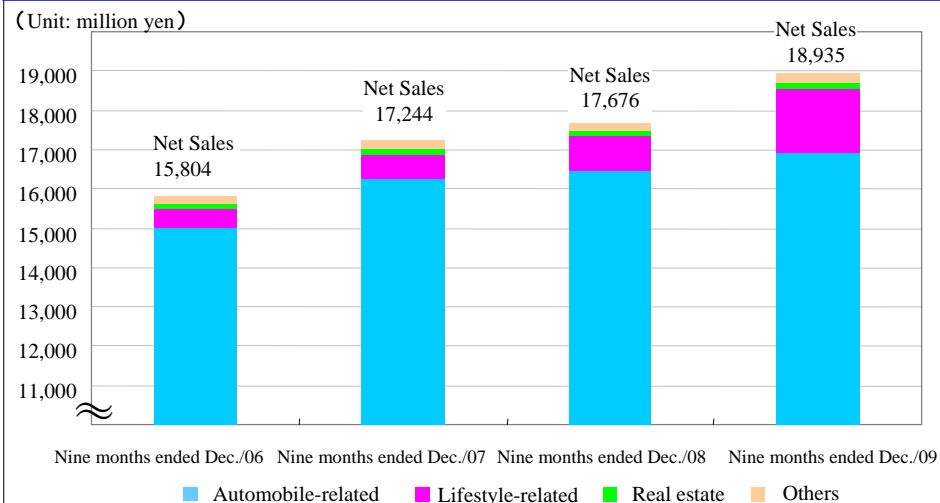
	Nine months ended Dec./08		Nine months ended Dec./09			
	Results (A)	Profit margin	Forecast (B)	Profit margin	Results (C)	Profit margin
Automobile-related	5,689	34.6%	5,653	33.0%	5,824	34.4%
Lifestyle-related	45	5.0%	106	6.5%	104	6.5%
Real Estate	52	36.6%	75	49.5%	80	51.8%
Others	(79)	-	(9)	-	(33)	-
Management Division	(1,238)	-	(1,359)	-	(1,287)	-
Total	4,469	25.3%	4,467	23.2%	4,688	24.8%

YoY Change		Achievement rate	
(C) - (A)	%	(C) - (B)	%
134	102.4%	170	103.0%
58	230.5%	(2)	97.8%
27	152.3%	4	106.3%
45	-	(23)	-
(49)	-	71	-
218	104.9%	221	104.9%

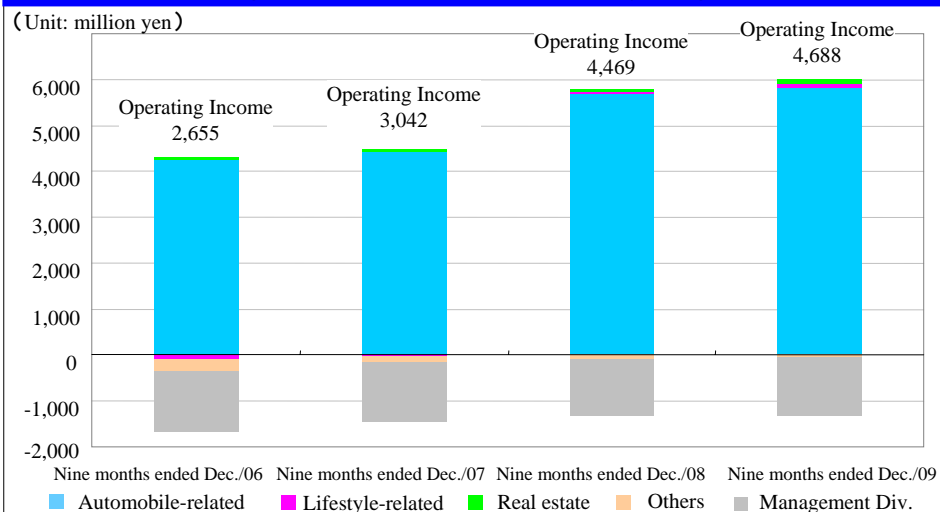
Segment Information (2)



Change in Sales by Segment



Change in Operating Income by Segment



Automobile-related Information

Although earnings from information magazines decreased (93.9% compared to the same period of the previous year), through expanded sales of Internet products, IT operations were bullish (124% compared to the same period of the previous year), with net sales increased by 491 million yen (103.0% compared to the same period of the previous year).

As for operating income, despite the start up costs for Goo Auto Exchange INC. and increased selling and general administrative expenses from acquiring a subsidiary (System One Corporation), thanks to increased IT earnings, there was an increase of 134 million yen (102.4% compared to the same period of the previous year).

Also, this was 170 million yen above projections (103.0% compared to projections).

Lifestyle-related Information

The 3 main sites of Vee School, Oasis Navi, and Kaigo-Kyujin (“nursing help wanted”) Navi all increased the number of companies they dealt with, as well as the average price per transaction. Advertising services also saw increased earnings, particularly our affiliate advertising service Challenging Japan, leading to lifestyle-related information earnings increasing by 693 million yen (176.3% compared to the same period of the previous year).

Operating income saw an increase of 58 million yen (230.5% compared to the same period of the previous year), for the 8th quarter straight of being in the black.

Others

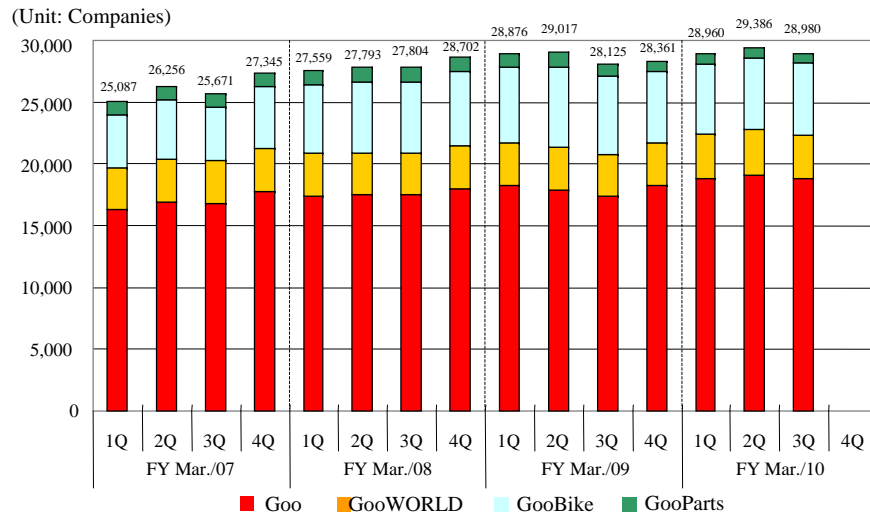
Due mainly to expanded sales of MARS FLAG Corporation’s site search engine “MARS FINDER” and PROTO DATA CENTER BPO business, net sales saw an increase of 63 million yen (137.2% compared to the same period of the previous year).

As for operating income, while MARS FLAG Corporation’s operating balance improved, PROTO DATA CENTER operating costs increased due to hiring more contract employees to increase business with companies outside the group, for a loss of 33 million yen (same period of the previous year saw loss of 79 million yen).

Operating Results (1)



Change in Quarterly Totals of Business Partners for Goo Series



Due to seasonal factors, the gross number of companies dealt with in the 3rd quarter for the Goo series as a whole was slightly lower than that for the 2nd quarter, but the gross number of companies dealt with in the period April to December was 101.5% compared to the same period of the previous year thanks to the launch of “Goo Hokuriku Edition”.

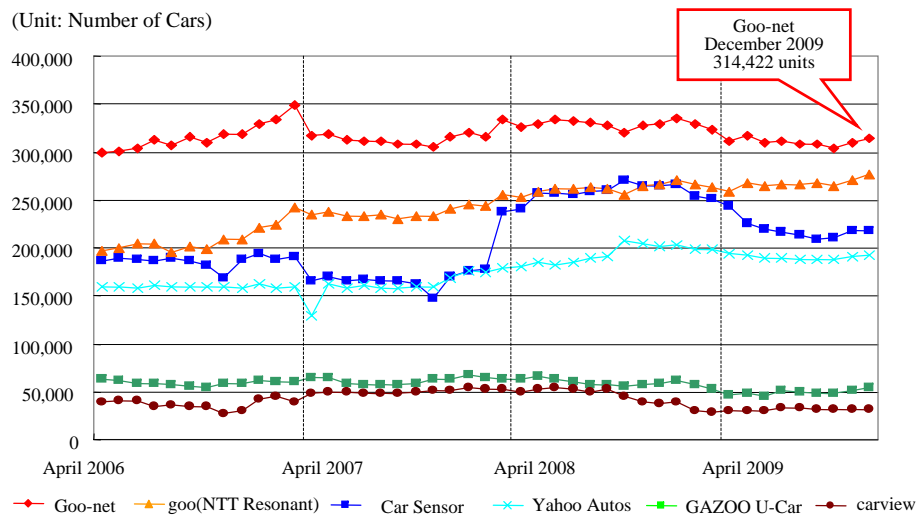
The average transaction value also remained at similar levels (99.3% compared to the same period of the previous year), with new stores joining the “Goo Approved Cars” program.

The number of stores involved in the “Goo Approved Cars” program was 1,458 IDs (552.3% compared to same month previous year) as of the end of December 2009.

(For reference: 366 IDs as of March 2009)



Change in Numbers of Used Automobiles Listed on Main Sites



The number of used vehicles listed on Goo-net is 300,000 or more at any given time, which means we remain in the lead compared to other company’s sites.

(According to in-house research)

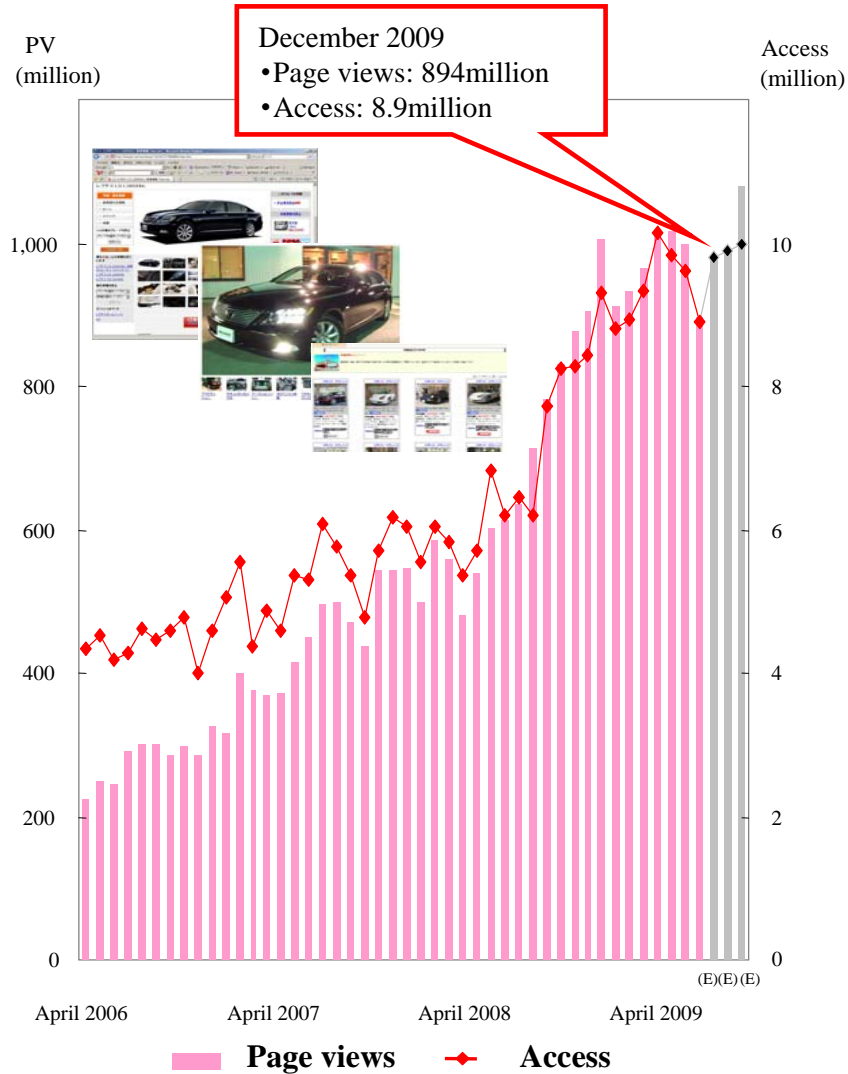
* The number of used vehicle listings for “Car Sensor (run by Recruit)” is the total of “Car Sensor-net” and “D-Ucar.net” since March 2008.

* NTT Resonant uses PROTO’s database, while Yahoo Autos uses Recruit’s.

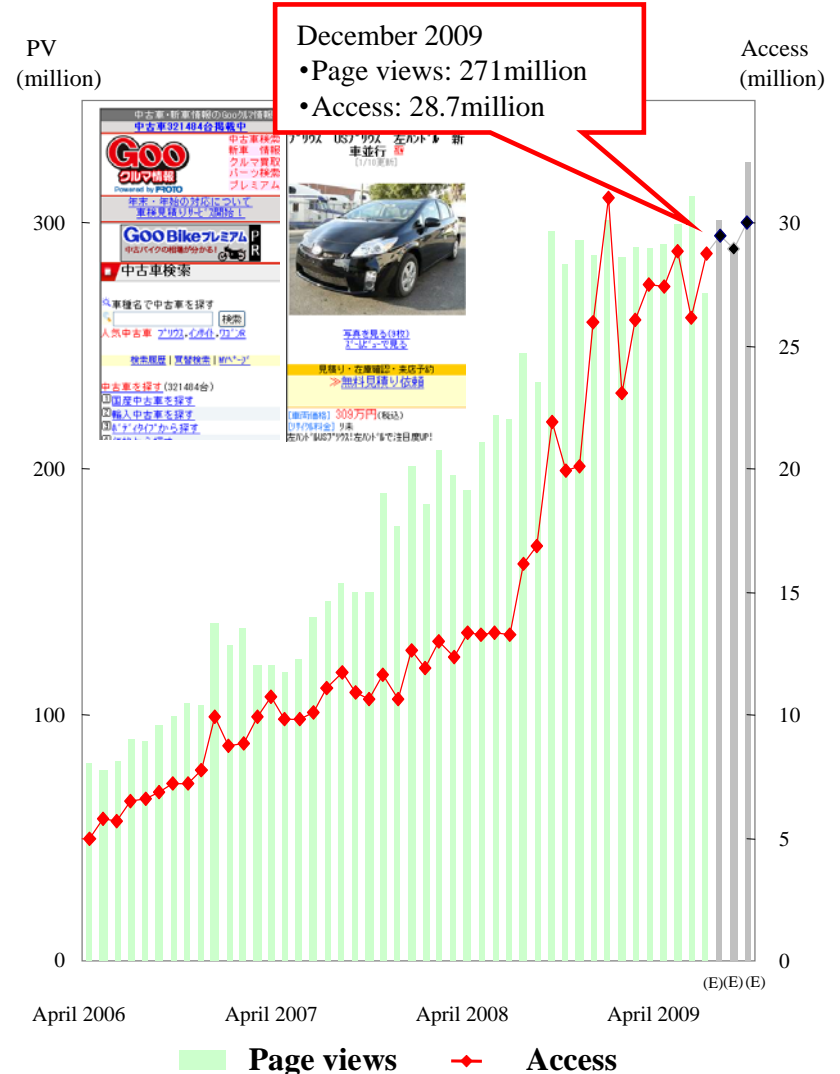
Operating Results (2)



Car Portal Site "Goo-net"(PC)



"Goo Car Information"(Mobile)

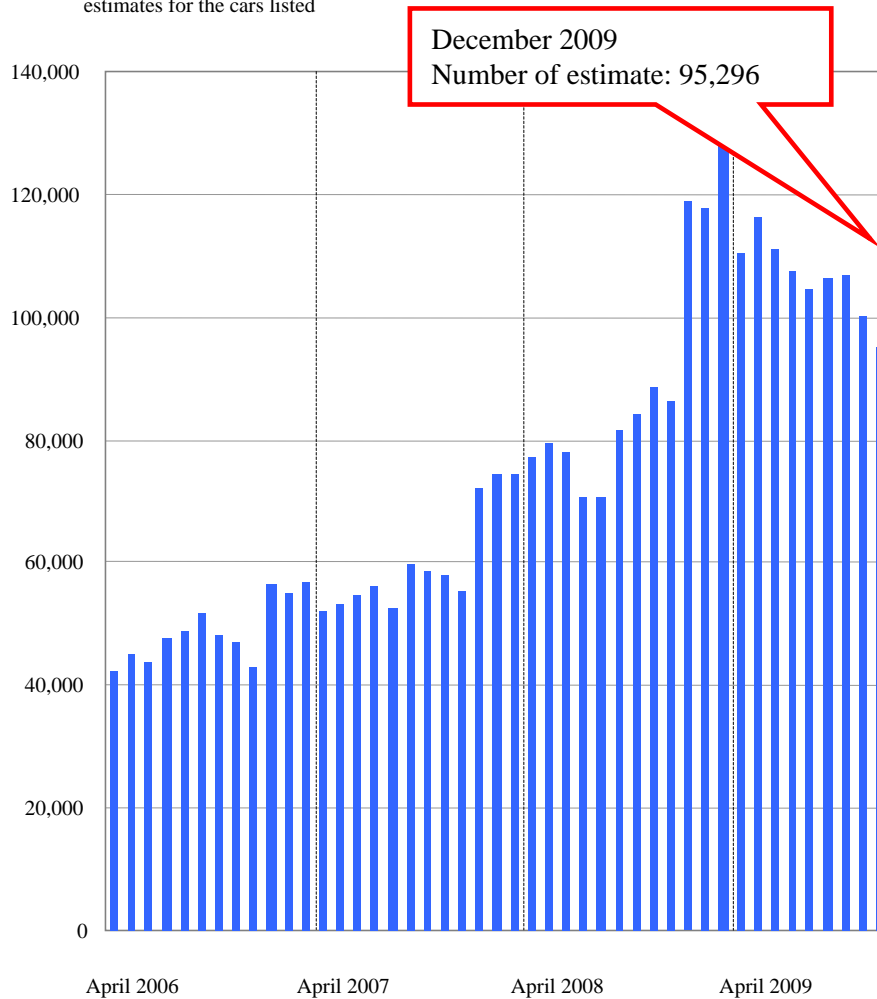


Operating Results (3)



Goo-net (PC&Mobile) Change in Number of Estimates (*)

* The number of requests to the "Goo-net Estimate Service" which lets customers receive estimates for the cars listed



TOPICS

(1) Reinforcement of SEO / Promotion

⇒Expansion of PV, Access, the number of estimates, the making a promise number

Ex.) The reinforcement of the user review (CGM)



"User Reviews"

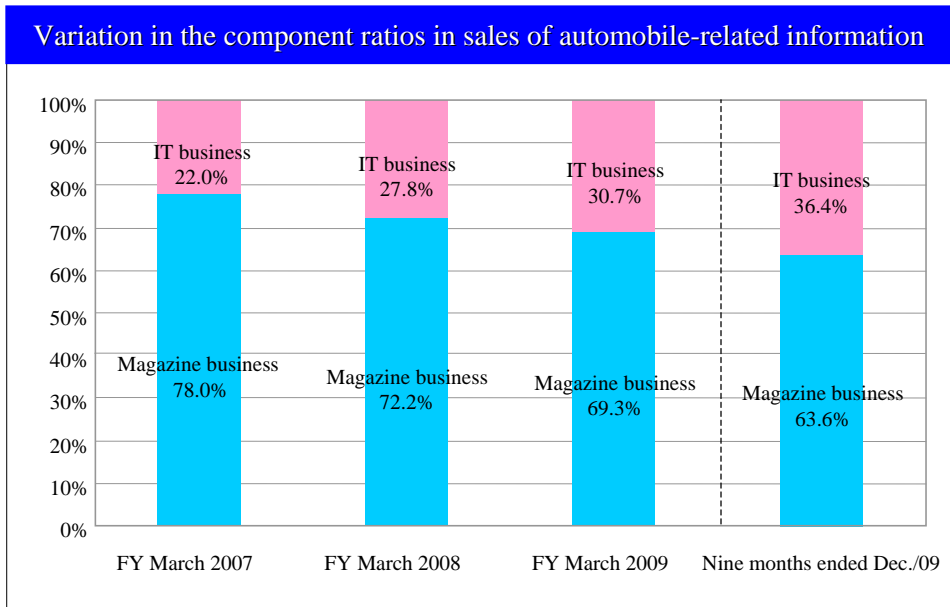
Reviews can only be sent in by those customers that made a purchase at one of the retailers.

Ex.) Expanded detailed information on items: Addition of multiple images

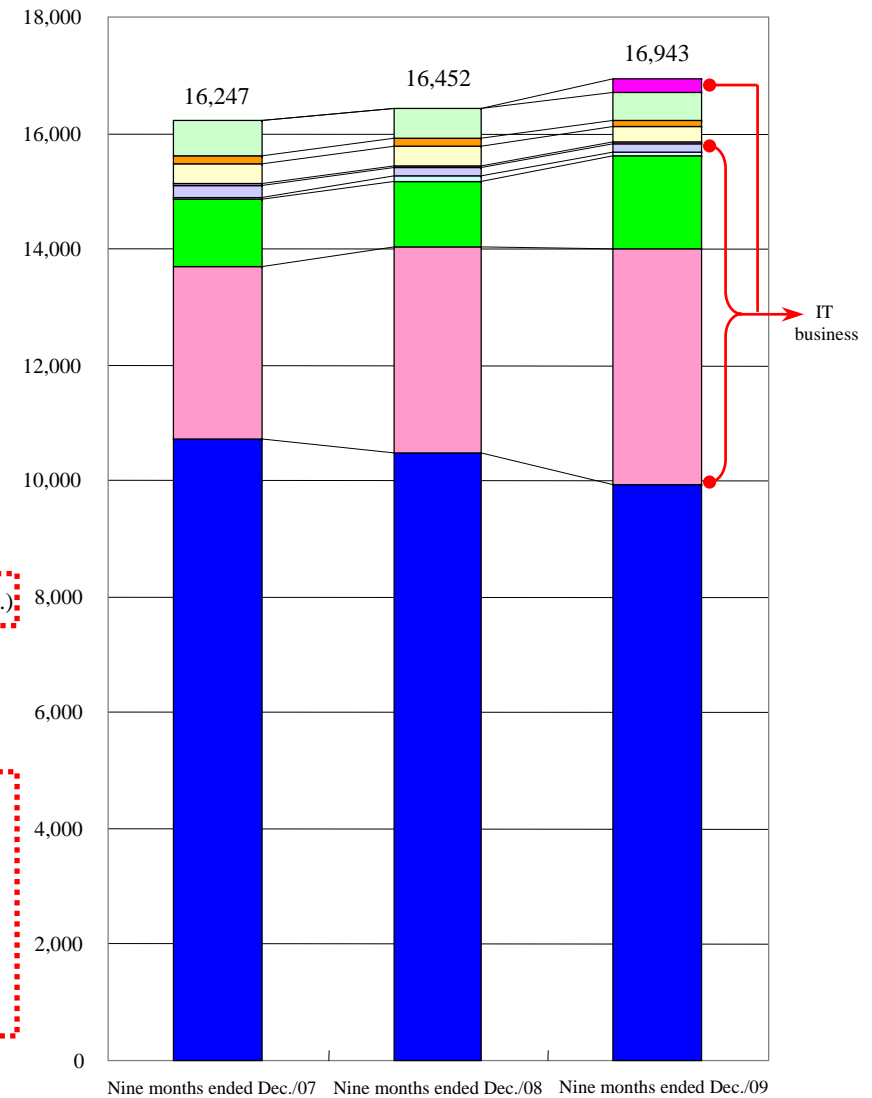


(2) Used car repair warranty service 'Goo Warranty.' Starting February 2010

Reference: Details of Sales in the Automobile-related Information Business



(Unit: million yen)



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

Reference: Consolidated quarterly earnings forecast for the Fiscal Year ending in March 2010



(Unit: million yen)

	FY March 2008					FY March 2009					FY March 2010				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	5,644	5,700	5,899	5,649	22,893	5,797	5,971	5,908	5,980	23,657	6,019	6,300	6,936	7,743	27,000
Cost of Sales	2,447	2,598	2,570	2,356	9,973	2,192	2,265	2,272	2,333	9,064	2,315	2,506	2,938	3,380	11,140
Gross Profit	3,197	3,101	3,329	3,292	12,920	3,604	3,705	3,635	3,647	14,592	3,704	3,793	3,997	4,363	15,859
SG&A Expenses	2,157	2,236	2,190	2,564	9,149	2,103	2,154	2,217	2,732	9,208	2,225	2,168	2,633	2,830	9,859
Operating Income	1,039	864	1,138	728	3,771	1,501	1,550	1,417	914	5,384	1,479	1,624	1,363	1,532	6,000
Ordinary Income	1,060	869	1,174	734	3,837	1,516	1,544	1,433	905	5,400	1,502	1,632	1,350	1,516	6,001
Net Income	572	366	693	205	1,838	906	929	875	476	3,187	892	959	788	863	3,504

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

	FY March 2008					FY March 2009					FY March 2010				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	5,644	5,700	5,899	5,649	22,893	5,797	5,971	5,908	5,980	23,657	6,019	6,300	6,936	7,743	27,000
Automobile-related	5,326	5,366	5,553	5,298	21,546	5,455	5,574	5,422	5,437	21,889	5,480	5,638	5,988	6,585	23,693
Info Registration Fee	4,508	4,600	4,740	4,550	18,400	4,686	4,875	4,633	4,676	18,872	4,660	4,796	4,655	5,058	19,170
Info Service Fee	817	766	813	747	3,145	769	698	788	761	3,017	819	841	1,333	1,527	4,522
Lifestyle-related	203	222	221	235	882	247	296	364	436	1,345	414	529	681	830	2,456
Real Estate	44	43	43	42	174	43	50	50	49	194	51	51	50	50	203
Others	70	68	80	72	291	49	49	70	57	227	73	80	215	277	646
Operating Income	1,039	864	1,138	728	3,771	1,501	1,550	1,417	914	5,384	1,479	1,624	1,363	1,532	6,000
Automobile-related	1,482	1,343	1,599	1,148	5,573	1,909	1,950	1,829	1,344	7,034	1,892	1,991	1,770	1,804	7,457
Lifestyle-related	(16)	(3)	(5)	0	(24)	4	24	16	16	62	3	52	50	156	262
Real Estate	20	17	18	15	71	13	12	27	17	70	26	26	23	23	99
Others	(49)	(45)	(34)	5	(123)	(20)	(39)	(19)	(1)	(80)	10	(20)	0	18	8
Management Division	(397)	(446)	(439)	(441)	(1,725)	(404)	(397)	(436)	(462)	(1,701)	(453)	(424)	(481)	(468)	(1,828)

* Plan numerical value of the October 29, 2009 announcement

Consolidated Balance Sheets



(Unit: million yen)

	FY March 2009 (Full year - end)		FY March 2010 (End of Dec./09)		Increase/Decrease (B) - (A)
	(A)	Composition ratio	(B)	Composition ratio	
Current Assets	12,038	55.7%	12,956	55.9%	① 918
Fixed Assets	9,570	44.3%	10,220	44.1%	② 649
Current Liabilities	6,167	28.5%	5,542	23.9%	③ (624)
Long-term Liabilities	576	2.7%	745	3.2%	168
Net Assets	14,865	68.8%	16,888	72.9%	④ 2,023
Total Assets	21,608	-	23,176	-	1,567

Point ① Increase of Current Assets (March 2009 period, 918 million yen increase from previous period)

Main reason for increase was an increase in cash and deposits.

Point ② Increase of Fixed Assets (March 2009 period, 649 million yen increase from previous period)

Main reasons for increase were acquisition of two consolidated subsidiaries and allocation of goodwill for business transfer.

Point ③ Decrease of Current Liabilities (March 2009 period, 624 million yen decrease from previous period)

Main reasons for decrease included payment of construction costs (unpaid portion) for building PROTO DATA CENTER main office.

Point ④ Increase of Net Assets (March 2009 period, 2,023 million yen increase from previous period)

Main reason for increase was an increase in retained earnings.

Consolidated Statements of Cash Flows



(Unit: million yen)

	Nine months ended Dec./08	① Nine months ended Dec./09	Increase/Decrease	(Reference) FY Mar./09
Cash Flows from Operating Activities	3,093	① 2,328	(765)	3,750
Cash Flows from Investing Activities	(2,968)	② (1,147)	1,820	(2,949)
Cash Flows from Financing Activities	(615)	③ (742)	(127)	(624)
Cash and Cash Equivalents at End of Term	8,479	9,552	1,072	9,107
Capital Expenditure	2,267	251	(2,015)	3,555
Depreciation (Including amortization of goodwill)	146	247	100	218

Point ① Cash Flows from Operating Activities

While 2,285 million yen of expenses occurred due to things such as income taxes, due to allocation of 4,631 million yen of income before income taxes from the previous quarter, earnings of 2,328 million yen were seen.

Point ② Cash Flows from Investing Activities

Payment for construction costs of the PROTO DATA CENTER main office, acquisition of investment securities, acquisition of shares in subsidiaries, and expenses due to business transfer led to expenses of 1,147 million yen.

Point ③ Cash Flows from Financing Activities

Due mainly to payments of dividends, expenses were 742 million yen.

■ 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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