



# Annual Report 2008

Year Ended March 31, 2008

PROTO CORPORATION

**JASDAQ** 4298

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## Origin of the Company Name

**P**ersonality

**R**ealize

**O**riginal

**T**otal

**O**ffer

Deploying our unique strengths to create original products, we make a comprehensive contribution to society in general.

# Corporate Message

## Leveraging Information for the Future

Since ancient times, mankind has used information gathered from natural phenomena to live by predicting the next day and further into the future.

In every stage of history, information has been vital for building a prosperous life.

We at PROTO Corporation collect and examine enormous quantities of automobile-related and lifestyle-related information, which we customize to meet individual requirements.

This approach started with the launch of Used Car Tsushin in 1977 in the pre-Internet era.

Since then, we have continued this approach with the development of Goo-net and other services tailored to contemporary and future needs.

The proliferation of the Internet and mobile phones in recent years has greatly changed the information environment.

Blogs and social networking services allow anyone to post information on the Internet and for that information to be shared among the many diverse Internet groups.

Different parts of the world will become better connected when advances are made in automatic translation systems.

The advent of a full-scale networked society will make all daily requirements available via the Internet, thus enabling the sharing of information anytime, anywhere.

For information on used vehicles, which we handle as part of our business, the day will most likely come when people can find the vehicles they want to import from Europe or the United States, or to show the actual condition of the cars they want to sell by sending images from the vehicle itself.

The possibilities of the Internet are ever expanding.

We can expect such advances to bring about further diversification and segmentation of demand for information.

The more that information is shared, the more its reliability and safety will be called into question.

For this very reason, we will not employ merely cutting-edge information technologies, but will also correctly identify a user's needs in order to provide customized content containing reliable, carefully selected information that the user really wants.

This will benefit each individual user by providing a knowledge base that will help them build an even more prosperous life.

We will continue with our challenge to provide valuable information in this way.

PROTO Corporation is a provider of information that will serve as knowledge for the future.



**Cover Photo : Stonehenge (United Kingdom)**

Stonehenge is an ancient ruin said to have been built around 2,500BC.

Theories abound as to its purpose, including a place of worship and an ancient astronomical observatory. With many mysteries surrounding the method of construction, it is a ruin that embodies the ingenuity of ancient man.

In the photo, we can see two children running around the ancient monument. Children are a symbol of the "future." We have adopted this image to convey the PROTO corporate message of "Leveraging Information for the Future."



PROTO Corporation has decided to produce an annual report to improve its system of disclosure and better inform all investors of its affairs over the previous twelve-month period.

Since its founding in 1977, PROTO Corporation has sought continuous and stable growth in line with its corporate commitment to “bringing companies and people together for the benefit of society, using intelligence and information rather than simply selling commodities.” Our aim is to remain an attractive company by constantly engaging in original businesses.

Matching the needs of users and clients by providing users with information content that they truly need from the diverse information available today forms the basis of PROTO’s business. We seek to constantly provide products and services that are half a step ahead of the rapidly changing times, and we always want to do better. To this end, we at Proto adhere to a spirit of challenge based on our company mottos of “courage to tackle challenges” and “truth through action.” The Company’s strength and the driving force behind its growth lies in being a group with the impetus and dynamism to produce results by proactively putting ideas into action. We will continue to offer new products and services in tune with user needs.

To continue earning the absolute support of users, it is imperative that we build a corporate brand in

addition to our product brands, such as those in the existing Goo series. Today, some 30 years since our founding, our plan is to establish the Proto corporate brand underpinned by our catchphrase “Leveraging information for the future.” Our aim is to become a company with original and unquestioning value so that instead of saying “I want information,” users will say “I want PROTO’s information” or “PROTO’s information is No. 1.” We believe that corporate value signifies the trust, expectations, and satisfaction of not only users, but also of employees, shareholders, and all other stakeholders, as well as society. Therefore, in addition to improving our business performance, we will actively strive to maximize corporate value by pursuing sound and transparent management.

The automobile sales industry, an important client base for the PROTO Group, is currently experiencing the impact of harsh external conditions, such as a year-on-year decline in the number of new car sales and used vehicle registrations. Nonetheless, we will continue to build an even more robust financial foundation by reinforcing profitability and stability.

PROTO recognizes that at the same time as strengthening its business base, returning profits to shareholders is an important management challenge. Our basic policy is to return profits by adopting a comprehensive approach that increases internal reserves in preparation for future growth while taking care to pay consistent and stable dividends.

Together with its customers, PROTO Corporation will strive to deliver satisfaction and sustainable growth. By also fulfilling our social responsibilities as a publicly listed company, we will continually challenge and evolve so that 100 years from now we are as needed as we are today.

September 2008

Tatsuzo Irikawa  
President, COO

A handwritten signature in black ink that reads "T. Irikawa". The signature is stylized and written in a cursive-like font.

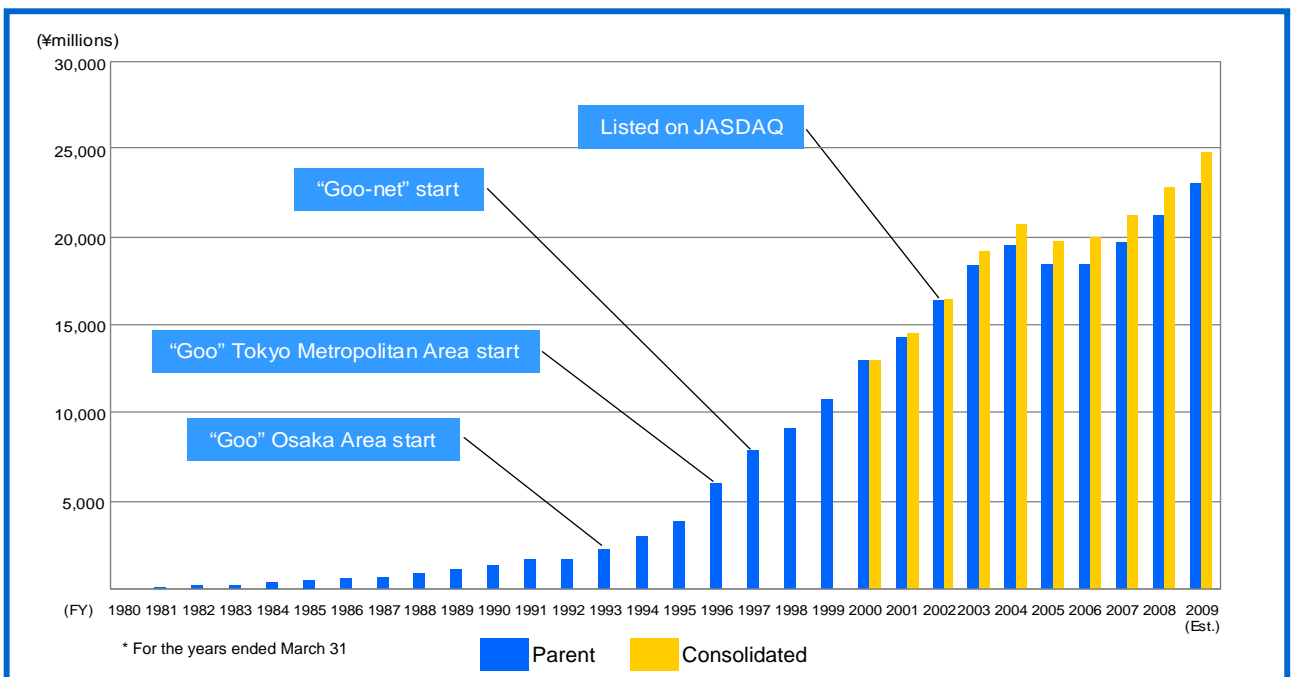


# Corporate History

## Corporate History

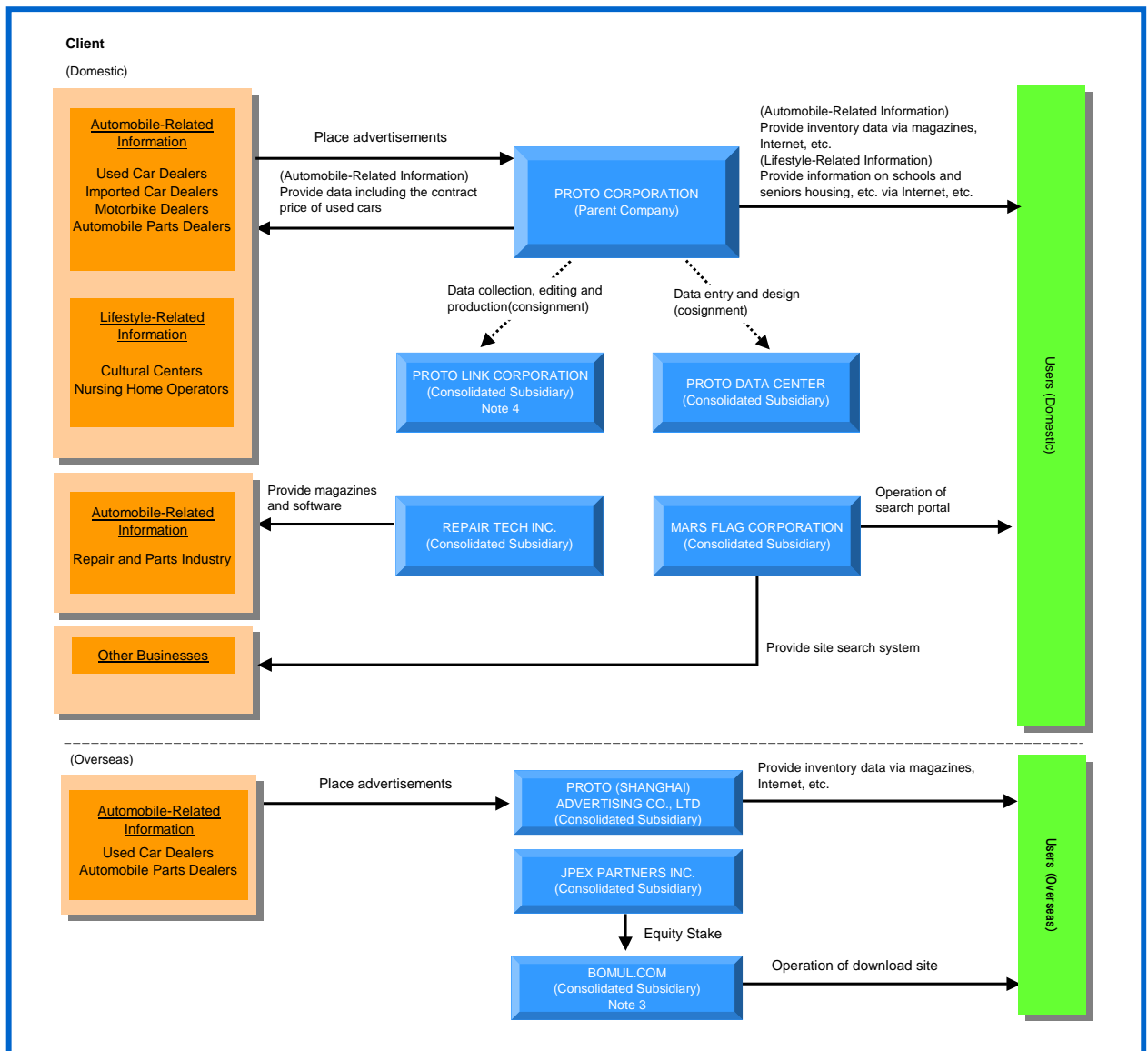
		Event
1977	Oct.	"Used Car Tsushin" (now "Goo") launched
1979	Jun.	Project Eight Corporation (now PROTO Corporation) established
1985	Aug.	"Auction Information Weekly" launched
1992	Oct.	"Used Car Tsushin" name changed to "Goo"
	Dec.	"Goo Osaka Edition" launched, marking start of nationwide expansion
1995	Oct.	"Goo Tokyo Metropolitan Area Edition" launched
1996	Apr.	"Data Line" used car data search system developed, marking launch of information service
	Oct.	Used car information search site "Goo-net" marks start of online information service
1999	Oct.	"Blue Book"(now "Standard Price") guide to used car prices launched
	Oct.	Starts providing automobile-related information as an official i-Mode site in collaboration with NTT DoCoMo
2001	Aug.	"Goo Bike" information magazine launched
	Sep.	PROTO's stock registered over the counter with the Japan Securities Dealers Association (currently JASDAQ Securities Exchange)
2002	Mar.	"Goo Parts" car parts information magazine launched
	Aug.	"Vee School" launched, marking entry to cultural-related information business
2006	Aug.	"Goo-net Auction" launched as a C-to-B used car trading service
	Oct.	"Oasis Navi" launched as online information search site for nursing homes
2007	Jul.	"Kaigo Kyujin Navi" launched as recruiting/outplacement information service for nursing, medical, and welfare facilities

## Historical Sales



The PROTO Group consists of PROTO Corporation and five subsidiaries (As of September 30, 2008). These companies collect, sort, and classify information related to automobiles and lifestyles. Such information is then provided to consumers and corporations through magazines, the Internet, and mobile terminals. Details of the Group's core businesses, the role of each company in these businesses, and the various business segments are shown below. The Group is working to enlarge the scope of its core automobile-related information business, while establishing and expanding its footing in the lifestyle-related information business. In the field of automobile-related information, we are maximizing synergies between the Company and its

consolidated subsidiaries to ensure consistent and stable profits and further expansion of the Group's businesses. To this end, in addition to clearly defining the role of each company, we will reinforce growth via a three-pronged approach of expanding content, upgrading services, and strengthening media.



- Notes:
1. PROTO Corporation and REPAIR-TECH INC. also engage in real estate management.
  2. On March 31, 2008, MPEC Corporation was absorbed by PROTO Corporation and thus no longer exists.
  3. On April 30, 2008, BOMUL.COM was absorbed by JPEX PARTNERS INC. and thus no longer exists.
  4. On June 1, 2008, PROTO LINK Corporation was absorbed by PROTO Corporation and thus no longer exists.

## Automobile-Related Information

The Group engages in advertising activities through a variety of media in order to increase the sales of its clients, mainly manufacturer-affiliated dealers, used car dealers, and parts dealers. Meanwhile, consumers who buy used cars, parts, and other goods find and purchase the desired product based on information disseminated by these dealers and stores.

The Company collects inventory data on cars and other items sold by retailers through the placement of advertisements. We bring together this inventory data and ultimately provide it to consumers via information magazines, the Internet, and other media. By matching the mutual needs of retailers and consumers in this way, we help retailers increase marketing opportunities while assisting consumers with purchasing.

We offer various services to used car dealers and other corporate clients. These include information on the prices of successful bids for used vehicles collected from automobile auction houses throughout Japan, as well as a unique service where we provide standard prices for used vehicles based on data on successful bids. We also have a management support business to facilitate effective and efficient purchasing and selling. One example is the recently launched Goo-net Auction, a C-to-B used car purchasing service in which used car dealers compete via a tender process to purchase privately owned vehicles.

We have three main sources of revenue: advertising revenue, generated from registration fees for information belonging to used car dealers that appear in our magazines and on our Internet sites; revenue from magazine sales; and revenue from providing such information to other companies.

REPAIR-TECH Inc. publishes magazines for the automobile repair and parts industry and develops and sells automobile repair quotation software.

PROTO (Shanghai) Advertising Co.,Ltd. promotes the establishment of businesses using the Group's information collecting and provision expertise in China's rapidly expanding automobile market.

PROTO DATA CENTER provides data entry services for information appearing in the Group's media, and also undertakes media design and production.

## Products of Automobile-Related Information



Used car information magazine Goo



Imported car information magazine Goo World



Bike information magazine Goo Bike



Car parts information magazine Goo Parts



Used car information search site Goo-net



Used car information search mobile site Goo!!



Auction Information Weekly



Body Shop Report Monthly

## Lifestyle-Related Information

In this segment, the Group provides consumers with information on lessons held at cultural schools, where students obtain qualifications and skills and pursue hobbies. We also provide information via the Internet and mobile media on fee-based nursing homes and housing for seniors. As with automobile-related information, we sort and classify the information to make it easy for people to compare and examine.

Our main source of revenue is advertising revenue (as is the case with automobile-related information) generated from fees paid by our advertising clients

### Products of Lifestyle-Related Information



Cultural centers site  
VeeSCHOOL.com



Information search site for  
nursing homes  
Oasis Navi



Recruiting/outplacement  
information service for  
nursing, medical, and  
welfare facilities  
Kaigo Kyujin Navi



Hanryu Entertainment!

to register information in magazines and on Internet sites.

PROTO DATA CENTER provides data entry services for information appearing in the Company's media, and also undertakes media design and production.

## Real Estate Business

PROTO Corporation and REPAIR-TECH Inc. manage the Group's real estate assets, with the primary objective of carrying out maintenance and managing these buildings.

## Others

MARS FLAG Corporation develops and administers the Internet search engine MARS FLAG and the MARS FINDER search function used for searching within websites.

JPEX Partners Inc. administers the software download website BOMUL.com and also develops, distributes, and sells software.

### Other Products

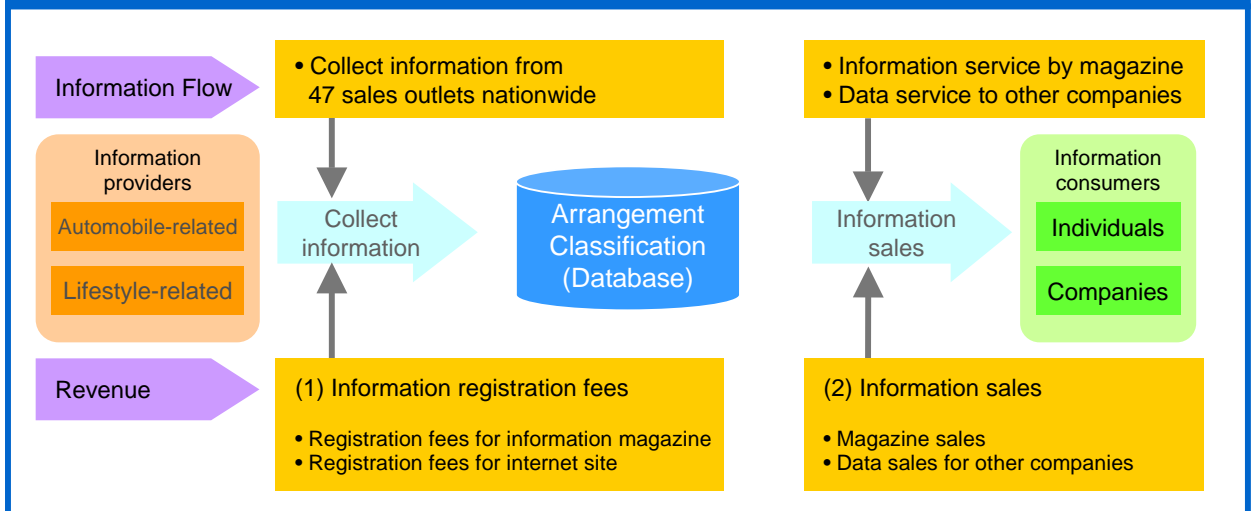


Internet search engine  
MARS FLAG



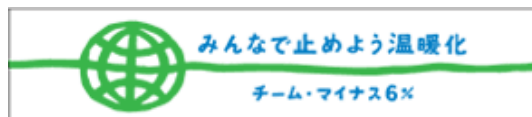
Software download site  
BOMUL.com

## Business Process



## Tackling Environmental Problems

### 1. Participation in “Team Minus 6%”



Introduced in response to the Kyoto Protocol adopted in 2005, “Team Minus 6%” is a national campaign promoted by the Global Warming Prevention Headquarters, led by the Ministry of Environment. The campaign calls for Japanese people, corporations, and organizations to work together from 2008 to 2012 to achieve a 6% reduction in greenhouse gas emissions compared with 1990 levels.

PROTO joined the campaign in 2006 and is currently implementing the following initiatives.

#### (1) Temperature control

By setting air conditioners at 28°C in summer and heating at 20°C in winter at our offices, we are reducing CO<sub>2</sub> emissions, one of the causes of global warming.

#### (2) Eco-drive

CO<sub>2</sub> emissions from private vehicles today account for approximately 10% of emissions nationwide. Due to increasing car ownership, there are around 20% more vehicles on our roads compared with 1990. At a time when drivers are asked to consider the environment, we are asking our employees to stop idling engines when stationary or parked for more than one minute and to tread gently on the accelerator when starting.

### 2. “Eco Campaign”

In June 2008, we held our “Eco Campaign” in association with our Goo series of publications and related websites, following a similar initiative adopted in 2006.

Under the campaign, we sought to raise awareness concerning the environment by offering giveaways related to an “eco” theme. We also promoted a variety of activities aimed at vehicle users, including the “Eco-drive” campaign.

## Corporate Governance

In addition to enhancing corporate value by raising competitiveness, the purpose of corporate governance is to engage in transparent and highly sound management that earns the trust of society. We believe that managing our business while taking

constant care to maximize profits for shareholders, clients, employees, and all other stakeholders helps enhance our value as a member of society. We will continue working hard to establish a transparent and highly sound management system by implementing thorough compliance (observance of laws and regulations), reinforcing monitoring functions, and disclosing information in a timely, appropriate, and fair manner.

### 1. Board of Directors

The Board of Directors decides on matters set down in “Provisions for Board of Directors’ Meetings” at regular monthly meetings, as well as other meetings held when required.

Directors have the authority to execute business affairs under their control, and are also charged with monitoring the actions of other directors and matters raised at Board meetings. Proto Corporation has introduced an executive officer system with the aim of delegating directors’ authority on a company-wide or organizational scale in line with business expansion. Under this system, executive officers responsible for a particular division are given the same authority as that given to directors. These executive officers report to the Board of Directors as appropriate on their respective responsibilities.

### 2. Board of Corporate Auditors

Under the Company’s auditor system, the Board of Corporate Auditors is charged with strengthening the monitoring of management. Specifically, auditors are responsible for monitoring directors’ compliance with laws, regulations, and the Articles of Incorporation in the execution of their duties. The independence of the auditing function is enhanced by the appointment of two external auditors in addition to one standing auditor. The Company’s corporate auditors share information at monthly Board of Corporate Auditors meetings.

Corporate auditors monitor directors’ execution of duties and the establishment and operation of the Company’s internal control system by attending Board of Directors meetings, Board of Directors meetings, reading documents, and talking with relevant parties. Auditors oversee business reports, financial reports, appended statements, and other measures submitted at the Annual General Meeting of Shareholders based on the findings of the auditing firm responsible for financial audits held at the end of each financial year. They also submit audit reports to the Company president.



### 3. Internal Audits

The main duties of the Internal Audit Office are to check in-house regulations and business practices and audit the management and maintenance of accounts in line with the audit plan formulated at the beginning of each financial year. Employees from the Internal Audit Office do this by visiting the Company's branches, sales offices, and subsidiaries nationwide. When matters requiring attention are identified in the course of this auditing process, the auditors specify the necessary improvements and follow up the result at a later date to ensure that such improvements are made. Coordination between corporate auditors and the independent accounting auditor allows for the implementation of audits as appropriate. They report the results of these audits to the president on a regular basis.

### 4. Coordination between Corporate Auditors and Accounting Auditor

The Company's corporate auditors and accounting auditor share information at reporting sessions held twice a year. At these meetings, auditors present reports and exchange ideas on the audit system, audit plans, and the implementation of auditing.

### 5. Coordination between Corporate Auditors and the Internal Audit Office

The auditors and the Internal Audit Office coordinate activities through a mutual exchange of ideas and checking up on recent matters. Staff at the Internal Audit Office audit the Company's business activities by visiting branches, sales offices, and subsidiaries nationwide in line with the audit plan formulated at the beginning of each financial year. Auditors accompany staff from the Internal Audit Office visiting the Company's main offices in order to monitor the maintenance and operation of the internal control system.

### 6. Main Activities of External Auditors

The Company's auditors share information at the monthly Board of Corporate Auditors meetings. All auditors also attend the regular monthly Board of Directors meetings, where they monitor the directors' execution of duties, the Company's internal control system, and other matters by asking questions as appropriate.

### 7. Internal Control System and Financial Reports

PROTO Corporation is working hard to strengthen internal control through the establishment of an Internal Control Office under the direct control of the

president. The Office shares information with the Internal Audit Office and maintains the standards required under the Financial Instruments and Exchange Law. It does this through appropriate "evaluation to ensure the appropriateness of documents and other information related to financial accounts" as prescribed in Article 24, Paragraph 4, Item 4 of the Law.

### 8. Compliance System

PROTO strives to promote and maintain proper behavioral standards among its employees through its Company Charter, which was established as a code of conduct in 2006. Each division and department establishes, maintains, and improves its own internal control system while also formulating rules and guidelines and implementing training.

The Company has formulated compliance regulations to ensure observance with laws, regulations, and the Company's Articles of Incorporation. We have a reporting system with its own provisions that can be used when any employee discovers conduct that is in violation of any laws, regulations, or Article of Incorporation. Efforts to ensure that employees are familiar with the system include the establishment of an internal reporting liaison service.

The Company is also establishing a system that reports the details and proposed solution without delay to top management, Board of Directors, and auditors in the event of a problem concerning compliance.

### 9. Industry Activities

Recently, dishonesty toward consumers has become a problem within the used car industry as a result of a downturn in consumption. Specific examples of such dishonest conduct include erasing the accident record of a car so that it appears to have no such record and winding back odometers.

With regard to odometer tampering, through our various vehicle-related media we urge manufacturer-affiliated dealers and used car dealers to be vigilant of this activity. Two prevention measures established by the Automobile Fair Trade Council include the affixing of seals to vehicles with replacement meters and vehicles with tampered meters, and using the odometer reading administration system to check whether or not there has been tampering. The Company endeavors to raise the ethical standards of the industry while coordinating closely with the Council and similar organizations.

The following sets out the various items that can potentially have a serious impact on investors' decisions.

The PROTO Group does not necessarily view the items mentioned below as business risks. However, it is important to understand such items in relation to the Group's business activities when making investment decisions. Their inclusion here signifies our commitment to disclosing information to investors.

Having recognized these risks, the PROTO Group endeavors to avoid them and/or adopt appropriate measures in event of their occurrence.

## 1. Dependence on Automobile-Related Information

The PROTO Group consisted of PROTO Corporation and five consolidated subsidiaries. The Group's main businesses are the provision of information services on new vehicles, used vehicles, parts, and accessories; other automobile-related information; information for lessons at cultural schools where students pursue qualifications, skills, and hobbies; and lifestyle-related information services.

Revenues from automobile-related information derive from fees paid to register inventory data on used cars owned by car dealers on our databases and in our information magazines, as well as information magazine sales and sales from providing information to other companies. In the year ended March 31, 2008, 94.1% of total Group revenue derived from sales of automobile-related information. Fees for registering information accounted for 80.4% of these automobile-related information sales. Accordingly, the Group depends on automobile-related information registration fees for a substantial portion of its revenue.

Furthermore, sales of the car information magazine Goo account for 46.6% of consolidated net sales. Accordingly, the performance of Goo can significantly impact the Group's business results. Nonetheless, we intend to reduce our dependence on Goo and are currently taking steps toward this objective. For example, we are expanding our range of secondary products developed using our abundance of information related to automobiles, as well as our lineup of Internet-related products.

## 2. Market Fluctuations in Printing Paper

Paper is required for printing and producing various publications, such as the car information magazine Goo, a core product. PROTO LINK Corporation, a wholly owned subsidiary, is in charge of negotiating the delivery price of printing paper with suppliers while monitoring market prices. It is possible that printing costs will increase if there are significant increases in printing paper prices. Nonetheless, the PROTO Group is endeavoring to mitigate this risk by shifting from using mainly magazines to employing the Internet to disseminate information, due to the growing popularity of that medium.

## 3. Dependence on Specific Vendors

The Group consigns printing of its mainstay magazine Goo and other major publications to the Kyoritsu Printing Group. In the year ended March 31, 2008, this represented 50.8% of total outsourcing expenditure. We use Kyoritsu Printing because of its stable supply system, its high reliability in meeting delivery schedules, and its ability to meet the technological needs of the PROTO Group.

While we enjoy the stable supply system and business relationship afforded by Kyoritsu Printing, we recognize that certain circumstances could affect our dealings with that company, and that its supply of media could be impeded as a result. Therefore, we also consign printing to other companies in an effort to diversify away risks affecting our overall printing activities.

## 4. Dependence on Specific Suppliers

Supply of printing paper to the PROTO Group for its mainstay Goo magazine and other major publications was handled by PROTO LINK Corporation (On June 1, 2008, PROTO LINK Corporation was absorbed by PROTO Corporation), which sources such paper from Tokyo Pulp & Paper Co., Ltd. In the year ended March 2008, Tokyo Pulp & Paper supplied 65.7% of all printing paper sourced by PROTO LINK Corporation. We use Tokyo Pulp & Paper because of its stable supply system, its high reliability in meeting delivery schedules, and its ability to meet the needs of the PROTO Group. We are also able to achieve cost reductions by limiting procurement to a single supplier.

Note: PROTO LINK Corporation was absorbed by the PROTO Corporation on June 1, 2008, and no longer exists. Therefore, PROTO Corporation undertakes price negotiations directly with Tokyo Pulp & Paper in the future.

We enjoy a stable supply of paper and a good relationship with Tokyo Pulp & Paper. Should there be a problem with our current arrangement for some reason or other, however, we will need to change and diversify our sources of paper, which may make it difficult to achieve the cost-reduction benefits received to date.

## **5. Legal Restrictions on Content**

All sorts of content appear on the Internet, including content that violates rules covering protection of privacy, public decency, and intellectual copyright. It is possible that certain legal restrictions may be implemented in the future to address these kinds of issues.

To date, the Group has addressed consumer needs by providing helpful content considered necessary by society without experiencing problems related to delivering content via the Internet. Accordingly, we believe that we would not be affected by legal restrictions covering the Internet should they be implemented. However, it is difficult to predict the precise effects that such implementation would have on the Group, given that the particulars and scope of such legal restrictions have yet to be made public.

## **6. Maintaining Effective Security and Protecting Personal Information**

### **Computer Network Security**

PROTO delivers much of its content and services via the Internet and mobile media, and thus is highly dependent on the proper functioning of computer systems and networks, both within and outside of the Company. Our computer system and network are protected by security measures designed to prevent the entry of computer viruses and unauthorized access. Although we will endeavor to ensure effective responses in the future, we recognize that external attempts at destruction or sabotage, or interference created from outside the Company, could prevent us from supplying content and services, which could have an adverse impact on the Group's performance.

## **Protection of Personal Information**

Recently, personal information leaks by a large number of companies have become a social problem. The PROTO Group endeavors to protect personal information in an appropriate manner through the implementation of its Regulations for the Protection of Personal Information. These regulations are based on the President's Policy on the Protection of Personal Information, formulated in accordance with the Personal Information Protection Law, enacted in April 2005.

However, in the event that personal information held by the Group is leaked to outside entities or used fraudulently, the Group could be subject to compensation claims and lose the confidence of the public community, which could have an adverse impact on its performance.

## **7. Corporate Responsibility for Digital Content**

As an information service provider that uses various forms of media, the Group believes that it is in the same position as other mass media insofar as its impact on society is concerned. Therefore, in the unlikely event that we make an error in the information content we provide, it is possible that we could inflict tangible or intangible harm on a particular person or corporation and that we could be sued for damages.

The Group strives to ensure strict control over information content through its system of carrying out multiple checks. However, in the unlikely event of an error, it is possible that we could lose the trust of society, which could have an adverse impact on the Group's performance.

# Consolidated Financial Highlights

## Financial Highlights

For the years ended March 31

	2004	2005	2006	2007	2008
<b>For the Year</b>					
Net Sales (Thousands of Yen)	20,781,415	19,778,878	19,952,511	21,238,785	22,893,978
Operating Income (Thousands of Yen)	1,982,790	1,725,090	2,010,373	2,988,772	3,771,517
Ordinary Income (Thousands of Yen)	1,927,464	1,715,695	1,987,622	3,136,853	3,837,768
Net Income (Thousands of Yen)	867,756	917,099	598,118	1,766,081	1,838,008
<b>At Year End</b>					
Net Assets (Thousands of Yen)	8,330,599	9,021,519	9,589,110	11,305,128	12,434,185
Total Assets (Thousands of Yen)	15,704,136	15,109,068	16,218,762	17,924,093	19,023,424
Common Stock (Thousands of Yen)	1,824,620	1,824,620	1,824,620	1,824,620	1,824,620
Number of Shares Issued	8,725,000	8,725,000	8,725,000	10,470,000	10,470,000
Number of Employees	568	575	622	650	685

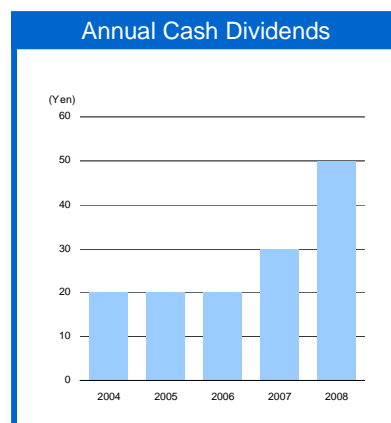
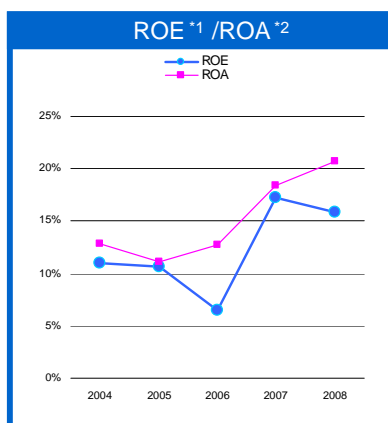
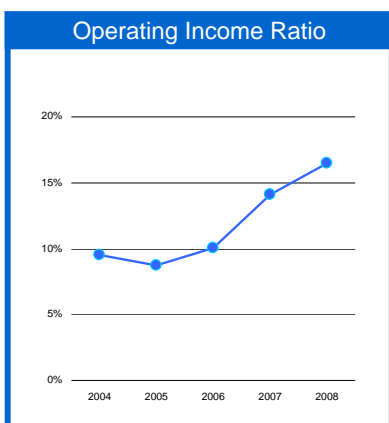
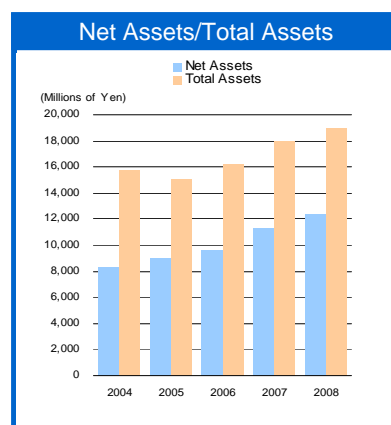
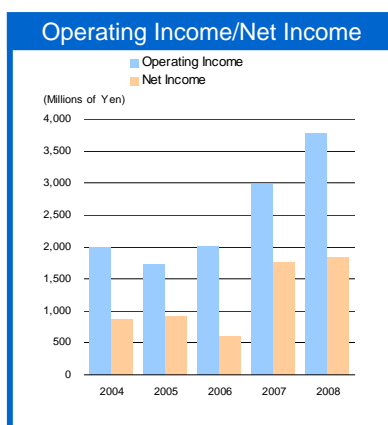
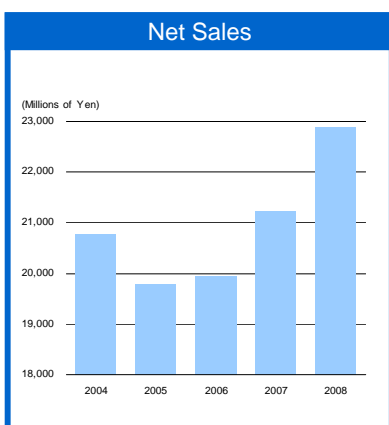
## Per Share Data

(Yen)

	2004	2005	2006	2007	2008
Earnings Per Share (EPS)	96.27	101.59	66.13	168.78	175.69
Book-value Per Share (BPS)	941.42	1,031.00	1,097.22	1,042.41	1,176.24
Annual Cash Dividends	20.00	20.00	20.00	30.00	50.00

## Profitability Index

	2004	2005	2006	2007	2008
Operating Income Ratio	9.5%	8.7%	10.1%	14.1%	16.5%
Return on Equity (ROE) *1	11.0%	10.6%	6.4%	17.2%	15.8%
Return on Asset (ROA) *2	12.8%	11.1%	12.7%	18.4%	20.8%



\*1 ROE:Net Income/Equity Capital

\*2 ROA:Ordinary Income/Net Asset



## Analysis of Results

### 1. Performance Summary

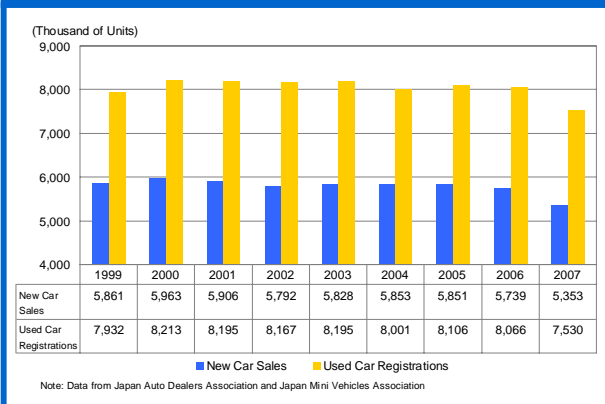
In the fiscal year ended March 31, 2008, the Japanese automobile sector, which represents the PROTO Group's major client base, recorded a 5.3% year-on-year decline in unit sales of new vehicles and an 8.3% fall in unit sales of used vehicles. These decreases stemmed from growing consumer sentiment for frugality amid economic slowdown and surging gasoline prices.

outsourcing costs. Net income for the year increased 4.1%, to ¥1,838 million. Factors limiting net income growth included a loss on the revaluation of investment securities, losses associated with reorganization of Group businesses, and a rise in income tax due to tax-effect liabilities.

Business results by segment are as outlined below.

### 2. Segment Results

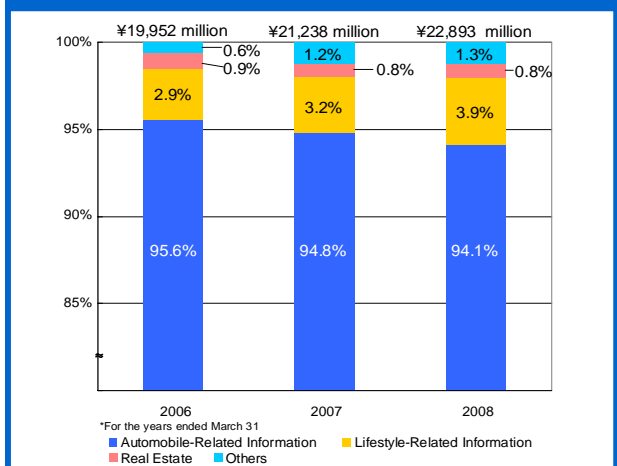
#### New Car Sales and Used Car Registrations



Under these circumstances, the Group, positioning brand solidification as an important strategic issue for management, sought to further strengthen its automobile-related information business and quickly establish its lifestyle-related information business. Specifically, we strove to upgrade our information content, which is strongly supported by consumers, and we upgraded our convenience-oriented services, in order to solidify our competitive edge and further entrench the popularity of the PROTO brand. With respect to the Internet and mobile media, we stepped up development of products and services while considering media changes from futuristic magazines.

As a result, for the year ended March 31, 2008, the Company posted consolidated net sales of ¥22,893 million, a 7.8% increase compared with the previous year. Operating income climbed 26.2%, to ¥3,771 million, and ordinary income grew 22.3%, to ¥3,837 million. These improvements in earnings stemmed from an increase in sales of highly profitable Internet-related products in the automobile-related information segment, as well as the solid progress of PROTO DATA CENTER, set up with the aim of reducing the Company's

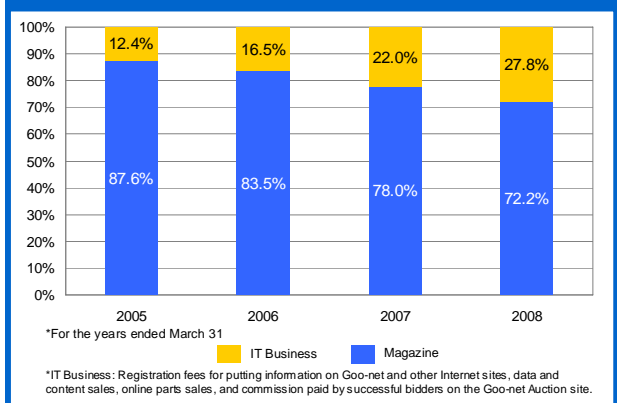
#### Sales Breakdown by Segment



#### (1) Automobile-related information

While the external business environment remained competitive, we worked hard to increase the number of clients under contract and maintain and increase unit prices per individual client. We did this by adhering to our policy of providing comprehensive support for used car dealers, from stock procurement to sales. We strove to expand our client base in our information magazine business as well, including by launching a Kyushu edition of the

#### Automobile-Related Information Sales by Medium



# Business Performance

motorcycle magazine Goo Bike. In our Internet-related business, we worked to expand sales of existing offerings, such as our quotation intermediary services. We also sought to establish a competitive edge and solidify the Goo brand by actively cultivating new businesses, such as the used car purchasing service Goo-net Auction.

As a result, sales in this segment totaled ¥21,546 million, a 7.0% increase compared with the previous year. Operating income climbed 10.7%, to ¥5,573 million, thanks to the cost-reduction efforts of PROTO DATA CENTER, established with the aim of lowering outsourcing costs.

## (2) Lifestyle-related information

Sales in this segment jumped 30.5%, to ¥882 million, thanks to the full-year contribution of Oasis Navi, a website covering fee-based nursing homes and housing for seniors, launched October 2006. Revenue from our existing cultural information business also continued to expand. However, this segment posted a ¥24 million operating loss (from an operating loss of ¥89 million in the previous year). This stemmed from initial investment costs for setting up Oasis Navi, a newly launched recruitment

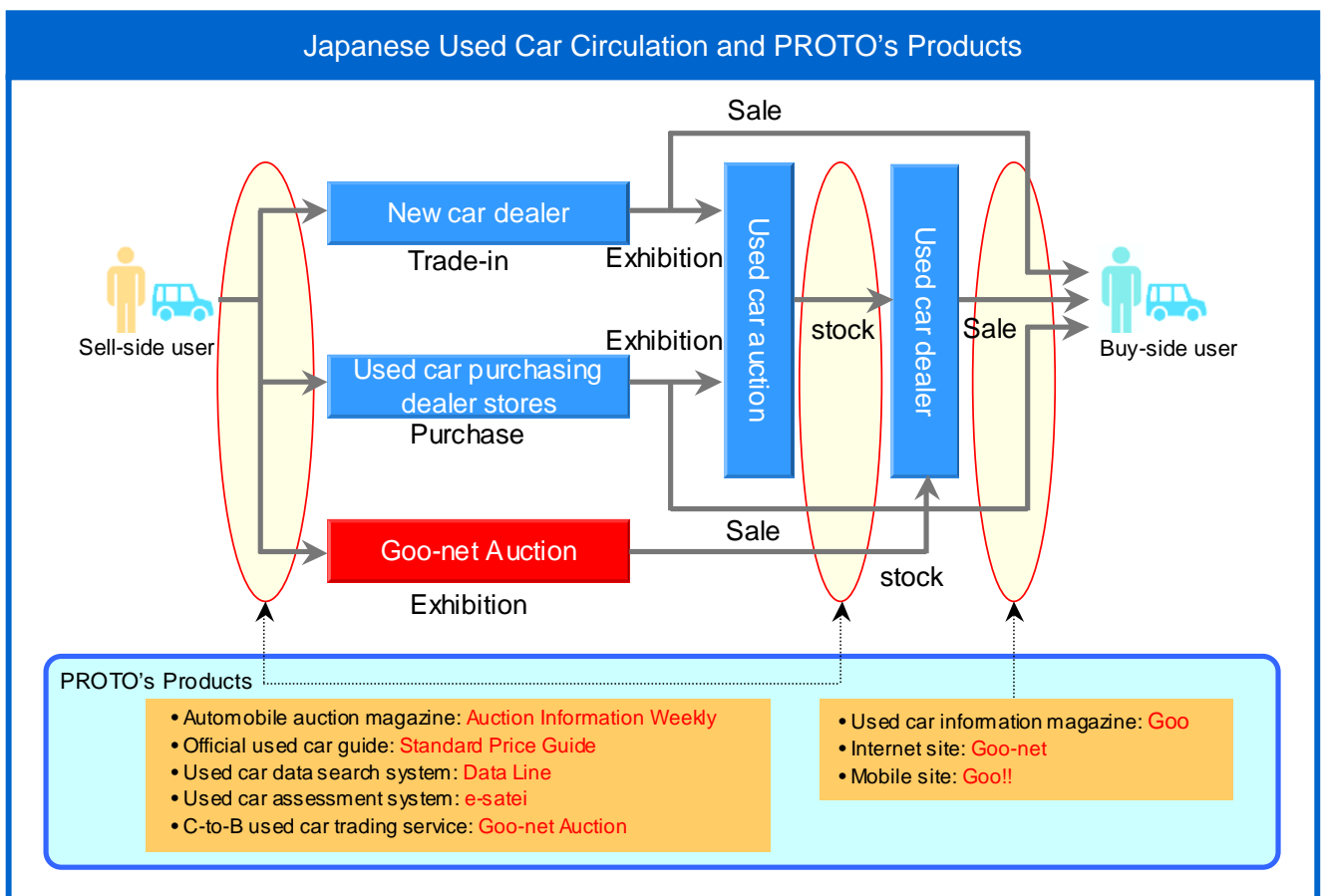
and outplacement website specializing in care, medical treatment, and welfare for seniors, and for setting up Deco Toku, a mobile site. In the cultural information business, however, we recorded positive operating income for the year.

## (3) Real estate

Sales in this segment derive mainly from the management and leasing of Group properties by PROTO Corporation and subsidiary REPAIR-TECH Inc. In the year under review, segment sales increased 8.7%, to ¥174 million, and operating income climbed 22.5%, to ¥71 million.

## (4) Others

Sales in other businesses rose 10.4%, to ¥291 million, thanks to increased revenue from MARS FINDER, an in-site search service operated by MARS FLAG Corporation. The segment reported a ¥123 million operating loss, compared with a ¥329 million operating loss in the previous fiscal year.



## Analysis of Financial Position

### 1. Assets, Liabilities, and Net Assets

At the end of the fiscal year under review, consolidated total assets amounted to ¥19,023 million, up 6.1% (or ¥1,099 million) from a year earlier.

Current assets rose ¥1,437 million, to ¥12,295 million, due to a ¥1,413 million increase in cash and deposits. Non-current assets declined ¥337 million, to ¥6,728 million, due mainly to a ¥231 million decrease in investment securities associated with a revaluation of our securities holdings.

Despite a ¥139 million increase in advances received, total liabilities edged down ¥29 million, to ¥6,589 million, due mainly to a ¥128 million decline in notes and accounts payable and a ¥118 million decrease in accrued income tax.

Total net assets grew ¥1,129 million, to ¥12,434 million, owing mainly to a ¥1,419 million increase in retained earnings, which benefited from net income of ¥1,838 million. This was despite a ¥269 million fall in minority interests related to the merger of subsidiaries.

### 2. Consolidated Cash Flows

Cash and cash equivalents at the end of the fiscal year under review stood at ¥8,985 million, a ¥1,415 million increase from a year earlier. Major factors for this increase are as follows.

#### (1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥2,321 million, up 7.5% from the previous fiscal year. The main factor was an increase in income before taxes and other adjustments and the fact that the increase in notes and accounts receivable was less than the rise of the previous fiscal year, which ended on a business holiday.

#### (2) Cash flows from investing activities

Net cash used in investing activities totaled ¥474 million, due mainly to outlays for acquisition of investment securities and for acquisition of shares in subsidiaries from minority interests.

#### (3) Cash flows from financing activities

Net cash used in financing activities was ¥437 million, due mainly to cash dividends paid.

## [Reference] Cash Flow Indicators

(Years ended March 31)

	2004	2005	2006	2007	2008
Equity ratio (%)	52.5	59.7	59.1	60.8	64.7
Equity ratio based on market price (%)	68.9	80.2	81.2	134.3	132.0
Debt coverage (%)	17.3	15.9	4.5	0.3	—
Interest coverage ratio (times)	194.4	75.6	1021.5	1716.4	8557.7

Equity ratio: Equity capital/Total assets

Equity ratio based on market price: Total stock value based on market price/Total assets

Debt coverage: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest paid

Notes:

- Each index is calculated based on consolidated financial figures.
- Market value of total stock is calculated by multiplying the closing stock price at the end of the year by the number of shares outstanding at the end of the year (after deduction of treasury stock).
- Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows).
- Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets). For interest paid, the amount shown in the Consolidated Statements of Cash Flows is used.
- Because the Company did not have interest-bearing debt in the year ended March 2008, a figure for debt coverage is not shown for that year.

### 3. Summary of Financial Position

PROTO Corporation works hard to ensure the growth, profitability, and efficiency of its business activities.

In the year ended March 2008, we achieved return on equity (ROE) of 15.8%, and return on assets (ROA) of 20.8%. We plan to increase these profitability indicators over the medium term.

The Company plans to continue to build an even more robust financial base by maintaining an ample equity ratio, which was 64.7% at March 31, 2008.

## Outlook for Year Ending March 2009

### (1) Automobile-related information

In the year ahead, we will continue expanding the content and services offered by our various automobile-related sites, centering on the Goo-net automobile portal site. At the same time, we will strive to expand and boost sales from Internet-related products to raise convenience for users and clients, with the aim of expanding our market share and increasing unit prices per individual client. We will seek to become the No. 1 player in the industry by honing our competitive edge and further solidifying the Goo brand. We will achieve this by establishing integrated management support businesses, such as Goo-net Auction.

In the meantime, we will continue suppressing costs and improving profitability by transferring business functions to PROTO DATA CENTER and rearranging Group businesses.

Through the above initiatives, we forecast a 5.6% increase in segment sales, to ¥22,750 million, and an 18.6% rise in operating income, to ¥6,608 million, for the year ending March 31, 2009.

### (2) Lifestyle-related information

In this segment, we will continue expanding the content and services of the cultural information business VeeSCHOOL.com and the seniors-related website Oasis Navi. We will also actively advance businesses built on mobile media, with the aim of boosting earnings.

For the segment, we forecast a 73.6% surge in sales, to ¥1,531 million, and operating income of ¥147 million, representing a return to profitability.

### (3) Real estate

We will strive to expand earnings in this segment by utilizing our real estate holdings more efficiently. Through these efforts, we forecast an 11.9% increase in segment sales, to ¥195 million, and an 18.9% rise in operating income, to ¥84 million.

### (4) Others

Going forward, we will work to increase revenue from MARS FINDER, an in-site search service operated by MARS FLAG Corporation. At the same time, we will reinforce the earnings foundation of JPEX Partners Inc., an overseas subsidiary (which absorbed BOMUL.com on April 30, 2008).

As a result, we expect sales from other businesses to reach ¥323 million, up 11.0% from the year under review. We also forecast a return to profitability, with segment operating income of ¥33 million.

In light of the above estimates, we forecast an 8.3% rise in consolidated net sales, to ¥24,800 million, and a 32.7% increase in operating income, to ¥5,004 million. We also estimate a 30.3% increase in ordinary income, to ¥5,000 million, and a 63.2% jump in net income, to ¥3,000 million.

These forward-looking statements are based on assumptions and estimates derived from information currently available. Actual revenue and earnings may differ materially from the above estimates due to uncertainties inherent in such forecasts and changes in the operating environment.

## Profit Appropriation Policy, Cash Dividends

PROTO Corporation's basic profit appropriation policy emphasizes reinforcement of the Company's business foundation while recognizing the importance of returning profits to shareholders. Through this balanced approach, we adopt a comprehensive perspective by retaining sufficient internal reserves to finance future growth while rewarding shareholders with steady returns. Internal reserves are used efficiently to fund existing and new businesses aimed at further reinforcing our business foundation and expanding the scope of operations.

For the year under review, we paid annual cash dividends of ¥50.00 per share of common stock. This consisted of interim and year-end dividends of ¥15.00 each, as well as interim and year-end commemorative dividends of ¥10.00 each to mark the 30th anniversary of the Company's founding.

In the year ending March 2009, we intend to pay annual cash dividends of ¥70.00 per share. This will consist of interim and year-end dividends of ¥35.00 each.

We have also introduced a special twice-yearly benefit scheme for our shareholders as part of our policy of returning profits to them. Under the scheme, holders of shares as of March 31 and September 30 each year are presented with gift certificates and book vouchers that can be used in department stores nationwide.



# Consolidated Financial Statements

## Consolidated Balance Sheets

As of March 31

(Thousands of Yen)

	2006	2007	2008
<b>&lt;Assets&gt;</b>			
<b>Current Assets</b>			
Cash	5,597,130	7,722,034	9,135,447
Notes and accounts receivable-trade	2,580,530	2,713,232	2,739,587
Inventory assets	128,234	74,794	44,392
Deferred tax assets	73,515	105,918	96,918
Other current assets	122,330	245,936	282,247
Allowance for doubtful accounts	(2,170)	(3,633)	(3,223)
<b>Total Current Assets</b>	<b>8,499,571</b>	<b>10,858,282</b>	<b>12,295,370</b>
<b>Fixed Assets</b>			
<b>Tangible Fixed Assets</b>			
Buildings and structures	1,942,834	1,881,906	1,782,191
Land	2,174,459	2,174,459	2,174,459
Other tangible fixed assets	163,185	165,364	255,829
<b>Total Tangible Fixed Assets</b>	<b>4,280,479</b>	<b>4,221,730</b>	<b>4,212,480</b>
<b>Intangible Fixed Assets</b>			
Consolidation adjustments account	274,440	147,899	72,996
Other intangible fixed assets	246,927	198,914	189,185
<b>Total Intangible Fixed Assets</b>	<b>521,367</b>	<b>346,814</b>	<b>262,181</b>
<b>Investments and Other Assets</b>			
Investments in securities	1,443,250	820,604	588,689
Other investments	1,500,131	1,705,070	1,690,949
Allowance for doubtful accounts	(26,037)	(28,408)	(26,246)
<b>Total Investments and Other Assets</b>	<b>2,917,344</b>	<b>2,497,266</b>	<b>2,253,392</b>
<b>Total Fixed Assets</b>	<b>7,719,191</b>	<b>7,065,810</b>	<b>6,728,054</b>
<b>Total Assets</b>	<b>16,218,762</b>	<b>17,924,093</b>	<b>19,023,424</b>
<b>&lt;Liabilities&gt;</b>			
<b>Current Liabilities</b>			
Notes and accounts payable-trade	1,952,840	1,872,186	1,744,157
Accrued expenses	794,698	871,168	906,533
Accrued income taxes	642,420	1,098,828	980,655
Advances received	1,735,425	1,848,059	1,987,442
Other current liabilities	381,489	367,829	377,143
<b>Total Current Liabilities</b>	<b>5,506,873</b>	<b>6,058,072</b>	<b>5,995,932</b>
<b>Long-Term Liabilities</b>			
Allowance for directors' retirement benefits	221,430	183,537	191,858
Other long-term liabilities	459,628	377,354	401,447
<b>Total Long-Term Liabilities</b>	<b>681,058</b>	<b>560,892</b>	<b>593,306</b>
<b>Total Liabilities</b>	<b>6,187,932</b>	<b>6,618,965</b>	<b>6,589,239</b>
<b>&lt;Net Assets&gt;</b>			
<b>Shareholders' Equity</b>			
Common stock	1,824,620	1,824,620	1,824,620
Capital surplus	2,011,536	2,011,536	2,011,536
Other surplus	5,493,813	7,020,461	8,439,991
Treasury stock	(4,623)	(7,396)	(10,385)
<b>Total Shareholders' Equity</b>	<b>9,325,346</b>	<b>10,849,221</b>	<b>12,265,761</b>
<b>Unrealized Losses on Other Securities, Net of Tax</b>			
Total Unrealized Losses on Other Securities, Net of Tax	263,764	56,859	39,106
<b>Minority Interests</b>	<b>441,719</b>	<b>399,047</b>	<b>129,317</b>
<b>Total Net Assets</b>	<b>9,589,110</b>	<b>11,305,128</b>	<b>12,434,185</b>
<b>Total Liabilities and Net Assets</b>	<b>16,218,762</b>	<b>17,924,093</b>	<b>19,023,424</b>

# Consolidated Financial Statements

## Consolidated Statements of Income

For the years ended March 31

(Thousands of Yen)

	2006	2007	2008
<b>Net Sales</b>	19,952,511	21,238,785	22,893,978
<b>Cost of Sales</b>	9,704,528	9,580,520	9,973,008
<b>Gross Profit</b>	10,247,982	11,658,264	12,920,970
<b>Selling, General and Administrative Expenses</b>	8,237,609	8,669,491	9,149,452
Salaries for directors and employees	3,453,584	3,540,252	3,687,881
Provision for allowance for directors' retirement benefits	27,590	14,696	15,434
Provision for allowance for bonus payable	24,009	21,091	25,653
Advertising	1,051,882	1,396,267	1,652,429
Provision for allowance for doubtful accounts	3,551	11,309	10,209
Allowance for depreciation on consolidation adjustment account	109,435	124,276	77,156
Others	3,567,556	3,561,597	3,680,688
<b>Operating Income</b>	2,010,373	2,988,772	3,771,517
<b>Non-Operating Income</b>	48,977	176,349	95,739
Interest income	7,263	6,270	6,064
Dividend received	5,211	11,768	15,368
Insurance refunds	-	22,906	-
Income from sales of used paper	7,488	12,024	25,078
Gain on investments in anonymous association	19,945	73,618	10,760
Gain on investments in business association	-	38,377	-
Other income	9,068	23,407	38,468
<b>Non-Operating Expenses</b>	71,728	28,268	29,488
Interest expenses of loans	1,572	1,245	271
Foreign exchange translation gain	353	15,182	-
Investment losses of business association	65,615	-	21,597
Valuation loss on derivatives	-	6,204	-
Other expenses	4,186	5,636	7,620
<b>Ordinary Income</b>	1,987,622	3,136,853	3,837,768
<b>Extraordinary Income</b>	300,648	387,206	91,186
Gains from sales of fixed assets	19,280	4,207	316
Gains from sales of securities	16,306	297,512	-
Gains from sales of shares in affiliates	-	35,781	89,043
Gains from the prior-term adjustments	12,047	49,705	-
Other extraordinary income	253,013	-	1,825
<b>Extraordinary Losses</b>	788,480	491,178	264,167
Losses from inventory assets	-	4,143	-
Losses from sales of fixed assets	6,859	-	12,572
Losses from disposals of fixed assets	56,580	29,783	56,410
Impairment losses	681,291	26,048	-
Losses from write-down of securities	32,610	408,000	186,764
Losses on dissolution of lease	7,138	1,814	6,300
Losses from the prior-term adjustments	-	21,164	-
Other expenses	4,000	225	2,120
<b>Income before Income Taxes</b>	1,499,790	3,032,881	3,664,786
<b>Income Taxes</b>	1,028,416	1,586,303	1,753,911
<b>Adjustment of Corporate Income Tax</b>	(119,391)	(268,094)	62,283
<b>Minority Interest in Earnings/Losses</b>	(7,353)	(51,410)	10,583
<b>Net Income</b>	598,118	1,766,081	1,838,008

# Consolidated Financial Statements

## Consolidated Statements of Changes in Stockholders' Capital

For the Year Ended March 31, 2007

(Thousands of Yen)

	Stockholders' equity				Total stockholders' equity
	Capital	Capital surplus	Retained earnings	Treasury stock	
<b>Balance as of March 31, 2006</b>	1,824,620	2,011,536	5,493,813	(4,623)	9,325,346
<b>Increase (decrease) during the year</b>					
Cash dividends	—	—	(217,997)	—	(217,997)
Directors' bonuses	—	—	(21,437)	—	(21,437)
Net income	—	—	1,766,081	—	1,766,081
Acquisition of treasury stocks	—	—	—	(2,772)	(2,772)
Net change in items excluding stockholders' capital during the period	—	—	—	—	—
<b>Total increase (decrease) during the year</b>	—	—	1,526,647	(2,772)	1,523,875
<b>Balance as of March 31, 2007</b>	1,824,620	2,011,536	7,020,461	(7,396)	10,849,221

	Valuation and exchange differences etc.				Total net assets
	Profit/loss on deferred valuation of other securities	Profit/loss on deferred exchange	Total valuation and exchange difference	Minority interests	
<b>Balance as of March 31, 2006</b>	261,972	1,792	263,764	441,719	10,030,829
<b>Increase (decrease) during the year</b>					
Cash dividends	—	—	—	—	(217,997)
Directors' bonuses	—	—	—	—	(21,437)
Net income	—	—	—	—	1,766,081
Acquisition of treasury stocks	—	—	—	—	(2,772)
Net change in items excluding stockholders' capital during the period	(233,772)	26,867	(206,904)	(42,672)	(249,576)
<b>Total increase (decrease) during the year</b>	(233,772)	26,867	(206,904)	(42,672)	1,274,298
<b>Balance as of March 31, 2007</b>	28,200	28,659	56,859	399,047	11,305,128

For the Year Ended March 31, 2008

(Thousands of Yen)

	Stockholders' equity				Total stockholders' equity
	Capital	Capital surplus	Retained earnings	Treasury stock	
<b>Balance as of March 31, 2007</b>	1,824,620	2,011,536	7,020,461	(7,396)	10,849,221
<b>Increase (decrease) during the year</b>					
Cash dividends	—	—	(418,479)	—	(418,479)
Net income	—	—	1,838,008	—	1,838,008
Acquisition of treasury stocks	—	—	—	(2,989)	(2,989)
Net change in items excluding stockholders' capital during the period	—	—	—	—	—
<b>Total increase (decrease) during the year</b>	—	—	1,419,529	(2,989)	1,416,539
<b>Balance as of March 31, 2008</b>	1,824,620	2,011,536	8,439,991	(10,385)	12,265,761

	Valuation and exchange differences etc.				Total net assets
	Profit/loss on deferred valuation of other securities	Profit/loss on deferred exchange	Total valuation and exchange difference	Minority interests	
<b>Balance as of March 31, 2007</b>	28,200	28,659	56,859	399,047	11,305,128
<b>Increase (decrease) during the year</b>					
Cash dividends	—	—	—	—	(418,479)
Net income	—	—	—	—	1,838,008
Acquisition of treasury stocks	—	—	—	—	(2,989)
Net change in items excluding stockholders' capital during the period	(22,045)	4,292	(17,752)	(269,729)	(287,482)
<b>Total increase (decrease) during the year</b>	(22,045)	4,292	(17,752)	(269,729)	1,129,057
<b>Balance as of March 31, 2008</b>	6,154	32,952	39,106	129,317	12,434,185

# Consolidated Financial Statements

## Consolidated Statements of Cash Flows

For the years ended March 31

(Thousands of Yen)

	2006	2007	2008
<b>Cash Flows from Operating Activities</b>			
Income before income taxes	1,499,790	3,032,881	3,664,786
Depreciation	217,506	247,112	230,195
Impairment loss	681,291	26,048	-
Amortization of goodwill	109,435	124,276	77,156
Loss on revaluation of derivatives	-	6,204	(7,390)
Increase/decrease in reserve for directors' retirement allowances	8,730	(37,892)	8,352
Increase/decrease in reserve for employees' retirement benefits	515	(4,737)	3,237
Increase/decrease in reserve for bonuses	3,942	(1,169)	6,255
Increase/decrease in reserve for returned products	(4,650)	(1,654)	8,586
Increase/decrease in allowance for doubtful accounts	(3,210)	3,834	(2,571)
Interest and dividend income	(12,475)	(18,038)	(21,433)
Interest expenses	1,572	1,245	271
Gain/loss on investments in business associations	65,615	(38,377)	21,597
Loss on investments in anonymous associations	(19,945)	(73,618)	(10,760)
Loss on sales of investment securities	(8)	(297,512)	-
Loss on sales of shares in affiliated companies	(16,298)	(35,781)	(89,043)
Loss on revaluation of investment securities	32,610	408,000	186,764
Gain on sales/disposal of property and equipment	44,159	23,625	67,987
Increase/decrease in trade receivables	72,744	(248,328)	(50,613)
Increase/decrease in inventories	(38,002)	45,711	30,402
Increase/decrease in accounts payable	(60,892)	(80,654)	(127,670)
Increase/decrease in accrued expenses	(1,491)	73,713	53,659
Increase/decrease in advances received	(51,821)	112,634	139,491
Increase/decrease in accrued consumption taxes, etc	60,270	7,329	17,164
Bonuses paid to directors	(31,250)	(21,437)	-
Others	(216,456)	7,710	(17,210)
<b>Subtotal</b>	<b>2,341,683</b>	<b>3,261,125</b>	<b>4,189,215</b>
Interest and dividends received	12,784	18,437	21,540
Interest paid	(1,569)	(1,257)	(271)
Income taxes paid	(750,011)	(1,119,514)	(1,889,423)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,602,887</b>	<b>2,158,790</b>	<b>2,321,062</b>
<b>Cash Flows from Investing Activities</b>			
Increase/decrease in time deposits	-	31,176	2,100
Acquisition of property and equipment	(113,218)	(137,093)	(194,354)
Proceeds from sales of property and equipment	46,263	9,521	5,679
Acquisition of intangible fixed assets	(81,756)	(65,853)	(103,081)
Proceeds from sales of intangible fixed assets	-	3,000	-
Addition to investment securities	(438,000)	(406,460)	(85,200)
Proceeds from sales of investment securities	9	402,346	-
Acquisition of shares in subsidiary from minority shareholders	(4,960)	(425)	(244,387)
Sales of shares in subsidiary to minority shareholders	29,970	62,370	113,670
Proceeds from subscription repayments	3,941	120,145	10
Payment of long-term prepaid expenses	(7,645)	(5,052)	(13,133)
Investment income received from anonymous associations	43,606	158,718	71,138
Others	9,361	96,621	(27,225)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(512,428)</b>	<b>269,013</b>	<b>(474,785)</b>
<b>Cash Flows from Financing Activities</b>			
Net increase/decrease in short-term borrowings	-	(20,745)	-
Repayment of long-term debt	(53,900)	(44,000)	-
Acquisition of treasury stock	(120)	(2,772)	(2,989)
Dividends paid	(174,306)	(217,649)	(417,703)
Dividends paid to minority shareholders	(8,000)	(15,030)	(16,942)
Others	546,277	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>309,951</b>	<b>(300,197)</b>	<b>(437,635)</b>
<b>Translation Gain (Loss) Related to Cash and Cash Equivalents</b>	<b>3,051</b>	<b>28,473</b>	<b>6,871</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,403,462</b>	<b>2,156,079</b>	<b>1,415,513</b>
<b>Cash and Cash Equivalents at Beginning of Term</b>	<b>4,010,392</b>	<b>5,413,854</b>	<b>7,569,934</b>
<b>Cash and Cash Equivalents at End of Term</b>	<b>5,413,854</b>	<b>7,569,934</b>	<b>8,985,447</b>



# Consolidated Segment Information

## Sales Breakdown by Segment

For the years ended March 31

(Thousands of Yen)

	2006	2007	2008
Automobile-Related Information	19,070,662	20,138,485	21,546,114
Information registration fees	16,296,145	17,359,568	18,400,445
Information sales	2,774,516	2,778,917	3,145,669
Lifestyle-Related Information	580,758	675,853	882,076
Real Estate	174,015	160,644	174,673
Others	127,075	263,801	291,112
<b>Total</b>	<b>19,952,511</b>	<b>21,238,785</b>	<b>22,893,978</b>

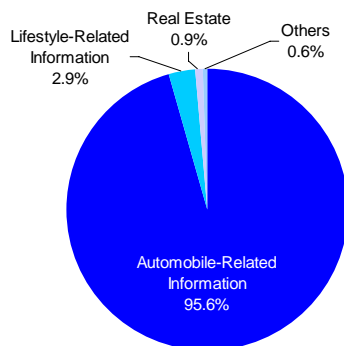
## Sales Breakdown by Region

For the years ended March 31

(Thousands of Yen)

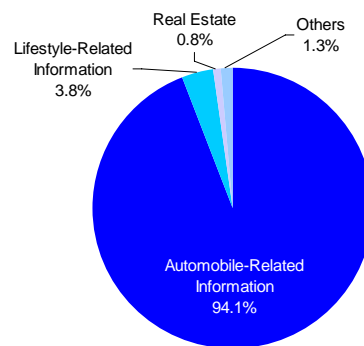
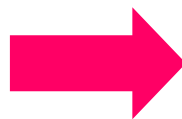
	2006	2007	2008
Hokkaido & Tohoku	1,620,394	1,647,647	1,788,265
kanto	6,622,712	7,307,895	8,398,288
Tokai	5,491,316	5,663,233	5,819,980
Kinki	4,191,325	4,439,514	4,694,877
Chugoku	818,277	848,565	918,429
Kyushu	1,208,356	1,211,241	1,163,350
Overseas	128	120,686	110,786
<b>Total</b>	<b>19,952,511</b>	<b>21,238,785</b>	<b>22,893,978</b>

## Sales Breakdown by Segment



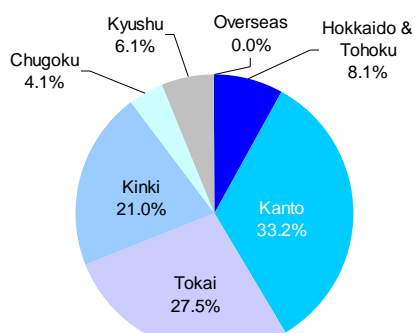
2006

\* For the years ended March 31



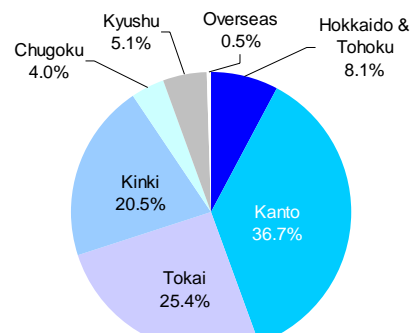
2008

## Sales Breakdown by Region



2006

\* For the years ended March 31



2008

# Corporate Profile

As of March 31, 2008

## Corporate Name

PROTO Corporation

## Founded

October 1, 1977

## Established

June 1, 1979

## Common Stock

¥1,824,620 thousand

## Head Offices

< Nagoya >

1-23-14, Aoi, Naka-ku, Nagoya 460-0006, Japan

< Tokyo >

2-22-2, Hongo, Bunkyo-ku, Tokyo 113-0033, Japan

## Branch Offices

Sapporo, Sendai, Kita-Kanto, Tokyo, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka, Kumamoto (47 Sales Outlets Nationwide/2 Head Offices, 10 Branch Offices, 35 Sales Offices)

## Fiscal Year-end

March 31

## Number of Employees

Consolidated: 685 (Parent: 577)

## Directors and Auditors (As of June 24, 2008)

Chairman and Chief Executive Officer	Hiroichi Yokoyama
President and Chief Operating Officer	Tatsuzo Irikawa
Vice President	Minoru Saito
Managing Director	Motohisa Yokoyama
Managing Director	Fujio Iimura
Managing Director	Atsuya Okimura
Director	Susumu Kuramoto
Director	Mitsuhiro Munehira
Director	Toru Shiraki
Director	Shigeyoshi Shimizu
Director	Kenji Kamiya
Standing Statutory Auditor	Kenichi Mizuno
Statutory Auditor	Wataru Shiomi
Statutory Auditor	Yoshio Arima

## Subsidiary (As of June 1, 2008)

REPAIR-TECH Inc. (Full subsidiary)  
MARS FLAG Corporation (47.1% subsidiary)  
PROTO DATA CENTER (Full subsidiary)  
PROTO (Shanghai) Advertising Co., Ltd (Full subsidiary)  
JPX Partners Inc. (97.4% subsidiary)

## Corporate Website

**Corporate Information**  
URL: <http://www.proto-g.co.jp/>



**IR Information**  
URL: <http://www.proto-g.co.jp/IR/>

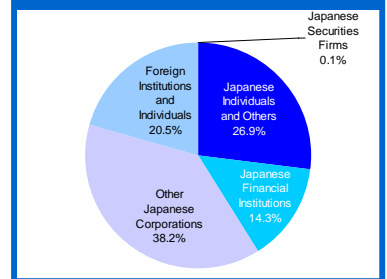


## Shareholders Composition

As of March 31, 2008

Number of Shares Authorized	30,900,000
Number of Shares Issued	10,470,000
Number of Shareholders	1,547
Stock Exchange Listing	JASDAQ
Securities Code	4298
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan Tel: 81-(0)3-3212-1211

## Distribution by Number of Shares

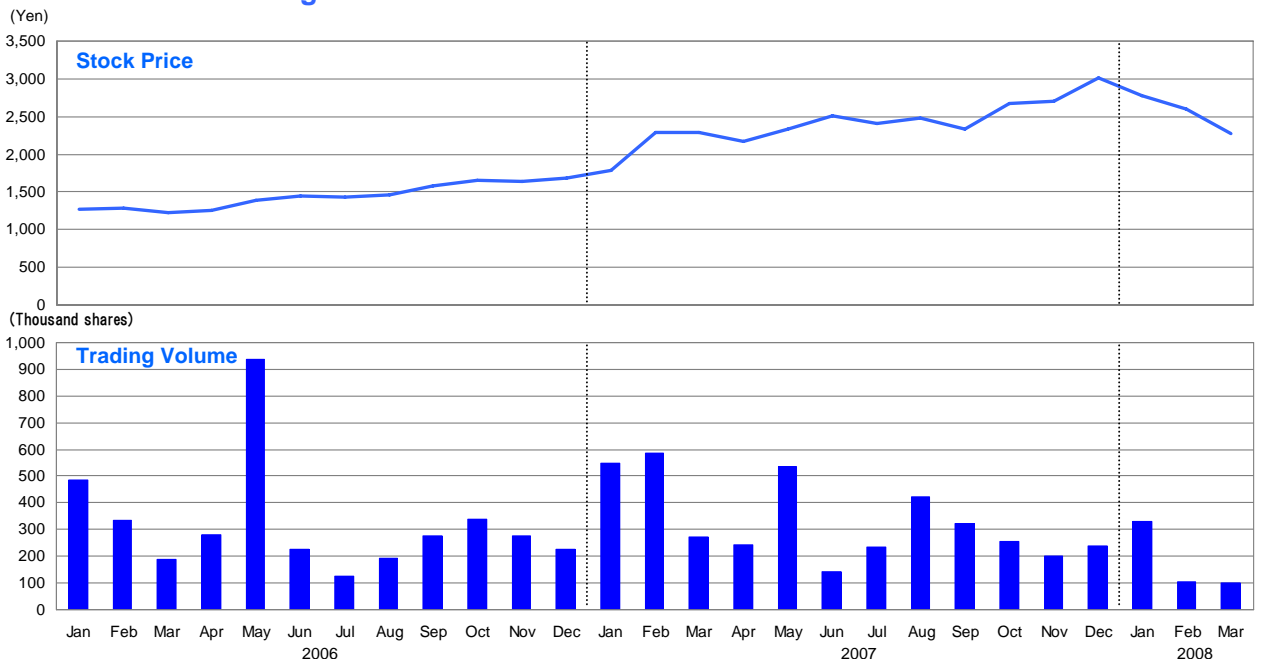


## Major Shareholders

As of March 31, 2008

Shareholder	Number of Shares Held (Thousand)	Ownership(%)
Mugen Corporation	3,300	31.52
Japan Trustee Services Bank, Ltd. (Trust Account)	860	8.21
Hiroichi Yokoyama	822	7.85
Yoshihiro Yokoyama	516	4.93
JPMCB Omnibus US Pension Treaty Jasdec 380052	359	3.42
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus account	303	2.89
Northern Trust Co. (AVFC) Sub A/C American Clients	199	1.90
Credit Suisse First Boston Europe PB Sec Int Non-Treaty Client	188	1.79
The Master Trust Bank of Japan, Ltd. (Trust Account)	182	1.74
Minoru Saito	168	1.61

## Stock Price and Trading Volume



Notes: Stock prices are based on a simple average of daily closing prices for each day of every month (retroactively adjusted).

For Further Information, Please Contact

**Corporate Planning Department**

**PROTO CORPORATION**

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