



(TRANSLATION FOR REFERENCE ONLY)

June 3, 2013

To Our Shareholders:

Corporate Name: PROTO CORPORATION

Representative: Tatsuzo Irikawa, President and COO

Securities code : 4298 (JASDAQ)

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Notice Regarding the Abandonment of the Acquisition of the Shares of CARS@SVTA PTE. LTD. to Reorganize It into a Subsidiary

As mentioned in “Notice Regarding Acquisition of Shares of CARS@SVTA PTE. LTD. (Make It a Subsidiary)” dated March 14, 2013, we decided to reorganize CARS@SVTA PTE. LTD. (referred to as “CARS@SVTA”) with PROTO SINGAPORE Pte. Ltd. (“PROTO SINGAPORE”), which is a consolidated subsidiary of our company, receiving the new shares of CARS@SVTA allocated to a third party. Then, PROTO SINGAPORE and CARS@SVTA have made a final negotiation regarding the acquisition of the shares, but at the meeting of the board of directors of our company on June 3, 2013, we resolved to abandon the reorganization of CARS@SVTA into a subsidiary, as described below.

1. Background of the Abandonment of the Reorganization into a Subsidiary

As disclosed on April 23, 2013, for the reorganization of CARS@SVTA into a subsidiary by PROTO SINGAPORE, the ratio of voting rights owned by PROTO SINGAPORE was first set at 80.0%, but CARS@SVTA proposed that the ratio should be 100.0%. Then the two companies have discussed a scheme for the acquisition of the shares. However, in the process of the discussion, there emerged a problem that is practically difficult to solve soon. Although the two companies have made efforts to break the deadlock, it was concluded that the problem cannot be solved. Consequently, we decided to abandon the acquisition of the new shares of CARS@SVTA allocated to a third party and the reorganization of CARS@SVTA into a subsidiary.

2. Financial Outlook

The influence this will have on the consolidated business performance is expected to be minor.