

# Consolidated Earning Results for the First Quarter ended June 30, 2013

August 5, 2013

Company Name : **USS Co., Ltd.**

Stock Exchanges Listings : Tokyo and Nagoya

Stock Code : 4732

Phone : +81-52-689-1129

(URL <http://www.ussnet.co.jp>)

Representative: Yukihiro Ando, Chairman & President

Contact : Masafumi Yamanaka, Senior Managing Director & Officer of Supervisory Office

Date of Filing of Quarterly Report (Scheduled): August 9, 2013

Starting Date of Dividend Payment (Scheduled): —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: No

## 1. Consolidated Results for the First Quarter ended June 30, 2013 (April 1, 2013 – June 30, 2013)

### (1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Three months ended Jun. 30, 2013	16,400	4.6%	7,966	11.9%	8,088	12.9%
Three months ended Jun. 30, 2012	15,684	(0.9%)	7,120	2.9%	7,166	1.8%

	Net income		Net income per share (yen)	Diluted net income per share (yen)
Three months ended Jun. 30, 2013	4,945	13.0%	190.84	190.47
Three months ended Jun. 30, 2012	4,374	5.1%	160.15	159.85

Note: 1. Comprehensive Income (millions of yen): As of June 30, 2013: 5,002 +15.7% As of June 30, 2012: 4,324 +3.4%

2. Percent indication shows percentage of change from corresponding figure for the same quarter of the prior fiscal year.

### (2) Consolidated Financial Position

(millions of yen)

	Total assets	Net assets	Equity ratio (%)
As of June 30, 2013	150,876	120,940	79.7
As of March 31, 2013	154,543	119,676	77.1

Reference: Shareholders' equity (millions of yen): As of June 30, 2013: 120,324 As of March 31, 2013: 119,112

## 2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2013	—	161.50	—	146.00	307.50
Year ending March 31, 2014	—				
Year ending March 31, 2014 (Estimated)		159.50	—	15.95	—

Note: 1. Revision of dividends forecast for this period: Yes

2. Estimated second quarter dividend for FY3/2013 includes 30 yen commemorative dividend.

3. The year-end dividend forecast for the fiscal year ending in March 2014 is calculated based on the number of shares outstanding after the one-to-ten common share stock split scheduled to come into effect on October 1, 2013.

The year-end dividend forecast for the fiscal year ending in March 2014 based on the number of shares outstanding prior to the stock split is ¥159.50 per common share. Combined with the interim dividend, the annual dividend will be an estimated ¥319.00 per common share.

For further details, refer to “Guidance on Proper use of Business Forecasts and other Special Notes”

**3. Consolidated Outlook for Fiscal 2013 (April 1, 2013 – March 31, 2014)**

(millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Second Quarter (cumulative term)	31,250 1.0%	13,850 (1.4%)	14,100 (1.1%)	8,580 (2.0%)	331.08
For the year	64,300 1.7%	29,500 0.7%	30,000 0.4%	18,350 0.0%	70.80

Note: Percent indication shows percentage of change from corresponding figure for annual period of the prior fiscal year.

Note: Revision of outlook for this period: No

Note: The forecast of net income per share for the fiscal year ending in March 2014 is calculated based on the number of shares outstanding after the one-to-ten common share stock split scheduled to come into effect on October 1, 2013.

For further details, refer to “Guidance on Proper use of Business Forecasts and other Special Notes”

**4. Other Information**

(1) Significant change of subsidiaries during the term (changes of specified subsidiaries that affected the scope of consolidated reporting): No

(2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: Yes  
Calculation of tax expenses

The Company calculates interim income tax expense by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes for the reporting period.

The income taxes-deferred is included in income taxes.

(3) Changes in accounting principals, accounting-based estimates and revised restatements

1) Changes in accounting principals associated with changes in accounting standards: No

2) Other changes in accounting principals : No

3) Changes in accounting-based estimates : No

4) Revised restatements : No

(4) Number of shares issued (common shares):

1) Number of shares issued (including treasury stock):

As of June 30, 2013: 31,325,000 shares As of March 31, 2013: 31,325,000 shares

2) Number of treasury stock:

As of June 30, 2013: 5,503,723shares As of March 31, 2013: 5,506,753 shares

3) Average number of outstanding stock for each period (cumulative term):

As of June 30, 2013: 25,915,177 shares As of June 30, 2012: 27,316,959 shares

Note: Number of Treasury stock as of March 31, 2013 includes 96,930 shares, and as of June 30, 2013 includes 93,900 shares held by the USS Employee Stock Ownership Plan Trust.

**Guidance on Proper use of Business Forecasts and other Special Notes**

(Guidance on Proper use of Business Forecasts)

The above forecast has been prepared based on information available at the time of this writing. Actual performance is subject to various factors and is therefore to change.

(Post stock-split Earnings and dividend forecast)

The Board of Directors of USS Co., Ltd. approved a stock split and a change in the stock unit (tangen) on August 5, 2013. Accordingly, USS has decided to conduct a one-to-ten split of its common stock effective October 1, 2013. In addition, the stock unit will be increased from 10 shares to 100 shares. As a result, the net income and dividend forecasts for the fiscal year ending in March 2014 based on the number of shares outstanding prior to and after the stock split will be as follows:

1. Consolidated earnings forecast for the fiscal year ending in March 2014

Net income per share:

For fiscal year: ¥708.07

2. Dividend forecast for the fiscal year ending in March 2014

Dividend per share

Interim : ¥159.50 (Note 1)

Year-end: ¥159.50 (Note 2)

Note 1: Interim dividend for the fiscal year ending March 2014 shall be paid based on the number of shares outstanding prior to the stock split

Note 2: Year-end dividend for the fiscal year ending March 2014 is calculated based on the number of shares outstanding prior to the stock split.

Note 3: Annual dividend per common share for the fiscal year ending March 2014 prior to the stock split shall be ¥319.00.

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(millions of yen)

	FY 2012 (As of March 31, 2013)	FY2013 First Quarter (As of June 30, 2013)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	37,033	33,503
Receivables due from member dealers at auction	13,660	11,770
Notes and accounts receivable-trade	2,662	2,517
Short-term investment securities	508	501
Inventories	947	923
Other	1,277	1,848
Allowance for doubtful accounts	(41)	(38)
Total current assets	56,047	51,026
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures, net	27,537	26,972
Land	58,190	58,232
Construction in progress	1,197	3,197
Other, net	1,545	1,482
Total property, plant and equipment	88,470	89,884
Intangible assets		
Goodwill	17	14
Other	800	765
Total intangible assets	818	780
Investments and other assets		
Investments and other assets	9,298	9,276
Allowance for doubtful accounts	(91)	(91)
Total investments and other assets	9,206	9,184
Total noncurrent assets	98,496	99,849
<b>Total assets</b>	<b>154,543</b>	<b>150,876</b>

(millions of yen)

	FY 2012 (As of March 31, 2013)	FY2013 First Quarter (As of June 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Payables due to member dealers at auction	16,185	13,711
Notes and accounts payable-trade	556	519
Short-term loans payable	93	93
Income taxes payable	4,921	2,510
Provision	523	802
Other	5,885	5,640
Total current liabilities	28,165	23,276
<b>Noncurrent liabilities:</b>		
Long-term loans payable	864	840
Provision	75	79
Asset retirement obligations	687	689
Other	5,075	5,050
Total noncurrent liabilities	6,701	6,659
<b>Total liabilities</b>	<b>34,866</b>	<b>29,936</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,881	18,881
Capital surplus	18,969	18,980
Retained earnings	125,599	126,776
Treasury stock	(39,177)	(39,152)
Total shareholders' equity	124,273	125,486
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	158	157
Revaluation reserve for land	(5,319)	(5,319)
Total accumulated other comprehensive income	(5,160)	(5,162)
<b>Subscription rights to shares</b>	<b>237</b>	<b>237</b>
<b>Minority interests</b>	<b>327</b>	<b>379</b>
<b>Total net assets</b>	<b>119,676</b>	<b>120,940</b>
<b>Total liabilities and net assets</b>	<b>154,543</b>	<b>150,876</b>

**(2) Consolidated Quarterly Statements of (Comprehensive) Income****(Consolidated Quarterly Statements of Income)**

(millions of yen)

	FY2012 First Quarter (April 1, 2012 through June 30, 2012)	FY2013 First Quarter (April 1, 2013 through June 30, 2013)
<b>Net sales</b>	15,684	16,400
<b>Cost of sales</b>	6,218	6,244
<b>Gross profit</b>	9,465	10,156
<b>Selling, general and administrative expenses</b>	2,345	2,189
<b>Operating income</b>	7,120	7,966
<b>Non-operating income</b>		
Interest income	4	2
Real estate rent	95	116
Miscellaneous income	38	29
Total non-operating income	138	148
<b>Non-operating expenses</b>		
Interest expenses	1	1
Rent cost of real estate	15	16
Loss on valuation of compound financial instruments	66	6
Miscellaneous loss	7	1
Total non-operating expenses	91	26
<b>Ordinary income</b>	7,166	8,088
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	1	3
Total extraordinary income	1	3
<b>Extraordinary loss:</b>		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	7	1
Compensation for damage	-	22
Total extraordinary losses	7	24

(millions of yen)

	FY2012 First Quarter (April 1, 2012 through June 30, 2012)	FY2013 First Quarter (April 1, 2013 through June 30, 2013)
<b>Income before income taxes and minority interests</b>	7,160	8,068
<b>Income taxes</b>	2,794	3,063
<b>Income before minority interests</b>	4,366	5,004
<b>Minority interests in income</b>	(8)	58
<b>Net income</b>	4,374	4,945

**(Consolidated Quarterly Statements of Comprehensive Income)**

(millions of yen)

	FY2012 First Quarter (April 1, 2012 through June 30, 2012)	FY2013 First Quarter (April 1, 2013 through June 30, 2013)
<b>Income before minority interests</b>	4,366	5,004
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(41)	(1)
Total other comprehensive income	(41)	(1)
<b>Comprehensive income</b>	4,324	5,002
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,333	4,944
Comprehensive income attributable to minority interests	(8)	58



**(3) Consolidated Quarterly Statements of Cash Flows**

(millions of yen)

	FY2012 First Quarter (April 1, 2012 through June 30, 2012)	FY2013 First Quarter (April 1, 2013 through June 30, 2013)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes and minority interests	7,160	8,068
Depreciation and other amortization	855	869
Amortization of goodwill	(3)	11
Increase (decrease) in allowance for doubtful accounts	(4)	(1)
Increase (decrease) in provision for bonuses	293	278
Increase (decrease) in provision for retirement benefits	(103)	4
Interest and dividends income	(4)	(2)
Interest expenses	1	1
Loss (gain) on valuation of compound financial instruments	66	6
Loss (gain) on sales and retirement of property, plant and equipment	5	(1)
Net change in due from/to member dealers at auction	(25)	(584)
Decrease (increase) in notes and accounts receivable-trade	349	144
Increase (decrease) in notes and accounts payable-trade	(106)	(36)
Increase (decrease) in deposits received	667	13
Other, net	(529)	(771)
Subtotal	8,623	7,997
Interest and dividends income received	2	4
Interest expenses paid	(1)	(0)
Income taxes paid	(6,987)	(5,505)
Net cash provided by (used in) operating activities	1,636	2,496

(millions of yen)

	FY2012 First Quarter (April 1, 2012 through June 30, 2012)	FY2013 First Quarter (April 1, 2013 through June 30, 2013)
<b>Net cash provided by (used in) investing activities:</b>		
Net decrease (increase) in time deposits	(300)	2,200
Purchase of property, plant and equipment	(103)	(2,161)
Proceeds from sales of property, plant and equipment	3	5
Purchase of intangible assets	(37)	(34)
Proceeds from redemption of investment securities	100	-
Purchase of long-term prepaid expenses	(5)	(1)
Purchase of investments in subsidiaries	-	(15)
Other, net	(14)	4
Net cash provide by (used in) investing activities	(358)	(2)
<b>Net cash provided by (used in) financing activities:</b>		
Repayment of long-term loans payable	(23)	(23)
Proceeds from guarantee deposits received from member dealers	70	52
Repayments of guarantee deposits received from member dealers	(22)	(19)
Proceeds from sales of treasury stock	36	36
Cash dividends paid	(3,644)	(3,769)
Repayments of finance lease obligations	(98)	(101)
Net cash provided by (used in) financing activities	(3,681)	(3,823)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,402)</b>	<b>(1,329)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>28,540</b>	<b>34,833</b>
<b>Cash and cash equivalents at end of period</b>	<b>26,137</b>	<b>33,503</b>

## Significant Subsequent Events

### Stock split and change in stock unit

The Board of Directors of USS approved resolutions on August 5, 2013 to conduct a stock split and change the stock unit (tangen) as follows.

#### 1. Purpose of stock split and change in stock unit

Based on the action plan for consolidating trading units that has been announced by all securities exchanges in Japan, USS has decided to conduct a one-to-ten split of its common stock in order to improve convenience and liquidity for exchanges where USS stock is listed. In addition, the stock unit will be increased from 10 shares to 100 shares. There will be no effective change in the investment unit for USS stock in association with the stock split and change in the stock unit.

#### 2. Summary of the stock split

##### (1) Stock split method

A one-to-ten split of USS common stock will take place for shareholders listed or recorded in the final shareholder register on September 30, 2013.

##### (2) Increase in number of shares

Shares issued prior to the split	31,325,000
Increase due to the split	281,925,000
Shares issued after the split	313,250,000
Authorized shares after the split	1,200,000,000

Note: The number of shares issued prior to the split may increase prior to the stock split record date due to the exercise of stock acquisition rights.

##### (3) Stock split timetable

Record date announcement	September 13, 2013 (Friday)
Record date	September 30, 2013 (Monday)
Effective date	October 1, 2013 (Tuesday)

#### 3. Change in stock unit

##### (1) Revised stock unit

On the effective date of the stock split listed in “2. Summary of the stock split,” the stock unit will change from 10 shares to 100 shares.

##### (2) Date of change

Effective date	October 1, 2013 (Tuesday)
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(Reference) Due to the timing of stock transfer after a trade, the unit for USS stock on the Tokyo Stock

Exchange and Nagoya Stock Exchange will change from 10 shares to 100 shares on September 26, 2013 (Thursday).

4. Per share information and effect of split

Per share information calculated as if the stock split had taken place at the beginning of previous fiscal year is as follows.

	First quarter of previous fiscal year (April 1 to June 30, 2012)	First quarter of current fiscal year (April 1 to June 30, 2013)
Net income per share	16.01	19.08
Diluted net income per share	15.98	19.04