

**USS**

Used car  
System  
Solutions

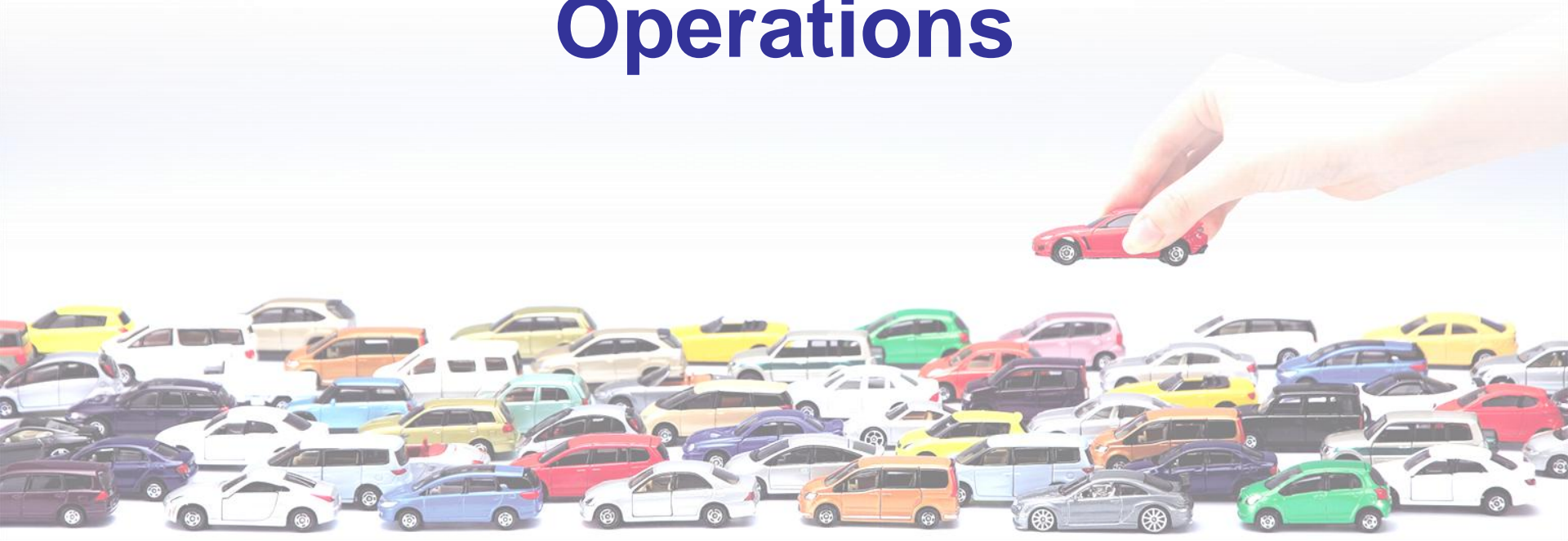
# Consolidated Results of Operations

The second quarter, fiscal year ending March 31, 2013

**USS Co., Ltd.**  
**November 2012**



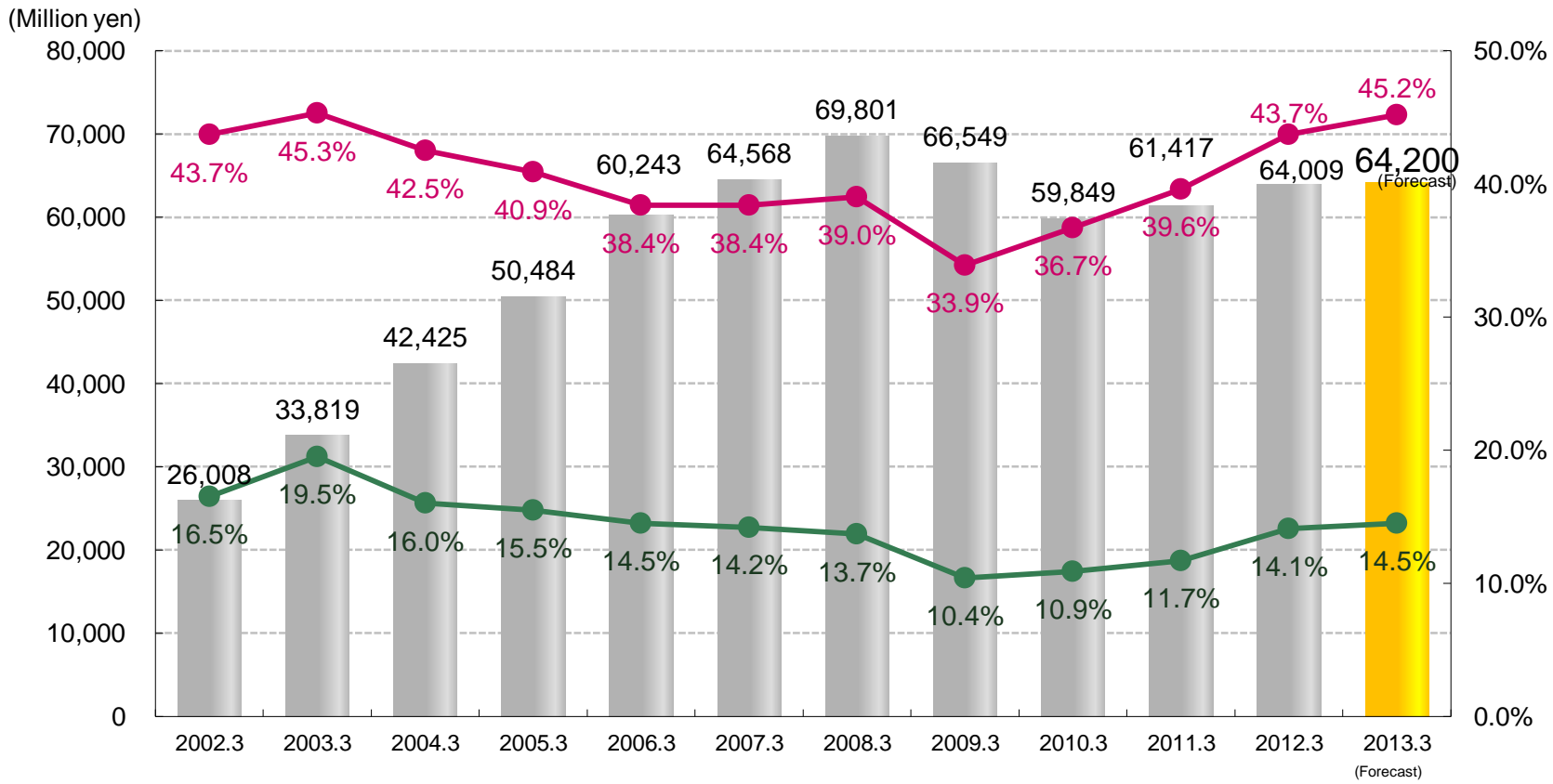
# USS Profile and Results of Operations



# (1) Consolidated Sales, Operating Margin and ROE

Steady medium-term growth and high profitability

■ Net sales ● Operating income ● ROE

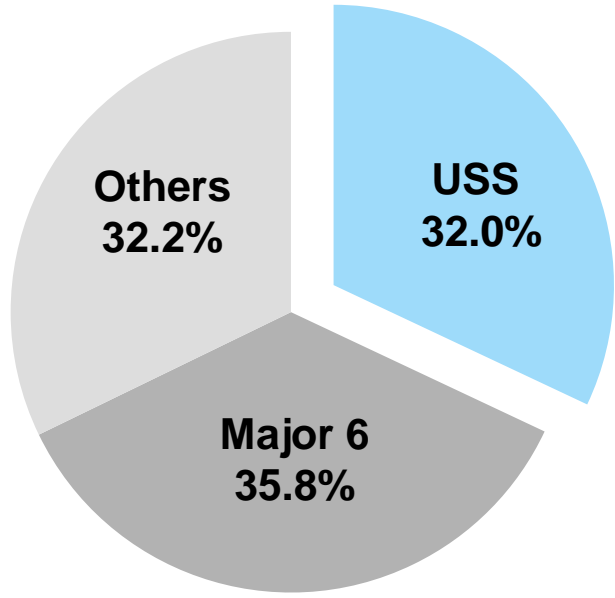


**2002.3 - 2012.3**  
**Avg. 10-year growth rate Sales 9.4% Operating income 9.4%**  
**Avg. 10-year operating margin 39.8%**  
**Average 10-year ROE 14.0%**

# (2) Competitive Edge in Japan's Auto Auction Industry

## Largest Share of the Auto Auction Market

Market share (1H 2012)



\*Major 6 : TAA(9.6%), JAA(8.8%), CAA(6.6%), Arai AA(4.4%), LAA(3.2%), KCAA(3.2%)

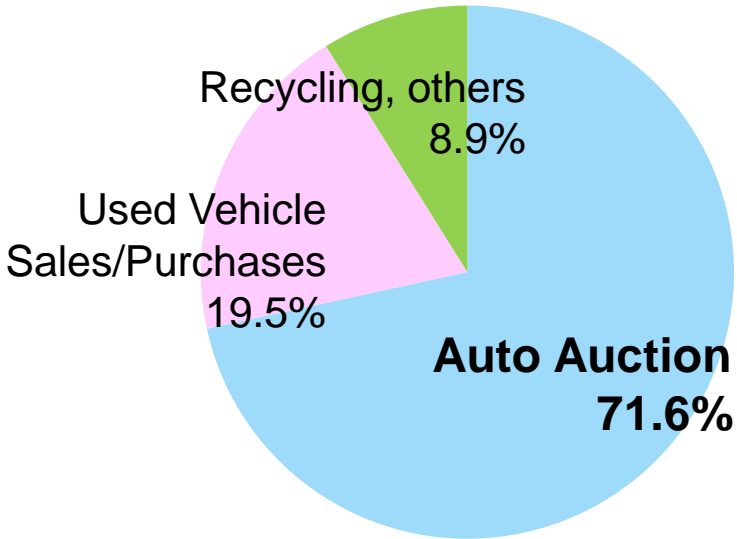
## The Superiority of USS

- Overwhelming lead in the number of members: 45,000 companies
- The industry leader with 17 auction sites nationwide
- High-volume auction sites in Tokyo, Nagoya and other locations
- Off-site bidding system using satellite TV and the Internet
- USS created the industry standards for vehicle evaluations and auction systems
- A sound financial position
  - equity ratio of 78.8%

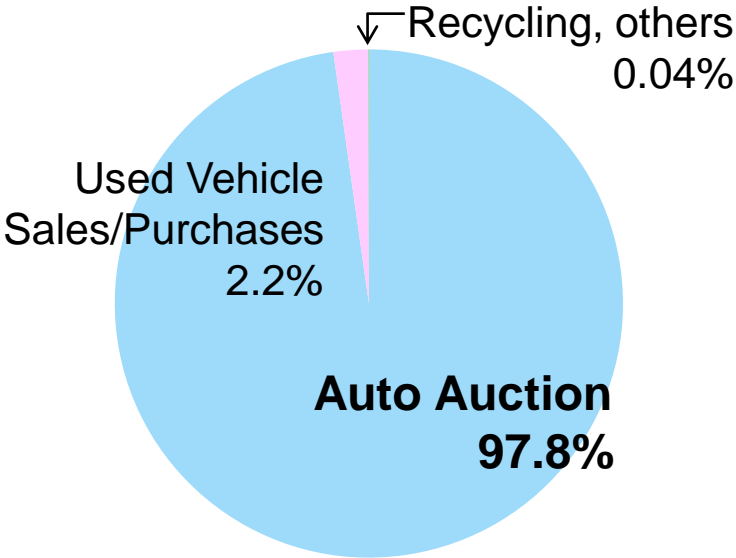
(As of end of Sep. 2012)

### (3) Breakdown of Net sales and Operating income

**Sales breakdown(FY3/2012)**



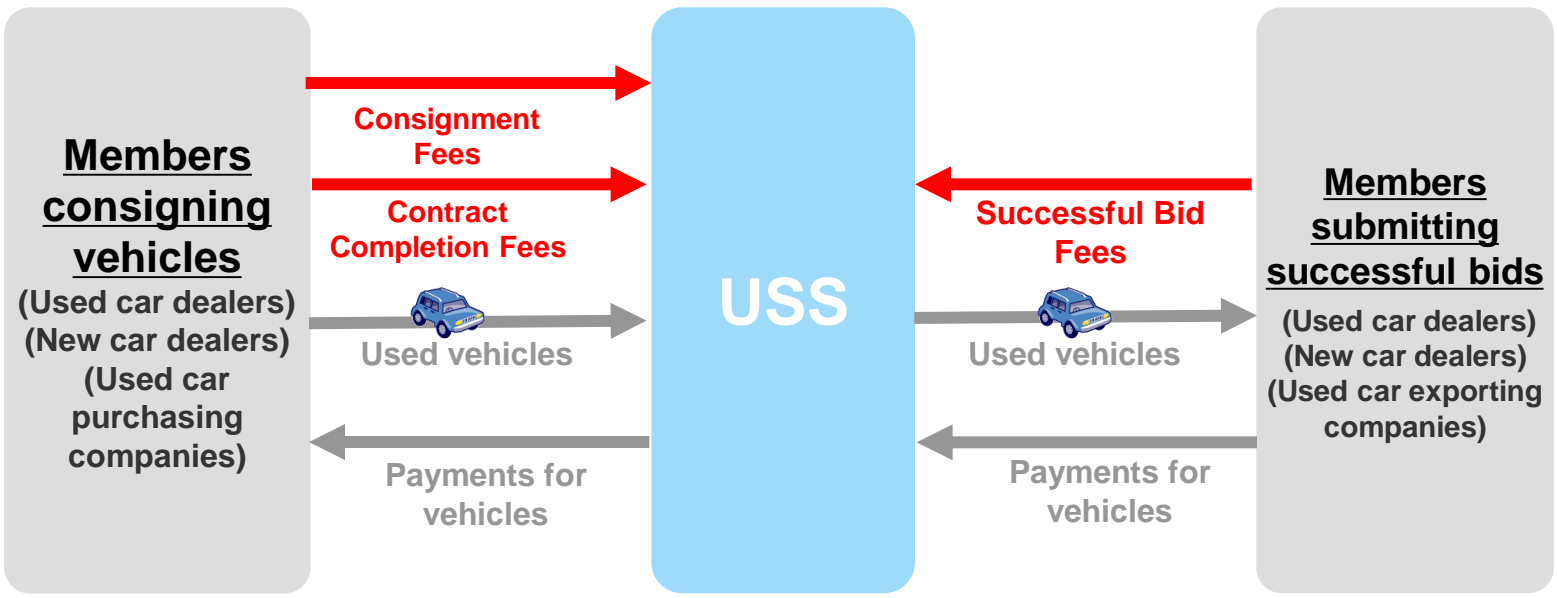
**Operating income breakdown(FY3/2012)**



\*Sales are sales to external customers and operating income is based on business segment earnings.

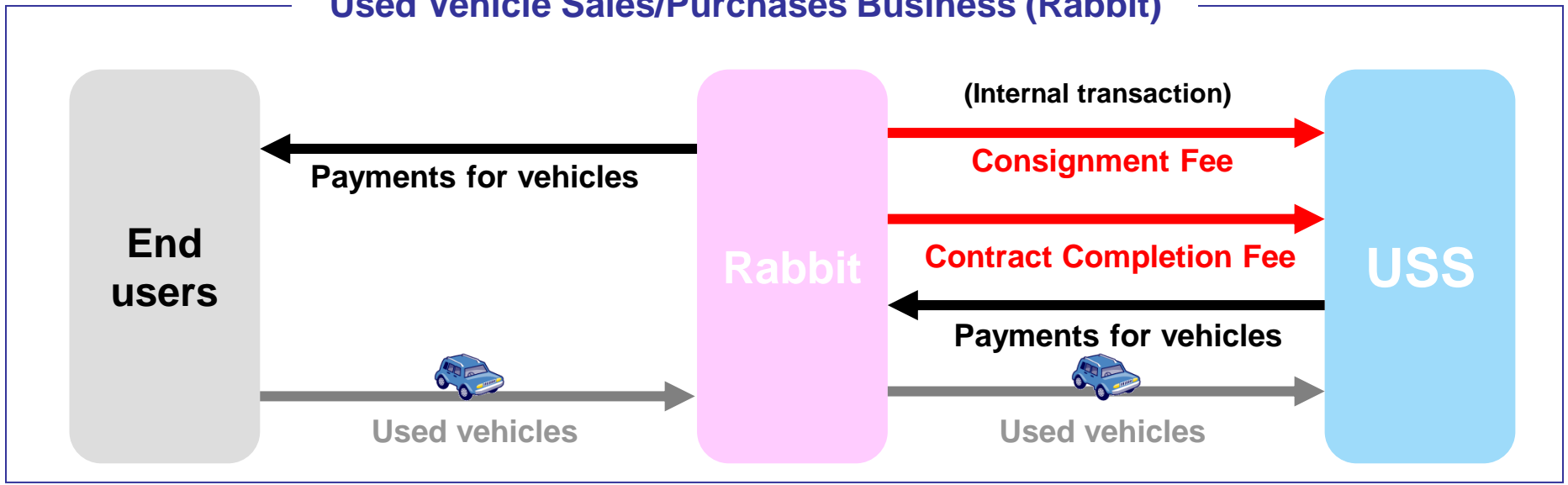
# (4) Business Models for Auto Auction Business

## Auto Auction Business

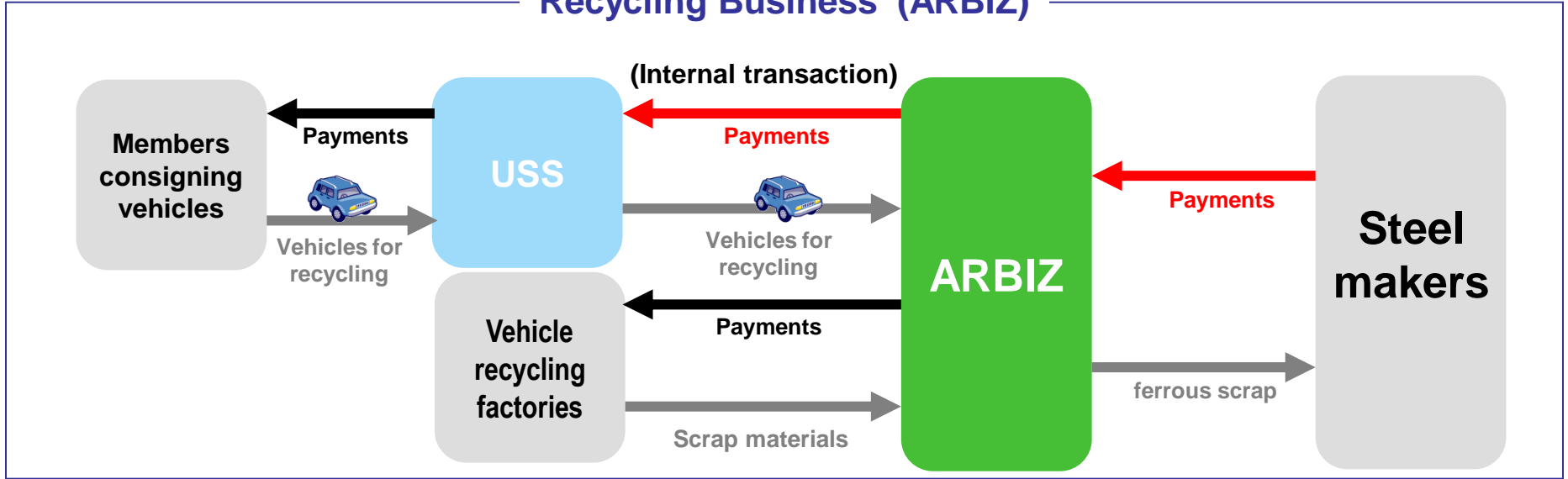


**(5) Business Models for Used Vehicle Sales/Purchases Business and Recycling Business**

**Used Vehicle Sales/Purchases Business (Rabbit)**



**Recycling Business (ARBIZ)**





# Results of Operations

## First Half

### Fiscal Year Ending March 2013





## ■ Sales down 1.6% (YoY)

- Auto auction business sales up 2.1% (YoY)
  - Vehicles consigned up 9.1% but contracted vehicles down 1.7% (YoY)
  - Contract completion rate was 60.6% compared with 67.3% one year earlier
  - Off-site (Satellite TV and Internet) successful bid ratio increased from 49.3% to 50.6%
- Used car purchasing and selling business sales decreased 15.1% (YoY)
- Recycling and others sales increased 0.6% (YoY)

## ■ Operating income up 5.5% and ordinary income up 6.3% (YoY)

- Auto auction business operating income increased 7.7% (YoY)
- Used car purchasing and selling business decreased 53.4% (YoY)
- Recycling and others operating loss of 3 million yen (18 million yen operating income in FY3/12 1H)
- Depreciation and other expenses declined
- Operating margin improved from 42.4% to 45.4% (YoY)

## ■ Maintained a high equity ratio of 78.8%

# FY2013.3 1H – Consolidated Income Statement

Operating income, ordinary income and net income all rose to all-time highs

(Million yen)

|   | 1H FY3/12                 | 1H FY3/13                 | Year on year  | Plan                      | VS. Plan      |
|---|---------------------------|---------------------------|---------------|---------------------------|---------------|
| <b>Net Sales</b>  | <b>31,438</b>             | <b>30,944</b>             | <b>98.4%</b>  | <b>31,800</b>             | <b>97.3%</b>  |
| <b>Cost of sales<br/>(Per sales)</b>                                    | <b>13,084<br/>(41.6%)</b> | <b>12,311<br/>(39.8%)</b> | <b>94.1%</b>  | <b>12,745<br/>(40.1%)</b> | <b>96.6%</b>  |
| <b>Gross profit<br/>(Per sales)</b>                                     | <b>18,353<br/>(58.4%)</b> | <b>18,632<br/>(60.2%)</b> | <b>101.5%</b> | <b>19,055<br/>(59.9%)</b> | <b>97.8%</b>  |
| <b>Selling, general and<br/>administrative expenses<br/>(Per sales)</b> | <b>5,039<br/>(16.0%)</b>  | <b>4,580<br/>(14.8%)</b>  | <b>90.9%</b>  | <b>5,055<br/>(15.9%)</b>  | <b>90.6%</b>  |
| <b>Operating income<br/>(Per sales)</b>                                 | <b>13,314<br/>(42.4%)</b> | <b>14,052<br/>(45.4%)</b> | <b>105.5%</b> | <b>14,000<br/>(44.0%)</b> | <b>100.4%</b> |
| <b>Ordinary income<br/>(Per sales)</b>                                  | <b>13,416<br/>(42.7%)</b> | <b>14,256<br/>(46.1%)</b> | <b>106.3%</b> | <b>14,100<br/>(44.3%)</b> | <b>101.1%</b> |
| <b>Net income<br/>(Per sales)</b>                                       | <b>7,932<br/>(25.2%)</b>  | <b>8,759<br/>(28.3%)</b>  | <b>110.4%</b> | <b>8,650<br/>(27.2%)</b>  | <b>101.3%</b> |
| <b>Net income per share (yen)</b>                                       | <b>278.93</b>             | <b>325.42</b>             | <b>116.7%</b> | <b>316.65</b>             | <b>102.8%</b> |

## Net sales

- Auction fee revenues increased because of increase in vehicles consigned, higher off-site successful bid ratio and revision to successful bid fee for off-site bidding system
- Sales down because of the smaller number of vehicles purchased

## Cost of sales

- Lower merchandise cost of sales in used car purchasing and selling business and lower cost of procuring autos and other materials for recycling business
- Depreciation expenses decreased

**SG&A expenses** • Declines in SG&A expenses, stock remuneration expenses, employee salaries and bonuses, and other items

Outstanding financial soundness even as substantial earnings distributions to shareholders continue

(Million yen)

|  | 2012.3         | 2012.9         | Changes        |
|--|----------------|----------------|----------------|
| <b>Current assets</b>                          | <b>53,731</b>  | <b>45,088</b>  | <b>▲8,642</b>  |
| Cash and deposits                              | 36,840         | 28,440         | ▲8,400         |
| Receivables due from member dealers at auction | 11,635         | 11,345         | ▲289           |
| Other  | 5,255          | 5,302          | 47             |
| <b>Noncurrent assets</b>                       | <b>100,908</b> | <b>98,977</b>  | <b>▲1,931</b>  |
| Property, plant and equipment                  | 90,974         | 88,865         | ▲2,108         |
| Intangible assets                              | 865            | 811            | ▲53            |
| Investments and other assets                   | 9,068          | 9,300          | 231            |
| <b>Total assets</b>                            | <b>154,639</b> | <b>144,066</b> | <b>▲10,573</b> |
| <b>Current liabilities</b>                     | <b>26,326</b>  | <b>23,179</b>  | <b>▲3,147</b>  |
| Payables due to member dealers at auction      | 13,154         | 13,232         | 78             |
| Short-term loans payable                       | 93             | 93             | 0              |
| Other  | 13,078         | 9,853          | ▲3,225         |
| <b>Noncurrent liabilities</b>                  | <b>7,215</b>   | <b>6,918</b>   | <b>▲296</b>    |
| Long-term loans payable                        | 1,174          | 1,027          | ▲146           |
| Other  | 6,041          | 5,891          | ▲149           |
| <b>Total liabilities</b>                       | <b>33,541</b>  | <b>30,097</b>  | <b>▲3,443</b>  |
| <b>Shareholders' equity</b>                    | <b>125,809</b> | <b>118,751</b> | <b>▲7,057</b>  |
| Accumulated other comprehensive income         | ▲5,227         | ▲5,281         | ▲54            |
| Subscription rights to shares                  | 230            | 237            | 7              |
| Minority interests                             | 284            | 260            | ▲24            |
| <b>Total net assets</b>                        | <b>121,097</b> | <b>113,968</b> | <b>▲7,129</b>  |

## Current assets

- Down 8.40 billion yen in cash and deposits

## Noncurrent assets

- The 1.93 billion yen decline in non-current assets includes a 1.63 billion decrease in depreciation, etc.

## Current liabilities

- Other decreased 3.22 billion yen mainly because of a decline in income taxes payable, automobile tax and other deposits

# FY2013.3 1H – Consolidated Cash Flows

Repurchasing stock and maintaining a consolidated dividend payout ratio of at least 40%

(Million yen)

|  | 2011.9        | 2012.9         | Changes       |
|--|---------------|----------------|---------------|
| <b>Net cash provided operating activities</b>                        | <b>10,150</b> | <b>7,945</b>   | <b>▲2,204</b> |
| Income before income taxes and minority interests                    | 13,436        | 14,250         | 813           |
| Depreciation and other amortization                                  | 2,000         | 1,710          | ▲290          |
| Amortization of goodwill   | 45            | ▲6             | ▲51           |
| Loss (▲gain) on sale and retirement of property, plant and equipment | ▲21           | 6              | 28            |
| Net change in due from/to member dealers at auction                  | 1,068         | 367            | ▲700          |
| Income taxes paid  | ▲5,730        | ▲6,941         | ▲1,210        |
| Other  | ▲648          | ▲1,441         | ▲792          |
| <b>Net cash provided by investing activities</b>                     | <b>▲3,734</b> | <b>5,857</b>   | <b>9,591</b>  |
| Purchase of property, plant and equipment                            | ▲300          | ▲254           | 46            |
| Other  | ▲3,434        | 6,111          | 9,545         |
| <b>Net cash provided by financing activities</b>                     | <b>▲9,445</b> | <b>▲16,103</b> | <b>▲6,658</b> |
| Net increase in loans payable  | ▲99           | ▲146           | ▲46           |
| Purchase of treasury stock   | ▲6,328        | ▲12,309        | ▲5,981        |
| Cash dividends paid  | ▲2,924        | ▲3,644         | ▲719          |
| Other  | ▲91           | ▲3             | 88            |
| <b>Net increase in cash and cash equivalents</b>                     | <b>▲3,029</b> | <b>▲2,300</b>  | <b>728</b>    |
| Cash and cash equivalents at beginning of period                     | 29,280        | 28,540         | ▲739          |
| Cash and cash equivalents at end of period                           | 26,251        | 26,240         | ▲10           |

## Operating activities

- Income before income taxes: 14.25 billion yen
- Income taxes paid: 6.94 billion yen

## Investing activities

- Others: decrease in fixed deposits: 6.10 billion yen

## Financing activities

- Purchases of treasury stock: 12.30 billion yen
- Cash dividends paid: 3.64 billion yen

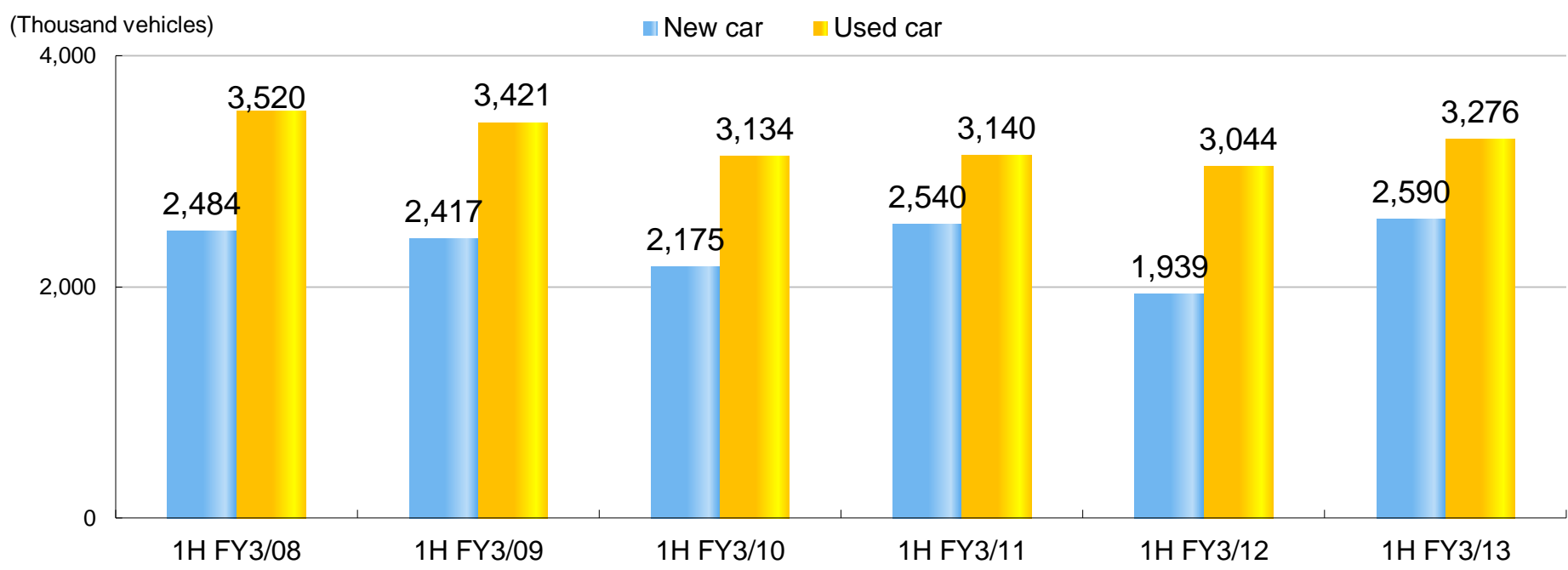
# **Market Overview**

## **First Half**

### **Fiscal Year Ending March 2013**



# (1) New/Used Car Registrations in Japan (April to September)



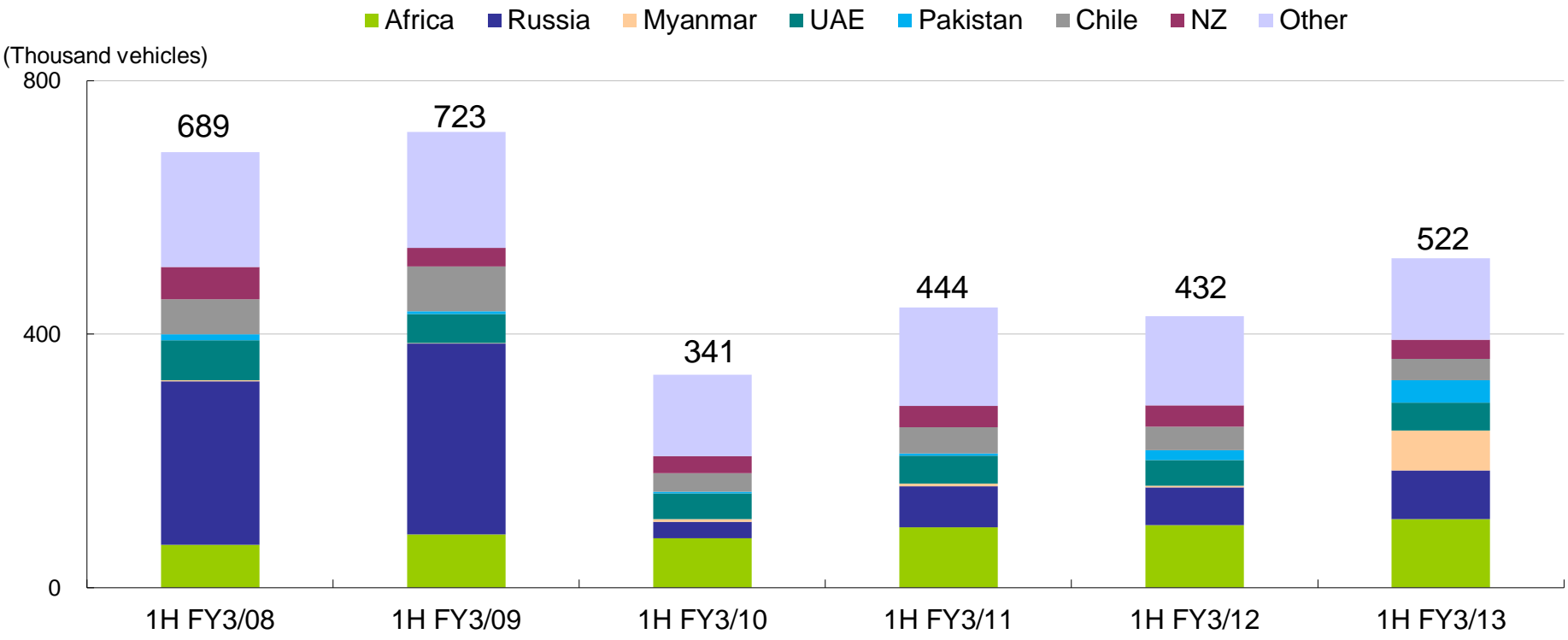
**New car registrations in 1H FY3/13 increased 33.5% to 2.59 million units.**

- Big increase was attributable mainly to the eco-car subsidy that was paid from December 2011 to September 2012

**Used car registrations in 1H FY3/13 were up 7.6% to 3.27 million units.**

- Increase in trading in cars for new models raised the number of vehicle trade-ins, which increased the number of used cars for sale

## (2) Used car exports (April to September)



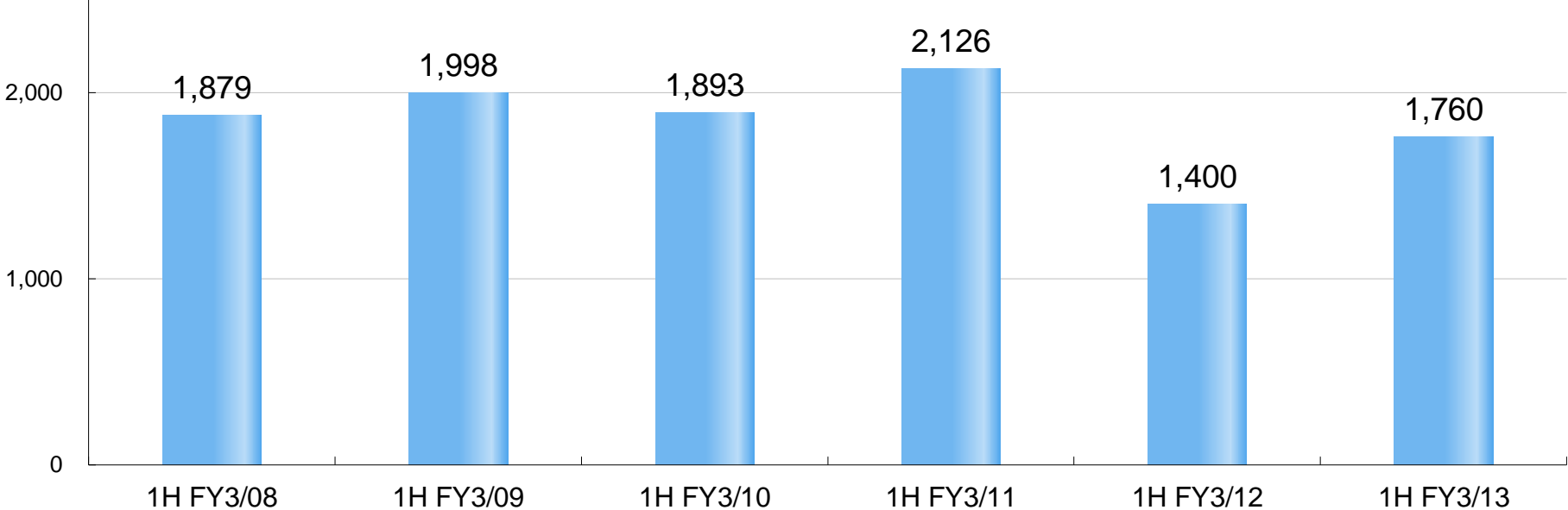
**Used car exports in 1H FY3/13 increased 21.0% to 522,000 units.**

- Major destination countries  
 Africa 108,000 (up 8.8%), Russia 77,000 (up 30.8%), Myanmar 63,000 (up 1706.5%), UAE 44,000 (up 10.3%)
- Countries with large increases  
 Kenya 24,000 (up 8.2%), Philippines 12,000 (up 40.5%), Zambia 8,000 (up 85.2%), Trinidad Tobago 4,000 (up 281.4%)



### (3) Automobiles Recycled (April to September)

(Thousand vehicles)



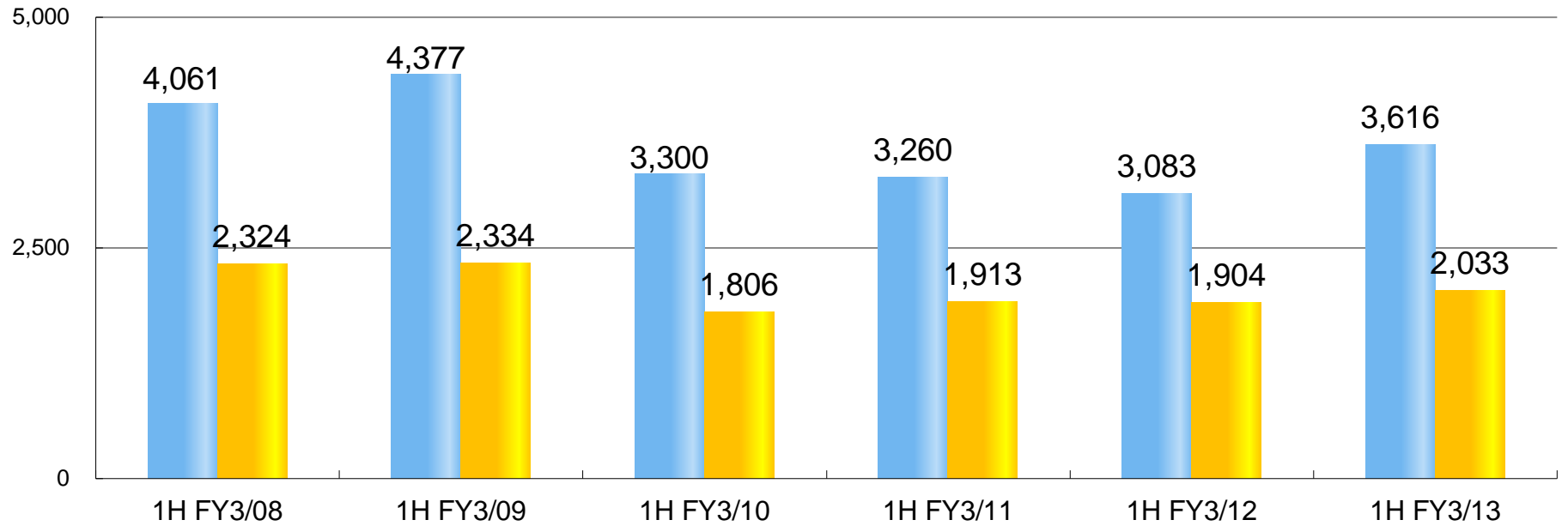
Vehicles scrapped increased 25.7% to 1.76 million units

- Big increase in vehicles scrapped mainly because of increase in trading in cars for new models along with the eco-car subsidy program

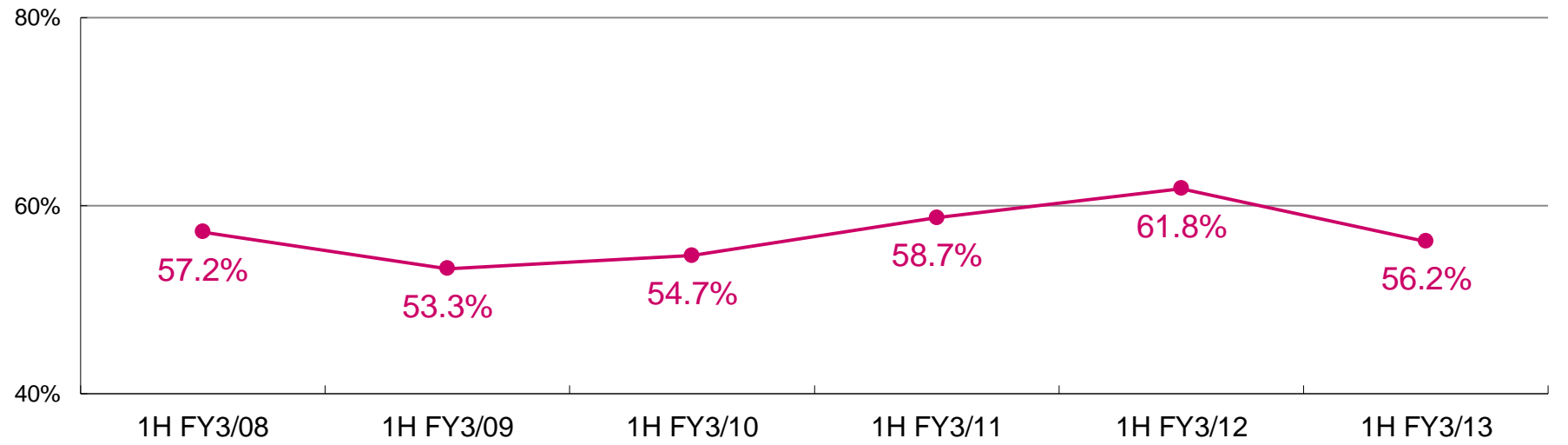
# (4) Auto Auction Market (April to September)

(Thousand vehicles)

■ Vehicles consigned    ■ Vehicles contracted



● Contract completion rate



# **Results of Operations**

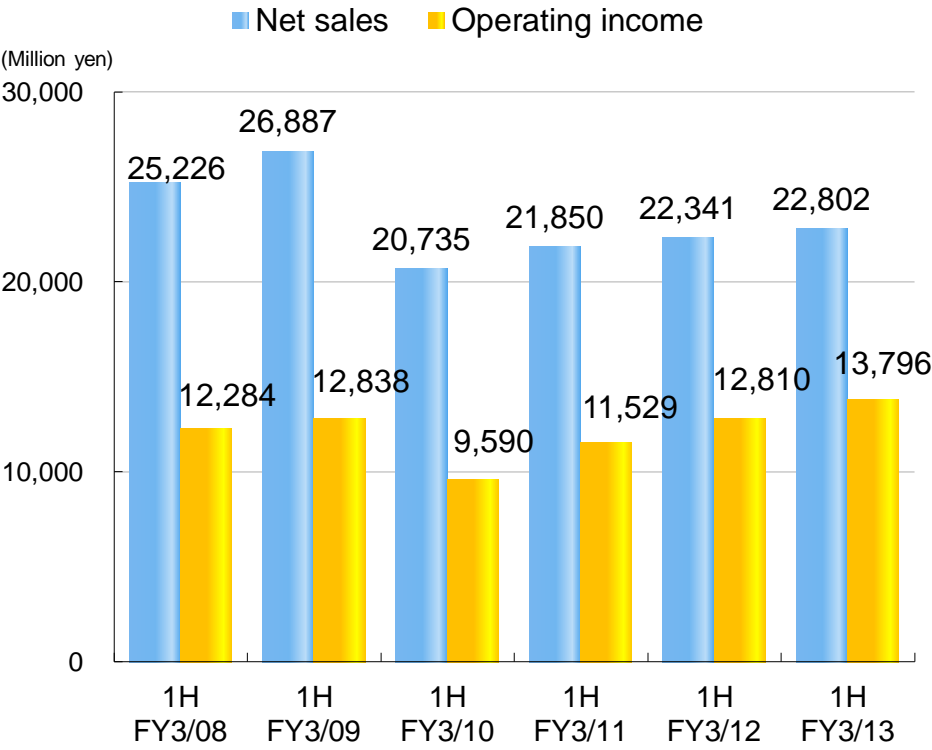
## **First Half**

### **Fiscal Year Ending March 2013**

#### **(Segment Information)**



# Auto Auction Business (1) – Results of Operations (1H)



|                                     | (Million yen)         |                       |               |
|-------------------------------------|-----------------------|-----------------------|---------------|
|                                     | 1H FY3/12             | 1H FY3/13             | YoY           |
| <b>Net sales</b>                    | <b>22,341</b>         | <b>22,802</b>         | <b>102.1%</b> |
| <b>Operating income (Per sales)</b> | <b>12,810 (57.3%)</b> | <b>13,796 (60.5%)</b> | <b>107.7%</b> |

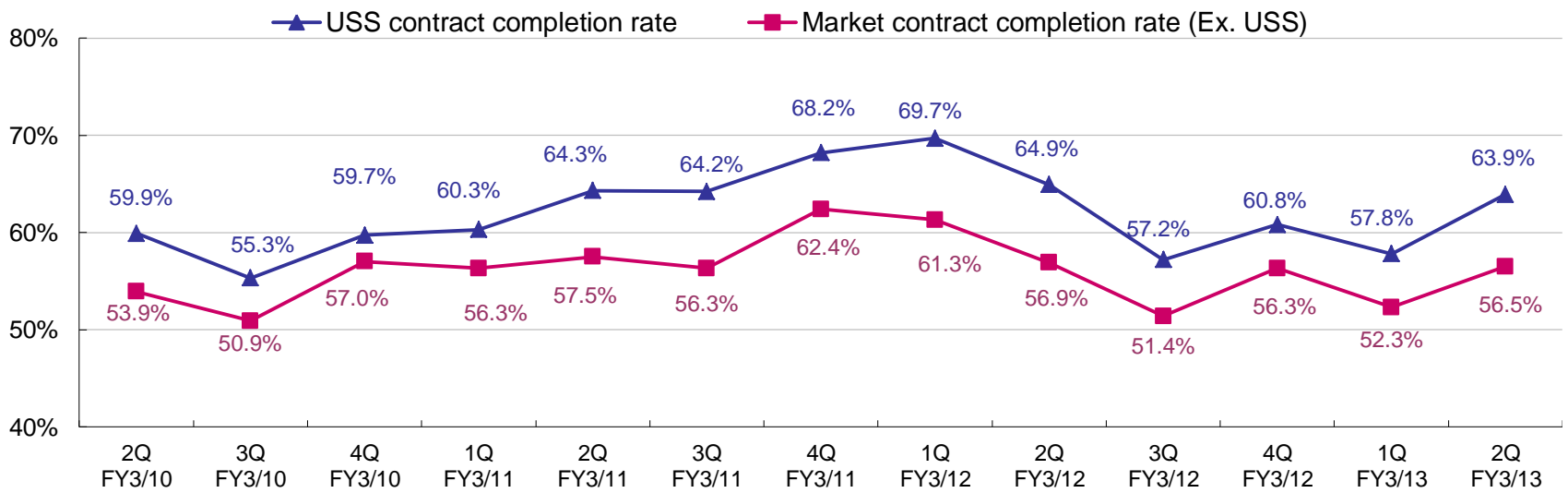
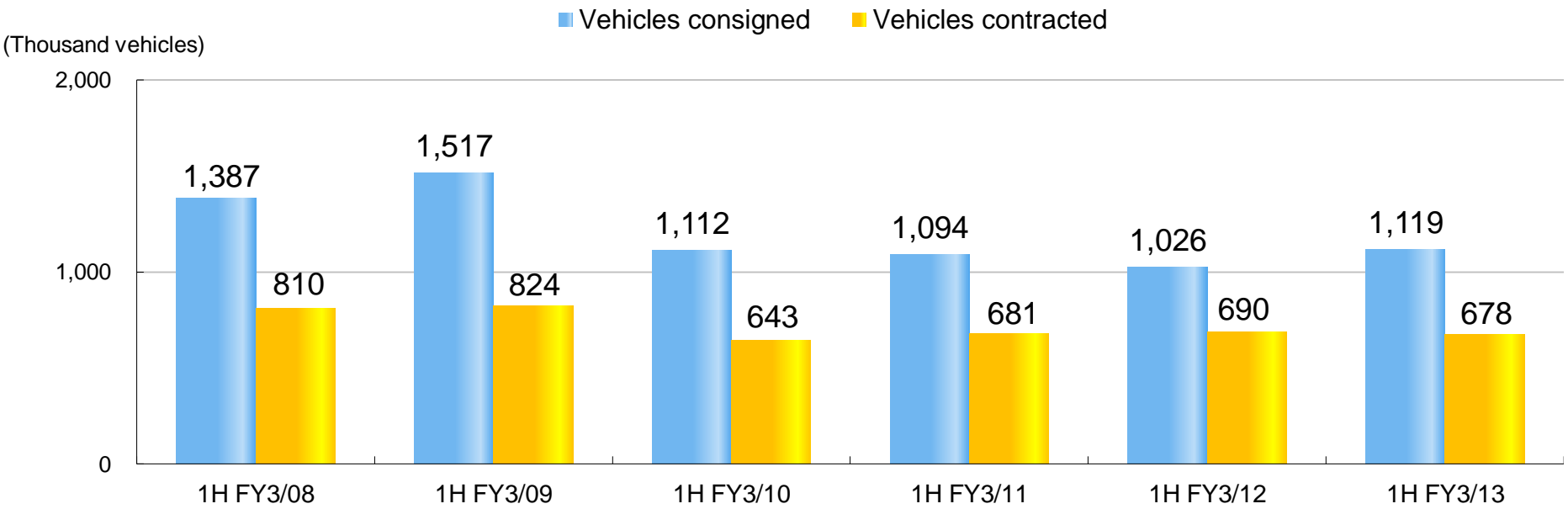
**Net sales increased 2.1% (YoY) to 22,802 million yen**

- Vehicles consigned up 9.1% to 1,119 thousand; contracted vehicles down 1.7% to 678 thousand; contract completion rate decreased from 67.3 % to 60.6 %
- Off-site successful bid ratio increased from 49.3% to 50.6%
- Revised the successful bid fee for the off-site bidding system (raised the fee 1,000 yen for the Internet in April and satellite TV in July)

**Operating income increased 7.7% (YoY) to 13,796 million yen**

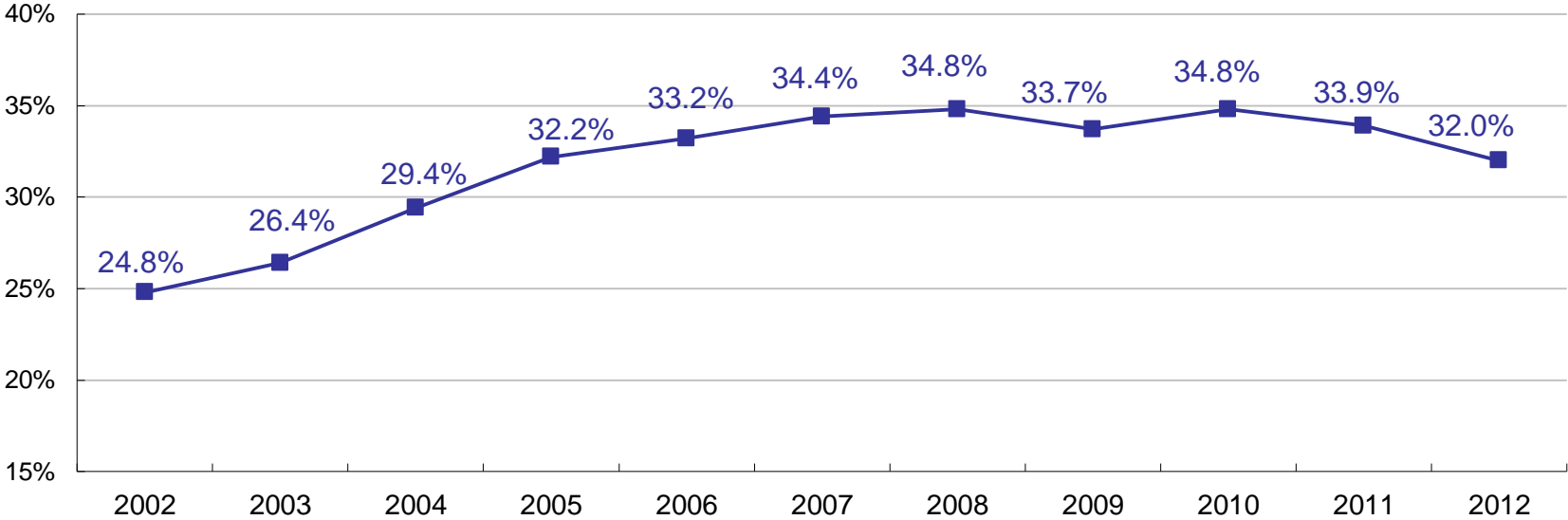
- Depreciation and amortization: Down 310 million yen
- Stock compensation expenses: Down 150 million yen

# Auto Auction Business (2) – USS Group Performance (1H)



# Auto Auction Business (3) – Market Share (January to June)

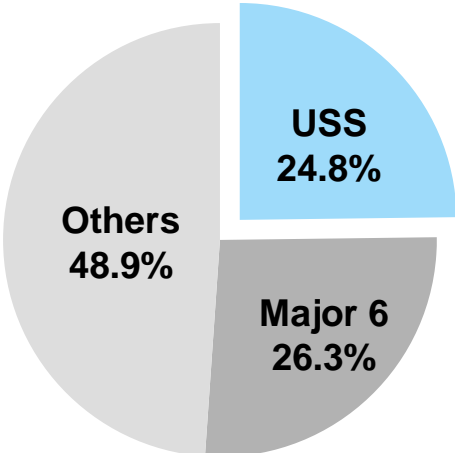
USS Market Share



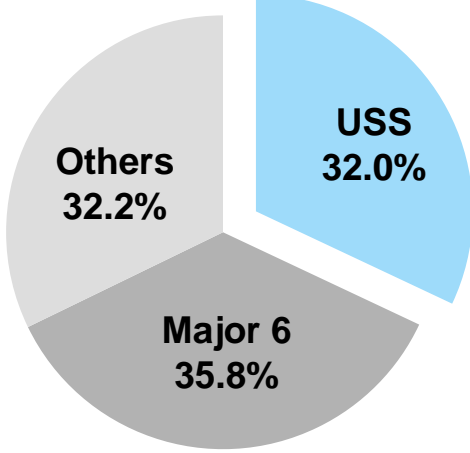
Jan – Jun 2002 Market Share

Jan – Jun 2012 Market Share

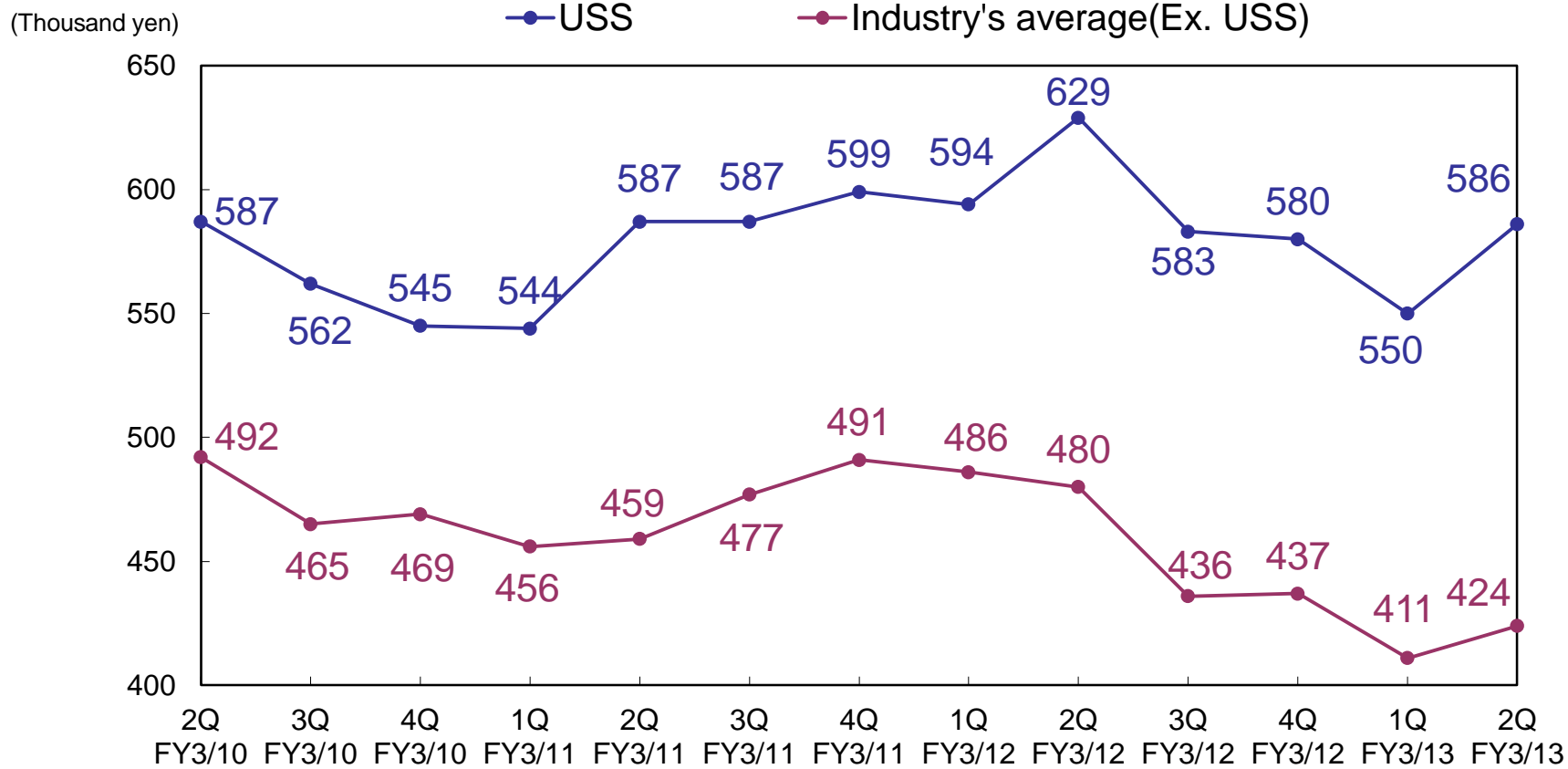
- \*Major 6
- TAA (6.1%)
- JAA (6.0%)
- CAA (4.8%)
- Arai AA(5.6%)
- LAA (1.2%)
- KCAA (2.6%)



- \*Major 6
- TAA(9.6%)
- JAA(8.8%)
- CAA(6.6%)
- Arai AA(4.4%)
- LAA(3.2%)
- KCAA(3.2%)



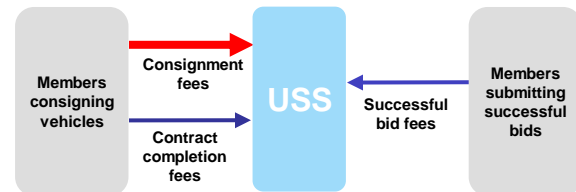
## Average Price of Vehicles Contracted



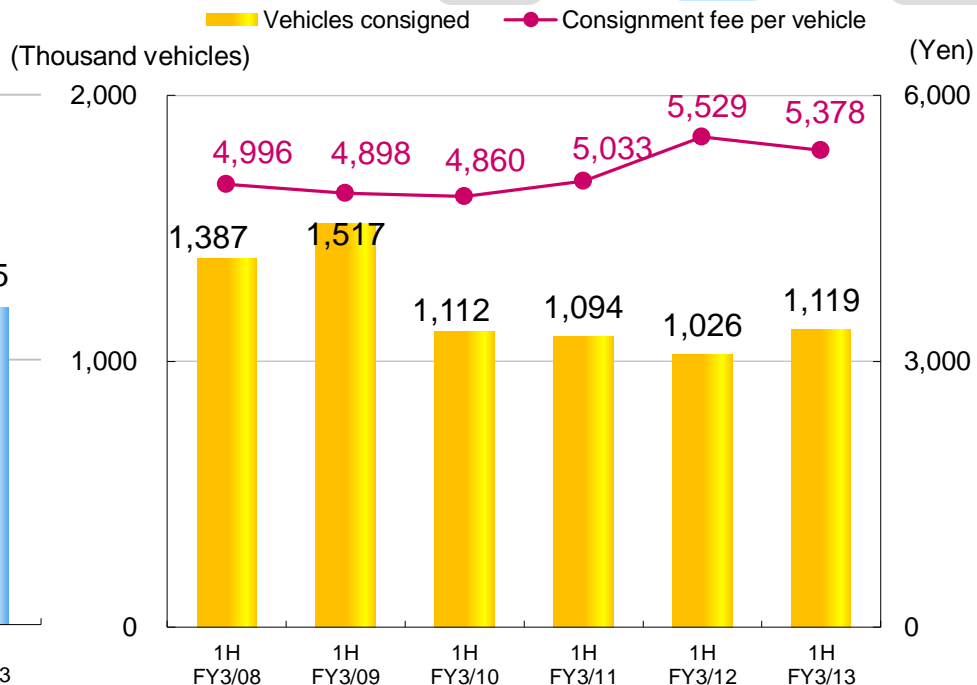
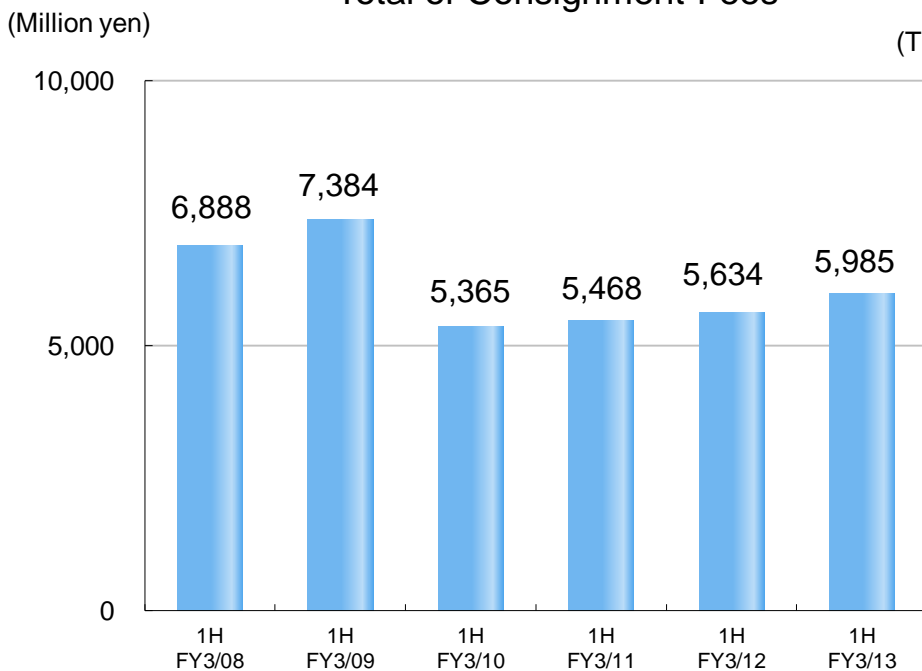
Note:  
 The average price per vehicle contracted is presented only for comparison (reference) between the average price per vehicle contracted at USS and the industry average. Consignment, contract completion and successful bid fees for auto auctions in Japan are the same (fixed fees) for each category regardless of the purchase price, including at USS. Therefore, changes in the purchase price do not affect fees. For details on commission structures, see Page 6 (Business Models for Auto Auction Business).



# Auto Auction Business (5) – Vehicles Consigned and Consignment Fees



### Total of Consignment Fees

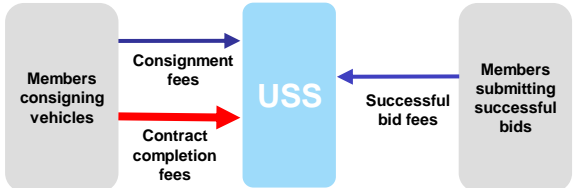


\*Consignment fee per vehicle is calculated before eliminations for consolidation.

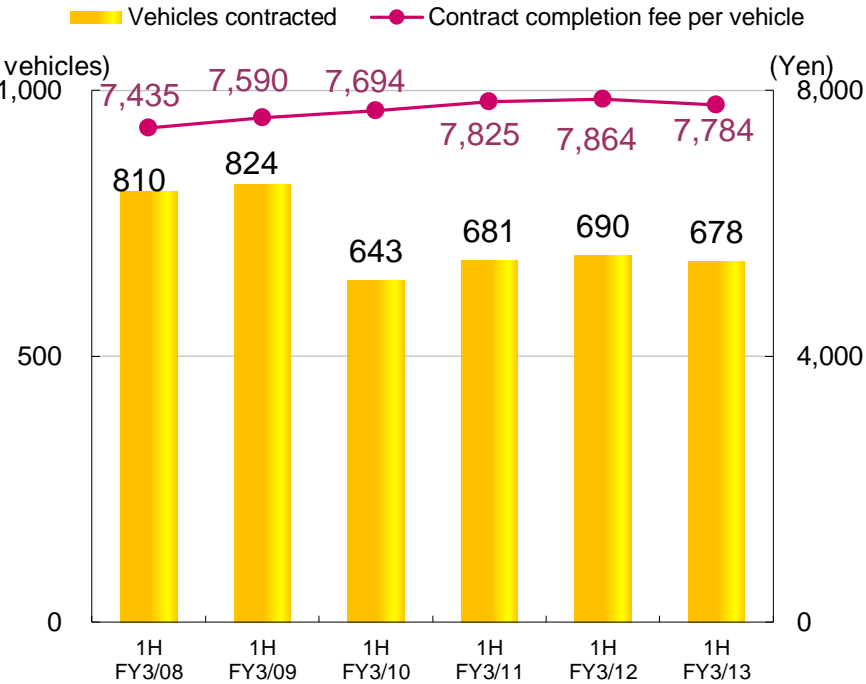
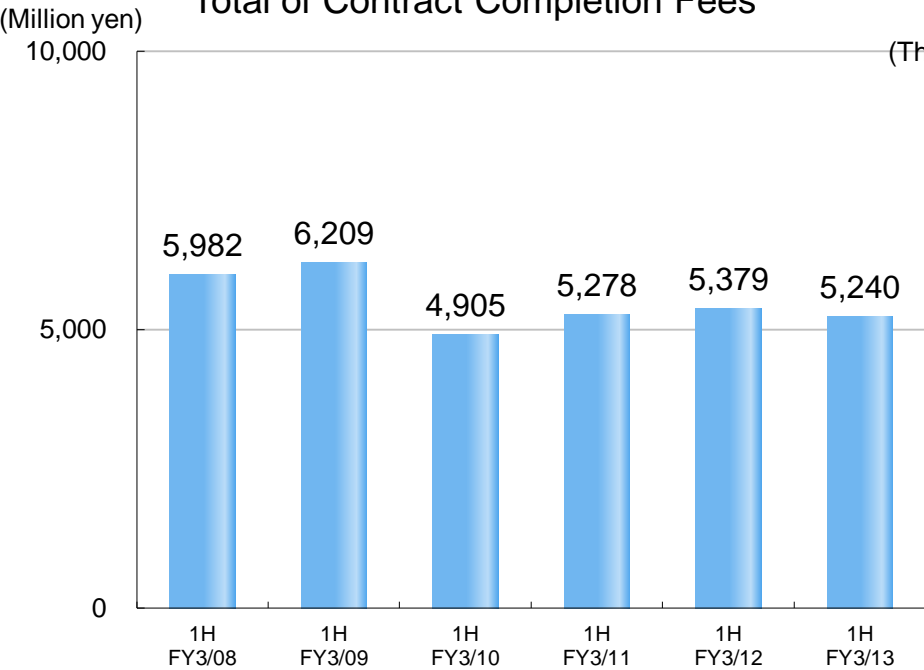
Consignment fee per vehicle: 5,378 yen (previous year: 5,529 yen, Decrease of 151 yen from one year earlier)

- Increase in the percentage of large-consignment clients who pay lower fee rates, particularly at Tokyo and Nagoya auction site.
- Introduced a consignment fee discount system at Niigata and Saitama auction sites

# Auto Auction Business (6) – Vehicles Contracted and Contract Completion Fees



Total of Contract Completion Fees

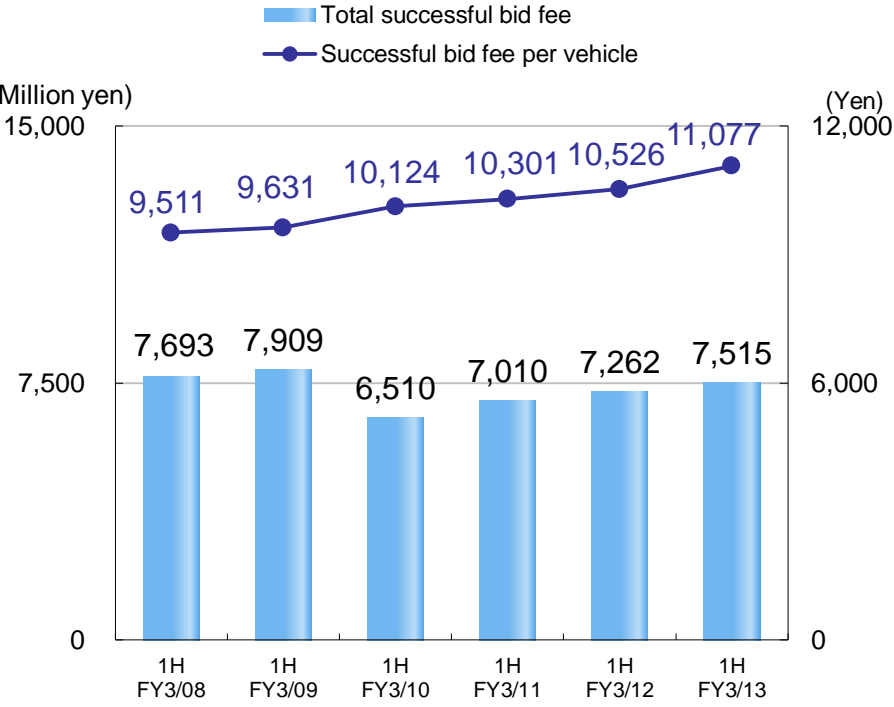
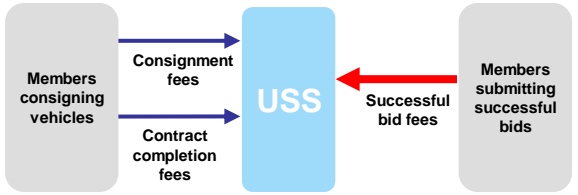


\*Contract Completion fee per vehicle is calculated before eliminations for consolidation.

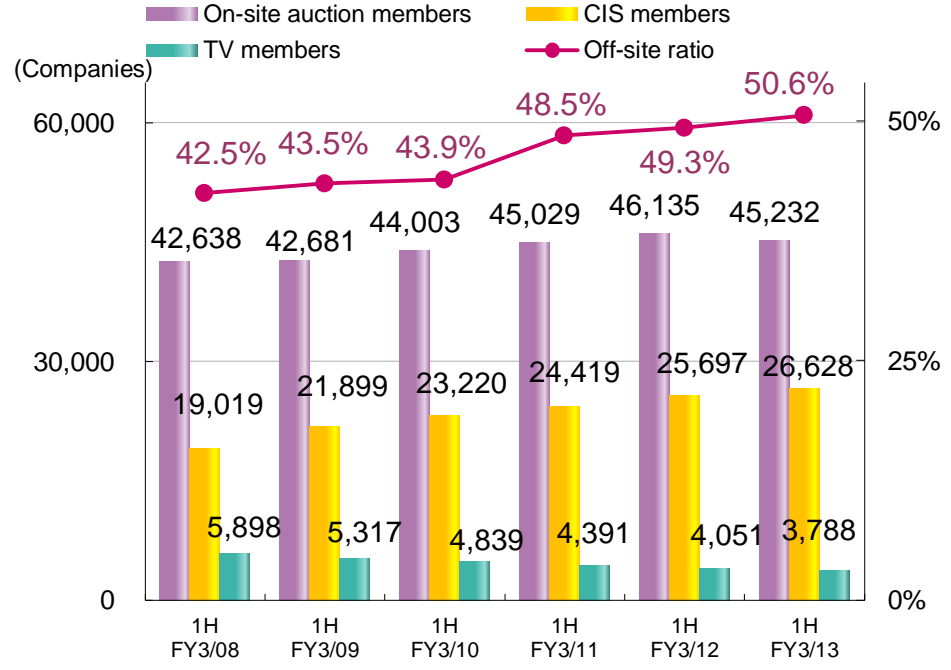
Contract completion fees per vehicle: 7,784 yen (previous year: 7,864 yen, Decrease of 80 yen from one year earlier)

- Increase in the percentage of large-consignment clients who pay lower fee rates, particularly at Tokyo and Nagoya auction site.

# Auto Auction Business (7) – Successful Bid Fees and Off-site Successful Bid Ratio



\* Successful bid fee per vehicle is calculated before eliminations for consolidation.

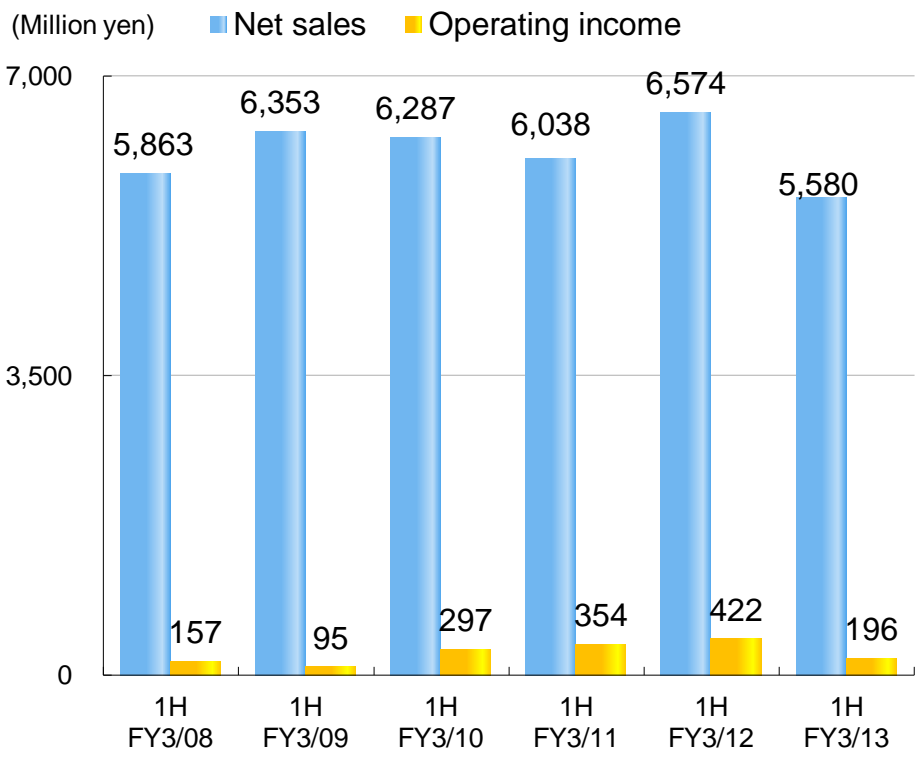
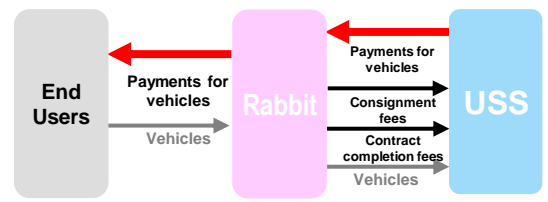


\* In the first half fiscal year ending March 2013, the number of on-site auction members does not include sleeping members (members that have not been active for extended periods).

**Successful bid fee per vehicle: 11,077 yen (previous year: 10,526 yen, Increase of 551 yen from one year earlier)**

- Revised the successful bid fee for the off-site bidding system (raised the fee 1,000 yen for the Internet in April and satellite TV in July)
- The off-site successful bid ratio rose from 49.3% to 50.6%

# Used Car Purchasing and Selling Business – Results of Operations



(Million yen)

|                                     | 1H FY3/12         | 1H FY3/13         | YoY          |
|-------------------------------------|-------------------|-------------------|--------------|
| <b>Net sales</b>                    | <b>6,574</b>      | <b>5,580</b>      | <b>84.9%</b> |
| <b>Operating income (Per sales)</b> | <b>422 (6.4%)</b> | <b>196 (3.5%)</b> | <b>46.6%</b> |

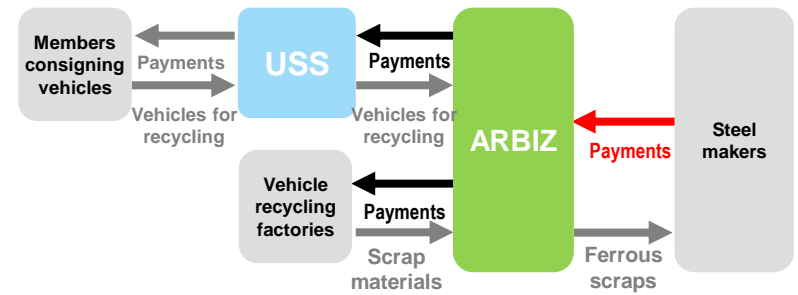
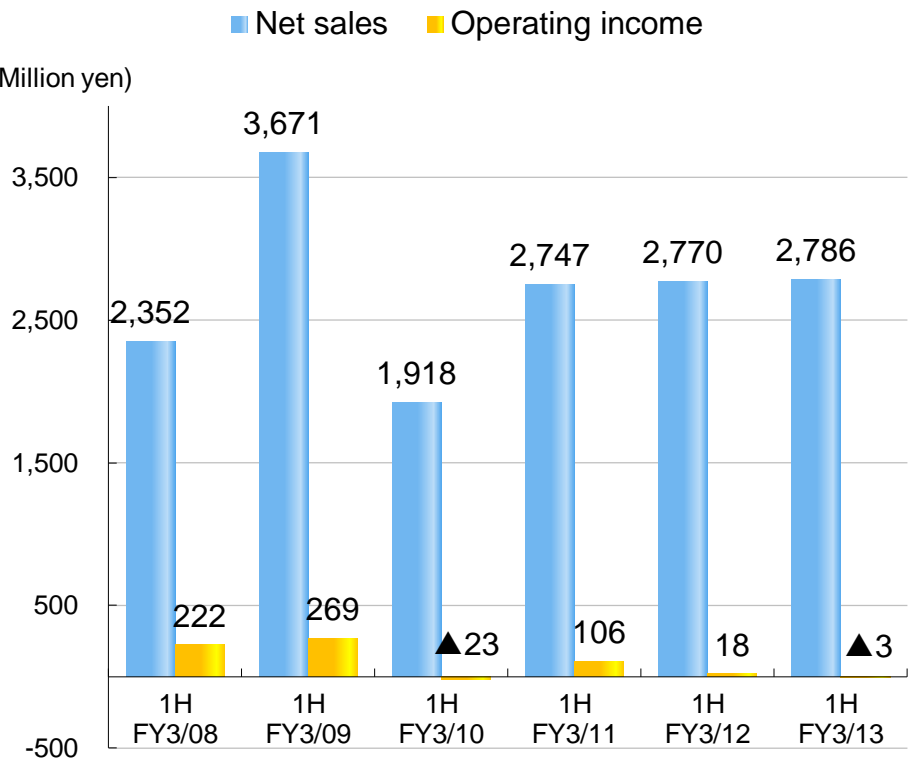
Rabbit sales decreased 10.8% to 3,930 million yen and operating income decreased 30.5% to 167 million yen (YoY)

- Declines in the number of vehicles purchased and gross profit per vehicle brought down sales and earnings

Sales of accident-damaged vehicles decreased 23.8% to 1,649 million yen and operating income decreased 83.7% to 29 million yen (YoY)

- Declines in the number of vehicles purchased and gross profit per vehicle brought down sales and earnings

# Other Business (Recycling Business) – Results of Operations

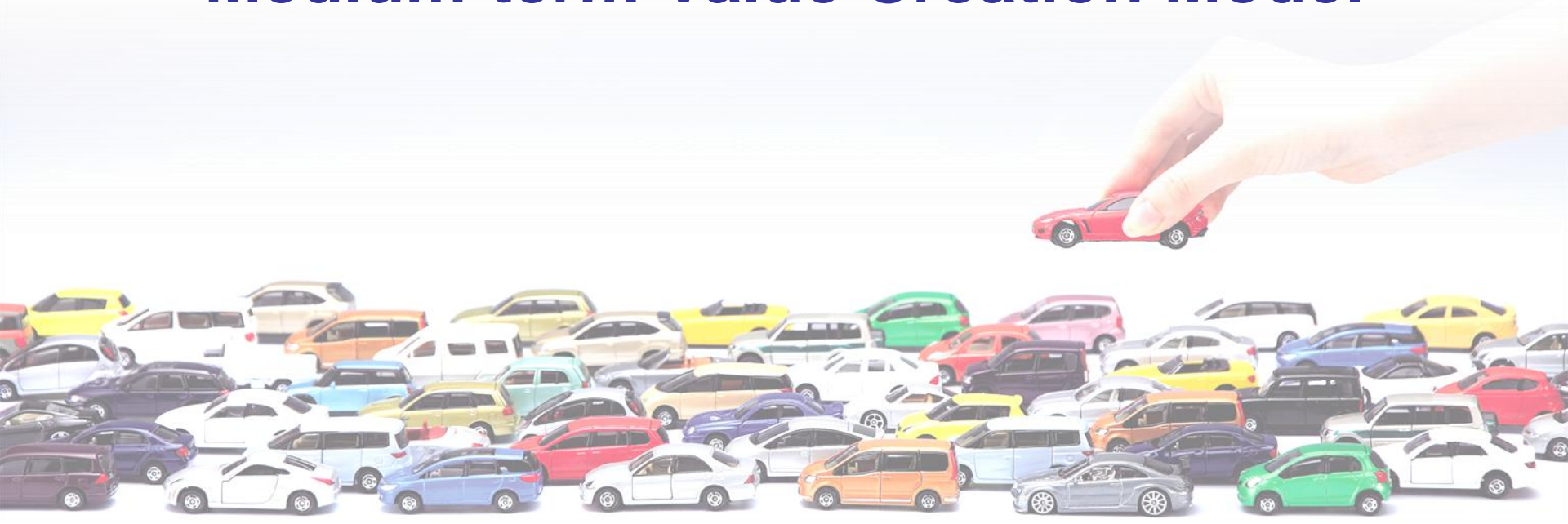


|                                     | (Million yen)    |               |               |
|-------------------------------------|------------------|---------------|---------------|
|                                     | 1H FY3/12        | 1H FY3/13     | YoY           |
| <b>Net sales</b>                    | <b>2,770</b>     | <b>2,786</b>  | <b>100.6%</b> |
| <b>Operating income (Per sales)</b> | <b>18 (0.7%)</b> | <b>▲3 (-)</b> | <b>-</b>      |

ARBIZ sales decreased 10.8% to 1,975 million yen and there was a 54 million yen operating loss compared with 15 million yen of operating income one year earlier

- Performance attributable to weakening scrap iron market and higher expenses including labor cost
- CAR QUEST Toyo sales increased 7.9% to 588 million yen and operating income decreased 6.4% to 30 million yen (YoY)
- While the handling volume of synthetic rubber and other products rose, operating expenses were also up.
- USS Logistics International Service sales increased from 10 million yen to 222 million yen and there was operating income of 20 million yen compared with a 28 million yen loss one year earlier
- The number of vehicles handled is increasing steadily

# Forecast for FY2013.3 Earnings Distributions Medium-term Value Creation Model



# FY2013.3 – Consolidated Forecast

(Million yen)

|  | FY2012.3<br>Actual | FY2013.3<br>Initial plan<br>(May 8, 2012) | Change | FY2013.3<br>Revised Plan<br>(Nov. 6, 2012) | Revised Plan vs<br>FY2012 |
|--|--------------------|---|--------|--|---------------------------|
| Net Sales  | 64,009             | 65,000                                    | ▲800   | 64,200                                     | 100.3%                    |
| Cost of sales<br>(Per sales)                                   | 26,161<br>(40.9%)  | 25,981<br>(40.0%)                         | ▲299   | 25,682<br>(40.0%)                          | 98.2%                     |
| Gross profit<br>(Per sales)                                    | 37,848<br>(59.1%)  | 39,018<br>(60.0%)                         | ▲500   | 38,517<br>(60.0%)                          | 101.8%                    |
| Selling, general and<br>administrative expenses<br>(Per sales) | 9,895<br>(15.5%)   | 10,018<br>(15.4%)                         | ▲500   | 9,517<br>(14.8%)                           | 96.2%                     |
| Operating income<br>(Per sales)                                | 27,952<br>(43.7%)  | 29,000<br>(44.6%)                         | -      | 29,000<br>(45.2%)                          | 103.7%                    |
| Ordinary income<br>(Per sales)                                 | 28,588<br>(44.7%)  | 29,250<br>(45.0%)                         | -      | 29,250<br>(45.6%)                          | 102.3%                    |
| Net income<br>(Per sales)                                      | 17,054<br>(26.6%)  | 17,950<br>(27.6%)                         | -      | 17,950<br>(28.0%)                          | 105.2%                    |
| Net income per share (yen)                                     | 609.24             | 657.10                                    | -      | 678.52                                     | 111.4%                    |

## Plan for auction volume in FY3/13

|  | Number of consigned vehicles<br>FY2013.3 | YoY    | Number of contract completions<br>FY2013.3 | YoY   | Contract completion rate |          |
|--|--|--------|--|-------|--------------------------|----------|
|  |  |        |  |       | FY2013.3                 | FY2012.3 |
| Initial plan<br>(Announced May 8, 2012)  | 2.30 million unit                        | 102.1% | 1.40 million unit                          | 99.0% | 60.9%                    | 62.8%    |
| Revised                                  | ▲0.035 million unit                      | ▲1.5%  | —  | —     | +0.9%                    | —        |
| Revised Plan<br>(Announced Nov. 6, 2012) | 2.265 million unit                       | 100.6% | 1.40 million unit                          | 99.0% | 61.8%                    | 62.8%    |

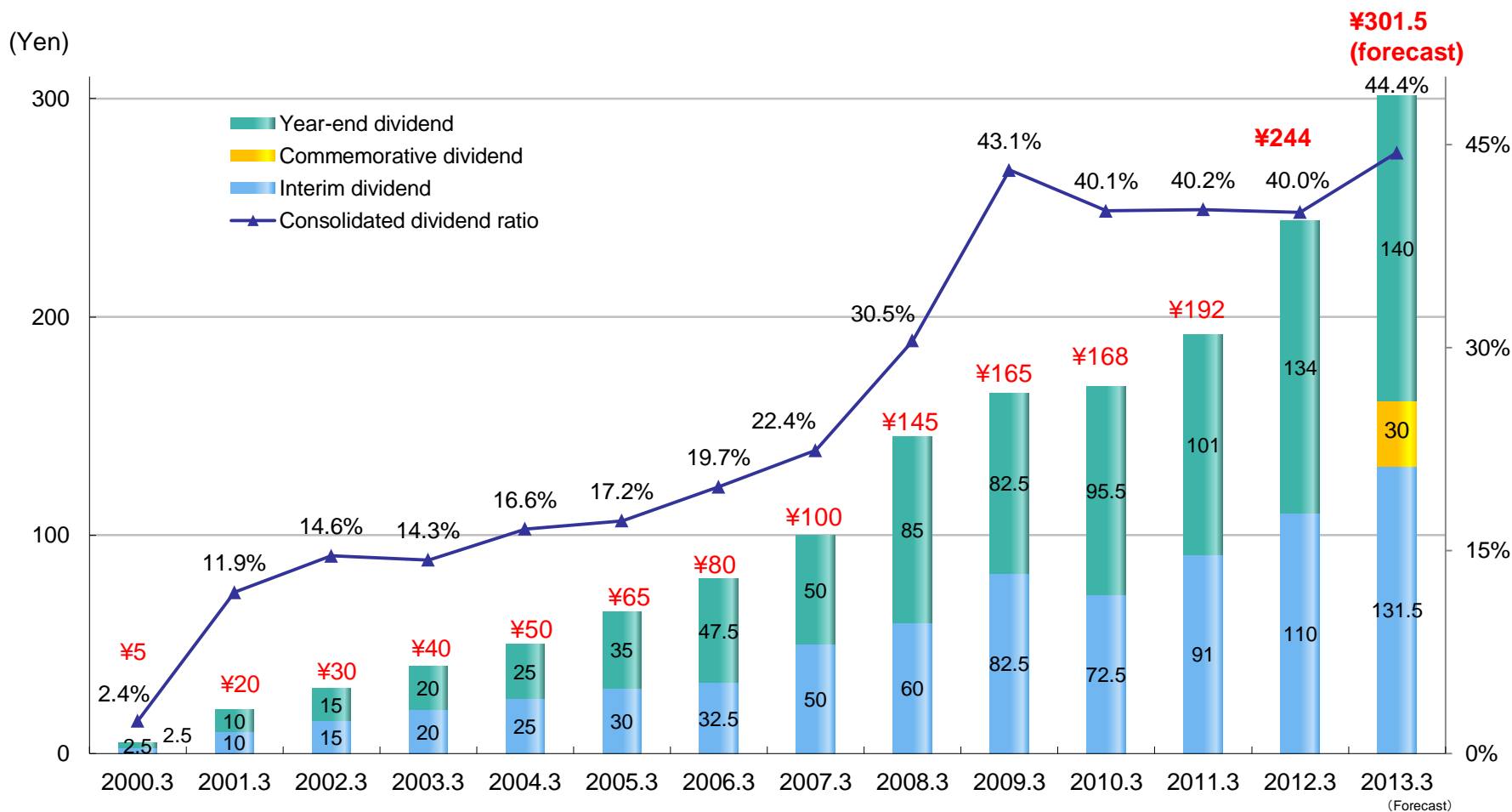


# Earnings Distributions (1) – Dividend Policy

**Raised the FY3/13 dividend forecast from 293 yen to 301.5 yen per share (57.5yen higher than FY3/12 dividend)**

(includes 30 yen commemorative dividend in first half dividend for 30<sup>th</sup> anniversary of start of the automobile auction business)

**Basic dividend policy is a consolidated payout ratio of at least 40%**



## USS consistently distributes earnings to shareholders

(Million yen)

|                                       | 2000.3 | 2001.3 | 2002.3 | 2003.3 | 2004.3 | 2005.3 | 2006.3 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Net Income                            | 3,543  | 4,493  | 5,489  | 7,645  | 8,907  | 11,814 | 13,203 |
| Dividend Paid                         | 88     | 532    | 802    | 1,095  | 1,529  | 2,049  | 2,589  |
| Stock Repurchased                     | 42     | -      | 0      | 5      | 2      | 2      | 1,757  |
| Total amount returned to shareholders | 130    | 532    | 802    | 1,100  | 1,532  | 2,051  | 4,346  |
| Total Earnings Distribution Ratio     | 3.6%   | 11.9%  | 14.6%  | 14.4%  | 16.7%  | 17.2%  | 33.0%  |

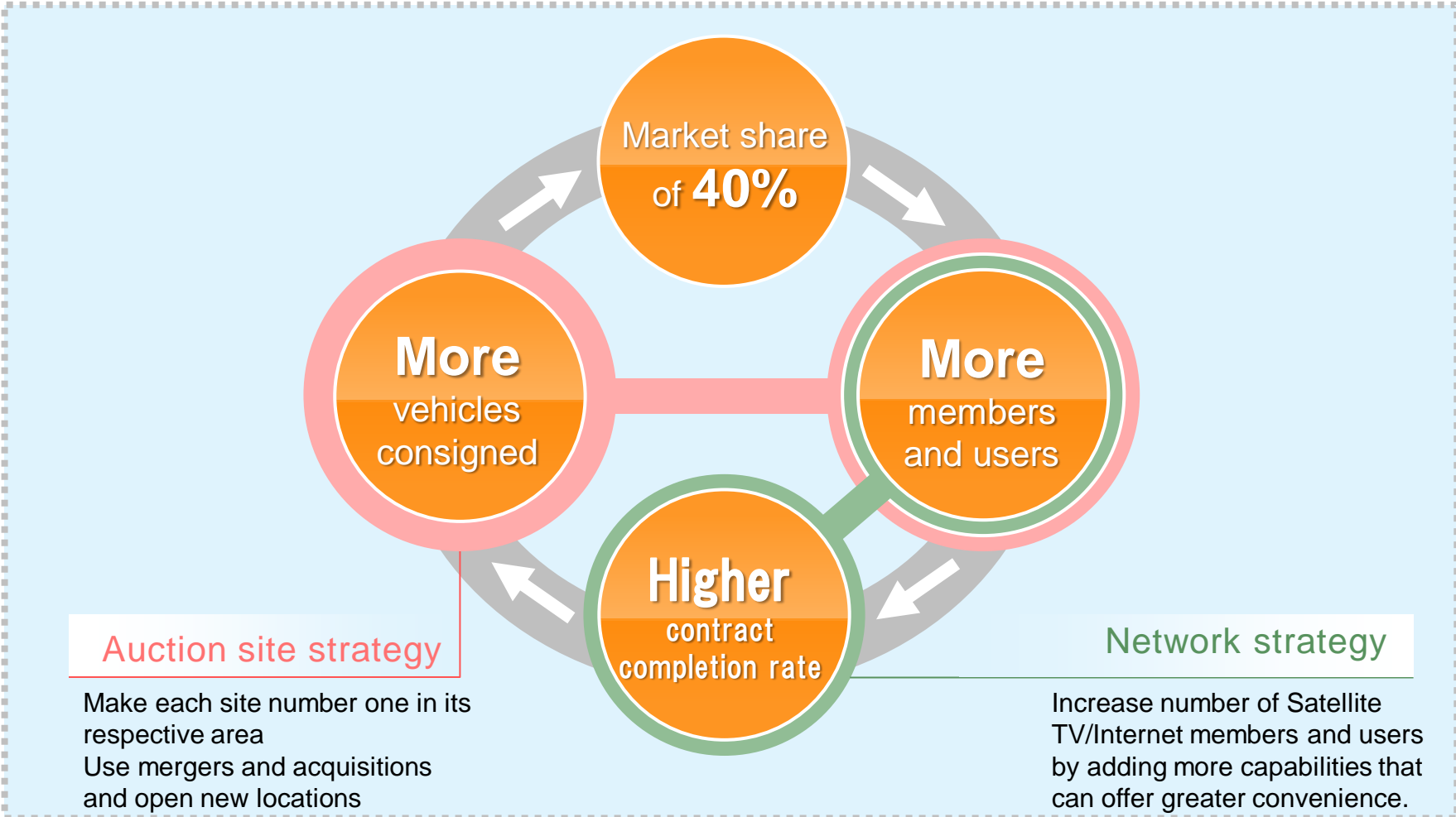
|                                       | 2007.3 | 2008.3 | 2009.3 | 2010.3 | 2011.3 | 2012.3 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|
| Net Income                            | 14,390 | 15,200 | 12,003 | 12,717 | 13,971 | 17,054 |
| Dividend Paid                         | 3,204  | 4,641  | 5,126  | 5,059  | 5,601  | 6,736  |
| Stock Repurchased                     | 4,525  | 0      | 8,940  | 4,671  | 4,950  | 11,812 |
| Total amount returned to shareholders | 7,730  | 4,641  | 14,066 | 9,731  | 10,552 | 18,549 |
| Total Earnings Distribution Ratio     | 53.8%  | 30.5%  | 117.6% | 76.8%  | 75.6%  | 103.5% |

\*For the total earnings distribution ratio, treasury stock held by the USS employee stock ownership plan trust is included in common stock.

# Medium-term Goals and Value Creation Model

USS is aiming for an overwhelming share of Japan's mature auto auction market by offering its members even greater convenience.

**Capture market share, cut costs and increase earnings**  
 (Avoid competition based on price alone)



**Auction site strategy**

Make each site number one in its respective area  
 Use mergers and acquisitions and open new locations

**Network strategy**

Increase number of Satellite TV/Internet members and users by adding more capabilities that can offer greater convenience.

# Strategic Initiatives Based on Medium-term Goals

## ■ Auction sites

- Rebuilt the Nagoya Auction Site at the same location to increase the number of vehicles consigned (estimated capital expenditure is 7 billion yen)  
(Construction scheduled to start December 2012 and operations to begin August 2013)
- Acquired land for a new auction site to move the Okayama Auction site in order to increase the number of vehicles consigned for auction.
- Exploring the possibility of rebuilding or moving the Hokuriku Auction site to a new location in order to increase the number of vehicles consigned for auction.

## ■ Network services

- Conducting campaign to increase the number of Satellite TV and Internet auction members
- Started offering a service for smartphones and tablets (Smart CIS on introduced on November 5)

## ■ New business activities

- Established an equity and business alliance with BIKE O & COMPANY and Japan Bike Auction for motorcycle auctions  
Opened the Kobe Auction Site in November 2011 and the Yokohama Auction Site in May 2012

# The New USS Nagoya Auction Site

Construction scheduled to start December 2012 and operations to begin August 2013



Rendering of the new USS Nagoya Auction Site

## USS Nagoya Auction Site

- Seven-story structure (eight stories including the roof)
- First floor: Office
- Second floor: Auction facilities
- Third-Eighth floors: Stock yard
- Built-up area: 15,340m<sup>2</sup>
- Floor space: 72,105m<sup>2</sup>
- Auction hall: 1,350 seats  
Parallel 10-lane system
- Canteen and cafeteria: Seats 690
- Multi-level stock yard: 2,000 vehicles  
Nagoya Auction Site total capacity: 12,000 vehicles  
(Includes parking for customers)
- Carrier car capacity: 40 carriers

**General Affairs Department  
Supervisory Division  
USS Co., Ltd.**

**507-20 Shinpo-machi, Tokai-City, Aichi Prefecture 476-0005**

**Telephone: +81-52-689-1129**

**Facsimile: +81-52-604-1915**

**E-mail: [irinfo@ussnet.co.jp](mailto:irinfo@ussnet.co.jp)**

**Reference materials**

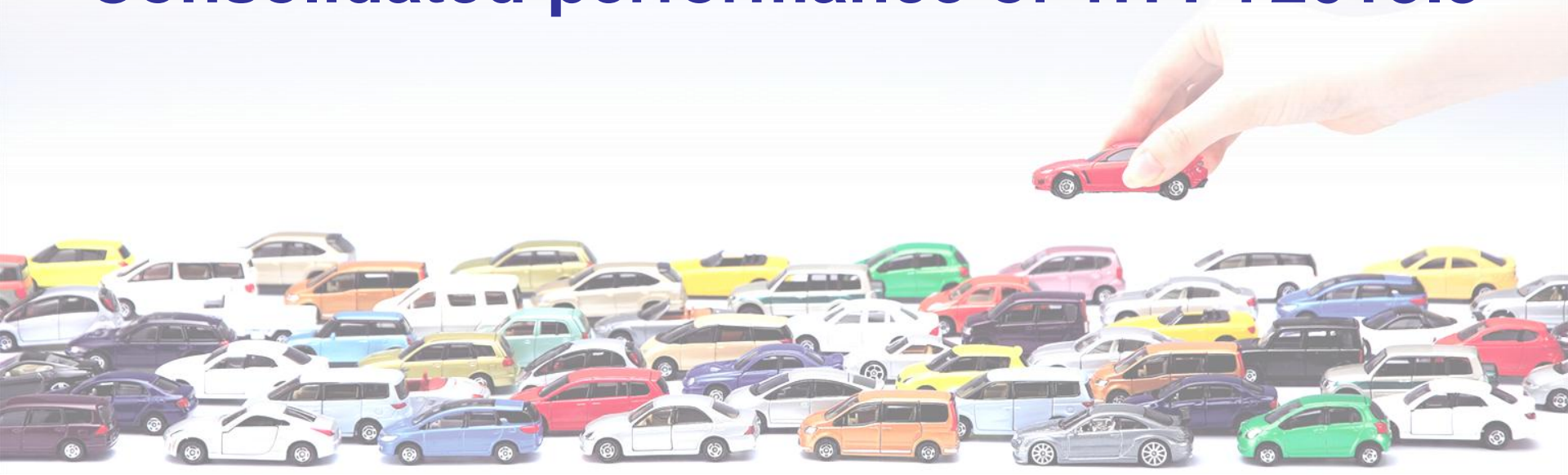
**Japan Automobile Manufacturers Association, Japan Mini Vehicles Association,  
JAPAN AUTOMOBILE DEALERS ASSOCIATION, Monthly Magazine Used Car,  
International Auto Trade Association, Japan Automobile Recycling Promotion Center**

**(Precautions concerning these materials)**

**These materials contain forward-looking statements that are based on the judgments of management in accordance with information that is currently available. These statements include assumptions and beliefs based on these assumptions. Depending on changes in the operating environment, these assumptions and beliefs may differ from actual results. Statements by USS or its management concerning expectations or beliefs about future performance are not guarantees that these expectations or beliefs will be achieved, or that actual performance will be near these expectations or beliefs. Furthermore, as provided by law, unless stated otherwise, USS has no obligation to update any forecast to the latest version.**

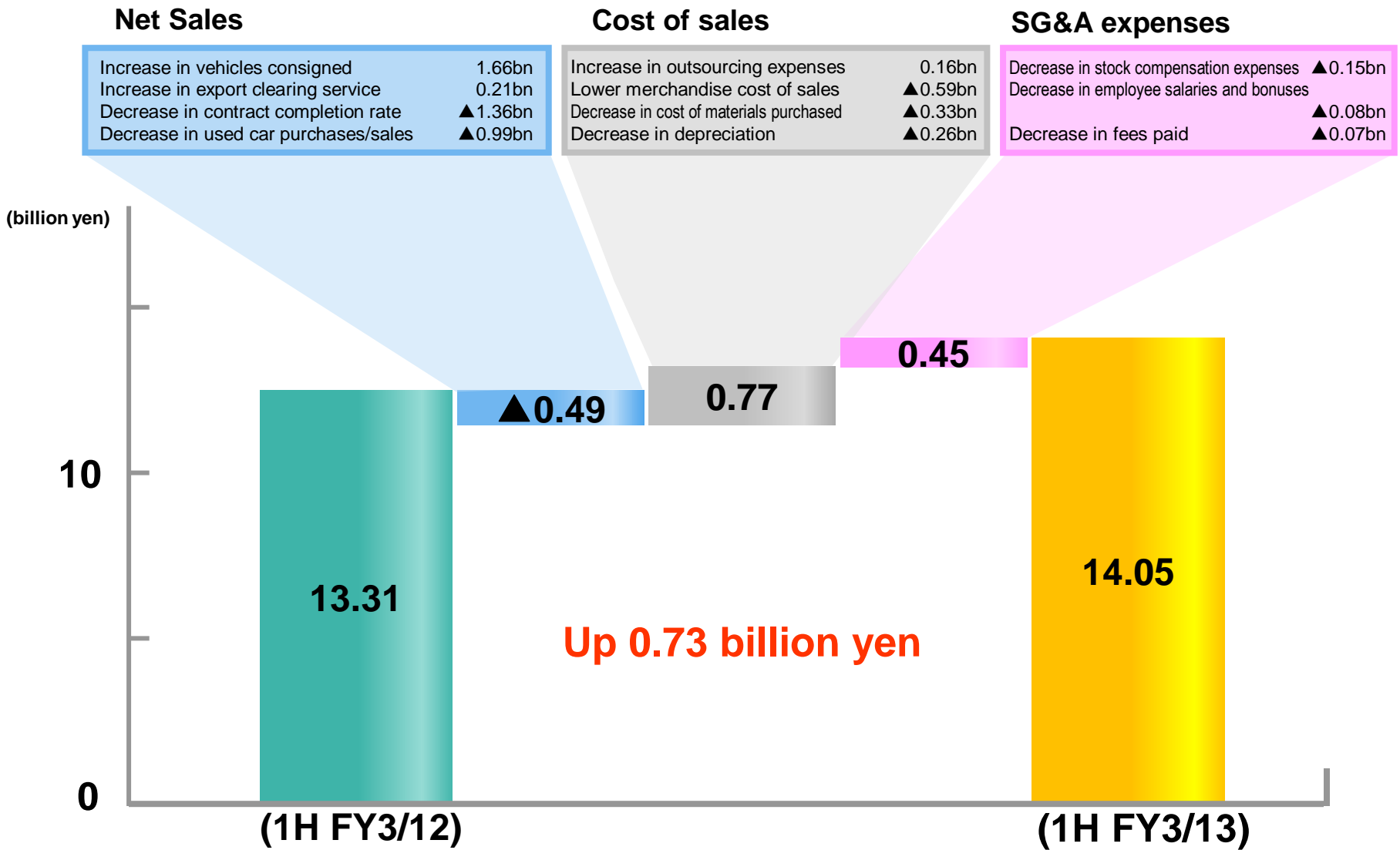
# Supplemental Data

## Consolidated performance of 1H FY2013.3



# FY2013.3 1H Reasons for Change in Operating Income (Actual)

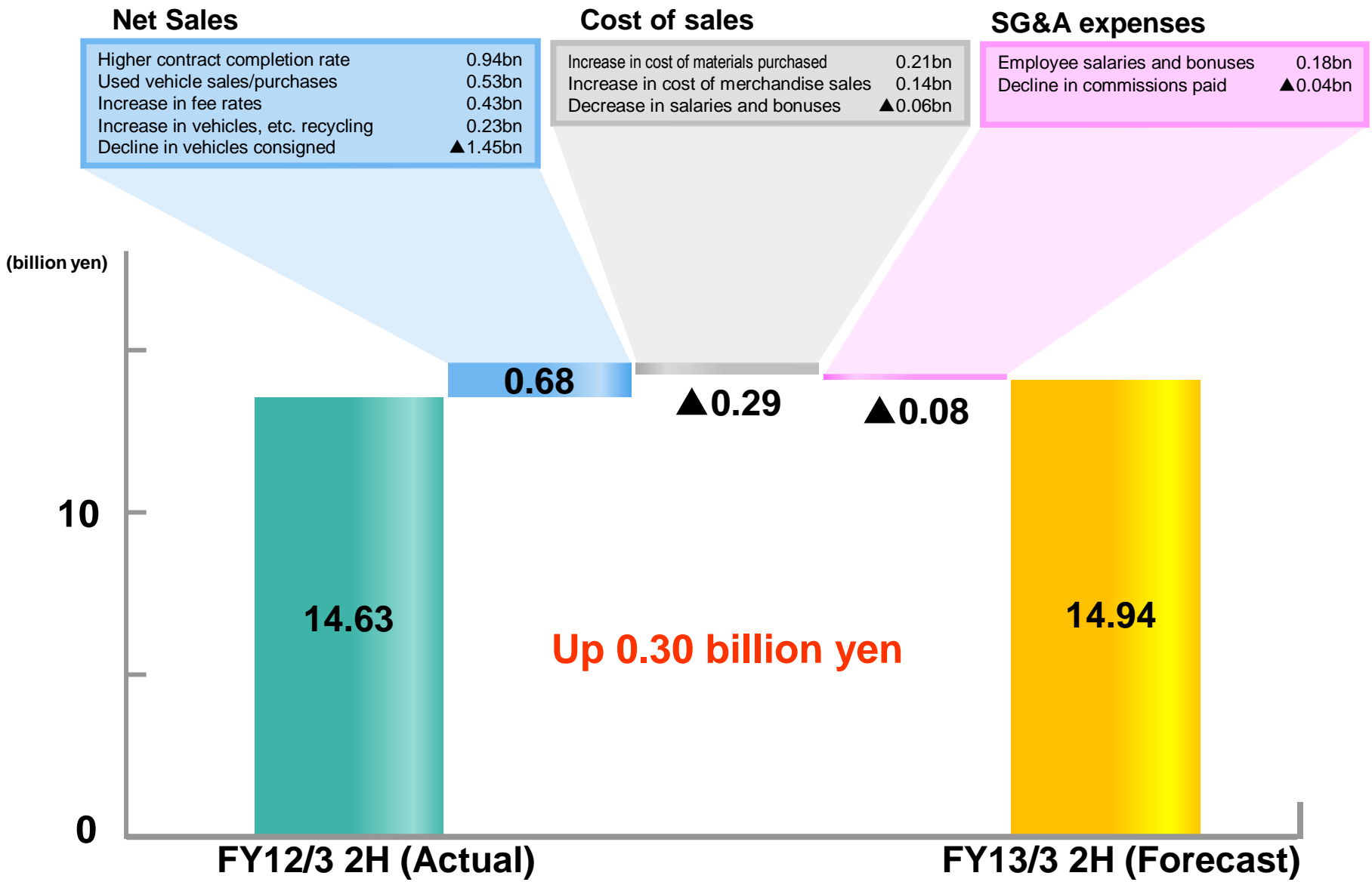
## Reasons for change in operating income





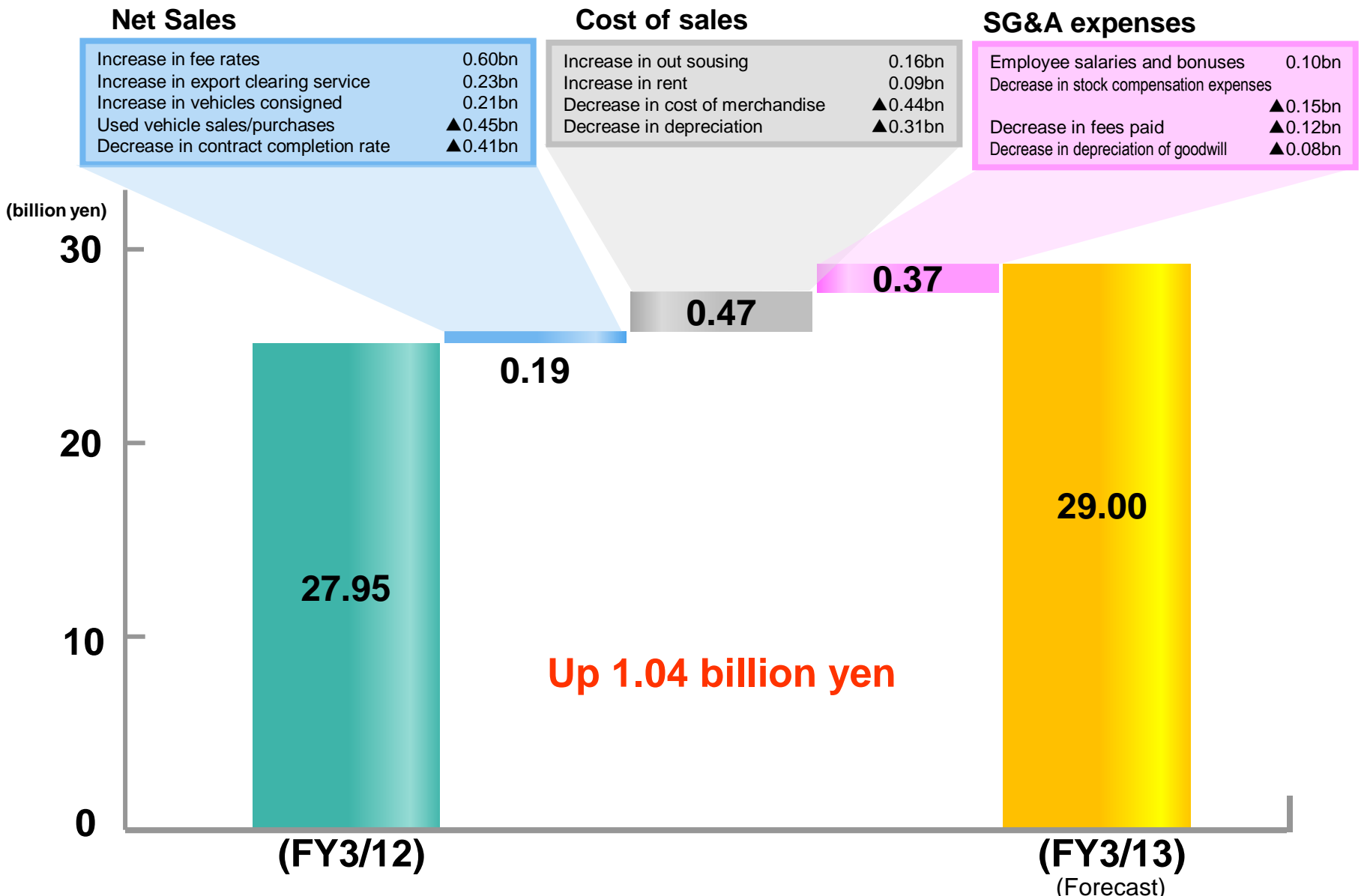
# 2013.3 2<sup>nd</sup> Half Reasons for change in operating income (Forecast)

## Reasons for change in operating income



# FY2013.3 Reasons for Change in Operating Income (Forecast)

## Reasons for change in operating income



# FY2013.3 1H – Results by Sites

From April 1, 2012 to September 30, 2012

(Number of auctions held, Vehicles)

|                 | Number of auctions |        | Number of consigned vehicles |           |         | Number of contract completions |         |         | Contract completion rate |        |
|-----------------|--------------------|--------|------------------------------|-----------|---------|--------------------------------|---------|---------|--------------------------|--------|
|                 | 2012.9             | 2011.9 | 2012.9                       | 2011.9    | Changes | 2012.9                         | 2011.9  | Changes | 2012.9                   | 2011.9 |
| <b>Tokyo</b>    | 24                 | 25     | 298,992                      | 286,052   | 4.5%    | 202,055                        | 208,583 | ▲3.1%   | 67.6%                    | 72.9%  |
| <b>Nagoya</b>   | 24                 | 25     | 186,871                      | 169,237   | 10.4%   | 115,040                        | 111,538 | 3.1%    | 61.6%                    | 65.9%  |
| <b>Yokohama</b> | 24                 | 24     | 92,924                       | 79,028    | 17.6%   | 57,383                         | 52,743  | 8.8%    | 61.8%                    | 66.7%  |
| <b>Kyushu</b>   | 24                 | 24     | 84,678                       | 80,584    | 5.1%    | 47,101                         | 51,254  | ▲8.1%   | 55.6%                    | 63.6%  |
| <b>Sapporo</b>  | 24                 | 24     | 70,886                       | 67,119    | 5.6%    | 40,178                         | 43,402  | ▲7.4%   | 56.7%                    | 64.7%  |
| <b>R-Nagoya</b> | 24                 | 24     | 55,071                       | 45,322    | 21.5%   | 41,556                         | 37,349  | 11.3%   | 75.5%                    | 82.4%  |
| <b>Osaka</b>    | 24                 | 25     | 53,045                       | 46,251    | 14.7%   | 31,928                         | 30,480  | 4.8%    | 60.2%                    | 65.9%  |
| <b>Shizuoka</b> | 24                 | 24     | 45,710                       | 39,372    | 16.1%   | 24,116                         | 24,320  | ▲0.8%   | 52.8%                    | 61.8%  |
| <b>Okayama</b>  | 24                 | 24     | 38,463                       | 31,546    | 21.9%   | 18,848                         | 19,115  | ▲1.4%   | 49.0%                    | 60.6%  |
| <b>Tohoku</b>   | 24                 | 24     | 36,938                       | 38,216    | ▲3.3%   | 24,767                         | 28,821  | ▲14.1%  | 67.1%                    | 75.4%  |
| <b>Gunma</b>    | 24                 | 24     | 32,227                       | 33,311    | ▲3.3%   | 19,706                         | 22,868  | ▲13.8%  | 61.1%                    | 68.6%  |
| <b>Saitama</b>  | 24                 | 26     | 30,525                       | 17,360    | 75.8%   | 15,222                         | 11,969  | 27.2%   | 49.9%                    | 68.9%  |
| <b>Fukuoka</b>  | 24                 | 24     | 28,483                       | 27,785    | 2.5%    | 9,597                          | 10,170  | ▲5.6%   | 33.7%                    | 36.6%  |
| <b>Niigata</b>  | 24                 | 25     | 28,198                       | 19,069    | 47.9%   | 11,449                         | 9,894   | 15.7%   | 40.6%                    | 51.9%  |
| <b>Kobe</b>     | 24                 | 24     | 20,774                       | 19,453    | 6.8%    | 10,599                         | 11,752  | ▲9.8%   | 51.0%                    | 60.4%  |
| <b>Hokuriku</b> | 24                 | 26     | 15,835                       | 14,799    | 7.0%    | 9,092                          | 9,710   | ▲6.4%   | 57.4%                    | 65.6%  |
| <b>Ryutsu</b>   | -                  | 12     | -                            | 11,856    | -       | -                              | 6,460   | -       | -                        | 54.5%  |
| <b>Total</b>    | 384                | 404    | 1,119,620                    | 1,026,360 | 9.1%    | 678,637                        | 690,428 | ▲1.7%   | 60.6%                    | 67.3%  |

\* Ryutsu Auction Site and Tokyo Auction Site have been integrated in July 2011.

# Monthly USS Group Auto Auction Results (Fiscal Year)

(Vehicles, %)

|                            |            | Apr.    | May     | Jun.    | Jul.    | Aug.    | Sep.    | First Half | Oct.    | Nov.    | Dec.    | Jan.    | Feb.    | Mar.    | Second Half | Fiscal Year |
|----------------------------|------------|---------|---------|---------|---------|---------|---------|------------|---------|---------|---------|---------|---------|---------|-------------|-------------|
| No. of Consigned Vehicles  | FY 2011.3  | 228,978 | 158,658 | 187,286 | 191,512 | 138,354 | 189,850 | 1,094,638  | 189,668 | 165,854 | 145,278 | 137,038 | 167,041 | 222,431 | 1,027,310   | 2,121,948   |
|                            | YoY Change | ▲ 0.6   | ▲ 5.7   | 5.4     | ▲ 2.0   | ▲ 12.5  | 4.2     | ▲ 1.6      | ▲ 12.9  | ▲ 17.7  | ▲ 20.3  | ▲ 21.8  | ▲ 13.9  | ▲ 9.1   | ▲ 15.5      | ▲ 8.8       |
|                            | FY 2012.3  | 202,821 | 131,696 | 174,749 | 172,495 | 145,743 | 198,856 | 1,026,360  | 208,079 | 206,132 | 170,246 | 161,093 | 205,783 | 274,873 | 1,226,206   | 2,252,566   |
|                            | YoY Change | ▲ 11.4  | ▲ 17.0  | ▲ 6.7   | ▲ 9.9   | 5.3     | 4.7     | ▲ 6.2      | 9.7     | 24.3    | 17.2    | 17.6    | 23.2    | 23.6    | 19.4        | 6.2         |
|                            | FY 2013.3  | 226,176 | 175,567 | 195,032 | 179,372 | 156,301 | 187,172 | 1,119,620  | 183,316 |         |         |         |         |         | 183,316     | 1,302,936   |
|                            | YoY Change | 11.5    | 33.3    | 11.6    | 4.0     | 7.2     | ▲ 5.9   | 9.1        | ▲ 11.9  |         |         |         |         |         | -           | -           |
| No. of Contracted Vehicles | FY 2011.3  | 131,914 | 98,901  | 115,880 | 121,537 | 90,021  | 122,798 | 681,051    | 119,997 | 106,639 | 94,804  | 95,384  | 119,259 | 144,465 | 680,548     | 1,361,599   |
|                            | YoY Change | 9.0     | 4.4     | 8.5     | 3.2     | ▲ 3.6   | 11.8    | 5.8        | ▲ 5.5   | ▲ 3.3   | ▲ 0.9   | ▲ 6.4   | 1.3     | ▲ 1.5   | ▲ 2.7       | 1.4         |
|                            | FY 2012.3  | 133,721 | 96,492  | 124,557 | 117,640 | 94,381  | 123,637 | 690,428    | 121,895 | 115,079 | 97,446  | 99,509  | 127,878 | 162,578 | 724,385     | 1,414,813   |
|                            | YoY Change | 1.4     | ▲ 2.4   | 7.5     | ▲ 3.2   | 4.8     | 0.7     | 1.4        | 1.6     | 7.9     | 2.8     | 4.3     | 7.2     | 12.5    | 6.4         | 3.9         |
|                            | FY 2013.3  | 123,375 | 104,202 | 117,187 | 112,650 | 99,623  | 121,600 | 678,637    | 118,831 |         |         |         |         |         | 118,831     | 797,468     |
|                            | YoY Change | ▲ 7.7   | 8.0     | ▲ 5.9   | ▲ 4.2   | 5.6     | ▲ 1.6   | ▲ 1.7      | ▲ 2.5   |         |         |         |         |         | -           | -           |
| Contract Completion Rate   | FY 2011.3  | 57.6    | 62.3    | 61.9    | 63.5    | 65.1    | 64.7    | 62.2       | 63.3    | 64.3    | 65.3    | 69.6    | 71.4    | 64.9    | 66.2        | 64.2        |
|                            | FY 2012.3  | 65.9    | 73.3    | 71.3    | 68.2    | 64.8    | 62.2    | 67.3       | 58.6    | 55.8    | 57.2    | 61.8    | 62.1    | 59.1    | 59.1        | 62.8        |
|                            | FY 2013.3  | 54.5    | 59.4    | 60.1    | 62.8    | 63.7    | 65.0    | 60.6       | 64.8    |         |         |         |         |         | -           | -           |

# 5 year Consolidated Performance

(million yen)

|  | Results       |               |               |               |               | Forecast      |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2008.3        | 2009.3        | 2010.3        | 2011.3        | 2012.3        | 2013.3        |
| <b>&lt;Auto Auction Business&gt;</b>                   |               |               |               |               |               |               |
| Consignment Fees                                       | 14,595        | 13,802        | 11,285        | 10,822        | 12,154        | 12,129        |
| Contract Completion Fees                               | 12,491        | 11,347        | 10,283        | 10,559        | 10,984        | 10,806        |
| Successful Bid Fees                                    | 15,892        | 14,642        | 13,659        | 14,142        | 15,026        | 15,633        |
| Revenues from Sales of Goods                           | 1,682         | 1,781         | 746           | 848           | 805           | 592           |
| Other Revenues   | 7,291         | 7,178         | 6,816         | 6,804         | 6,869         | 7,009         |
| <b>Auto Auction Business Total</b>                     | <b>51,953</b> | <b>48,752</b> | <b>42,791</b> | <b>43,177</b> | <b>45,840</b> | <b>46,171</b> |
| <b>&lt;Used Vehicles Sales/Purchases Business&gt;</b>  |               |               |               |               |               |               |
| Revenues from Used Vehicle Sales/Purchases             | 6,976         | 7,860         | 8,289         | 8,456         | 8,535         | 8,372         |
| Revenues from Accident-damaged Vehicle Sales/Purchases | 5,614         | 4,404         | 3,935         | 4,038         | 3,940         | 3,645         |
| <b>Used Vehicles Sales/Purchases Business Total</b>    | <b>12,590</b> | <b>12,265</b> | <b>12,224</b> | <b>12,494</b> | <b>12,476</b> | <b>12,018</b> |
| <b>&lt;Other Business&gt;</b>                          |               |               |               |               |               |               |
| Revenues from Recycling End-of-Life Vehicle            | 4,123         | 4,468         | 3,734         | 4,566         | 4,275         | 4,268         |
| Revenues from Recycling Scrap Rubbers                  | 1,133         | 1,063         | 1,098         | 1,178         | 1,250         | 1,340         |
| Revenues from Used Vehicle Export Clearing Service     | -             | -             | -             | -             | 166           | 401           |
| <b>Other Business Total</b>                            | <b>5,257</b>  | <b>5,532</b>  | <b>4,832</b>  | <b>5,745</b>  | <b>5,692</b>  | <b>6,010</b>  |
| <b>Net Sales</b>                                       | <b>69,801</b> | <b>66,549</b> | <b>59,849</b> | <b>61,417</b> | <b>64,009</b> | <b>64,200</b> |
| <b>Operating Income</b>                                | <b>27,200</b> | <b>22,568</b> | <b>21,940</b> | <b>24,332</b> | <b>27,952</b> | <b>29,000</b> |
| <b>Ordinary Income</b>                                 | <b>27,490</b> | <b>22,503</b> | <b>22,511</b> | <b>24,643</b> | <b>28,588</b> | <b>29,250</b> |
| <b>Net Income</b>                                      | <b>15,200</b> | <b>12,003</b> | <b>12,717</b> | <b>13,971</b> | <b>17,054</b> | <b>17,950</b> |

## Auto Auction Business

(Vehicles, %, Yen, Companies, No. of Shops)

|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| No. of Consigned Vehicles                                   | 2,920,356 | 2,902,636 | 2,327,515 | 2,121,948 | 2,252,566 | 2,265,000 |
| No. of Contracted Vehicles                                  | 1,670,429 | 1,507,802 | 1,342,958 | 1,361,599 | 1,414,813 | 1,400,000 |
| Contract Completion Rate                                    | 57.2      | 51.9      | 57.7      | 64.2      | 62.8      | 61.8      |
| Consignment Fees per Vehicle consigned *1                   | 5,031     | 4,791     | 4,884     | 5,139     | 5,432     | 5,391     |
| Contract completion fees per vehicle contracts completed *1 | 7,536     | 7,598     | 7,729     | 7,831     | 7,832     | 7,786     |
| Successful Bid fees per vehicle contracts completed *1      | 9,544     | 9,742     | 10,178    | 10,393    | 10,626    | 11,169    |
| On-site Auction Members                                     | 42,751    | 43,307    | 44,317    | 45,563    | 44,796    | 45,300    |
| CIS (Internet) Members                                      | 19,995    | 22,273    | 23,565    | 24,688    | 25,957    | 26,930    |
| TV (Satellite Auction) Members                              | 5,637     | 5,098     | 4,599     | 4,248     | 3,921     | 3,650     |
| Rabbit Chain Shops  | 229       | 207       | 189       | 176       | 180       | 194       |

## Capital Expenditures and Depreciation

(Million yen)

|   |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|
| Capital Expenditures (Terms of Cash Flows) *2 | 7,639 | 6,913 | 1,285 | 7,629 | 804   | 4,000 |
| Depreciation                                  | 5,526 | 5,796 | 5,482 | 4,529 | 3,885 | 3,540 |

\*1 Each fee per vehicle is calculated before eliminations for consolidation.

\*2 Capital expenditures include property, plant and equipment and intangible assets (software etc.).

# Major Financial Indicators (Fiscal year)

(Million yen)

|                                     | 2002.3 | 2003.3 | 2004.3 | 2005.3  | 2006.3  | 2007.3  | 2008.3  | 2009.3    | 2010.3    | 2011.3    | 2012.3    | YoY   | 10 years average of % changes |
|-------------------------------------|--------|--------|--------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-------|-------------------------------|
| <b>Results of Operations</b>        |        |        |        |         |         |         |         |           |           |           |           |       |                               |
| Net Sales                           | 26,008 | 33,819 | 42,425 | 50,484  | 60,243  | 64,568  | 69,801  | 66,549    | 59,849    | 61,417    | 64,009    | 4.2%  | 9.4%                          |
| Operating Income                    | 11,345 | 15,335 | 18,017 | 20,673  | 23,103  | 24,817  | 27,200  | 22,568    | 21,940    | 24,332    | 27,952    | 14.9% | 9.4%                          |
| Ordinary Income                     | 10,859 | 15,382 | 18,207 | 21,096  | 23,544  | 25,360  | 27,490  | 22,503    | 22,511    | 24,643    | 28,588    | 16.0% | 10.2%                         |
| Net Income                          | 5,489  | 7,645  | 8,907  | 11,814  | 13,203  | 14,390  | 15,200  | 12,003    | 12,717    | 13,971    | 17,054    | 22.1% | 12.0%                         |
| <b>Financial Position</b>           |        |        |        |         |         |         |         |           |           |           |           |       |                               |
| Total Assets                        | 80,929 | 88,979 | 92,538 | 115,704 | 131,908 | 146,172 | 150,737 | 138,370   | 142,164   | 151,636   | 154,639   | 2.0%  | 6.7%                          |
| Cash and Deposits                   | 21,477 | 15,356 | 15,168 | 15,818  | 19,995  | 21,149  | 26,280  | 18,445    | 29,681    | 30,980    | 36,840    | 18.9% | 5.5%                          |
| Total Liabilities                   | 46,209 | 44,603 | 24,284 | 29,901  | 33,841  | 40,184  | 33,159  | 23,428    | 23,773    | 29,689    | 33,541    | 13.0% | ▲3.2%                         |
| Interest Bearing Debt               | 28,858 | 25,579 | 7,331  | 7,490   | 5,200   | 5,355   | 3,064   | 2,716     | 1,806     | 1,097     | 1,746     | 59.1% | ▲24.5%                        |
| Total Net Assets                    | 34,720 | 44,376 | 68,254 | 85,803  | 98,067  | 105,988 | 117,577 | 114,941   | 118,390   | 121,947   | 121,097   | ▲0.7% | 13.3%                         |
| Owners' Equity                      | 34,402 | 43,812 | 67,497 | 84,877  | 97,391  | 104,985 | 117,130 | 114,771   | 118,146   | 121,638   | 120,582   | ▲0.9% | 13.4%                         |
| <b>Per Share Information</b>        |        |        |        |         |         |         |         |           |           |           |           |       |                               |
| EPS (Yen)                           | 205.6  | 279.4  | 300.7  | 377.6   | 407.0   | 447.1   | 475.1   | 382.7     | 418.8     | 478.0     | 609.2     | 27.5% | 11.5%                         |
| Dividend per Share (Yen)            | 30.0   | 40.0   | 50.0   | 65.0    | 80.0    | 100.0   | 145.0   | 165.0     | 168.0     | 192.0     | 244.0     | 27.1% | 23.3%                         |
| <b>Others</b>                       |        |        |        |         |         |         |         |           |           |           |           |       |                               |
| Operating Margin (%)                | 43.7   | 45.3   | 42.5   | 40.9    | 38.4    | 38.4    | 39.0    | 33.9      | 36.7      | 39.6      | 43.7      | —     | —                             |
| ROE (%)                             | 16.5   | 19.5   | 16.0   | 15.5    | 14.5    | 14.2    | 13.7    | 10.4      | 10.9      | 11.7      | 14.1      | —     | —                             |
| ROA (%)                             | 15.2   | 18.1   | 20.1   | 20.3    | 19.0    | 18.2    | 18.5    | 15.6      | 16.0      | 16.8      | 18.7      | —     | —                             |
| Dividend Payout Ratio (%)           | 14.6   | 14.3   | 16.6   | 17.2    | 19.7    | 22.4    | 30.5    | 43.1      | 40.1      | 40.2      | 40.0      | —     | —                             |
| Owners' Equity Ratio (%)            | 42.5   | 49.3   | 72.9   | 73.4    | 73.8    | 71.8    | 77.7    | 82.9      | 83.1      | 80.2      | 78.0      | —     | —                             |
| Treasury Stock (shs.)               | 50     | 1,134  | 1,495  | 1,789   | 144,006 | 671,773 | 671,801 | 2,105,687 | 2,936,474 | 2,364,781 | 4,128,021 | 74.6% | 210.2%                        |
| On-site Auction Members (Companies) | 25,023 | 27,622 | 30,195 | 34,420  | 37,157  | 40,959  | 42,751  | 43,307    | 44,317    | 45,563    | 44,796    | ▲1.7% | 6.0%                          |

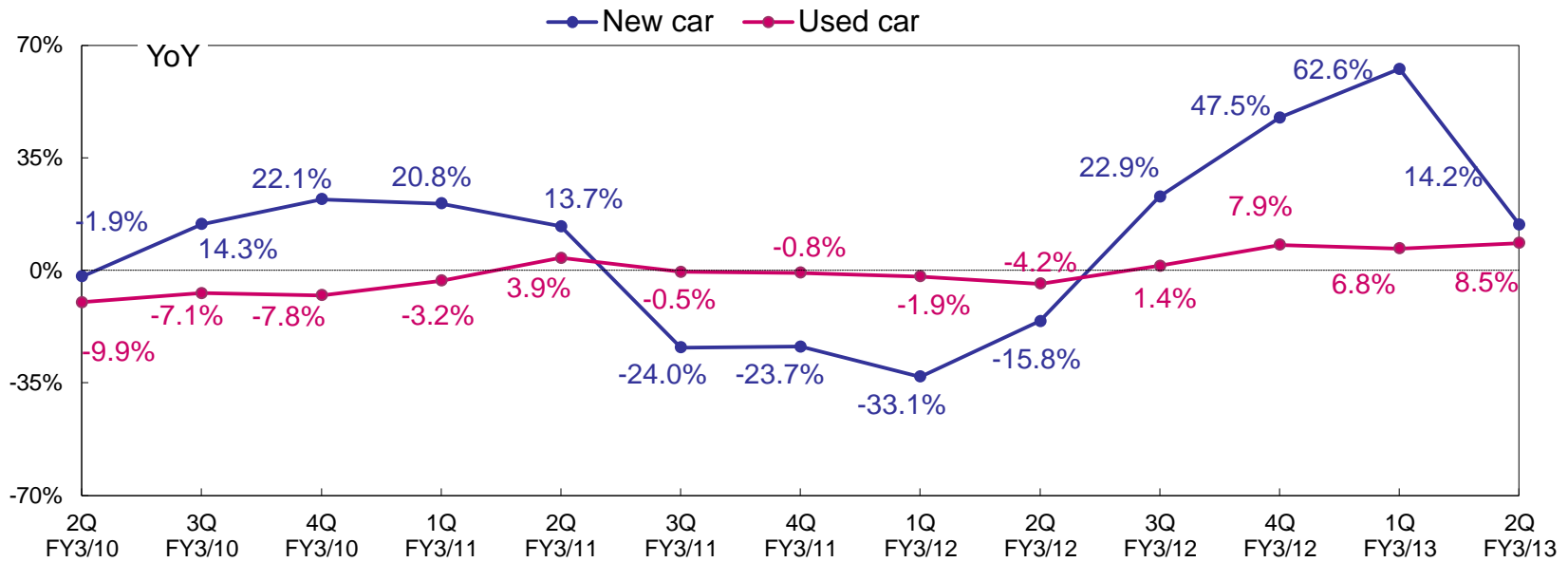
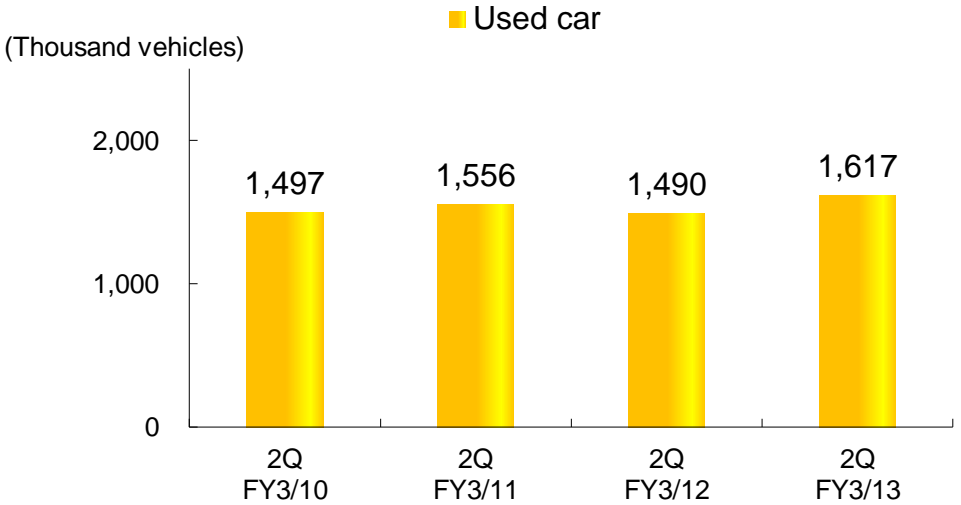
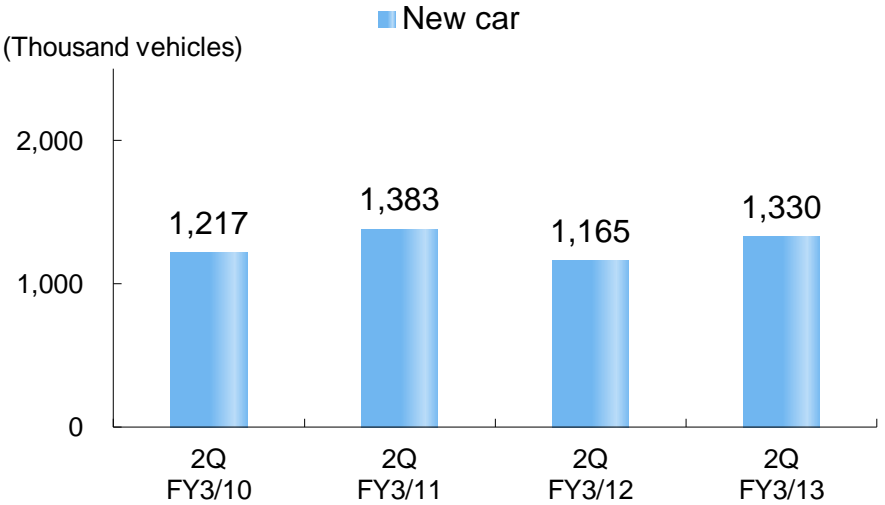
# Supplemental Data

## Market Overview of 2Q FY2013.3



# Market Overview - Automobile Trading (1) < July to September >

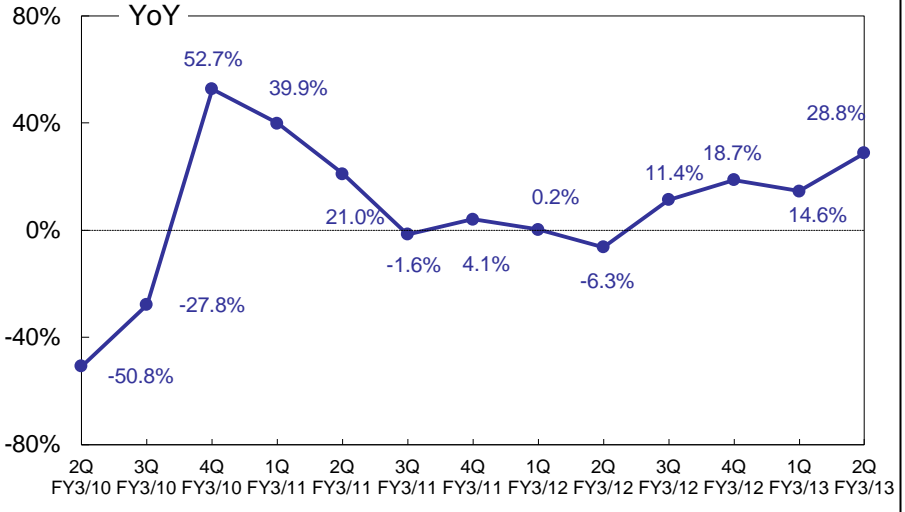
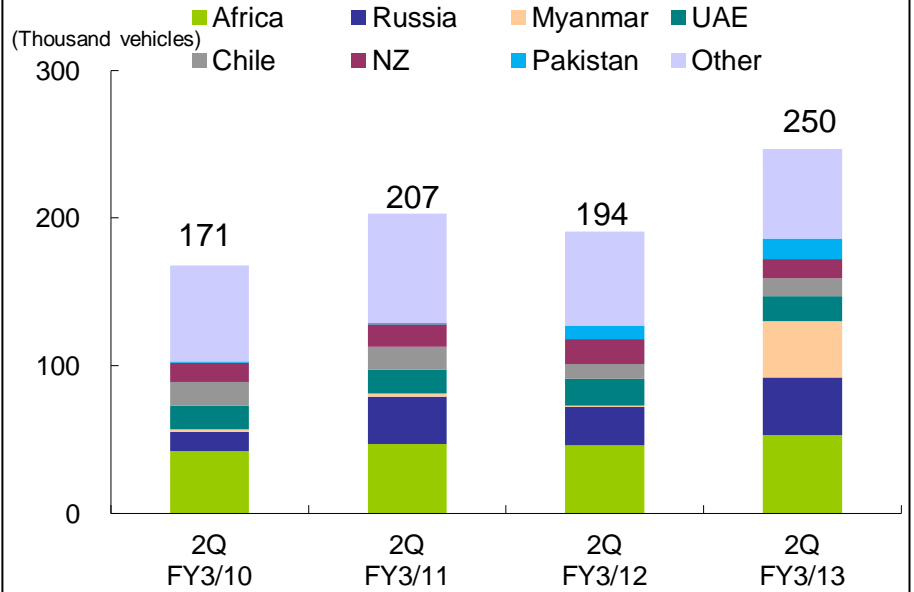
## New car and used car registrations



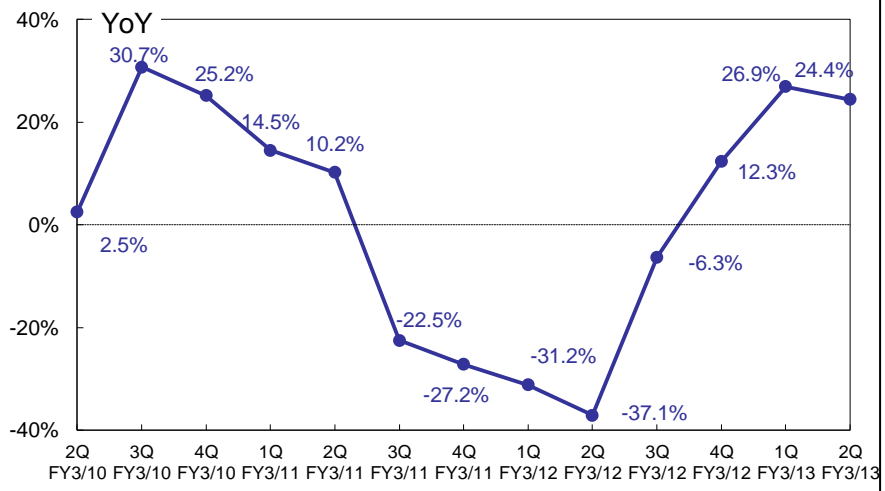
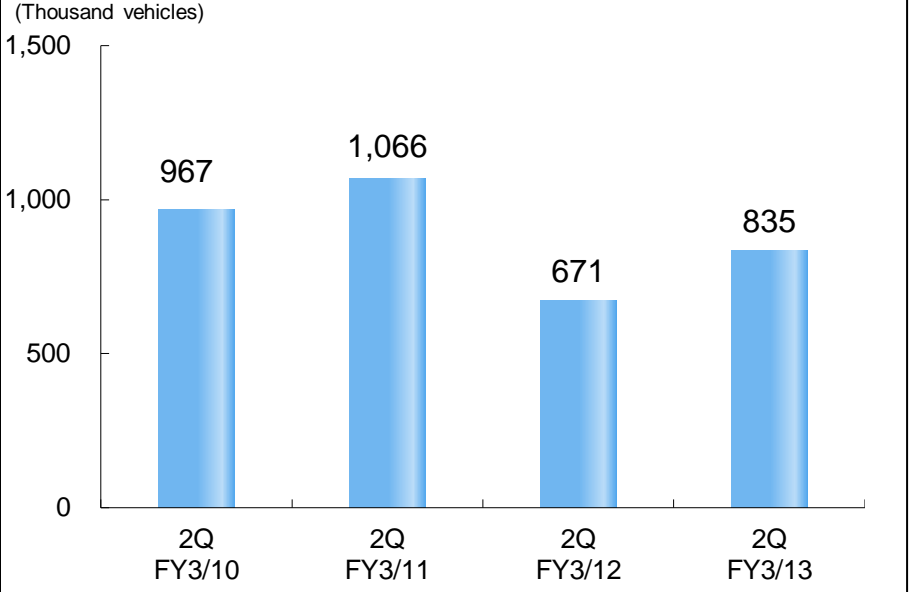


# Market Overview - Automobile Trading (2) < July to September >

## Used Car Exports

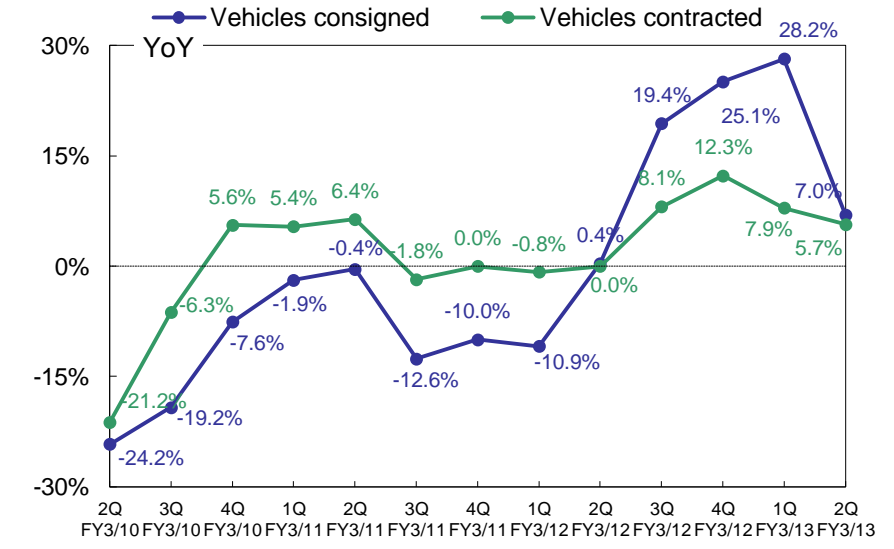
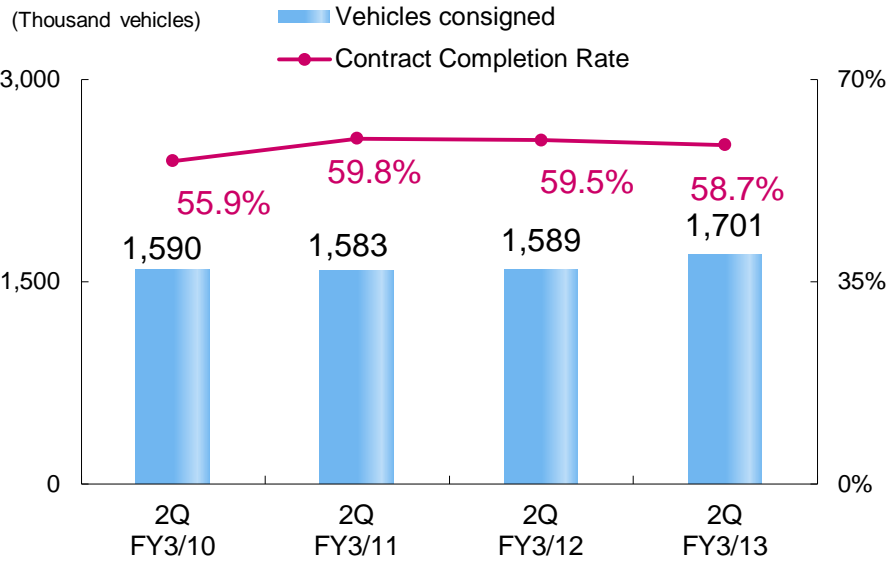


## Automobiles Recycled

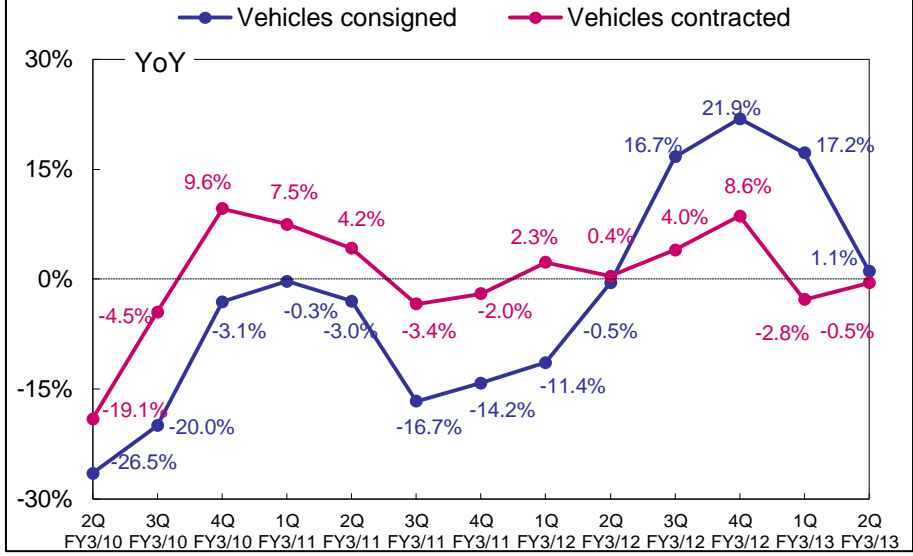
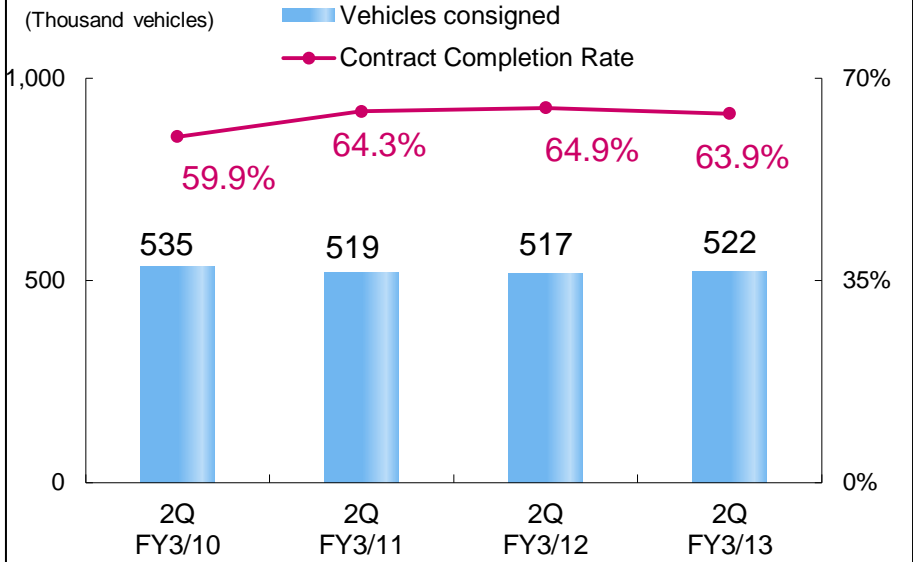


# USS Group Auto Auction Performance < July to September >

## Auto Auction Market



## USS Group Auto Auction Performance



# FY2013.3 2Q Financial Highlights

## Consolidated Total

(Million yen)

|                  | 2Q<br>FY3/11 | 2Q<br>FY3/12 | 2Q<br>FY3/13 | YoY<br>Change |
|------------------|--------------|--------------|--------------|---------------|
| Net sales        | 15,074       | 15,608       | 15,259       | 97.8%         |
| Operating income | 5,894        | 6,388        | 6,927        | 108.4%        |

## Auto Auction Business

(Million yen)

|                  | 2Q<br>FY3/11 | 2Q<br>FY3/12 | 2Q<br>FY3/13 | YoY<br>Change |
|------------------|--------------|--------------|--------------|---------------|
| Net sales        | 10,678       | 11,007       | 11,106       | 100.9%        |
| Operating income | 5,623        | 6,273        | 6,784        | 108.1%        |

## Used Vehicle Sales/Purchases Business

(Million yen)

|                  | 2Q<br>FY3/11 | 2Q<br>FY3/12 | 2Q<br>FY3/13 | YoY<br>Change |
|------------------|--------------|--------------|--------------|---------------|
| Net sales        | 3,201        | 3,398        | 2,883        | 84.8%         |
| Operating income | 241          | 137          | 128          | 93.6%         |

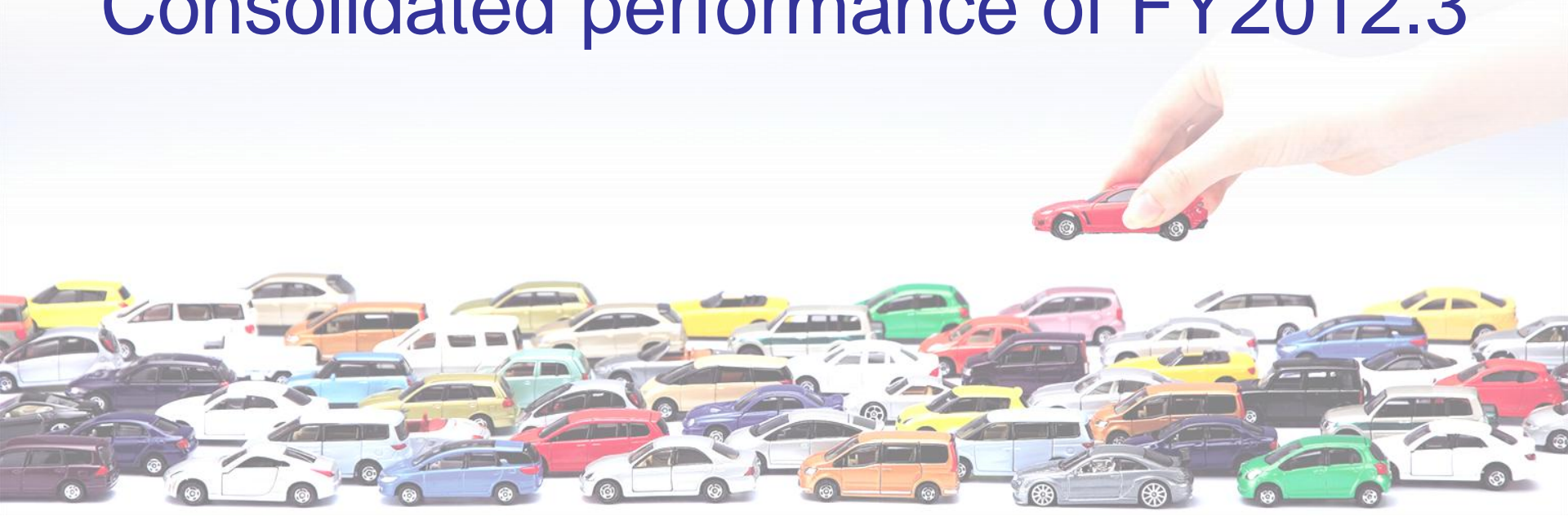
## Other Business (Recycling etc.)

(Million yen)

|                  | 2Q<br>FY3/11 | 2Q<br>FY3/12 | 2Q<br>FY3/13 | YoY<br>Change |
|------------------|--------------|--------------|--------------|---------------|
| Net sales        | 1,291        | 1,311        | 1,380        | 105.3%        |
| Operating income | 1            | ▲56          | ▲16          | -             |

# Supplemental Data

## Consolidated performance of FY2012.3



## New records for operating income, ordinary income and net income

(Million yen)

|   | 2011.3            | 2012.3            | Year on year | Plan<br>(As of Nov. 9, 2011) | VS. plan |
|---|-------------------|-------------------|--------------|------------------------------|----------|
| <b>Net Sales</b>  | 61,417            | 64,009            | 104.2%       | 62,600                       | 102.3%   |
| <b>Cost of sales<br/>(Per sales)</b>                                    | 26,865<br>(43.7%) | 26,161<br>(40.9%) | 97.4%        | 26,042<br>(41.6%)            | 100.5%   |
| <b>Gross profit<br/>(Per sales)</b>                                     | 34,552<br>(56.3%) | 37,848<br>(59.1%) | 109.5%       | 36,558<br>(58.4%)            | 103.5%   |
| <b>Selling, general and<br/>administrative expenses<br/>(Per sales)</b> | 10,220<br>(16.6%) | 9,895<br>(15.5%)  | 96.8%        | 10,258<br>(16.4%)            | 96.5%    |
| <b>Operating income<br/>(Per sales)</b>                                 | 24,332<br>(39.6%) | 27,952<br>(43.7%) | 114.9%       | 26,300<br>(42.0%)            | 106.3%   |
| <b>Ordinary income<br/>(Per sales)</b>                                  | 24,643<br>(40.1%) | 28,588<br>(44.7%) | 116.0%       | 26,500<br>(42.3%)            | 107.9%   |
| <b>Net income<br/>(Per sales)</b>                                       | 13,971<br>(22.7%) | 17,054<br>(26.6%) | 122.1%       | 15,900<br>(25.4%)            | 107.3%   |
| <b>Net income per share (yen)</b>                                       | 478.00            | 609.24            | 127.5%       | 563.79                       | 108.1%   |

|                          |  |
|--------------------------|--|
| <b>Net sales</b>         | Higher because of growth in vehicles consigned and contracted vehicles as well as growth in auction fees because of an increase in fee rates |
| <b>Cost of sales</b>     | Depreciation and leasing expenses decreased  |
| <b>SG&amp;A expenses</b> | Goodwill amortization and taxes decreased  |

## Outstanding financial soundness even as substantial earnings distributions to shareholders continue

(Million yen)

|  | 2011.3         | 2012.3         | Changes       |
|--|----------------|----------------|---------------|
| <b>Current assets</b>                          | <b>47,074</b>  | <b>53,731</b>  | <b>6,656</b>  |
| Cash and deposits                              | 30,980         | 36,840         | 5,860         |
| Receivables due from member dealers at auction | 11,151         | 11,635         | 484           |
| Other  | 4,942          | 5,255          | 312           |
| <b>Noncurrent assets</b>                       | <b>104,562</b> | <b>100,908</b> | <b>▲3,654</b> |
| Property, plant and equipment                  | 94,479         | 90,974         | ▲3,505        |
| Intangible assets                              | 1,114          | 865            | ▲248          |
| Investments and other assets                   | 8,969          | 9,068          | 99            |
| <b>Total assets</b>                            | <b>151,636</b> | <b>154,639</b> | <b>3,002</b>  |
| <b>Current liabilities</b>                     | <b>22,994</b>  | <b>26,326</b>  | <b>3,332</b>  |
| Payables due to member dealers at auction      | 11,502         | 13,154         | 1,652         |
| Short-term loans payable                       | 188            | 93             | ▲95           |
| Other  | 11,303         | 13,078         | 1,775         |
| <b>Noncurrent liabilities</b>                  | <b>6,695</b>   | <b>7,215</b>   | <b>520</b>    |
| Long-term loans payable                        | 167            | 1,174          | 1,006         |
| Other  | 6,527          | 6,041          | ▲486          |
| <b>Total liabilities</b>                       | <b>29,689</b>  | <b>33,541</b>  | <b>3,852</b>  |
| <b>Shareholders' equity</b>                    | <b>126,556</b> | <b>125,809</b> | <b>▲746</b>   |
| Other accumulated comprehensive income         | ▲4,918         | ▲5,227         | ▲309          |
| Subscription rights to shares                  | 31             | 230            | 199           |
| Minority interests                             | 278            | 284            | 6             |
| <b>Total net assets</b>                        | <b>121,947</b> | <b>121,097</b> | <b>▲849</b>   |

### Current assets

- Cash and deposits increased 5,860 million yen

### Noncurrent assets

- Down 3,654 million yen mainly because of depreciation

### Current liabilities

- Payables due to member dealers at auction increased 1,652 million yen
- In other, taxes payable increased 968 million yen

### Noncurrent liabilities

- Long-term bank loans increased 1,000 million yen because of the establishment of the USS employee stock ownership plan trust

# FY2012.3 – Consolidated Cash Flows

**Substantial stock repurchases and a consolidated dividend payout ratio consistently above 40%**

(Million yen)

|  | 2011.3  | 2012.3  | Changes |
|--|---------|---------|---------|
| Net Cash provided operating activities                               | 20,512  | 24,014  | 3,501   |
| Income before income taxes and minority interests                    | 23,156  | 28,579  | 5,422   |
| Depreciation and other amortization                                  | 4,685   | 4,034   | ▲651    |
| Amortization of goodwill   | 248     | 91      | ▲156    |
| Loss (▲gain) on sale and retirement of property, plant and equipment | 1       | 7       | 5       |
| Loss (▲gain) on sales and retirement of intangible assets            | 11      | 0       | ▲11     |
| Net change in due from/to member dealers at auction (▲increase)      | ▲458    | 1,168   | 1,626   |
| Income taxes paid  | ▲9,026  | ▲10,499 | ▲1,473  |
| Other  | 1,893   | 633     | ▲1,260  |
| Net cash provided by investing activities                            | ▲9,786  | ▲7,699  | 2,086   |
| Purchase of property, plant and equipment                            | ▲7,303  | ▲655    | 6,648   |
| Other  | ▲2,482  | ▲7,044  | ▲4,561  |
| Net cash provided by financing activities                            | ▲11,127 | ▲17,053 | ▲5,926  |
| Net increase in loans payable  | ▲399    | 911     | 1,311   |
| Purchases of treasury stock  | ▲4,950  | ▲11,812 | ▲6,861  |
| Cash dividends paid  | ▲5,518  | ▲6,001  | ▲482    |
| Other  | ▲258    | ▲151    | 106     |
| Net increase in cash and cash equivalents                            | ▲401    | ▲739    | ▲338    |
| Cash and cash equivalents at beginning of period                     | 29,681  | 29,280  | ▲401    |
| Cash and cash equivalents at end of period                           | 29,280  | 28,540  | ▲739    |

## Operating activities

- Income before income taxes was 28,579 million yen
- Income taxes paid were 10,499 million yen

## Investing activities

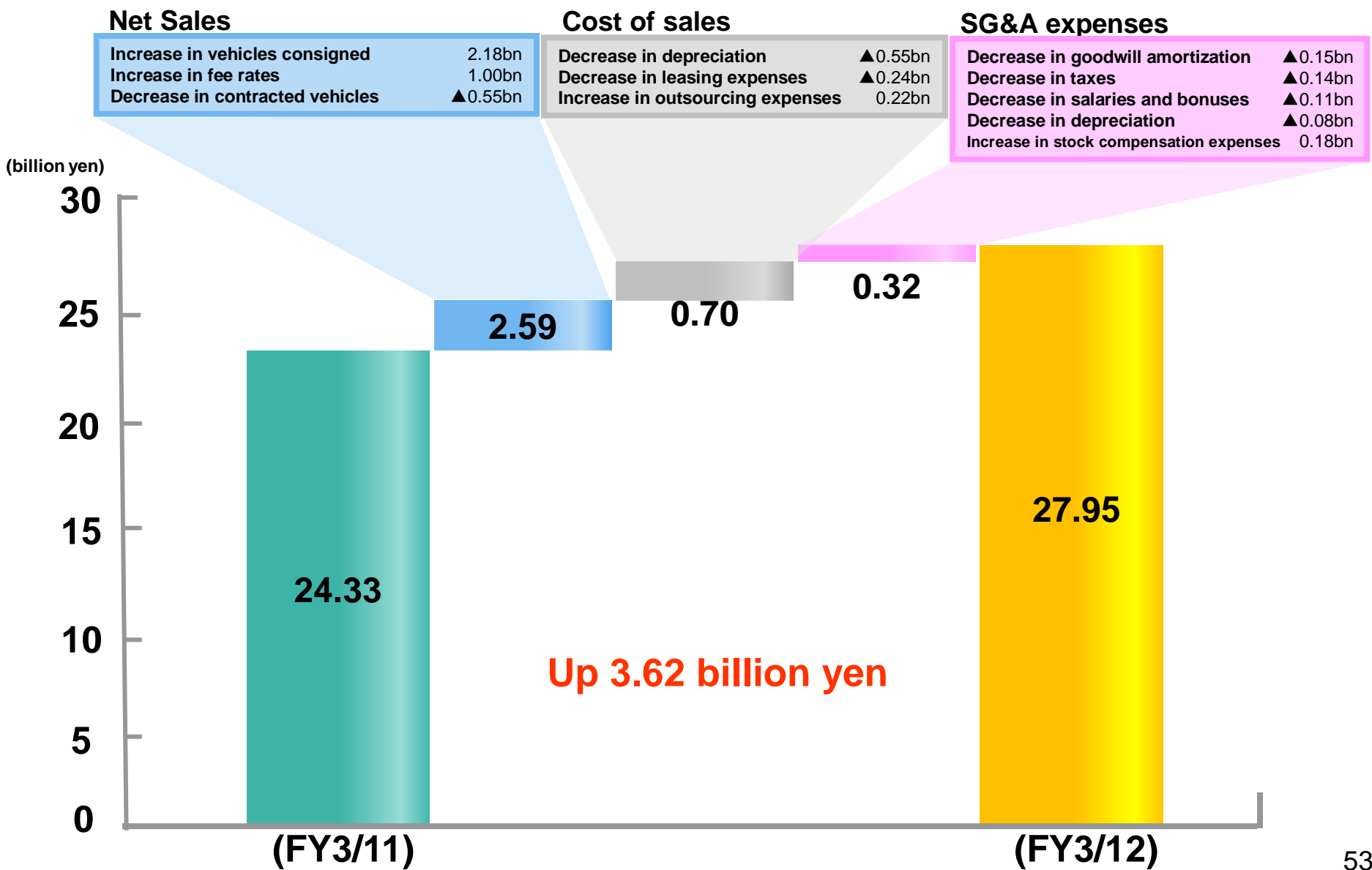
- Time deposits increased by 6,600 million yen
- Purchase of property, plant and equipment fell sharply to 655 million yen

## Financing activities

- Purchases of treasury stock totaled 11,812 million yen (includes 997 million yen purchased by the USS employee stock ownership plan trust)
- Cash dividends paid were 6,001 million yen
- USS employee stock owner plan trust was responsible for 1,000 million yen of the net increase in loans payable

# FY2012.3 Reasons for Change in Operating Income (Actual)

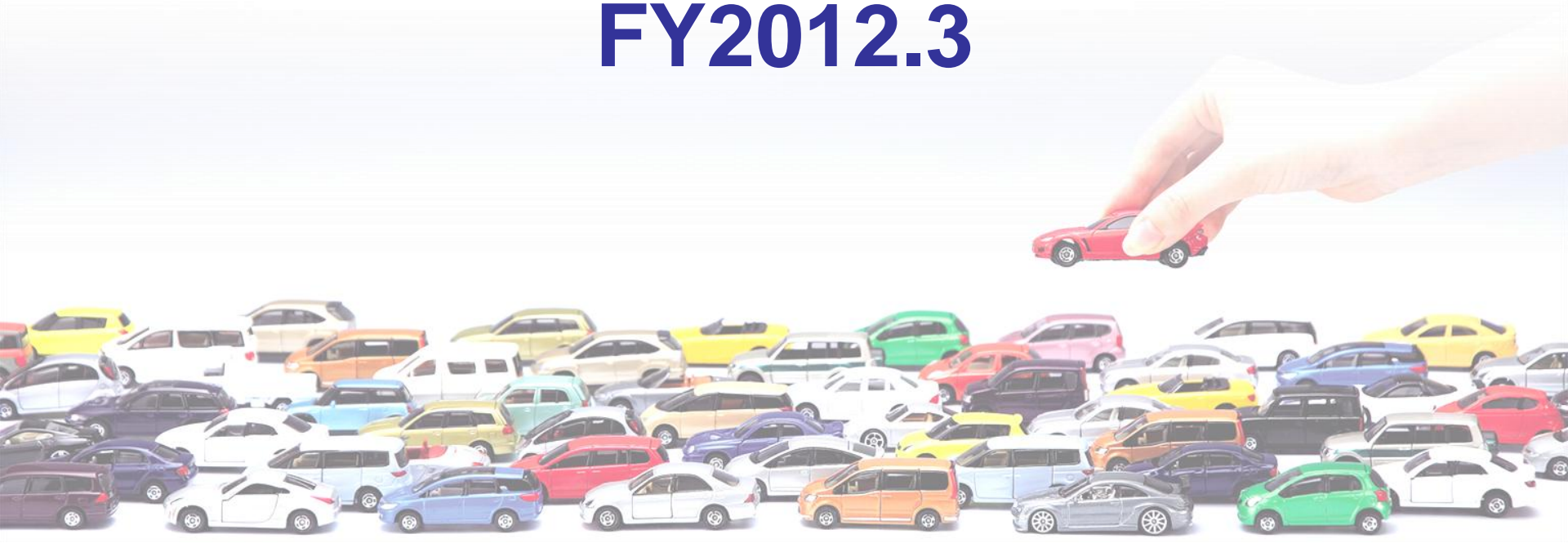
## Reasons for change in operating income





# Market Overview

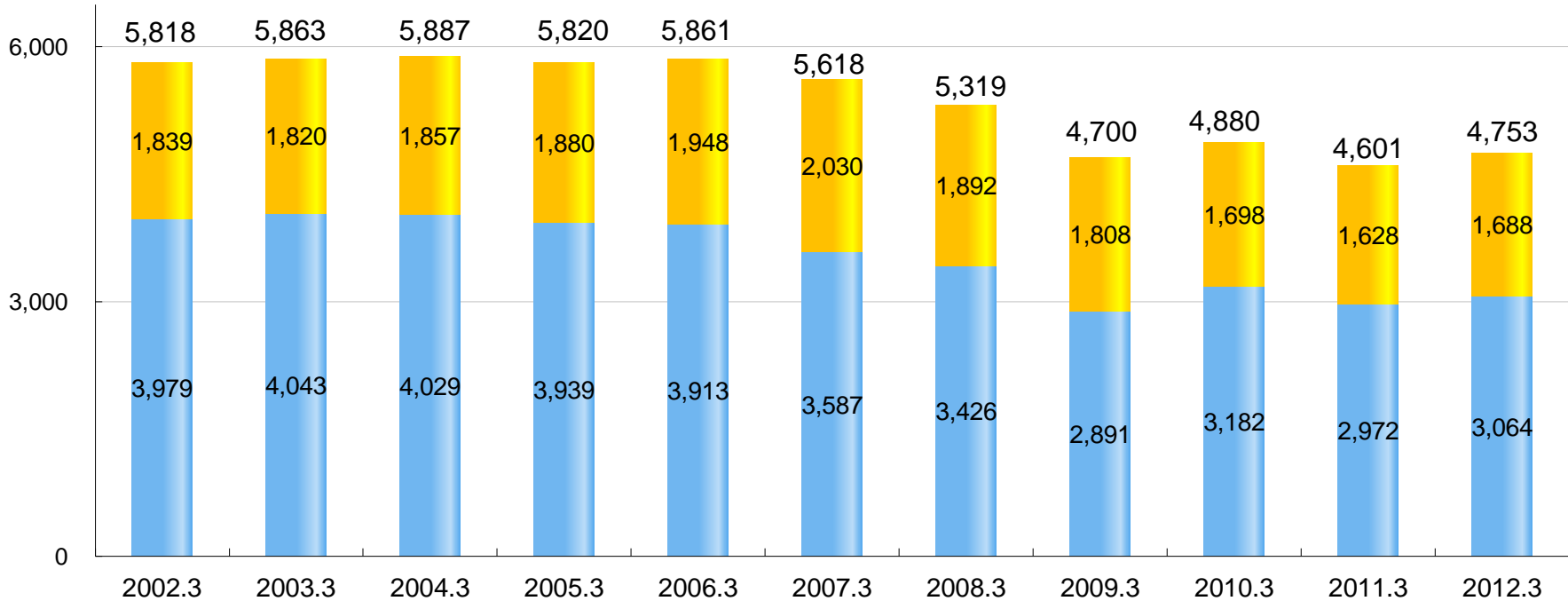
## FY2012.3



# (1) New Car Registrations in Japan (April to March)

■ Ordinary cars ■ Mini cars

(Thousand vehicles)



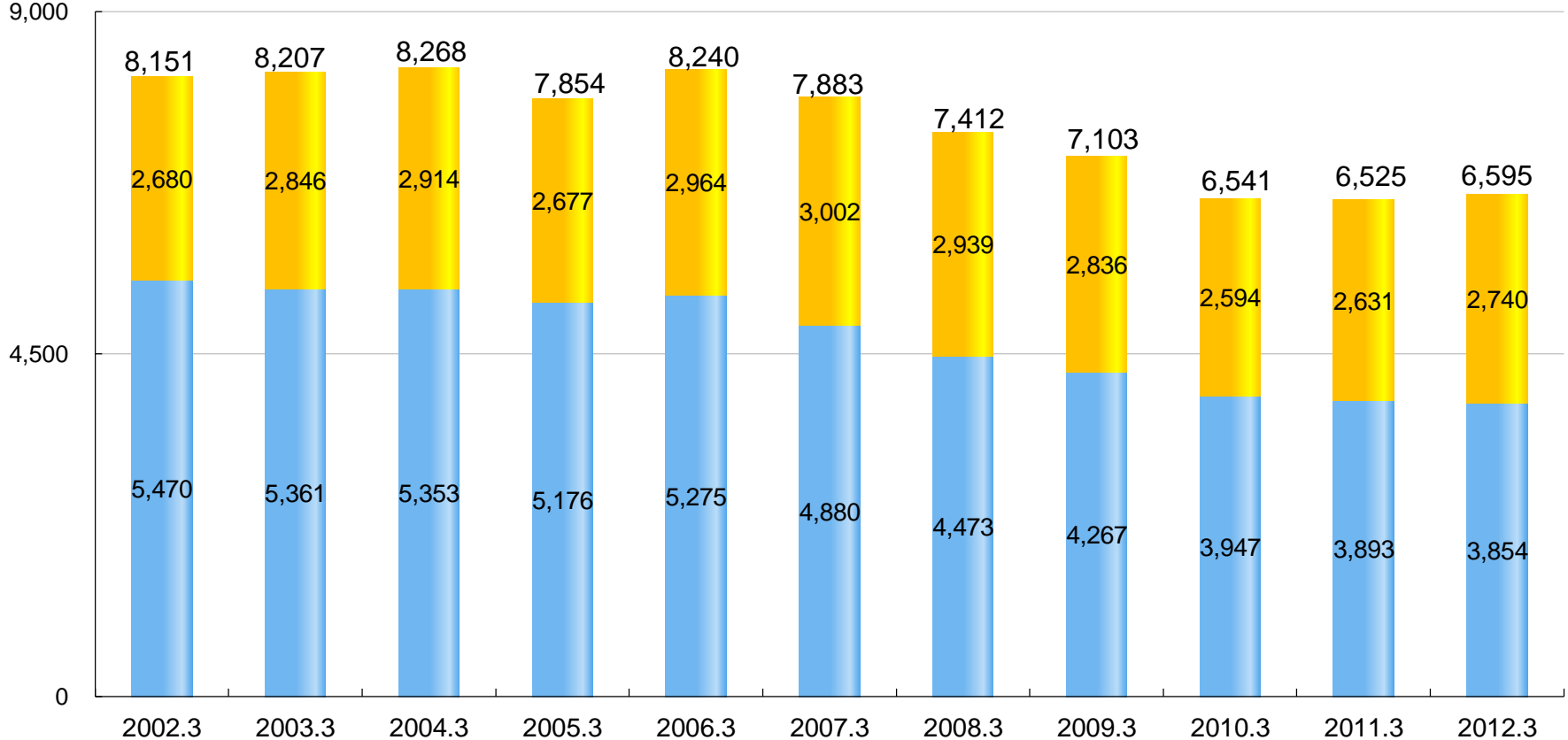
**New car registrations increased 3.3% to 4.75 million units**

- April-Sept: Down 23.7% (YoY) mainly because of the new vehicle shortage as automobile production dropped after the March 2011 earthquake
- Oct.-March: Up 36.6% (YoY) mainly because of a recovery in automobile production and the resumption of eco-car subsidies

# (2) Used Car Registrations in Japan (April to March)

■ Ordinary Cars ■ Mini Cars

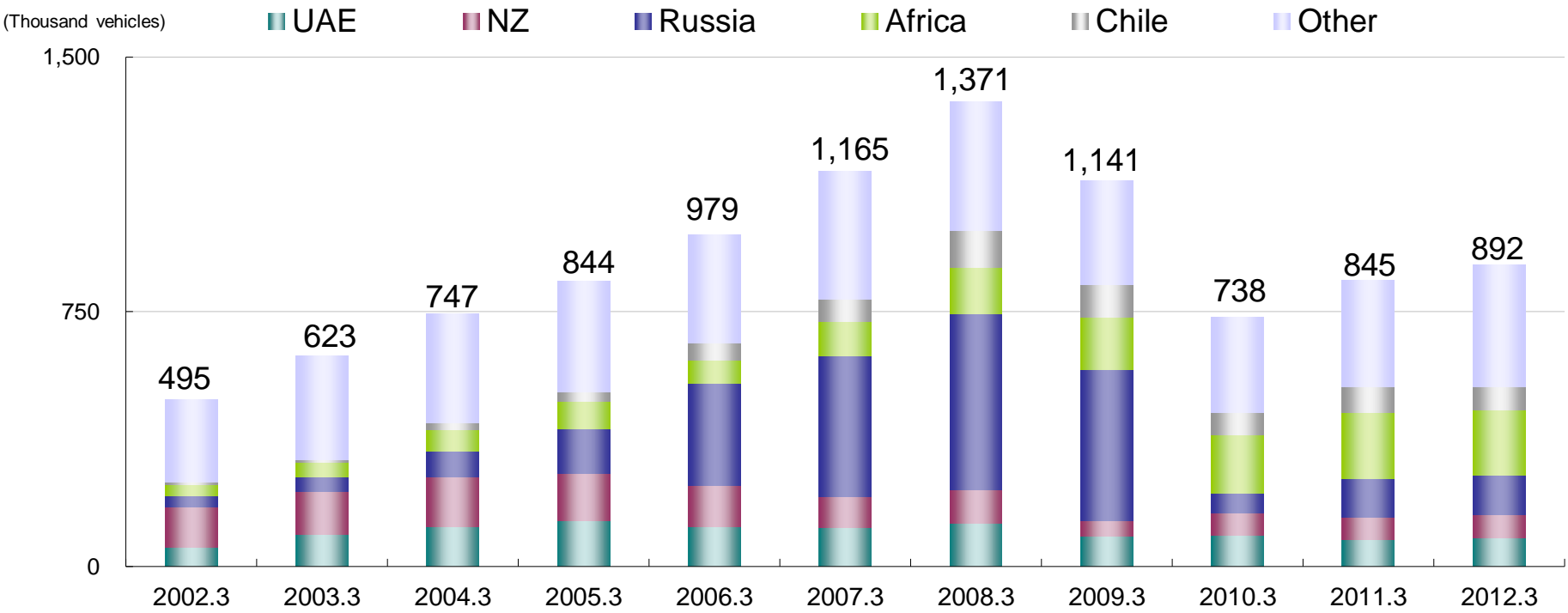
(Thousand vehicles)



**Used car registrations increased 1.1% to 6.59 million units**

- April-Sept: New cars sales were sluggish due mainly to production slowdowns after the March 2011 earthquake. This led to declines in used vehicle purchases and trade-ins. Nevertheless, supported by recovery-related demand and replacement demand, used car registrations fell only 3.1% (YoY)
- Oct.-March: Used car purchases and trade-ins increased, rising 4.9% (YoY), reflecting a recovery in new car sales.

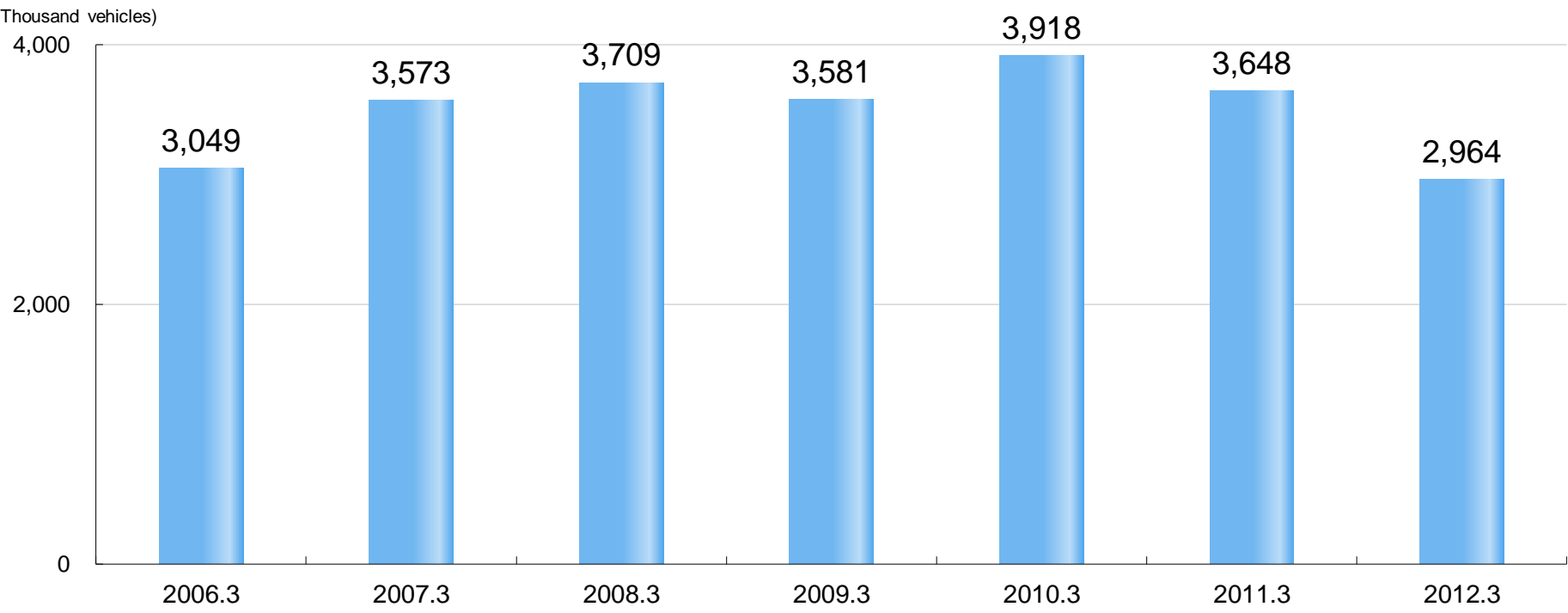
### (3) Used Car Exports (April to March)



**Used car exports increased 5.6% to 890,000 units**

- Major destination countries  
 Russia 118,000 (up 3.9%), UAE 85,000 (up 5.6%),  
 New Zealand 67,000 (up 3.3%), Chile 66,000 (down 12.8%),  
 Africa 192,000 (down 0.5%)
- Countries with large increases  
 Pakistan 45,000 (up 319.5%), Myanmar 42,000 (up 425.7%),  
 Mongolia 34,000 (up 42.8%), Kyrgyz Republic 24,000 (up 103.1%)

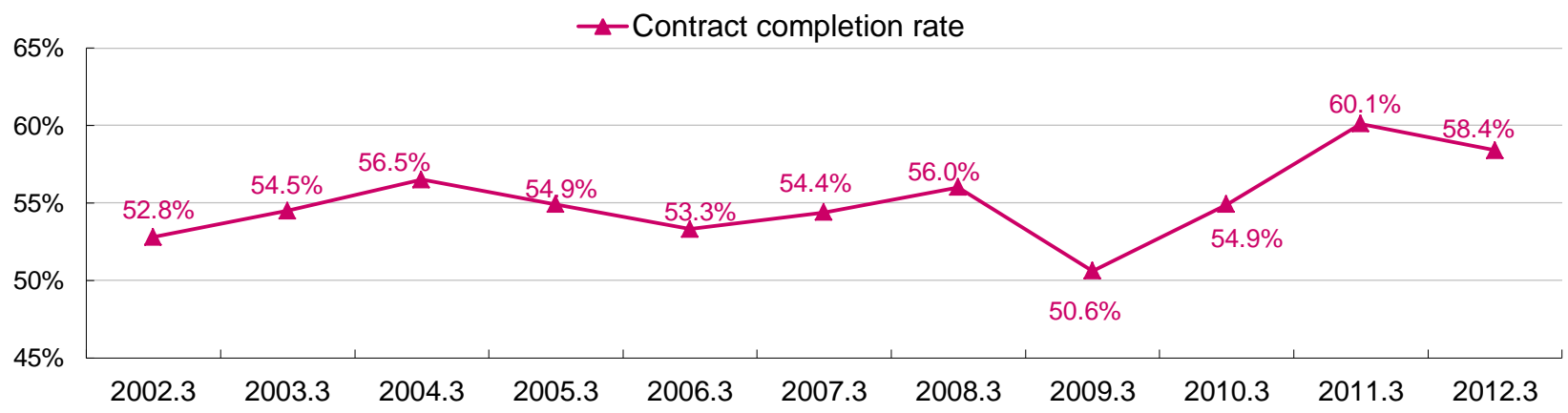
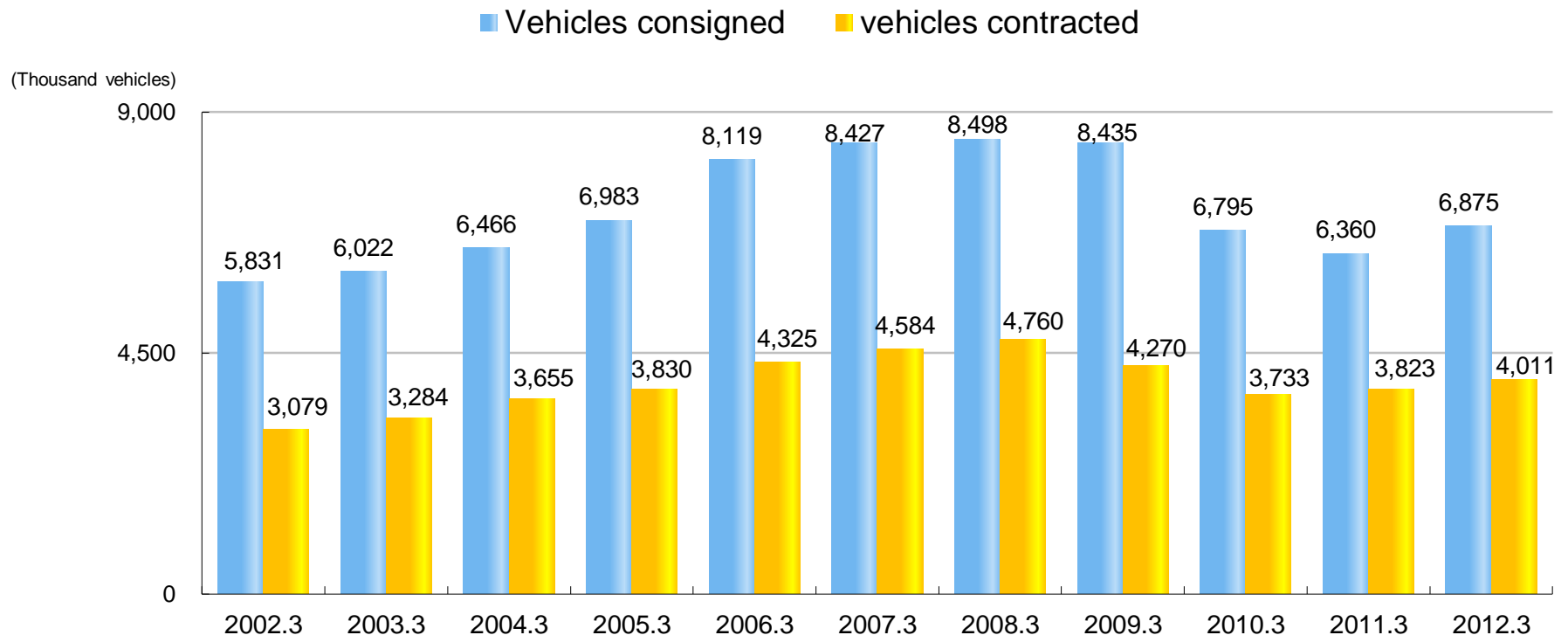
# (4) Automobiles Recycled (April to March)



**Vehicles scrapped decreased 18.7% to 2.96 million units**

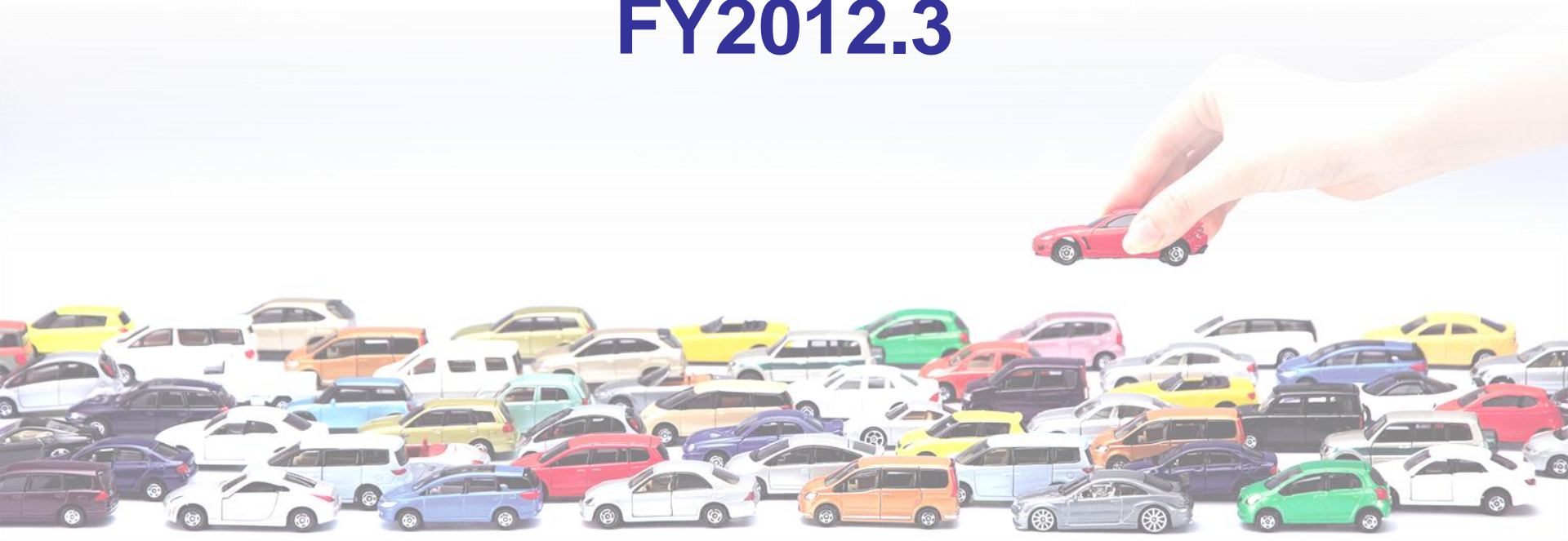
- April-Sept: Down 34.1% (YoY) because of the new vehicle shortage as automobile production dropped after the March 2011 earthquake
- Oct-March: Up 2.8% (YoY) as the recovery in automobile production, resumption of eco-car subsidies and other events sparked a big increase in new car sales

# (5) Auto Auction Market (April to March)

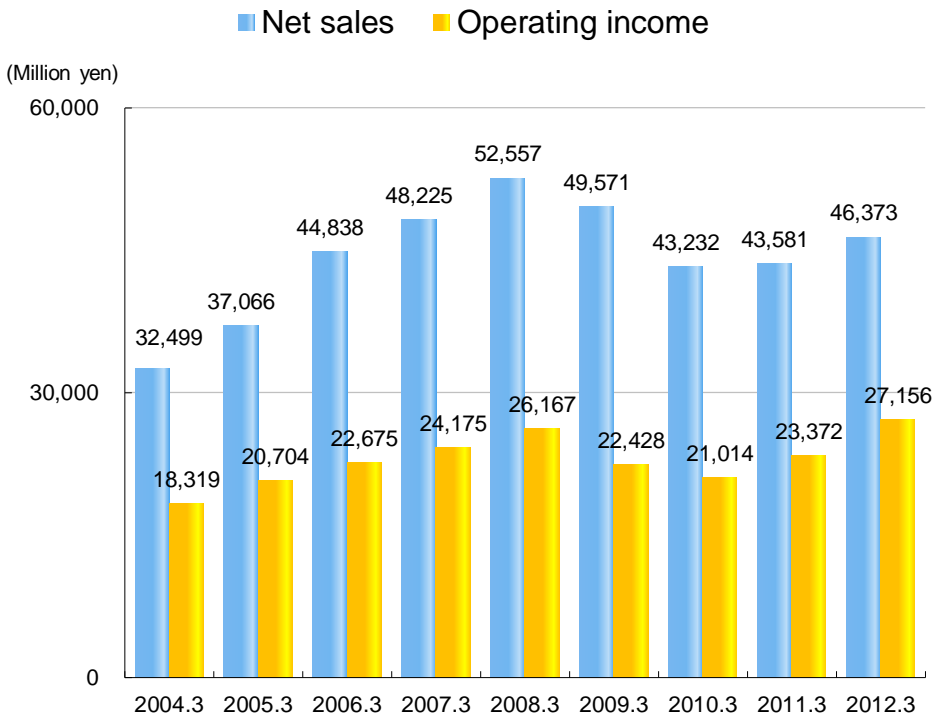


# Business Segment Information

## FY2012.3



# Auto Auction Business (1) – Results of Operations (April to March)



|                              | (Million yen)  |                |        |
|------------------------------|----------------|----------------|--------|
|                              | 2011.3         | 2012.3         | YoY    |
| Net sales                    | 43,581         | 46,373         | 106.4% |
| Operating income (Per sales) | 23,372 (53.6%) | 27,156 (58.6%) | 116.2% |

**Net sales increased 6.4% (YoY) to 46,373 million yen**

- Vehicles consigned up 6.2% to 2,252 thousand; contracted vehicles up 3.9% to 1,414 thousand; contract completion rate decreased from 64.2% to 62.8%
- Consignment fee rate and successful bid fee rate were increased

**Operating income increased 16.2% (YoY) to 27,156 million yen**

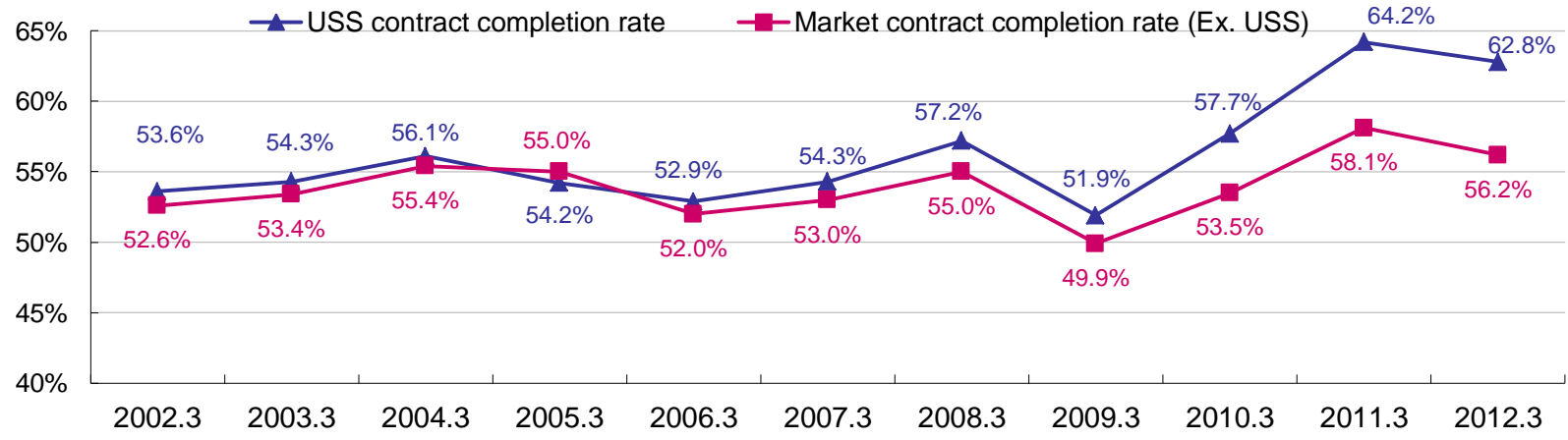
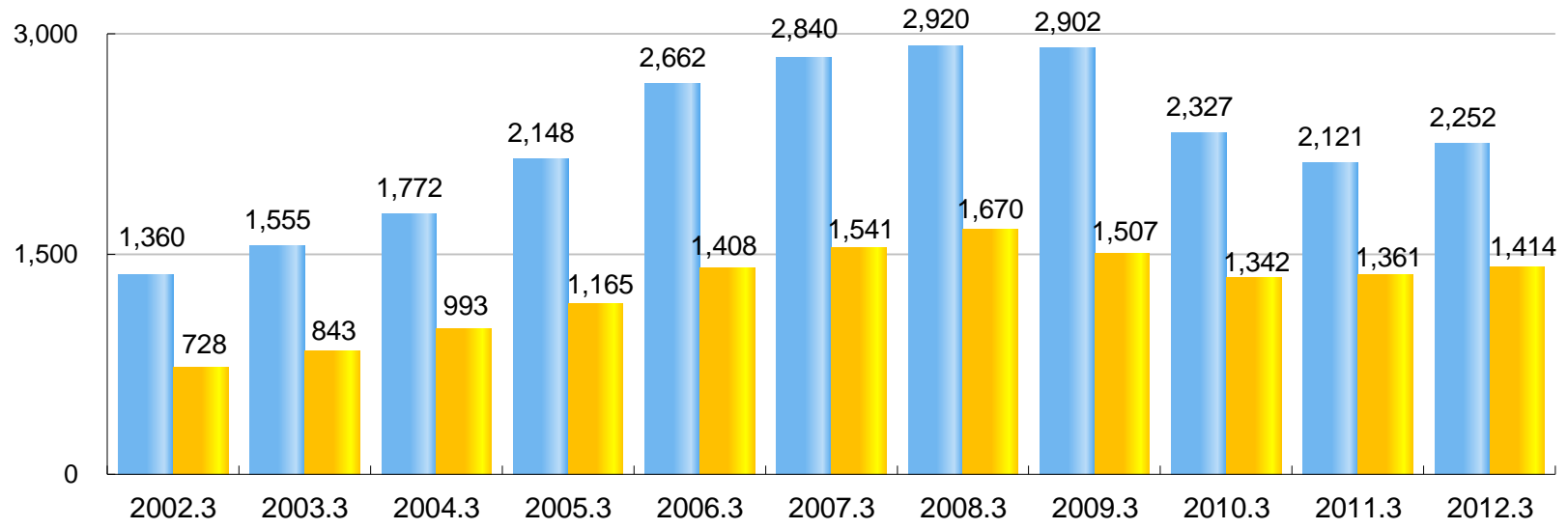
- Depreciation down 600 million yen, leasing expenses down 240 million yen, taxes down 190 million yen, goodwill amortization down 150 million yen



# Auto Auction Business (2) – USS Group Performance (April to March)

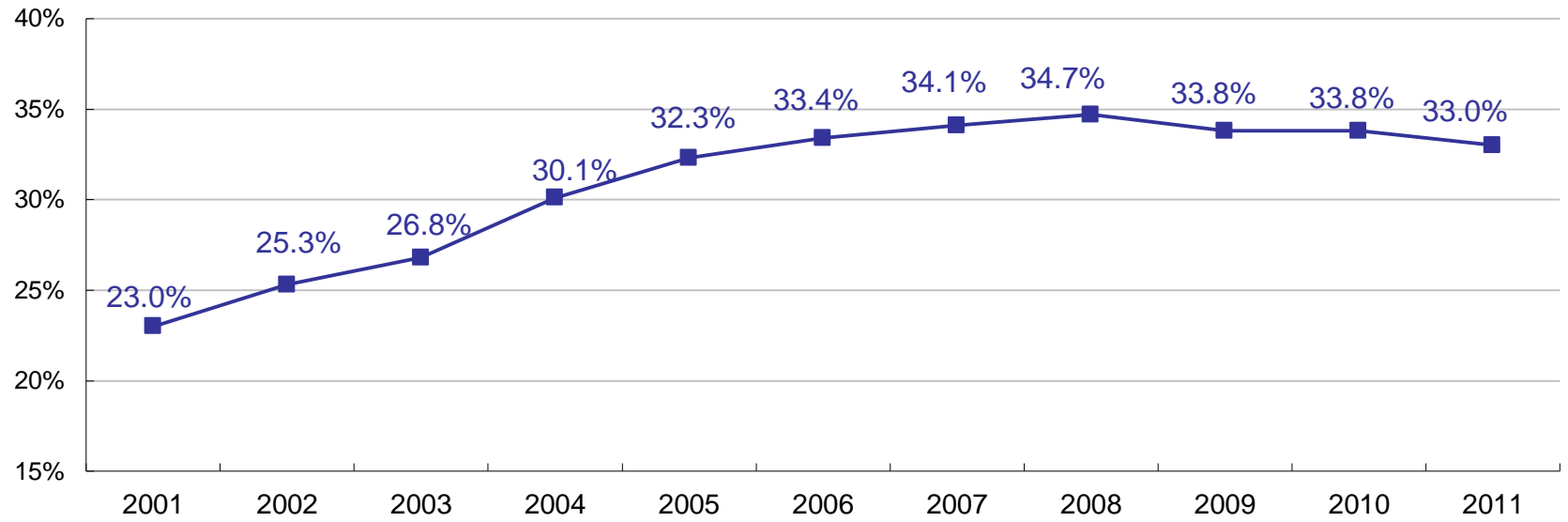
■ Vehicles consigned    ■ Vehicles contracted

(Thousand vehicles)

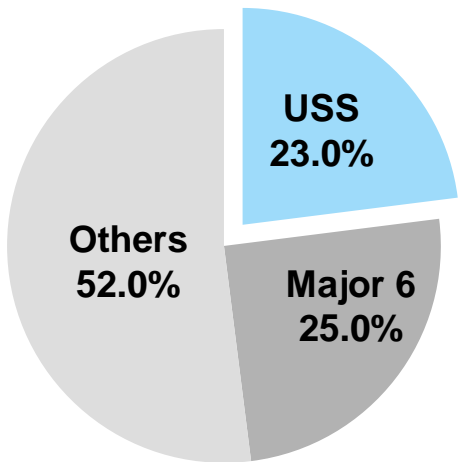


# Auto Auction Business (3) – Market Share (January to December)

## USS Market Share

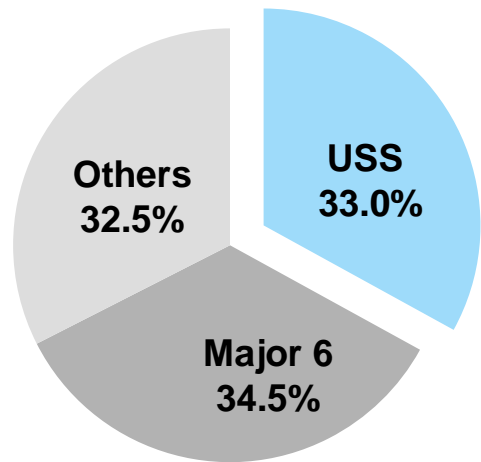


### 2001 (CY) Market Share



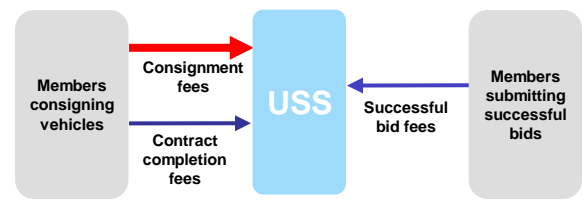
- \*Major 6
- JAA (6.1%)
- TAA (5.3%)
- CAA (4.5%)
- Arai AA(5.2%)
- KCAA (2.7%)
- LAA (1.2%)

### 2011 (CY) Market Share

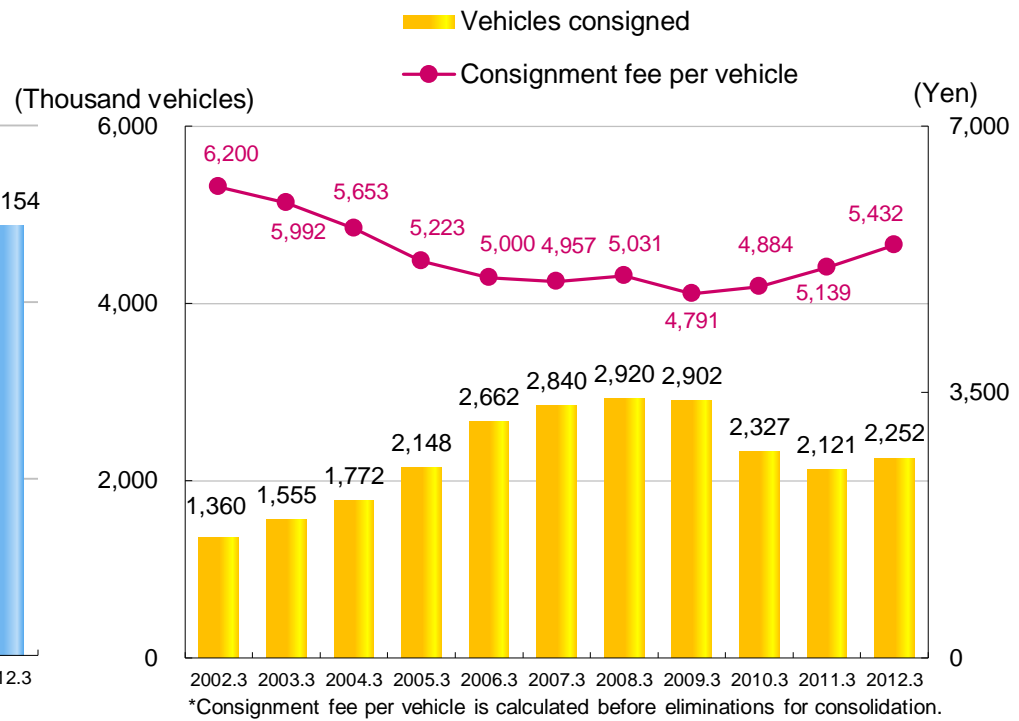
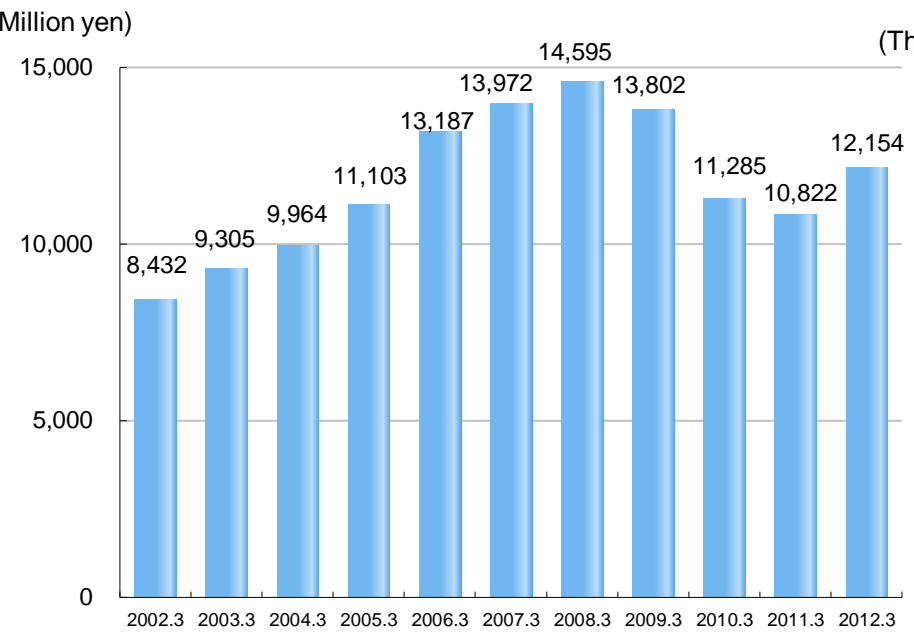


- \*Major 6
- JAA(9.0%)
- TAA(8.3%)
- CAA(6.6%)
- Arai AA(4.3%)
- LAA(3.2%)
- KCAA(3.1%)

# Auto Auction Business (4) – Vehicles Consigned and Consignment Fees



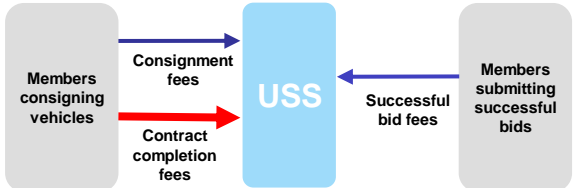
**Total of Consignment Fees**



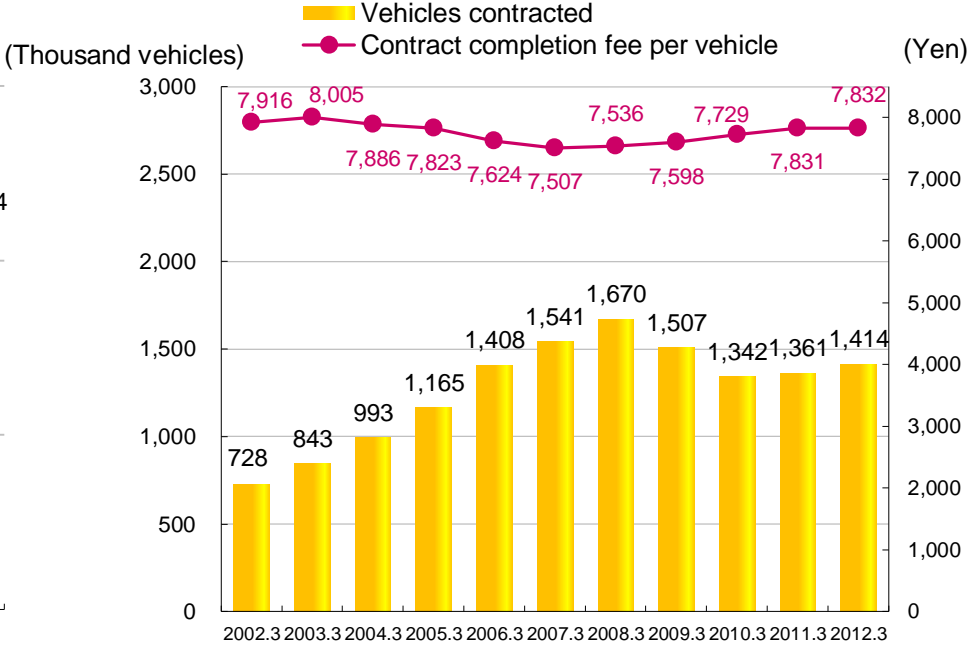
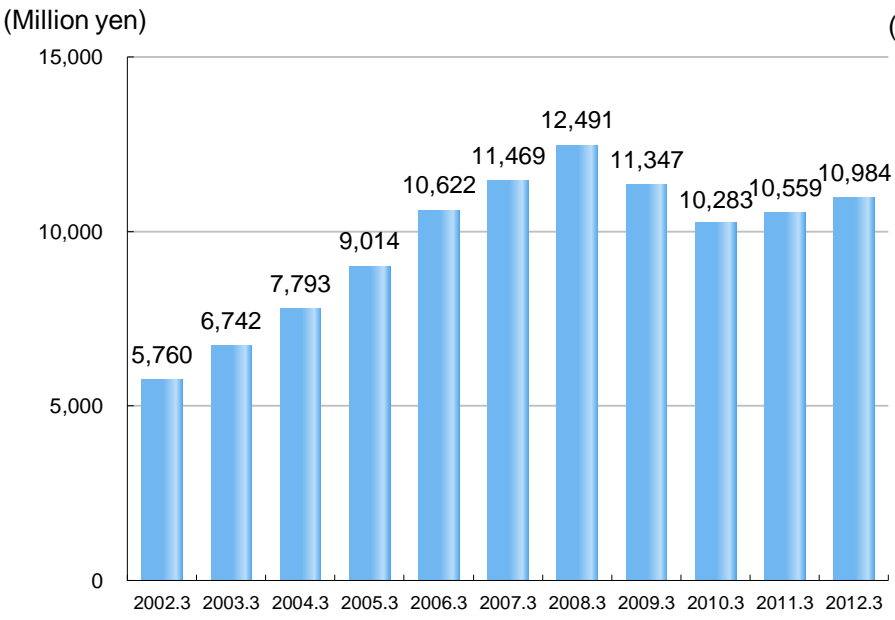
**Consignment fee per vehicle increased by 293 yen from 5,139 yen to 5,432 yen (YoY)**

- Ended Tokyo Auction Site sales of vehicles for recycling, which have low consignment fees, in January 2011
- Started using a revised fee structure at the Tohoku Auction Site in April 2011
- Decline in marketing campaigns featuring discounted vehicle consignment fees at the Yokohama Auction Site and other locations

# Auto Auction Business (5) – Vehicles Contracted and Contract Completion Fees



Total of Contract Completion Fees

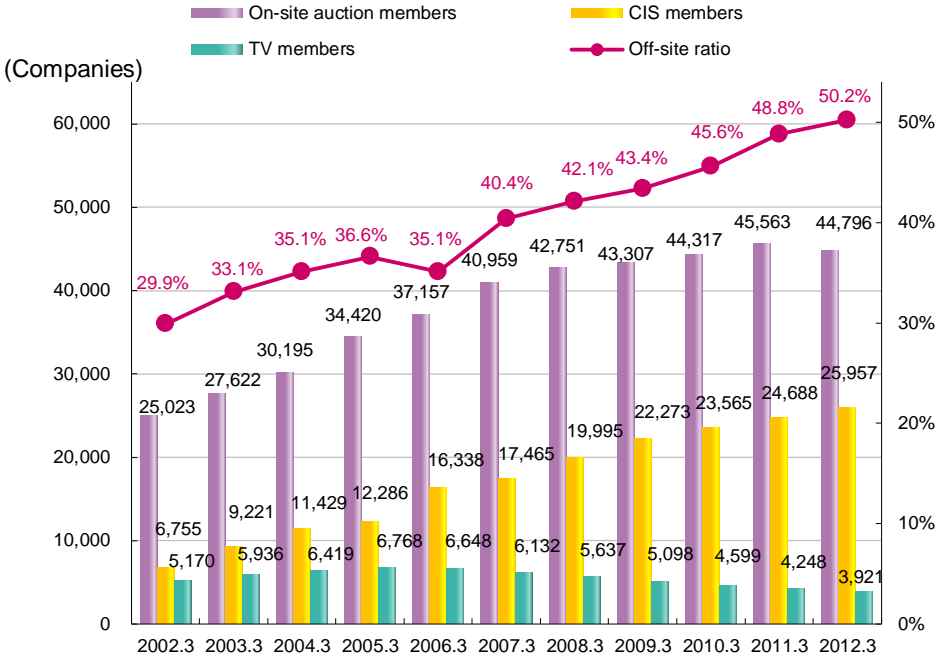
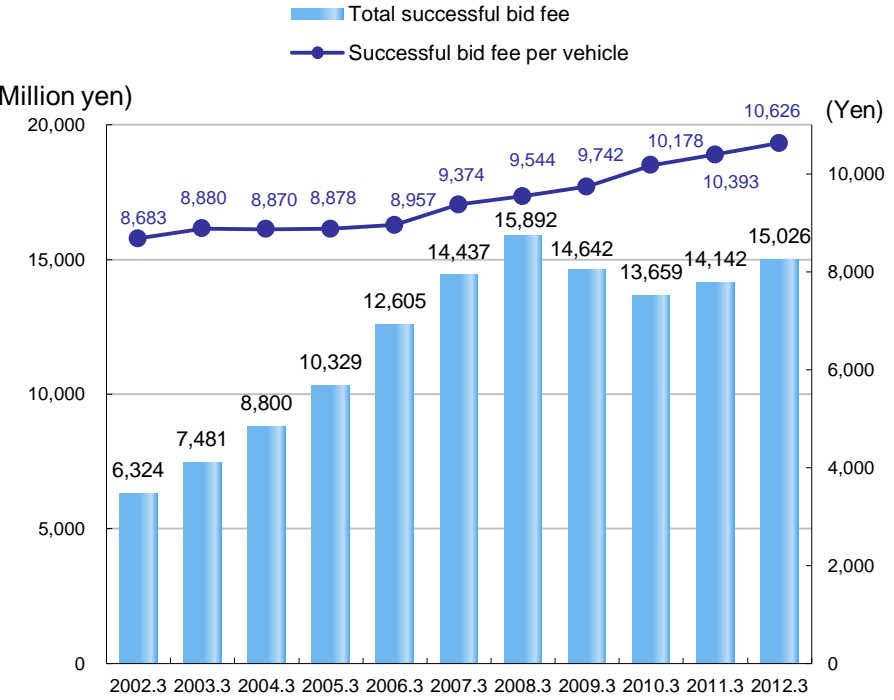
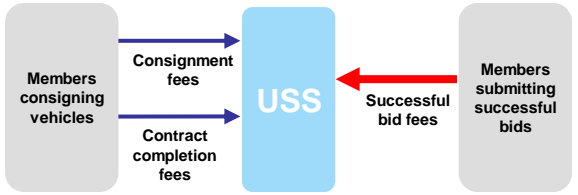


\*Contract Completion fee per vehicle is calculated before eliminations for consolidation.

**Contract completion fee per vehicle increased by 1 yen from 7,831 yen to 7,832 yen (YoY)**

- No significant change in contract completion fee rates from the previous fiscal year

# Auto Auction Business (6) – Successful Bid Fees and Off-site Successful Bid Ratio



\* Successful bid fee per vehicle is calculated before eliminations for consolidation.

**Successful bid fee per vehicle increased by 233 yen from 10,393 yen to 10,626 yen (YoY)**

- The off-site successful bid ratio rose from 48.8% to 50.2%

# Auto Auction Business (7) – USS Group Auto Auction Results by Sites

FY2012.3 (From April 1, 2011 to March 31, 2012)

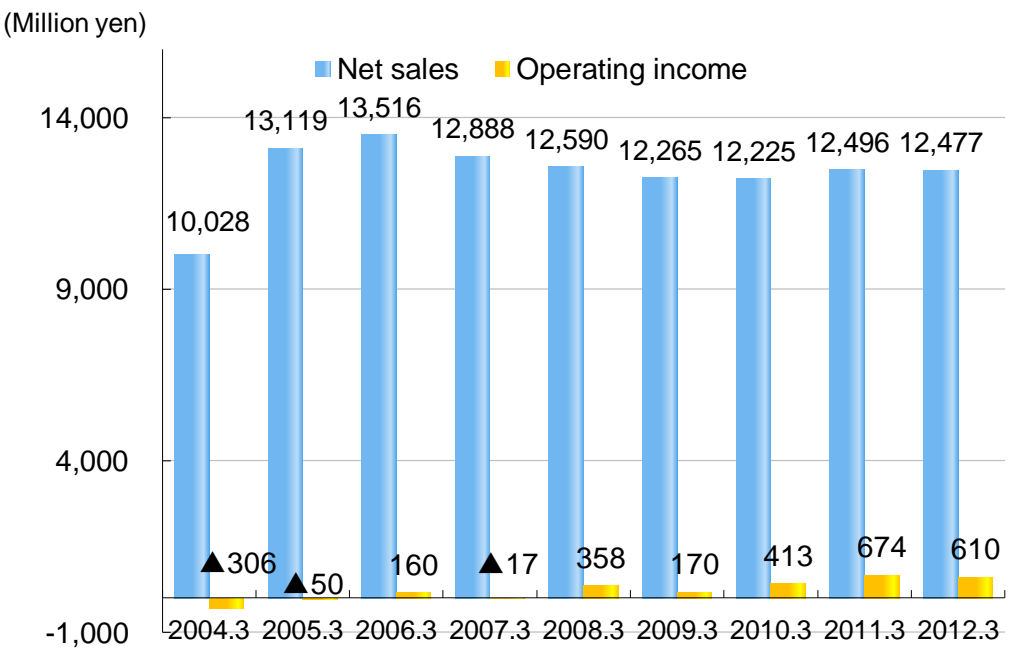
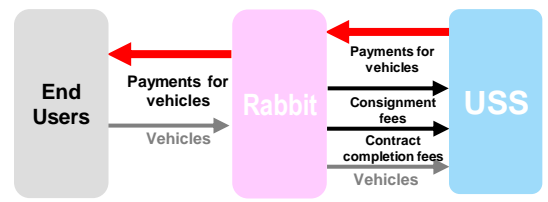
(Vehicles, Number of auctions held)

|                 | Number of auctions |        | Number of consigned vehicles |           |         | Number of contract completions |           |         | Contract completion rate |        |
|-----------------|--------------------|--------|------------------------------|-----------|---------|--------------------------------|-----------|---------|--------------------------|--------|
|                 | 2012.3             | 2011.3 | 2012.3                       | 2011.3    | Changes | 2012.3                         | 2011.3    | Changes | 2012.3                   | 2011.3 |
| <b>Tokyo</b>    | 49                 | 48     | 617,907                      | 570,237   | 8.4%    | 424,469                        | 404,013   | 5.1%    | 68.7%                    | 70.9%  |
| <b>Nagoya</b>   | 49                 | 49     | 368,950                      | 332,952   | 10.8%   | 229,367                        | 220,930   | 3.8%    | 62.2%                    | 66.4%  |
| <b>Kyushu</b>   | 50                 | 50     | 186,580                      | 163,441   | 14.2%   | 108,259                        | 97,264    | 11.3%   | 58.0%                    | 59.5%  |
| <b>Yokohama</b> | 49                 | 49     | 186,276                      | 181,532   | 2.6%    | 116,004                        | 111,289   | 4.2%    | 62.3%                    | 61.3%  |
| <b>Sapporo</b>  | 49                 | 49     | 135,166                      | 128,220   | 5.4%    | 83,148                         | 77,223    | 7.7%    | 61.5%                    | 60.2%  |
| <b>Osaka</b>    | 49                 | 50     | 102,963                      | 96,777    | 6.4%    | 63,137                         | 62,828    | 0.5%    | 61.3%                    | 64.9%  |
| <b>R-Nagoya</b> | 49                 | 49     | 100,783                      | 90,875    | 10.9%   | 79,832                         | 72,935    | 9.5%    | 79.2%                    | 80.3%  |
| <b>Shizuoka</b> | 49                 | 49     | 89,691                       | 83,116    | 7.9%    | 50,288                         | 49,456    | 1.7%    | 56.1%                    | 59.5%  |
| <b>Tohoku</b>   | 49                 | 48     | 78,583                       | 69,540    | 13.0%   | 56,140                         | 49,831    | 12.7%   | 71.4%                    | 71.7%  |
| <b>Okayama</b>  | 50                 | 50     | 75,404                       | 64,773    | 16.4%   | 41,345                         | 35,182    | 17.5%   | 54.8%                    | 54.3%  |
| <b>Gunma</b>    | 50                 | 49     | 75,308                       | 74,522    | 1.1%    | 46,929                         | 50,225    | ▲6.6%   | 62.3%                    | 67.4%  |
| <b>Fukuoka</b>  | 49                 | 50     | 63,540                       | 64,778    | ▲1.9%   | 21,009                         | 22,935    | ▲8.4%   | 33.1%                    | 35.4%  |
| <b>Saitama</b>  | 51                 | 49     | 48,096                       | 44,777    | 7.4%    | 27,792                         | 27,121    | 2.5%    | 57.8%                    | 60.6%  |
| <b>Niigata</b>  | 50                 | 50     | 41,959                       | 30,784    | 36.3%   | 19,102                         | 15,737    | 21.4%   | 45.5%                    | 51.1%  |
| <b>Kobe</b>     | 48                 | 49     | 40,353                       | 38,426    | 5.0%    | 23,076                         | 21,738    | 6.2%    | 57.2%                    | 56.6%  |
| <b>Hokuriku</b> | 50                 | 49     | 29,151                       | 25,183    | 15.8%   | 18,456                         | 16,043    | 15.0%   | 63.3%                    | 63.7%  |
| <b>Ryutsu</b>   | 12                 | 49     | 11,856                       | 62,015    | ▲80.9%  | 6,460                          | 26,849    | ▲75.9%  | 54.5%                    | 43.3%  |
| <b>Total</b>    | 802                | 836    | 2,252,566                    | 2,121,948 | 6.2%    | 1,414,813                      | 1,361,599 | 3.9%    | 62.8%                    | 64.2%  |

\* Ryutsu Auction Site and Tokyo Auction Site have been integrated in July 2011.

\* Shikoku Auction Site figures are included in the Okayama Auction Site results.

# Used Car Purchasing and Selling Business – Results of Operations



(Million yen)

|                                     | 2011.3            | 2012.3            | YoY          |
|-------------------------------------|-------------------|-------------------|--------------|
| <b>Net Sales</b>                    | <b>12,496</b>     | <b>12,477</b>     | <b>99.8%</b> |
| <b>Operating Income (Per sales)</b> | <b>674 (5.4%)</b> | <b>610 (4.9%)</b> | <b>90.5%</b> |

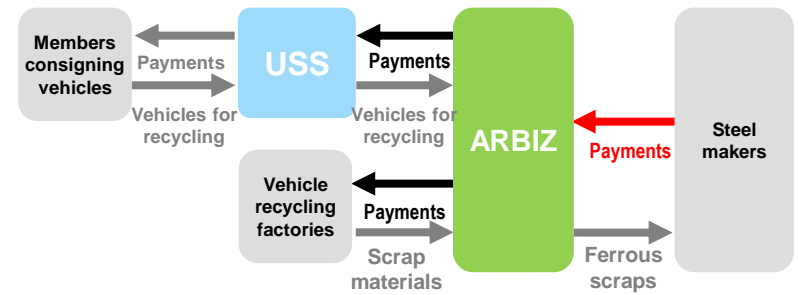
**Rabbit sales increased 0.9% to 8,535 million yen and operating income was down 10.5% to 337 million yen (YoY)**

- Auction prices rose sharply after the earthquake; vehicles purchased and gross profit per vehicle increased
- In the third quarter, auction prices started falling; vehicles purchased and gross profit per vehicle declined

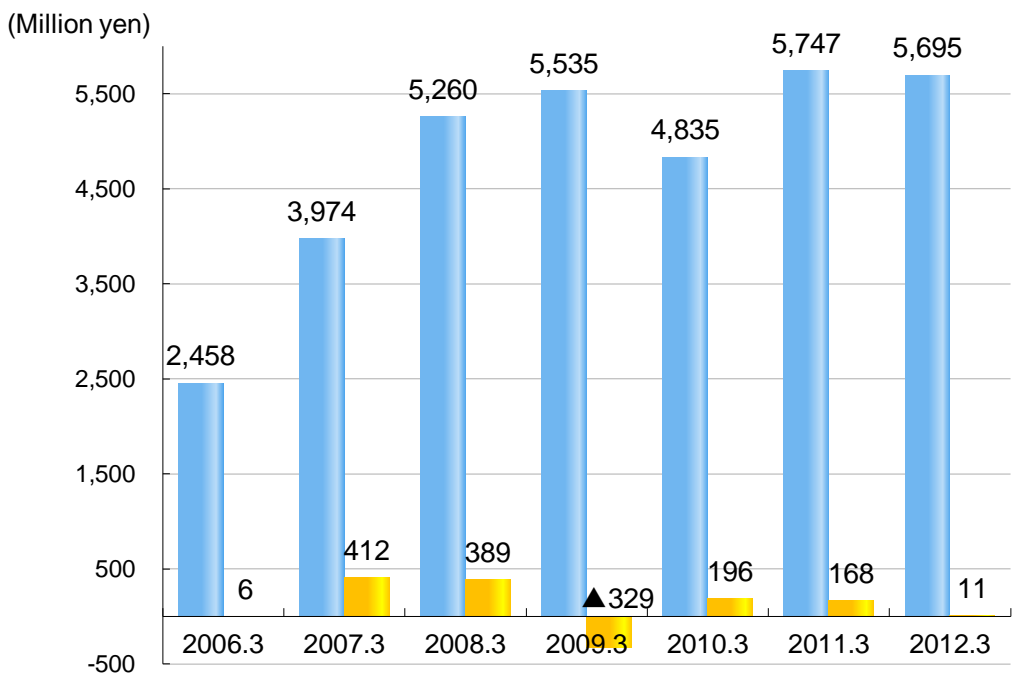
**Sales of accident-damaged vehicles decreased 2.4% to 3,941 million yen and operating income was down 8.2% to 272 million yen**

- Sales and earnings down because of the smaller number of vehicles purchased

# Other Business (Recycling Business) – Results of Operations



■ Net sales ■ Operating income



|                                     | (Million yen)     |                  |              |
|-------------------------------------|-------------------|------------------|--------------|
|                                     | 2011.3            | 2012.3           | YoY          |
| <b>Net Sales</b>                    | <b>5,747</b>      | <b>5,695</b>     | <b>99.1%</b> |
| <b>Operating Income (Per sales)</b> | <b>168 (2.9%)</b> | <b>11 (0.2%)</b> | <b>6.9%</b>  |

**ARBIZ sales decreased 6.4% to 4,278 million yen and operating income fell 97.8% to 1 million yen (YoY)**

- Sales and earnings down because of a lower volume of industrial scrap materials handled and much higher cost of materials purchased

**USS Toyo sales increased 6.1% to 1,250 million yen and operating income fell 14.1% to 87 million yen (YoY)**

- Sales up but earnings down mainly due to the much higher cost of synthetic rubber and other materials purchased

**USS Logistics sales were 167 million yen and the operating loss was 77 million yen**

- The used car export clearing service was started in July 2011