

Consolidated Earning Results for the Third Quarter ended December 31, 2012

February 12, 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>)

President : Yukihiro Ando

Contact : Masafumi Yamanaka

Senior Managing Director & Officer of Supervisory Office

Date of Filing of Quarterly Report (Scheduled): February 13, 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 Third Quarter ended December 31, 2012 (April 1, 2012 – December 31, 2012)

(1) Consolidated Operating Results (Accumulated) (millions of yen)

	Net sales		Operating income		Ordinary income	
Nine months ended Dec. 31, 2012	45,938	(1.7%)	20,973	5.9%	21,410	6.2%
Nine months ended Dec. 31, 2011	46,728	3.5%	19,813	11.9%	20,163	12.6%

	Net income		Net income per share (yen)		Diluted net income per share (yen)	
Nine months ended Dec. 31, 2012	13,128	9.6%	493.25		492.28	
Nine months ended Dec. 31, 2011	11,977	12.9%	424.57		423.86	

Note: 1. Comprehensive Income (millions of yen): As of Dec. 31, 2012: 13,092 +13.3% As of Dec. 31, 2011: 11,558 +8.3%

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 Dec. 31, 2012	131,842	114,279	86.3
As of March 31, 2012	154,639	121,097	78.0

Reference: Shareholders' equity (millions of yen): As of December 31, 2012: 113,763 As of March 31, 2012: 120,582

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2012	—	110.00	—	134.00	244.00
Year ending March 31, 2013	—	161.50	—		
Year ending March 31, 2013 (Estimated)				140.00	301.50

Note: 1. Revision of dividends forecast for this period: No

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

3. Consolidated Outlook for Fiscal 2012 (April 1, 2012 – March 31, 2013) (millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (yen)	
For the year	64,200	0.3%	29,000	3.7%	29,250	2.3%	17,950	5.2%	678.52	

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

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: Yes
(Changes in the method of depreciation)
In conjunction with changes to the Corporation Tax Act, from the first quarter of the fiscal year ending March 31, 2013, the Company and its consolidated subsidiaries have adopted a new depreciation method for tangible fixed assets acquired on and after April 1, 2012 based on the revised law. This change will have minimal impact on income or loss.
- 2) Other changes in accounting principals : No
- 3) Changes in accounting-based estimates: Yes
Please refer 1) above.
(Changes in the period of depreciation)
Plans call for rebuilding the buildings and structures and replacing tools and fixtures at the Nagoya Auction site in the third quarter of the current consolidated fiscal year. Therefore, the useful lives of assets expected to be removed has been shortened to the scheduled month of removal.
As a result of this change, depreciation expenses for the third quarter of the current consolidated fiscal year increased by 39 million yen and operating income, ordinary income and income before income taxes and minority interests each decreased by an equivalent amount compared to the amounts that would have been reported if the previous method had been applied consistently.
- 4) Revised restatements : No
- (4) Number of shares issued (common shares):
- 1) Number of shares issued (including treasury stock):
As of December 31, 2012: 31,325,000 shares As of March 31, 2012: 31,325,000 shares
- 2) Number of treasury stock:
As of December 31, 2012: 5,510,331 shares As of March 31, 2012: 4,128,021 shares
- 3) Average number of outstanding stock for each period (cumulative term):
As of December 31, 2012: 26,616,069 shares As of December 31, 2011: 28,209,792 shares
- Note: Number of Treasury stock as of March 31, 2012 includes 119,980 shares, and as of December 31, 2012 includes 100,510 shares held by the USS Employee Stock Ownership Plan Trust.

*Explanation of the appropriate use of forecasts and other related items

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.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	FY 2011 (As of March 31, 2012)	FY2012 Third Quarter (As of Dec. 31, 2012)
Assets		
Current assets:		
Cash and deposits	36,840	25,507
Receivables due from member dealers at auction	11,635	2,371
Notes and accounts receivable-trade	2,734	2,089
Short-term investment securities	100	507
Inventories	962	875
Other	1,522	1,532
Allowance for doubtful accounts	(63)	(47)
Total current assets	53,731	32,836
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	29,762	28,143
Land	58,873	58,190
Construction in progress	9	800
Other, net	2,328	1,760
Total property, plant and equipment	90,974	88,894
Intangible assets		
Goodwill	17	20
Other	847	807
Total intangible assets	865	828
Investments and other assets		
Investments and other assets	9,156	9,374
Allowance for doubtful accounts	(87)	(90)
Total investments and other assets	9,068	9,283
Total noncurrent assets	100,908	99,006
Total assets	154,639	131,842

(millions of yen)

	FY 2011 (As of March 31, 2012)	FY2012 Third Quarter (As of Dec. 31, 2012)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	13,154	4,613
Notes and accounts payable-trade	560	416
Short-term loans payable	93	93
Income taxes payable	5,900	1,739
Provision	534	272
Other	6,083	3,580
Total current liabilities	26,326	10,716
Noncurrent liabilities:		
Long-term loans payable	1,174	1,004
Provision	155	72
Asset retirement obligations	683	685
Other	5,202	5,084
Total noncurrent liabilities	7,215	6,846
Total liabilities	33,541	17,562
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,972	18,962
Retained earnings	115,066	120,381
Treasury stock	(27,110)	(39,206)
Total shareholders' equity	125,809	119,018
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	64
Revaluation reserve for land	(5,320)	(5,319)
Total accumulated other comprehensive income	(5,227)	(5,254)
Subscription rights to shares	230	237
Minority interests	284	277
Total net assets	121,097	114,279
Total liabilities and net assets	154,639	131,842

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

(millions of yen)

	FY2011 Third Quarter (April 1, 2011 through Dec. 31, 2011)	FY2012 Third Quarter (April 1, 2012 through Dec. 31, 2012)
Net sales	46,728	45,938
Cost of sales	19,453	18,269
Gross profit	27,275	27,669
Selling, general and administrative expenses	7,461	6,696
Operating income	19,813	20,973
Non-operating income		
Interest income	27	7
Real estate rent	145	314
Gain on valuation of compound financial instruments	-	28
Miscellaneous income	317	157
Total non-operating income	490	508
Non-operating expenses		
Interest expenses	3	4
Rent cost of real estate	20	49
Loss on valuation of compound financial instruments	103	-
Miscellaneous loss	13	16
Total non-operating expenses	140	71
Ordinary income	20,163	21,410
Extraordinary income:		
Gain on sales of noncurrent assets	34	15
Other	-	0
Total extraordinary income	34	16
Extraordinary loss:		
Loss on sales of noncurrent assets	24	0
Loss on retirement of noncurrent assets	21	57
Other	1	14
Total extraordinary losses	47	72

(millions of yen)

	FY2011 Third Quarter (April 1, 2011 through Dec. 31, 2011)	FY2012 Third Quarter (April 1, 2012 through Dec. 31, 2012)
Income before income taxes and minority interests	20,150	21,354
Income taxes	8,214	8,232
Income before minority interests	11,936	13,121
Minority interests in loss	(40)	(7)
Net income	11,977	13,128

(Consolidated Quarterly Statements of Comprehensive Income)

(millions of yen)

	FY2011 Third Quarter (April 1, 2011 through Dec. 31, 2011)	FY2012 Third Quarter (April 1, 2012 through Dec. 31, 2012)
Income before minority interests	11,936	13,121
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	(29)
Revaluation reserve for land	(359)	-
Total other comprehensive income	(378)	(29)
Comprehensive income	11,558	13,092
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	11,598	13,099
Comprehensive income attributable to minority interests	(40)	(7)

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2011 Third Quarter (April 1, 2011 through Dec. 31, 2011)	FY2012 Third Quarter (April 1, 2012 through Dec. 31, 2012)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	20,150	21,354
Depreciation and other amortization	3,014	2,607
Amortization of goodwill	68	(3)
Increase (decrease) in allowance for doubtful accounts	(25)	(13)
Increase (decrease) in provision for bonuses	(216)	(261)
Increase (decrease) in provision for retirement benefits	19	(83)
Interest and dividends income	(36)	(18)
Interest expenses	3	4
Loss (gain) on valuation of compound financial instruments	103	(28)
Loss (gain) on sales and retirement of property, plant and equipment	10	42
Net change in due from/to member dealers at auction	321	722
Decrease (increase) in notes and accounts receivable-trade	583	645
Increase (decrease) in notes and accounts payable-trade	(189)	(143)
Increase (decrease) in deposits received	(1,160)	(1,621)
Other, net	(339)	(974)
Subtotal	22,307	22,229
Interest and dividends income received	35	19
Interest expenses paid	(4)	(4)
Income taxes paid	(10,085)	(12,246)
Net cash provided by (used in) operating activities	12,254	9,998

(millions of yen)

	FY2011 Third Quarter (April 1, 2011 through Dec 31, 2011)	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(3,100)	5,800
Purchase of property, plant and equipment	(487)	(988)
Proceeds from sales of property, plant and equipment	104	41
Purchase of intangible assets	(106)	(133)
Purchase of investment securities	(210)	-
Proceeds from redemption of investment securities	-	100
Purchase of long-term prepaid expenses	(7)	(10)
Purchase of stocks of subsidiaries and affiliates	(268)	-
Other, net	40	(27)
Net cash provide by (used in) investing activities	(4,035)	4,781
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	150	-
Repayment of long-term loans payable	(149)	(169)
Proceeds from guarantee deposits received from member dealers	177	159
Repayments of guarantee deposits received from member dealers	(69)	(55)
Purchase of treasury stock	(9,070)	(12,309)
Proceeds from sales of treasury stock	-	161
Cash dividends paid	(6,001)	(7,811)
Repayments of finance lease obligations	(212)	(287)
Other, net	-	0
Net cash provided by (used in) financing activities	(15,176)	(20,313)
Net increase (decrease) in cash and cash equivalents	(6,958)	(5,533)
Cash and cash equivalents at beginning of period	29,280	28,540
Cash and cash equivalents at end of period	22,322	23,007