

# Consolidated Financial Results for the Third Quarter ended December 31, 2013

February 10, 2014

Name of Company: USS Co., Ltd.  
 Stock Exchanges Listing: Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First section  
 Stock Code: 4732 URL: <http://www.ussnet.co.jp/eng/index.html>  
 Representative: Title: Chairman & President Name: Yukihiro Ando  
 Contact Person: Title: Senior Managing Director & Officer of Supervisory Office Name: Masafumi Yamanaka  
 Tel: +81-52-689-1129  
 Date of filing of quarterly securities report: (Scheduled) February 13, 2014  
 Date of commencement of dividend payment: (Scheduled) -  
 Supplementary materials for quarterly financial results Yes  
 Information meeting for quarterly financial results No

## 1. Consolidated Results for the Third Quarter ended December 31, 2013 (April 1, 2013 – December 31, 2013)

### (1) Consolidated Operating Results (year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2013	49,249	7.2	23,453	11.8	23,878	11.5
Nine months ended Dec. 31, 2012	45,938	(1.7)	20,973	5.9	21,410	6.2

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Nine months ended Dec. 31, 2013	14,334	9.2	55.30	55.19
Nine months ended Dec. 31, 2012	13,128	9.6	49.32	49.22

Note: 1. Comprehensive income (million yen):  
 Nine months ended Dec 31, 2013: 14,561 +11.2%  
 Nine months ended Dec 31, 2012: 13,092 +13.3%

2. There was a one-to-ten split of common stock on October 1, 2013. "Net income per share" and "Diluted net income per share" are calculated as if the stock split had taken place at the beginning of previous fiscal year.

### (2) Consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)
As of Dec 31, 2013	146,916	126,558	85.7
As of March 31, 2013	154,543	119,676	77.1

Reference: Shareholders' equity (Million yen): As of December 31, 2013: 125,860 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	—	159.50	—		
Year ending March 31, 2014 (Estimated)				16.95	—

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

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

3. The year-end dividend forecast for the fiscal year ending in March 2014 is based on the number of shares outstanding after the one-to-ten common share stock split 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 169.50 yen per common share. Combined with the interim dividend, the annual dividend will be an estimated 329.00 yen per common share.

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

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year	65,450	3.5	30,800	5.1	31,350	4.9	18,950	3.3	73.10

Note: 1. Revision of outlook for this period: No

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

#### \* Notes

- (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 income tax by using a reasonable estimated of the annual effective tax rate, which includes the effects of deferred taxes, and the year-to-date income before income taxes for the period. Income taxes-deferred are included in income taxes.
- (3) Changes in accounting principles, accounting-based estimates and restatements
- 1) Changes in accounting principles associated with changes in accounting standards: No
  - 2) Changes in accounting principles other than in 1): No
  - 3) Changes in accounting-based estimates: Yes  
Change of useful life  
In the third quarter of the current fiscal year, USS decided to build a new Okayama Auction Site at a different location. As a result, the useful lives of buildings and structures, tools, furniture and fixtures, and software that are not expected to be used after this site is relocated have been changed to end at the planned date of the relocation.  
This change caused depreciation in the first three quarters to increase by 59 million yen and operating income, ordinary income and income before income taxes and minority interests to decrease by the same amount.
  - 4) Retrospective restatement : No
- (4) Number of shares issued (common shares):
- 1) Shares issued (including treasury stock):  
As of December 31, 2013: 313,250,000 shares      As of March 31, 2013: 313,250,000 shares
  - 2) Treasury stock:  
As of December 31, 2013: 54,855,066shares      As of March 31, 2013: 55,067,530 shares
  - 3) Average number of shares outstanding for each period (cumulative term):  
As of December 31, 2013: 259,200,249 shares      As of December 31, 2012: 266,160,690 shares
- Note: 1. There was a one-to-ten split of common stock on October 1, 2013. Common shares are calculated as if the stock split had taken place at the beginning of previous fiscal year.
2. Treasury stock includes 969,300 shares as of March 31, 2013 and 838,500 shares as of Dec 31, 2013 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 when this document was prepared. Actual performance may differ because of various factors.

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Million yen)

	FY 2012 (As of March 31, 2013)	FY2013 Third Quarter (As of Dec 31, 2013)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	37,033	33,671
Receivables due from member dealers at auction	13,660	3,518
Notes and accounts receivable-trade	2,662	2,431
Short-term investment securities	508	—
Inventories		
Other	947	989
Allowance for doubtful accounts	1,277	1,637
Total current assets	(41)	(47)
<b>Noncurrent assets:</b>	56,047	42,200
Property, plant and equipment		
Buildings and structures, net	27,537	31,951
Land	58,190	57,816
Construction in progress	1,197	790
Other, net	1,545	2,611
Total property, plant and equipment	88,470	93,170
Intangible assets		
Goodwill	17	8
Other	800	1,100
Total intangible assets	818	1,109
Investments and other assets		
Investments and other assets	9,298	10,489
Allowance for doubtful accounts	(91)	(53)
Total investments and other assets	9,206	10,436
Total noncurrent assets	98,496	104,715
<b>Total assets</b>	<b>154,543</b>	<b>146,916</b>

(Million yen)

	FY 2012 (As of March 31, 2013)	FY2013 Third Quarter (As of Dec 31, 2013)
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Payables due to member dealers at auction	16,185	5,674
Notes and accounts payable-trade	556	471
Short-term loans payable	93	93
Income taxes payable	4,921	3,847
Provision	523	282
Other	5,885	3,447
Total current liabilities	28,165	13,816
<b>Noncurrent liabilities:</b>		
Long-term loans payable	864	678
Provision	75	88
Asset retirement obligations	687	693
Other	5,075	5,081
Total noncurrent liabilities	6,701	6,541
<b>Total liabilities</b>	<b>34,866</b>	<b>20,357</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,881	18,881
Capital surplus	18,969	19,014
Retained earnings	125,599	132,044
Treasury stock	(39,177)	(39,012)
Total shareholders' equity	124,273	130,927
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	158	252
Revaluation reserve for land	(5,319)	(5,319)
Total accumulated other comprehensive income	(5,160)	(5,067)
<b>Subscription rights to shares</b>	237	242
<b>Minority interests</b>	327	454
<b>Total net assets</b>	<b>119,676</b>	<b>126,558</b>
<b>Total liabilities and net assets</b>	<b>154,543</b>	<b>146,916</b>

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

(Million yen)

	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)	FY2013 Third Quarter (April 1, 2013 through Dec 31, 2013)
<b>Net sales</b>	45,938	49,249
<b>Cost of sales</b>	18,269	19,195
<b>Gross profit</b>	27,669	30,053
<b>Selling, general and administrative expenses</b>	6,696	6,599
<b>Operating income</b>	20,973	23,453
<b>Non-operating income</b>		
Interest income	7	26
Real estate rent	314	356
Gain on valuation of compound financial instruments	28	—
Miscellaneous income	157	125
Total non-operating income	508	508
<b>Non-operating expenses</b>		
Interest expenses	4	2
Rent cost of real estate	49	59
Loss on valuation of compound financial instruments	—	8
Miscellaneous loss	16	12
Total non-operating expenses	71	83
<b>Ordinary income</b>	21,410	23,878
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	15	20
Gain on sales of investment securities	—	17
Other	0	—
Total extraordinary income	16	37
<b>Extraordinary loss:</b>		
Loss on sales of noncurrent assets	0	17
Loss on retirement of noncurrent assets	57	218
Impairment loss	—	168
Other	14	22
Total extraordinary losses	72	426

(Million yen)

	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)	FY2013 Third Quarter (April 1, 2013 through Dec 31, 2013)
<b>Income before income taxes and minority interests</b>	21,354	23,490
<b>Income taxes</b>	8,232	9,021
<b>Income before minority interests</b>	13,121	14,468
<b>Minority interests in income</b>	(7)	134
<b>Net income</b>	13,128	14,334

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

(Million yen)

	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)	FY2013 Third Quarter (April 1, 2013 through Dec 31, 2013)
<b>Income before minority interests</b>	13,121	14,468
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(29)	93
Total other comprehensive income	(29)	93
<b>Comprehensive income</b>	13,092	14,561
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	13,099	14,427
Comprehensive income attributable to minority interests	(7)	134

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

(Million yen)

	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)	FY2013 Third Quarter (April 1, 2013 through Dec 31, 2013)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes and minority interests	21,354	23,490
Depreciation and other amortization	2,607	2,823
Impairment loss	—	168
Amortization of goodwill	(3)	17
Increase (decrease) in allowance for doubtful accounts	(13)	(31)
Increase (decrease) in provision for bonuses	(261)	(241)
Increase (decrease) in provision for retirement benefits	(83)	12
Interest and dividends income	(18)	(38)
Interest expenses	4	2
Loss (gain) on valuation of compound financial instruments	(28)	8
Loss (gain) on sales and retirement of property, plant and equipment	42	211
Net change in due from/to member dealers at auction	722	(369)
Decrease (increase) in notes and accounts receivable-trade	645	230
Increase (decrease) in notes and accounts payable-trade	(143)	(84)
Increase (decrease) in deposits received	(1,621)	(1,496)
Other, net	(974)	(1,076)
Subtotal	22,229	23,626
Interest and dividends income received	19	36
Interest expenses paid	(4)	(2)
Income taxes paid	(12,246)	(10,135)
Net cash provided by (used in) operating activities	9,998	13,524



(Million yen)

	FY2012 Third Quarter (April 1, 2012 through Dec 31, 2012)	FY2013 Third Quarter (April 1, 2013 through Dec 31, 2013)
<b>Net cash provided by (used in) investing activities:</b>		
Net decrease (increase) in time deposits	5,800	(10,500)
Purchase of property, plant and equipment	(988)	(7,898)
Proceeds from sales of property, plant and equipment	41	21
Purchase of intangible assets	(133)	(538)
Proceeds from redemption of investment securities	100	500
Purchase of long-term prepaid expenses	(10)	(25)
Purchase of investments in subsidiaries	—	(15)
Other, net	(27)	61
Net cash provide by (used in) investing activities	4,781	(18,394)
<b>Net cash provided by (used in) financing activities:</b>		
Repayment of long-term loans payable	(169)	(185)
Proceeds from guarantee deposits received from member dealers	159	166
Repayments of guarantee deposits received from member dealers	(55)	(62)
Purchase of treasury stock	(12,309)	(0)
Proceeds from sales of treasury stock	161	163
Cash dividends paid	(7,811)	(7,889)
Repayments of finance lease obligations	(287)	(183)
Other, net	0	0
Net cash provided by (used in) financing activities	(20,313)	(7,991)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,533)</b>	<b>(12,861)</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>23,007</b>	<b>21,971</b>