

# Consolidated Financial Results for the First Quarter ended June 30, 2014

August 4, 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.usenet.co.jp/eng/index.html>  
 Representative: Title: President and Representative Director Name: Yukihiro Ando  
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 Date of filing of quarterly securities report: (Scheduled) August 8, 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 First Quarter ended June 30, 2014 (April 1, 2014 – June 30, 2014)

### (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	%
Three months ended June 30, 2014	16,282	(0.7)	8,050	1.0	8,192	1.2
Three months ended June 30, 2013	16,400	4.6	7,967	—	8,092	—

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2014	5,243	5.9	20.28	20.25
Three months ended June 30, 2013	4,949	—	19.16	19.13

Note: 1. Comprehensive income (million yen): Three months ended June 30, 2014: 5,315 +6.2%  
 Three months ended June 30, 2013: 5,006 —%

- Year-on-year comparisons for the first quarter of the fiscal year ended March 2014 are not presented because the amounts have been retroactively adjusted to reflect changes in the accounting policies
- The company split its common shares 1-to-10 on October 1, 2013. The amounts for net income per share for the quarter and diluted net income per share are retroactively adjusted 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 June 30, 2014	156,987	132,580	83.9
As of March 31, 2014	164,182	132,102	80.0

Reference: Shareholders' equity (Million yen): As of June 30, 2014: 131,768

As of March 31, 2014: 131,348

## 2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2014	—	159.50	—	18.75	—
Year ending March 31, 2015	—				
Year ending March 31, 2015 (Estimated)		18.50	—	18.50	37.00

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

- The company split its common shares 1-to-10 on October 1, 2013. The amount of interim dividend per common share for the fiscal year ended March 2014 is not adjusted to reflect the stock split.

### 3. Consolidated Outlook for Fiscal 2014 (April 1, 2014 – March 31, 2015)

(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 1 <sup>st</sup> half	32,900	1.6	15,550	2.7	15,800	2.4	10,150	9.1	39.27
For the year	68,200	0.4	33,000	1.0	33,500	0.7	21,300	6.7	82.41

Note: Change in the outlook from the latest announcement: No

#### \* 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: Yes
 

(Practical solution on transactions of delivering the company's own stock to employees etc. through trusts)  
The Company started applying the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ, PITF No. 30; December 30, 2013)" from the first quarter of the current fiscal year. Net of following items is posted as a liability: gain/loss on sales on stock sold by the trust to the Employees Stockholding Association, dividends from the Company on the shares held by the trust, and the expenses related to the trust.  
The above changes in the accounting policies have been applied retroactively. Regarding the financial statements for the first quarter of the previous fiscal year and the previous fiscal year, retroactively adjusted financial statements for the first quarter of the previous fiscal year and the previous fiscal year have been presented to reflect the aforementioned changes.  
As a result, "other" under current liabilities increased by 120 million yen, capital surplus declined by 92 million yen and retained earnings declined by 28 million yen at the end of the previous fiscal year compared to the amounts that would have been reported if retroactive adjustment had not been made. The impact of this retroactive adjustment is insignificant in the context of the previous first quarter financial statements.
  - 2) Changes in accounting principles other than in 1): No
  - 3) Changes in accounting-based estimates: No
  - 4) Retrospective restatement : No
- (4) Number of shares issued (common shares):
  - 1) Shares issued (including treasury stock):
 

As of June 30, 2014: 313,250,000 shares	As of March 31, 2014: 313,250,000 shares
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  - 2) Treasury stock:
 

As of June 30, 2014: 54,800,385 shares	As of March 31, 2014: 54,828,566 shares
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  - 3) Average number of shares outstanding for each period (cumulative term):
 

As of June 30, 2014: 258,434,624 shares	As of June 30, 2013: 258,197,695 shares
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Note: 1. The company split its common shares 1-to-10 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 812,000 shares as of March 31, 2014 and 783,800 shares as of June 30, 2014 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.

#### 4. Quarterly Consolidated Financial Statements

##### (1) Consolidated Quarterly Balance Sheets

(Million yen)

	FY 2013 (As of March 31, 2014)	FY2014 First Quarter (As of June 30, 2014)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	46,318	34,552
Receivables due from member dealers at auction	8,701	7,464
Notes and accounts receivable-trade	2,975	2,555
Securities	-	6,000
Inventories	1,077	926
Other	1,453	2,110
Allowance for doubtful accounts	(47)	(52)
Total current assets	60,477	53,556
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures, net	31,249	30,660
Land	57,659	57,661
Construction in progress	980	1,557
Other, net	2,447	2,307
Total property, plant and equipment	92,337	92,187
Intangible assets		
Goodwill	5	2
Other	1,062	1,120
Total intangible assets	1,068	1,123
Investments and other assets		
Investments and other assets	10,370	10,189
Allowance for doubtful accounts	(70)	(69)
Total investments and other assets	10,299	10,119
Total noncurrent assets	103,704	103,430
<b>Total assets</b>	<b>164,182</b>	<b>156,987</b>

(Million yen)

	FY 2013 (As of March 31, 2014)	FY2014 First Quarter (As of June 30, 2014)
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Payables due to member dealers at auction	11,852	8,760
Notes and accounts payable-trade	641	448
Short-term loans payable	80	57
Income taxes payable	7,254	2,169
Provision	583	895
Other	5,244	5,722
Total current liabilities	25,657	18,054
<b>Noncurrent liabilities:</b>		
Long-term loans payable	549	549
Net defined benefit liability	88	92
Asset retirement obligations	694	684
Other	5,090	5,025
Total noncurrent liabilities	6,423	6,352
<b>Total liabilities</b>	<b>32,080</b>	<b>24,407</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,881	18,881
Capital surplus	18,937	18,937
Retained earnings	137,638	138,096
Treasury stock	(38,990)	(38,967)
Total shareholders' equity	136,466	136,947
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	206	220
Revaluation reserve for land	(5,324)	(5,399)
Total accumulated other comprehensive income	(5,117)	(5,179)
<b>Subscription rights to shares</b>	242	242
<b>Minority interests</b>	510	569
<b>Total net assets</b>	<b>132,102</b>	<b>132,580</b>
<b>Total liabilities and net assets</b>	<b>164,182</b>	<b>156,987</b>

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

(Million yen)

	FY2013 First Quarter (April 1, 2013 through June 30, 2013)	FY2014 First Quarter (April 1, 2014 through June 30, 2014)
<b>Net sales</b>	16,400	16,282
<b>Cost of sales</b>	6,244	6,221
<b>Gross profit</b>	10,156	10,061
<b>Selling, general and administrative expenses</b>	2,188	2,010
<b>Operating income</b>	7,967	8,050
<b>Non-operating income</b>		
Interest income	2	8
Real estate rent	116	123
Miscellaneous income	31	39
Total non-operating income	150	171
<b>Non-operating expenses</b>		
Interest expenses	0	0
Rent cost of real estate	16	25
Loss on valuation of compound financial instruments	6	-
Miscellaneous loss	1	4
Total non-operating expenses	25	29
<b>Ordinary income</b>	8,092	8,192
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	3	10
Gain on sales of investment securities	-	48
Total extraordinary income	3	58
<b>Extraordinary loss:</b>		
Loss on retirement of noncurrent assets	1	1
Compensation for damage	22	-
Total extraordinary losses	24	1
<b>Income before income taxes and minority interests</b>	8,071	8,249
<b>Income taxes</b>	3,063	2,947

(Million yen)

	FY2013 First Quarter (April 1, 2013 through June 30, 2013)	FY2014 First Quarter (April 1, 2014 through June 30, 2014)
<b>Income before minority interests</b>	5,007	5,302
<b>Minority interests in income</b>	58	58
<b>Net income</b>	4,949	5,243

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

(Million yen)

	FY2013 First Quarter (April 1, 2013 through June 30, 2013)	FY2014 First Quarter (April 1, 2014 through June 30, 2014)
<b>Income before minority interests</b>	5,007	5,302
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1)	13
Total other comprehensive income	(1)	13
<b>Comprehensive income</b>	5,006	5,315
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,947	5,256
Comprehensive income attributable to minority interests	58	58



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

(Million yen)

	FY2013 First Quarter (April 1, 2013 through June 30, 2013)	FY2014 First Quarter (April 1, 2014 through June 30, 2014)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes and minority interests	8,071	8,249
Depreciation and other amortization	869	887
Amortization of goodwill	11	2
Increase (decrease) in allowance for doubtful accounts	(1)	4
Increase (decrease) in provision for bonuses	278	312
Increase (decrease) in provision for retirement benefits	4	-
Increase (decrease) in net defined benefit liability	-	3
Interest and dividends income	(2)	(8)
Interest expenses	0	0
Loss (gain) on valuation of compound financial instruments	6	-
Loss (gain) on sales and retirement of property, plant and equipment	(1)	(4)
Net change in due from/to member dealers at auction	(584)	(1,854)
Decrease (increase) in notes and accounts receivable-trade	144	420
Increase (decrease) in notes and accounts payable-trade	(36)	(192)
Increase (decrease) in deposits received	13	(15)
Other, net	(775)	(248)
Subtotal	7,997	7,555
Interest and dividends income received	18	18
Interest expenses paid	(0)	(0)
Income taxes paid	(5,505)	(8,033)
Net cash provided by (used in) operating activities	2,510	(459)

(Million yen)

	FY2013 First Quarter (April 1, 2013 through June 30, 2013)	FY2014 First Quarter (April 1, 2014 through June 30, 2014)
<b>Net cash provided by (used in) investing activities:</b>		
Net decrease (increase) in time deposits	2,200	(6,300)
Purchase of securities	-	(3,000)
Purchase of property, plant and equipment	(2,161)	(609)
Proceeds from sales of property, plant and equipment	5	24
Purchase of intangible assets	(34)	(129)
Proceeds from sales of investment securities	-	88
Purchase of investments in subsidiaries	(15)	-
Proceeds from sales of investments in real estates	-	229
Other, net	3	(75)
Net cash provide by (used in) investing activities	(2)	(9,772)
<b>Net cash provided by (used in) financing activities:</b>		
Repayment of long-term loans payable	(23)	(23)
Proceeds from guarantee deposits received from member dealers	52	37
Repayments of guarantee deposits received from member dealers	(19)	(16)
Purchase of treasury stock	-	(0)
Proceeds from sales of treasury stock	36	37
Cash dividends paid	(3,783)	(4,860)
Repayments of finance lease obligations	(101)	(9)
Net cash provided by (used in) financing activities	(3,838)	(4,833)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,329)</b>	<b>(15,066)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>34,833</b>	<b>34,618</b>
<b>Cash and cash equivalents at end of period</b>	<b>33,503</b>	<b>19,552</b>