

Consolidated Financial Results for the First Quarter ended June 30, 2015

August 3, 2015

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: President and Representative Director Name: Yukihiro Ando
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 Date of filing of quarterly securities report: (Scheduled) August 6, 2015
 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, 2015 (April 1, 2015 – June 30, 2015)

(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, 2015	17,004	4.4	8,621	7.1	8,788	7.3
Three months ended June 30, 2014	16,282	(0.7)	8,050	1.0	8,192	1.2

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2015	5,788	10.4	22.38	22.34
Three months ended June 30, 2014	5,243	5.9	20.28	20.25

Note: Comprehensive income (million yen): Three months ended June 30, 2015: 5,845 +10.0%
 Three months ended June 30, 2014: 5,315 +6.2%

(2) Consolidated Financial Position (Million yen)

	Total assets	Net assets	Equity ratio (%)
As of June 30, 2015	168,501	144,778	85.4
As of March 31, 2015	174,106	144,039	82.2

Reference: Shareholders' equity (million yen): As of June 30, 2015: 143,941 As of March 31, 2015: 143,098

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2015	—	18.50	—	19.20	37.70
Year ending March 31, 2016	—				
Year ending March 31, 2016 (Estimated)		20.40	—	20.40	40.80

Note: Revision of dividend forecast for this period: No

3. Consolidated Outlook for Fiscal 2015 (April 1, 2015 – March 31, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter	34,200	6.0	16,500	4.9	16,800	4.8	11,050	6.4	42.73
For the year	71,200	5.5	35,000	4.8	35,600	4.6	23,400	8.0	90.49

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

Change in accounting policies

(Application of Accounting Standard for Business Combinations, etc.)

Beginning with the first quarter of the fiscal year ending on March 31, 2016, USS is using Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). As a result, the presentation of quarterly net income has changed and the minority interests item has been changed to non-controlling interests. To reflect these changes, revisions have been made to the consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year.

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, 2015: 313,250,000 shares As of March 31, 2015: 313,250,000 shares

2) Treasury stock:

As of June 30, 2015: 54,667,035 shares As of March 31, 2015: 54,691,235 shares

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

As of June 30, 2015: 258,569,765 shares As of June 30, 2014: 258,434,624 shares

Note: Treasury stock includes 685,600 shares as of March 31, 2015 and 663,600 shares as of June 30, 2015 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 2014 (As of March 31, 2015)	FY2015 First Quarter (As of June 30, 2015)
Assets		
Current assets:		
Cash and deposits	49,862	45,108
Receivables due from member dealers at auction	7,885	7,100
Notes and accounts receivable-trade	2,963	2,663
Securities	10,100	10,100
Inventories	1,125	1,134
Other	1,436	2,070
Allowance for doubtful accounts	(39)	(40)
Total current assets	73,334	68,138
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	31,070	30,625
Land	57,760	57,762
Construction in progress	456	476
Other, net	2,100	2,112
Total property, plant and equipment	91,388	90,976
Intangible assets		
Other	1,137	1,141
Total intangible assets	1,137	1,141
Investments and other assets		
Investments and other assets	8,331	8,333
Allowance for doubtful accounts	(85)	(88)
Total investments and other assets	8,245	8,245
Total noncurrent assets	100,771	100,363
Total assets	174,106	168,501

(Million yen)

	FY 2014 (As of March 31, 2015)	FY2015 First Quarter (As of June 30, 2015)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	9,753	8,198
Notes and accounts payable-trade	556	481
Income taxes payable	5,916	2,246
Provision	618	948
Other	7,066	5,618
Total current liabilities	23,910	17,492
Noncurrent liabilities:		
Long-term loans payable	300	300
Net defined benefit liability	149	174
Asset retirement obligations	682	701
Other	5,023	5,054
Total noncurrent liabilities	6,156	6,231
Total liabilities	30,067	23,723
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,933	18,934
Retained earnings	149,718	150,529
Treasury stock	(38,878)	(38,859)
Total shareholders' equity	148,654	149,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103	115
Revaluation reserve for land	(5,659)	(5,659)
Remeasurements of defined benefit plans	0	0
Total accumulated other comprehensive income	(5,555)	(5,543)
Subscription rights to shares	273	272
Non-controlling interests	666	564
Total net assets	144,039	144,778
Total liabilities and net assets	174,106	168,501

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

(Million yen)

	FY2014 First Quarter (April 1, 2014 through June 30, 2014)	FY2015 First Quarter (April 1, 2015 through June 30, 2015)
Net sales	16,282	17,004
Cost of sales	6,221	6,420
Gross profit	10,061	10,584
Selling, general and administrative expenses	2,010	1,962
Operating income	8,050	8,621
Non-operating income		
Interest income	8	11
Real estate rent	123	135
Miscellaneous income	39	39
Total non-operating income	171	186
Non-operating expenses		
Interest expenses	0	-
Rent cost of real estate	25	18
Miscellaneous loss	4	1
Total non-operating expenses	29	19
Ordinary income	8,192	8,788
Extraordinary income:		
Gain on sales of noncurrent assets	10	5
Gain on sales of investment securities	48	-
Total extraordinary income	58	5
Extraordinary loss:		
Loss on retirement of noncurrent assets	1	25
Loss on theft	-	9
Total extraordinary losses	1	35
Income before income taxes	8,249	8,759
Income taxes	2,947	2,926
Profit	5,302	5,833
Profit attributable to non-controlling interests	58	44
Profit attributable to owners of parent	5,243	5,788

(Consolidated Quarterly Statements of Comprehensive Income)

(Million yen)

	FY2014 First Quarter (April 1, 2014 through June 30, 2014)	FY2015 First Quarter (April 1, 2015 through June 30, 2015)
Profit	5,302	5,833
Other comprehensive income		
Valuation difference on available-for-sale securities	13	12
Remeasurements of defined benefit plans, net of tax	-	(0)
Total other comprehensive income	13	12
Comprehensive income	5,315	5,845
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,256	5,800
Comprehensive income attributable to non-controlling interests	58	44

(3) Consolidated Quarterly Statements of Cash Flows

(Million yen)

	FY2014 First Quarter (April 1, 2014 through June 30, 2014)	FY2015 First Quarter (April 1, 2015 through June 30, 2015)
Net cash provided by (used in) operating activities:		
Income before income taxes	8,249	8,759
Depreciation and other amortization	887	780
Amortization of goodwill	2	-
Increase (decrease) in allowance for doubtful accounts	4	3
Increase (decrease) in provision for bonuses	312	330
Increase (decrease) in net defined benefit liability	3	25
Interest and dividends income	(8)	(11)
Interest expenses	0	-
Loss (gain) on sales and retirement of property, plant and equipment	(4)	20
Net change in due from/to member dealers at auction	(1,854)	(770)
Decrease (increase) in notes and accounts receivable-trade	420	299
Increase (decrease) in notes and accounts payable-trade	(192)	(75)
Increase (decrease) in deposits received	(15)	(79)
Other, net	(248)	(1,924)
Subtotal	7,555	7,356
Interest and dividends income received	18	29
Interest expenses paid	(0)	-
Income taxes paid	(8,033)	(6,596)
Net cash provided by (used in) operating activities	(459)	790

(Million yen)

	FY2014 First Quarter (April 1, 2014 through June 30, 2014)	FY2015 First Quarter (April 1, 2015 through June 30, 2015)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(6,300)	-
Purchase of securities	(3,000)	(4,000)
Proceeds from redemption of securities	-	4,000
Purchase of property, plant and equipment	(609)	(437)
Proceeds from sales of property, plant and equipment	24	8
Purchase of intangible assets	(129)	(46)
Proceeds from sales of investment securities	88	-
Proceeds from sales of investments in real estates	229	-
Other, net	(75)	(8)
Net cash provide by (used in) investing activities	(9,772)	(484)
Net cash provided by (used in) financing activities:		
Repayment of long-term loans payable	(23)	-
Proceeds from guarantee deposits received from member dealers	37	57
Repayments of guarantee deposits received from member dealers	(16)	(15)
Purchase of treasury stock	(0)	-
Proceeds from sales of treasury stock	37	39
Cash dividends paid	(4,860)	(4,977)
Dividends paid to non-controlling interests	-	(147)
Repayments of finance lease obligations	(9)	(17)
Other, net	-	0
Net cash provided by (used in) financing activities	(4,833)	(5,059)
Net increase (decrease) in cash and cash equivalents	(15,066)	(4,754)
Cash and cash equivalents at beginning of period	34,618	29,462
Cash and cash equivalents at end of period	19,552	24,708