

Consolidated Financial Results for the Second Quarter ended September 30, 2014

November 11, 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: President and Representative Director 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) November 13, 2014
 Date of commencement of dividend payment: (Scheduled) December 10, 2014
 Supplementary materials for quarterly financial results Yes
 Information meeting for quarterly financial results Yes

1. Consolidated Results for the Second Quarter ended September 30, 2014 (April 1, 2014 – September 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	%
Six months ended Sep. 30, 2014	32,254	(0.4)	15,731	3.9	16,028	3.9
Six months ended Sep. 30, 2013	32,379	4.6	15,145	—	15,428	—

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Six months ended Sep. 30, 2014	10,384	11.6	40.18	40.10
Six months ended Sep. 30, 2013	9,305	—	36.03	35.96

Note: 1. Comprehensive income (million yen): Six months ended September 30, 2014: 10,386 +9.4%
 Six months ended September 30, 2013: 9,490 -%

- Year-on-year comparisons for the second 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 Sep. 30, 2014	164,196	137,716	83.3
As of March 31, 2014	164,182	132,102	80.0

Reference: Shareholders' equity (million yen): As of September 30, 2014: 136,831 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	—	18.50			
Year ending March 31, 2015 (Estimated)			—	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 31, 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 year	67,500	(0.7)	33,000	1.0	33,500	0.7	21,300	6.7	82.40

Note: Change in the outlook from the latest announcement: Yes

* 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 Second quarter of the previous fiscal year and the previous fiscal year, retroactively adjusted financial statements for the Second 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 Second 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 September 30, 2014: 313,250,000 shares As of March 31, 2014: 313,250,000 shares
 - 2) Treasury stock:

As of September 30, 2014: 54,758,985shares As of March 31, 2014: 54,828,566 shares
 - 3) Average number of shares outstanding for each period (cumulative term):

As of September 30, 2014: 258,455,477shares As of September 30, 2013: 258,257,027 shares

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 747,400 shares as of September 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 Second Quarter (As of Sep. 30, 2014)
Assets		
Current assets:		
Cash and deposits	46,318	41,954
Receivables due from member dealers at auction	8,701	7,559
Notes and accounts receivable-trade	2,975	2,557
Securities	-	6,000
Inventories	1,077	986
Other	1,453	1,883
Allowance for doubtful accounts	(47)	(49)
Total current assets	60,477	60,892
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	31,249	32,138
Land	57,659	57,818
Construction in progress	980	51
Other, net	2,447	2,326
Total property, plant and equipment	92,337	92,334
Intangible assets		
Goodwill	5	-
Other	1,062	1,214
Total intangible assets	1,068	1,214
Investments and other assets		
Investments and other assets	10,370	9,829
Allowance for doubtful accounts	(70)	(74)
Total investments and other assets	10,299	9,755
Total noncurrent assets	103,704	103,304
Total assets	164,182	164,196

(Million yen)

	FY 2013 (As of March 31, 2014)	FY2014 Second Quarter (As of Sep. 30, 2014)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	11,852	9,147
Notes and accounts payable-trade	641	457
Short-term loans payable	80	34
Income taxes payable	7,254	5,094
Provision	583	572
Other	5,244	4,947
Total current liabilities	25,657	20,253
Noncurrent liabilities:		
Long-term loans payable	549	427
Net defined benefit liability	88	95
Asset retirement obligations	694	679
Other	5,090	5,024
Total noncurrent liabilities	6,423	6,226
Total liabilities	32,080	26,479
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,937	18,935
Retained earnings	137,638	143,237
Treasury stock	(38,990)	(38,933)
Total shareholders' equity	136,466	142,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	206	110
Revaluation reserve for land	(5,324)	(5,399)
Total accumulated other comprehensive income	(5,117)	(5,289)
Subscription rights to shares	242	276
Minority interests	510	608
Total net assets	132,102	137,716
Total liabilities and net assets	164,182	164,196

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

(Million yen)

	FY2013 Second Quarter (April 1, 2013 through Sep. 30, 2013)	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)
Net sales	32,379	32,254
Cost of sales	12,730	12,419
Gross profit	19,649	19,835
Selling, general and administrative expenses	4,503	4,104
Operating income	15,145	15,731
Non-operating income		
Interest income	21	17
Real estate rent	236	252
Miscellaneous income	76	82
Total non-operating income	334	351
Non-operating expenses		
Interest expenses	1	0
Rent cost of real estate	32	45
Loss on valuation of compound financial instruments	8	-
Miscellaneous loss	9	8
Total non-operating expenses	51	54
Ordinary income	15,428	16,028
Extraordinary income:		
Gain on sales of noncurrent assets	7	23
Gain on sales of investment securities	-	276
Other	-	26
Total extraordinary income	7	326
Extraordinary loss:		
Loss on sales of noncurrent assets	5	0
Loss on retirement of noncurrent assets	173	47
Other	22	-
Total extraordinary losses	201	48
Income before income taxes and minority interests	15,234	16,306
Income taxes	5,835	5,823

(Million yen)

	FY2013 Second Quarter (April 1, 2013 through Sep. 30, 2013)	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)
Income before minority interests	9,398	10,483
Minority interests in income	93	98
Net income	9,305	10,384

(Consolidated Quarterly Statements of Comprehensive Income)

(Million yen)

	FY2013 Second Quarter (April 1, 2013 through Sep. 30, 2013)	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)
Income before minority interests	9,398	10,483
Other comprehensive income		
Valuation difference on available-for-sale securities	91	(96)
Total other comprehensive income	91	(96)
Comprehensive income	9,490	10,386
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	9,397	10,288
Comprehensive income attributable to minority interests	93	98

(3) Consolidated Quarterly Statements of Cash Flows

(Million yen)

	FY2013 Second Quarter (April 1, 2013 through Sep. 30, 2013)	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	15,234	16,306
Depreciation and other amortization	1,829	1,790
Amortization of goodwill	14	5
Increase (decrease) in allowance for doubtful accounts	(5)	5
Increase (decrease) in provision for bonuses	23	(10)
Increase (decrease) in provision for retirement benefits	7	-
Increase (decrease) in net defined benefit liability	-	6
Interest and dividends income	(30)	(28)
Interest expenses	1	0
Loss (gain) on valuation of compound financial instruments	8	-
Loss (gain) on sales of investment securities	-	(276)
Loss (gain) on sales and retirement of property, plant and equipment	168	26
Net change in due from/to member dealers at auction	(1,099)	(1,563)
Decrease (increase) in notes and accounts receivable-trade	254	418
Increase (decrease) in notes and accounts payable-trade	(88)	(184)
Increase (decrease) in deposits received	(1,027)	(1,151)
Other, net	(738)	196
Subtotal	14,553	15,541
Interest and dividends income received	45	33
Interest expenses paid	(1)	(0)
Income taxes paid	(5,509)	(8,024)
Net cash provided by (used in) operating activities	9,086	7,548

(Million yen)

	FY2013 Second Quarter (April 1, 2013 through Sep. 30, 2013)	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(6,500)	(2,300)
Purchase of securities	-	(6,000)
Purchase of property, plant and equipment	(4,177)	(1,483)
Proceeds from sales of property, plant and equipment	17	43
Purchase of intangible assets	(49)	(230)
Proceeds from sales of investment securities	-	553
Proceeds from redemption of investment securities	500	-
Purchase of investments in subsidiaries	(15)	-
Proceeds from sales of investments in real estates	-	229
Other, net	(23)	(126)
Net cash provide by (used in) investing activities	(10,247)	(9,314)
Net cash provided by (used in) financing activities:		
Repayment of long-term loans payable	(162)	(169)
Proceeds from guarantee deposits received from member dealers	119	93
Repayments of guarantee deposits received from member dealers	(33)	(53)
Purchase of treasury stock	-	(0)
Proceeds from sales of treasury stock	103	108
Cash dividends paid	(3,783)	(4,860)
Repayments of finance lease obligations	(179)	(16)
Other, net	0	0
Net cash provided by (used in) financing activities	(3,936)	(4,898)
Net increase (decrease) in cash and cash equivalents	(5,097)	(6,663)
Cash and cash equivalents at beginning of period	34,833	34,618
Cash and cash equivalents at end of period	29,736	27,954