

# Consolidated Financial Results for the Second Quarter ended September 30, 2015

November 9, 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  
 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 12, 2015  
 Date of commencement of dividend payment: (Scheduled) December 11, 2015  
 Supplementary materials for quarterly financial results Yes  
 Information meeting for quarterly financial results Yes

## 1. Consolidated Results for the Second Quarter ended September 30, 2015 (April 1, 2015 – September 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	%
Six months ended Sep. 30, 2015	33,643	4.3	16,763	6.6	17,106	6.7
Six months ended Sep. 30, 2014	32,254	(0.4)	15,731	3.9	16,028	3.9

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Six months ended Sep. 30, 2015	11,292	8.7	43.66	43.58
Six months ended Sep. 30, 2014	10,384	11.6	40.18	40.10

Note: Comprehensive income (million yen): Six months ended September 30, 2015: 11,368 +9.4%  
 Six months ended September 30, 2014: 10,386 +9.4%

### (2) Consolidated Financial Position (Million yen)

	Total assets	Net assets	Equity ratio (%)
As of Sep. 30, 2015	175,023	150,369	85.4
As of March 31, 2015	174,106	144,039	82.2

Reference: Shareholders' equity (million yen): As of September 30, 2015: 149,485 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	—	20.40			
Year ending March 31, 2016 (Estimated)			—	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
For the year	70,000	3.8	35,200	5.4	35,900	5.5	23,400	8.0	90.48

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
 

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 second 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: Yes
 

(Change in useful life of assets)

The Company has taken a decision to reconstruct the buildings and structures at its Shizuoka Auction Site in the second quarter of the current fiscal year. To factor in the accompanying removal of assets, the remaining useful life of the said assets is enduringly altered to end of the month of reconstruction.

As a result, depreciation for the second quarter of the current fiscal year shall increase by 31 million yen and operating income, ordinary income and income before income taxes shall decrease respectively by an equivalent amount compared to the amounts that would have reported if the useful life of assets had not been altered.
  - 4) Retrospective restatement : No
- (4) Number of shares issued (common shares):
  - 1) Shares issued (including treasury stock):
 

As of September 30, 2015: 313,250,000 shares      As of March 31, 2015: 313,250,000 shares
  - 2) Treasury stock:
 

As of September 30, 2015: 54,619,735 shares      As of March 31, 2015: 54,691,235 shares
  - 3) Average number of shares outstanding for each period (cumulative term):
 

As of September 30, 2015: 258,588,493 shares      As of September 30, 2014: 258,455,477 shares

Note: Treasury stock includes 685,600 shares as of March 31, 2015 and 631,300 shares as of September 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 Second Quarter (As of Sep. 30, 2015)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	49,862	49,082
Receivables due from member dealers at auction	7,885	5,882
Notes and accounts receivable-trade	2,963	2,650
Securities	10,100	12,100
Inventories	1,125	1,043
Other	1,436	1,864
Allowance for doubtful accounts	(39)	(36)
Total current assets	73,334	72,588
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures, net	31,070	29,933
Land	57,760	57,668
Construction in progress	456	3,017
Other, net	2,100	1,976
Total property, plant and equipment	91,388	92,595
Intangible assets		
Other	1,137	1,118
Total intangible assets	1,137	1,118
Investments and other assets		
Investments and other assets	8,331	8,818
Allowance for doubtful accounts	(85)	(96)
Total investments and other assets	8,245	8,721
Total noncurrent assets	100,771	102,435
<b>Total assets</b>	<b>174,106</b>	<b>175,023</b>

(Million yen)

	FY 2014 (As of March 31, 2015)	FY2015 Second Quarter (As of Sep. 30, 2015)
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Payables due to member dealers at auction	9,753	8,061
Notes and accounts payable-trade	556	505
Income taxes payable	5,916	5,083
Provision	618	618
Other	7,066	4,215
Total current liabilities	23,910	18,484
<b>Noncurrent liabilities:</b>		
Long-term loans payable	300	171
Net defined benefit liability	149	191
Asset retirement obligations	682	703
Other	5,023	5,103
Total noncurrent liabilities	6,156	6,169
<b>Total liabilities</b>	<b>30,067</b>	<b>24,654</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,881	18,881
Capital surplus	18,933	18,930
Retained earnings	149,718	156,032
Treasury stock	(38,878)	(38,822)
Total shareholders' equity	148,654	155,022
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	103	121
Revaluation reserve for land	(5,659)	(5,659)
Remeasurements of defined benefit plans	0	0
Total accumulated other comprehensive income	(5,555)	(5,536)
<b>Subscription rights to shares</b>	<b>273</b>	<b>307</b>
<b>Non-controlling interests</b>	<b>666</b>	<b>576</b>
<b>Total net assets</b>	<b>144,039</b>	<b>150,369</b>
<b>Total liabilities and net assets</b>	<b>174,106</b>	<b>175,023</b>

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

(Million yen)

	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)	FY2015 Second Quarter (April 1, 2015 through Sep. 30, 2015)
<b>Net sales</b>	32,254	33,643
<b>Cost of sales</b>	12,419	12,917
<b>Gross profit</b>	19,835	20,725
<b>Selling, general and administrative expenses</b>	4,104	3,962
<b>Operating income</b>	15,731	16,763
<b>Non-operating income</b>		
Interest income	17	25
Real estate rent	252	271
Miscellaneous income	82	88
Total non-operating income	351	385
<b>Non-operating expenses</b>		
Interest expenses	0	-
Rent cost of real estate	45	40
Miscellaneous loss	8	1
Total non-operating expenses	54	42
<b>Ordinary income</b>	16,028	17,106
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	23	6
Gain on sales of investment securities	276	-
Other	26	-
Total extraordinary income	326	6
<b>Extraordinary loss:</b>		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	47	58
Other	-	10
Total extraordinary losses	48	69
<b>Income before income taxes</b>	16,306	17,043

(Million yen)

	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)	FY2015 Second Quarter (April 1, 2015 through Sep. 30, 2015)
<b>Income taxes</b>	5,823	5,694
<b>Profit</b>	10,483	11,349
<b>Profit attributable to non-controlling interests</b>	98	57
<b>Profit attributable to owners of parent</b>	10,384	11,292

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

(Million yen)

	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)	FY2015 Second Quarter (April 1, 2015 through Sep. 30, 2015)
<b>Profit</b>	10,483	11,349
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(96)	18
Remeasurements of defined benefit plans, net of tax	-	(0)
Total other comprehensive income	(96)	18
<b>Comprehensive income</b>	10,386	11,368
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	10,288	11,310
Comprehensive income attributable to non-controlling interests	98	57



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

(Million yen)

	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)	FY2015 Second Quarter (April 1, 2015 through Sep. 30, 2015)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes	16,306	17,043
Depreciation and other amortization	1,790	1,605
Amortization of goodwill	5	-
Increase (decrease) in allowance for doubtful accounts	5	8
Increase (decrease) in provision for bonuses	(10)	(0)
Increase (decrease) in net defined benefit liability	6	41
Interest and dividends income	(28)	(38)
Interest expenses	0	-
Loss (gain) on sales of investment securities	(276)	-
Loss (gain) on sales and retirement of property, plant and equipment	26	52
Net change in due from/to member dealers at auction	(1,563)	310
Decrease (increase) in notes and accounts receivable-trade	418	312
Increase (decrease) in notes and accounts payable-trade	(184)	(50)
Increase (decrease) in deposits received	(1,151)	(1,062)
Other, net	196	(2,118)
Subtotal	15,541	16,104
Interest and dividends income received	33	52
Interest expenses paid	(0)	(0)
Income taxes paid	(8,024)	(6,599)
Net cash provided by (used in) operating activities	7,548	9,556

(Million yen)

	FY2014 Second Quarter (April 1, 2014 through Sep. 30, 2014)	FY2015 Second Quarter (April 1, 2015 through Sep. 30, 2015)
<b>Net cash provided by (used in) investing activities:</b>		
Net decrease (increase) in time deposits	(2,300)	(3,000)
Purchase of securities	(6,000)	(10,000)
Proceeds from redemption of securities	-	8,000
Purchase of property, plant and equipment	(1,483)	(3,154)
Proceeds from sales of property, plant and equipment	43	11
Purchase of intangible assets	(230)	(94)
Proceeds from sales of investment securities	553	-
Proceeds from sales of investments in real estates	229	-
Other, net	(126)	(15)
Net cash provide by (used in) investing activities	(9,314)	(8,252)
<b>Net cash provided by (used in) financing activities:</b>		
Repayment of long-term loans payable	(169)	(129)
Proceeds from guarantee deposits received from member dealers	93	121
Repayments of guarantee deposits received from member dealers	(53)	(28)
Purchase of treasury stock	(0)	-
Proceeds from sales of treasury stock	108	117
Cash dividends paid	(4,860)	(4,977)
Dividends paid to non-controlling interests	-	(147)
Repayments of finance lease obligations	(16)	(39)
Other, net	0	0
Net cash provided by (used in) financing activities	(4,898)	(5,083)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,663)</b>	<b>(3,779)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>34,618</b>	<b>29,462</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,954</b>	<b>25,682</b>