

Consolidated Financial Results for the Third Quarter ended December 31, 2014

February 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/>
 Representative: Title: President and Representative Director Name: Yukihiro Ando
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 Date of filing of quarterly securities report: (Scheduled) February 12, 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 Third Quarter ended December 31, 2014 (April 1, 2014 – December 31, 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	%
Nine months ended Dec.31, 2014	49,013	(0.5)	24,055	2.6	24,518	2.6
Nine months ended Dec.31, 2013	49,249	7.2	23,455	—	23,889	—

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Nine months ended Dec.31, 2014	15,759	9.9	60.97	60.85
Nine months ended Dec.31, 2013	14,345	—	55.53	55.43

Note: 1. Comprehensive income (million yen): Nine months ended December 31, 2014: 15,762 +8.2%
 Nine months ended December 31, 2013: 14,572 -%

- Year-on-year comparisons for the third 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 Dec.31, 2014	158,013	138,331	87.0
As of March 31, 2014	164,182	132,102	80.0

Reference: Shareholders' equity (million yen): As of December 31, 2014: 137,418 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 (Forecast)				18.50	37.00

- Note: 1. Revision of dividend forecast for this period: No
 2. 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: 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 25, 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 Third quarter of the previous fiscal year and the previous fiscal year, retroactively adjusted financial statements for the Third 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 third 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 December 31, 2014: 313,250,000 shares As of March 31, 2014: 313,250,000 shares
 - 2) Treasury stock:
As of December 31, 2014: 54,716,985 shares As of March 31, 2014: 54,828,566 shares
 - 3) Average number of shares outstanding for each period (cumulative term):
As of December 31, 2014: 258,472,668shares As of December 31, 2013: 258,291,199 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 705,400 shares as of December 31, 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 Third Quarter (As of Dec.31, 2014)
Assets		
Current assets:		
Cash and deposits	46,318	39,198
Receivables due from member dealers at auction	8,701	4,135
Notes and accounts receivable-trade	2,975	2,359
Securities	-	7,100
Inventories	1,077	1,043
Other	1,453	1,664
Allowance for doubtful accounts	(47)	(34)
Total current assets	60,477	55,467
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	31,249	31,615
Land	57,659	57,818
Construction in progress	980	92
Other, net	2,447	2,194
Total property, plant and equipment	92,337	91,720
Intangible assets		
Goodwill	5	-
Other	1,062	1,142
Total intangible assets	1,068	1,142
Investments and other assets		
Investments and other assets	10,370	9,773
Allowance for doubtful accounts	(70)	(90)
Total investments and other assets	10,299	9,682
Total noncurrent assets	103,704	102,545
Total assets	164,182	158,013

(Million yen)

	FY 2013 (As of March 31, 2014)	FY2014 Third Quarter (As of Dec.31, 2014)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	11,852	5,256
Notes and accounts payable-trade	641	455
Short-term loans payable	80	10
Income taxes payable	7,254	2,661
Provision	583	299
Other	5,244	4,738
Total current liabilities	25,657	13,422
Noncurrent liabilities:		
Long-term loans payable	549	427
Net defined benefit liability	88	123
Asset retirement obligations	694	680
Other	5,090	5,028
Total noncurrent liabilities	6,423	6,259
Total liabilities	32,080	19,682
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,937	18,935
Retained earnings	137,638	143,816
Treasury stock	(38,990)	(38,899)
Total shareholders' equity	136,466	142,734
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	206	84
Revaluation reserve for land	(5,324)	(5,399)
Total accumulated other comprehensive income	(5,117)	(5,315)
Subscription rights to shares	242	276
Minority interests	510	635
Total net assets	132,102	138,331
Total liabilities and net assets	164,182	158,013

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

(Million yen)

	FY2013 Third Quarter (April 1, 2013 – Dec.31, 2013)	FY2014 Third Quarter (April 1, 2014 – Dec.31,2014)
Net sales	49,249	49,013
Cost of sales	19,195	18,803
Gross profit	30,053	30,210
Selling, general and administrative expenses	6,597	6,155
Operating income	23,455	24,055
Non-operating income		
Interest income	26	27
Real estate rent	356	380
Miscellaneous income	131	129
Total non-operating income	514	538
Non-operating expenses		
Interest expenses	1	0
Rent cost of real estate	59	64
Loss on valuation of compound financial instruments	8	-
Miscellaneous loss	11	10
Total non-operating expenses	81	75
Ordinary income	23,889	24,518
Extraordinary income:		
Gain on sales of noncurrent assets	20	26
Gain on sales of investment securities	17	276
Other	-	26
Total extraordinary income	37	329
Extraordinary loss:		
Loss on sales of noncurrent assets	17	0
Loss on retirement of noncurrent assets	218	124
Impairment loss	168	-
Other	22	-
Total extraordinary losses	426	125
Income before income taxes and minority interests	23,500	24,722

(Million yen)

	FY2013 Third Quarter (April 1, 2013 – Dec.31, 2013)	FY2014 Third Quarter (April 1, 2014 – Dec.31, 2014)
Income taxes	9,021	8,837
Income before minority interests	14,479	15,884
Minority interests in income	134	124
Net income	14,345	15,759

(Consolidated Quarterly Statements of Comprehensive Income)

(Million yen)

	FY2013 Third Quarter (April 1, 2013 – Dec.31, 2013)	FY2014 Third Quarter (April 1, 2014 – Dec.31,2014)
Income before minority interests	14,479	15,884
Other comprehensive income		
Valuation difference on available-for-sale securities	93	(122)
Total other comprehensive income	93	(122)
Comprehensive income	14,572	15,762
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	14,438	15,637
Comprehensive income attributable to minority interests	134	124

(3) Consolidated Quarterly Statements of Cash Flows

(Million yen)

	FY2013 Third Quarter (April 1, 2013 – Dec.31, 2013)	FY2014 Third Quarter (April 1, 2014 – Dec.31,2014)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	23,500	24,722
Depreciation and other amortization	2,823	2,663
Impairment loss	168	-
Amortization of goodwill	17	5
Increase (decrease) in allowance for doubtful accounts	(31)	6
Increase (decrease) in provision for bonuses	(241)	(283)
Increase (decrease) in provision for retirement benefits	12	-
Increase (decrease) in net defined benefit liability	-	34
Interest and dividends income	(38)	(38)
Interest expenses	1	0
Loss (gain) on valuation of compound financial instruments	8	-
Loss (gain) on sales of investment securities	(17)	(276)
Loss (gain) on sales and retirement of property, plant and equipment	211	66
Net change in due from/to member dealers at auction	(369)	(2,029)
Decrease (increase) in notes and accounts receivable-trade	230	615
Increase (decrease) in notes and accounts payable-trade	(84)	(186)
Increase (decrease) in deposits received	(1,496)	(1,581)
Other, net	(1,068)	725
Subtotal	23,626	24,445
Interest and dividends income received	65	59
Interest expenses paid	(2)	(0)
Income taxes paid	(10,135)	(13,441)
Net cash provided by (used in) operating activities	13,553	11,062

(Million yen)

	FY2013 Third Quarter (April 1, 2013 – Dec.31, 2013)	FY2014 Third Quarter (April 1, 2014 – Dec.31, 2014)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(10,500)	(6,700)
Purchase of securities	-	(10,100)
Proceeds from redemption of securities	-	3,000
Purchase of property, plant and equipment	(7,898)	(1,798)
Proceeds from sales of property, plant and equipment	21	48
Purchase of intangible assets	(538)	(319)
Proceeds from sales of investment securities	20	553
Proceeds from redemption of investment securities	500	-
Purchase of investments in subsidiaries	(15)	-
Proceeds from sales of investments in real estates	65	229
Other, net	(50)	(157)
Net cash provide by (used in) investing activities	(18,394)	(15,245)
Net cash provided by (used in) financing activities:		
Repayment of long-term loans payable	(185)	(192)
Proceeds from guarantee deposits received from member dealers	166	147
Repayments of guarantee deposits received from member dealers	(62)	(82)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	163	173
Cash dividends paid	(7,918)	(9,656)
Repayments of finance lease obligations	(183)	(26)
Other, net	0	0
Net cash provided by (used in) financing activities	(8,020)	(9,637)
Net increase (decrease) in cash and cash equivalents	(12,861)	(13,820)
Cash and cash equivalents at beginning of period	34,833	34,618
Cash and cash equivalents at end of period	21,971	20,798