

Consolidated Financial Results for the Year ended March 31, 2014

May 8, 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: Chairman & President Name: Yukihiko Ando
 Contact Person: Title: Senior Managing Director & Officer of Supervisory Office Name: Masafumi Yamanaka
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Date of annual general meeting of shareholders (Scheduled) June 17, 2014
 Date of filing of securities report: (Scheduled) June 18, 2014
 Date of commencement of dividend payment: (Scheduled) June 18, 2014
 Supplementary materials for financial results Yes
 Information meeting for financial results Yes

1. Consolidated Results for the Year ended March 31, 2014 (April 1, 2013 – March 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	%
Year ended Mar. 31, 2014	67,949	7.4	32,678	11.5	33,261	11.3
Year ended Mar. 31, 2013	63,243	(1.2)	29,304	4.8	29,884	4.5

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2014	19,951	8.7	76.97	76.82
Year ended Mar. 31, 2013	18,346	7.6	69.35	69.21

Note: 1. Comprehensive income (million yen): Year ended Mar 31, 2014: 20,189 +9.4%
 Year ended Mar 31, 2013: 18,453 +10.2%

2. There was a one-to-ten split of common stock on October 1, 2013. "Net income per share" and "Diluted net income per share" are calculated as if the stock split had taken place at the beginning of previous fiscal year.

	ROE (%)	ROA (%)	Operating margin
As of March 31, 2014	15.9	20.9	48.1
As of March 31, 2013	15.3	19.3	46.3

(2) Consolidated Financial Position (Million yen)

	Total assets	Net assets	Equity ratio (%)	Equity per share (yen)
As of March 31, 2014	164,182	132,223	80.1	509.72
As of March 31, 2013	154,543	119,676	77.1	462.69

Reference: Shareholders' equity (Million yen): As of March 31, 2014: 131,469 As of March 31, 2013: 119,112

2. Dividends

(Reference date)	Dividend per share (yen)					Total dividends (Fiscal year) (millions of yen)	Dividends payout rate (Consolidated) (%)	Dividends rate for net assets (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Fiscal year	Total			
Year ended March 31, 2013	—	161.50	—	146.00	307.50	7,968	44.3	6.8
Year ended March 31, 2014	—	159.50	—	18.75	—	8,995	45.1	7.1
Year ending March 31, 2015 (Estimated)	—	18.50	—	18.50	37.00		45.0	

- Note: 1. The second quarter dividend for FY3/2013 includes a 30 yen commemorative dividend.
2. Total dividends as of March 31, 2013 include 31 million yen, and as of March 31, 2014 include 29 million yen, for the USS Employee Stock Ownership Plan Trust.
3. USS split its common shares 1-to-10 on October 1, 2013. Dividends per share for the accounting periods that ended on and before the end of second quarter of the fiscal year to March 2014 are stated on the basis of the number of common shares outstanding prior to 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
Second quarter	32,900	1.6	15,550	2.7	15,800	2.5	10,150	9.2	39.15
For the year	68,200	0.4	33,000	1.0	33,500	0.7	21,300	6.8	82.16

* Notes

- (1) Significant change of subsidiaries during the term (changes of specified subsidiaries that affected the scope of consolidated reporting): No
- (2) Changes in accounting principles, accounting-based estimates and restatements
- 1) Changes in accounting principles associated with changes in accounting standards: No
 - 2) Changes in accounting principles other than in 1): No
 - 3) Changes in accounting-based estimates: Yes
Change of useful life
In the third quarter of the current fiscal year, USS decided to build a new Okayama Auction Site at a different location. As a result, the useful lives of buildings and structures, tools, furniture and fixtures, and software that are not expected to be used after this site is relocated have been changed to end at the planned date of the relocation.
This change caused depreciation in the first three quarters to increase by 149 million yen and operating income, ordinary income and income before income taxes and minority interests to decrease by the same amount.
 - 4) Retrospective restatement : No

(3) Number of shares issued (common shares):

1) Shares issued (including treasury stock):

As of March 31, 2014: 313,250,000 shares As of March 31, 2013: 313,250,000 shares

2) Treasury stock:

As of March 31, 2014: 54,828,566 shares As of March 31, 2013: 55,067,530 shares

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

As of March 31, 2014: 259,207,907 shares As of March 31, 2013: 264,543,246 shares

Note: 1. There was a one-to-ten split of common stock 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 969,300 shares as of March 31, 2013 and 812,000 shares as of March 31, 2014 held by the USS Employee Stock Ownership Plan Trust.

Reference: Non-consolidated Results

1. Non-consolidated Results for Fiscal 2013(April 1, 2013 – March 31, 2014)

(1) Non-consolidated Operating Result

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2014	45,265	17.2	25,842	17.2	29,790	4.5
Year ended Mar. 31, 2013	38,621	13.1	22,059	12.5	28,515	17.6

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2014	19,276	(13.7)	74.36	74.22
Year ended Mar. 31, 2013	22,332	27.6	84.41	84.25

Note: There was a one-to-ten split of common stock on October 1, 2013. “Net income per share” and “Diluted net income per share” are calculated as if the stock split had taken place at the beginning of previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (%)	Equity per share (yen)
As of March 31, 2014	153,866	125,782	81.6	486.84
As of March 31, 2013	145,230	114,094	78.4	442.41

Note: 1. Shareholders' equity (millions of yen): As of March 31, 2014: 125,539 As of March 31, 2013: 113,857

2. There was a one-to-ten split of common stock on October 1, 2013. “Equity per share” is calculated as if the stock split had taken place at the beginning of previous fiscal year.

Notes : *This financial results report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosures of this report, the audit procedures for the financial statements are in progress.

*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.

*We plan to hold an information meeting for financial results on May 9, 2014. We plan to post the materials that we distribute at this meeting on our website immediately afterward.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Assets		
Current assets:		
Cash and deposits	37,033	46,318
Receivables due from member dealers at auction	13,660	8,701
Notes and accounts receivable-trade	2,662	2,975
Short-term investment securities	508	-
Inventories	947	1,077
Prepaid expenses	159	161
Deferred tax assets	718	785
Other	398	506
Allowance for doubtful accounts	(41)	(47)
Total current assets	56,047	60,477
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	27,537	31,249
Machinery, equipment and vehicles, net	434	866
Tools, furniture and fixtures, net	860	1,490
Land	58,190	57,659
Lease assets, net	250	90
Construction in progress	1,197	980
Total property, plant and equipment	88,470	92,337
Intangible assets		
Goodwill	17	5
Other	800	1,062
Total intangible assets	818	1,068
Investments and other assets		
Investment securities	1,185	1,259
Long-term loans receivable	18	15
Long-term prepaid expenses	345	225
Deferred tax assets	1,286	1,132

(Million yen)

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Deferred tax assets for land revaluation	2,927	2,930
Real estate for investment, net	3,216	3,515
Other	317	1,290
Allowance for doubtful accounts	(91)	(70)
Total investments and other assets	9,206	10,299
Total noncurrent assets	98,496	103,704
Total assets	154,543	164,182

(Million yen)

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	16,185	11,852
Notes and accounts payable-trade	556	641
Short-term loans payable	93	80
Lease obligations	182	29
Income taxes payable	4,921	7,254
Deposits received	2,410	2,461
Provision for bonuses	523	583
Other	3,291	2,632
Total current liabilities	28,165	25,536
Noncurrent liabilities:		
Long-term loans payable	864	549
Lease obligations	9	10
Long-term accounts payable-other	420	330
Deferred tax liabilities for land revaluation	417	417
Provision for retirement benefits	75	-
Net defined benefit liability	-	88
Long-term guarantee deposited	4,227	4,331
Asset retirement obligations	687	694
Total noncurrent liabilities	6,701	6,423
Total liabilities	34,866	31,959

(Million yen)

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,969	19,029
Retained earnings	125,599	137,667
Treasury stock	(39,177)	(38,990)
Total shareholders' equity	124,273	136,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158	206
Revaluation reserve for land	(5,319)	(5,324)
Total accumulated other comprehensive income	(5,160)	(5,117)
Subscription rights to shares	237	242
Minority interests	327	510
Total net assets	119,676	132,223
Total liabilities and net assets	154,543	164,182

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

(Million yen)

	FY 2012 (April 1, 2012 through March 31, 2013)	FY 2013 (April 1, 2013 through March 31, 2014)
Net sales	63,243	67,949
Cost of sales	24,982	26,459
Gross profit	38,260	41,489
Selling, general and administrative expenses		
Advertising expenses	469	458
Promotion expenses	1,183	919
Provision of allowance for doubtful accounts	25	43
Directors' compensations	372	292
Employees' salaries and bonuses	2,929	2,898
Provision for bonuses	256	281
Depreciation	301	318
Taxes and dues	124	310
Amortization of goodwill	-	20
Enterprise tax	118	140
Other	3,173	3,126
Total selling, general and administrative expenses	8,955	8,811
Operating income	29,304	32,678
Non-operating income		
Interest income	26	32
Real estate rent	426	480
Gain on valuation of compound financial instruments	29	-
Miscellaneous income	189	184
Total non-operating income	672	697

(Million yen)

	FY 2012 (April 1, 2012 through March 31, 2013)	FY 2013 (April 1, 2013 through March 31, 2014)
Non-operating expenses		
Interest expenses	6	3
Rent cost of real estate	66	85
Loss on valuation of compound financial instruments	-	8
Miscellaneous loss	19	15
Total non-operating expenses	92	114
Ordinary income	29,884	33,261
Extraordinary income:		
Gain on sales of noncurrent assets	20	37
Gain on sales of investment securities	1	42
Total extraordinary income	22	80
Extraordinary loss:		
Loss on sales of noncurrent assets	0	17
Loss on retirement of noncurrent assets	59	223
Impairment loss	-	413
Other	19	24
Total extraordinary losses	79	679
Income before income taxes and minority interests	29,827	32,662
Income taxes-current	11,266	12,462
Income taxes-deferred	172	57
Total income taxes	11,438	12,520
Income before minority interests	18,388	20,141
Minority interests in income	42	190
Net income	18,346	19,951

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY 2012 (April 1, 2012 through March 31, 2013)	FY 2013 (April 1, 2013 through March 31, 2014)
Income before minority interests	18,388	20,141
Other comprehensive income		
Valuation difference on available-for-sale securities	65	48
Total other comprehensive income	65	48
Comprehensive income	18,453	20,189
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	18,411	19,999
Comprehensive income attributable to minority interests	42	190

(3) Consolidated Statement of Changes in Net Assets

(Million yen)

	FY2012 (April 1, 2012 through March 31, 2013)	FY2013 (April 1, 2013 through March 31, 2014)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	18,881	18,881
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	18,881	18,881
Capital surplus		
Balance at the beginning of current period	18,972	18,969
Changes of items during the period		
Disposal of treasury stock	(3)	60
Total changes of items during the period	(3)	60
Balance at the end of current period	18,969	19,029
Retained earnings		
Balance at the beginning of current period	115,066	125,599
Changes of items during the period		
Dividends from surplus	(7,811)	(7,889)
Net income	18,346	19,951
Reversal of revaluation reserve for land	(1)	5
Total changes of items during the period	10,533	12,067
Balance at the end of current period	125,599	137,667
Treasury stock		
Balance at the beginning of current period	(27,110)	(39,117)
Changes of items during the period		
Purchase of treasury stock	(12,309)	(0)
Disposal of treasury stock	242	187
Total changes of items during the period	(12,066)	186
Balance at the end of current period	(39,177)	(38,990)

(Million yen)

	FY2012 (April 1, 2012 through March 31, 2013)	FY2013 (April 1, 2013 through March 31, 2014)
Total shareholders' equity		
Balance at the beginning of current period	125,809	124,273
Changes of items during the period		
Dividends from surplus	(7,811)	(7,889)
Net income	18,346	19,951
Purchase of treasury stock	(12,309)	(0)
Disposal of treasury stock	239	247
Reversal of revaluation reserve for land	(1)	5
Total changes of items during the period	(1,536)	12,314
Balance at the end of current period	124,273	136,587
Accumulated other comprehensive income		
Balance at the beginning of current period	93	158
Changes of items during the period		
Net changes of items other than shareholders' equity	65	48
Total changes of items during the period	65	48
Balance at the end of current period	158	206
Revaluation reserve for land		
Balance at the beginning of current period	(5,320)	(5,319)
Changes of items during the period		
Net changes of items other than shareholders' equity	1	(5)
Total changes of items during the period	1	(5)
Balance at the end of current period	(5,319)	(5,324)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(5,227)	(5,160)
Changes of items during the period		
Net changes of items other than shareholders' equity	66	42
Total changes of items during the period	66	42
Balance at the end of current period	(5,160)	(5,117)

(Million yen)

	FY2012 (April 1, 2012 through March 31, 2013)	FY2013 (April 1, 2013 through March 31, 2014)
Subscription rights to shares		
Balance at the beginning of current period	230	237
Changes of items during the period		
Net changes of items other than shareholders' equity	6	5
Total changes of items during the period	6	5
Balance at the end of current period	237	242
Minority interests		
Balance at the beginning of current period	284	327
Changes of items during the period		
Net changes of items other than shareholders' equity	42	183
Total changes of items during the period	42	183
Balance at the end of current period	327	510
Total net assets		
Balance at the beginning of current period	121,097	119,676
Changes of items during the period		
Dividends from surplus	(7,811)	(7,889)
Net income	18,346	19,951
Purchase of treasury stock	(12,309)	(0)
Disposal of treasury stock	239	247
Reversal of revaluation reserve for land	(1)	5
Net changes of items other than shareholders' equity	115	231
Total changes of items during the period	(1,421)	12,546
Balance at the end of current period	119,676	132,223

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY 2012 (April 1, 2012 through March 31, 2013)	FY 2013 (April 1, 2013 through March 31, 2014)
Net Cash provided by (used in) operating activities:		
Income before income taxes and minority interests	29,827	32,662
Depreciation and other amortization	3,582	3,823
Impairment loss	-	413
Amortization of goodwill	(0)	20
Increase (decrease) in allowance for doubtful accounts	(19)	(14)
Increase (decrease) in provision for bonuses	(10)	59
Increase (decrease) in provision for retirement benefits	(80)	-
Increase (decrease) in net defined benefit liability	-	13
Interest and dividends income	(40)	(50)
Interest expenses	6	3
Loss (gain) on valuation of compound financial instruments	(29)	8
Loss (gain) on sales and retirement of property, plant and equipment	38	199
Loss (gain) on sales and retirement of intangible assets	0	1
Net change in due from/to member dealers at auction	1,005	626
Decrease (Increase) in notes and accounts receivable-trade	72	(313)
Increase (decrease) in notes and accounts payable-trade	(3)	85
Increase (decrease) in deposits received	(29)	50
Other, net	(99)	(872)
Subtotal	34,219	36,718
Interest and dividends income received	41	50
Interest expenses paid	(6)	(2)
Income taxes paid	(12,194)	(10,152)
Net cash provided by (used in) operating activities	22,059	26,613

	(Million yen)	
	FY 2012 (April 1, 2012 through March 31, 2013)	FY 2013 (April 1, 2013 through March 31, 2014)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	6,100	(10,500)
Purchase of property, plant and equipment	(1,441)	(8,298)
Proceeds from sales of property, plant and equipment	48	41
Purchase of intangible assets	(178)	(560)
Proceeds from sales of investment securities	41	72
Proceeds from redemption of investment securities	100	500
Purchase of long-term prepaid expenses	(13)	(30)
Other, net	23	24
Net cash provide by (used in) investing activities	4,679	(18,751)
Net cash provided by (used in) financing activities:		
Repayments of long-term loans payable	(310)	(326)
Proceeds from guarantee deposits received from member dealers	202	205
Repayment of guarantee deposits received from member dealers	(79)	(83)
Purchases of treasury stock	(12,309)	(0)
Proceeds from sales of treasury stock	202	207
Cash dividends paid	(7,811)	(7,889)
Repayment of finance lease obligations	(340)	(190)
Other, net	0	0
Net cash provided by (used in) financing activities	(20,446)	(8,076)
Net increase (decrease) in cash and cash equivalents	6,292	(214)
Cash and cash equivalents at beginning of period	28,540	34,833
Cash and cash equivalents at end of period	34,833	34,618