

Consolidated Financial Results for the Year ended March 31, 2015

May 13, 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: Yukihiko Ando
 Contact Person: Title: Senior Managing Director & Officer of Supervisory Office Name: Masafumi Yamanaka
 Tel: +81-52-689-1129
 Date of annual general meeting of shareholders (Scheduled) June 16, 2015
 Date of filing of securities report: (Scheduled) June 17, 2015
 Date of commencement of dividend payment: (Scheduled) June 17, 2015
 Supplementary materials for financial results Yes
 Information meeting for financial results Yes

1. Consolidated Results for the Year ended March 31, 2015 (April 1, 2014 – March 31, 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	%
Year ended Mar. 31, 2015	67,466	(0.7)	33,411	2.2	34,027	2.3
Year ended Mar. 31, 2014	67,949	7.4	32,680	-	33,275	-

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2015	21,661	8.5	83.79	83.64
Year ended Mar. 31, 2014	19,966	-	77.29	77.14

Note: 1. Comprehensive income (million yen): Year ended Mar 31, 2015: 21,454 +6.2%
 Year ended Mar 31, 2014: 20,204 - %

- Amounts for the previous consolidated fiscal year are retroactively adjusted for changes in the accounting policy. Therefore, year-on-year changes from the previous consolidated fiscal year are not presented.
- 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, 2015	15.8	20.1	49.5
As of March 31, 2014	15.9	20.9	48.1

(2) Consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)	Equity per share (yen)
As of March 31, 2015	174,106	144,039	82.2	553.44
As of March 31, 2014	164,182	132,102	80.0	508.27

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

As of March 31, 2014: 131,348

2. Dividends

(Reference date)	Dividend per share (yen)					Total dividends (Fiscal year) (million yen)	Dividends payout rate (consolidated) (%)	Dividends rate for net assets (consolidated) (%)
	First quarter	Second quarter	Third quarter	Fiscal year	Total			
Year ended March 31, 2014	—	159.50	—	18.75	—	8,995	45.1	7.1
Year ended March 31, 2015	—	18.50	—	19.20	37.70	9,773	45.1	7.1
Year ending March 31, 2016 (Estimated)	—	20.40	—	20.40	40.80		45.2	

- Note: 1. Total dividends as of March 31, 2014 include 29 million yen, and as of March 31, 2015 include 27 million yen, for the USS Employee Stock Ownership Plan Trust.
2. USS split its common shares one-to-ten on October 1, 2013. Dividends per share for the accounting periods that ended on the 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. Effective from the fiscal year ended March 2015, the dividend payout ratio (consolidated) is calculated by dividing the amount of dividend (total) by the net income for the period.

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		Net income		Net income 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	90.50

* 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: 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; March 26, 2015)" from 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 previous fiscal year, retroactively adjusted financial statements for 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 financial statements.
- 2) Changes in accounting principles other than in 1): No
- 3) Changes in accounting-based estimates: No
- 4) Retrospective restatement : No

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

1) Shares issued (including treasury stock):

As of March 31, 2015: 313,250,000 shares As of March 31, 2014: 313,250,000 shares

2) Treasury stock:

As of March 31, 2015: 54,691,235 shares As of March 31, 2014: 54,828,566 shares

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

As of March 31, 2015: 258,490,160 shares As of March 31, 2014: 258,319,199 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 812,000 shares as of March 31, 2014 and 685,600 shares as of March 31, 2015 held by the USS Employee Stock Ownership Plan Trust.

Reference: Non-consolidated Results

1. Non-consolidated Results for Fiscal 2014 (April 1, 2014 – March 31, 2015)

(1) Non-consolidated Operating Result

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2015	46,047	1.7	26,776	3.6	31,876	6.9
Year ended Mar. 31, 2014	45,265	17.2	25,845	—	29,805	—

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2015	22,042	14.3	85.27	85.11
Year ended Mar. 31, 2014	19,290	—	74.67	74.53

Note: 1. 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. Amounts for the previous consolidated fiscal year are retroactively adjusted for changes in the accounting policy. Therefore, year-on-year changes from the previous consolidated fiscal year are not presented.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (%)	Equity per share (yen)
As of March 31, 2015	164,167	137,803	83.8	531.90
As of March 31, 2014	153,866	125,661	81.5	485.32

Note: Shareholders' equity (million yen): As of March 31, 2015: 137,529 As of March 31, 2014: 125,419

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.

*USS plans to hold a financial results presentation meeting on May 14, 2015. Materials distributed at the meeting will be posted on our website immediately afterward.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Assets		
Current assets:		
Cash and deposits	46,318	49,862
Receivables due from member dealers at auction	8,701	7,885
Notes and accounts receivable-trade	2,975	2,963
Securities	-	10,100
Inventories	1,077	1,125
Prepaid expenses	161	137
Deferred tax assets	785	754
Other	506	544
Allowance for doubtful accounts	(47)	(39)
Total current assets	60,477	73,334
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	31,249	31,070
Machinery, equipment and vehicles, net	866	791
Tools, furniture and fixtures, net	1,490	1,196
Land	57,659	57,760
Lease assets, net	90	112
Construction in progress	980	456
Total property, plant and equipment	92,337	91,388
Intangible assets		
Goodwill	5	-
Other	1,062	1,137
Total intangible assets	1,068	1,137
Investments and other assets		
Investment securities	1,259	815
Long-term loans receivable	15	29
Long-term prepaid expenses	225	209
Deferred tax assets	1,132	954

(Million yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Deferred tax assets for land revaluation	2,930	2,691
Real estate for investment, net	3,515	3,267
Other	1,290	364
Allowance for doubtful accounts	(70)	(85)
Total investments and other assets	10,299	8,245
Total noncurrent assets	103,704	100,771
Total assets	164,182	174,106

(Million yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	11,852	9,753
Notes and accounts payable-trade	641	556
Short-term loans payable	80	-
Lease obligations	29	54
Income taxes payable	7,254	5,916
Deposits received	2,461	2,252
Provision for bonuses	583	618
Other	2,753	4,760
Total current liabilities	25,657	23,910
Noncurrent liabilities:		
Long-term loans payable	549	300
Lease obligations	10	6
Long-term accounts payable-other	330	219
Deferred tax liabilities for land revaluation	417	397
Net defined benefit liability	88	149
Long-term guarantee deposited	4,331	4,400
Asset retirement obligations	694	682
Total noncurrent liabilities	6,423	6,156
Total liabilities	32,080	30,067

(Million yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,937	18,933
Retained earnings	137,638	149,718
Treasury stock	(38,990)	(38,878)
Total shareholders' equity	136,466	148,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	206	103
Revaluation reserve for land	(5,324)	(5,659)
Remeasurements of defined benefit plans	-	0
Total accumulated other comprehensive income	(5,117)	(5,555)
Subscription rights to shares	242	273
Minority interests	510	666
Total net assets	132,102	144,039
Total liabilities and net assets	164,182	174,106

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

(Million yen)

	FY 2013 (April 1, 2013 through March 31, 2014)	FY 2014 (April 1, 2014 through March 31, 2015)
Net sales	67,949	67,466
Cost of sales	26,459	25,774
Gross profit	41,489	41,691
Selling, general and administrative expenses		
Advertising expenses	458	437
Promotion expenses	919	831
Provision of allowance for doubtful accounts	43	34
Directors' compensations	292	256
Employees' salaries and bonuses	2,898	2,783
Provision for bonuses	281	277
Depreciation	318	311
Taxes and dues	310	176
Amortization of goodwill	20	5
Enterprise tax	140	146
Other	3,123	3,019
Total selling, general and administrative expenses	8,808	8,279
Operating income	32,680	33,411
Non-operating income		
Interest income	32	39
Real estate rent	480	518
Miscellaneous income	192	160
Total non-operating income	705	718

(Million yen)

	FY 2013 (April 1, 2013 through March 31, 2014)	FY 2014 (April 1, 2014 through March 31, 2015)
Non-operating expenses		
Interest expenses	1	0
Rent cost of real estate	85	83
Loss on valuation of compound financial instruments	8	-
Miscellaneous loss	14	18
Total non-operating expenses	110	102
Ordinary income	33,275	34,027
Extraordinary income:		
Gain on sales of noncurrent assets	37	34
Gain on sales of investment securities	42	276
Other	-	26
Total extraordinary income	80	336
Extraordinary loss:		
Loss on sales of noncurrent assets	17	0
Loss on retirement of noncurrent assets	223	129
Impairment loss	413	71
Other	24	-
Total extraordinary losses	679	202
Income before income taxes and minority interests	32,676	34,162
Income taxes-current	12,462	12,109
Income taxes-deferred	57	235
Total income taxes	12,520	12,345
Income before minority interests	20,156	21,817
Minority interests in income	190	155
Net income	19,966	21,661

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY 2013 (April 1, 2013 through March 31, 2014)	FY 2014 (April 1, 2014 through March 31, 2015)
Income before minority interests	20,156	21,817
Other comprehensive income		
Valuation difference on available-for-sale securities	48	(103)
Revaluation reserve for land	-	(259)
Remeasurements of defined benefit plans, net of tax	-	0
Total other comprehensive income	48	(362)
Comprehensive income	20,204	21,454
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	20,014	21,298
Comprehensive income attributable to minority interests	190	155

(3) Consolidated Statement of Changes in Net Assets

(Million yen)

	FY2013 (April 1, 2013 through March 31, 2014)	FY2014 (April 1, 2014 through March 31, 2015)
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	18,969	18,937
Cumulative effects of changes in accounting policies	(13)	-
Restated balance	18,955	18,937
Changes of items during the period		
Disposal of treasury stock	(18)	(3)
Total changes of items during the period	(18)	(3)
Balance at the end of current period	18,937	18,933
Retained earnings		
Balance at the beginning of current period	125,599	137,638
Cumulative effects of changes in accounting policies	(14)	-
Restated balance	125,585	137,638
Changes of items during the period		
Dividends from surplus	(7,918)	(9,656)
Net income	19,966	21,661
Reversal of revaluation reserve for land	5	74
Total changes of items during the period	12,053	12,079
Balance at the end of current period	137,638	149,718
Treasury stock		
Balance at the beginning of current period	(39,117)	(38,990)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	187	111
Total changes of items during the period	186	111
Balance at the end of current period	(38,990)	(38,878)

(Million yen)

	FY2013 (April 1, 2013 through March 31, 2014)	FY2014 (April 1, 2014 through March 31, 2015)
Total shareholders' equity		
Balance at the beginning of current period	124,273	136,466
Cumulative effects of changes in accounting policies	(27)	-
Restated balance	124,245	136,466
Changes of items during the period		
Dividends from surplus	(7,918)	(9,656)
Net income	19,966	21,661
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	168	108
Reversal of revaluation reserve for land	5	74
Total changes of items during the period	12,221	12,187
Balance at the end of current period	136,466	148,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158	206
Balance at the beginning of current period		
Changes of items during the period	48	(103)
Net changes of items other than shareholders' equity	48	(103)
Total changes of items during the period	206	103
Balance at the end of current period		
Revaluation reserve for land	(5,319)	(5,324)
Balance at the beginning of current period		
Changes of items during the period	(5)	(334)
Net changes of items other than shareholders' equity	(5)	(334)
Total changes of items during the period	(5,324)	(5,659)
Balance at the end of current period		
Remeasurements of defined benefit plans	-	-
Balance at the beginning of current period		
Changes of items during the period	-	0
Net changes of items other than shareholders' equity	-	0
Total changes of items during the period	-	0
Balance at the end of current period		

(Million yen)

	FY2013 (April 1, 2013 through March 31, 2014)	FY2014 (April 1, 2014 through March 31, 2015)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(5,160)	(5,117)
Changes of items during the period		
Net changes of items other than shareholders' equity	42	(437)
Total changes of items during the period	42	(437)
Balance at the end of current period	(5,117)	(5,555)
Subscription rights to shares		
Balance at the beginning of current period	237	242
Changes of items during the period		
Net changes of items other than shareholders' equity	5	31
Total changes of items during the period	5	31
Balance at the end of current period	242	273
Minority interests		
Balance at the beginning of current period	327	510
Changes of items during the period		
Net changes of items other than shareholders' equity	183	155
Total changes of items during the period	183	155
Balance at the end of current period	510	666
Total net assets		
Balance at the beginning of current period	119,676	132,102
Cumulative effects of changes in accounting policies	(27)	-
Restated balance	119,649	132,102
Changes of items during the period		
Dividends from surplus	(7,918)	(9,656)
Net income	19,966	21,661
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	168	108
Reversal of revaluation reserve for land	5	74
Net changes of items other than shareholders' equity	231	(250)
Total changes of items during the period	12,453	11,936
Balance at the end of current period	132,102	144,039

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY 2013 (April 1, 2013 through March 31, 2014)	FY 2014 (April 1, 2014 through March 31, 2015)
Net Cash provided by (used in) operating activities:		
Income before income taxes and minority interests	32,676	34,162
Depreciation and other amortization	3,823	3,532
Impairment loss	413	71
Amortization of goodwill	20	5
Increase (decrease) in allowance for doubtful accounts	(14)	6
Increase (decrease) in provision for bonuses	59	34
Increase (decrease) in net defined benefit liability	13	61
Interest and dividends income	(50)	(56)
Interest expenses	1	0
Loss (gain) on valuation of compound financial instruments	8	-
Loss (gain) on sales of investment securities	(42)	(276)
Loss (gain) on sales and retirement of property, plant and equipment	199	64
Loss (gain) on sales and retirement of intangible assets	1	36
Net change in due from/to member dealers at auction	626	(1,282)
Decrease (Increase) in notes and accounts receivable-trade	(313)	11
Increase (decrease) in notes and accounts payable-trade	85	(85)
Increase (decrease) in deposits received	50	(209)
Other, net	(842)	1,581
Subtotal	36,718	37,660
Interest and dividends income received	78	73
Interest expenses paid	(2)	(1)
Income taxes paid	(10,152)	(13,444)
Net cash provided by (used in) operating activities	26,642	24,287

	(Million yen)	
	FY 2013 (April 1, 2013 through March 31, 2014)	FY 2014 (April 1, 2014 through March 31, 2015)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(10,500)	(9,700)
Purchase of securities	-	(14,100)
Proceeds from redemption of securities	-	6,000
Purchase of property, plant and equipment	(8,298)	(2,121)
Proceeds from sales of property, plant and equipment	41	51
Purchase of intangible assets	(560)	(369)
Proceeds from sales of investment securities	72	553
Proceeds from redemption of investment securities	500	-
Proceeds from sales of investments in real estates	65	229
Purchase of long-term prepaid expenses	(30)	(138)
Other, net	(41)	(128)
Net cash provide by (used in) investing activities	(18,751)	(19,724)
Net cash provided by (used in) financing activities:		
Repayments of long-term loans payable	(326)	(329)
Proceeds from guarantee deposits received from member dealers	205	188
Repayment of guarantee deposits received from member dealers	(83)	(96)
Purchases of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	207	222
Cash dividends paid	(7,918)	(9,656)
Repayment of finance lease obligations	(190)	(46)
Other, net	0	0
Net cash provided by (used in) financing activities	(8,105)	(9,718)
Net increase (decrease) in cash and cash equivalents	(214)	(5,155)
Cash and cash equivalents at beginning of period	34,833	34,618
Cash and cash equivalents at end of period	34,618	29,462