

Consolidated Financial Results for the Year ended March 31, 2016

May 9, 2016

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 the Supervisory Office Name: Masafumi Yamanaka
 Tel: +81-52-689-1129

Scheduled date of annual general meeting of shareholders June 14, 2016
 Scheduled date of filing of securities report June 15, 2016
 Scheduled date of commencement of dividend payment June 15, 2016
 Supplementary materials for financial results Yes
 Information meeting for financial results Yes

1. Consolidated Financial Results for the Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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 March 31, 2016	68,607	1.7	34,491	3.2	35,218	3.5
Year ended March 31, 2015	67,466	(0.7)	33,411	2.2	34,027	2.3

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2016	22,477	3.8	86.92	86.76
Year ended March 31, 2015	21,661	8.5	83.79	83.64

Note: Comprehensive income (million yen): Year ended March 31, 2016: 22,473 +4.7%
 Year ended March 31, 2015: 21,454 +6.2%

	ROE (%)	ROA (%)	Operating margin (%)
Year ended March 31, 2016	15.1	19.5	50.3
Year ended March 31, 2015	15.8	20.1	49.5

(2) Consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (yen)
Year ended March 31, 2016	186,831	155,183	82.5	597.16
Year ended March 31, 2015	174,106	144,039	82.2	553.44

Reference: Shareholders' equity (million yen): As of March 31, 2016: 154,155
 As of March 31, 2015: 143,098

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, 2015	—	18.50	—	19.20	37.70	9,773	45.1	7.1
Year ended March 31, 2016	—	20.40	—	20.40	40.80	10,566	47.0	7.1
Year ending March 31, 2017 (Forecasts)	—	23.20	—	23.20	46.40		50.1	

Notes: 1. Total cash dividend paid for the fiscal year ended March 2015 and for the fiscal year ended March 2016 include payments of 27 million yen and 24 million yen each for shares held by the USS employee stock ownership plan trust.

2. From the fiscal year ended March 2015, dividend payout ratio (consolidated) is calculated by dividing total of cash dividends paid by profit attributable to owners of parent.

3. Forecast of Consolidated Financial Results to the year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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
Second quarter	34,750	3.3	16,900	0.8	17,200	0.5	11,600	2.7	45.16
For the year	71,450	4.1	34,700	0.6	35,300	0.2	23,800	5.9	92.69

Notes:

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):
None

(2) Changes in accounting principles and estimates, and retrospective restatement

1) Changes due to revision of accounting standards: Yes

(Application of accounting standard for concerning business combinations and other accounting standards)

Beginning with the current fiscal year, the Company is using Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Standard No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). As a result, when ownership changes at a subsidiary where the Company retains control, this difference is included in the capital surplus. In addition, the recognition of expenses associated with acquisitions has been changed to the consolidated fiscal year in which the corresponding expense occurred. Furthermore, there is a revision in the allocation of acquisition expenses for business combinations occurring on or after the beginning of the current fiscal year. The revised method reflects in the consolidated financial statements of the fiscal year in which the business combination occurred any changes to the amount allocated to acquisition cost resulting from the confirmation of provisional accounting methods. There are also revisions to the presentation of net income and other items and minority interests is now called non-controlling interests. To reflect these changes in the presentation of the financial statements, consolidated financial statements for the previous fiscal year have been revised.

For the application of these accounting standards, the transitional measures specified in Accounting Standard for Business Combinations No. 58-2 (4), Accounting Standard for Consolidated Financial Statements No. 44-5 (4) and Accounting Standard for Business Divestitures No. 57-4 (4) were used for beginning of the current fiscal year and also will continue to be applied to the future fiscal years.

The application of these accounting standards had no effect on the consolidated financial statements of the current fiscal year.

Cash flows related to the expenses for the acquisition of subsidiary stock associated with changes in the scope of consolidation and expenses for the acquisition and sale of subsidiary stock not associated with changes in the scope of consolidation are presented in the "Cash Flow from Operating Activities" section of the Consolidated Cash Flow Statement for the current consolidated fiscal year.

The application of these accounting standards had negligible effect on earnings.

2) Changes other than in 1): None

3) Changes in accounting estimates: Yes

(Change in useful life of assets)

The Company has decided to reconstruct the buildings and structures at its Shizuoka Auction Site. Therefore, the useful life of assets to be removed is changed to the month of the scheduled reconstruction.

As a result, the depreciation for the consolidated current fiscal year will increase by 127 million yen and operating income, ordinary income and profit before income taxes will decrease by equivalent amounts, compared to the amounts that would have been reported if the previous estimates for the useful life of assets was assumed.

4) Retrospective restatement: None

(3) Number of shares outstanding (common shares)

1) Shares outstanding (including treasury shares)

As of March 31, 2016: 313,250,000 shares As of March 31, 2015: 313,250,000 shares

2) Treasury shares

As of March 31, 2016: 55,102,684 shares As of March 31, 2015: 54,691,235 shares

3) Average number of shares

As of March 31, 2016: 258,589,672 shares As of March 31, 2015: 258,490,160 shares

Note: Treasury shares as of March 31, 2015 include 685,600 shares and treasury shares as of March 31, 2016 include 568,700 shares each held by the USS employee stock ownership plan trust,

Reference: Non-consolidated Results

1. Non-consolidated Results for Fiscal 2015 (April 1, 2015 – March 31, 2016)

(1) Non-consolidated Operating Result

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2016	47,785	3.8	27,572	3.0	32,449	1.8
Year ended Mar. 31, 2015	46,047	1.7	26,776	3.6	31,876	6.9

	Profit		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended Mar. 31, 2016	23,303	5.7	90.11	89.95
Year ended Mar. 31, 2015	22,042	14.3	85.27	85.11

(3) (2) Non-consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (yen)
As of March 31, 2016	178,814	149,755	83.6	579.09
As of March 31, 2015	164,167	137,803	83.8	531.90

Reference: Shareholders' equity (million yen): As of March 31, 2016: 149,493

As of March 31, 2015: 137,529

Notes: * Description of review procedure implementation status

The rule mandating a review of financial statements (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results. It has not been completed the review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

* Cautionary statement regarding forecasts of operating results and special notes

(Note regarding the forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons.

The 1,522,200 shares repurchased in April 2016 are factored in the forecast for the fiscal year ending March 2017.

(Supplementary explanatory documents)

Supplementary explanatory documents will be distributed at the information meeting to be held on May 11, 2016, also posted on the Company's WEB site immediately after the meeting.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)
Assets		
Current assets:		
Cash and deposits	49,862	62,290
Receivables due from member dealers at auction	7,885	10,612
Notes and accounts receivable-trade	2,963	2,610
Securities	10,100	3,000
Inventories	1,125	708
Prepaid expenses	137	126
Deferred tax assets	754	570
Other	544	1,565
Allowance for doubtful accounts	(39)	(44)
Total current assets	73,334	81,440
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	31,070	36,699
Machinery, equipment and vehicles, net	791	747
Tools, furniture and fixtures, net	1,196	1,100
Land	57,760	56,937
Lease assets, net	112	170
Construction in progress	456	445
Total property, plant and equipment	91,388	96,101
Intangible assets		
Goodwill	-	396
Other	1,137	1,181
Total intangible assets	1,137	1,578
Investments and other assets		
Investment securities	815	674
Long-term loans receivable	29	458
Long-term prepaid expenses	209	215
Deferred tax assets	954	716

(Million yen)

	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)
Deferred tax assets for land revaluation	2,691	2,556
Real estate for investment, net	3,267	3,171
Other	364	411
Allowance for doubtful accounts	(85)	(491)
Total investments and other assets	8,245	7,711
Total noncurrent assets	100,771	105,391
Total assets	174,106	186,831

(Million yen)

	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	9,753	13,288
Notes and accounts payable-trade	556	352
Short-term loans payable	-	60
Current portion of bonds	-	20
Current portion of long-term loans payable	-	61
Lease obligations	54	70
Income taxes payable	5,916	5,409
Deposits received	2,252	2,207
Provision for bonuses	618	618
Other	4,760	3,849
Total current liabilities	23,910	25,937
Noncurrent liabilities:		
Bonds payable	-	20
Long-term loans payable	300	21
Lease obligations	6	2
Long-term accounts payable-other	219	179
Deferred tax liabilities for land revaluation	397	-
Net defined benefit liability	149	253
Long-term guarantee deposited	4,400	4,601
Asset retirement obligations	682	631
Total noncurrent liabilities	6,156	5,710
Total liabilities	30,067	31,647

(Million yen)

	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,933	18,914
Retained earnings	149,718	161,926
Treasury stock	(38,878)	(39,856)
Total shareholders' equity	148,654	159,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103	160
Revaluation reserve for land	(5,659)	(5,863)
Remeasurements of defined benefit plans	0	(7)
Total accumulated other comprehensive income	(5,555)	(5,710)
Subscription rights to shares	273	262
Non-controlling interests	666	765
Total net assets	144,039	155,183
Total liabilities and net assets	174,106	186,831

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

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Net sales	67,466	68,607
Cost of sales	25,774	25,867
Gross profit	41,691	42,740
Selling, general and administrative expenses		
Advertising expenses	437	434
Promotion expenses	831	827
Provision of allowance for doubtful accounts	34	34
Directors' compensations	256	267
Employees' salaries and bonuses	2,783	2,660
Provision for bonuses	277	274
Depreciation	311	326
Taxes and dues	176	324
Amortization of goodwill	5	20
Enterprise tax	146	290
Other	3,019	2,787
Total selling, general and administrative expenses	8,279	8,248
Operating income	33,411	34,491
Non-operating income		
Interest income	39	52
Real estate rent	518	560
Miscellaneous income	160	199
Total non-operating income	718	811

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Non-operating expenses		
Interest expenses	0	0
Rent cost of real estate	83	80
Miscellaneous loss	18	3
Total non-operating expenses	102	84
Ordinary income	34,027	35,218
Extraordinary income:		
Gain on step acquisitions	-	48
Gain on sales of noncurrent assets	34	15
Gain on sales of investment securities	276	-
Other	26	-
Total extraordinary income	336	63
Extraordinary loss:		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	129	211
Loss on sales of shares of subsidiaries	-	641
Impairment loss	71	-
Other	-	10
Total extraordinary losses	202	864
Income before income taxes and minority interests	34,162	34,418
Income taxes-current	12,109	11,325
Income taxes-deferred	235	534
Total income taxes	12,345	11,860
Profit	21,817	22,557
Profit attributable to non-controlling interests	155	80
Profit attributable to owners of parent	21,661	22,477

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Profit	21,817	22,557
Other comprehensive income		
Valuation difference on available-for-sale securities	(103)	57
Revaluation reserve for land	(259)	(134)
Remeasurements of defined benefit plans, net of tax	0	(7)
Total other comprehensive income	(362)	(84)
Comprehensive income	21,454	22,473
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	21,298	22,392
Comprehensive income attributable to non-controlling interests	155	80

(3) Consolidated Statement of Changes in Net Assets

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
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	18,937	18,933
Changes of items during the period		
Disposal of treasury stock	(3)	(19)
Total changes of items during the period	(3)	(19)
Balance at the end of current period	18,933	18,914
Retained earnings		
Balance at the beginning of current period	137,638	149,718
Changes of items during the period		
Dividends from surplus	(9,656)	(10,266)
Profit attributable to owners of parent	21,661	22,477
Decrease resulting from exclusion of subsidiaries from consolidation	-	(72)
Reversal of revaluation reserve for land	74	70
Total changes of items during the period	12,079	12,208
Balance at the end of current period	149,718	161,926
Treasury stock		
Balance at the beginning of current period	(38,990)	(38,878)
Changes of items during the period		
Purchase of treasury stock	(0)	(1,145)
Disposal of treasury stock	111	168
Total changes of items during the period	111	(977)
Balance at the end of current period	(38,878)	(39,856)

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Total shareholders' equity		
Balance at the beginning of current period	136,466	148,654
Changes of items during the period		
Dividends from surplus	(9,656)	(10,266)
Profit attributable to owners of parent	21,661	22,477
Purchase of treasury stock	(0)	(1,145)
Disposal of treasury stock	108	149
Decrease resulting from exclusion of subsidiaries from consolidation	-	(72)
Reversal of revaluation reserve for land	74	70
Total changes of items during the period	12,187	11,211
Balance at the end of current period	148,654	159,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	206	103
Changes of items during the period		
Net changes of items other than shareholders' equity	(103)	57
Total changes of items during the period	(103)	57
Balance at the end of current period	103	160
Revaluation reserve for land		
Balance at the beginning of current period	(5,324)	(5,659)
Changes of items during the period		
Net changes of items other than shareholders' equity	(334)	(204)
Total changes of items during the period	(334)	(204)
Balance at the end of current period	(5,659)	(5,863)
Remeasurements of defined benefit plans		
Balance at the beginning of current period	-	0
Changes of items during the period		
Net changes of items other than shareholders' equity	0	(7)
Total changes of items during the period	0	(7)
Balance at the end of current period	0	(7)

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(5,117)	(5,555)
Changes of items during the period		
Net changes of items other than shareholders' equity	(437)	(154)
Total changes of items during the period	(437)	(154)
Balance at the end of current period	(5,555)	(5,710)
Subscription rights to shares		
Balance at the beginning of current period	242	273
Changes of items during the period		
Net changes of items other than shareholders' equity	31	(11)
Total changes of items during the period	31	(11)
Balance at the end of current period	273	262
Non-controlling interests		
Balance at the beginning of current period	510	666
Changes of items during the period		
Net changes of items other than shareholders' equity	155	98
Total changes of items during the period	155	98
Balance at the end of current period	666	765
Total net assets		
Balance at the beginning of current period	132,102	144,039
Changes of items during the period		
Dividends from surplus	(9,656)	(10,266)
Profit attributable to owners of parent	21,661	22,477
Purchase of treasury stock	(0)	(1,145)
Disposal of treasury stock	108	149
Decrease resulting from exclusion of subsidiaries from consolidation	-	(72)
Reversal of revaluation reserve for land	74	70
Net changes of items other than shareholders' equity	(250)	(66)
Total changes of items during the period	11,936	11,144
Balance at the end of current period	144,039	155,183

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Net Cash provided by (used in) operating activities:		
Income before income taxes and minority interests	34,162	34,418
Depreciation and other amortization	3,532	3,413
Impairment loss	71	-
Amortization of goodwill	5	20
Increase (decrease) in allowance for doubtful accounts	6	15
Increase (decrease) in provision for bonuses	34	18
Increase (decrease) in net defined benefit liability	61	93
Interest and dividends income	(56)	(72)
Interest expenses	0	0
Loss (gain) on sales of investment securities	(276)	-
Loss (gain) on sales of shares of subsidiaries	-	641
Loss (gain) on sales and retirement of property, plant and equipment	64	196
Loss (gain) on sales and retirement of intangible assets	36	0
Loss (gain) on step acquisitions	-	(48)
Net change in due from/to member dealers at auction	(1,282)	886
Decrease (Increase) in notes and accounts receivable-trade	11	(54)
Increase (decrease) in notes and accounts payable-trade	(85)	(63)
Increase (decrease) in deposits received	(209)	(47)
Other, net	1,581	(1,516)
Subtotal	37,660	37,901
Interest and dividends income received	73	103
Interest expenses paid	(1)	(0)
Income taxes paid	(13,444)	(11,974)
Net cash provided by (used in) operating activities	24,287	26,030

	(Million yen)	
	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(9,700)	(2,346)
Purchase of securities	(14,100)	(13,000)
Proceeds from redemption of securities	6,000	18,100
Purchase of property, plant and equipment	(2,121)	(8,455)
Proceeds from sales of property, plant and equipment	51	23
Purchase of intangible assets	(369)	(275)
Proceeds from sales of investment securities	553	-
Proceeds from sales of investments in real estates	229	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(117)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	630
Purchase of long-term prepaid expenses	(138)	(96)
Other, net	(128)	(156)
Net cash provide by (used in) investing activities	(19,724)	(5,694)

	(Million yen)	
	FY 2014 (April 1, 2014 to March 31, 2015)	FY 2015 (April 1, 2015 to March 31, 2016)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	-	(20)
Repayments of long-term loans payable	(329)	(266)
Proceeds from guarantee deposits received from member dealers	188	205
Repayment of guarantee deposits received from member dealers	(96)	(58)
Purchases of treasury stock	(0)	(1,145)
Proceeds from sales of treasury stock	222	234
Decrease(increase) in money held in trust for purchase of treasury stock	-	(854)
Cash dividends paid	(9,656)	(10,266)
Dividends paid to non-controlling interests	-	(147)
Repayment of finance lease obligations	(46)	(100)
Other, net	0	(9)
Net cash provided by (used in) financing activities	(9,718)	(12,427)
Net increase (decrease) in cash and cash equivalents	(5,155)	7,907
Cash and cash equivalents at beginning of period	34,618	29,462
Cash and cash equivalents at end of period	29,462	37,370