

Consolidated Earning Results for the First Quarter ended June 30, 2010

August 3, 2010

Company Name : **USS Co., Ltd.**

Stock Exchanges Listings : Tokyo and Nagoya

Stock Code : 4732

Phone : +81-52-689-1129

(URL <http://www.ussnet.co.jp>)

President : Yukihiro Ando

Contact : Masafumi Yamanaka

Junior Managing Director & Officer of Supervisory Office

Date of Filing of Quarterly Report (Scheduled): August 6, 2010

Starting Date of Dividend Payment (Scheduled): —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: No

1. Consolidated Results for the First Quarter ended June 30, 2010 (April 1, 2010 – June 30, 2010)

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Three months ended Jun. 30, 2010	15,348	8.1%	6,150	25.6%	6,098	19.5%
Three months ended Jun. 30, 2009	14,203	(24.0)%	4,895	(30.8)%	5,103	(28.5)%

	Net income		Net income per share (yen)		Diluted net income per share (yen)	
Three months ended Jun. 30, 2010	3,242	9.1%	109.60		—	
Three months ended Jun. 30, 2009	2,972	(20.6)%	97.18		—	

Note: Percent indication shows percentage of change from corresponding figure for the same quarter of the prior fiscal year.

(2) Consolidated Financial Position

(millions of yen)

	Total assets	Net assets	Equity ratio (%)	Equity per share (yen)
As of June 30, 2010	137,049	116,703	84.9	3,956.84
As of March 31, 2010	142,164	118,390	83.1	3,970.03

Reference: Shareholders' equity (millions of yen): As of June 30, 2010: 116,368 As of March 31, 2010: 118,146

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2010	—	72.50	—	95.50	168.00
Year ending March 31, 2011	—				
Year ending March 31, 2011 (Estimated)		91.00	—	91.00	182.00

Note: Revision of dividends forecast for this period: No

3. Consolidated Outlook for Fiscal 2010 (April 1, 2010 – March 31, 2011)

(millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (yen)	
Second Quarter (cumulative term)	29,600	3.1%	11,100	10.7%	11,200	8.2%	6,180	6.5%	209.50	
For the year	60,900	1.8%	23,600	7.6%	23,800	5.7%	13,500	6.2%	458.34	

Note: Percent indication shows percentage of change from corresponding figure for annual period of the prior fiscal year.

Note: Revision of outlook for this period: No

4. Other Information

- (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
- ① Calculation of depreciation of non-current assets
The Company calculates depreciation expense for assets that are depreciated using the declining-balance method by dividing on a pro-rata basis the annual depreciation expense.
 - ② Calculation of tax expenses
The Company calculates interim income tax expense by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes for the reporting period. The income taxes-deferred is included in income taxes.
- (3) Changes in accounting principles, methods or reporting methods affecting the production of the consolidated financial statements (fundamental changes in main reported items for the production of the consolidated financial statements)
- ① Changes caused by revisions to accounting standard: Yes
Adoption of the “Accounting Standard for Asset Retirement Obligations”
Effective from the first quarter under review, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are adopted.
As a result of this change, operating income and ordinary income decreased by ¥5million, and income before income taxes decreased by ¥521million. The change in asset retirement obligations due to the adoption of this accounting standard and guidance amounted to ¥766 million.
 - ② Other changes: No
- (4) Number of shares issued (common shares):
- ① Number of shares issued (including treasury stock):
As of June 30, 2010: 31,325,000 shares As of March 31, 2010: 32,695,982 shares
 - ② Number of treasury stock:
As of June 30, 2010: 1,915,492 shares As of March 31, 2010: 2,936,474 shares
 - ③ Average number of outstanding stock for each period (cumulative term):
As of June 30, 2010: 29,585,715 shares As of June 30, 2009: 30,590,295 shares

*Explanation of the appropriate use of forecasts and other related items

The above forecast has been prepared based on information available at the time of this writing. Actual performance is subject to various factors and is therefore to change.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	FY2010 First Quarter (As of June 30, 2010)	FY 2009 (As of March 31, 2010)
Assets		
Current assets:		
Cash and deposits	25,713	29,681
Receivables due from member dealers at auction	4,654	5,643
Notes and accounts receivable-trade	2,534	2,885
Inventories	774	841
Other	2,031	1,254
Allowance for doubtful accounts	(84)	(84)
Total current assets	35,623	40,222
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	34,642	35,019
Land	52,812	52,812
Construction in progress	397	13
Other, net	4,056	4,358
Total property, plant and equipment	91,908	92,204
Intangible assets		
Goodwill	255	357
Other	1,068	1,140
Total intangible assets	1,324	1,498
Investments and other assets		
Investments and other assets	8,291	8,341
Allowance for doubtful accounts	(98)	(102)
Total investments and other assets	8,193	8,238
Total noncurrent assets	101,426	101,941
Total assets	137,049	142,164

(millions of yen)

	FY2010 First Quarter (As of June 30, 2010)	FY 2009 (As of March 31, 2010)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	4,831	6,454
Notes and accounts payable-trade	561	577
Short-term loans payable	203	399
Income taxes payable	1,583	4,354
Provision	707	445
Other	5,437	5,203
Total current liabilities	13,324	17,435
Noncurrent liabilities:		
Long-term loans payable	306	356
Provision	102	91
Asset retirement obligations	766	-
Other	5,848	5,889
Total noncurrent liabilities	7,022	6,337
Total liabilities	20,346	23,773
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,973	27,992
Retained earnings	95,968	95,567
Treasury stock	(12,511)	(19,382)
Total shareholders' equity	121,312	123,058
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29	59
Revaluation reserve for land	(4,972)	(4,972)
Total valuation and translation adjustments	(4,943)	(4,912)
Subscription rights to shares	23	18
Minority interests	310	226
Total net assets	116,703	118,390
Total liabilities and net assets	137,049	142,164

(2) Consolidated Quarterly Statements of Income

(millions of yen)

	FY2009 First Quarter (April 1, 2009 through June 30, 2009)	FY2010 First Quarter (April 1, 2010 through June 30, 2010)
Net sales	14,203	15,348
Cost of sales	6,550	6,643
Gross profit	7,653	8,705
Selling, general and administrative expenses	2,757	2,554
Operating income	4,895	6,150
Non-operating income		
Interest income	1	1
Real estate rent	38	42
Gain on valuation of compound financial instruments	137	-
Miscellaneous income	38	30
Total non-operating income	216	74
Non-operating expenses:		
Interest expenses	4	2
Rent cost of real estate	3	3
Loss on valuation of compound financial instruments	-	117
Miscellaneous loss	0	3
Total non-operating expenses	9	126
Ordinary income	5,103	6,098
Extraordinary income:		
Gain on sales of noncurrent assets	1	3
Reversal of allowance for doubtful accounts	6	15
Other	0	-
Total extraordinary income	8	18
Extraordinary loss:		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	5	11
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Other	-	57
Total extraordinary losses	5	585
Income before income taxes	5,105	5,532
Income taxes	2,147	2,205
Income before minority interests	-	3,326
Minority interests in income (loss)	(14)	83
Net income	2,972	3,242

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2009 First Quarter (April 1, 2009 through June 30, 2009)	FY2010 First Quarter (April 1, 2010 through June 30, 2010)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	5,105	5,532
Depreciation and other amortization	1,392	1,142
Amortization of goodwill	198	101
Increase (decrease) in allowance for doubtful accounts	32	(4)
Increase (decrease) in provision for bonuses	272	261
Increase (decrease) in provision for retirement benefits	(11)	10
Interest and dividends income	(1)	(1)
Interest expenses	4	2
Loss (gain) on valuation of compound financial instruments	(137)	117
Loss (gain) on valuation of investment securities	-	56
Loss (gain) on sales and retirement of property, plant and equipment	3	(2)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Net change in due from/to member dealers at auction	(339)	(633)
Decrease (Increase) in notes and accounts receivable-trade	402	351
Increase (decrease) in notes and accounts payable-trade	(68)	(16)
Increase (decrease) in deposits received	1,027	393
Other, net	(471)	(699)
Subtotal	7,408	7,128
Interest and dividends income received	1	1
Interest expenses paid	(3)	(2)
Income taxes paid	(4,265)	(5,066)
Net cash provided by (used in) operating activities	3,141	2,061

(millions of yen)

	FY2009 First Quarter (April 1, 2009 through June 30, 2009)	FY2010 First Quarter (April 1, 2010 through June 30, 2010)
Net cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(802)	(428)
Proceeds from sales of property, plant and equipment	37	4
Purchase of intangible assets	(87)	(102)
Purchase of investment securities	(100)	-
Purchase of long-term prepaid expenses	(12)	(178)
Other, net	5	(3)
Net cash provide by (used in) investment activities	(959)	(707)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(130)	(196)
Repayment of long-term loans payable	(34)	(49)
Proceeds from guarantee deposits received from member dealers	54	50
Repayments of guarantee deposits received from member dealers	(25)	(23)
Purchase of treasury stock	-	(2,147)
Cash dividends paid	(2,523)	(2,842)
Repayments of finance lease obligations	(79)	(112)
Net cash provided by (used in) financing activities	(2,739)	(5,321)
Net increase (decrease) in cash and cash equivalents	(557)	(3,968)
Cash and cash equivalents at beginning of period	18,445	29,681
Cash and cash equivalents at end of period	17,888	25,713