

Consolidated Earning Results for the First Quarter ended June 30, 2011

August 2, 2011

Company Name : **USS Co., Ltd.**
 Stock Code : 4732
 (URL <http://www.ussnet.co.jp>)

Stock Exchanges Listings : Tokyo and Nagoya
 Phone : +81-52-689-1129

President : Yukihiro Ando

Contact : Masafumi Yamanaka

Junior Managing Director & Officer of Supervisory Office

Date of Filing of Quarterly Report (Scheduled): August 8, 2011

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, 2011 (April 1, 2011 – June 30, 2011)

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Three months ended Jun. 30, 2011	15,829	3.1%	6,921	12.5%	7,041	15.5%
Three months ended Jun. 30, 2010	15,348	8.1%	6,150	25.6%	6,098	19.5%

	Net income		Net income per share (yen)	Diluted net income per share (yen)
Three months ended Jun. 30, 2011	4,161	28.3%	145.20	145.12
Three months ended Jun. 30, 2010	3,242	9.1%	109.60	109.55

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 (%)
As of June 30, 2011	145,781	120,131	82.2
As of March 31, 2011	151,636	121,947	80.2

Reference: Shareholders' equity (millions of yen): As of June 30, 2011: 119,790 As of March 31, 2011: 121,638

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2011	—	91.00	—	101.00	192.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (Estimated)		110.00	—	110.00	220.00

Note: Revision of dividends forecast for this period: Yes

3. Consolidated Outlook for Fiscal 2011 (April 1, 2011 – March 31, 2012)

(millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (yen)
Second Quarter (cumulative term)	30,800	1.2%	13,000	7.9%	13,200	8.9%	7,750	14.9%	271.36
For the year	62,000	0.9%	26,000	6.9%	26,300	6.7%	15,650	12.0%	548.93

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: Yes

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

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 principals, accounting-based estimates and revised restatements

1) Changes in accounting principals associated with changes in accounting standards: Yes

Effective from the first quarter of the current consolidated fiscal year, the Company has adopted "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, issued on June 30, 2010) and "Guidance on Accounting Standard for Earnings Per Share"(ASBJ Guidance No. 4, issued on June 30, 2010).

The Company has changed the method used to calculate diluted net income per share. In calculation of the amount of diluted net income per share, the method of calculating rights of stock options that are to be confirmed after a certain period of time of employment; of the fair value of stock options, the amount related to future services to be provided to the Company is included in the amount that is assumed to be received by the Company through exercise of rights.

2) Other changes in accounting principals : No

3) Changes in accounting-based estimates: No

4) Revised restatements : No

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

1) Number of shares issued (including treasury stock):

As of June 30, 2011: 31,325,000 shares As of March 31, 2011: 31,325,000 shares

2) Number of treasury stock:

As of June 30, 2011: 2,864,781 shares As of March 31, 2011: 2,364,781 shares

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

As of June 30, 2011: 28,659,192 shares As of June 30, 2010: 29,585,715 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)

	FY 2010 (As of March 31, 2011)	FY2011 First Quarter (As of June 30, 2011)
Assets		
Current assets:		
Cash and deposits	30,980	27,438
Receivables due from member dealers at auction	11,151	9,315
Notes and accounts receivable-trade	2,685	2,341
Short-term investment securities	-	102
Inventories	973	770
Other	1,360	1,838
Allowance for doubtful accounts	(76)	(70)
Total current assets	47,074	41,736
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	32,002	31,535
Land	59,100	59,072
Construction in progress	23	26
Other, net	3,352	3,079
Total property, plant and equipment	94,479	93,713
Intangible assets		
Goodwill	108	86
Other	1,005	957
Total intangible assets	1,114	1,044
Investments and other assets		
Investments and other assets	9,074	9,395
Allowance for doubtful accounts	(105)	(108)
Total investments and other assets	8,969	9,287
Total noncurrent assets	104,562	104,044
Total assets	151,636	145,781

(millions of yen)

	FY 2010 (As of March 31, 2011)	FY2011 First Quarter (As of June 30, 2011)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	11,502	9,762
Notes and accounts payable-trade	649	537
Short-term loans payable	188	203
Income taxes payable	4,932	2,149
Provision	493	726
Other	5,227	5,615
Total current liabilities	22,994	18,994
Noncurrent liabilities:		
Long-term loans payable	167	152
Provision	133	142
Asset retirement obligations	705	707
Other	5,689	5,652
Total noncurrent liabilities	6,695	6,654
Total liabilities	29,689	25,649
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,972	18,972
Retained earnings	104,012	105,249
Treasury stock	(15,310)	(18,388)
Total shareholders' equity	126,556	124,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43	36
Revaluation reserve for land	(4,961)	(4,961)
Total accumulated other comprehensive income	(4,918)	(4,924)
Subscription rights to shares	31	34
Minority interests	278	306
Total net assets	121,947	120,131
Total liabilities and net assets	151,636	145,781

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

(millions of yen)

	FY2010 (April 1, 2010 through June 30, 2010)	FY2011 (April 1, 2011 through June 30, 2011)
Net sales	15,348	15,829
Cost of sales	6,643	6,464
Gross profit	8,705	9,365
Selling, general and administrative expenses	2,554	2,444
Operating income	6,150	6,921
Non-operating income		
Interest income	1	3
Real estate rent	42	42
Gain on valuation of compound financial instruments	-	39
Miscellaneous income	30	43
Total non-operating income	74	128
Non-operating expenses		
Interest expenses	2	1
Rent cost of real estate	3	3
Loss on valuation of compound financial instruments	117	-
Miscellaneous loss	3	3
Total non-operating expenses	126	8
Ordinary income	6,098	7,041
Extraordinary income:		
Gain on sales of noncurrent assets	3	23
Reversal of allowance for doubtful accounts	15	-
Total extraordinary income	18	23
Extraordinary loss:		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	11	5
Loss on adjustment for changes of accounting standard for asset retirement obligations	516	-
Other	57	1
Total extraordinary losses	585	6

(millions of yen)

	FY2010 First Quarter (April 1, 2010 through March 31, 2011)	FY2011 First Quarter (April 1, 2011 through March 31, 2012)
Income before income taxes and minority interests	5,532	7,058
Income taxes	2,205	2,867
Income before minority interests	3,326	4,190
Minority interests in income	83	28
Net income	3,242	4,161

(Consolidated Quarterly Statements of Comprehensive Income)

(millions of yen)

	FY2010 First Quarter (April 1, 2010 through March 31, 2011)	FY2011 First Quarter (April 1, 2011 through March 31, 2012)
Income before minority interests	3,326	4,190
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	(6)
Total other comprehensive income	(30)	(6)
Comprehensive income	3,296	4,183
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,212	4,155
Comprehensive income attributable to minority interests	83	28

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2010 First Quarter (April 1, 2010 through June 30, 2010)	FY2011 First Quarter (April 1, 2011 through June 30, 2011)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	5,532	7,058
Depreciation and other amortization	1,142	990
Amortization of goodwill	101	22
Increase (decrease) in allowance for doubtful accounts	(4)	(2)
Increase (decrease) in provision for bonuses	261	233
Increase (decrease) in provision for retirement benefits	10	9
Interest and dividends income	(1)	(3)
Interest expenses	2	1
Loss (gain) on valuation of compound financial instruments	117	(39)
Loss (gain) on valuation of investment securities	56	-
Loss (gain) on sales and retirement of property, plant and equipment	(2)	(17)
Loss on adjustment for changes of accounting standard for asset retirement obligations	516	-
Net change in due from/to member dealers at auction	(633)	96
Decrease (increase) in notes and accounts receivable-trade	351	344
Increase (decrease) in notes and accounts payable-trade	(16)	(112)
Increase (decrease) in deposits received	393	471
Other, net	(699)	(423)
Subtotal	7,128	8,627
Interest and dividends income received	1	3
Interest expenses paid	(2)	(1)
Income taxes paid	(5,066)	(5,586)
Net cash provided by (used in) operating activities	2,061	3,043

(millions of yen)

	FY2010 First Quarter (April 1, 2010 through June 30, 2010)	FY2011 First Quarter (April 1, 2011 through June 30, 2011)
Net cash provided by (used in) investing activities:		
Decrease (increase) in time deposits	-	700
Purchase of property, plant and equipment	(428)	(127)
Proceeds from sales of property, plant and equipment	4	48
Purchase of intangible assets	(102)	(28)
Purchase of investment securities	-	(157)
Purchase of long-term prepaid expenses	(178)	(5)
Purchase of stocks of subsidiaries and affiliates	-	(268)
Other, net	(3)	2
Net cash provide by (used in) investing activities	(707)	163
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(196)	50
Repayment of long-term loans payable	(49)	(49)
Proceeds from guarantee deposits received from member dealers	50	56
Repayments of guarantee deposits received from member dealers	(23)	(23)
Purchase of treasury stock	(2,147)	(3,078)
Cash dividends paid	(2,842)	(2,924)
Repayments of finance lease obligations	(112)	(79)
Net cash provided by (used in) financing activities	(5,321)	(6,049)
Net increase (decrease) in cash and cash equivalents	(3,968)	(2,841)
Cash and cash equivalents at beginning of period	29,681	29,280
Cash and cash equivalents at end of period	25,713	26,438

Significant Subsequent Events

(Repurchase of stock)

On August 2, 2011, the Board of Directors approved an authorization for the open-market repurchase of the Company's stock pursuant to the provisions of Article 156 of the Corporation Law of Japan as applied pursuant to Article 165, Paragraph 3 of this law.

Details of repurchase of stock:

- (1) Class of stock to be repurchased: Common stock
- (2) Total number of shares authorized for repurchase: Up to 500,000
- (3) Repurchase period: August 3, 2011 to September 22, 2011
- (4) Aggregate cost of stock to be repurchased: Up to 3,250 million yen
- (5) Method of repurchase: Open market