

Consolidated Earning Results for the Second Quarter ended September 30, 2008

October 28, 2008

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): November 13, 2008

Starting Date of Dividend Payment (Scheduled): December 8, 2008

1. Consolidated Results for the Second Quarter ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales	Operating income	Ordinary income
Six months ended Sep. 30, 2008	36,430 -	13,338 -	13,381 -
Six months ended Sep. 30, 2007	33,219 6.5%	12,807 5.7%	13,010 5.7%

	Net income	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep. 30, 2008	7,256 -	227.47	-
Six months ended Sep. 30, 2007	7,035 2.1%	220.14	220.03

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 Sep. 30, 2008	143,884	118,579	82.1	3,744.81
As of March 31, 2008	150,737	117,577	77.7	3,657.55

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2008: 118,145 As of March 31, 2008: 117,130

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Annual total
Year ended March 31, 2008	-	60.00	-	85.00	145.00
Year ending March 31, 2009	-	82.50	—	—	—
Year ending March 31, 2009 (Estimated)	—	—	-	82.50	165.00

Note: Revision of dividends forecast for this period: None

3. Consolidated Outlook for Fiscal 2008 (April 1, 2008 – March 31, 2009)

(millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
For the year	74,500 6.7%	28,300 4.0%	28,500 3.7%	15,750 3.6%	499.22

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): None
- (2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- (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
 - ② Other changes: Yes
- (4) Number of shares issued (common shares):
 - ① Number of shares issued (including treasury stock):
As of Sep. 30, 2008: 32,695,982 shares As of March 31, 2008: 32,695,982 shares
 - ② Number of treasury stock:
As of Sep. 30, 2008: 1,146,817 shares As of March 31, 2008: 671,801 shares
 - ③ Average number of outstanding stock for each period (cumulative term):
As of Sep. 30, 2008: 31,901,372 shares As of Sep. 30, 2007: 31,956,977 shares

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

1. 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.

2. Effective from the current fiscal year, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with "Regulation for Quarterly Consolidated Financial Reporting".

5. Quarterly Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	FY2008 Second Quarter (As of Sep. 30, 2008)	FY 2007 (As of March 31, 2008)
Assets		
Current assets:		
Cash and deposits	22,230	26,280
Receivables due from member dealers at auction	7,812	11,879
Notes and accounts receivable-trade	3,029	3,527
Inventories	1,583	1,365
Other	2,379	1,677
Allowance for doubtful accounts	(79)	(75)
Total current assets	36,955	44,655
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	35,727	36,087
Land	52,634	52,184
Construction in progress	1,256	285
Other, net	5,494	5,724
Total property, plant and equipment	95,113	94,282
Intangible assets		
Goodwill	1,487	1,879
Other	1,339	1,390
Total intangible assets	2,826	3,269
Investments and other assets		
Investments and other assets	9,155	8,666
Allowance for doubtful accounts	(166)	(137)
Total investments and other assets	8,988	8,529
Total noncurrent assets	106,928	106,081
Total assets	143,884	150,737

(millions of yen)

	FY2008 Second Quarter (As of Sep. 30, 2008)	FY 2007 (As of March 31, 2008)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	9,351	11,959
Notes and accounts payable-trade	674	643
Short-term loans payable	807	2,305
Income taxes payable	3,894	5,919
Provision	516	506
Other	4,581	6,106
Total current liabilities	19,825	27,442
Noncurrent liabilities:		
Long-term loans payable	354	759
Provision	154	145
Other	4,970	4,813
Total noncurrent liabilities	5,479	5,717
Total liabilities	25,304	33,159
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	27,992	27,992
Retained earnings	85,456	80,921
Treasury stock	(9,248)	(5,770)
Total shareholders' equity	123,081	122,024
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	42	83
Revaluation reserve for land	(4,977)	(4,977)
Total valuation and translation adjustments	(4,935)	(4,894)
Subscription rights to shares	4	2
Minority interests	428	444
Total net assets	118,579	117,577
Total liabilities and net assets	143,884	150,737

(2) Consolidated Quarterly Statements of Income

(millions of yen)

	FY2008 Second Quarter (April 1, 2008 through Sep. 30, 2008)
Net sales	36,430
Cost of sales	16,898
Gross profit	19,532
Selling, general and administrative expenses	6,193
Operating income	13,338
Non-operating income	
Interest income	7
Real estate rent	78
Miscellaneous income	84
Total non-operating income	170
Non-operating expenses:	
Interest expenses	20
Rent cost of real estate	9
Loss on valuation of derivatives	82
Miscellaneous loss	15
Total non-operating expenses	127
Ordinary income	13,381
Extraordinary income:	
Gain on sales of noncurrent assets	5
Reversal of allowance for doubtful accounts	12
Total extraordinary income	18
Extraordinary losses:	
Loss on sales of noncurrent assets	0
Loss on retirement of noncurrent assets	289
Directors' retirement benefits	101
Loss on cancellation of leasehold contracts	218
Other	18
Total extraordinary losses	628
Income before income taxes and minority interests	12,771
Income taxes	5,446
Minority interests in income	68
Net income	7,256

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

FY2008 Second Quarter
(April 1, 2008 through
Sep. 30, 2008)

Net Cash provided by (used in) operating activities:	
Income before income taxes and minority interests	12,771
Depreciation and other amortization	2,817
Amortization of goodwill	392
Increase (decrease) in allowance for doubtful accounts	33
Increase (decrease) in provision for bonus	9
Increase (decrease) in provision for retirement benefits	12
Increase (decrease) in provision for directors' retirement benefits	(2)
Interest and dividends income	(15)
Interest expenses	20
Loss on valuation of derivatives	82
Loss (gain) on sale and retirement of property, plant and equipment	140
Net change in due from/to member dealers at auction	1,458
Increase (decrease) in notes and accounts receivable-trade	497
Increase (decrease) in notes and accounts payable-trade	31
Increase (decrease) in deposits received	(1,093)
Other, net	(1,346)
Subtotal	15,808
Interest and dividends income received	10
Interest expenses paid	(21)
Income taxes paid	(7,713)
Net cash provided by (used in) operating activities	8,083

(millions of yen)

FY2008 Second Quarter
(April 1, 2008 through
Sep. 30, 2008)

Net cash provided by (used in) investment activities:	
Purchase of property, plant and equipment	(3,287)
Proceeds from sales of property, plant and equipment	10
Purchase of intangible assets	(175)
Purchase of investment securities	(500)
Purchase of long-term prepaid expenses	(36)
Other, net	(25)
Net cash provide by (used in) investment activities	(4,013)
Net cash provided by (used in) financing activities:	
Repayments of long-term loans payable	(1,902)
Proceeds from guarantee deposits received from member dealers	130
Repayment of guarantee deposits received from member dealers	(62)
Purchases of treasury stock	(3,478)
The subsidiary's purchase of its own treasury stock	(84)
Cash dividends paid	(2,722)
Net cash provided by (used in) financing activities	(8,119)
Net increase (decrease) in cash and cash equivalents	(4,050)
Cash and cash equivalents at beginning of period	26,280
Cash and cash equivalents at end of period	22,230

Reference:**Financial Statements for the Second Quarter of the Previous Fiscal Year****(1) Semi-annual Consolidated Statement of Income**

(millions of yen)

Item	FY2007 Semi-annual (April 1, 2007 through Sep. 30, 2007)		
	Amount		Percentage (%)
Net sales		33,219	100.0
Cost of sales		14,354	43.2
Gross profit		18,864	56.8
Selling, general and administrative expenses		6,057	18.2
Operating income		12,807	38.6
Non-operating income:			
Interest income	6		
Real estate rent	90		
Miscellaneous income	162	259	0.8
Non-operating expenses:			
Interest expenses	33		
Miscellaneous loss	22	56	0.2
Ordinary income		13,010	39.2
Extraordinary income:			
Gain on sales of noncurrent assets	2		
Reversal of allowance for doubtful accounts	4		
Other extraordinary income	0	8	0.0
Extraordinary losses:			
Loss on sales of noncurrent assets	1		
Loss on retirement of noncurrent assets	21		
Directors' retirement benefits	123		
Other extraordinary loss	56	202	0.6
Income before income taxes and minority interests		12,816	38.6
Income taxes-current	5,533		
Income taxes-deferred	61	5,595	16.8
Minority interests in income		185	0.6
Net income		7,035	21.2

(2) Semi-annual Consolidated Statement of Cash Flows

(millions of yen)

	FY2007 Semi-annual (April 1, 2007 through Sep. 30, 2007)
Item	Amount
Net Cash provided by (used in) operating activities:	
Income before income taxes and minority interests	12,816
Depreciation and other amortization	2,675
Amortization of goodwill	437
Increase in allowance for doubtful accounts	17
Increase in provision for bonus	44
Increase in provision for retirement benefits	9
Decrease in provision for directors' retirement benefits	(419)
Interest and dividends income	(7)
Interest expenses	33
Loss (gain) on sale and retirement of property, plant and equipment	16
Net change in due from/to member dealers at auction	1,399
Increase in notes and accounts receivable-trade	(1,262)
Decrease in notes and accounts payable-trade	(36)
Decrease in deposits received	(1,233)
Other, net	49
Subtotal	14,539
Interest and dividends income received	6
Interest expenses paid	(34)
Income taxes paid	(6,451)
Net cash provided by (used in) operating activities	8,059

(millions of yen)

	FY2007 Semi-annual (April 1, 2007 through Sep 30, 2007)
Item	Amount
Net cash provided by (used in) investment activities:	
Purchase of property, plant and equipment	(2,380)
Proceeds from sales of property, plant and equipment	7
Purchase of intangible assets	(304)
Purchase of investment securities	(0)
Proceeds from sale of investment securities	101
Purchase of long-term prepaid expenses	(38)
Proceeds from purchase of investments in subsidiary resulted in change in scope of consolidation	50
Other, net	140
Net cash provide by (used in) investment activities	(2,424)
Net cash provided by (used in) financing activities:	
Repayments of long-term loans payable	(1,711)
Proceeds from guarantee deposits received from member dealers	152
Repayment of guarantee deposits received from member dealers	(66)
Proceeds from issuance of common stock	373
Purchases of treasury stock	(0)
Cash dividends paid	(1,596)
Net cash provided by (used in) financing activities	(2,848)
Net increase in cash and cash equivalents	2,787
Cash and cash equivalents at beginning of period	21,149
Cash and cash equivalents at end of period	23,936