



Consolidated Earning Results for the Second Quarter ended September 30, 2010

November 9, 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): November 12, 2010

Starting Date of Dividend Payment (Scheduled): December 10, 2010

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes

1. Consolidated Results for the Second Quarter ended September 30, 2010 (April 1, 2010 – September 30, 2010)

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Six months ended Sep. 30, 2010	30,423	5.9%	12,050	20.2%	12,117	17.0%
Six months ended Sep. 30, 2009	28,715	(21.2)%	10,026	(24.8)%	10,354	(22.6)%

	Net income		Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep. 30, 2010	6,744	16.2%	228.62	228.54
Six months ended Sep. 30, 2009	5,802	(20.0)%	189.68	—

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, 2010	146,475	120,197	81.8	4,075.79
As of March 31, 2010	142,164	118,390	83.1	3,970.03

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2010: 119,867 As of March 31, 2010: 118,146

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Annual total
Year ended March 31, 2010	—	72.50	—	95.50	168.00
Year ending March 31, 2011	—	91.00			
Year ending March 31, 2011 (Estimated)			—	102.00	193.00

Note: Revision of dividends forecast for this period: Yes

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)
For the year	61,000	1.9%	24,100	9.8%	24,300	7.9%	14,100	10.9%	482.40

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
- 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 ¥527million. The change in asset retirement obligations due to the adoption of this accounting standard and guidance amounted to ¥768 million.

Effective from the second year, the Company adopted the “Accounting standard for Business Combinations”(ASBJ statement No.21, December 26, 2008), “Accounting standard for Consolidated Financial Statements”(ASBJ statement No.22, December 26, 2008), “Partial amendments to Accounting standard for Research and Development Costs” (ASBJ statement No.23, December 26, 2008), “Accounting standard for Business Divestitures”(ASBJ statement No.7, December 26, 2008), “Accounting standard for Equity Method of Accounting for Investments”(ASBJ statement No.16, December 26, 2008), and “Guidance on Accounting standard for Business Combinations and Accounting standard for Business Divestitures”(ASBJ Guidance No.10, December 26, 2008).
 - ② Other changes: No
- (4) Number of shares issued (common shares):
- ① Number of shares issued (including treasury stock):
As of Sep. 30, 2010: 31,325,000 shares As of March 31, 2010: 32,695,982 shares
 - ② Number of treasury stock:
As of Sep. 30, 2010: 1,915,501 shares As of March 31, 2010: 2,936,474 shares
 - ③ Average number of outstanding stock for each period (cumulative term):
As of Sep. 30, 2010: 29,497,607 shares As of Sep. 30, 2009: 30,590,293 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 Second Quarter (As of Sep. 30, 2010)	FY 2009 (As of March 31, 2010)
Assets		
Current assets:		
Cash and deposits	31,319	29,681
Receivables due from member dealers at auction	9,062	5,643
Notes and accounts receivable-trade	2,497	2,885
Inventories	914	841
Other	1,775	1,254
Allowance for doubtful accounts	(91)	(84)
Total current assets	45,477	40,222
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	34,051	35,019
Land	53,082	52,812
Construction in progress	586	13
Other, net	3,804	4,358
Total property, plant and equipment	91,525	92,204
Intangible assets		
Goodwill	154	357
Other	1,132	1,140
Total intangible assets	1,286	1,498
Investments and other assets		
Investments and other assets	8,271	8,341
Allowance for doubtful accounts	(85)	(102)
Total investments and other assets	8,186	8,238
Total noncurrent assets	100,998	101,941
Total assets	146,475	142,164

(millions of yen)

	FY2010 Second Quarter (As of Sep. 30, 2010)	FY 2009 (As of March 31, 2010)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	9,813	6,454
Notes and accounts payable-trade	574	577
Short-term loans payable	249	399
Income taxes payable	4,169	4,354
Provision	498	445
Other	4,031	5,203
Total current liabilities	19,336	17,435
Noncurrent liabilities:		
Long-term loans payable	256	356
Provision	105	91
Asset retirement obligations	768	-
Other	5,811	5,889
Total noncurrent liabilities	6,940	6,337
Total liabilities	26,277	23,773
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,973	27,992
Retained earnings	99,469	95,567
Treasury stock	(12,511)	(19,382)
Total shareholders' equity	124,813	123,058
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	26	59
Revaluation reserve for land	(4,972)	(4,972)
Total valuation and translation adjustments	(4,946)	(4,912)
Subscription rights to shares	27	18
Minority interests	303	226
Total net assets	120,197	118,390
Total liabilities and net assets	146,475	142,164

(2) Consolidated Quarterly Statements of Income**[Results for the first half]**

(millions of yen)

	Six months ended Sep.30,2009	Six months ended Sep.30,2010
Net sales	28,715	30,423
Cost of sales	13,289	13,283
Gross profit	15,425	17,139
Selling, general and administrative expenses	5,399	5,089
Operating income	10,026	12,050
Non-operating income:		
Interest income	21	21
Real estate rent	79	77
Gain on valuation of compound financial instruments	165	-
Miscellaneous income	79	85
Total non-operating income	346	183
Non-operating expenses:		
Interest expenses	8	4
Rent cost of real estate	7	7
Loss on valuation of compound financial instruments	-	100
Miscellaneous loss	2	5
Total non-operating expenses	18	117
Ordinary income	10,354	12,117
Extraordinary income:		
Gain on sales of noncurrent assets	9	9
Reversal of allowance for doubtful accounts	15	22
Other	0	4
Total extraordinary income	25	37
Extraordinary losses:		
Loss on sales of noncurrent assets	8	0
Loss on retirement of noncurrent assets	24	17
Loss on valuation of investment securities	168	56
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Other	12	0
Total extraordinary losses	213	591
Income before income taxes and minority interests	10,165	11,563
Income taxes	4,382	4,742
Income before minority interests	-	6,820
Minority interests in income (loss)	(18)	76
Net income	5,802	6,744

[Results for the second quarter]

(millions of yen)

	three months ended Sep.30,2009	three months ended Sep.30,2010
Net sales	14,511	15,074
Cost of sales	6,739	6,639
Gross profit	7,772	8,434
Selling, general and administrative expenses	2,648	2,539
Operating income	5,123	5,894
Non-operating income:		
Interest income	20	20
Real estate rent	41	34
Gain on valuation of compound financial instruments	28	17
Miscellaneous income	40	54
Total non-operating income	129	126
Non-operating expenses:		
Interest expenses	4	2
Rent cost of real estate	3	3
Miscellaneous loss	1	2
Total non-operating expenses	9	8
Ordinary income	5,244	6,013
Extraordinary income:		
Gain on sales of noncurrent assets	7	6
Reversal of allowance for doubtful accounts	16	12
Other	0	4
Total extraordinary income	23	23
Extraordinary losses:		
Loss on sales of noncurrent assets	8	-
Loss on retirement of noncurrent assets	19	6
Loss on valuation of investment securities	168	-
Other	12	-
Total extraordinary losses	208	6
Income before income taxes and minority interests	5,060	6,030
Income taxes	2,234	2,536
Income before minority interests	-	3,494
Minority interests in income (loss)	(4)	(7)
Net income	2,829	3,501

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2009 Second Quarter (April 1, 2009 through Sep. 30, 2009)	FY2010 Second Quarter (April 1, 2010 through Sep. 30, 2010)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	10,165	11,563
Depreciation and other amortization	2,804	2,308
Amortization of goodwill	396	202
Increase (decrease) in allowance for doubtful accounts	(62)	(10)
Increase (decrease) in provision for bonuses	(46)	52
Increase (decrease) in provision for retirement benefits	(50)	13
Interest and dividends income	(25)	(22)
Interest expenses	8	4
Loss(gain) on valuation of investment securities	168	56
Loss (gain) on valuation of compound financial instruments	(165)	100
Loss (gain) on sales and retirement of property, plant and equipment	17	(3)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Net change in due from/to member dealers at auction	628	(58)
Decrease (increase) in notes and accounts receivable-trade	503	438
Increase (decrease) in notes and accounts payable-trade	(3)	(3)
Increase (decrease) in deposits received	(686)	(815)
Other, net	(157)	(891)
Subtotal	13,493	13,450
Interest and dividends income received	24	20
Interest expenses paid	(7)	(4)
Income taxes paid	(4,276)	(4,940)
Net cash provided by (used in) operating activities	9,234	8,526

(millions of yen)

	FY2009 Second Quarter (April 1, 2009 through Sep. 30, 2009)	FY2010 Second Quarter (April 1, 2010 through Sep. 30, 2010)
Net cash provided by (used in) investing activities:		
Decrease (increase) in time deposits	500	(600)
Purchase of property, plant and equipment	(910)	(1,031)
Proceeds from sales of property, plant and equipment	58	13
Purchase of intangible assets	(131)	(245)
Purchase of investment securities	(100)	-
Purchase of long-term prepaid expenses	(29)	(199)
Purchase of investments in subsidiaries	(59)	-
Other, net	3	(12)
Net cash provided by (used in) investing activities	(669)	(2,075)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(191)	(150)
Repayments of long-term loans payable	(404)	(99)
Proceeds from guarantee deposits received from member dealers	116	109
Repayment of guarantee deposits received from member dealers	(56)	(39)
Purchase of treasury stock	(0)	(2,147)
Cash dividends paid	(2,523)	(2,842)
Repayment of finance lease obligations	(169)	(244)
Net cash provided by (used in) financing activities	(3,229)	(5,413)
Net increase (decrease) in cash and cash equivalents	5,335	1,037
Cash and cash equivalents at beginning of period	18,445	29,681
Cash and cash equivalents at end of period	23,781	30,719

6. Note concerning significant changes in shareholders' equity

(1) Stock repurchases

The USS board of directors approved a resolution on May 11, 2010 to repurchase 350,000 shares of common stock. The purchase of these shares increased the amount of treasury stock by 2,147,386 thousand yen in the first half of the current fiscal year.

(2) Retirement of treasury stock

The USS board of directors approved a resolution on May 11, 2010 to retire treasury stock and 1,370,982 shares of common stock were subsequently retired on May 31, 2010. The retirement of these shares reduced the capital surplus and treasury stock by 9,018,319 thousand yen each in the first half of the current fiscal year.

7. Significant Subsequent Events

USS Co., Ltd. absorbed wholly owned subsidiary USS Kanto Co., Ltd. on October 1, 2010 in accordance with the announcement made on August 3, 2010. Due to the submission by shareholders who opposed this merger of requests that USS purchase their shares as stipulated in Article 797 Paragraph 1 of the Company Law, USS has made the following purchases of treasury stock.

(1) Total number of shareholders opposed to the merger	8
(2) Receipt of repurchase requests	September 29,2010
(3) Total number of shares to be repurchased	450,000 shares of common stock
(4) Total number of shares repurchased	450,000 shares of common stock
(5) Total cost of shares repurchased	2,803,500,000 yen
(6) Date of repurchase	October 22,2010
(7) Method of repurchase	Off-market trading