

Consolidated Earning Results for the Second Quarter ended September 30, 2011

November 8, 2011

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

Stock Exchanges Listings : Tokyo and Nagoya

Stock Code : 4732

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(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 10, 2011

Starting Date of Dividend Payment (Scheduled): December 9, 2011

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

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Six months ended Sep. 30, 2011	31,438	3.3%	13,314	10.5%	13,416	10.7%
Six months ended Sep. 30, 2010	30,423	5.9%	12,050	20.2%	12,117	17.0%

Note: Comprehensive Income (millions of yen): As of Sep 30, 2011: 7,919 +16.7% As of Sep 30, 2010: 6,787 -%

	Net income		Net income per share (yen)		Diluted net income per share (yen)	
Six months ended Sep. 30, 2011	7,932	17.6%	278.93		278.49	
Six months ended Sep. 30, 2010	6,744	16.2%	228.62		228.52	

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 Sep 30, 2011	148,858	120,812	80.8
As of March 31, 2011	151,636	121,947	80.2

Reference: Shareholders' equity (millions of yen): As of September 30, 2011: 120,306 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	—	110.00			
Year ending March 31, 2012 (Estimated)			—	116.00	226.00

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)	
For the year	62,600	1.9%	26,300	8.1%	26,500	7.5%	15,900	13.8%	563.79	

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

2) Number of treasury stock:

As of September 30, 2011: 3,360,771 shares As of March 31, 2011: 2,364,781 shares

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

As of September 30, 2011: 28,439,286 shares As of September 30, 2010: 29,497,607 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 Second Quarter (As of Sep 30, 2011)
Assets		
Current assets:		
Cash and deposits	30,980	30,951
Receivables due from member dealers at auction	11,151	9,756
Notes and accounts receivable-trade	2,685	2,228
Short-term investment securities	-	101
Inventories	973	957
Other	1,360	1,761
Allowance for doubtful accounts	(76)	(76)
Total current assets	47,074	45,681
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	32,002	31,109
Land	59,100	59,076
Construction in progress	23	18
Other, net	3,352	2,847
Total property, plant and equipment	94,479	93,052
Intangible assets		
Goodwill	108	63
Other	1,005	894
Total intangible assets	1,114	957
Investments and other assets		
Investments and other assets	9,074	9,268
Allowance for doubtful accounts	(105)	(101)
Total investments and other assets	8,969	9,167
Total noncurrent assets	104,562	103,177
Total assets	151,636	148,858

(millions of yen)

	FY 2010 (As of March 31, 2011)	FY2011 Second Quarter (As of Sep 30, 2011)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	11,502	11,176
Notes and accounts payable-trade	649	482
Short-term loans payable	188	118
Income taxes payable	4,932	4,677
Provision	493	555
Other	5,227	4,404
Total current liabilities	22,994	21,415
Noncurrent liabilities:		
Long-term loans payable	167	137
Provision	133	171
Asset retirement obligations	705	709
Other	5,689	5,611
Total noncurrent liabilities	6,695	6,630
Total liabilities	29,689	28,045
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,972	18,972
Retained earnings	104,012	109,020
Treasury stock	(15,310)	(21,638)
Total shareholders' equity	126,556	125,235
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	43	31
Revaluation reserve for land	(4,961)	(4,961)
Total other accumulated comprehensive income	(4,918)	(4,929)
Subscription rights to shares	31	230
Minority interests	278	276
Total net assets	121,947	120,812
Total liabilities and net assets	151,636	148,858

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

(millions of yen)

	FY2010 Second Quarter (April 1, 2010 through September 30, 2010)	FY2011 Second Quarter (April 1, 2011 through September 30, 2011)
Net sales	30,423	31,438
Cost of sales	13,283	13,084
Gross profit	17,139	18,353
Selling, general and administrative expenses	5,089	5,039
Operating income	12,050	13,314
Non-operating income		
Interest income	21	23
Real estate rent	77	85
Miscellaneous income	85	85
Total non-operating income	183	195
Non-operating expenses		
Interest expenses	4	2
Rent cost of real estate	7	8
Loss on valuation of compound financial instruments	100	72
Miscellaneous loss	5	8
Total non-operating expenses	117	92
Ordinary income	12,117	13,416
Extraordinary income:		
Gain on sales of noncurrent assets	9	29
Reversal of allowance for doubtful accounts	22	-
Other	4	-
Total extraordinary income	37	29
Extraordinary loss:		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	17	7
Loss on valuation of investment securities	56	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	516	-
Other	0	1
Total extraordinary losses	591	8

(millions of yen)

	FY2010 Second Quarter (April 1, 2010 through September 30, 2010)	FY2011 Second Quarter (April 1, 2011 through September 30, 2011)
Income before income taxes and minority interests	11,563	13,436
Income taxes	4,742	5,506
Income before minority interests	6,820	7,930
Minority interests in income	76	(1)
Net income	6,744	7,932

(Consolidated Quarterly Statements of Comprehensive Income)

(millions of yen)

	FY2010 Second Quarter (April 1, 2010 through September 30, 2010)	FY2011 Second Quarter (April 1, 2011 through September 30, 2011)
Income before minority interests	6,820	7,930
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	(11)
Total other comprehensive income	(33)	(11)
Comprehensive income	6,787	7,919
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	6,710	7,921
Comprehensive income attributable to minority interests	76	(1)

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2010 Second Quarter (April 1, 2010 through September 30, 2010)	FY2011 Second Quarter (April 1, 2011 through September 30, 2011)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	11,563	13,436
Depreciation and other amortization	2,308	2,000
Amortization of goodwill	202	45
Increase (decrease) in allowance for doubtful accounts	(10)	(4)
Increase (decrease) in provision for bonuses	52	61
Increase (decrease) in provision for retirement benefits	13	38
Interest and dividends income	(22)	(31)
Interest expenses	4	2
Loss (gain) on valuation of investment securities	56	-
Loss (gain) on valuation of compound financial instruments	100	72
Loss (gain) on sales and retirement of property, plant and equipment	(3)	(21)
Loss on adjustment for changes of accounting standard for asset retirement obligations	516	-
Net change in due from/to member dealers at auction	(58)	1,068
Decrease (increase) in notes and accounts receivable-trade	438	456
Increase (decrease) in notes and accounts payable-trade	(3)	(166)
Increase (decrease) in deposits received	(815)	(853)
Other, net	(891)	(253)
Subtotal	13,450	15,853
Interest and dividends income received	20	30
Interest expenses paid	(4)	(2)
Income taxes paid	(4,940)	(5,730)
Net cash provided by (used in) operating activities	8,526	10,150

(millions of yen)

	FY2010 Second Quarter (April 1, 2010 through September 30, 2010)	FY2011 Second Quarter (April 1, 2011 through September 30, 2011)
Net cash provided by (used in) investing activities:		
Decrease (increase) in time deposits	(600)	(3,000)
Purchase of property, plant and equipment	(1,031)	(300)
Proceeds from sales of property, plant and equipment	13	57
Purchase of intangible assets	(245)	(61)
Purchase of investment securities	-	(157)
Purchase of long-term prepaid expenses	(199)	(6)
Purchase of stocks of subsidiaries and affiliates	-	(268)
Other, net	(12)	1
Net cash provide by (used in) investing activities	(2,075)	(3,734)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(150)	-
Repayment of long-term loans payable	(99)	(99)
Proceeds from guarantee deposits received from member dealers	109	117
Repayments of guarantee deposits received from member dealers	(39)	(46)
Purchase of treasury stock	(2,147)	(6,328)
Cash dividends paid	(2,842)	(2,924)
Repayments of finance lease obligations	(244)	(163)
Net cash provided by (used in) financing activities	(5,413)	(9,445)
Net increase (decrease) in cash and cash equivalents	1,037	(3,029)
Cash and cash equivalents at beginning of period	29,681	29,280
Cash and cash equivalents at end of period	30,719	26,251

Significant Subsequent Events

(Repurchase of stock)

On November 8, 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 1,000,000
- (3) Repurchase period: November 9, 2011 to March 22, 2012
- (4) Aggregate cost of stock to be repurchased: Up to 6,800 million yen
- (5) Method of repurchase: Open market