

Consolidated Earning Results for the Second Quarter ended September 30, 2012

November 6, 2012

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

Senior Managing Director & Officer of Supervisory Office

Date of Filing of Quarterly Report (Scheduled): November 9, 2012

Starting Date of Dividend Payment (Scheduled): December 11, 2012

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, 2012 (April 1, 2012 – September 30, 2012)

(1) Consolidated Operating Results (Accumulated) (millions of yen)

	Net sales	Operating income	Ordinary income
Six months ended Sep. 30, 2012	30,944 (1.6%)	14,052 5.5%	14,256 6.3%
Six months ended Sep. 30, 2011	31,438 3.3%	13,314 10.5%	13,416 10.7%

	Net income	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep. 30, 2012	8,759 10.4%	325.42	324.78
Six months ended Sep. 30, 2011	7,932 17.6%	278.93	278.49

Note: 1. Comprehensive Income (millions of yen): As of Sep 30, 2012: 8,678 +9.6% As of Sep 30, 2011: 7,919 +16.7%

2. 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, 2012	144,066	113,968	78.8
As of March 31, 2012	154,639	121,097	78.0

Reference: Shareholders' equity (millions of yen): As of September 30, 2012: 113,469 As of March 31, 2012: 120,582

2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
Year ended March 31, 2012	—	110.00	—	134.00	244.00
Year ending March 31, 2013	—	161.50			
Year ending March 31, 2013 (Estimated)			—	140.00	301.50

Note: 1. Revision of dividends forecast for this period: Yes

2. Second quarter dividend for FY3/2013 includes 30 yen commemorative dividend.

3. Consolidated Outlook for Fiscal 2012 (April 1, 2012 – March 31, 2013) (millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
For the year	64,200 0.3%	29,000 3.7%	29,250 2.3%	17,950 5.2%	678.52

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

In conjunction with changes to the Corporation Tax Act, from the first quarter of the fiscal year ending March 31, 2013, the Company and its consolidated subsidiaries have adopted a new depreciation method for tangible fixed assets acquired on and after April 1, 2012 based on the revised law. This change will have minimal impact on income or loss.

2) Other changes in accounting principals : No

3) Changes in accounting-based estimates: Yes

Please refer 1) above.

4) Revised restatements : No

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

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

As of September 30, 2012: 31,325,000 shares As of March 31, 2012: 31,325,000 shares

2) Number of treasury stock:

As of September 30, 2012: 5,517,701 shares As of March 31, 2012: 4,128,021 shares

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

As of September 30, 2012: 26,916,450 shares As of September 30, 2011: 28,439,286 shares

Note: Number of Treasury stock as of March 31, 2012 includes 119,980 shares, and as of September 30, 2012 includes 107,880 shares held by the USS Employee Stock Ownership Plan Trust.

*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 2011 (As of March 31, 2012)	FY2012 Second Quarter (As of Sep 30, 2012)
Assets		
Current assets:		
Cash and deposits	36,840	28,440
Receivables due from member dealers at auction	11,635	11,345
Notes and accounts receivable-trade	2,734	2,371
Short-term investment securities	100	425
Inventories	962	884
Other	1,522	1,680
Allowance for doubtful accounts	(63)	(58)
Total current assets	53,731	45,088
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	29,762	28,715
Land	58,873	58,183
Construction in progress	9	17
Other, net	2,328	1,949
Total property, plant and equipment	90,974	88,865
Intangible assets		
Goodwill	17	23
Other	847	787
Total intangible assets	865	811
Investments and other assets		
Investments and other assets	9,156	9,384
Allowance for doubtful accounts	(87)	(84)
Total investments and other assets	9,068	9,300
Total noncurrent assets	100,908	98,977
Total assets	154,639	144,066

(millions of yen)

	FY 2011 (As of March 31, 2012)	FY2012 Second Quarter (As of Sep 30, 2012)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	13,154	13,232
Notes and accounts payable-trade	560	479
Short-term loans payable	93	93
Income taxes payable	5,900	4,296
Provision	534	515
Other	6,083	4,561
Total current liabilities	26,326	23,179
Noncurrent liabilities:		
Long-term loans payable	1,174	1,027
Provision	155	54
Asset retirement obligations	683	683
Other	5,202	5,153
Total noncurrent liabilities	7,215	6,918
Total liabilities	33,541	30,097
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,972	18,957
Retained earnings	115,066	120,180
Treasury stock	(27,110)	(39,267)
Total shareholders' equity	125,809	118,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	37
Revaluation reserve for land	(5,320)	(5,319)
Total accumulated other comprehensive income	(5,227)	(5,281)
Subscription rights to shares	230	237
Minority interests	284	260
Total net assets	121,097	113,968
Total liabilities and net assets	154,639	144,066

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

(millions of yen)

	FY2011 Second Quarter (April 1, 2011 through Sep 30, 2011)	FY2012 Second Quarter (April 1, 2012 through Sep 30, 2012)
Net sales	31,438	30,944
Cost of sales	13,084	12,311
Gross profit	18,353	18,632
Selling, general and administrative expenses	5,039	4,580
Operating income	13,314	14,052
Non-operating income		
Interest income	23	6
Real estate rent	85	201
Miscellaneous income	85	99
Total non-operating income	195	306
Non-operating expenses		
Interest expenses	2	3
Rent cost of real estate	8	32
Loss on valuation of compound financial instruments	72	54
Miscellaneous loss	8	12
Total non-operating expenses	92	102
Ordinary income	13,416	14,256
Extraordinary income:		
Gain on sales of noncurrent assets	29	10
Total extraordinary income	29	10
Extraordinary loss:		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	7	16
Other	1	-
Total extraordinary losses	8	17

(millions of yen)

	FY2011 Second Quarter (April 1, 2011 through Sep 30, 2011)	FY2012 Second Quarter (April 1, 2012 through Sep 30, 2012)
Income before income taxes and minority interests	13,436	14,250
Income taxes	5,506	5,515
Income before minority interests	7,930	8,734
Minority interests in loss	(1)	(24)
Net income	7,932	8,759

(Consolidated Quarterly Statements of Comprehensive Income)

(millions of yen)

	FY2011 Second Quarter (April 1, 2011 through Sep 30, 2011)	FY2012 Second Quarter (April 1, 2012 through Sep 30, 2012)
Income before minority interests	7,930	8,734
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(56)
Total other comprehensive income	(11)	(56)
Comprehensive income	7,919	8,678
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	7,921	8,702
Comprehensive income attributable to minority interests	(1)	(24)

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2011 Second Quarter (April 1, 2011 through Sep 30, 2011)	FY2012 Second Quarter (April 1, 2012 through Sep 30, 2012)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	13,436	14,250
Depreciation and other amortization	2,000	1,710
Amortization of goodwill	45	(6)
Increase (decrease) in allowance for doubtful accounts	(4)	(8)
Increase (decrease) in provision for bonuses	61	(19)
Increase (decrease) in provision for retirement benefits	38	(101)
Interest and dividends income	(31)	(13)
Interest expenses	2	3
Loss (gain) on valuation of compound financial instruments	72	54
Loss (gain) on sales and retirement of property, plant and equipment	(21)	6
Net change in due from/to member dealers at auction	1,068	367
Decrease (increase) in notes and accounts receivable-trade	456	363
Increase (decrease) in notes and accounts payable-trade	(166)	(80)
Increase (decrease) in deposits received	(853)	(1,002)
Other, net	(253)	(647)
Subtotal	15,853	14,875
Interest and dividends income received	30	15
Interest expenses paid	(2)	(3)
Income taxes paid	(5,730)	(6,941)
Net cash provided by (used in) operating activities	10,150	7,945

(millions of yen)

	FY2011 Second Quarter (April 1, 2011 through Sep 30, 2011)	FY2012 Second Quarter (April 1, 2012 through Sep 30, 2012)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(3,000)	6,100
Purchase of property, plant and equipment	(300)	(254)
Proceeds from sales of property, plant and equipment	57	21
Purchase of intangible assets	(61)	(73)
Purchase of investment securities	(157)	-
Proceeds from redemption of investment securities	-	100
Purchase of long-term prepaid expenses	(6)	(7)
Purchase of stocks of subsidiaries and affiliates	(268)	-
Other, net	1	(28)
Net cash provide by (used in) investing activities	(3,734)	5,857
Net cash provided by (used in) financing activities:		
Repayment of long-term loans payable	(99)	(146)
Proceeds from guarantee deposits received from member dealers	117	119
Repayments of guarantee deposits received from member dealers	(46)	(38)
Purchase of treasury stock	(6,328)	(12,309)
Proceeds from sales of treasury stock	-	101
Cash dividends paid	(2,924)	(3,644)
Repayments of finance lease obligations	(163)	(186)
Other, net	-	0
Net cash provided by (used in) financing activities	(9,445)	(16,103)
Net increase (decrease) in cash and cash equivalents	(3,029)	(2,300)
Cash and cash equivalents at beginning of period	29,280	28,540
Cash and cash equivalents at end of period	26,251	26,240