



Consolidated Earning Results for the Third Quarter ended December 31, 2010

February 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): February 14, 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 Third Quarter ended December 31, 2010 (April 1, 2010 – December 31, 2010)

(1) Consolidated Operating Results (Accumulated)

(millions of yen)

	Net sales		Operating income		Ordinary income	
Nine months ended Dec. 31, 2010	45,164	3.7%	17,707	13.4%	17,904	11.8%
Nine months ended Dec. 31, 2009	43,572	(15.9)%	15,615	(12.3)%	16,016	(9.5)%

	Net income		Net income per share (yen)	Diluted net income per share (yen)
Nine months ended Dec. 31, 2010	10,606	17.0%	361.78	361.58
Nine months ended Dec. 31, 2009	9,064	(4.2)%	297.10	297.09

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 Dec. 31, 2010	134,920	118,606	87.7	4,084.01
As of March 31, 2010	142,164	118,390	83.1	3,970.03

Reference: Shareholders' equity (millions of yen): As of Dec. 31, 2010: 118,270 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: No

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: No

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 ¥16million, and income before income taxes decreased by ¥533million. The change in asset retirement obligations due to the adoption of this accounting standard and guidance amounted to ¥769 million.

Effective from the third quarter, 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 Dec. 31, 2010: 31,325,000 shares As of March 31, 2010: 32,695,982 shares
 - ② Number of treasury stock:
As of Dec. 31, 2010: 2,365,501 shares As of March 31, 2010: 2,936,474 shares
 - ③ Average number of outstanding stock for each period (cumulative term):
As of Dec. 31, 2010: 29,318,238 shares As of Dec. 31, 2009: 30,510,798 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 Third Quarter (As of Dec. 31, 2010)	FY 2009 (As of March 31, 2010)
Assets		
Current assets:		
Cash and deposits	26,316	29,681
Receivables due from member dealers at auction	2,351	5,643
Notes and accounts receivable-trade	2,167	2,885
Inventories	910	841
Other	2,090	1,254
Allowance for doubtful accounts	(77)	(84)
Total current assets	33,759	40,222
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	33,428	35,019
Land	53,883	52,812
Construction in progress	867	13
Other, net	3,531	4,358
Total property, plant and equipment	91,710	92,204
Intangible assets		
Goodwill	131	357
Other	1,071	1,140
Total intangible assets	1,203	1,498
Investments and other assets		
Investments and other assets	8,352	8,341
Allowance for doubtful accounts	(105)	(102)
Total investments and other assets	8,246	8,238
Total noncurrent assets	101,160	101,941
Total assets	134,920	142,164

(millions of yen)

	FY2010 Third Quarter (As of Dec. 31, 2010)	FY 2009 (As of March 31, 2010)
Liabilities		
Current liabilities:		
Payables due to member dealers at auction	2,347	6,454
Notes and accounts payable-trade	480	577
Short-term loans payable	299	399
Income taxes payable	2,509	4,354
Provision	238	445
Other	3,617	5,203
Total current liabilities	9,493	17,435
Noncurrent liabilities:		
Long-term loans payable	206	356
Provision	124	91
Asset retirement obligations	703	-
Other	5,785	5,889
Total noncurrent liabilities	6,819	6,337
Total liabilities	16,313	23,773
Net assets		
Shareholders' equity		
Capital stock	18,881	18,881
Capital surplus	18,973	27,992
Retained earnings	100,656	95,567
Treasury stock	(15,315)	(19,382)
Total shareholders' equity	123,196	123,058
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	46	59
Revaluation reserve for land	(4,972)	(4,972)
Total valuation and translation adjustments	(4,925)	(4,912)
Subscription rights to shares	30	18
Minority interests	304	226
Total net assets	118,606	118,390
Total liabilities and net assets	134,920	142,164

(2) Consolidated Quarterly Statements of Income**[Results for the Third quarter]**

(millions of yen)

	Nine months ended Dec.31,2009	Nine months ended Dec.31,2010
Net sales	43,572	45,164
Cost of sales	19,911	19,881
Gross profit	23,661	25,283
Selling, general and administrative expenses	8,045	7,575
Operating income	15,615	17,707
Non-operating income:		
Interest income	23	24
Real estate rent	117	111
Gain on valuation of compound financial instruments	186	-
Miscellaneous income	102	120
Total non-operating income	431	256
Non-operating expenses:		
Interest expenses	11	6
Rent cost of real estate	11	11
Loss on valuation of compound financial instruments	-	33
Miscellaneous loss	7	8
Total non-operating expenses	30	59
Ordinary income	16,016	17,904
Extraordinary income:		
Gain on sales of noncurrent assets	32	12
Reversal of allowance for doubtful accounts	34	46
Other	1	5
Total extraordinary income	68	64
Extraordinary losses:		
Loss on sales of noncurrent assets	8	0
Loss on retirement of noncurrent assets	43	29
Loss on valuation of investment securities	168	56
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Other	26	0
Total extraordinary losses	247	602
Income before income taxes and minority interests	15,837	17,365
Income taxes	6,769	6,680
Income before minority interests	-	10,685
Minority interests in income	3	78
Net income	9,064	10,606

[Results for the Third quarter]

(millions of yen)

	three months ended Dec.31,2009	three months ended Dec.31,2010
Net sales	14,857	14,741
Cost of sales	6,621	6,598
Gross profit	8,235	8,143
Selling, general and administrative expenses	2,652	2,496
Operating income	5,582	5,646
Non-operating income:		
Interest income	1	2
Real estate rent	38	34
Gain on valuation of compound financial instruments	20	66
Miscellaneous income	23	35
Total non-operating income	84	139
Non-operating expenses:		
Interest expenses	2	1
Rent cost of real estate	3	3
Miscellaneous loss	5	2
Total non-operating expenses	11	8
Ordinary income	5,655	5,777
Extraordinary income:		
Gain on sales of noncurrent assets	23	2
Reversal of allowance for doubtful accounts	26	33
Other	0	0
Total extraordinary income	50	36
Extraordinary losses:		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	19	11
Loss on cancellation of leasehold contracts	12	-
Other	1	-
Total extraordinary losses	33	11
Income before income taxes and minority interests	5,671	5,802
Income taxes	2,386	1,938
Income before minority interests	-	3,864
Minority interests in income	22	1
Net income	3,262	3,862

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2009 Third Quarter (April 1, 2009 through Dec. 31, 2009)	FY2010 Third Quarter (April 1, 2010 through Dec. 31, 2010)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	15,837	17,365
Depreciation and other amortization	4,216	3,485
Amortization of goodwill	596	225
Increase (decrease) in allowance for doubtful accounts	(71)	(4)
Increase (decrease) in provision for bonuses	(315)	(207)
Increase (decrease) in provision for retirement benefits	(43)	33
Interest and dividends income	(27)	(27)
Interest expenses	11	6
Loss(gain) on valuation of investment securities	168	56
Loss (gain) on valuation of compound financial instruments	(186)	33
Loss (gain) on sales and retirement of property, plant and equipment	(3)	5
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	516
Net change in due from/to member dealers at auction	(96)	(814)
Decrease (increase) in notes and accounts receivable-trade	629	769
Increase (decrease) in notes and accounts payable-trade	(110)	(97)
Increase (decrease) in deposits received	(927)	(1,133)
Other, net	311	(831)
Subtotal	19,988	19,381
Interest and dividends income received	26	26
Interest expenses paid	(9)	(6)
Income taxes paid	(8,222)	(9,088)
Net cash provided by (used in) operating activities	11,782	10,312

(millions of yen)

	FY2009 Third Quarter (April 1, 2009 through Dec. 31, 2009)	FY2010 Third Quarter (April 1, 2010 through Dec. 31, 2010)
Net cash provided by (used in) investing activities:		
Decrease (increase) in time deposits	(350)	(700)
Purchase of property, plant and equipment	(986)	(2,292)
Proceeds from sales of property, plant and equipment	137	17
Purchase of intangible assets	(167)	(277)
Purchase of investment securities	(150)	-
Purchase of long-term prepaid expenses	(29)	(215)
Purchase of investments in subsidiaries	(59)	(7)
Other, net	(15)	11
Net cash provided by (used in) investing activities	(1,621)	(3,464)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(300)	(100)
Repayments of long-term loans payable	(455)	(149)
Proceeds from guarantee deposits received from member dealers	166	158
Repayment of guarantee deposits received from member dealers	(89)	(57)
Purchase of treasury stock	(2,496)	(4,950)
Cash dividends paid	(4,741)	(5,518)
Repayment of finance lease obligations	(226)	(295)
Net cash provided by (used in) financing activities	(8,143)	(10,913)
Net increase (decrease) in cash and cash equivalents	2,017	(4,064)
Cash and cash equivalents at beginning of period	18,445	29,681
Cash and cash equivalents at end of period	20,463	25,616

6. Note concerning significant changes in shareholders' equity

(1) Stock repurchases

The Board of Directors of USS Co., Ltd. on May 11, 2010 approved a resolution 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 three quarters of the current fiscal year.

USS Co., Ltd. on October 1, 2010 absorbed USS Kanto Co., Ltd., its wholly owned subsidiary, in an absorption-type merger. The Company received requests for repurchase of shares from shareholders dissenting to this merger in accordance with Article 797, Paragraph 1, of the Company Act, and repurchased 450,000 shares of common stock in response to the requests. As a result, treasury stock increased by 2,803,500 thousand yen in the first three quarters of the current fiscal year.

(2) Retirement of treasury stock

The Board of Directors of USS Co., Ltd. on May 11, 2010 approved a resolution to retire treasury stock. Subsequently, 1,370,982 shares of common stock were 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 three quarters of the current fiscal year.