

Growth Scenario 5: Enlarge Profit Zones through Exploration of New Business Frontiers

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Accelerating Leadership Growth

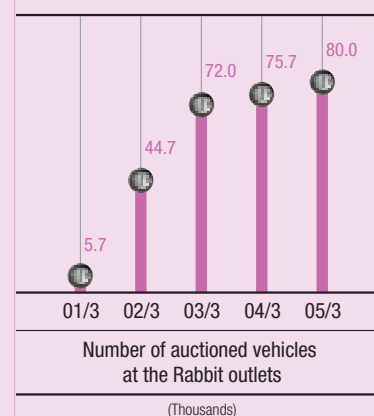
The Rabbit chain of used vehicle purchasing agencies boasts a nationwide network of **446 locations**, which are run primarily by franchisees. USS aims to enlarge its profit zones by expanding its spheres of activity into the downstream and upstream operations of the used vehicle auction business, which remains USS' core area.

Rabbit Used Vehicle Purchasing Agencies

USS entered the upstream business in July 2001 when it acquired Rabbit

Japan, a nationwide franchiser of used vehicle purchasing agencies. The entry into the upstream market of the used vehicle distribution scheme has strategic importance, because it allows USS to secure a flow of quality used vehicles available for

its auctions. TV commercials have boosted Rabbit's visibility, as evidenced by the growing number of visitors and requests for appraisal.



CarBankNet

In November 1999, USS established USS CarBankNet Co., Ltd. (later renamed CAR QUEST Co., Ltd.), to launch Internet-based auction



information services. CAR QUEST operates (1) the CarBankNet site, where its members are allowed to access information on USS auction sites, and (2) the Used Car Bazaar site, designed to disseminate information to general consumers on the vehicles put up for USS' auctions. As of March 2005, 12,286 firms were signed up as members. USS plans to boost the functionality of CarBankNet, to build it into one of Japan's largest portals with a comprehensive range of information on used vehicles.

Five-Year Consolidated Financial Summary

USS Co., Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2005, 2004, 2003, 2002 and 2001

	Millions of Yen					Percentage Change	Thousands of U.S. Dollars
	2005	2004	2003	2002	2001	2005/2004	2005
For the year:							
Operating revenues	¥ 50,484	¥ 42,426	¥ 33,820	¥ 26,009	¥ 21,623	19.0%	\$471,813
Operating income	20,673	18,017	15,336	11,345	8,837	14.7	193,206
Income before income taxes and minority interests.....	20,612	16,175	13,727	10,061	8,302	27.4	192,636
Income taxes	8,603	6,983	5,909	4,302	3,572	23.2	80,402
Less, minority interests in net income of consolidated subsidiaries	194	285	173	269	237	-31.9	1,813
Net income	11,815	8,907	7,645	5,490	4,493	32.6	110,421
Capital expenditures	19,142	17,900	15,313	17,136	6,662	6.9	178,897
Depreciation and amortization	2,969	1,837	1,804	1,793	1,691	57.9	27,747
Net cash provided by operating activities.....	16,297	11,188	12,310	8,482	8,021	45.7	152,309
Net cash used in investing activities	(18,597)	(7,744)	(16,537)	(13,226)	(14,204)	140.1	(173,803)
Net cash provided by (used in) financing activities	2,383	(3,401)	(2,225)	14,725	548	—	22,270
Cash and cash equivalents at end of year.....	15,673	15,119	15,076	21,478	11,497	3.7	146,477
At year-end:							
Shareholders' equity	84,878	67,498	43,812	34,402	32,267	25.7	793,251
Total assets	115,705	92,539	88,979	80,929	62,315	25.0	1,081,355
Number of common shares issued	31,981,969	30,815,069	27,412,942	26,825,200	26,637,600		
Number of shareholders	8,011	4,484	3,521	2,602	4,384		
Number of employees.....	933	785	685	395	380		
Temporary and part-time staff.....	443	392	332	285	226		
Ratios:							
Return on equity (ROE) (%)	15.5	16.0	19.5	16.5	15.0		
Equity ratio (%).....	73.4	72.9	49.3	42.5	51.8		
Yen							
U.S. Dollars							
Per share:							
Net income:							
Basic	¥ 377.69	¥ 300.72	¥ 279.47	¥ 204.29	¥ 168.68		\$ 3.53
Diluted	366.03	277.76	242.85	187.63	168.68		3.42
Cash dividends	65.00	50.00	40.00	30.00	20.00		0.61
Shareholders' equity	2,652.32	2,189.02	1,596.96	1,282.45	1,211.32		24.79

Notes: 1. The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥107=US\$1, the approximate rate of exchange at March 31, 2005.
2. Net income per share has been computed based on the weighted-average number of shares outstanding during each period.

