

Consolidated Earning Results for Fiscal 2002

May 26, 2003

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

Stock Exchanges Listings: Tokyo and Nagoya

Stock Code: 4732

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1. Consolidated Results for Fiscal 2002 (April 1, 2002 – March 31, 2003)

(1) Consolidated Operating Results

(millions of yen)

	Operating revenues	Operating income	Recurring profit
Year ended March 31, 2003	33,819	15,335	15,382
Year ended March 31, 2002	26,008	11,345	10,859

	Net income	Net income per share (yen)	Diluted net income per share (yen)	Return on equity (%)	Recurring profit on equity (%)	Recurring profit margin (%)
Year ended March 31, 2003	7,645	279.47	242.85	19.5	18.1	45.5
Year ended March 31, 2002	5,489	205.68	188.90	16.5	15.2	41.8

(2) Consolidated Financial Position

(millions of yen)

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2003	88,979	43,812	49.3	1,596.96
As of March 31, 2002	80,929	34,402	42.5	1,282.45

(3) Consolidated Cash Flows

(millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Year ended March 31, 2003	12,310	(16,537)	(2,224)	15,075
Year ended March 31, 2002	8,481	(13,226)	14,725	21,477

(4) Information Regarding Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 12

Non-consolidated subsidiaries accounted for by the equity method: 0

Affiliates accounted for by the equity method: 1

(5) Change in Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries

New: 4

Excluded: 0

Subsidiaries and Affiliates accounted for by the equity method

New: 0

Excluded: 0

2. Consolidated Outlook for Fiscal 2003(April 1, 2003 – March 31, 2004)

(millions of yen)

	Operating revenues	Recurring profit	Net income
Interim	18,500	7,900	3,300
For the year	40,000	16,700	8,200

Reference: Projected net income per share for the year: ¥297.81

Consolidated Financial Statements

1. Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2003		As of March 31, 2002	
		%		%
Assets				
Current assets:				
Cash and cash equivalents	15,356		21,477	
Receivables due from member dealers at auction	7,577		8,839	
Trade accounts receivables	427		328	
Inventories	271		216	
Prepaid expenses	111		108	
Deferred tax assets	901		381	
Other current assets	503		342	
Allowance for doubtful accounts	(64)		(71)	
Total current assets	25,084	28.2	31,622	39.1
Fixed assets:				
Property and equipment				
Buildings and structures	12,032		11,986	
Vehicles and other transport equipment	125		96	
Machinery tools and other equipment	1,041		1,181	
Land	39,520		26,541	
Construction in progress	4,574		3,880	
Total property and equipment	57,293	64.4	43,687	54.0
Intangible assets				
Excess of cost of investments in consolidated subsidiaries over the fair value of net assets	374		162	
Other intangible assets	688		735	
Total intangible assets	1,063	1.2	897	1.1
Investments and other assets				
Investment securities	1,150		1,256	
Long-term loans	31		-	
Long-term prepaid expenses	149		254	

(millions of yen)

	As of March 31, 2003		As of March 31, 2002	
Deferred tax assets	653	%	310	%
Deferred tax assets for revaluation	2,157		2,228	
Other investments and assets	1,676		705	
Allowance for doubtful accounts	(280)		(34)	
Total investments and other assets	5,537	6.2	4,721	5.8
Total property and equipment	63,894	71.8	49,307	60.9
Total assets	88,979	100.0	80,929	100.0

(millions of yen)

	As of March 31, 2003		As of March 31, 2002	
		%		%
Liabilities, Minority Interests and Shareholders' Equity				
Current liabilities:				
Payables due to member dealers at auction	6,284		8,638	
Bonds payable due within one year	-		568	
Short-term borrowings	3,547		2,080	
Income taxes payables	4,612		2,342	
Deposits received	2,043		1,782	
Allowance for bonus	200		147	
Other current liabilities	2,859		2,052	
Total current liabilities	19,548	22.0	17,612	21.8
Long-term debt:				
Bond	300		-	
Convertible bond	18,327		20,000	
Long-term borrowings	3,404		6,209	
Employee retirement benefit liability	101		85	
Accrued severance indemnities for officers	296		-	
Allowance for loss on contingency	59		-	
Guarantee deposits received from member dealers	2,565		2,301	
Total long-term debt	25,054	28.1	28,596	35.3
Total liabilities	44,603	50.1	46,209	57.1
Minority interests in consolidated subsidiaries:				
Minority interests in consolidated subsidiaries	564	0.6	318	0.4

(millions of yen)

	As of March 31, 2003		As of March 31, 2002	
Shareholders' equity:		%		%
Common stock	7,655	8.6	6,348	7.8
Additional paid-in capital	11,617	13.1	10,287	12.7
Land revaluation decrement	(3,207)	(3.6)	(3,136)	(3.9)
Retained earnings	27,761	31.2	21,102	26.1
Net unrealized loss on available-for-sale securities	(8)	(0)	(199)	(0.2)
Treasury stock	(5)	(0)	(0)	(0)
Total shareholders' equity	43,812	49.3	34,402	42.5
Total liabilities, minority interests and shareholders' equity	88,979	100.0	80,929	100.0

2 . Consolidated Statements of Income

(millions of yen)

	Year Ended March 31, 2003		Year Ended March 31, 2002	
		%		%
Operating revenues	33,819	100.0	26,008	100.0
Costs of revenues	11,543	34.1	9,011	34.6
Gross profit	22,276	65.9	16,996	65.4
Selling, general and administrative expenses:	6,940	20.5	5,651	21.7
Advertising	1,236		1010	
Sales promotion expenses	1,120		910	
Provision for doubtful accounts	74		34	
Remuneration for directors and statutory auditors	271		314	
Employee salaries and bonuses	1,633		982	
Provision for bonuses	108		69	
Depreciation	252		249	
Taxation	271		720	
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets	120		82	
Others	1,850		1,277	
Operating income	15,335	45.4	11,345	43.7
Non-operating Income:	348	1.0	246	0.9
Interest and dividend income	8		8	
Lease of real estate	70		40	
Compensation received	28		31	
Car washing earned	23		24	
Commission earned	92		-	
Other income	124		140	
Non-operating Expenses:	301	0.9	732	2.8
Interest expenses	138		196	
Fees on syndicated loans	34		17	

(millions of yen)

	Year Ended March 31, 2003		Year Ended March 31, 2002	
		%		%
Bond issuance expenses	8		423	
Equity in loss of affiliated company	17		9	
Other expenses	102		84	
Recurring profit	15,382	45.5	10,859	41.8
Extraordinary gains:	56	0.2	109	0.4
Gain on sales of property and equipment	1		1	
Gain from equity share fluctuation in consolidated subsidiary	-		39	
Gain on forfeiture of warrants	0		18	
Reversal of allowance for doubtful accounts	17		38	
Gain from forgiveness of debt	37		-	
Gain on prior year adjustments	-		11	
Extraordinary losses:	1,711	5.1	907	3.5
Loss on sales of property and equipment	0		525	
Loss on disposal of property and equipment	813		8	
Severance pay for directors and statutory auditors	26		205	
Loss on write-down of investment securities	527		168	
Provision for loss on contingency	59		-	
Provision for accrued severance indemnities for officers	271		-	
Other extraordinary losses	12		-	
Income before income taxes and minority interests	13,727	40.6	10,061	38.7
Income taxes	6,805	20.1	4,455	17.1
Deferred tax	(896)	(2.6)	(153)	(0.6)
Minority interest in net income of consolidated subsidiaries	173	0.5	269	1.1
Net income	7,645	22.6	5,489	21.1

3. Statements of Consolidated Retained Earnings

(millions of yen)

	Year Ended March 31, 2003		Year Ended March 31, 2002	
Balance at beginning of period		21,102		15,909
Increase in retained earnings through merger of consolidated subsidiary into a parent company		-		417
Appropriations				
Cash dividends	949		666	
Bonuses to directors and statutory auditors	37	986	48	714
Net income		7,645		5,489
Balance at end of period		27,761		21,102

4. Consolidated Statements of Cash Flows

(millions of yen)

	Year Ended March 31, 2003	Year Ended March 31, 2002
Cash flows from operating activities:		
Income before income taxes and minority interests	13,727	10,061
Adjustments for:	1,804	1,806
Depreciation and amortization		
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets	120	82
Equity in loss of affiliated companies	17	9
Gain from equity share fluctuation in consolidated subsidiary	-	(39)
Gain on forfeiture of warrants	(0)	(18)
Gain from forgiveness of debt	(37)	-
Increase (decrease) in allowance for doubtful accounts	130	(72)
Increase in allowance for bonus	27	11
Increase in employee retirement benefit liability	15	29
Increase in accrued severance indemnities for officers	296	-
Increase in allowance for loss on contingency	59	-
Interest and dividend income	(9)	(8)
Interest expense	138	196
Bond-issuing expenses	8	423
Loss on write-down of investment securities	527	168
Loss on sale and disposal of property and equipment	757	532
Loss on sale and disposal of intangible assets	55	-
Net change in due from/to member dealers at auction	(1,091)	(385)
Decrease in trade accounts receivable	130	88
Increase in deposits received	229	79
Bonuses paid to directors and statutory auditors	(39)	(48)

(millions of yen)

	Year Ended March 31, 2003	Year Ended March 31, 2002
Other,net	182	335
Sub-total	17,051	13,251
Interest and dividend received	9	8
Interest paid	(139)	(198)
Income taxes paid	(4,611)	(4,579)
Net cash provided by operating activities	12,310	8,481
Cash flows from investing activities		
Net increase(decrease) in time deposits	(781)	98
Acquisition of property and equipment	(15,220)	(12,965)
Proceeds from sale of property and equipment	3	7
Purchase of intangible assets	(219)	(131)
Proceeds from sale of intangible assets	0	1
Payments for purchase of investment securities	(223)	(225)
Proceeds from sale of investment securities	4	-
Increase in long-term prepaid expenses	(26)	(128)
Purchase of shares of newly consolidated subsidiary	(16)	(59)
Other, net	(59)	176
Net cash used in investing activities	(16,537)	(13,226)

(millions of yen)

	Year Ended March 31, 2003	Year Ended March 31, 2002
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	33	(1,401)
Proceeds from long-term debt	166	1,450
Repayments of long-term debt	(2,380)	(3,941)
Proceeds from guarantee deposits received from member dealers	1,118	242
Repayment of guarantee deposits received from member dealers	(891)	(55)
Issuance of bonds	291	19,576
Redemption of bonds	(568)	(712)
Issuance of new shares	963	39
Proceeds from issuance of shares of consolidated subsidiary	-	193
Payments for the purchases of treasury stock	(5)	(0)
Dividends paid	(951)	(666)
Net cash (used in)provided by financing activities	(2,224)	14,725
Increase (decrease) in cash and cash equivalents	(6,452)	9,981
Cash and cash equivalents at beginning of period	21,477	11,496
Increase in cash and cash equivalents upon inclusion of subsidiary on consolidation	50	-
Cash and cash equivalents at end of period	15,075	21,477