



Consolidated Earning Results for Fiscal 2003

May 17, 2004

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

Stock Exchanges Listings: Tokyo and Nagoya

Stock Code: 4732

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President: Futoshi Hattori

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Executive Officer

General Manager Finance Department

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

(1) Consolidated Operating Results

(millions of yen)

	Operating revenues	Operating income	Recurring profit
Year ended March 31, 2004	42,425	18,017	18,207
Year ended March 31, 2003	33,819	15,335	15,382

	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, 2004	8,907	300.72	277.76	16.0	20.1	42.9
Year ended March 31, 2003	7,645	279.47	242.85	19.5	18.1	45.5

(2) Consolidated Financial Position

(millions of yen)

	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2004	92,538	67,497	72.9	2,189.02
As of March 31, 2003	88,979	43,812	49.3	1,596.96

(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, 2004	11,187	(7,743)	(3,400)	15,119
Year ended March 31, 2003	12,310	(16,537)	(2,224)	15,075

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

Consolidated subsidiaries: 14

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: 2

Excluded: 0

Subsidiaries and Affiliates accounted for by the equity method

New: 0

Excluded: 0

2. Consolidated Outlook for Fiscal 2004(April 1, 2004 – March 31, 2005)

(millions of yen)

	Operating revenues	Recurring profit	Net income
Interim	23,000	9,950	5,450
For the year	48,300	19,750	10,330

Reference: Projected net income per share for the year: ¥333.76

Consolidated Financial Statements
1. Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2004		As of March 31, 2003	
Assets		%		%
Current assets:				
Cash and cash equivalents	15,168		15,356	
Receivables due from member dealers at auction	5,344		7,577	
Trade accounts receivables	451		427	
Inventories	492		271	
Prepaid expenses	262		111	
Deferred tax assets	726		901	
Other current assets	687		503	
Allowance for doubtful accounts	(73)		(64)	
Total current assets	23,061	24.9	25,084	28.2
Fixed assets:				
Property and equipment				
Buildings and structures	18,333		12,032	
Vehicles and other transport equipment	118		125	
Machinery tools and other equipment	1,604		1,041	
Land	38,077		39,520	
Construction in progress	3,319		4,574	
Total property and equipment	61,454	66.4	57,293	64.4
Intangible assets				
Excess of cost of investments in consolidated subsidiaries over the fair value of net assets	271		374	
Other intangible assets	720		688	
Total intangible assets	992	1.1	1,063	1.2
Investments and other assets				
Investment securities	1,509		1,150	
Long-term loans	-		31	
Long-term prepaid expenses	189		149	

(millions of yen)

	As of March 31, 2004		As of March 31, 2003	
		%		%
Deferred tax assets	588		653	
Deferred tax assets for revaluation	3,461		2,157	
Other investments and assets	1,753		1,676	
Allowance for doubtful accounts	(472)		(280)	
Total investments and other assets	7,030	7.6	5,537	6.2
Total property and equipment	69,477	75.1	63,894	71.8
Total assets	92,538	100.0	88,979	100.0

(millions of yen)

	As of March 31, 2004		As of March 31, 2003	
Liabilities, Minority Interests and Shareholders' Equity		%		%
Current liabilities:				
Payables due to member dealers at auction	4,828		6,284	
Bonds payable due within one year	100		-	
Short-term borrowings	1,683		3,547	
Income taxes payables	4,777		4,612	
Deposits received	1,194		2,043	
Allowance for bonus	254		200	
Other current liabilities	2,633		2,859	
Total current liabilities	15,472	16.7	19,548	22.0
Long-term debt:				
Bond	200		300	
Convertible bond	3,688		18,327	
Long-term borrowings	1,660		3,404	
Employee retirement benefit liability	98		101	
Accrued severance indemnities for officers	320		296	
Allowance for loss on contingency	52		59	
Guarantee deposits received from member dealers	2,793		2,565	
Total long-term debt	8,812	9.6	25,054	28.1
Total liabilities	24,284	26.3	44,603	50.1
Minority interests in consolidated subsidiaries:				
Minority interests in consolidated subsidiaries	756	0.8	564	0.6

(millions of yen)

	As of March 31, 2004		As of March 31, 2003	
Shareholders' equity:		%		%
Common stock	15,600	16.8	7,655	8.6
Additional paid-in capital	19,589	21.2	11,617	13.1
Retained earnings	37,264	40.3	27,761	31.2
Land revaluation decrement	(5,147)	(5.6)	(3,207)	(3.6)
Net unrealized loss on available-for-sale securities	198	0.2	(8)	(0.0)
Treasury stock	(8)	(0.0)	(5)	(0.0)
Total shareholders' equity	67,497	72.9	43,812	49.3
Total liabilities, minority interests and shareholders' equity	92,538	100.0	88,979	100.0

2 . Consolidated Statements of Income

(millions of yen)

	Year Ended March 31, 2004		Year Ended March 31, 2003	
		%		%
Operating revenues	42,425	100.0	33,819	100.0
Costs of revenues	15,305	36.1	11,543	34.1
Gross profit	27,120	63.9	22,276	65.9
Selling, general and administrative expenses:	9,103	21.4	6,940	20.5
Advertising	1,333		1,236	
Sales promotion expenses	1,222		1,120	
Provision for doubtful accounts	221		74	
Remuneration for directors and statutory auditors	275		271	
Employee salaries and bonuses	2,503		1,633	
Provision for bonuses	150		108	
Depreciation	224		252	
Taxation	527		271	
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets	100		120	
Others	2,543		1,850	
Operating income	18,017	42.5	15,335	45.4
Non-operating Income:	443	1.0	348	1.0
Interest and dividend income	6		8	
Lease of real estate	85		70	
Cancellation of insurance contract	50		-	
Compensation received	19		28	
Car washing earned	8		23	
Commission earned	103		92	
Equity in gain of affiliated company	0		-	
Other income	168		124	
Non-operating Expenses:	253	0.6	301	0.9
Interest expenses	100		138	
Fees on syndicated loans	88		34	

(millions of yen)

	Year Ended March 31, 2004		Year Ended March 31, 2003	
		%		%
Bond issuance expenses	-		8	
Equity in loss of affiliated company	-		17	
Other expenses	64		102	
Recurring profit	18,207	42.9	15,382	45.5
Extraordinary gains:	82	0.2	56	0.2
Gain on sales of property and equipment	45		1	
Gain on forfeiture of warrants	1		0	
Reversal of allowance for doubtful accounts	20		17	
Gain from forgiveness of debt	-		37	
Reversal of allowance for loss on contingency	7		-	
Gain on prior year adjustments	7		-	
Extraordinary losses:	2,114	5.0	1,711	5.1
Loss on sales of property and equipment	1,501		0	
Loss on disposal of property and equipment	548		813	
Severance pay for directors and statutory auditors	29		26	
Provision for accrued severance indemnities for officers	-		271	
Loss on write-down of investment securities	30		527	
Provision for loss on contingency	-		59	
Other extraordinary losses	4		12	
Income before income taxes and minority interests	16,175	38.1	13,727	40.6
Income taxes	8,187	19.3	6,805	20.1
Deferred tax	(1,204)	(2.8)	(896)	(2.6)
Minority interest in net income of consolidated subsidiaries	284	0.6	173	0.5
Net income	8,907	21.0	7,645	22.6

3. Statements of Consolidated Retained Earnings

(millions of yen)

	Year Ended March 31, 2004		Year Ended March 31, 2003	
Balance at beginning of period		27,761		21,102
Appropriations				
Cash dividends	1,307		949	
Bonuses to directors and statutory auditors	36	1,344	37	986
Net income	8,907		7,645	
Reversal of land revaluation decrement	1,939	10,846	-	7,645
Balance at end of period		37,264		27,761

4. Consolidated Statements of Cash Flows

(millions of yen)

	Year Ended March 31, 2004	Year Ended March 31, 2003
Cash flows from operating activities:		
Income before income taxes and minority interests	16,175	13,727
Adjustments for:	1,837	1,804
Depreciation and amortization		
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets	100	120
Equity in loss of affiliated companies	(0)	17
Gain on forfeiture of warrants	(1)	(0)
Gain from forgiveness of debt	-	(37)
Increase in allowance for doubtful accounts	200	130
Increase in allowance for bonus	54	27
Increase (decrease) in employee retirement benefit liability	(3)	15
Increase (decrease) in allowance for loss on contingency	(7)	59
Increase in accrued severance indemnities for officers	23	296
Interest and dividend income	(9)	(9)
Interest expense	100	138
Bond-issuing expenses	-	8
Loss on write-down of investment securities	30	527
Loss on sale and disposal of property and equipment	1,578	757
Loss on sale and disposal of intangible assets	0	55
Net change in due from/to member dealers at auction	777	(1,091)
Increase (decrease) in trade accounts receivable	(24)	130
Increase (decrease) in deposits received	(849)	229
Bonuses paid to directors and statutory auditors	(38)	(39)

(millions of yen)

	Year Ended March 31, 2004	Year Ended March 31, 2003
Other,net	(639)	182
Sub-total	19,304	17,051
Interest and dividend received	9	9
Interest paid	(103)	(139)
Income taxes paid	(8,022)	(4,611)
Net cash provided by operating activities	11,187	12,310
Cash flows from investing activities		
Net increase(decrease) in time deposits	231	(781)
Acquisition of property and equipment	(17,825)	(15,220)
Proceeds from sale of property and equipment	10,382	3
Purchase of intangible assets	(182)	(219)
Proceeds from sale of intangible assets	0	0
Payments for purchase of investment securities	(41)	(223)
Proceeds from sale of investment securities	-	4
Increase in long-term prepaid expenses	(132)	(26)
Purchase of shares of newly consolidated subsidiary	-	(16)
Purchase of shares of consolidated subsidiary	(130)	-
Other, net	(46)	(59)
Net cash used in investing activities	(7,743)	(16,537)

(millions of yen)

	Year Ended March 31, 2004	Year Ended March 31, 2003
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(134)	33
Proceeds from long-term debt	100	166
Repayments of long-term debt	(3,574)	(2,380)
Proceeds from guarantee deposits received from member dealers	318	1,118
Repayment of guarantee deposits received from member dealers	(89)	(891)
Issuance of bonds	-	291
Redemption of bonds	-	(568)
Issuance of new shares	1,248	963
Proceeds from issuance of shares of consolidated subsidiary	44	-
Payments for the purchases of treasury stock	(2)	(5)
Dividends paid	(1,310)	(951)
Net cash (used in)provided by financing activities	(3,400)	(2,224)
Increase (decrease) in cash and cash equivalents	43	(6,452)
Cash and cash equivalents at beginning of period	15,075	21,477
Increase in cash and cash equivalents upon inclusion of subsidiary on consolidation	-	50
Cash and cash equivalents at end of period	15,119	15,075