

September 29, 2003

**USS Co., Ltd.**

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Stock Code: 4732

Stock Exchanges: 1st Section, Tokyo Stock Exchange

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**USS Revises Interim and Full-Year (Consolidated and Non-Consolidated)  
Earnings Forecasts for Year Ending March 2004**

USS Co., Ltd. wishes to serve notice that it has revised its interim and full-year earnings forecasts for the fiscal year ending March 31, 2004, as detailed below. These forecasts were announced on May 26, 2003 in USS' consolidated earnings report (*kessan tanshin*) and condensed non-consolidated financial statements for the fiscal year ended March 31, 2003.

**Revised Interim and Full-Year Consolidated Earnings Forecasts for the  
Fiscal Year Ending March 2004**

**(1) Revised Interim Consolidated Earnings Forecasts**

	(¥ millions)		
	Operating revenues	Recurring profit	Net income
Previous (A)	18,500	7,900	3,300
Revised (B)	19,550	8,800	4,650
Change (B-A)	1,050	900	1,350
Change (%)	5.7	11.4	40.9

**(2) Rationale for Revising Earnings Forecasts**

USS has upwardly revised its interim consolidated earnings forecasts on stronger-than-expected results in its auto auction business. Operating revenues

are projected at ¥19,550 million, 5.7% higher than the previous forecast, and recurring profit is projected at ¥8,800 million, 11.4% more than the previous forecast. These projections are based on strong performances at the USS Tokyo auction site and at sites run by USS subsidiaries in Sapporo, West Tokyo, Osaka and other locations. The number of vehicles handled at auctions is projected at 796,000 vehicles and contract completions are projected at 463,000 vehicles, exceeding original forecasts by 3.7% and 9.4%, respectively.

The sale of USS' held land (the former Yokohama Dreamland site) in Totsuka Ward, Yokohama was scheduled to take place in the interim period of the current fiscal year. USS had budgeted for a loss of ¥1,500 million on the sale of property and equipment in the interim period due to this sale. However, the conclusion of the real estate contract has been postponed to October 2003 at earliest. In the absence of this extraordinary loss, USS projects net income of ¥4,650 million for the interim period, 40.9% higher than the previous forecast.

During the fiscal year ended March 31, 2002, the site in Yokohama intended for sale was revalued after it was acquired by USS pursuant to land revaluation laws. USS will book a loss on the planned sale of the site because the land was revalued at a book price higher than its purchase price.

### **(3) Revised Full-year Consolidated Earnings Forecasts**

	(¥ millions)		
	Operating revenues	Recurring profit	Net income
Previous (A)	40,000	16,700	8,200
Revised (B)	41,500	17,200	8,450
Change (B-A)	1,500	500	250
Change (%)	3.8	3.0	3.0

### **(4) Rationale for Revising Earnings Forecasts**

USS has revised its consolidated earnings forecasts for the fiscal year ending March 2004 based on stronger-than-expected results in its auto auction business and a loss on sale of property and equipment carried over from the

first to the second half. USS projects operating revenues of ¥41,500 million, 3.8% higher than the previous forecast, and recurring profit of ¥17,200 million, 3.0% more than the previous forecast. In the second half of the fiscal year, although operating revenues should generally track forecasts, operating expenses, such as advertising outlays, are likely to rise faster than originally projected. Although USS expects to book a loss of ¥1,500 million on the sale of property and equipment from the sale of the USS-held land in Yokohama, net income is projected at ¥8,450 million, 3.0% higher than the previous forecast.

#### **(5) Reference: Earnings for the Fiscal Year Ended March 2003**

	(¥ millions)		
	Operating revenues	Recurring profit	Net income
Interim (April 2002 – Sept. 2002)	14,941	7,401	3,980
Full-year (April 2002 – March 2003)	33,819	15,382	7,645

#### **Revised Non-consolidated Earnings Forecasts for Year Ending March 2004**

##### **(1) Revised Interim Non-consolidated Earnings Forecasts**

	(¥ millions)		
	Operating revenues	Recurring profit	Net income
Previous (A)	10,820	6,440	2,600
Revised (B)	11,150	6,650	3,550
Change (B-A)	330	210	950
Change (%)	3.0	3.3	36.5

##### **(2) Rationale for Revising Earnings Forecasts**

USS has revised its interim non-consolidated earnings forecasts for the full-year ending March 2004. Operating revenues are projected at ¥11,150 million, a 3.0% increase over the previous forecast, and recurring profit is projected as ¥6,650 million, a 3.3% increase over the previous forecast. These projections are based on the strong performances of the USS Tokyo and other auction sites. The number of vehicles handled at auctions is projected at 564,000 vehicles and contract completions are projected at 324,000 vehicles, exceeding original forecasts by 0.9% and 5.7%, respectively.

Although the loss of ¥1,500 million on the sale of property and equipment due to the sale of the USS-held land in Yokohama will carry over into the second half, net income is projected at ¥3,550 million, 36.5% higher than the previous forecast.

### **(3) Revised Full-year Non-consolidated Earnings Forecasts**

	(¥ millions)		
	Operating revenues	Recurring profit	Net income
Previous (A)	22,500	13,270	6,530
Revised (B)	22,800	13,350	6,550
Change (B-A)	300	80	20
Change (%)	1.3	0.6	0.3

### **(4) Rationale for Revising Earnings Forecasts**

USS expects that operating revenues will remain largely on target in the second half, with projected operating revenues at ¥22,800 million for the full fiscal year, 1.3% higher than the previous forecast. However, operating expenses, such as sales promotion expenses, are likely to rise faster than originally projected in the second half. Consequently, USS projects recurring profit of ¥13,350 million, 0.6% higher than the previous forecast. Although a loss of ¥1,500 million on the sale of property and equipment due to the sale of the USS-held land in Yokohama will carry over into the second half, net income is projected at ¥6,550 million, 0.3% higher than the previous forecast.

### **(5) Reference: Earnings for the Fiscal Year Ended March 2003**

			(¥ millions)
	Operating revenues	Recurring profit	Net income
Interim (April 2002 – Sept. 2002)	10,454	6,181	3,315
Full-year (April 2002 – March 2003)	21,608	12,669	6,269