

(Excerpt translation)

First Quarter Consolidated Financial Results (September 1, 2006 – November 30, 2006)

December 20, 2006

Company name: USEN CORPORATION
Listed Exchanges: Nippon New Market-Hercules
Code number: 4842
Head Office: Sanno Park Tower, 2-11-1, Nagatacho, Chiyoda-ku, Tokyo 100-6113, Japan
URL: <http://www.usen.com/corporate/>
Representative: Mr. Yasuhide Uno, President and Chief Executive Officer
Contact: Mr. Katsunari Konya, Director and Chief Financial Officer
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Date of the Board of Directors' Meeting to Approve Financial Statements: December 20, 2006
Adoption of U.S. GAAP: No

1. Items related to preparation of the quarterly financial summary, etc.

- (a) Differences of the accounting method between the one in the latest consolidated fiscal year and the one in this quarterly financial report: None
(b) Changes in the scope of consolidation and application of the equity method: Yes
(c) Involvement of any certified public accountant or auditing corporation: None

2. First Quarter Consolidated Financial Results for the Period from September 1, 2006 to November 30, 2006

(1) Consolidated Operating Results

	Disregarded Less Than Millions of Yen - Except Per Share Data and Percents				
	First Quarter Period Ended November 30				(Reference) Fiscal Year Ended August 31
	2005	%	2006	%	2006
Net Sales	40,724	22.9	85,986	111.1	182,009
Operating Income	33	(98.4)	3,054	-	3,530
Ordinary Profit	(708)	-	1,847	-	(3,640)
Net Income (Loss)	(2,538)	-	1,221	-	(8,889)
Net Income (Loss) per Share	(33.74)	-	11.42	-	(115.48)
Diluted Net Income per Share	-	-	-	-	-

Notes:

- 1) The numbers in the % column for Net Sales reflect the rate of increase compared with the First Quarter Period for the Previous Fiscal Year.
2) Diluted net income per share has not been included in this accounting report due to recognize Net Loss in the First Quarter Period.

(2) Changes in the Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of Yen	Millions of Yen	%	Yen
First Quarter of the Fiscal Year ending August 31, 2007	370,487	83,092	16.9	563.56
First Quarter of the Fiscal Year ended August 31, 2006	257,006	28,455	11.1	378.20
(Reference) Fiscal Year ended August 31, 2006	376,075	72,629	13.4	497.09

3. Sales Breakdown by Business Segment for the First Quarter Period

	First quarter of previous fiscal year		First quarter of current fiscal year		Year-on-year change (%)	Reference for previous fiscal year	
	Amount (Millions of Yen)	% of total	Amount (Millions of Yen)	% of total		Amount (Millions of Yen)	% of total
Broadcasting and Services Business	26,010	63.8	33,668	39.2	29.4	120,623	66.3
Broadband and Telecommunications Businesses	6,955	17.1	10,238	11.9	47.2	33,866	18.6
Media Contents Business	6,667	16.4	41,661	48.4	524.9	22,984	12.6
Other Businesses	1,090	2.7	417	0.5	(61.7)	4,534	2.5
Total	40,724	100.0	85,986	100.0	111.1	182,009	100.0

Notes:

*1 The amounts of The First Quarter Period for the Previous Fiscal Year and the Previous Period are showed on the business group.

This is summarized and translated information that the Company posted to the Osaka Securities Exchange in accordance with their rules that govern the disclosure of financial information. This English translation is not intended in any way to substitute or replace the original Japanese version and if there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall govern. The figures in the Consolidated Financial Statements are unaudited.

Attachment

*Summary of Consolidated Balance Sheet for the First Quarter Period

*Summary of Consolidated Statements of Operations for the First Quarter Period

*Summary of Consolidated Statements of Changes in Net Assets for the First Quarter Period

First Quarter Consolidated Financial Statements

1. Summary of First Quarter Consolidated Balance Sheets

	Millions of Yen			
	At end of First quarter period of consolidated fiscal year		Summary of consolidated balance sheet for previous fiscal year	
	As of November 30, 2006		As of August 31, 2006	
	Amount	% of total	Amount	% of total
ASSETS:				
Current Assets:				
Cash and bank deposits	47,108		63,111	
Trade notes and trade accounts receivable	39,274		41,938	
Securities	-		115	
Inventories	14,478		15,839	
Prepaid expenses	12,302		11,140	
Deferred tax assets	4,533		5,861	
Other current assets	23,400		16,473	
Allowance for doubtful accounts	(2,476)		(2,785)	
Total Current Assets	138,621	37.4	151,694	40.3
Fixed Assets:				
Property, Plant and Equipment:				
Buildings and structures	37,981		36,775	
Machinery and equipment	8,285		8,284	
Furniture and fixtures	3,074		2,970	
Rental equipment	3,503		3,970	
Land	39,032		39,981	
Construction in progress	2,882		2,666	
Total Property, Plant and Equipment	94,759	25.6	94,648	25.2
Intangible Assets				
Leasehold deposits	2,198		2,198	
Software	10,201		8,320	
Goodwill	84,861		80,850	
Others	725		594	
Total Intangible Assets	97,987	26.4	91,964	24.5
Investments and Other Assets:				
Investment securities	7,464		8,058	
Investments in venture capital funds and others	168		120	
Long-term loans receivable	7,962		7,690	
Claim in bankruptcy and reorganization	4,906		4,302	
Deposits	11,681		10,241	
Deferred tax assets	7,012		6,100	
Other assets	10,197		11,074	
Allowance for doubtful accounts	(10,273)		(9,821)	
Total Investments and Other Assets	39,119	10.6	37,767	10.0
Total Fixed Assets	231,866	62.6	224,380	59.7
Total Deferred Assets	-	-	-	-
Total Assets	370,487	100.0	376,075	100.0

	At end of First quarter period of consolidated fiscal year		Summary of consolidated balance sheet for previous fiscal year	
	As of November 30, 2006		As of August 31, 2006	
	Amount	% of total	Amount	% of total
LIABILITIES:				
Current Liabilities:				
Trade notes and trade accounts payable	17,936		24,485	
Notes payable for equipment and others	910		867	
Short-term bank loans	37,876		48,565	
Current portion of bonds	1,500		1,500	
Current portion of long-term bank loans	24,140		25,290	
Other accounts payable	27,904		18,703	
Accrued expenses	4,727		5,025	
Income taxes payable	5,032		1,545	
Advances received	10,112		10,278	
Allowance for employees' bonuses	3,750		2,458	
Allowance for cable dismantling costs	1,561		2,267	
Allowance for loss on guarantee obligations	72		72	
Other current liabilities	10,503		13,079	
Total Current Liabilities	146,028	39.4	154,140	41.0
Long-term Liabilities:				
Bonds	27,558		28,871	
Long-term bank loans	98,058		103,254	
Long-term other accounts payable	4,947		6,129	
Deferred tax liabilities	48		67	
Allowance for cable dismantling costs	1,894		1,894	
Allowance for employee's retirement benefits	7,438		7,615	
Other long-term liabilities	1,419		1,473	
Total Long-term Liabilities	141,366	38.2	149,305	39.7
Total Liabilities	287,394	77.6	303,446	80.7
NET ASSETS:				
Common stock	50,906	13.7	50,906	13.5
Capital surplus	48,967	13.2	37,789	10.0
Retained earnings	(36,891)	(9.9)	(38,112)	(10.1)
Unrealized gain (loss) on available-for-sale securities	(272)	(0.1)	(35)	(0.0)
Net deferred losses on hedging instruments, net taxes	0	0.0	(0)	(0.0)
Foreign currency translation adjustments	34	0.0	14	0.0
Treasury stock	(196)	(0.0)	(2)	(0.0)
Minority Interest	20,544	5.5	22,070	5.9
Total Net Assets	83,092	22.4	72,629	19.3
Total Liabilities and Minority Interests and Net Assets	370,487	100.0	376,075	100.0

2. Summary of First Quarter Consolidated Statements of Operations

	Millions of Yen			
	At end of First quarter period of consolidated fiscal year		Summary of consolidated balance sheet for previous fiscal year	
	As of November 30, 2006		As of August 31, 2006	
	Amount	% of total	Amount	% of total
Net Sales	85,986	100.0	182,009	100.0
Cost of Sales	48,161	56.0	107,680	59.2
Gross Profit	37,825	44.0	74,329	40.8
Selling, General and Administrative Expenses	34,771	40.4	70,798	38.9
Operating Income	3,054	3.6	3,530	1.9
Non-operating Income	372	0.4	1,387	0.8
Non-operating Expenses	1,579	1.8	8,559	4.7
Ordinary Profit	1,847	2.2	(3,640)	(2.0)
Extraordinary Gains	6,734	7.7	18,665	10.2
Extraordinary Losses	1,316	1.5	20,392	11.2
Loss before Income Taxes	7,265	8.4	(5,368)	(3.0)
Income Taxes	3,855	4.5	2,372	1.3
Current Income Taxes	3,948		463	
Deferred Income Taxes	(92)		1,908	
Minority Interest Profit	2,188	2.5	1,148	0.6
Net Income (Loss)	1,221	1.4	(8,889)	(4.9)

**3. First Quarter Consolidated Statements of Changes in Net Assets
(September 1, 2006 – November 30, 2006)**

Millions of Yen
Shareholders' equity

	Common Stock	Capital Surplus	Accumulated Deficit	Treasury Stock	Net Assets
BALANCE, AUGUST 31, 2006	50,906	37,789	(38,112)	(2)	50,580
Increase in surplus due to stock swap		11,686		(193)	11,492
Net income of the First Quarter			1,221		1,221
Cash dividends		(508)			(508)
Purchase of treasury stock				(0)	(0)
Net increase(decrease) in valuation and translation, Minority interest					
BALANCE, NOVEMBER 30, 2006	50,906	48,967	(36,891)	(196)	62,785

削除: Surplus

Millions of Yen

Valuation and translation

	Unrealized Loss on Available-for- sale Securities	Net deferred Gain (Loss) on hedging instruments, net of taxes	Foreign Currency Translation Adjustment	Minority interest in net income	Total net assets
BALANCE, AUGUST 31, 2006	(35)	(0)	14	22,070	72,629
Increase in surplus due to stock swap					11,492
Net income of the First Quarter					1,221
Cash dividends					(508)
Purchase of treasury stock					(0)
Net increase(decrease) in valuation and translation, Minority interest	(236)	0	20	(1,526)	(1,741)
BALANCE, NOVEMBER 30, 2006	(272)	0	34	20,544	83,092