

(Excerpt translation)

Semiannual Consolidated Financial Results (September 1, 2006 - February 28, 2007)

April 19, 2007

Company name: USEN CORPORATION
Listed Section and Exchange: Nippon New Market "Hercules" of Osaka Securities Exchange
Code number: 4842
Head Office: Midtown Tower, 9-7-1, Akasaka, Minato-ku,
Tokyo 107-6233, Japan
Website: <http://www.usen.com/company/>
Representative: Mr. Yasuhide Uno, President and Chief Executive Officer
Contact: Mr. Katsunari Konya, Managing Director
Phone: +81-3-6823-7017
Date of the Board of Directors' Meeting to Approve Financial Results: April 19, 2007
Application of the U.S. GAAP: No

1. Semiannual Consolidated Financial Results for the Period Ended February 28, 2007 (September 1, 2006 - February 28, 2007)

(1) Consolidated Operating Results

	Millions of Yen (Yen for per share)					
	Semiannual Period Ended February 28				Year Ended August 31	
	2007	%	2006	%	2006	%
Net Sales	155,634	90.8	81,583	15.2	182,009	
Operating Income	6,680	-	415	(90.8)	3,530	
Ordinary Income (Loss)	3,722	-	(1,925)	-	(3,640)	
Net Income	1,067	175.6	387	-	(8,889)	
Net Income per Share	9.80		5.15		(115.48)	
Diluted Net Income per Share	-		-		-	

- Notes:
- 1) Net equity in earnings (losses) of unconsolidated subsidiaries and associated companies accounted by the equity method:
Semiannual Period ended February 28, 2007: (239) million yen
Semiannual Period ended February 28, 2006: (107) million yen
Year ended August 31, 2006: (338) million yen
 - 2) Average number of shares during the period (consolidated):
Semiannual Period ended February 28, 2007: 108,968,479 shares
Semiannual Period ended February 28, 2006: 75,238,962 shares
Year ended August 31, 2006: 76,979,388 shares
 - 3) Change in accounting method: Yes
 - 4) The numbers in the % column for Net Sales, Operating Income, Ordinary Income and Net Income are fluctuation compared with the corresponding period in the prior year.
 - 5) Diluted net income per share for the year ended August 31, 2006 is not presented because of the Company's net loss position.
 - 6) Diluted net income per share for the semiannual period ending February 28, 2007 and 2006 is not presented because the Company did not have any kind of securities with potential dilutive effect.

(2) Consolidated Financial Position

	Millions of Yen (Yen for per share)		
	As of February 28		As of August 31
	2007	2006	2006
Total Assets	349,605	269,374	376,075
Equity	82,919	35,810	72,629
Equity Total Assets Ratio	17.9%	13.3%	13.4%
Equity per Share	565.31	475.96	497.09

Notes: Number of shares issued at the end of the period (consolidated):

As of February 28, 2007: 110,987,556 shares
As of February 28, 2006: 75,238,962 shares
As of August 31, 2006: 101,707,957 shares

(3) Semiannual Consolidated Cash Flows

	Millions of Yen		
	Semiannual Period Ended February 28		Year Ended August 31
	2007	2006	2006
Cash Flows from Operating Activities	12,713	(3,179)	(200)
Cash Flows from Investing Activities	(5,848)	5,275	(45,261)
Cash Flows from Financing Activities	(28,368)	9,460	73,427
Cash and Cash Equivalents at the End of Period	38,844	43,908	60,313

(4) Scope of Consolidation and Application of Equity Method:

Number of consolidated subsidiaries:	33
Number of unconsolidated subsidiaries accounted by the equity method:	-
Number of associated companies accounted by the equity method:	5

(5) Changes in the Scope of Consolidation and Application of Equity Method:

Number of consolidated subsidiaries:			
(Newly consolidated)	2	(Excluded)	6
Number of companies accounted by the equity method:			
(Newly adopted)	2	(Excluded)	1

2. Consolidated Forecasts for the Year Ending August 31, 2007 (September 1, 2006 – August 31, 2007)

	Millions of Yen	
	Year Ending August 31, 2007	
Net Sales	280,000	
Operating Income	13,000	
Ordinary Income	7,000	
Net Income	3,000	

(Reference) Forecasted net income per share for the year: 29.05 yen

* The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Osaka Securities Exchange in accordance with their disclosure rules and presentation manners, which are different from those applied in the annual reports of the Company due to reclassification and rearrangement made therein. This English translation is intended solely for the convenience of readers outside Japan, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version supersedes all information in this translation. All the figures in this report are unaudited.

Semiannual Consolidated Financial Statements

1. Semiannual Consolidated Balance Sheets

	Millions of Yen					
	As of February 28				As of August 31	
	2007		2006		2006	
	Amount	%	Amount	%	Amount	%
ASSETS:						
Current Assets:						
Cash and bank deposits	41,518		44,015		63,111	
Trade notes and accounts receivable	35,048		20,872		41,938	
Securities	115		-		115	
Inventories	12,981		13,292		15,839	
Deferred tax assets - current	5,940		4,757		5,861	
Other current assets	38,052		22,848		27,613	
Allowance for doubtful accounts	(2,312)		(1,407)		(2,785)	
Total Current Assets	131,345	37.6	104,378	38.7	151,694	40.3
Fixed Assets:						
Property and Equipment:						
Buildings and structures	38,936		31,103		36,775	
Land	38,231		34,174		39,981	
Other property and equipment	17,516		18,212		17,892	
Total Property and Equipment	94,684	27.0	83,490	31.0	94,648	25.2
Intangible Assets:						
Goodwill	73,710		21,538		80,850	
Other intangible assets	13,611		9,896		11,113	
Total Intangible Assets	87,322	25.0	31,435	11.7	91,964	24.5
Investments and Other Assets:						
Investment securities	6,835		24,709		8,058	
Deferred tax assets - non-current	2,473		2,322		6,100	
Others	38,234		32,305		33,429	
Allowance for doubtful accounts	(11,290)		(9,279)		(9,821)	
Total Investments and Other Assets	36,253	10.4	50,057	18.6	37,767	10.0
Total Fixed Assets	218,260	62.4	164,983	61.3	224,380	59.7
Total Deferred Assets	-	-	12	0.0	-	-
Total Assets	349,605	100.0	269,374	100.0	376,075	100.0

	Millions of Yen					
	As of February 28				As of August 31	
	2007		2006		2006	
	Amount	%	Amount	%	Amount	%
LIABILITIES:						
Current Liabilities:						
Trade notes and accounts payable	17,089		11,014		24,485	
Short-term borrowings	42,238		16,266		48,565	
Current portion of bonds	1,500		1,500		1,500	
Current portion of long-term borrowings	26,286		22,255		25,290	
Other payable	21,230		16,237		18,703	
Advances received	8,449		9,383		10,278	
Deposits received	19,502		-		-	
Accrued bonuses	2,503		1,083		2,458	
Allowance for loss on guarantees	8		8		72	
Allowance for loss on office relocation	469		-		-	
Allowance for dismantling cables and related expenses	776		-		2,267	
Notes payable for equipments	179		880		867	
Other current liabilities	14,077		16,495		19,650	
Total Current Liabilities	154,312	44.1	95,124	35.3	154,140	41.0
Long-term Liabilities:						
Bonds	2,354		29,100		28,871	
Long-term borrowings	92,429		76,909		103,254	
Liability for retirement benefits	6,323		6,575		7,615	
Allowance for dismantling cables and related expenses	1,894		-		1,894	
Other long-term liabilities	9,371		11,815		7,670	
Total Long-term Liabilities	112,373	32.2	124,400	46.2	149,305	39.7
Total Liabilities	266,685	76.3	219,525	81.5	303,446	80.7

	Millions of Yen					
	As of February 28			As of August 31		
	2007		2006		2006	
	Amount	%	Amount	%	Amount	%
Minority Interest	-	-	14,039	5.2	-	-
SHAREHOLDERS' EQUITY:						
Common stock	-	-	35,845	13.3	-	-
Capital surplus	-	-	23,480	8.7	-	-
Retained earnings (accumulated deficit)	-	-	(29,211)	(10.8)	-	-
Unrealized gain (loss) on available-for-sale securities	-	-	5,677	2.1	-	-
Foreign currency translation adjustments	-	-	20	0.0	-	-
Treasury stock	-	-	(2)	(0.0)	-	-
Total Shareholders' Equity	-	-	35,810	13.3	-	-
EQUITY:						
Shareholders' Equity						
Common stock	50,906	14.5	-	-	50,906	13.5
Capital surplus	48,967	14.0	-	-	37,789	10.0
Retained earnings (accumulated deficit)	(37,092)	(10.6)	-	-	(38,112)	(10.1)
Treasury stock	(149)	(0.0)	-	-	(2)	(0.0)
Total Shareholders' Equity	62,631	17.9	-	-	50,580	13.4
Valuation and Translation						
Unrealized gain (loss) on available-for-sale securities	74	0.0	-	-	(35)	(0.0)
Deferred hedge gain (loss)	(9)	(0.0)	-	-	(0)	(0.0)
Foreign currency translation adjustments	45	0.0	-	-	14	0.0
Total Valuation and Translation	110	0.0	-	-	(22)	(0.0)
Minority Interests	20,176	5.8	-	-	22,070	5.9
Total Equity	82,919	23.7	-	-	72,629	19.3
Total Liabilities and (Shareholders') Equity	349,605	100.0	269,374	100.0	376,075	100.0

Note: Presentation of Equity—On December 9, 2005, the Accounting Standard Board of Japan published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The Company adopted the new accounting standard from 2006 year-end disclosure, therefore the financial statements after then have been prepared in accordance with the new presentation manner.

2. Semiannual Consolidated Statements of Operations

	Millions of Yen					
	Semiannual Period ended February 28				Year Ended August 31	
	2007		2006		2006	
	Amount	%	Amount	%	Amount	%
Net Sales	155,634	100.0	81,583	100.0	182,009	100.0
Cost of Sales	86,577	55.6	46,908	57.5	107,680	59.2
Gross Profit	69,057	44.4	34,674	42.5	74,329	40.8
Selling, General and Administrative Expenses	62,377	40.1	34,259	42.0	70,798	38.9
Operating Income	6,680	4.3	415	0.5	3,530	1.9
Non-operating Income						
Interest Income	101		147		297	
Dividends income	3		168		276	
Compensation for cable re-installations	61		109		313	
Gain on derivatives	9		11		-	
Other	597		251		500	
Total Non-operating Income	773	0.5	688	0.8	1,387	0.8
Non-operating Expenses						
Interest expenses	2,240		1,836		5,471	
Equity in losses of unconsolidated subsidiaries and associated companies	239		107		338	
Provision for allowance for doubtful accounts	640		402		597	
Other	610		682		2,151	
Total Non-operating Expenses	3,730	2.4	3,029	3.7	8,559	4.7
Ordinary Income (Loss)	3,722	2.4	(1,925)	(2.4)	(3,640)	(2.0)
Extraordinary Gains						
Gain on sales of property and equipments	1,083		9		222	
Gain on sales of investments in subsidiaries and associates	17,870		6,874		8,439	
Amortization of prior service cost	-		121		181	
Gain on sales of investment securities	280		1,889		9,210	
Other	624		327		610	
Total Extraordinary Gains	19,858	12.8	9,222	11.3	18,665	10.2
Extraordinary Losses						
Loss on sales of property and equipments	321		6		29	
Loss on disposal of property and equipments	1,601		1,818		2,829	
Impairment loss	7,942		297		6,365	
Loss on write-down of inventories	202		16		77	
Cable dismantling costs	-		771		2,695	
Expenses for authorization of cable installation	-		828		-	
Provision for allowance for doubtful accounts	-		468		475	
Loss on change of a retirement plan	-		563		563	
Provision for allowance for dismantling cables and related expenses	-		-		4,162	
Other	3,145		1,377		3,193	
Total Extraordinary Losses	13,214	8.5	6,149	7.5	20,392	11.2
Income (Loss) before Income Taxes and Minority Interest	10,367	6.7	1,147	1.4	(5,368)	(3.0)
Income Taxes	6,700	4.3	874	1.0	2,372	1.3
-Current	2,975		180		463	
-Deferred	3,724		694		1,908	
Minority Interest	2,598	1.7	(115)	(0.1)	1,148	0.6
Net Income (Loss)	1,067	0.7	387	0.5	(8,889)	(4.9)

3-1. Semiannual Consolidated Statement of Changes in Equity

Semiannual period ended February 28, 2007
(September 1, 2006 – February 28, 2007)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' equity
Beginning Balance	50,906	37,789	(38,112)	(2)	50,580
Changes of items during the period					
Stock exchange		11,686	(47)	(146)	11,492
Dividend		(508)			(508)
Net income			1,067		1,067
Purchase of treasury stocks				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes during the period	-	11,177	1,020	(147)	12,051
Ending Balance	50,906	48,967	(37,092)	(149)	62,631

	Valuation and Translation				Minority Interest	Total Equity
	Unrealized gain (loss) on available-for-sale securities	Deferred hedge gain (loss)	Foreign currency translation adjustment	Total valuation and translation		
Beginning Balance	(35)	(0)	14	(22)	22,070	72,629
Changes of items during the period						
Stock exchange				-		11,492
Dividend				-		(508)
Net income				-		1,067
Purchase of treasury stocks				-		(0)
Net changes of items other than shareholders' equity	110	(8)	31	132	(1,893)	(1,760)
Total changes during the period	110	(8)	31	132	(1,893)	10,290
Ending Balance	74	(9)	45	110	20,176	82,919

3-2. Consolidated Statement of Changes in Equity

Year ended August 31, 2006
(September 1, 2005 – August 31, 2006)

	Shareholders' Equity				Total shareholders' equity
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Beginning Balance	35,845	27,510	(33,854)	(2)	29,498
Changes of items during the period					
Changes in scope of associated companies accounted by the equity method			602		602
Issuance of common stocks	15,060	15,060			30,121
Dividend		(752)			(752)
Net loss			(8,889)		(8,889)
Purchase of treasury stocks				(0)	(0)
Transfer of capital surplus to reduce accumulated deficit		(4,029)	4,029		-
Net changes of items other than shareholders' equity					-
Total changes during the period	15,060	10,278	(4,257)	(0)	21,081
Ending Balance	50,906	37,789	(38,112)	(2)	50,580

	Valuation and Translation				Minority Interest	Total Equity
	Unrealized gain (loss) on available-for-sale securities	Deferred hedge gain (loss)	Foreign currency translation adjustment	Total valuation and translation		
Beginning Balance	1,358	-	(58)	1,300	10,774	41,573
Changes of items during the period						
Changes in scope of associated companies accounted by the equity method				-		602
Issuance of common stocks				-		30,121
Dividend				-		(752)
Net loss				-		(8,889)
Purchase of treasury stocks				-		(0)
Transfer of capital surplus to reduce accumulated deficit				-		-
Net changes of items other than shareholders' equity	(1,394)	(0)	73	(1,322)	11,296	9,974
Total changes during the period	(1,394)	(0)	73	(1,322)	11,296	31,056
Ending Balance	(35)	(0)	14	(22)	22,070	72,629

3-3. Semiannual Consolidated Statement of Surplus

	Millions of Yen
	Semiannual Period ended February 28, 2006
	Amount
Capital surplus	
Beginning balance	27,510
Increase	-
Decrease	4,029
Transfer of capital surplus to reduce accumulated deficit	4,029
Ending balance	23,480
Retained earnings (accumulated deficit)	
Beginning balance	(33,854)
Increase	5,019
Change in scope of associated companies accounted by the equity method	602
Transfer of capital surplus to reduce accumulated deficit	4,029
Net income for the period	387
Decrease	376
Dividends	376
Ending balance	(29,211)

Note: Presentation of Equity—On December 9, 2005, the Accounting Standard Board of Japan published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The Company adopted the new accounting standard from 2006 year-end disclosure, therefore the financial statements after then have been prepared in accordance with the new presentation manner.

4. Semiannual Consolidated Statements of Cash Flows

	Millions of Yen		
	Semiannual Period ended February 28	2006	Year Ended August 31 2006
	Amount	Amount	Amount
Cash Flows from Operating Activities:			
Income (loss) before taxes and minority interests	10,367	1,147	(5,368)
Depreciation and amortization	7,968	6,385	13,952
Increase in allowance for doubtful accounts	984	995	1,386
Increase (decrease) in accrued bonuses	167	(127)	(53)
Decrease in liability for employees' retirement benefits	(1,143)	(1,043)	(1,460)
Increase (decrease) in allowance for dismantling cables and related expenses	(1,491)	-	4,162
Interest income	(101)	(147)	(297)
Dividend income	(3)	(168)	(276)
Interest expenses	2,240	1,836	5,471
Equity in earnings of unconsolidated subsidiaries and associated companies	239	107	338
Loss (gain) on changes of holding ratio in equity interest of subsidiaries-net	447	(57)	(68)
Gain on sales of investment in subsidiaries and associated companies	(17,870)	(6,874)	(8,439)
Loss on write-down of investments in subsidiaries and associated companies	22	64	28
Gain on sales of investment securities	(280)	(1,889)	(9,210)
Loss on sales of investment securities	-	-	6
Loss on write-down of investment securities	451	388	1,673
Gain on sales of operating rights	-	(65)	-
Gain on transfer of goodwill	(57)	-	(114)
Gain on derivatives	(9)	247	259
Loss on disposal and sales of fixed assets	840	1,816	2,636
Impairment losses	7,942	297	6,365
Cable dismantling costs	-	771	2,695
Amortization of goodwill	3,520	1,427	3,128
Decrease (increase) in trade receivables	2,576	1,768	(1,432)
Decrease (increase) in prepaid expenses	2,112	72	(1,194)
Decrease in trade payables	(2,968)	(645)	(1,979)
Decrease (increase) in other receivables	(2,574)	(2,870)	2,068
Decrease in advances received	(622)	(2,003)	(3,106)
Increase (decrease) in other payables	2,387	(720)	10
Decrease in accruals	(930)	(1,128)	(873)
Increase (decrease) in consumption tax payables	(79)	68	242
Decrease in inventories	-	-	3,815
Decrease (increase) in advances disbursed	1,258	(934)	(2,665)
Increase in deposits received	946	-	-
Decrease (increase) in advances paid	663	573	(798)
Increase in long-term prepaid expenses	(916)	(1,559)	(2,455)
Increase in investment securities for operating purpose	-	-	(1,532)
Increase in allowance for loss on office relocation	469	-	-
Increase (decrease) in deposits received for joint purchase agreements	794	1,128	(510)
Others	977	1,003	345
Sub total	18,332	(136)	6,749
Interest and dividend received	123	491	732
Interest paid	(2,342)	(1,546)	(3,914)
Payment for right to use facilities (past portion)	(898)	(1,653)	(2,333)
Severance payment to directors paid	(53)	-	(589)
Income taxes paid	(2,447)	(334)	(845)
Net Cash Provided by (Used in) Operating Activities	12,713	(3,179)	(200)

	Millions of Yen		
	Semiannual Period Ended February 28	Year Ended August 31	
	2007 Amount	2006 Amount	2006 Amount
Cash Flows from Investing Activities:			
Payments into long-term deposits	(6)	(802)	(2,613)
Withdrawals from long-term deposits	276	1,200	3,110
Purchase of property and equipment	(10,467)	(6,563)	(13,565)
Proceeds from sales of property and equipment	4,085	179	998
Payments for disposal of property and equipment	(1,822)	(1,351)	(3,451)
Purchases of intangible assets	(4,887)	(2,509)	(5,860)
Proceeds from sales of intangible assets	3	-	0
Increase in long-term prepaid expenses	(69)	(230)	(2,611)
Purchases of investment securities	(239)	(1,263)	(1,872)
Proceeds from sales of investment securities	1,757	4,668	19,533
Increase in investments in unconsolidated subsidiaries and associated companies	(2,783)	(2,632)	(1,340)
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and associated companies	4,162	14,992	16,964
Proceeds from sales of former consolidated subsidiaries' stock	9,369	-	-
Purchase of newly consolidated subsidiaries' stock	-	-	(55,710)
Decrease (increase) in short-term loans receivable-net	24	(15)	(87)
Investments in long-term loans receivable	(1,749)	(419)	(611)
Collection of long-term loans receivable	888	149	348
Proceeds from sales of operating rights	57	269	386
Increase of guarantee deposits	(4,200)	-	-
Others	(244)	(396)	1,123
Net Cash Provided (Used) in Investing Activities	(5,848)	5,275	(45,261)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term borrowings-net	(4,533)	5,698	29,110
Proceeds from long-term borrowings	5,500	10,000	15,500
Repayments of long-term borrowings	(17,456)	(12,286)	(23,359)
Proceeds from issuance of bonds	-	300	294
Payments for redemption of bonds	(26,266)	(600)	(1,249)
Dividends paid	(504)	(376)	(752)
Proceeds from minority shareholders on issuance of consolidated subsidiaries' stock	268	4,153	4,533
Proceeds from issuance of common stock	-	-	29,971
Dividends to minority shareholders	(762)	(274)	(293)
Proceeds from stock lending agreements	10,282	817	1,310
Proceeds from sales-leaseback agreements	6,848	2,445	2,700
Repayments of lease obligation	(1,113)	-	(4,316)
Proceeds from securitization of assets	-	-	20,011
Payment for liquidation of subsidiaries	(601)	-	-
Others	(28)	(415)	(33)
Net Cash Provided (Used) by Financing Activities	(28,368)	9,460	73,427
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	34	31	27
Net Increase (Decrease) in Cash and Cash Equivalents	(21,468)	11,588	27,993
Cash and Cash Equivalents, Beginning of the Year	60,313	32,319	32,319
Cash and Cash Equivalents, End of the Period	38,844	43,908	60,313