

(Excerpt translation)

Third Quarter Consolidated Financial Results (September 1, 2007 - May 31, 2008)

July 10, 2008

Company name: USEN CORPORATION
Listed Section and Exchange: Nippon New Market "Hercules" of Osaka Securities Exchange
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1. Third Quarter Consolidated Financial Results for the Period Ended May 31, 2008 (September 1, 2007 - May 31, 2008)

(1) Consolidated Operating Results

	Millions of Yen (Yen for per share)				
	Third Quarter Period Ended May 31				Year Ended August 31
	2008	%	2007	%	2007
Net Sales	207,951	(8.8)	227,992	84.1	301,238
Operating Income	6,160	(41.5)	10,534	-	15,923
Ordinary Income	922	(85.4)	6,309	-	8,625
Net Income (Loss)	(59,047)	-	1,883	52.6	3,087
Net Income (Loss) per Share	(431.72)		16.89		26.26
Diluted Net Income per Share	-		-		-

Notes: 1) Diluted net income per share for the third quarter period ended May 31, 2008 is not presented because of the Company's net loss position.
2) Diluted net income per share for the third quarter period ended May 31, 2007 and the year ended August 31, 2007 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 May 31		As of August 31	
	2008	2007	2007	2007
Total Assets	252,784	344,809		313,744
Equity	37,559	108,376		98,986
Net Equity Capital/Total Assets Ratio (Note)	12.2%	25.7%		28.6%
Equity per share (Yen)	225.18	653.01		661.28

Note: Net Equity Capital is computed by the following formula:
Net Equity Capital = Equity – Stock Acquisition Rights – Minority Interests

(3) Consolidated Cash Flows

	Millions of Yen		
	Third Quarter Period Ended May 31		Year Ended August 31
	2008	2007	2007
Cash Flows from Operating Activities	(133)	-	25,578
Cash Flows from Investing Activities	(5,045)	-	(21,413)
Cash Flows from Financing Activities	(1,206)	-	(31,939)
Cash and Cash Equivalents at the End of Period	26,052	-	32,637

Note: Cash flow information for the third quarter period ended May 31, 2007 is not presented because the new disclosure rules for quarterly cash flow information have been applied since the current first quarter.

2. Consolidated Forecasts for the Year Ending August 31, 2008 (September 1, 2007 – August 31, 2008)

	Millions of Yen (Yen for per share)	
	Year Ending August 31	
	2008	%
Net Sales	285,000	(5.4)
Operating Income	12,000	(24.6)
Ordinary Income	5,500	(36.2)
Net Income (Loss)	(59,000)	-
Net Income (Loss) per share	(431.10)	

Note: 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.

3. Other Financial Information

- 1) Significant changes in the scope of consolidation: None
- 2) The quarterly financial statements have been prepared in accordance with the Japanese standards for disclosure and presentation rules of semiannual financial statements.
- 3) Changes in accounting policies or methods: Yes
- 4) Audit or any engagement of certified public accountants: None

4. Non-consolidated Financial Statements (September 1, 2007 – May 31, 2008)

(1) Operating Results

	Millions of Yen (Yen for per share)				
	Third Quarter Period Ended May 31				Year Ended August 31
	2008	%	2007	%	2007
Net Sales	84,455	7.9	78,261	1.8	105,264
Operating Income	4,837	43.3	3,376	-	5,220
Ordinary Income	1,410	(41.0)	2,390	-	3,360
Net Income (Loss)	(60,373)	-	(8,282)	-	(10,260)
Net Income (Loss) per share	(441.16)		(74.18)		(87.18)

(2) Financial Position

	Millions of Yen (Yen for per share)		
	As of May 31		As of August 31
	2008	2007	2007
Total Assets	212,895	236,544	248,315
Equity	42,024	103,891	101,715
Net Equity Capital/Total Assets Ratio (Note)	19.7%	43.9%	41.0%
Equity per share (Yen)	306.56	766.04	750.54

Note: Net Equity Capital is computed by the following formula:

$$\text{Net Equity Capital} = \text{Equity} - \text{Stock Acquisition Rights}$$

Third Quarter Consolidated Financial Statements

1. Third Quarter Consolidated Balance Sheets

	Millions of Yen					
	As of May 31		As of August 31			
	2008		2007		2007	
	Amount	%	Amount	%	Amount	%
ASSETS:						
Current Assets:						
Cash and bank deposits	26,271		48,569		35,446	
Trade notes and accounts receivable	36,879		35,393		36,967	
Inventories	8,704		11,618		11,327	
Deferred tax assets - current	1,608		5,225		3,444	
Other current assets	26,131		28,610		20,370	
Allowance for doubtful accounts	(2,767)		(2,389)		(2,088)	
Total Current Assets	96,828	38.3	127,028	36.8	105,468	33.6
Fixed Assets:						
Property and Equipment:						
Buildings and structures	31,627		40,676		34,579	
Land	33,273		38,092		38,552	
Other property and equipment	5,069		15,430		6,541	
Total Property and Equipment	69,970	27.7	94,198	27.3	79,673	25.4
Intangible Assets:						
Goodwill	34,783		72,100		79,024	
Other intangible assets	15,734		15,065		15,079	
Total Intangible Assets	50,517	20.0	87,166	25.3	94,103	30.0
Investments and Other Assets:						
Investment securities	8,368		6,134		8,525	
Deferred tax assets - non-current	3,824		2,463		2,573	
Others	33,060		39,035		34,995	
Allowance for doubtful accounts	(9,786)		(11,216)		(11,595)	
Total Investments and Other Assets	35,466	14.0	36,416	10.6	34,498	11.0
Total Fixed Assets	155,955	61.7	217,781	63.2	208,276	66.4
Total Assets	252,784	100.0	344,809	100.0	313,744	100.0

	Millions of Yen					
	As of May 31			As of August 31		
	2008		2007		2007	
	Amount	%	Amount	%	Amount	%
LIABILITIES:						
Current Liabilities:						
Trade notes and accounts payable	16,482		15,591		20,399	
Short-term borrowings	9,900		23,365		31,754	
Current portion of bonds	54		1,500		1,660	
Current portion of long-term borrowings	17,036		27,788		25,759	
Other payable	23,085		22,382		16,141	
Advances received	8,916		10,349		8,658	
Accrued bonuses	2,524		2,919		2,313	
Allowance for dismantling cables and related expenses	555		254		1,774	
Allowance for loss on discontinued operation	1,989		-		-	
Allowance for loss on guarantees	14		8		14	
Notes payable for equipment	5		279		339	
Other current liabilities	11,781		32,019		28,642	
Total Current Liabilities	92,345	36.5	136,458	39.6	137,458	43.8
Long-term Liabilities:						
Bonds	-		1,754		1,754	
Long-term borrowings	114,588		81,136		59,996	
Allowance for dismantling cables and related expenses	-		1,684		-	
Liability for retirement benefits	5,791		6,202		6,075	
Other long-term liabilities	2,499		9,197		9,474	
Total Long-term Liabilities	122,879	48.6	99,975	29.0	77,300	24.6
Total Liabilities	215,224	85.1	236,433	68.6	214,758	68.4

	Millions of Yen					
	As of May 31				As of August 31	
	2008		2007		2007	
	Amount	%	Amount	%	Amount	%
EQUITY:						
Shareholders' Equity						
Common stock	63,406	25.1	63,406	18.4	63,406	20.2
Capital surplus	39,311	15.5	61,467	17.8	61,467	19.6
Retained earnings (accumulated deficit)	(71,362)	(28.2)	(36,276)	(10.5)	(35,072)	(11.2)
Treasury stock	(282)	(0.1)	(149)	(0.0)	(149)	(0.0)
Total Shareholders' Equity	31,073	12.3	88,447	25.7	89,651	28.6
Valuation and Translation						
Unrealized gain (loss) on available-for-sale securities	(176)	(0.1)	1	0.0	(143)	(0.0)
Deferred gain (loss) on derivatives under hedge accounting	0	0.0	(2)	(0.0)	(2)	(0.0)
Foreign currency translation adjustments	(79)	(0.0)	35	0.0	96	0.0
Total Valuation and Translation	(255)	(0.1)	34	0.0	(49)	(0.0)
Stock acquisition rights	69	0.0	2	0.0	19	0.0
Minority Interests	6,672	2.7	19,892	5.7	9,364	3.0
Total Equity	37,559	14.9	108,376	31.4	98,986	31.6
Total Liabilities and Equity	252,784	100.0	344,809	100.0	313,744	100.0

2. Third Quarter Consolidated Statements of Operations

	Millions of Yen					
	Third Quarter Period ended May 31				Year Ended August 31	
	2008		2007		2007	
	Amount	%	Amount	%	Amount	%
Net Sales	207,951	100.0	227,992	100.0	301,238	100.0
Cost of Sales	116,382	56.0	125,714	55.1	164,240	54.5
Gross Profit	91,568	44.0	102,278	44.9	136,997	45.5
Selling, General and Administrative Expenses	85,408	41.0	91,743	40.3	121,074	40.2
Operating Income	6,160	3.0	10,534	4.6	15,923	5.3
Non-operating Income	823	0.3	1,168	0.5	1,420	0.5
Non-operating Expenses	6,061	2.9	5,393	2.4	8,718	2.9
Ordinary Income	922	0.4	6,309	2.7	8,625	2.9
Extraordinary Gains	7,942	3.8	21,805	9.6	26,803	8.9
Extraordinary Losses	60,497	29.0	14,535	6.4	20,063	6.7
Income (Loss) before Income Taxes and Minority Interests	(51,633)	(24.8)	13,579	5.9	15,365	5.1
Income Taxes	4,200	2.0	8,081	3.5	8,204	2.7
-Current	3,608		3,247		3,759	
-Deferred	592		4,834		4,445	
Minority Interests	3,213	1.6	3,614	1.6	4,074	1.4
Net Income (Loss)	(59,047)	(28.4)	1,883	0.8	3,087	1.0

3-1. Third Quarter Consolidated Statement of Changes in Equity

Third Quarter period ended May 31, 2008
(September 1, 2007 – May 31, 2008)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Beginning balance	63,406	61,467	(35,072)	(149)	89,651
Changes of items during the period					
Stock exchange		1,355		(128)	1,227
Dividend		(677)			(677)
Net loss			(59,047)		(59,047)
Decrease in retained earnings due to newly consolidated subsidiaries			(75)		(75)
Purchase of treasury stocks				(4)	(4)
Transfer of capital surplus to reduce accumulated deficit		(22,833)	22,833		-
Net changes of items other than shareholders' equity					
Total changes during the period	-	(22,155)	(36,290)	(132)	(58,578)
Ending balance	63,406	39,311	(71,362)	(282)	31,073

	Valuation and Translation				Stock Acquisition Rights	Minority Interests	Total Equity
	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustment	Total Valuation and Translation			
Beginning balance	(143)	(2)	96	(49)	19	9,364	98,986
Changes of items during the period							
Stock exchange					-		1,227
Dividend					-		(677)
Net loss					-		(59,047)
Decrease in retained earnings due to newly consolidated subsidiaries					-		(75)
Purchase of treasury stocks					-		(4)
Transfer of capital surplus to reduce accumulated deficit					-		-
Net changes of items other than shareholders' equity	(32)	2	(175)	(205)	50	(2,692)	(2,848)
Total changes during the period	(32)	2	(175)	(205)	50	(2,692)	(61,426)
Ending balance	(176)	0	(79)	(255)	69	6,672	37,559

3-2. Third Quarter Consolidated Statement of Changes in Equity

Third Quarter period ended May 31, 2007
(September 1, 2006 – May 31, 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					
Issuance of common stocks	12,500	12,500			25,000
Stock exchange		11,686	(47)	(146)	11,492
Dividend		(508)			(508)
Net income			1,883		1,883
Purchase of treasury stocks				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the period	12,500	23,677	1,836	(147)	37,867
Ending balance	63,406	61,467	(36,276)	(149)	88,447

	Valuation and Translation				Stock Acquisition Rights	Minority Interests	Total Equity
	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustment	Total Valuation and Translation			
Beginning balance	(35)	(0)	14	(22)	-	22,070	72,629
Changes of items during the period							
Issuance of common stocks					-		25,000
Stock exchange					-		11,492
Dividend					-		(508)
Net income					-		1,883
Purchase of treasury stocks					-		(0)
Net changes of items other than shareholders' equity	36	(2)	21	56	2	(2,178)	(2,119)
Total changes during the period	36	(2)	21	56	2	(2,178)	35,747
Ending balance	1	(2)	35	34	2	19,892	108,376

3-3. Consolidated Statement of Changes in Equity

Year ended August 31, 2007
(September 1, 2006 – August 31, 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					
Issuance of common stocks	12,500	12,500			25,000
Stock exchange		11,686	(46)	(146)	11,493
Dividend		(508)			(508)
Net income			3,087		3,087
Purchase of treasury stocks				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the period	12,500	23,677	3,040	(147)	39,071
Ending balance	63,406	61,467	(35,072)	(149)	89,651

	Valuation and Translation				Stock Acquisition Rights	Minority Interests	Total Equity
	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustment	Total Valuation and Translation			
Beginning balance	(35)	(0)	14	(22)	-	22,070	72,629
Changes of items during the period							
Issuance of common stocks					-		25,000
Stock exchange					-		11,493
Dividend					-		(508)
Net income					-		3,087
Purchase of treasury stocks					-		(0)
Net changes of items other than shareholders' equity	(107)	(2)	82	(27)	19	(12,705)	(12,714)
Total changes during the period	(107)	(2)	82	(27)	19	(12,705)	26,357
Ending balance	(143)	(2)	96	(49)	19	9,364	98,986

Other Information

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 its 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.