

Financial and Business Results for the First Quarter of the Fiscal Year Ending September 30, 2007 (Consolidated)

Date: February 14, 2007

C o m p a n y	Yumeshin Holdings Co., Ltd.	Registered on the Hercules
Stock Code	2362	
U R L	http://www.yumeshin.co.jp/	
Representative	Shingo Sato	
C o n t a c t	Title of Executive Executive Officer, Accounting Manager	
	Name Yoshiyuki Aoki	T E L 03-3580-5434

1. Matters Concerning Preparation of Quarterly Results

(1) Adoption of simplified accounting method: Yes

(2) Changes in the scope of consolidation and the application of the equity method: Yes

Consolidated subsidiaries:

Newly added: 0

Excluded: 2

Affiliates accounted for under the equity method: 0

Excluded: 0

2. Results of operations for the first quarter of the fiscal year ending September 30, 2007 (October 1, 2006 – December 31, 2006)

(1) Net Sales

(Note: Rounded down to ¥ Million)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
FY2007 1 st Quarter	10,857	16.0	-159		-177	
FY2006 1 st Quarter	9,356	625.2	305	71.3	340	30.8
September 2006	41,554		837		1,286	

	Net income		Net income per share	Diluted net income per share
	¥ Million	%	¥	¥
FY2007 1 st Quarter	-365		-5.09	
FY2006 1 st Quarter	174	17.6	2.41	2.26
September 2006	69		0.97	0.87

(Notes)

The percentages shown for net sales, operating income, ordinary income and net income represent changes from the same period in the previous fiscal year.

Diluted net income per share is not presented for the first quarter of the fiscal year ending September 2007 since the Company posted a net loss.

【Consolidated Results of Operations】

In the first quarter of the current fiscal year, Japan's economy continued to expand steadily, as the favorable outlook for the corporate sector spread to the consumer sector. This favorable outlook to the corporate sector was underpinned by rising corporate profit and growing capital investment.

This environment lifted earnings of staffing service firms, including Yumeshin. But the earnings of Yumeshin in other Sectors did not exhibit a proportionate increase. Although the real estate and construction firms acquired by Yumeshin in the previous fiscal year added to the sales of Yumeshin Group, the new acquisitions failed to significantly contribute to earnings mainly because of the time it takes to fully tap the synergy resulting from such acquisitions.

Consequently, the first quarter consolidated net sales were ¥10,857 million, operating loss was ¥159 million, ordinary loss was ¥177 million and quarterly net loss was ¥365 million.

(1) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
FY2007 1 st Quarter	51,749	2,740	2.2	16.12
FY2006 1 st Quarter	33,827	2,581	7.6	35.70
September 2006	47,943	3,400	3.3	21.73

(Note) For the first quarter of the fiscal year ended September 2006, “shareholders’ equity” has been replaced by “net assets”, “shareholders’ equity ratio” has been replaced by “equity ratio” and “shareholders’ equity ratio per share” has been replaced by “net assets per share”.

【Consolidated Financial Condition】

Total assets as at the end of the first quarter were ¥51,749 million, recording an increase of ¥3,805 million from the end of the previous fiscal year. The gain is attributed to an increase in inventories at the Group’s real estate and construction firms, which offset the decline in assets resulting from the sale of securities and the head office building.

Total liabilities were ¥49,009 million, an increase of ¥4,466 million compared to the end of the previous fiscal year. Despite the Group’s efforts to bring down interest-bearing debt by repaying bank borrowings, total liabilities rose, reflecting increases in accounts payable and advances received on construction in progress.

Net assets were ¥2,740 million, a ¥660 million less than at the end of the pervious fiscal year. This was due to a quarterly net loss of ¥365 million.

As a result, equity ratio was 2.2%, 1.1 percentage point less than at the end of the previous fiscal year.

3. Consolidated Forecasts for the Fiscal Year Ending September 30, 2007 (October 1, 2006 – September 30, 2007)

	Net sales	Ordinary income	Net income	Net income per share
	¥ Million	¥ Million	¥ Million	¥
FY ending September 2007	78,500	3,800	2,000	27.83

Caution regarding forward looking statements:

Above forecasts regarding future performance in these materials are based on assumptions, forecasts and plans at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from the forecasts for a number of factors.