

Brief Announcement on the Financial Results for
The Second Quarter of the Fiscal Year 2009 (Consolidated)

Company : Quest Co., Ltd.

Stock Exchanges : JASDAQ

Stock Code Number : 2332

Location of headquarters : Tokyo Met. Japan

URL: <http://www.quest.co.jp/>

Representative: Name: Kazuro Sato Title: President & Representative director

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(In millions of yen)

1. Consolidated Performance for the Second quarter of FY 2009 (April 1, 2009 – September 30, 2009)

(1) Consolidated operating results

	Net sales	Operating income	Ordinary income	Net income for the Second quarter of the fiscal year
Results for the Second quarter of FY 2009	3,071 (Δ 16.9%)	43(Δ 66.0%)	48(Δ 64.9%)	34(Δ 64.8%)
Results for the Second quarter of FY 2008	3,697(--)	127(--)	138(--)	96(--)

	Net income per share for the Second quarter of the fiscal year	Net income per share after adjustment of latent shares for the Second quarter of the fiscal year
Results for the Second quarter of FY 2009	6.40 yen	----
Results for the Second quarter of FY 2008	17.77 yen	----

(2) Consolidated financial position

	Total assets	Shareholder's equity	Ratio of shareholder's equity	Shareholder's equity per share
September 30 2009	4,423	3,693	83.5%	696.07 yen
FY 2008	4,802	3,874	80.7%	724.61 yen

2. Dividend position

	End of first quarter	End of second quarter	End of third quarter	End of FY	Annual Total
FY 2008	----	0.00 yen	----	35.00 yen	35.00 yen
FY 2009	----				
FY 2009 (Forecast)		0.00 yen	----	35.00 yen	35.00 yen

3. Forecast Consolidated Performance for FY 2009 (April 1, 2009 – March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY 2009	7,250 (Δ 0.4%)	325 (15.3%)	335 (9.7%)	203 (Δ 4.7%)	37.96 yen

(In thousands of yen)

Second quarter(FY2009) previous year(FY 2008)

Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	1,664,409	1,702,067
Notes and accounts receivable-trade	756,029	947,715
Short-term investment securities	397,827	399,877
Merchandise	—	1,525
Merchandise and finished goods		
Work in process	27,845	28,423
Raw materials and supplies		
Other	247,908	267,384
Allowance for doubtful accounts	-537	-537
Total current assets	3,093,482	3,346,455
Noncurrent assets		
Property, plant and equipment		
Buildings	167,260	167,260
Accumulated depreciation	-81,628	-79,168
Buildings, net	85,631	88,092
Land	110,534	110,534
Other	114,988	115,102
Accumulated depreciation	-92,797	-88,376
Other, net	22,190	26,725
Total property, plant and equipment	218,356	225,352
Intangible assets		
Goodwill	63,050	—
Other	88,074	165,896
Total intangible assets	151,124	165,896
Investments and other assets		
Investment securities	654,277	734,398
Other	306,625	330,462
Allowance for doubtful accounts	-309	-309
Total investments and other assets	960,593	1,064,551
Total noncurrent assets	1,330,074	1,455,800
Total assets	4,423,556	4,802,256
Liabilities		
Current liabilities		
Accounts payable-trade	112,156	211,887
Income taxes payable	6,734	7,249
Provision for bonuses	225,121	310,067
Provision for product warranties		
Provision for loss on projects	3,583	—
Provision for loss on order received		
Asset retirement obligations		
Other	192,541	218,712
Total current liabilities	540,136	747,917
Noncurrent liabilities		
Provision for retirement benefits	81,531	59,564
Provision for directors' retirement benefits	108,142	119,918
Asset retirement obligations		
Other		

Total noncurrent liabilities	189,674	179,482
Total liabilities	729,810	927,400
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	499,678	499,678
Retained earnings	2,834,401	2,987,466
Treasury stock	-131,463	-102,585
Total shareholders' equity	3,693,647	3,875,589
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	447	-139
Foreign currency translation adjustment	-349	-593
Total valuation and translation adjustments	98	-733
Minority interests		
Total net assets	3,693,745	3,874,855
Total liabilities and net assets	4,423,556	4,802,256

(In thousands of yen)

Second quarter(FY2008) Second quarter(FY2009)

Consolidated quarterly statements of income		
	Second quarter(FY2008)	Second quarter(FY2009)
Net sales	3,697,702	3,071,345
Cost of sales	3,117,258	2,646,608
Gross profit	580,443	424,737
Selling, general and administrative expenses		
Salaries, allowances and bonuses	102,057	112,273
Directors' compensations	92,439	70,825
Provision for bonuses	21,053	15,269
Retirement benefit expenses	7,181	7,788
Provision for directors' retirement benefits	3,000	2,600
Provision of allowance for doubtful accounts		
Amortization of goodwill		
Other	226,993	172,556
Total selling, general and administrative expenses	452,726	381,313
Operating income	127,717	43,423
Non-operating income		
Interest income	12,298	13,877
Dividends income		
Gain on sales of securities		
Gain on sales of investment securities		
Gain on investments in partnership		
Gain on insurance agency business transfer		
Foreign exchange gains		
Gain on sales of noncurrent assets		
Insurance fee		
Other	6,067	2,495
Total non-operating income	18,366	16,373
Non-operating expenses		
Interest expenses		
Loss on sales of securities		
Loss on valuation of securities		
Loss on investments in partnership	6,500	10,409
Foreign exchange losses		
Loss on retirement of noncurrent assets		
Loss on sales of noncurrent assets		
Other	759	639
Total non-operating expenses	7,259	11,048
Ordinary income	138,823	48,748
Extraordinary income		
Gain on prior period adjustment		
Commutation expenses for prior periods	50,392	—
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Gain on sales of noncurrent assets		
Gain on sales of investment securities		
Total extraordinary income	50,392	—
Extraordinary loss		
Loss on prior period adjustment		
Loss on sales of noncurrent assets		
Impairment loss		
Loss on disaster		

Loss on valuation of investment securities		
Loss on sales of investment securities	—	943
Total extraordinary losses	—	943
Income before income taxes and minority interests	189,216	47,805
Income taxes-current	83,236	6,985
Income taxes-deferred	9,153	6,720
Total income taxes	92,390	13,705
Minority interests in income	19	—
Net income	96,806	34,099

(In thousands of yen)

Second quarter(FY2008) Second quarter(FY2009)

Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	189,216	47,805
Loss (gain) from prior period adjustment		
Depreciation and amortization	17,732	14,993
Amortization of goodwill	—	10,000
Increase (decrease) in provision	-13,404	-71,171
Interest and dividends income	-12,508	-14,027
Loss (gain) on valuation of investment securities		
Loss (gain) on investments in partnership	6,500	10,409
Commutation expenses for prior periods		
Foreign exchange losses (gains)		
Loss (gain) on sales of property, plant and equipment		
Impairment loss		
Decrease (increase) in notes and accounts receivable-trade	14,725	191,685
Decrease (increase) in inventories	-10,258	2,103
Increase (decrease) in notes and accounts payable-trade	12,623	-99,731
Increase (decrease) in provision for bonuses		
Increase (decrease) in provision for retirement benefits and directors' retirement benefits		
Decrease (increase) in prepaid expenses	-71,350	—
Other, net	2,276	-20,682
Subtotal	135,550	71,383
Interest and dividends income received	8,495	14,072
Interest expenses paid	-55	—
Income taxes paid	-114,339	-15,160
Income taxes refund	—	15,926
Net cash provided by (used in) operating activities	29,651	86,222
Net cash provided by (used in) investing activities		
Payments into time deposits		
Proceeds from withdrawal of time deposits	—	600,000
Payments of short-term loans receivable		
Collection of short-term loans receivable		
Purchase of short-term investment securities	-100,134	—
Proceeds from redemption of securities	—	200,000
Proceeds from sales and redemption of securities		
Purchase of property, plant and equipment	-10,204	-1,524
Proceeds from sales of property, plant and equipment	71,755	—
Purchase of intangible assets	-30,459	-4,721
Proceeds from maturity of insurance funds	5,953	—
Purchase of investment securities	-299,270	-101,913
Proceeds from sales of investment securities		
Purchase of investments in subsidiaries	-29,400	—
Proceeds from sales and redemption of short-term and long term investment securities		
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation		
Other, net	4,353	-600

Net cash provided by (used in) investing activities	-387,407	691,241
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	-16,853	—
Proceeds from issuance of common stock		
Purchase of treasury stock	-32,920	-29,053
Proceeds from disposal of treasury stock		
Cash dividends paid	-164,074	-186,963
Other, net		
Net cash provided by (used in) financing activities	-213,847	-216,017
Effect of exchange rate change on cash and cash equivalents	-540	244
Net increase (decrease) in cash and cash equivalents	-572,144	561,691
Cash and cash equivalents at beginning of period	1,840,120	1,085,846
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation		
Cash and cash equivalents at end of period	1,267,976	1,647,538