

Brief Announcement on the Financial Results
for the Second Quarter of the Fiscal Year 2010 (Consolidated)

Company : Quest Co., Ltd.

Stock Exchanges : OSE 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

Inquiries : Name: Akira Furuya Title: Managing Director, in charge of information disclosure

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(In millions of yen)

1. Consolidated Performance for the second quarter of FY 2010 (April 1, 2010 – September 30, 2010)

(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 2010 | 3,062 (△0.3%) | 97 (124.7%) | 113 (132.0%) | 54 (61.3%) |
| Results for the second quarter of FY 2009 | 3,071 (△16.9%) | 43 (△66.0%) | 48 (△64.9%) | 34 (△64.8%) |

| | 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 2010 | 10.41 yen | ---- |
| Results for the second quarter of FY 2009 | 6.40 yen | ---- |

(2) Consolidated financial position

| | Total assets | Shareholder's equity | Ratio of shareholder's equity | Shareholder's equity per share |
|-------------------|--------------|----------------------|-------------------------------|--------------------------------|
| September 30 2010 | 4,450 | 3,621 | 81.4% | 685.65 yen |
| FY 2009 | 4,515 | 3,726 | 82.5% | 705.57 yen |

2. Dividend position

| | End of first quarter | End of second quarter | End of third quarter | End of FY | Annual Total |
|--------------------|----------------------|-----------------------|----------------------|-----------|--------------|
| FY 2009 | ---- | 0.00 yen | ---- | 30.00 yen | 30.00 yen |
| FY 2010 | ---- | 0.00 yen | | | |
| FY 2010 (Forecast) | | | ---- | 30.00 yen | 30.00 yen |

3. Forecast Consolidated Performance for FY 2010 (April 1, 2010 – March 31, 2011)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
|---------|--------------|------------------|-----------------|-------------|----------------------|
| FY 2010 | 6,430 (4.3%) | 268(52.4%) | 280 (46.5%) | 170 (99.5%) | 32.18 yen |

(In thousands of yen)

Second Quarter (FY 2010) Previous Year (FY 2009)

| Consolidated quarterly balance sheets | | |
|--|-----------|-----------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,294,114 | 1,289,510 |
| Notes and accounts receivable-trade | 886,797 | 897,275 |
| Short-term investment securities | 700,732 | 599,386 |
| Merchandise | — | 1,552 |
| Work in process | 31,180 | 34,752 |
| | | ※ |
| Other | 217,625 | 226,977 |
| Allowance for doubtful accounts | — | -380 |
| Total current assets | 3,130,450 | 3,049,075 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 144,574 | 166,791 |
| Accumulated depreciation | -64,119 | -83,832 |
| Buildings, net | 80,455 | 82,959 |
| Land | 85,264 | 110,534 |
| Other | 117,438 | 114,936 |
| Accumulated depreciation | -99,745 | -96,325 |
| Other, net | 17,692 | 18,611 |
| Total property, plant and equipment | 183,412 | 212,105 |
| Intangible assets | | |
| Goodwill | 43,050 | 53,050 |
| Other | 90,604 | 80,189 |
| Total intangible assets | 133,654 | 133,239 |
| Investments and other assets | | |
| Investment securities | 712,502 | 816,884 |
| Other | 290,064 | 304,653 |
| Allowance for doubtful accounts | — | -309 |
| Total investments and other assets | 1,002,567 | 1,121,228 |
| Total noncurrent assets | 1,319,634 | 1,466,573 |
| Total assets | 4,450,084 | 4,515,648 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 130,245 | 123,911 |
| Income taxes payable | 33,335 | 14,310 |
| Provision for bonuses | 229,388 | 240,017 |
| Provision for loss on projects | 3,009 | 1,087 |
| Other | 195,945 | 197,267 |
| Total current liabilities | 591,924 | 576,594 |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 127,045 | 101,132 |
| Provision for directors' retirement benefits | 109,542 | 110,942 |
| Total noncurrent liabilities | 236,588 | 212,075 |
| Total liabilities | 828,512 | 788,669 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 491,031 | 491,031 |
| Capital surplus | 499,676 | 499,678 |

| | | |
|---|-----------|-----------|
| Retained earnings | 2,782,059 | 2,885,531 |
| Treasury stock | -149,517 | -149,317 |
| Total shareholders' equity | 3,623,249 | 3,726,924 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | -618 | 767 |
| Foreign currency translation adjustment | -1,059 | -712 |
| Total valuation and translation adjustments | -1,677 | 54 |
| Total net assets | 3,621,572 | 3,726,978 |
| Total liabilities and net assets | 4,450,084 | 4,515,648 |

(In thousands of yen)

for the six-month period (Apr.-Sep.)

Second Quarter (FY 2009) Second Quarter (FY 2010)

| | | |
|--|-----------|-----------|
| Consolidated quarterly statements of income | | |
| Net sales | 3,071,345 | 3,062,905 |
| Cost of sales | 2,646,608 | 2,565,267 |
| Gross profit | 424,737 | 497,638 |
| Selling, general and administrative expenses | | |
| Salaries, allowances and bonuses | 112,273 | 110,182 |
| Directors' compensations | 70,825 | 81,202 |
| Provision for bonuses | 15,269 | 18,871 |
| Retirement benefit expenses | 7,788 | 11,345 |
| Provision for directors' retirement benefits | 2,600 | 1,600 |
| Other | 172,556 | 176,862 |
| Total selling, general and administrative expenses | 381,313 | 400,065 |
| Operating income | 43,423 | 97,572 |
| Non-operating income | | |
| Interest income | 13,877 | 14,449 |
| Other | 2,495 | 3,314 |
| Total non-operating income | 16,373 | 17,764 |
| Non-operating expenses | | |
| Loss on valuation of investment securities | — | 1,298 |
| Loss on investments in partnership | 10,409 | — |
| Loss on sales of noncurrent assets | — | 650 |
| Other | 639 | 310 |
| Total non-operating expenses | 11,048 | 2,259 |
| Ordinary income | 48,748 | 113,077 |
| Extraordinary income | | |
| Extraordinary loss | | |
| Impairment loss | — | 2,666 |
| Loss on sales of investment securities | 943 | — |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 8,362 |
| Total extraordinary losses | 943 | 11,028 |
| Income before income taxes and minority interests | 47,805 | 102,048 |
| Income taxes-current | 6,985 | 33,984 |
| Income taxes-deferred | 6,720 | 13,069 |
| Total income taxes | 13,705 | 47,053 |
| Income before minority interests | — | 54,995 |
| Net income | 34,099 | 54,995 |

(In thousands of yen)

for the six-month period (Apr. -Sep.)

Second Quarter (FY 2009) Second Quarter (FY 2010)

| Consolidated quarterly statements of cash flows | | |
|--|-----------|-----------|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 47,805 | 102,048 |
| Depreciation and amortization | 14,993 | 16,984 |
| Amortization of goodwill | 10,000 | 10,000 |
| Increase (decrease) in provision | -71,171 | 15,115 |
| Interest and dividends income | -14,027 | -14,692 |
| Loss (gain) on valuation of investment securities | — | 1,298 |
| Loss (gain) on investments in partnership | 10,409 | — |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 8,362 |
| Decrease (increase) in notes and accounts receivable-trade | 191,685 | 10,478 |
| Decrease (increase) in inventories | 2,103 | 5,124 |
| Increase (decrease) in notes and accounts payable-trade | -99,731 | 6,333 |
| Other, net | -20,682 | 1,175 |
| Subtotal | 71,383 | 162,229 |
| Interest and dividends income received | 14,072 | 14,246 |
| Income taxes paid | -15,160 | -12,047 |
| Income taxes refund | 15,926 | — |
| Net cash provided by (used in) operating activities | 86,222 | 164,428 |
| Net cash provided by (used in) investing activities | | |
| Proceeds from withdrawal of time deposits | 600,000 | — |
| Purchase of short-term investment securities | — | -200,000 |
| Proceeds from redemption of securities | 200,000 | 300,000 |
| Purchase of property, plant and equipment | -1,524 | -2,708 |
| Proceeds from sales of property, plant and equipment | — | 23,000 |
| Purchase of intangible assets | -4,721 | -21,632 |
| Purchase of investment securities | -101,913 | -100,000 |
| Other, net | -600 | 50 |
| Net cash provided by (used in) investing activities | 691,241 | -1,290 |
| Net cash provided by (used in) financing activities | | |
| Purchase of treasury stock | -29,053 | -238 |
| Cash dividends paid | -186,963 | -157,974 |
| Net cash provided by (used in) financing activities | -216,017 | -158,213 |
| Effect of exchange rate change on cash and cash equivalents | 244 | -346 |
| Net increase (decrease) in cash and cash equivalents | 561,691 | 4,577 |
| Cash and cash equivalents at beginning of period | 1,085,846 | 1,272,239 |
| Cash and cash equivalents at end of period | 1,647,538 | 1,276,817 |