

Brief Announcement on the Financial Results
for the Second Quarter of the Fiscal Year 2011 (Consolidated)

Company : Quest Co., Ltd.

Stock Exchanges : OSE JASDAQ(Standard)

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: Chiaki Yamakoshi Title: Director, in charge of information disclosure

Phone: +81-3-3453-1181

(In millions of yen)

1. Consolidated Performance for the second quarter of FY 2011 (April 1, 2011 – September 30, 2011)

(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 2011	3,297 (7.7%)	96 (△0.8%)	114 (1.1 %)	70 (28.3%)
Results for the second quarter of FY 2010	3,062 (△0.3%)	97 (124.7%)	113 (132.0%)	54 (61.3%)

(Note) Comprehensive Income: Second quarter of FY2011: 69million yen (30.0%), Second quarter of FY2010: 53million yen (___%)

	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 2011	13.35 yen	----
Results for the second quarter of FY 2010	10.41 yen	----

(2) Consolidated financial position

	Total assets	Shareholder's equity	Ratio of shareholder's equity	Shareholder's equity per share
September 30 2011	4,585	3,628	79.1%	687.03 yen
FY 2010	4,677	3,718	79.5%	703.92 yen

(Reference) Shareholder's equity: Second quarter of FY2011: 3,628 million yen, FY2010: 3,718 million yen

2. Dividend position

	End of first quarter	End of second quarter	End of third quarter	End of FY	Annual Total
FY 2010	----	0.00 yen	----	30.00 yen	30.00 yen
FY 2011	----	0.00 yen	-----	-----	-----
FY 2011 (Forecast)	-----	-----	----	30.00 yen	30.00 yen

3. Forecast Consolidated Performance for FY 2011 (April 1, 2011 – March 31, 2012)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY 2011	6,700 (5.8%)	294 (16.5%)	300 (6.4%)	170 (12.3%)	32.19 yen

(In thousands of yen)

Previous Year (FY 2010) Second Quarter (FY 2011)

Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	1,426,477	1,427,624
Accounts receivable-trade	968,101	909,072
Short-term investment securities	1,001,015	800,230
Work in process	36,150	77,211
Other	229,232	229,732
Allowance for doubtful accounts	-65	—
Total current assets	3,660,912	3,443,872
Noncurrent assets		
Property, plant and equipment		
Buildings	127,977	129,468
Accumulated depreciation	-51,437	-52,993
Buildings, net	76,540	76,474
Land	69,864	69,864
Other	111,256	112,801
Accumulated depreciation	-97,400	-95,446
Other, net	13,855	17,354
Total property, plant and equipment	160,260	163,694
Intangible assets		
Goodwill	33,050	25,500
Other	117,672	100,511
Total intangible assets	150,722	126,011
Investments and other assets		
Investment securities	411,944	613,654
Other	293,344	238,450
Total investments and other assets	705,288	852,105
Total noncurrent assets	1,016,271	1,141,811
Total assets	4,677,183	4,585,683
Liabilities		
Current liabilities		
Accounts payable-trade	157,759	163,093
Income taxes payable	92,424	51,139
Provision for bonuses	244,178	256,161
Provision for loss on projects	3,778	—
Other	203,201	209,714
Total current liabilities	701,342	680,108
Noncurrent liabilities		
Provision for retirement benefits	146,686	169,324
Provision for directors' retirement benefits	111,125	107,525
Total noncurrent liabilities	257,812	276,850
Total liabilities	959,154	956,959
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	499,676	499,676
Retained earnings	2,878,401	2,790,477
Treasury stock	-149,563	-149,632
Total shareholders' equity	3,719,545	3,631,552
Accumulated other comprehensive income		

Valuation difference on available-for-sale securities	-254	-973
Foreign currency translation adjustment	-1,262	-1,853
Total accumulated other comprehensive income	-1,516	-2,827
Total net assets	3,718,029	3,628,724
Total liabilities and net assets	4,677,183	4,585,683

(In thousands of yen)
Second Quarter (FY 2010) Second Quarter (FY 2011)

Consolidated quarterly statements of (comprehensive) income		
Net sales	3,062,905	3,297,995
Cost of sales	2,565,267	2,792,856
Gross profit	497,638	505,139
Selling, general and administrative expenses		
Salaries, allowances and bonuses	110,182	105,401
Directors' compensations	81,202	84,572
Provision for bonuses	18,871	20,899
Retirement benefit expenses	11,345	8,334
Provision for directors' retirement benefits	1,600	2,000
Other	176,862	187,109
Total selling, general and administrative expenses	400,065	408,317
Operating income	97,572	96,821
Non-operating income		
Interest income	14,449	13,396
Other	3,314	4,210
Total non-operating income	17,764	17,607
Non-operating expenses		
Loss on valuation of investment securities	1,298	—
Foreign exchange losses	301	115
Loss on sales of noncurrent assets	650	—
Other	9	25
Total non-operating expenses	2,259	141
Ordinary income	113,077	114,287
Extraordinary income		
Extraordinary loss		
Impairment loss	2,666	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	8,362	—
Total extraordinary losses	11,028	—
Income before income taxes and minority interests	102,048	114,287
Income taxes-current	33,984	50,789
Income taxes-deferred	13,069	-7,034
Total income taxes	47,053	43,754
Income before minority interests	54,995	70,532
Net income	54,995	70,532

(In thousands of yen)
 Second Quarter (FY 2010) Second Quarter (FY 2011)

Consolidated quarterly statements of comprehensive income		
Income before minority interests	54,995	70,532
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,386	-719
Foreign currency translation adjustment	-346	-591
Total other comprehensive income	-1,732	-1,311
Comprehensive income	53,263	69,221
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	53,263	69,221

(In thousands of yen)

Second Quarter (FY 2010) Second Quarter (FY 2011)

Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	102,048	114,287
Depreciation and amortization	16,984	32,933
Amortization of goodwill	10,000	7,550
Increase (decrease) in provision	15,115	27,176
Interest and dividends income	-14,692	-13,521
Loss (gain) on valuation of investment securities	1,298	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	8,362	—
Decrease (increase) in notes and accounts receivable-trade	10,478	59,028
Decrease (increase) in inventories	5,124	-41,061
Increase (decrease) in notes and accounts payable-trade	6,333	5,333
Other, net	1,175	12,576
Subtotal	162,229	204,303
Interest and dividends income received	14,246	12,538
Income taxes paid	-12,047	-99,824
Net cash provided by (used in) operating activities	164,428	117,017
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-200,000	-100,295
Proceeds from redemption of securities	300,000	400,000
Purchase of property, plant and equipment	-2,708	-8,360
Proceeds from sales of property, plant and equipment	23,000	—
Purchase of intangible assets	-21,632	-10,755
Proceeds from maturity of insurance funds	—	76,382
Purchase of insurance funds	—	-14,000
Purchase of investment securities	-100,000	-302,601
Other, net	50	2,925
Net cash provided by (used in) investing activities	-1,290	43,296
Net cash provided by (used in) financing activities		
Purchase of treasury stock	-238	-70
Cash dividends paid	-157,974	-158,515
Net cash provided by (used in) financing activities	-158,213	-158,585
Effect of exchange rate change on cash and cash equivalents	-346	-591
Net increase (decrease) in cash and cash equivalents	4,577	1,136
Cash and cash equivalents at beginning of period	1,272,239	1,409,180
Cash and cash equivalents at end of period	1,276,817	1,410,316
	※	※