

Brief Announcement on the Financial Results
for the Third Quarter of the Fiscal Year 2010 (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: Akira Furuya Title: Managing Director, in charge of information disclosure

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(In millions of yen)

1. Consolidated Performance for the third quarter of FY 2010 (April 1, 2010 – December 31, 2010)

(1) Consolidated operating results

	Net sales	Operating income	Ordinary income	Net income for the third quarter of the fiscal year
Results for the third quarter of FY 2010	4,611 (0.9%)	136 (60.3%)	159 (65.8%)	79 (40.0%)
Results for the third quarter of FY 2009	4,569 (Δ 16.9%)	85 (Δ 59.0%)	96 (Δ 56.8%)	56 (Δ 58.2%)

	Net income per share for the third quarter of the fiscal year	Net income per share after adjustment of latent shares for the third quarter of the fiscal year
Results for the third quarter of FY 2010	15.11 yen	----
Results for the third quarter of FY 2009	10.72 yen	----

(2) Consolidated financial position

	Total assets	Shareholder's equity	Ratio of shareholder's equity	Shareholder's equity per share
December 31 2010	4,477	3,647	81.5%	690.53 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)

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

Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	1,395,344	1,289,510
Notes and accounts receivable-trade	902,363	897,275
Short-term investment securities	801,867	599,386
Merchandise	—	1,552
Work in process	80,709	34,752
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Other	167,650	226,977
Allowance for doubtful accounts	—	-380
Total current assets	3,347,934	3,049,075
Noncurrent assets		
Property, plant and equipment		
Buildings	144,574	166,791
Accumulated depreciation	-65,137	-83,832
Buildings, net	79,436	82,959
Land	85,264	110,534
Other	111,259	114,936
Accumulated depreciation	-95,561	-96,325
Other, net	15,698	18,611
Total property, plant and equipment	180,399	212,105
Intangible assets		
Goodwill	38,050	53,050
Other	105,840	80,189
Total intangible assets	143,890	133,239
Investments and other assets		
Investment securities	512,705	816,884
Other	292,646	304,653
Allowance for doubtful accounts	—	-309
Total investments and other assets	805,351	1,121,228
Total noncurrent assets	1,129,641	1,466,573
Total assets	4,477,576	4,515,648
Liabilities		
Current liabilities		
Accounts payable-trade	137,430	123,911
Income taxes payable	1,064	14,310
Provision for bonuses	137,329	240,017
Provision for loss on projects	2,080	1,087
Other	306,389	197,267
Total current liabilities	584,294	576,594
Noncurrent liabilities		
Provision for retirement benefits	135,371	101,132
Provision for directors' retirement benefits	110,542	110,942
Total noncurrent liabilities	245,914	212,075
Total liabilities	830,209	788,669
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	499,676	499,678

Retained earnings	2,806,861	2,885,531
Treasury stock	-149,517	-149,317
Total shareholders' equity	3,648,051	3,726,924
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	504	767
Foreign currency translation adjustment	-1,188	-712
Total valuation and translation adjustments	-684	54
Total net assets	3,647,367	3,726,978
Total liabilities and net assets	4,477,576	4,515,648

(In thousands of yen)

for the nine-month period (Apr.-Dec.)

Third Quarter (FY 2009) Third Quarter (FY 2010)

Consolidated quarterly statements of income		
Net sales	4,569,470	4,611,420
Cost of sales	3,918,235	3,877,554
Gross profit	651,235	733,866
Selling, general and administrative expenses		
Salaries, allowances and bonuses	180,897	178,353
Directors' compensations	104,353	121,953
Provision for bonuses	7,695	10,944
Retirement benefit expenses	11,557	16,050
Provision for directors' retirement benefits	4,000	2,600
Other	257,269	267,007
Total selling, general and administrative expenses	565,772	596,909
Operating income	85,462	136,956
Non-operating income		
Interest income	18,092	21,442
Other	4,256	3,903
Total non-operating income	22,348	25,345
Non-operating expenses		
Loss on valuation of investment securities	—	1,298
Loss on investments in partnership	10,661	—
Loss on sales of noncurrent assets	—	650
Other	755	521
Total non-operating expenses	11,416	2,470
Ordinary income	96,394	159,831
Extraordinary income		
Extraordinary loss		
Amortization of Advance payments	—	7,726
Loss on retirement of noncurrent assets	292	—
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	1,236	18,754
Income before income taxes and minority interests	95,158	141,076
Income taxes-current	8,930	8,247
Income taxes-deferred	29,247	53,031
Total income taxes	38,177	61,279
Income before minority interests	—	79,797
Net income	56,980	79,797

(In thousands of yen)

for the nine-month period (Apr.-Dec.)

Third Quarter (FY 2009) Third Quarter (FY 2010)

Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	95,158	141,076
Depreciation and amortization	22,452	26,287
Amortization of goodwill	15,000	15,000
Increase (decrease) in provision	-171,523	-68,545
Interest and dividends income	-18,242	-21,805
Loss (gain) on valuation of investment securities	—	1,298
Loss (gain) on investments in partnership	10,661	—
Amortization of Advance payments	—	7,726
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	8,362
Decrease (increase) in notes and accounts receivable-trade	145,677	-5,087
Decrease (increase) in inventories	-12,905	-44,404
Increase (decrease) in notes and accounts payable-trade	-96,230	13,519
Other, net	107,366	127,220
Subtotal	97,413	200,647
Interest and dividends income received	17,361	22,590
Income taxes paid	-57,254	-35,933
Income taxes refund	15,926	—
Net cash provided by (used in) operating activities	73,447	187,304
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	600,000	—
Purchase of short-term investment securities	-100,441	-200,000
Proceeds from redemption of securities	300,000	600,000
Purchase of property, plant and equipment	-1,784	-2,708
Proceeds from sales of property, plant and equipment	—	23,000
Purchase of intangible assets	-4,721	-42,956
Purchase of investment securities	-503,165	-300,040
Other, net	-950	230
Net cash provided by (used in) investing activities	288,937	77,524
Net cash provided by (used in) financing activities		
Purchase of treasury stock	-43,255	-238
Cash dividends paid	-187,232	-158,307
Net cash provided by (used in) financing activities	-230,487	-158,546
Effect of exchange rate change on cash and cash equivalents	-212	-475
Net increase (decrease) in cash and cash equivalents	131,685	105,807
Cash and cash equivalents at beginning of period	1,085,846	1,272,239
Cash and cash equivalents at end of period	1,217,532	1,378,046