

News Release



August 22, 2007

Quest Co., Ltd.
JASDAQ Code: 2332

**Quest Co., Ltd. to Acquire Shares of Draft·In Co., Ltd. (Conversion to Subsidiary) and to
Transfer Data Entry Business to Draft·In (Simplified Business Transfer Procedure)
- To Jointly Reinforce Service Structures and Undertake
Establishment of an Original Split-Image Entry System -**

In a move towards gaining the business process outsourcing market ("BPO market"), which is expected to grow greatly in the future, and with the objective of reinforcing the service structure and establishing an original split-image entry system, Quest Co., Ltd. ("Quest." Head office: Minato-ku, Tokyo; President and CEO: Kazuro Sato) resolved at a meeting of the board directors held on August 22, 2007, to acquire shares of Draft·In Co., Ltd. ("Draft·In." Head office: Sumida-ku, Tokyo; President and CEO: Kazuyoshi Shimizu), a data entry services company. In addition to making Draft·In its subsidiary, Quest will be transferring its data entry business to Draft·In.

Quest was established in 1965 as an independent information services company with a focus on data entry services. It later expanded its business to include software development and systems operation and development. Today, in the company's origins of data entry services, Quest has business relationships of over 40 years standing with major corporations, centering on companies in the financial services industry.

As part of the Quest Group's growth strategy named, "Becoming a Company in FY2010 with Consolidated Net Sales Surpassing 10 Billion Yen," Quest has been examining the reinforcement of the structure of its data entry service and the establishment of its original split-image entry system so that it may capture the BPO market, which is expected to see great growth in the future. Quest learned that Draft·In, a company specializing in data entry services, was planning to enter the BPO market. Draft·In will be made a subsidiary of Quest on the condition that Quest's data entry services business will be transferred to Draft·In, and the two companies will work together and aim for the early realization of Quest's growth strategy.

The following reinforcement measures will be addressed through the conversion of Draft·In to a subsidiary and its integration of Quest's data entry services business:

- Expansion of sales through the integration, construction of stable revenue and management bases
- Establishment of original split-image entry system and competitive service model
 - Drawing on 40 years of experience, we will provide stable, high-quality, and low cost

services by establishing an original split-image entry system that is dynamic and capable of dealing with a wide variety of ledger sheets, and at the same time establishing a service model that utilizes offshore human resources from areas such as China.

- Reinforcement of the sales base and proactive development of sales to potential customers

Draft·In's shares are scheduled to be acquired by Quest on August 31, 2007, and the transfer of Quest's data entry business is scheduled to be carried out on October 1, 2007. Kazuyoshi Shimizu will assume the post of President of the subsidiary after the merger, and will strive to develop business proactively under the new structure, aiming to achieve net sales of 350 million yen in FY2009.

1. Outline of subsidiary being transferred (Draft·In)

- 1) Business name: Draft·In Co., Ltd.
- 2) Representative: Kazuyoshi Shimizu, President and CEO
- 3) Head office: 20-7 Midori 4-chome, Sumida-ku, Tokyo
- 4) Founded: October 6, 2005
- 5) Main business: Data entry services
- 6) End of fiscal year: March 31
- 7) Number of employees: 28 (including part-time employees)
- 8) Main office locations: Tokyo and Chiba
- 9) Paid-in capital: 10 million yen
- 10) Outstanding stock: 1,000 shares
- 11) Major shareholder and percentage: 1 major shareholder; 100%
- 12) Performance trend in most recent fiscal year:

	First half-year ended September 30, 2006	Second half-year ended March 31, 2007
Net sales	54 million yen	70 million yen
Gross profit on sales	54 million yen	58 million yen
Operating profit	-1 million yen	-0 million yen
Ordinary profit	-1 million yen	-0 million yen
Profit of the term	-1 million yen	-0 million yen
Total assets	52 million yen	56 million yen
Net assets	8 million yen	8 million yen
Paid-in capital	10 million yen	10 million yen
Dividend per share	0.00 yen	0.00 yen

2. Content of the business transfer

1) Division being transferred

- (a) Name of division: Data Entry Group, Information Processing Services Department
- (b) Work content: Carrying out various out-sourced data entry, conversion and incidental clerical work

2) Principle business performance and financial state of the division being transferred

	(A) Division being transferred (Year ended March 31, 2007)	(B) Company transferring division (before transfer) (Year ended March 31, 2007)	(A)/(B)x100
Net sales	145,770,000 yen	6,892,470,000 yen	2.1%
Gross profit on sales	12,042,000 yen	1,244,525,000 yen	1.0%

Note: The gross profit on sales is an estimate used for internal management purposes.

3) Asset and liability items and amounts of the division being transferred

(As of March 31, 2007)

Asset item	Asset amount (in thousands of yen)	Liability item	Liability amount (in thousands of yen)
Current assets	0	Current liabilities	0
Fixed assets	1,753	Fixed liabilities	0
Total	1,753	Total	0

4) Transfer price and payment method

Transfer price: 1.75 million yen

Calculated on the basis of the book value of the assets object to transfer as of the end of September 2007.

Payment by cash is scheduled.

3. Party to which business will be transferred:

- 1) Business name: Draft·In Co., Ltd.
- 2) Representative: Kazuyoshi Shimizu, President and CEO
- 3) Head office: 20-7 Midori 4-chome, Sumida-ku, Tokyo
- 4) Main business: Data entry services
- 5) Relationship with Quest: No capital or human relationships; however, there has been business transaction with Quest as a cooperating company.

4. Number of shares to be acquired, acquisition cost, and state of share ownership before and after transfer

(1) Number of shares owned before transfer	0	(Percentage owned: 0%)	(Number of shareholder voting rights: 0)
(2) Number of shares to be acquired	1,530	(Acquisition cost: 15 million yen)	(Number of shareholder voting rights: 1,530)
(3) Number of shares owned after transfer	1,530	(Percentage owned: 51.0%)	(Number of shareholder voting rights: 1,530)

Note: Draft·In, Co., Ltd. is scheduled to carry out an allocation of 2,000 new shares to a third party on August 31, 2007. Quest is scheduled to subscribe to 1,530 of those shares.

The content of the subscription of new shares, the acquisition cost, number of shares to be subscribed to, and the percentage of shareholder voting rights are the same as (2) and (3) above.

5. Schedule (share acquisition and business transfer)

August 22, 2007	Corporate resolution (approval of the acquisition of shares and transfer of business)
August 22, 2007	Conclusion of business transfer agreement
August 31, 2007	Date of Draft·In Co., Ltd. share acquisition (scheduled date)
October 1, 2007	Date of business transfer (scheduled date) (by simplified business transfer procedure)

6. Effect on future performance and financial position

Private funds are scheduled to be appropriated for the acquisition of shares.

Effects of the business transfer and consolidation as a subsidiary on the consolidated statement for this consolidated fiscal year are expected to be minor. There will be no changes made to the interim consolidated performance forecast for the year ending March 31, 2008, which was stated in the "Brief Announcement on the Financial Results for the Fiscal Year Ended March 31, 2007," dated May 15, 2007.

Furthermore, we expect the effects on the performance forecast for the full year of the fiscal year ending March 31, 2008 and the financial position to be minor, and there will be no changes made at the present time to the forecasted values.

Note, however, that if any major change, etc., should arise, it will be promptly disclosed.

The performance forecasts for Quest Co., Ltd. contained in this document are forward-looking statements and are assessments made by the management of this company¹ on the basis of information available at this current time. They contain risks and uncertainties.

For this reason, we advise that you do not place undue reliance solely on these performance forecasts when making your determinations regarding investment.

There is a possibility that actual performance may differ greatly from such performance forecasts due to various important factors. Important factors that may possibly affect actual performance include the economic climate, market trends and world affairs related to this company's area of business.

This document may not be duplicated, reproduced or transferred without the express approval of Quest Co., Ltd.

The original Japanese version of this material is being distributed
to the Kabuto Club (TSE press club)

Inquiries:
Department of Management and Administration
Quest Co., Ltd.
Phone: +81-3-3453-1181
FAX: +81-3-3453-1184
E-mail: ir@quest.co.jp
Website: www.quest.co.jp