



For: Questar Assessment, Inc.
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Brewster, NY 10509-0382

NEWS RELEASE

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FOR IMMEDIATE RELEASE

QUESTAR ASSESSMENT REPORTS STRONG EARNINGS AND REVENUE FOR SECOND QUARTER, FIRST HALF OF FISCAL 2007

- **Posts Second Quarter Fully Diluted EPS of 36 Cents**
- **Operating Income Reaches \$3.5 Million vs. Prior Year Loss**
- **Increased Efficiencies Result in Gross Margin of 55 Percent**
- **EBITDA Grows to \$4.7 Million**

Brewster, New York, June 14, 2007 – Questar Assessment, Inc. (**OTCBB: QUSA**) today reported strong increases in revenue, EBITDA * (earnings before interest, taxes, depreciation and amortization) and net income for the second quarter of fiscal 2007. Revenues in the second quarter ended April 30, 2007 increased 365% to \$16.2 million from \$3.5 million in the second quarter of 2006. Revenues for the six months ended April 30, 2007 increased 293% to \$25.8 million from \$6.6 million in the second quarter of 2006.

Effective May 31, 2006, the Company acquired Questar Educational Systems, Inc. (“QES”). That acquisition along with organic growth from the Company’s existing revenue sources fueled both the six-month and quarterly revenue increases. Proforma revenue increased 9% from \$23.7 million to \$25.8 million for the six months ended April 30, 2007. Pro forma revenue increased 7% for the quarter ended April 30, 2007 from \$15.1 million to \$16.2 million.

“Our second quarter results are a reaffirmation that our organization made the appropriate decision when we acquired Questar Educational Systems last year,” said Andrew L. Simon, president and CEO. “The integration of QES into the existing organization is starting to achieve meaningful results and we are taking advantage of our new scale.

The Company’s second quarter performance is an especially good example of that successful integration. “Our business has seasonality associated with it,” Simon explained. “The February through June period is our busiest since we follow the school year calendar. During such periods, it is vital that we are ‘clicking on all cylinders.’ Our results during this recent peak cycle will ensure that all of our constituencies, including our clients and shareholders, are beneficiaries of our performance. We provide – and will continue to provide – exceptional customer service and execution, which will always translate into financial success for an organization.”

Simon further stated: “We recorded net income of \$1,871,296, or \$.36 per diluted share on 5,132,154 shares outstanding, in the second quarter. This record net income level during the current quarter

has been achieved despite the fact that we amortized \$650,000 in expense due to the recognition of certain intangible value associated with customer contracts acquired from QES. This amortization expense reduced second quarter fully diluted earnings per share by \$.07. As we have previously discussed, we feel the best indicator for our financial performance is EBITDA *. Our EBITDA for the six months ended April 30, 2007 was \$5.1 million or \$.99 cents per fully diluted share.”

* - EBITDA is not a measure of financial performance under accounting principles generally accepted in the U.S. or by GAAP, and should not be considered an alternative to net income, or any other measure of performance under GAAP, or to cash flows from operating, investing or financing activities as an indicator of cash flows or a measure of liquidity.

PRO FORMA RESULTS (beginning of earliest reported period - November 1, 2005)

On a comparative pro forma basis, after giving effect to the Questar acquisition as of the earliest reporting period November 1, 2005, EBITDA increased to \$4.7 million in the current quarter from approximately \$3.2 million in the second quarter of last year. Comparative pro forma revenues increased to \$16.2 million this quarter from \$15.1 million in the second quarter a year ago. Pro forma EBITDA per fully diluted share for the second quarter fiscal 2007 was \$.91 versus a pro forma \$.63 for the second quarter a year earlier.

GROSS MARGINS / OVERHEAD COSTS

“Gross margin in the second quarter was 55%,” Simon stated. “This was slightly higher than we anticipated because we have begun to achieve some efficiency due to our new internal capabilities. I still believe as we continue to mature as a fully integrated company we will be able to leverage margins, selling and overhead costs even more effectively than we have witnessed to date.”

MANAGEMENT COMMENTS

Simon concluded: “This has been an outstanding quarter for our company in many ways. The fiscal results for the current quarter demonstrate that the work done by our employees and management and their accomplishments since the QES acquisition are now paying dividends.” As we are winding down the critical execution phase of our current project season, we will turn our undivided attention to adding new business opportunities for future years as well as reevaluating all systems to enhance efficiencies and our performance to our customer base. We have now demonstrated that we can deliver results, and I am confident that state governments along with other business partners will look to Questar Assessment as an industry leader.”

CONFERENCE CALL Thursday June 14, 2007 at 11:00 a.m. EDT

Management will host a conference call this morning to discuss second quarter fiscal 2007 results. The call is scheduled to begin at 11:00 a.m. EDT. Participants may dial: 1-201-689-8471 for the live call. The call will also be web cast live and archived for three months. The web cast can be accessed at: <http://viavid.net/dce.aspx?sid=000040A5>

ABOUT QUESTAR ASSESSMENT, INC. (formerly TASA)

Questar Assessment, Inc. headquartered in Brewster, N.Y., offers a comprehensive suite of educational assessment solutions to states, schools, school districts and to third parties. As one of the nation’s leading providers, Questar provides products and services that range from test design, development, calibration, and psychometric services through print production, distribution, scanning, scoring, reporting, and data analysis services. To meet the requirements in electronic assessment,

Questar offers on-line testing services to schools and educational entities in the K-12 market as well as customized assessment engines for curriculum providers. For more information, visit the company's new website at www.questarai.com.

Statements contained in this release that are not historical facts are "forward-looking" statements as contemplated by the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are subject to risks and uncertainties, which are enumerated in the company's reports filed with The Securities and Exchange Commission. These risks and uncertainties could cause actual results to differ materially from those projected or implied in the forward-looking statements.

Tables Follow ...

QUESTAR ASSESSMENT, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, <u>2007</u>	October 31 <u>2006</u>
	(Unaudited)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,786,408	\$ 789,288
Restricted cash	33,723	20,307
Accounts receivable, net of allowance for doubtful accounts of \$33,000	9,414,427	8,611,587
Inventories – net of reserve	335,451	545,362
Prepaid expenses and other current assets	617,287	496,509
Deferred income taxes	<u>426,079</u>	<u>364,031</u>
Total current assets	12,613,375	10,827,084
Property and equipment - net of accumulated depreciation of \$1,621,000 and \$1,013,000, respectively	4,011,036	3,734,227
Other assets:		
Test passage bank and test development, net of accumulated amortization of \$4,651,000 and \$4,509,000, respectively	2,501,470	2,335,670
Non-compete agreements, net of accumulated amortization of \$96,000 and \$44,000, respectively	263,049	315,659
Customer contracts, net of accumulated amortization of \$1,633,000 and \$377,000, respectively	2,866,689	4,122,678
Goodwill	13,199,154	13,647,586
Deferred income taxes	825,672	1,325,379
Other assets	<u>312,586</u>	<u>349,832</u>
Total assets	<u>\$36,593,031</u>	<u>\$36,658,115</u>

QUESTAR ASSESSMENT, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

	April 30, <u>2007</u> (Unaudited)	October 31, <u>2006</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Revolving credit agreement	\$ -	\$1,774,819
Current maturities of long-term debt	1,778,255	1,459,502
Accounts payable	2,446,273	2,794,301
Income tax payable	915,251	204,319
Accrued expenses	2,654,118	1,996,161
Billings in excess of costs	---	470,490
Deferred gain on sale of building – current portion	<u>125,438</u>	<u>125,438</u>
Total current liabilities	7,919,335	8,825,030
Long-term debt:		
Long-term debt, less current maturities	11,493,562	12,405,735
Interest rate swap agreement	55,239	77,155
Deferred gain on sale of building, net of current portion	<u>648,098</u>	<u>710,817</u>
Total liabilities	<u>20,116,234</u>	<u>22,018,737</u>
Commitments and contingencies	0	0
Stockholders' equity:		
Preferred stock, \$.0001 par value, 5,000,000 shares authorized; 1,888,888 shares issued and outstanding	189	189
Common stock, \$.0001 par value, 20,000,000 shares authorized; 3,069,048 and 2,946,047 shares issued and outstanding, respectively	307	295
Additional paid-in capital	15,491,003	15,069,034
Retained earnings (deficit)	<u>985,298</u>	<u>(430,140)</u>
Total stockholders' equity	<u>16,476,797</u>	<u>14,639,378</u>
Total liabilities and stockholders' equity	<u>\$36,593,031</u>	<u>\$36,658,115</u>

**QUESTAR ASSESSMENT, INC.
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)**

	<u>Six Months Ended April 30, 2007</u>	<u>Six Months Ended April 30, 2006</u>	<u>Three Months Ended April 30, 2007</u>	<u>Three Months Ended April 30, 2006</u>
		(Restated)		(Restated)
Net revenue earned	\$25,791,176	\$6,555,717	\$16,199,163	\$3,481,703
Cost of goods sold	<u>12,465,925</u>	<u>4,232,592</u>	<u>7,262,783</u>	<u>2,269,113</u>
Gross profit	<u>13,325,251</u>	<u>2,323,125</u>	<u>8,936,380</u>	<u>1,212,590</u>
Operating expenses:				
Selling	1,197,497	892,952	615,538	543,235
Depreciation and amortization	1,956,246	120,715	1,027,655	58,946
General and administrative	<u>7,190,657</u>	<u>2,053,240</u>	<u>3,750,552</u>	<u>1,069,735</u>
Total operating expenses	<u>10,344,400</u>	<u>3,066,907</u>	<u>5,393,745</u>	<u>1,671,916</u>
Income (loss) from operations	2,980,851	(743,782)	3,542,635	(459,326)
Other income (expense):				
Gain on sale of assets/leaseback of building	95,356	62,720	31,360	31,360
Interest income	3,633	4,778	3,264	876
Interest expense	<u>(515,810)</u>	<u>(47,040)</u>	<u>(273,703)</u>	<u>(22,934)</u>
Income (loss) before income taxes	2,564,030	(723,324)	3,303,556	(450,024)
Income tax provision (benefit)	<u>1,148,591</u>	<u>(270,992)</u>	<u>1,432,260</u>	<u>(167,540)</u>
Net income (loss)	<u>\$ 1,415,439</u>	<u>\$ (452,332)</u>	<u>\$ 1,871,296</u>	<u>\$ (282,484)</u>

QUESTAR ASSESSMENT, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Continued)
(Unaudited)

	<u>Six Months Ended April 30, 2007</u>	<u>Six Months Ended April 30, 2006</u> (Restated)	<u>Three Months Ended April 30, 2007</u>	<u>Three Months Ended April 30, 2006</u> (Restated)
Weighted average number of common and convertible preferred shares outstanding:				
Basic	4,897,533	2,911,351	4,929,249	2,913,018
Diluted	5,100,438	2,911,351	5,132,154	2,913,018
Net income (loss) per common share:				
Basic	\$.29	\$ (.16)	\$.38	\$ (.10)
Diluted	\$.28	\$ (.16)	\$.36	\$ (.10)

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