

**Brief Announcement on the Financial Results  
for the Second Quarter of the Fiscal Year 2014 (Consolidated)**

Company: Quest Co., Ltd.

Stock Exchanges: TSE JASDAQ (Standard)

Stock Code Number: 2332

Location of headquarters : Tokyo Met. Japan

URL: <http://www.quest.co.jp/>

Representative: Name: Kazuro Sato Title: President &amp; Representative director

Inquiries: Name: Chiaki Yamakoshi Title: Managing Director, in charge of information disclosure

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## 1. Consolidated Performance for the second quarter of FY 2014 (April 1, 2014 – September 30, 2014)

## (1) Consolidated operating results

(In millions of yen)

	Net sales	Operating income	Ordinary income	Net income for the second quarter of the Fiscal year
Results for the second quarter of FY2014	3,593 ( 4.7%)	122 ( 8.9%)	132 ( 6.5%)	86 (13.5%)
Results for the second quarter of FY2013	3,430 ( 3.6%)	112 (35.8%)	124 (31.8%)	76 (23.3%)

(Note) Comprehensive Income: Second quarter of FY 2014: 127 million yen ( 9.9%), second quarter FY 2013: 115 million yen (87.4%)

	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 FY2014	16.82 yen	—
Results for the second quarter of FY2013	14.82 yen	—

## (2) Consolidated financial position

(in millions of yen)

	Total assets	Shareholder's equity	Ratio of shareholder's equity	Shareholder's equity per share
September 30, 2014	4,779	3,687	77.2%	713.46 yen
FY 2013	4,831	3,621	75.0%	700.56 yen

(Reference) Shareholder's equity: Second quarter of FY 2014: 3,687 million yen, FY 2013: 3,621 million yen

## 2. Dividend position

	End of first quarter	End of second quarter	End of third quarter	End of FY	Annual Total
FY 2013	—	0.00 yen	—	30.00 yen	30.00 yen
FY 2014	—				
FY2014(Forecast)		0.00 yen	—	30.00 yen	30.00 yen

## 3. Forecast Consolidated Performance for FY 2014 (April 1, 2014 - March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY 2014	7,500 (5.8%)	350 (29.4%)	360 (24.2%)	210 (26.5)	40.62 yen

(In thousands of yen)

Consolidated balance sheets	Previous year (FY2013)	Second Quarter (FY2014)
<b>Assets</b>		
Current assets		
Cash and deposits	2,042,569	2,160,517
Notes and accounts receivable - trade	1,095,373	1,015,696
Securities	301,212	402,437
Work in process	10,612	41,800
Other	231,542	235,416
Total current assets	3,681,311	3,855,868
Non-current assets		
Property, plant and equipment		
Buildings	133,595	133,595
Accumulated depreciation	△62,010	△63,705
Buildings, net	71,584	69,889
Land	69,864	69,864
Other	113,127	114,891
Accumulated depreciation	△93,436	△96,139
Other, net	19,691	18,752
Total property, plant and equipment	161,141	158,506
Intangible assets	41,856	39,016
Investments and other assets		
Investment securities	715,442	562,565
Other	231,981	163,578
Total investments and other assets	947,423	726,144
Total non-current assets	1,150,421	923,667
Total assets	4,831,732	4,779,535

(In thousands of yen)

Consolidated balance sheets	Previous year (FY2013)	Second Quarter (FY2014)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	183,985	173,287
Income taxes payable	120,520	65,132
Provision for bonuses	247,729	288,386
Provision for loss on projects	2,113	1,840
Other	259,481	303,567
Total current liabilities	813,829	832,214
Non-current liabilities		
Net defined benefit liability	376,632	239,070
Provision for directors' retirement benefits	19,875	20,275
Total non-current liabilities	396,507	259,345
Total liabilities	1,210,337	1,091,560
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,899	492,899
Retained earnings	2,863,008	2,889,258
Treasury shares	△222,236	△222,324
Total shareholders' equity	3,624,702	3,650,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89,245	122,656
Foreign currency translation adjustment	2,364	3,538
Remeasurements of defined benefit plans	△94,917	△89,084
Total accumulated other comprehensive income	△3,307	37,110
Total net assets	3,621,394	3,687,975
Total liabilities and net assets	4,831,732	4,779,535

(In thousands of yen)

Consolidated statements of (comprehensive) income	Second Quarter (FY2013)	Second Quarter (FY2014)
Net sales	3,430,405	3,593,145
Cost of sales	2,930,542	3,099,626
Gross profit	499,863	493,518
Selling, general and administrative expenses		
Salaries, allowances and bonuses	121,525	118,004
Directors' compensations	62,414	57,834
Provision for bonuses	22,279	22,758
Retirement benefit expenses	8,188	8,107
Provision for directors' retirement benefits	1,600	2,400
Other	170,929	161,428
Total selling, general and administrative expenses	386,937	370,533
Operating income	112,926	122,985
Non-operating income		
Interest income	4,141	3,189
Dividend income	4,668	4,281
Other	2,907	2,212
Total non-operating income	11,716	9,683
Non-operating expenses		
Foreign exchange losses	374	347
Other	21	11
Total non-operating expenses	395	358
Ordinary income	124,247	132,310
Income before income taxes and minority interests	124,247	132,310
Income taxes - current	67,110	63,907
Income taxes - deferred	△19,455	△18,535
Total income taxes	47,655	45,372
Income before minority interests	76,592	86,938
Net income	76,592	86,938

(In thousands of yen)

Consolidated quarterly statements of comprehensive income	Second Quarter (FY2013)	Second Quarter (FY2014)
Income before minority interests	76,592	86,938
Other comprehensive income		
Valuation difference on available-for-sale securities	38,398	33,410
Foreign currency translation adjustment	893	1,174
Remeasurements of defined benefit plans, net of tax	-	5,832
Total other comprehensive income	39,291	40,418
Comprehensive income	115,884	127,356
Comprehensive income attributable to owners of parent	115,884	127,356

(In thousands of yen)

Consolidated quarterly statements of cash flows	Second Quarter (FY2013)	Second Quarter (FY2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	124,247	132,310
Depreciation	29,455	20,912
Amortization of goodwill	5,100	-
Increase (decrease) in provision	49,723	59,008
Interest and dividend income	△8,809	△7,471
Decrease (increase) in notes and accounts receivable - trade	△55,138	79,676
Decrease (increase) in inventories	△11,620	△31,187
Increase (decrease) in notes and accounts payable - trade	12,672	△10,697
Other, net	△51,056	43,649
Subtotal	94,574	286,200
Interest and dividend income received	10,162	11,384
Income taxes paid	△12,862	△117,957
Income taxes refund	7,517	7,790
Net cash provided by (used in) operating activities	99,392	187,418
<b>Cash flows from investing activities</b>		
Payments into time deposits	△500,000	-
Proceeds from withdrawal of time deposits	-	517,320
Proceeds from redemption of securities	200,000	100,000
Purchase of property, plant and equipment	△5,139	△3,298
Purchase of intangible assets	△2,279	△12,512
Purchase of investment securities	△205,577	-
Other, net	△5	138
Net cash provided by (used in) investing activities	△513,002	601,647
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	△96	△109
Cash dividends paid	△155,051	△154,866
Net cash provided by (used in) financing activities	△155,148	△154,976
Effect of exchange rate change on cash and cash equivalents	893	1,174
Net increase (decrease) in cash and cash equivalents	△567,865	635,264
Cash and cash equivalents at beginning of period	2,127,607	1,525,252
Cash and cash equivalents at end of period	1,559,741	2,160,517