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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Consolidated)

May 11, 2016

Company name: Quest Co., Ltd.

Stock exchanges: TSE JASDAQ(Standard)

Stock code: 2332 URL <http://www.quest.co.jp/>

Representative: President and Representative Director

Kazuro Sato

Inquiries: Director, in charge of information disclosure

Chiaki Yamakoshi TEL 03-3453-1181

Scheduled date to ordinary general meeting of shareholders:

June 21, 2016

Scheduled date to file Securities Report:

June 22, 2016

Scheduled date to commence dividend payments:

June 22, 2016

Preparation of supplementary material on financial results:

Yes

Holding of financial results meeting:

Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Performance for the year ended March of FY 2015 (April 1, 2015 – March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015	8,134	10.1	351	14.5	376	15.9	238	21.4
FY2014	7,389	4.2	306	13.4	324	11.9	196	18.1

(Note)Comprehensive income: FY 2015:74Million yen(Δ77.1%), FY 2014:325Million yen(39.5%)

	Net income per share	Net income per share after adjustment of latent shares	Return on Equity	Return on Assets	Ratio of ordinary profit to net sales
	Yen		%	%	%
FY2015	46.06	-	6.2	7.5	4.3
FY2014	37.95	-	5.2	6.6	4.1

(2) Consolidated financial position

	Total assets	Shareholder's equity	Ratio of shareholder's equity	Shareholder's equity per share
	Millions of yen	Millions of yen	%	Yen
FY2015	5,011	3,779	75.4	731.19
FY2014	5,066	3,885	76.7	751.77

(Reference)Shareholder's equity: FY 2015: 3,779million yen,FY2014: 3,885million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	-	0.00	-	35.00	35.00
FY2015	-	0.00	-	30.00	30.00
FY2016(Forecast)	-	0.00	-	30.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2017(from April 1, 2016 to March 31, 2017)

	Net sales		Operating income		Ordianry income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,400	3.3	370	5.4	385	2.4	250	5.0	48.37

4. Notes

(1)Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2)Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of period financial statements after error corrections: No

(3)Number of issued shares (Common shares)

Total number of issued shares at the end of the period (including treasury shares)

FY2015	5,487,768	shares	FY2014	5,487,768	shares
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Number of treasury shares at the end of the period

FY2015	319,208	shares	FY2014	319,074	shares
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Average number of shares during the period

FY2015	5,168,590	shares	FY2014	5,169,133	shares
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(In thousands of yen)

Consolidated balance sheets	Previous year	This year
Assets		
Current assets		
Cash and deposits	2,016,843	2,255,665
Accounts receivable - trade	1,116,322	1,162,079
Securities	301,573	—
Work in process	29,804	40,087
Deferred tax assets	115,326	114,587
Other	113,917	88,532
Total current assets	3,693,787	3,660,952
Non-current assets		
Property, plant and equipment		
Buildings	134,025	135,811
Accumulated depreciation	△65,415	△66,818
Buildings, net	68,609	68,992
Land	69,864	69,864
Leased assets	5,536	5,536
Accumulated depreciation	△5,536	△5,536
Leased assets, net	—	—
Other	101,533	104,936
Accumulated depreciation	△80,796	△84,949
Other, net	20,737	19,986
Total property, plant and equipment	159,212	158,844
Intangible assets	29,125	29,624
Investments and other assets		
Investment securities	1,046,543	924,973
Deferred tax assets	—	68,810
Other	138,274	167,919
Total investments and other assets	1,184,817	1,161,703
Total non-current assets	1,373,155	1,350,171
Total assets	5,066,943	5,011,123

(In thousands of yen)

Consolidated balance sheets	Previous year	This year
Liabilities		
Current liabilities		
Accounts payable - trade	212,291	272,220
Income taxes payable	82,243	88,123
Accrued consumption taxes	183,768	78,282
Provision for bonuses	277,756	299,151
Provision for product warranties	—	3,600
Provision for loss on projects	1,523	75
Other	208,902	215,038
Total current liabilities	966,486	956,491
Non-current liabilities		
Deferred tax liabilities	8,416	—
Provision for directors' retirement benefits	15,675	3,275
Net defined benefit liability	190,693	272,142
Total non-current liabilities	214,784	275,417
Total liabilities	1,181,270	1,231,908
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,901	492,918
Retained earnings	2,998,477	3,055,632
Treasury shares	△222,753	△222,893
Total shareholders' equity	3,759,655	3,816,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169,068	37,537
Foreign currency translation adjustment	5,077	2,956
Remeasurements of defined benefit plans	△48,129	△77,967
Total accumulated other comprehensive income	126,016	△37,472
Total net assets	3,885,672	3,779,215
Total liabilities and net assets	5,066,943	5,011,123

(In thousands of yen)

Consolidated statements of (comprehensive) income	Previous year	This year
Net sales	7,389,848	8,134,763
Cost of sales	6,337,465	6,974,245
Gross profit	1,052,383	1,160,517
Selling, general and administrative expenses		
Salaries, allowances and bonuses	253,311	274,547
Directors' compensations	116,483	108,428
Provision for bonuses	19,833	23,445
Retirement benefit expenses	14,512	9,968
Provision for directors' retirement benefits	4,000	—
Rent expenses	78,172	83,503
Other	259,404	309,541
Total selling, general and administrative expenses	745,718	809,434
Operating income	306,665	351,082
Non-operating income		
Interest income	5,687	2,156
Dividend income	9,241	21,205
Other	3,331	3,859
Total non-operating income	18,261	27,220
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	2,194
Foreign exchange losses	564	40
Other	17	3
Total non-operating expenses	581	2,238
Ordinary income	324,345	376,064
Profit before income taxes	324,345	376,064
Income taxes - current	141,543	138,843
Income taxes - deferred	△13,355	△837
Total income taxes	128,188	138,005
Profit	196,156	238,059
Profit attributable to owners of parent	196,156	238,059

(In thousands of yen)

Consolidated statements of comprehensive income	Previous year	This year
Profit	196,156	238,059
Other comprehensive income		
Valuation difference on available-for-sale securities	79,822	Δ131,530
Foreign currency translation adjustment	2,713	Δ2,121
Remeasurements of defined benefit plans, net of tax	46,787	Δ29,837
Total other comprehensive income	129,324	Δ163,489
Comprehensive income	325,481	74,569
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	325,481	74,569

This year

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	491,031	492,901	2,998,477	△222,753	3,759,655
Changes of items during period					
Dividends of surplus			△180,904		△180,904
Profit attributable to owners of parent			238,059		238,059
Purchase of treasury shares				△219	△219
Disposal of treasury shares		17		78	96
Net changes of items other than shareholders' equity					
Total changes of items during period	—	17	57,154	△140	57,032
Balance at end of current period	491,031	492,918	3,055,632	△222,893	3,816,688

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	169,068	5,077	△48,129	126,016	3,885,672
Changes of items during period					
Dividends of surplus					△180,904
Profit attributable to owners of parent					238,059
Purchase of treasury shares					△219
Disposal of treasury shares					96
Net changes of items other than shareholders' equity	△131,530	△2,121	△29,837	△163,489	△163,489
Total changes of items during period	△131,530	△2,121	△29,837	△163,489	△106,457
Balance at end of current period	37,537	2,956	△77,967	△37,472	3,779,215

(In thousands of yen)

Consolidated statements of cash flows	Previous year	This year
Cash flows from operating activities		
Profit before income taxes	324,345	376,064
Depreciation	41,881	24,543
Increase (decrease) in provision	62,336	51,352
Interest and dividend income	△14,929	△23,361
Decrease (increase) in notes and accounts receivable - trade	△20,949	△45,757
Decrease (increase) in inventories	△19,191	△10,282
Increase (decrease) in accrued consumption taxes	138,549	△105,486
Increase (decrease) in notes and accounts payable - trade	28,306	59,928
Share of (profit) loss of entities accounted for using equity method	—	2,194
Other, net	△12,380	12,484
Subtotal	527,967	341,680
Interest and dividend income received	22,465	27,324
Income taxes paid	△179,639	△139,176
Income taxes refund	7,790	—
Net cash provided by (used in) operating activities	378,583	229,828
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	517,320	—
Proceeds from redemption of securities	300,000	300,000
Collection of short-term loans receivable	—	1,200
Purchase of property, plant and equipment	△9,032	△14,140
Purchase of intangible assets	△12,512	△15,023
Purchase of investment securities	△526,800	△76,399
Payments for lease and guarantee deposits	△2,728	△4,781
Proceeds from collection of lease and guarantee deposits	16	1,286
Other, net	138	—
Net cash provided by (used in) investing activities	266,402	192,141
Cash flows from financing activities		
Purchase of treasury shares	△567	△221
Cash dividends paid	△155,079	△180,805
Repayments of lease obligations	△461	—
Net cash provided by (used in) financing activities	△156,108	△181,027
Effect of exchange rate change on cash and cash equivalents	2,713	△2,121
Net increase (decrease) in cash and cash equivalents	491,591	238,821
Cash and cash equivalents at beginning of period	1,525,252	2,016,843
Cash and cash equivalents at end of period	2,016,843	2,255,665