

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year 2016 (Consolidated)

October 31, 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 Ichiro Seizawa

Inquiries: Director, in charge of information disclosure Haruki Tsukada TEL 03-3453-1181

Scheduled date to second quarterly financial results: November 7, 2016

Scheduled date to commence dividend payments: —

Preparation of supplementary on second quarterly financial results: Yes

Holding of second quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated Performance for the second quarter of FY 2016 (April 1, 2016 – September 30, 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	%
Results for the second quarter of FY2016	3,943	1.2	102	10.2	116	10.5	89	27.6
Results for the second quarter of FY2015	3,897	8.5	92	△24.6	105	△20.4	70	△19.4

(Note)Comprehensive income: Second quarter of FY 2016: 294Million yen(-%), Second quarter FY 2015:△57Million yen(-%)

	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
	Yen	
Results for the second quarter of FY2016	17.30	-
Results for the second quarter of FY2015	13.56	-

#### (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
Results for the second quarter of FY2016	5,119	3,918	76.5	758.21
FY 2015	5,011	3,779	75.4	731.19

(Reference)Shareholder's equity: Second quarter of FY 2016: 3,918million yen,FY2015: 3,779million 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
FY2015	-	0.00	-	30.00	30.00
FY2016	-	0.00	-	-	-
FY2016(Forecast)	-	-	-	30.00	30.00

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

	Net sales		Operating income		Ordinary 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 second quarter of the FY 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 second quarter of the period (including treasury shares)

Results for the second quarter of FY2016	5,487,768	shares	FY2015	5,487,768	shares
--	-----------	--------	--------	-----------	--------

Number of treasury shares at the second quarter of the period

Results for the second quarter of FY2016	319,145	shares	FY2015	319,208	shares
--	---------	--------	--------	---------	--------

Average number of shares during the period

Results for the second quarter of FY2016	5,168,565	shares	Results for the second quarter of FY2015	5,168,628	shares
--	-----------	--------	--	-----------	--------

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	2,255,665	2,075,178
Notes and accounts receivable - trade	1,162,079	1,330,168
Work in process	40,087	55,357
Deferred tax assets	114,587	122,319
Other	88,532	80,528
Total current assets	3,660,952	3,663,552
Non-current assets		
Property, plant and equipment		
Buildings	135,811	67,969
Accumulated depreciation	△66,818	△49,857
Buildings, net	68,992	18,112
Land	69,864	13,460
Other	110,472	115,972
Accumulated depreciation	△90,485	△93,562
Other, net	19,986	22,409
Total property, plant and equipment	158,844	53,983
Intangible assets	29,624	27,500
Investments and other assets		
Investment securities	924,973	1,209,761
Deferred tax assets	68,810	—
Other	167,919	165,030
Total investments and other assets	1,161,703	1,374,791
Total non-current assets	1,350,171	1,456,275
Total assets	5,011,123	5,119,828

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	272,220	198,963
Income taxes payable	88,123	64,367
Accrued consumption taxes	78,282	71,806
Provision for bonuses	299,151	329,221
Provision for product warranties	3,600	163
Provision for loss on projects	75	91
Other	215,038	230,858
Total current liabilities	956,491	895,472
Non-current liabilities		
Deferred tax liabilities	—	17,785
Provision for directors' retirement benefits	3,275	3,275
Net defined benefit liability	272,142	284,384
Total non-current liabilities	275,417	305,445
Total liabilities	1,231,908	1,200,917
<b>Net assets</b>		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,918	492,923
Retained earnings	3,055,632	2,989,982
Treasury shares	△222,893	△222,849
Total shareholders' equity	3,816,688	3,751,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,537	235,500
Foreign currency translation adjustment	2,956	—
Remeasurements of defined benefit plans	△77,967	△67,677
Total accumulated other comprehensive income	△37,472	167,823
Total net assets	3,779,215	3,918,910
Total liabilities and net assets	5,011,123	5,119,828

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	3,897,679	3,943,415
Cost of sales	3,391,801	3,423,490
Gross profit	505,878	519,924
Selling, general and administrative expenses		
Salaries, allowances and bonuses	132,541	133,297
Directors' compensations	54,579	53,234
Provision for bonuses	25,058	27,913
Retirement benefit expenses	4,457	6,318
Other	196,455	196,891
Total selling, general and administrative expenses	413,091	417,655
Operating income	92,786	102,269
Non-operating income		
Interest income	1,165	747
Dividend income	9,960	11,793
Other	1,480	2,124
Total non-operating income	12,605	14,664
Non-operating expenses		
Foreign exchange losses	101	—
Share of loss of entities accounted for using equity method	—	543
Other	2	0
Total non-operating expenses	104	544
Ordinary income	105,287	116,389
Extraordinary income		
Gain on sales of non-current assets	—	24,752
Total extraordinary income	—	24,752
Extraordinary losses		
Loss on transfer of investments in capital of subsidiaries and associates	—	15,210
Total extraordinary losses	—	15,210
Profit before income taxes	105,287	125,931
Income taxes - current	41,359	49,569
Income taxes - deferred	△6,165	△13,045
Total income taxes	35,194	36,523
Profit	70,093	89,407
Profit attributable to owners of parent	70,093	89,407

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	70,093	89,407
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ131,658	197,963
Foreign currency translation adjustment	Δ431	Δ2,956
Remeasurements of defined benefit plans, net of tax	4,906	10,289
Total other comprehensive income	Δ127,183	205,295
Comprehensive income	Δ57,089	294,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	Δ57,089	294,703

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	105,287	125,931
Depreciation	11,448	10,947
Loss on transfer of investments in capital of subsidiaries and associates	—	15,210
Increase (decrease) in provision	34,099	53,722
Interest and dividend income	△11,125	△12,540
Decrease (increase) in notes and accounts receivable - trade	4,297	△169,926
Decrease (increase) in inventories	△41,529	△16,143
Increase (decrease) in notes and accounts payable - trade	4,028	△72,082
Increase (decrease) in accrued consumption taxes	△121,607	△6,476
Share of (profit) loss of entities accounted for using equity method	—	543
Loss (gain) on sales of property, plant and equipment	—	△24,752
Other, net	17,957	26,800
Subtotal	2,856	△68,765
Interest and dividend income received	14,136	12,537
Income taxes paid	△75,038	△74,917
Net cash provided by (used in) operating activities	△58,046	△131,146
<b>Cash flows from investing activities</b>		
Collection of short-term loans receivable	—	1,200
Proceeds from redemption of securities	200,000	—
Purchase of property, plant and equipment	△10,135	△8,378
Proceeds from sales of property, plant and equipment	—	132,471
Purchase of intangible assets	△9,955	△2,854
Purchase of investment securities	△76,399	—
Transfer of investment in capital of subsidiaries	—	△14,765
Other, net	△3,504	—
Net cash provided by (used in) investing activities	100,004	107,673
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	△221	—
Proceeds from disposal of treasury shares	—	48
Cash dividends paid	△180,636	△155,047
Net cash provided by (used in) financing activities	△180,858	△154,998
Effect of exchange rate change on cash and cash equivalents	△431	△2,015
Net increase (decrease) in cash and cash equivalents	△139,331	△180,486
Cash and cash equivalents at beginning of period	2,016,843	2,255,665
Cash and cash equivalents at end of period	1,877,512	2,075,178