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Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year 2015 (Consolidated)

November 2, 2015

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 second quarterly financial results:

November 9, 2015

Scheduled date to commence dividend payments:

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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 2015 (April 1, 2015 – September 30, 2015)

(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 FY2015	3,897	8.5	92	△24.6	105	△20.4	70	△19.4
Results for the second quarter of FY2014	3,593	4.7	122	8.9	132	6.5	86	13.5

(Note) Comprehensive income: Second quarter of FY 2015: △57 Million yen(- %), Second quarter FY 2014: 127 Million yen(9.9%)

	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 FY2015	13.56	-
Results for the second quarter of FY2014	16.82	-

(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 FY2015	4,705	3,647	77.5	705.72
FY 2014	5,066	3,885	76.7	751.77

(Reference) Shareholder's equity: Second quarter of FY 2015: 3,647 million yen, FY2014: 3,885 million 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	-	-	-
FY2015(Forecast)	-	0.00	-	30.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2016(from April 1,2015 to March 31,2016)

	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	7,850	6.2	320	4.3	335	3.3	215	9.6	41.59

4. Notes

(1)Changes in significant subsidiaries during the second quarter of the FY 2015

(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 FY2015	5,487,768	shares	FY2014	5,487,768	shares
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Number of treasury shares at the second quarter of the period

Results for the second quarter of FY2015	319,249	shares	FY2014	319,074	shares
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Average number of shares during the period

Results for the second quarter of FY2015	5,168,628	shares	Results for the second quarter of FY2014	5,169,244	shares
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Consolidated balance sheets	Previous year(FY2014)	Second Quarter(FY2015)
Assets		
Current assets		
Cash and deposits	2,016,843	1,877,512
Notes and accounts receivable - trade	1,116,322	1,112,024
Securities	301,573	100,377
Work in process	29,804	71,333
Deferred tax assets	115,326	120,055
Other	113,917	109,630
Total current assets	3,693,787	3,390,934
Non-current assets		
Property, plant and equipment		
Buildings	134,025	135,003
Accumulated depreciation	△65,415	△65,003
Buildings, net	68,609	70,000
Land	69,864	69,864
Other	107,070	111,568
Accumulated depreciation	△86,332	△90,066
Other, net	20,737	21,501
Total property, plant and equipment	159,212	161,366
Intangible assets	29,125	30,475
Investments and other assets		
Investment securities	1,046,543	928,289
Deferred tax assets	—	53,678
Other	138,274	140,586
Total investments and other assets	1,184,817	1,122,554
Total non-current assets	1,373,155	1,314,396
Total assets	5,066,943	4,705,331

Consolidated balance sheets	Previous year(FY2014)	Second Quarter(FY2015)
Liabilities		
Current liabilities		
Accounts payable - trade	212,291	216,319
Income taxes payable	82,243	52,511
Accrued consumption taxes	183,768	62,160
Provision for bonuses	277,756	298,779
Provision for loss on projects	1,523	1,100
Provision for product warranties	-	139
Other	208,902	214,312
Total current liabilities	966,486	845,324
Non-current liabilities		
Provision for directors' retirement benefits	15,675	3,275
Net defined benefit liability	190,693	209,210
Deferred tax liabilities	8,416	-
Total non-current liabilities	214,784	212,485
Total liabilities	1,181,270	1,057,809
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,901	492,913
Retained earnings	2,998,477	2,887,666
Treasury shares	△222,753	△222,922
Total shareholders' equity	3,759,655	3,648,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169,068	37,410
Foreign currency translation adjustment	5,077	4,646
Remeasurements of defined benefit plans	△48,129	△43,223
Total accumulated other comprehensive income	126,016	△1,166
Total net assets	3,885,672	3,647,522
Total liabilities and net assets	5,066,943	4,705,331

Consolidated statements of (comprehensive) income	Second Quarter(FY2014)	Second Quarter(FY2015)
Net sales	3,593,145	3,897,679
Cost of sales	3,099,626	3,391,801
Gross profit	493,518	505,878
Selling, general and administrative expenses		
Salaries, allowances and bonuses	118,004	132,541
Directors' compensations	57,834	54,579
Provision for bonuses	22,758	25,058
Retirement benefit expenses	8,107	4,457
Provision for directors' retirement benefits	2,400	—
Other	161,428	196,455
Total selling, general and administrative expenses	370,533	413,091
Operating income	122,985	92,786
Non-operating income		
Interest income	3,189	1,165
Dividend income	4,281	9,960
Other	2,212	1,480
Total non-operating income	9,683	12,605
Non-operating expenses		
Foreign exchange losses	347	101
Other	11	2
Total non-operating expenses	358	104
Ordinary income	132,310	105,287
Income before income taxes and minority interests	132,310	105,287
Income taxes - current	63,907	41,359
Income taxes - deferred	△18,535	△6,165
Total income taxes	45,372	35,194
Profit	86,938	70,093
Profit attributable to owners of parent	86,938	70,093

(In thousands of yen)

Consolidated quarterly statements of comprehensive income	Second Quarter(FY2014)	Second Quarter(FY2015)
Profit	86,938	70,093
Other comprehensive income		
Valuation difference on available-for-sale securities	33,410	Δ131,658
Foreign currency translation adjustment	1,174	Δ431
Remeasurements of defined benefit plans, net of tax	5,832	4,906
Total other comprehensive income	40,418	Δ127,183
Comprehensive income	127,356	Δ57,089
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	127,356	Δ57,089

(In thousands of yen)

Consolidated quarterly statements of cash flows	Second Quarter(FY2014)	Second Quarter(FY2015)
Cash flows from operating activities		
Income before income taxes and minority interests	132,310	105,287
Depreciation	20,912	11,448
Increase (decrease) in provision	59,008	34,099
Interest and dividend income	△7,471	△11,125
Decrease (increase) in notes and accounts receivable - trade	79,676	4,297
Decrease (increase) in inventories	△31,187	△41,529
Increase (decrease) in notes and accounts payable - trade	△10,697	4,028
Increase (decrease) in accrued consumption taxes	63,488	△121,607
Other, net	△19,839	17,957
Subtotal	286,200	2,856
Interest and dividend income received	11,384	14,136
Income taxes paid	△117,957	△75,038
Income taxes refund	7,790	-
Net cash provided by (used in) operating activities	187,418	△58,046
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	517,320	-
Proceeds from redemption of securities	100,000	200,000
Purchase of property, plant and equipment	△3,298	△10,135
Purchase of intangible assets	△12,512	△9,955
Purchase of investment securities	-	△76,399
Other, net	138	△3,504
Net cash provided by (used in) investing activities	601,647	100,004
Cash flows from financing activities		
Purchase of treasury shares	△109	△221
Cash dividends paid	△154,866	△180,636
Net cash provided by (used in) financing activities	△154,976	△180,858
Effect of exchange rate change on cash and cash equivalents	1,174	△431
Net increase (decrease) in cash and cash equivalents	635,264	△139,331
Cash and cash equivalents at beginning of period	1,525,252	2,016,843
Cash and cash equivalents at end of period	2,160,517	1,877,512