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

January 31, 2017

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

Scheduled date to third quarterly financial results: February 6, 2017

Scheduled date to commence dividend payments: —

Preparation of supplementary on first quarterly financial results: No

Holding of first quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated Performance for the third quarter of FY 2016 (April 1, 2016 – December 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	%
Results for the third quarter of FY2016	5,997	1.4	216	0.4	238	1.1	172	9.8
Results for the third quarter of FY2015	5,912	9.9	215	21.5	235	21.8	157	27.0

(Note)Comprehensive income: Third quarter of FY 2016:321Million yen(266.3%), Third quarter of FY 2015:87Million yen(△53.3%)

	Net income per share for the third quarter of the fiscal year	Net income per share after adjustment of latent shares for the third quarter of the fiscal year
	Yen	
Results for the third quarter of FY2016	33.37	-
Results for the third quarter of FY2015	30.40	-

(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 third quarter of FY2016	4,997	3,946	79.0	763.46
FY 2015	5,011	3,779	75.4	731.19

(Reference)Shareholder's equity: Third quarter of FY 2016:3,946million 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	-	30.00	30.00
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 third quarter of the fiscal year 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 third quarter of the period (including treasury shares)

Results for the third quarter of FY2016	5,487,768 shares	FY2015	5,487,768 shares
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Number of treasury shares at the third quarter of the period

Results for the third quarter of FY2016	319,145 shares	FY2015	319,208 shares
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Average number of shares during the period

Results for the third quarter of FY2016	5,168,585 shares	Results for the third quarter of FY2015	5,168,599 shares
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(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	2,255,665	1,869,689
Notes and accounts receivable - trade	1,162,079	1,525,903
Work in process	40,087	53,705
Deferred tax assets	114,587	60,264
Other	88,532	108,238
Total current assets	3,660,952	3,617,801
Non-current assets		
Property, plant and equipment		
Buildings	135,811	67,701
Accumulated depreciation	△66,818	△49,639
Buildings, net	68,992	18,061
Land	69,864	13,460
Other	110,472	108,075
Accumulated depreciation	△90,485	△88,296
Other, net	19,986	19,778
Total property, plant and equipment	158,844	51,300
Intangible assets	29,624	25,432
Investments and other assets		
Investment securities	924,973	1,132,232
Deferred tax assets	68,810	7,025
Other	167,919	163,897
Total investments and other assets	1,161,703	1,303,154
Total non-current assets	1,350,171	1,379,887
Total assets	5,011,123	4,997,689

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	272,220	217,014
Income taxes payable	88,123	134
Accrued consumption taxes	78,282	73,721
Provision for bonuses	299,151	163,941
Provision for product warranties	3,600	—
Provision for loss on projects	75	348
Other	215,038	303,897
Total current liabilities	956,491	759,057
Non-current liabilities		
Provision for directors' retirement benefits	3,275	3,275
Net defined benefit liability	272,142	289,296
Total non-current liabilities	275,417	292,571
Total liabilities	1,231,908	1,051,629
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,918	492,923
Retained earnings	3,055,632	3,073,062
Treasury shares	△222,893	△222,849
Total shareholders' equity	3,816,688	3,834,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,537	181,841
Foreign currency translation adjustment	2,956	—
Remeasurements of defined benefit plans	△77,967	△69,948
Total accumulated other comprehensive income	△37,472	111,893
Total net assets	3,779,215	3,946,060
Total liabilities and net assets	5,011,123	4,997,689

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	5,912,125	5,997,564
Cost of sales	5,092,086	5,174,617
Gross profit	820,039	822,946
Selling, general and administrative expenses		
Salaries, allowances and bonuses	215,723	226,229
Directors' compensations	81,503	73,488
Provision for bonuses	11,730	12,724
Retirement benefit expenses	7,214	9,360
Other	288,407	284,727
Total selling, general and administrative expenses	604,580	606,530
Operating income	215,459	216,415
Non-operating income		
Interest income	1,587	1,102
Dividend income	17,005	18,290
Other	2,279	2,942
Total non-operating income	20,871	22,335
Non-operating expenses		
Foreign exchange losses	377	—
Share of loss of entities accounted for using equity method	423	731
Other	2	0
Total non-operating expenses	803	732
Ordinary income	235,527	238,018
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	235,527	247,560
Income taxes - current	25,797	29,463
Income taxes - deferred	52,584	45,609
Total income taxes	78,381	75,073
Profit	157,146	172,486
Profit attributable to owners of parent	157,146	172,486

	(Thousands of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	157,146	172,486
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ75,555	144,304
Foreign currency translation adjustment	Δ1,093	Δ2,956
Remeasurements of defined benefit plans, net of tax	7,359	8,018
Total other comprehensive income	Δ69,289	149,366
Comprehensive income	87,856	321,853
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	87,856	321,853