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Summary of Consolidated Financial Results for the Year Ended March 31 2017 (Consolidated)

May 12, 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 ordinary general meeting of shareholders: June 21, 2017

Scheduled date to file Securities Report: June 22, 2017

Scheduled date to commence dividend payments: June 22, 2017

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 2016 (April 1, 2016 – March 31, 2017)

(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	%
FY2016	8,191	0.7	365	4.2	395	5.2	280	17.9
FY2015	8,134	10.1	351	14.5	376	15.9	238	21.4

(Note)Comprehensive income: FY 2016:475Million yen(537.8%), FY 2015:74Million yen(△77.1%)

	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		%	%	%
FY2016	54.28	-	7.1	7.6	4.5
FY2015	46.06	-	6.2	7.5	4.3

(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
FY2016	5,420	4,099	75.6	793.21
FY2015	5,011	3,779	75.4	731.19

(Reference)Shareholder's equity: FY 2016: 4,099million yen,FY2015: 3,779million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2016	△132	95	△155	2,061
FY2015	229	192	△181	2,255

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
FY2017(Forecast)	-	0.00	-	30.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2018(April 1, 2017 - March 31, 2018)

	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	8,520	4.0	390	6.6	410	3.6	275	△ 2.0	53.21

4. Notes

(1)Changes in significant subsidiaries during the year ended March 31, 2017

(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)

FY2016	5,487,768	shares	FY2015	5,487,768	shares
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Number of treasury shares at the end of the period

FY2016	319,188	shares	FY2015	319,208	shares
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Average number of shares during the period

FY2016	5,168,594	shares	FY2015	5,168,590	shares
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Consolidated balance sheets

(In thousands of yen)

	Previous year	This year
Assets		
Current assets		
Cash and deposits	2,255,665	2,061,088
Notes and accounts receivable - trade	1,162,079	1,651,083
Work in process	40,087	33,368
Deferred tax assets	114,587	128,345
Other	88,532	87,875
Total current assets	3,660,952	3,961,761
Non-current assets		
Property, plant and equipment		
Buildings	135,811	67,701
Accumulated depreciation	△66,818	△50,165
Buildings, net	68,992	17,535
Land	69,864	13,460
Leased assets	5,536	5,536
Accumulated depreciation	△5,536	△5,536
Leased assets, net	—	—
Other	104,936	102,553
Accumulated depreciation	△84,949	△73,979
Other, net	19,986	28,573
Total property, plant and equipment	158,844	59,570
Intangible assets	29,624	26,468
Investments and other assets		
Investment securities	924,973	1,211,765
Deferred tax assets	68,810	—
Other	167,919	161,008
Total investments and other assets	1,161,703	1,372,774
Total non-current assets	1,350,171	1,458,813
Total assets	5,011,123	5,420,575

	(In thousands of yen)	
	Previous year	This year
Liabilities		
Current liabilities		
Accounts payable - trade	272,220	246,955
Income taxes payable	88,123	109,724
Accrued consumption taxes	78,282	76,403
Provision for bonuses	299,151	319,491
Provision for product warranties	3,600	—
Provision for loss on projects	75	6,160
Other	215,038	239,414
Total current liabilities	956,491	998,150
Non-current liabilities		
Deferred tax liabilities	—	8,246
Provision for directors' retirement benefits	3,275	3,275
Net defined benefit liability	272,142	311,127
Total non-current liabilities	275,417	322,648
Total liabilities	1,231,908	1,320,799
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,918	492,926
Retained earnings	3,055,632	3,181,128
Treasury shares	△222,893	△222,890
Total shareholders' equity	3,816,688	3,942,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,537	236,717
Foreign currency translation adjustment	2,956	—
Remeasurements of defined benefit plans	△77,967	△79,137
Total accumulated other comprehensive income	△37,472	157,580
Total net assets	3,779,215	4,099,775
Total liabilities and net assets	5,011,123	5,420,575

Consolidated statements of (comprehensive) income

	(Thousands of yen)	
	Previous year	This year
Net sales	8,134,763	8,191,380
Cost of sales	6,974,245	7,011,796
Gross profit	1,160,517	1,179,584
Selling, general and administrative expenses		
Salaries, allowances and bonuses	274,547	286,385
Directors' compensations	108,428	95,429
Provision for bonuses	23,445	24,492
Retirement benefit expenses	9,968	12,384
Rent expenses	83,503	85,790
Other	309,541	309,415
Total selling, general and administrative expenses	809,434	813,897
Operating profit	351,082	365,687
Non-operating income		
Interest income	2,156	1,465
Dividend income	21,205	23,690
Other	3,859	5,067
Total non-operating income	27,220	30,223
Non-operating expenses		
Share of loss of entities accounted for using equity method	2,194	293
Foreign exchange losses	40	—
Other	3	1
Total non-operating expenses	2,238	294
Ordinary profit	376,064	395,616
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	376,064	405,158
Income taxes - current	138,843	148,694
Income taxes - deferred	△837	△24,090
Total income taxes	138,005	124,604
Profit	238,059	280,553
Profit attributable to owners of parent	238,059	280,553

Consolidated statements of comprehensive income

(In thousands of yen)

	Previous year	This year
Profit	238,059	280,553
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ131,530	199,180
Foreign currency translation adjustment	Δ2,121	Δ2,956
Remeasurements of defined benefit plans, net of tax	Δ29,837	Δ1,170
Total other comprehensive income	Δ163,489	195,053
Comprehensive income	74,569	475,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	74,569	475,606

Statements of Shareholders' Equity

This year

(In thousands of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	491,031	492,918	3,055,632	△222,893	3,816,688
Changes of items during period					
Dividends of surplus			△155,056		△155,056
Profit attributable to owners of parent			280,553		280,553
Purchase of treasury shares				△52	△52
Disposal of treasury shares		7		55	62
Net changes of items other than shareholders' equity					
Total changes of items during period	—	7	125,496	3	125,507
Balance at end of current period	491,031	492,926	3,181,128	△222,890	3,942,195

	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	37,537	2,956	△77,967	△37,472	3,779,215
Changes of items during period					
Dividends of surplus					△155,056
Profit attributable to owners of parent					280,553
Purchase of treasury shares					△52
Disposal of treasury shares					62
Net changes of items other than shareholders' equity	199,180	△2,956	△1,170	195,053	195,053
Total changes of items during period	199,180	△2,956	△1,170	195,053	320,560
Balance at end of current period	236,717	—	△79,137	157,580	4,099,775

Consolidated statements of cash flows

(In thousands of yen)

	Previous year	This year
Cash flows from operating activities		
Profit before income taxes	376,064	405,158
Depreciation	24,543	22,361
Loss on transfer of investments in capital of subsidiaries and associates	—	15,210
Increase (decrease) in provision	51,352	60,124
Interest and dividend income	Δ23,361	Δ25,155
Decrease (increase) in notes and accounts receivable - trade	Δ45,757	Δ490,840
Decrease (increase) in inventories	Δ10,282	5,844
Increase (decrease) in notes and accounts payable - trade	59,928	Δ24,090
Increase (decrease) in accrued consumption taxes	Δ105,486	Δ1,878
Share of (profit) loss of entities accounted for using equity method	2,194	293
Loss (gain) on sales of non-current assets	—	Δ26,378
Other, net	12,484	45,743
Subtotal	341,680	Δ13,608
Interest and dividend income received	27,324	25,159
Income taxes paid	Δ139,176	Δ144,292
Net cash provided by (used in) operating activities	229,828	Δ132,741
Cash flows from investing activities		
Proceeds from redemption of securities	300,000	—
Collection of short-term loans receivable	1,200	2,200
Purchase of property, plant and equipment	Δ14,140	Δ21,334
Proceeds from sales of property, plant and equipment	—	134,821
Purchase of intangible assets	Δ15,023	Δ5,944
Purchase of investment securities	Δ76,399	—
Payments for lease and guarantee deposits	Δ4,781	Δ140
Proceeds from collection of lease and guarantee deposits	1,286	592
Transfer of investment in capital of subsidiaries	—	Δ14,765
Net cash provided by (used in) investing activities	192,141	95,428
Cash flows from financing activities		
Purchase of treasury shares	Δ221	Δ53
Cash dividends paid	Δ180,805	Δ155,257
Proceeds from disposal of treasury shares	—	62
Net cash provided by (used in) financing activities	Δ181,027	Δ155,248
Effect of exchange rate change on cash and cash equivalents	Δ2,121	Δ2,015
Net increase (decrease) in cash and cash equivalents	238,821	Δ194,576
Cash and cash equivalents at beginning of period	2,016,843	2,255,665
Cash and cash equivalents at end of period	2,255,665	2,061,088