

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 2017 (Consolidated)

October 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 second quarterly financial results: November 8, 2017

Scheduled date to commence dividend payments: —

Preparation of supplementary on second quarterly financial results: Yes

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

(Amounts less than one million yen are rounded down)

### 1. Consolidated Performance for the second quarter of FY2017 (April 1, 2017 – September 30, 2017)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Results for the second quarter of FY2017	4,260	8.0	155	51.6	171	47.4	118	32.9
Results for the second quarter of FY2016	3,943	1.2	102	10.2	116	10.5	89	27.6

(Note)Comprehensive income: Second quarter of FY2017: 86million yen(Δ70.7%), Second quarter of FY2016:294Million yen(-%)

	Net profit per share for the second quarter of the fiscal year	Net profit per share after adjustment of latent shares for the second quarter of the fiscal year
	Yen	Yen
Results for the second quarter of FY2017	22.98	-
Results for the second quarter of FY2016	17.30	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Results for the second quarter of FY2017	5,381	4,031	74.9	779.91
FY2016	5,420	4,099	75.6	793.21

(Reference)Equity: Second quarter of FY2017: 4,031million yen,FY2016: 4,099million 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
FY2016	-	0.00	-	30.00	30.00
FY2017	-	0.00	-	-	-
FY2017(Forecast)	-	-	-	30.00	30.00

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	-	-	-	-	-	-	-	-	-

### 4. Notes

(1)Changes in significant subsidiaries during the second quarter of the fiscal year

(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: No

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 FY2017	5,487,768	shares	FY2016	5,487,768	shares
--	-----------	--------	--------	-----------	--------

Number of treasury shares at the second quarter of the period

Results for the second quarter of FY2017	319,188	shares	FY2016	319,188	shares
--	---------	--------	--------	---------	--------

Average number of shares during the period

Results for the second quarter of FY2017	5,168,580	shares	Results for the second quarter of FY2016	5,168,565	shares
--	-----------	--------	--	-----------	--------

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2017	As of September 30,2017
<b>Assets</b>		
Current assets		
Cash and deposits	2,061,088	1,923,846
Notes and accounts receivable - trade	1,651,083	1,751,266
Securities	-	100,000
Work in process	33,368	100,032
Deferred tax assets	128,345	130,121
Other	87,875	75,985
Total current assets	3,961,761	4,081,251
Non-current assets		
Property, plant and equipment		
Buildings	67,701	68,024
Accumulated depreciation	(50,165)	(51,118)
Buildings, net	17,535	16,906
Land	13,460	13,460
Other	108,089	100,154
Accumulated depreciation	(79,515)	(74,542)
Other, net	28,573	25,612
Total property, plant and equipment	59,570	55,979
Intangible assets	26,468	26,032
Investments and other assets		
Investment securities	1,211,765	1,048,941
Deferred tax assets	-	12,077
Other	161,008	157,060
Total investments and other assets	1,372,774	1,218,079
Total non-current assets	1,458,813	1,300,091
<b>Total assets</b>	<b>5,420,575</b>	<b>5,381,343</b>

(Thousand yen)

	As of March 31,2017	As of September 30,2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	246,955	268,629
Income taxes payable	109,724	80,241
Accrued consumption taxes	76,403	63,487
Provision for bonuses	319,491	338,372
Provision for loss on projects	6,160	1,493
Other	239,414	284,394
Total current liabilities	998,150	1,036,617
Non-current liabilities		
Deferred tax liabilities	8,246	-
Provision for directors' retirement benefits	3,275	3,275
Net defined benefit liability	311,127	310,427
Total non-current liabilities	322,648	313,702
<b>Total liabilities</b>	<b>1,320,799</b>	<b>1,350,320</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus	492,926	492,926
Retained earnings	3,181,128	3,144,858
Treasury shares	(222,890)	(222,890)
Total shareholders' equity	3,942,195	3,905,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	236,717	191,523
Remeasurements of defined benefit plans	(79,137)	(66,424)
Total accumulated other comprehensive income	157,580	125,098
<b>Total net assets</b>	<b>4,099,775</b>	<b>4,031,023</b>
<b>Total liabilities and net assets</b>	<b>5,420,575</b>	<b>5,381,343</b>

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2016	For the six months ended September 30,2017
Net sales	3,943,415	4,260,223
Cost of sales	3,423,490	3,681,271
Gross profit	519,924	578,952
Selling, general and administrative expenses		
Salaries, allowances and bonuses	133,297	149,692
Directors' compensations	53,234	40,360
Provision for bonuses	27,913	27,763
Retirement benefit expenses	6,318	7,039
Other	196,891	199,022
Total selling, general and administrative expenses	417,655	423,878
Operating profit	102,269	155,073
Non-operating income		
Interest income	747	733
Dividend income	11,793	11,897
Share of profit of entities accounted for using equity method	-	2,317
Other	2,124	1,572
Total non-operating income	14,664	16,519
Non-operating expenses		
Share of loss of entities accounted for using equity method	543	-
Other	0	0
Total non-operating expenses	544	0
Ordinary profit	116,389	171,593
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	125,931	171,593
Income taxes - current	49,569	60,570
Income taxes - deferred	(13,045)	(7,764)
Total income taxes	36,523	52,806
Profit	89,407	118,786
Profit attributable to owners of parent	89,407	118,786

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2016	For the six months ended September 30,2017
Profit	89,407	118,786
Other comprehensive income		
Valuation difference on available-for-sale securities	197,963	(45,194)
Foreign currency translation adjustment	(2,956)	-
Remeasurements of defined benefit plans, net of tax	10,289	12,712
Total other comprehensive income	205,295	(32,482)
Comprehensive income	294,703	86,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	294,703	86,304

## Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2016	For the six months ended September 30,2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	125,931	171,593
Depreciation	10,947	10,943
Loss on transfer of investments in capital of subsidiaries and associates	15,210	-
Increase (decrease) in provision	53,722	31,836
Interest and dividend income	(12,540)	(12,630)
Decrease (increase) in notes and accounts receivable - trade	(169,926)	(100,182)
Decrease (increase) in inventories	(16,143)	(66,664)
Increase (decrease) in notes and accounts payable - trade	(72,082)	21,674
Increase (decrease) in accrued consumption taxes	(6,476)	(12,916)
Share of (profit) loss of entities accounted for using equity method	543	(2,317)
Loss (gain) on sales of property, plant and equipment	(24,752)	-
Other, net	26,800	35,563
Subtotal	(68,765)	76,900
Interest and dividend income received	12,537	12,621
Income taxes paid	(74,917)	(79,331)
Income taxes refund	-	227
Cash flows from operating activities	(131,146)	10,418
<b>Cash flows from investing activities</b>		
Collection of short-term loans receivable	1,200	1,000
Purchase of property, plant and equipment	(8,378)	(2,578)
Proceeds from sales of property, plant and equipment	132,471	-
Purchase of intangible assets	(2,854)	(3,781)
Transfer of investment in capital of subsidiaries	(14,765)	-
Proceeds from maturity of insurance funds	-	13,999
Payments for lease and guarantee deposits	-	(3,092)
Proceeds from collection of lease and guarantee deposits	-	1,652
Cash flows from investing activities	107,673	7,199
<b>Cash flows from financing activities</b>		
Proceeds from disposal of treasury shares	48	-
Cash dividends paid	(155,047)	(154,861)
Cash flows from financing activities	(154,998)	(154,861)
Effect of exchange rate change on cash and cash equivalents	(2,015)	-
Net increase (decrease) in cash and cash equivalents	(180,486)	(137,242)
Cash and cash equivalents at beginning of period	2,255,665	2,061,088
Cash and cash equivalents at end of period	2,075,178	1,923,846