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Summary of Non-consolidated Financial Results for the Second Quarter of the Fiscal Year 2018

October 31, 2018

Company name: Quest Co., Ltd.
 Stock exchanges: TSE JASDAQ(Standard)
 Stock code: 2332 URL <https://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 of filing of Quarterly Business Report: November 7, 2018
 Preparation of supplementary on quarterly financial results: Yes (in Japanese)
 Holding of quarterly financial results meeting: Yes (for Analyst)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the Q2 of FY2018 (April 1, 2018 – September 30, 2018)

(1) Non-consolidated operating results Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018 Q2	4,622	-	286	-	299	-	209	-
FY2017 Q2	-	-	-	-	-	-	-	-

	Earnings per share	Earnings per share (Diluted)
	Yen	Yen
FY2018 Q2	40.63	-
FY2017 Q2	-	-

- Until FY2017 Q2, non-consolidated financial results were not disclosed. Therefore, the amounts and percentages of FY2017 Q2 are not disclosed.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
FY2018 Q2	5,754	4,292	74.6	830.61
FY2017	5,475	4,064	74.2	786.39

(Reference) Shareholder's equity: FY2018 Q2: 4,292 Million yen, FY2017: 4,064 Million yen

2. Dividends

	Annual dividends per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	0.00	-	30.00	30.00
FY2018	-	0.00	-	-	-
FY2018(Forecast)	-	-	-	30.00	30.00

(Notes) Changes from the previous forecast of dividends : None

3. Forecast of non-consolidated financial results for the FY2018(April 1, 2018 – March 31, 2019)

	Net sales		Operating profit		Ordinary profit		Net profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,100	4.3	456	495.7	476	341.1	324	323.2	62.69

(Notes) Changes from the previous forecast of financial results : None

4. Notes

(1)Application of special accounting method for preparing quarterly non-consolidated financial statements. None

(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: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements after error corrections: None

(3)Number of issued shares (Common shares)

Total number of issued shares(including treasury shares)

FY2018 Q2	5,487,768 shares	FY2017	5,487,768 shares
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Number of treasury shares

FY2018 Q2	319,461 shares	FY2017	319,428 shares
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Average number of shares

FY2018 Q2	5,168,326 shares	FY2017 Q2	5,168,580 shares
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Quarterly Non-consolidated Financial Statements

Quarterly Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2018	As of September 30,2018
Assets		
Current assets		
Cash and deposits	1,975,051	1,981,519
Notes and accounts receivable - trade	1,885,623	2,028,293
Work in process	50,265	43,990
Prepaid expenses	102,494	81,517
Other	4,705	5,287
Total current assets	4,018,140	4,140,609
Non-current assets		
Property, plant and equipment		
Buildings, net	18,840	21,638
Vehicles, net	7,843	6,537
Tools, furniture and fixtures, net	16,709	16,181
Land	13,460	376
Total property, plant and equipment	56,854	44,733
Intangible assets		
Software	18,598	16,707
Other	5,643	5,643
Total intangible assets	24,242	22,351
Investments and other assets		
Investment securities	982,167	1,232,410
Shares of subsidiaries and associates	76,399	76,399
Long-term loans receivable	12,000	10,800
Long-term prepaid expenses	27,084	29,980
Deferred tax assets	142,314	69,390
Other	136,519	127,544
Total investments and other assets	1,376,485	1,546,526
Total non-current assets	1,457,582	1,613,611
Total assets	5,475,722	5,754,221

(Thousand yen)

	As of March 31,2018	As of September 30,2018
Liabilities		
Current liabilities		
Accounts payable - trade	325,614	246,751
Accounts payable - other	118,973	109,832
Accrued expenses	122,243	132,099
Income taxes payable	17,013	123,755
Accrued consumption taxes	72,191	79,924
Advances received	20,779	38,206
Deposits received	61,952	65,196
Provision for bonuses	329,843	398,573
Provision for loss on projects	96,687	364
Total current liabilities	1,165,299	1,194,704
Non-current liabilities		
Provision for retirement benefits	242,827	263,389
Provision for directors' retirement benefits	3,275	3,275
Total non-current liabilities	246,102	266,664
Total liabilities	1,411,402	1,461,369
Net assets		
Shareholders' equity		
Capital stock	491,031	491,031
Capital surplus		
Legal capital surplus	492,898	492,898
Other capital surplus	27	27
Total capital surpluses	492,926	492,926
Retained earnings		
Legal retained earnings	29,890	29,890
Other retained earnings		
General reserve	830,000	830,000
Retained earnings brought forward	2,245,513	2,300,456
Total retained earnings	3,105,403	3,160,346
Treasury shares	(223,122)	(223,152)
Total shareholders' equity	3,866,238	3,921,150
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	198,082	371,700
Total valuation and translation adjustments	198,082	371,700
Total net assets	4,064,320	4,292,851
Total liabilities and net assets	5,475,722	5,754,221

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2018
Net sales	4,622,666
Cost of sales	3,912,185
Gross profit	710,481
Selling, general and administrative expenses	424,314
Operating profit	286,166
Non-operating income	
Interest income	9
Dividend income	12,497
Other	1,108
Total non-operating income	13,615
Non-operating expenses	
Commission for purchase of treasury shares	0
Total non-operating expenses	0
Ordinary profit	299,780
Extraordinary income	
Gain on sales of non-current assets	12,682
Total extraordinary income	12,682
Extraordinary losses	
Loss on valuation of golf club membership	5,100
Total extraordinary losses	5,100
Profit before income taxes	307,363
Income taxes - current	101,071
Income taxes - deferred	(3,700)
Total income taxes	97,370
Profit	209,993

Quarterly Non-consolidated Statements of Cash Flows

(Thousand yen)

For the six months
ended September 30,2018

Cash flows from operating activities	
Profit before income taxes	307,363
Depreciation	11,125
Increase (decrease) in provision for bonuses	68,730
Increase (decrease) in provision for loss on project contracts	(96,322)
Increase (decrease) in provision for retirement benefits	20,562
Interest and dividend income	(12,506)
Loss (gain) on sales of non-current assets	(12,682)
Loss on valuation of golf club memberships	5,100
Decrease (increase) in notes and accounts receivable - trade	(142,670)
Decrease (increase) in inventories	6,274
Increase (decrease) in notes and accounts payable - trade	(78,863)
Increase (decrease) in accrued consumption taxes	7,732
Other, net	40,326
Subtotal	124,170
Interest and dividend income received	12,506
Income taxes refund	4,250
Net cash provided by (used in) operating activities	140,927
Cash flows from investing activities	
Purchase of property, plant and equipment	(13,308)
Proceeds from sales of property, plant and equipment	30,296
Purchase of intangible assets	(929)
Collection of short-term loans receivable	1,200
Payments for lease and guarantee deposits	(10)
Proceeds from collection of lease and guarantee deposits	3,441
Net cash provided by (used in) investing activities	20,690
Cash flows from financing activities	
Purchase of treasury shares	(31)
Cash dividends paid	(155,118)
Net cash provided by (used in) financing activities	(155,149)
Net increase (decrease) in cash and cash equivalents	6,468
Cash and cash equivalents at beginning of period	1,975,051
Cash and cash equivalents at end of period	1,981,519