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Summary of Non-consolidated Financial Results for the Second Quarter of the Fiscal Year 2019

October 31, 2019

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 8, 2019
 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 FY2019 (April 1, 2019 – September 30, 2019)

(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	%
FY2019 Q2	4,943	6.9	362	26.7	377	26.0	261	24.7
FY2018 Q2	4,622	-	286	-	299	-	209	-

	Earnings per share		Earnings per share (Diluted)	
	Yen		Yen	
FY2019 Q2	50.63		-	
FY2018 Q2	40.63		-	

- Until FY2017 Q2, non-consolidated financial results were not disclosed. Therefore, the percentages of FY2018 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	
FY2019 Q2	6,103		4,520		74.1		873.27	
FY2018	6,240		4,387		70.3		848.86	

(Reference) Shareholder's equity: FY2019 Q2: 4,520 Million yen, FY2018: 4,387 Million yen

2. Dividends

	Annual dividends per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	0.00	-	33.00	33.00
FY2019	-	0.00	-	-	-
FY2019(Forecast)	-	-	-	33.00	33.00

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

3. Forecast of non-consolidated financial results for the FY2019(April 1, 2019 – March 31, 2020)

	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	10,000	4.7	570	Δ 7.2	600	Δ 6.7	405	Δ 9.7	78.36

(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)

FY2019 Q2	5,487,768 shares	FY2018	5,487,768 shares
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Number of treasury shares

FY2019 Q2	310,696 shares	FY2018	319,606 shares
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Average number of shares

FY2019 Q2	5,171,872 shares	FY2018 Q2	5,168,326 shares
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* This document is not within the scope of the auditing process by the external auditor.

* Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons.

* Preparation of supplementary material on financial results (in Japanese)

- The material to be handed out in the financial results meeting for the analysts, scheduled on November 20, 2019, will be available for download from our web site after the meeting.

Quarterly Non-consolidated Financial Statements
Quarterly Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2019	As of September 30,2019
Assets		
Current assets		
Cash and deposits	2,254,311	2,401,398
Notes and accounts receivable - trade	2,315,535	1,981,291
Work in process	34,021	59,220
Prepaid expenses	91,707	89,880
Other	4,286	6,140
Total current assets	4,699,862	4,537,932
Non-current assets		
Property, plant and equipment		
Buildings, net	21,302	22,614
Vehicles, net	5,231	4,360
Tools, furniture and fixtures, net	24,258	20,787
Land	376	376
Leased assets, net	-	14,400
Total property, plant and equipment	51,169	62,539
Intangible assets		
Software	14,795	16,522
Other	5,643	5,643
Total intangible assets	20,439	22,166
Investments and other assets		
Investment securities	1,024,754	1,074,374
Shares of subsidiaries and associates	76,399	76,399
Long-term loans receivable	9,600	8,400
Long-term prepaid expenses	48,642	42,413
Deferred tax assets	183,440	154,078
Other	125,938	125,654
Total investments and other assets	1,468,774	1,481,320
Total non-current assets	1,540,383	1,566,025
Total assets	6,240,246	6,103,957

(Thousand yen)

	As of March 31,2019	As of September 30,2019
Liabilities		
Current liabilities		
Accounts payable - trade	301,450	281,487
Lease obligations	-	3,262
Accounts payable - other	140,650	79,189
Accrued expenses	150,243	146,479
Income taxes payable	256,073	129,413
Accrued consumption taxes	121,832	90,678
Advances received	36,725	49,668
Deposits received	64,867	26,465
Provision for bonuses	495,383	469,065
Provision for loss on projects	150	244
Total current liabilities	1,567,376	1,275,956
Non-current liabilities		
Lease obligations	-	12,598
Provision for retirement benefits	282,528	291,158
Provision for retirement benefits for directors (and other officers)	3,275	3,275
Total non-current liabilities	285,803	307,031
Total liabilities	1,853,180	1,582,987
Net assets		
Shareholders' equity		
Share capital	491,031	491,031
Capital surplus		
Legal capital surplus	492,898	492,898
Other capital surplus	27	1,985
Total capital surpluses	492,926	494,884
Retained earnings		
Legal retained earnings	29,890	29,890
Other retained earnings		
General reserve	830,000	830,000
Retained earnings brought forward	2,538,912	2,630,209
Total retained earnings	3,398,802	3,490,099
Treasury shares	(223,322)	(217,099)
Total shareholders' equity	4,159,437	4,258,914
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	227,629	262,055
Total valuation and translation adjustments	227,629	262,055
Total net assets	4,387,066	4,520,970
Total liabilities and net assets	6,240,246	6,103,957

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	For the six months ended September 30,2019
Net sales	4,622,666	4,943,108
Cost of sales	3,912,185	4,108,882
Gross profit	710,481	834,225
Selling, general and administrative expenses		
Salaries and bonuses	150,490	167,285
Remuneration for directors (and other officers)	32,833	36,831
Provision for bonuses	30,476	38,728
Retirement benefit expenses	5,851	5,480
Depreciation	8,123	8,154
Rent expenses	39,510	44,357
Other	157,029	170,734
Total selling, general and administrative expenses	424,314	471,572
Operating profit	286,166	362,652
Non-operating income		
Interest income	9	11
Dividend income	12,497	14,823
Other	1,108	578
Total non-operating income	13,615	15,412
Non-operating expenses		
Interest expenses	-	364
Commission for purchase of treasury shares	0	0
Total non-operating expenses	0	365
Ordinary profit	299,780	377,699
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	377,699
Income taxes - current	101,071	101,685
Income taxes - deferred	(3,700)	14,168
Total income taxes	97,370	115,853
Profit	209,993	261,845

Quarterly Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from operating activities		
Profit before income taxes	307,363	377,699
Depreciation	11,125	11,744
Increase (decrease) in provision for bonuses	68,730	(26,317)
Increase (decrease) in provision for loss on project contracts	(96,322)	94
Increase (decrease) in provision for retirement benefits	20,562	8,630
Interest and dividend income	(12,506)	(14,834)
Interest expenses	-	364
Share-based remuneration expenses	-	2,037
Loss (gain) on sales of non-current assets	(12,682)	-
Loss on valuation of golf club memberships	5,100	-
Decrease (increase) in trade receivables	(142,670)	334,243
Decrease (increase) in inventories	6,274	(25,198)
Increase (decrease) in trade payables	(78,863)	(19,963)
Increase (decrease) in accounts payable - other	1	(61,013)
Increase (decrease) in advances received	17,426	12,943
Increase (decrease) in deposits received	3,244	(38,402)
Increase (decrease) in accrued consumption taxes	7,732	(29,713)
Other, net	19,653	(3,056)
Subtotal	124,170	529,257
Interest and dividends received	12,506	14,834
Interest paid	-	(364)
Income taxes paid	-	(221,316)
Income taxes refund	4,250	-
Net cash provided by (used in) operating activities	140,927	322,409
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,308)	(2,889)
Proceeds from sales of property, plant and equipment	30,296	-
Purchase of intangible assets	(929)	(2,281)
Collection of short-term loans receivable	1,200	1,200
Payments of leasehold and guarantee deposits	(10)	(63)
Proceeds from refund of leasehold and guarantee deposits	3,441	120
Net cash provided by (used in) investing activities	20,690	(3,914)
Cash flows from financing activities		
Repayments of lease obligations	-	(1,579)
Purchase of treasury shares	(31)	(15)
Proceeds from disposal of treasury shares	-	47
Dividends paid	(155,118)	(169,861)
Net cash provided by (used in) financing activities	(155,149)	(171,408)
Net increase (decrease) in cash and cash equivalents	6,468	147,086
Cash and cash equivalents at beginning of period	1,975,051	2,254,311
Cash and cash equivalents at end of period	1,981,519	2,401,398