



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2013 (Japanese GAAP)

May 30, 2013
Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK, Inc.
 Securities code: 2198 URL: <http://www.ikk-grp.jp/>
 Representative: Katsushi Kaneko, President and Representative Director
 Contact: Akira Toda, Managing Director, Division COO, Management Div. TEL +81-92-937-7030
 Scheduled date of filing quarterly financial report: June 13, 2013
 Scheduled date of start dividends distribution: —
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: Yes (for institutional investors and analysts)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated financial results for the second quarter of the FY ending October 31, 2013 (Nov. 1, 2012-Apr. 30, 2013)

(1) Consolidated operating results (cumulative)

(Percentage figures show changes from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY ending Oct. 31, 2013	6,661	4.1	815	(3.1)	799	1.2	565	66.5
2Q of FY ended Oct. 31, 2012	6,400	12.9	841	68.5	789	67.7	339	137.9

Note: Comprehensive income: 2Q of FY ending Oct. 31, 2013: 565 million yen (66.5%); 2Q of FY ended Oct. 31, 2012: 339 million yen (137.9%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
2Q of FY ending Oct. 31, 2013	39.78		39.57	
2Q of FY ended Oct. 31, 2012	23.81		23.69	

Note:

- On April 1, 2012, the Company's common stock was split 2-for-1. However, net income/diluted net income per share was calculated assuming stock division at the beginning of the previous fiscal year.
- On April 1, 2013, the Company's common stock was split 2-for-1. However, net income/diluted net income per share was calculated assuming stock division at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total Assets		Net Assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
2Q of FY ending Oct. 31, 2013	12,503		6,330		50.6	
FY ended Oct. 31, 2012	12,905		5,840		45.3	

Reference: Equity capital: 2Q of FY ending Oct. 31, 2013: 6,330 million yen; FY ended Oct. 31, 2012: 5,840 million yen

2. Dividends

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen				
FY ended Oct. 31, 2012	—	0.00	—	15.00	15.00
FY ending Oct. 31, 2013	—	0.00	—	—	—
FY ending Oct. 31, 2013 (forecast)	—	—	—	20.00	20.00

Note: Revisions to the latest projected dividends: No

Breakdown of the FY ending October 31, 2013 dividends (forecast): Regular dividends: 10.00 yen; Commemorative dividends: 10.00 yen

On April 1, 2013, the Company's common stock was split 2-for-1. Figures for dividends for the FY ended October 31, 2012 are before the split is applied. For details on end of year dividends adjusted to reflect the split, please see "Retroactive Adjustment of Dividends According to Stock Split."

3. Consolidated financial forecast for the FY ending October 31, 2013 (Nov. 1, 2012-Oct. 31, 2013)

(Percentage figures show changes from the previous term (full year) or previous corresponding quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,765	1.3	1,925	0.2	1,880	1.9	1,220	31.2	85.74

Note: Revisions to the latest projected financial results: No

On April 1, 2013, the Company's common stock was split 2-for-1. Included figures for net income per share were calculated taking into account the effects of this split.

***Notes**

(1) Significant changes to subsidiaries during the consolidated quarter (transfer of specific subsidiaries accompanying changes in scope of consolidation): Yes

Newly added: 1 company, Company name: I Care, Inc.

Excluded: — Company name:

Note: For details, see “2. Summary (Notes) Information: (1) Significant Changes to Subsidiaries during the Period” (attachments, page 3).

(2) Application of specific accounting policies for preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, accounting estimates and restatement

- | | |
|--|-----|
| 1) Changes in accounting policies due to revision of accounting standards, etc.: | Yes |
| 2) Changes in accounting polices other than 1): | No |
| 3) Changes in accounting estimates: | Yes |
| 4) Restatement: | No |

Note: Corresponds to article 10-5 of “Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements.” For details, see “2. Summary (Notes) Information: (3) Changes in Accounting Policies, Accounting Estimates and Restatement” (attachments, page 3).

(4) Number of shares issued (common stock):

- 1) Number of shares issued as of end of term (including treasury stock)
- 2) Number of treasury stock as of end of term
- 3) Average number of shares over period (quarterly cumulative)

2Q of FY ending Oct. 31, 2013	14,874,000 shares	FY ended Oct. 31, 2012	14,874,000 shares
2Q of FY ending Oct. 31, 2013	645,972 shares	FY ended Oct. 31, 2012	699,672 shares
2Q of FY ending Oct. 31, 2013	14,204,232 shares	2Q of FY ended Oct. 31, 2012	14,260,596 shares

Note:

1. On April 1, 2012, the Company’s common stock was split 2-for-1. However, average number of shares over period for the 2Q of FY ended October 31, 2012 was calculated assuming stock division at the beginning of the previous consolidated fiscal year.
2. On April 1, 2013, the Company’s common stock was split 2-for-1. However, number of shares issued as of end of term, number of treasury stock as of end of term and average number of shares over period were calculated assuming stock division at the beginning of the previous consolidated fiscal year. Furthermore, figures for treasury stock include 645,100 shares held in employee stock holdings trust at the end of this quarterly consolidated period.

* Implementation status of quarterly review procedures:

Quarterly review procedures based on the Financial Instruments and Exchange Act do not apply to this quarterly statement, and quarterly review of consolidated financial statements was not completed at the time of disclosure.

* Explanation of appropriate use of financial forecasts, other special remarks:

(Cautionary statement with respect to forward-looking statements, etc.)

Forecasts and other forward-looking statements included in this document are based on currently available information and assumptions deemed rational, and do not serve as a guarantee of results on the part of the company. Actual results may vary substantially due to a variety of reasons. For notes and other cautionary statements related to assumptions behind and use of forecasted results, please see “1. Qualitative Information on Quarterly Financial Results: (3) Qualitative information on Consolidated Financial Forecasts” (attachments, page 2).

(Retroactive Adjustment of Dividends According to Stock Split)

On April 1, 2013, the Company’s common stock was split 2-for-1. The dividends assuming split at the beginning of previous consolidated fiscal year are as follows:

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Oct. 31, 2012	—	0.00	—	7.50	7.50
FY ending Oct. 31, 2013	—	0.00			
FY ending Oct. 31, 2013 (forecast)			—	20.00	20.00

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Financial Results

The Japanese economy in the second quarter of the current consolidated fiscal year (November 1, 2012-April 30, 2013) entered onto a path of recovery. Due to expectation for new economic policies implemented by the new government administration that was inaugurated in December of last year, significant changes have been seen in foreign exchange rates and stock market conditions, including correction of the overly high yen and a rise in the Nikkei Stock Average. Confidence among large businesses has improved and consumer spending is increasing.

In the wedding industry, the number of weddings in 2012 slightly increased over the previous year at 669,000 (661,000 in 2011), and demand for guesthouse-style wedding services has stabilized. On the other hand, competition within the industry remains fierce, with ceremonial hall and hotel renovations, intensification of price competition, diversification of customer needs and so on.

In response to these conditions, the IKK Group (the Group) has adopted a management philosophy, “To touch our customers’ hearts!” In order to offer more touching wedding services we have been working to meet diversifying customer needs, expand sales and increase our earnings power through in-house and external staff training geared towards improving customer service, practical use of business databases, investments in renovation and so on.

As a result of these efforts, sales in the second quarter of the current consolidated period reached 6,661 million yen (a 4.1% increase over the same quarter of the previous year), operating income reached 815 million yen (a 3.1% decrease), ordinary income reached 799 million yen (a 1.2% increase), and quarterly net income reached 565 million yen (a 66.5% increase).

Results by segment are as follows:

1) Wedding Operations

Together with full operation of “La La Chance Taiyo no Oka” (Kanazawa branch), which increased its number of venues in the previous consolidated fiscal year, conditions at existing branches turned favorable thanks to increased orders due to practical use of business databases, the effect of renovations and so on, leading to sales of 6,529 million yen (an 4.5% increase over the same quarter of the previous year). Also, the opening of new branches and the strengthening of the business database system led to an operating income of 827 million yen (a 0.7% decrease).

2) Funeral Operations

Sales were 132 million yen (a 13.9% decrease over the same quarter of the previous fiscal year), with a 1 million yen operating loss (operating income for the same quarter of the previous fiscal year was 8 million yen).

3) Nursing-care Operations

As preparations for launch are still underway, sales have not been recorded yet. Operating loss was 10 million yen.

(2) Qualitative Information on Consolidated Financial Position

Compared to the end of the previous consolidated fiscal year, total assets decreased by 401 million yen, at 12,503 million yen. The main causes were a 107 million yen increase in accounts receivable—trade, a 407 million yen and a 140 million yen decrease in cash and deposits and in property, plant and equipment, respectively.

Compared to the end of the previous consolidated fiscal year, liabilities decreased by 891 million yen, at 6,173 million yen. The main causes were a 91 million yen decrease in accounts payable—trade, a 121 million yen decrease in income taxes payable and a 590 million yen decrease in long-term loans payable.

Compared to the end of the previous consolidated fiscal year, net assets increased by 489 million yen, reaching 6,330 million yen. The main causes were an increase due to net income of 565 million yen and a decrease due to dividends from surplus of 106 million yen. As a result, compared to the end of the previous fiscal year, equity ratio rose by 5.3 points, to 50.6%.

(3) Qualitative Information on Consolidated Financial Forecasts

The full-year consolidated forecasts published on March 28, 2013 remain unchanged.

2. Summary (Notes) Information

(1) Significant Changes to Subsidiaries during the Period

In the first quarter of the current consolidated period, newly established I Care, Inc. was added into the scope of consolidation.

(2) Application of Specific Accounting for Preparation of Quarterly Consolidated Financial Statements

No related information.

(3) Changes in Accounting Policies, Accounting Estimates and Restatement

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

As of the first quarter of the current consolidated period, our company and consolidated subsidiaries adopted the depreciation method pursuant to revisions to the Corporation Tax Law for property, plant and equipment acquired on or after November 1, 2012.

Effects on profit and loss due to this change were insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2012)	Current Consolidated FY, 2Q (Apr. 30, 2013)
Assets		
Current assets		
Cash and deposits	2,630,545	2,223,313
Accounts receivable-trade	209,691	316,897
Merchandise	91,552	101,049
Raw materials and supplies	66,071	60,499
Other	221,579	241,838
Allowance for doubtful accounts	(2,140)	(2,891)
Total current assets	3,217,300	2,940,705
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,795,727	6,580,361
Land	1,643,983	1,643,983
Other, net	302,814	377,507
Total property, plant and equipment	8,742,525	8,601,853
Intangible assets	92,669	85,968
Investments and other assets	852,600	875,348
Total noncurrent assets	9,687,796	9,563,169
Total assets	12,905,097	12,503,875
Liabilities		
Current liabilities		
Accounts payable-trade	632,911	541,064
Current portion of bonds	80,000	45,000
Current portion of long-term loans payable	1,026,125	852,182
Income taxes payable	608,149	486,181
Provision for bonuses	173,487	182,603
Other	1,093,104	998,993
Total current liabilities	3,613,777	3,106,024
Noncurrent liabilities		
Long-term loans payable	2,605,378	2,189,042
Provision for retirement benefits	78,015	82,072
Provision for directors' retirement benefits	233,695	253,141
Provision for point card certificates	51,480	54,863
Asset retirement obligations	276,117	278,822
Other	206,382	209,801
Total noncurrent liabilities	3,451,068	3,067,742
Total liabilities	7,064,846	6,173,767

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2012)	Current Consolidated FY, 2Q (Apr. 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	342,342	342,342
Capital surplus	354,909	373,196
Retained earnings	5,309,674	5,768,452
Treasury stock	(166,675)	(153,882)
Total shareholders' equity	5,840,250	6,330,108
Total net assets	5,840,250	6,330,108
Total liabilities and net assets	12,905,097	12,503,875

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Consolidated 2Q)

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2011-Apr. 30, 2012)	2Q of Current Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)
Net sales	6,400,494	6,661,728
Cost of sales	2,866,824	2,970,716
Gross profit	3,533,670	3,691,011
Selling, general and administrative expenses	2,691,860	2,875,318
Operating income	841,809	815,692
Non-operating income		
Interest income	199	264
Commission fee	1,974	2,782
Other	2,176	1,630
Total non-operating income	4,350	4,677
Non-operating expenses		
Interest expenses	23,871	17,062
Going public expenses	22,187	—
Other	10,328	4,301
Total non-operating expenses	56,387	21,364
Ordinary income	789,771	799,005
Extraordinary income		
Compensation income	—	234,384
Total extraordinary income	—	234,384
Extraordinary loss		
Loss on retirement of noncurrent assets	5,218	3,896
Total extraordinary losses	5,218	3,896
Income before income taxes	784,553	1,029,492
Income taxes-current	404,085	474,760
Income taxes-deferred	40,986	(10,353)
Total income taxes	445,072	464,407
Income before minority interests	339,480	565,085
Net income	339,480	565,085

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated 2Q)

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2011-Apr. 30, 2012)	2Q of Current Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)
Income before minority interests	339,480	565,085
Other comprehensive income		
Total other comprehensive income	—	—
Comprehensive income	339,480	565,085
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	339,480	565,085
Comprehensive income attributable to minority interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2011-Apr. 30, 2012)	2Q of Current Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	784,553	1,029,492
Depreciation and amortization	397,012	392,853
Increase (decrease) in allowance for doubtful accounts	(469)	720
Increase (decrease) in provision for bonuses	5,796	9,116
Increase (decrease) in provision for retirement benefits	4,472	4,057
Increase (decrease) in provision for directors' retirement benefits	12,203	19,446
Increase (decrease) in provision for point card certificates	2,977	3,383
Compensation income	—	(234,384)
Loss on retirement of noncurrent assets	5,218	3,896
Interest income	(199)	(264)
Interest expenses	23,871	17,062
Commission for syndicate loan	499	499
Decrease (increase) in notes and accounts receivable – trade	(116,668)	(107,122)
Decrease (increase) in inventories	(16,124)	(3,923)
Increase (decrease) in notes and accounts payable – trade	(108,385)	(91,847)
Others	118,715	(160,590)
Subtotal	1,113,473	882,395
Interest income received	199	264
Interest expenses paid	(23,146)	(17,149)
Proceeds from compensation	—	234,384
Income taxes refund	832	2
Income taxes paid	(180,820)	(595,583)
Net cash provided by (used in) operating activities	910,538	504,314
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(148,912)	(199,993)
Purchase of intangible assets	(1,338)	(972)
Others	(8,814)	(10,733)
Net cash provided by (used in) investing activities	(159,065)	(211,700)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	194,000	—
Repayment of long-term loans payable	(572,438)	(590,279)
Redemption of bonds	(35,000)	(35,000)
Proceeds from sales of treasury stock	12,651	31,079
Purchase of treasury stock	(191,596)	—
Cash dividends paid	(86,538)	(105,646)
Net cash provided by (used in) financing activities	(678,921)	(699,846)
Net increase (decrease) in cash and cash equivalents	72,551	(407,232)
Cash and cash equivalents at beginning of period	1,609,153	2,630,545
Cash and cash equivalents at end of period	1,681,705	2,223,313

(4) Notes on Premise of Going Concern

No related information.

(5) Notes on Significant Fluctuation in Amounts of Shareholders' Equity

No related information.

(6) Segment Information, etc.

(Segment Information)

2Q of Previous Consolidated Period (Nov. 1, 2011-Apr. 30, 2012)

The Group's reporting segments included wedding and funeral operations. However, as funeral operations constitute a very small proportion of total business segments its importance in terms of disclosure is limited. Accordingly, listing of segment information is abridged.

2Q of Current Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)

The Group's reporting segments include Wedding, Funeral and Nursing-care Operations. However, as Funeral and Nursing-care Operations constitute a very small proportion of total business segments their importance in terms of disclosure is limited. Accordingly, listing of segment information is abridged.

(7) Material Subsequent Events

No related information.