



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2014 (Japanese GAAP)

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Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK, Inc.
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 Scheduled date of filing quarterly financial report: March 14, 2014
 Scheduled date of start dividends distribution: -
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: No

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

1. Consolidated financial results for the first quarter of the FY ending October 31, 2014 (Nov. 1, 2013-Jan. 31, 2014)

(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	%
1Q of FY ending Oct. 31, 2014	3,664	12.2	518	26.1	512	27.6	302	30.4
1Q of FY ended Oct. 31, 2013	3,265	7.8	411	16.6	401	28.5	231	153.2

Note: Comprehensive income: 1Q of FY ending Oct. 31, 2014: 302 million yen (30.4%); 1Q of FY ended Oct. 31, 2013: 231 million yen (153.2%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q of FY ending Oct. 31, 2014	21.04	21.00
1Q of FY ended Oct. 31, 2013	16.35	16.28

Note: 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 consolidated fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY ending Oct. 31, 2014	13,015	7,259	55.8
FY ended Oct. 31, 2013	14,375	7,213	50.2

Reference: Equity capital: 1Q of FY ending Oct. 31, 2014: 7,259 million yen; FY ended Oct. 31, 2013: 7,213 million yen

2. Dividends

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Oct. 31, 2013	-	0.00	-	20.00	20.00
FY ending Oct. 31, 2014	-				
FY ending Oct. 31, 2014 (forecast)		0.00	-	20.00	20.00

Note: Revisions to the latest projected dividends: No

3. Consolidated financial forecast for the FY ending October 31, 2014 (Nov. 1, 2013-Oct. 31, 2014)

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

	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
2Q (cumulative)	7,275	9.2	860	5.4	840	5.1	460	(18.6)	31.96
Full year	15,370	5.9	2,000	2.6	1,960	2.3	1,100	(20.8)	76.26

Note: Revisions to the latest projected financial results: No

***Notes**

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

Newly added: - Company name: - Excluded: 1 Company name: Suite Villa Garden Inc.

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.: No

2) Changes in accounting polices other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

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

1) Number of shares issued as of end of term (including treasury stock)	1Q of FY ending Oct. 31, 2014	14,939,200 shares	FY ended Oct. 31, 2013	14,939,200 shares
2) Number of treasury stock as of end of term	1Q of FY ending Oct. 31, 2014	540,972 shares	FY ended Oct. 31, 2013	579,772 shares
3) Average number of shares over period (quarterly cumulative)	1Q of FY ending Oct. 31, 2014	14,377,364 shares	1Q of FY ended Oct. 31, 2013	14,190,626 shares

Note: On April 1, 2013, the Company’s common stock was split 2-for-1. However, average number of shares over period for the 1Q of FY ended October 31, 2013 was calculated assuming stock division at the beginning of the previous consolidated fiscal year. Furthermore, figures for treasury stock include 540,100 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 have not been 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) Explanation of Consolidated Forecast and Other Forward-looking Statements” (attachments, page 2).

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the first quarter of the current consolidated fiscal year (November 1, 2013 to January 31, 2014), the Japanese economy continued to improve due to the benefits of monetary and economic measures of the government. Consumer spending is increasing and there is a steady improvement in corporate earnings as capital expenditures recover and manufacturing output climbs.

In the wedding industry, the number of weddings in 2013 remained largely unchanged from the previous year at 663,000 (Ministry of Health, Labor and Welfare, 2013 Annual Estimate of Vital Statistics), and demand for guesthouse-style wedding services was stable. On the other hand, competition within the industry remains fierce because of wedding hall and hotel renovations, more intense price competition, the diversification of customer needs, and other reasons.

To provide memorable weddings in line with the IKK Group's management philosophy "to touch our customers' hearts," the Group is taking a number of actions. These measures include internal and external training programs to upgrade customer services, the analysis of operating data, and various initiatives to increase the number of customers. By taking these actions in order to meet the increasingly diverse needs of customers, the Group is aiming to increase sales and earnings.

As a result, sales in the first quarter increased 12.2% from one year earlier to 3,664 million yen, operating income increased 26.1% to 518 million yen, ordinary income increased 27.6% to 512 million yen, and net income increased 30.4% to 302 million yen.

Results by business segment are as follows:

a) Wedding Operations

First quarter performance benefited from the November 2013 opening of Harbor Terrace Sasebo Geihinkan (the Sasebo Branch) and strong orders for weddings at other locations in part because of the effective use of the operating database and renovations conducted in the previous consolidated fiscal year. Sales increased 11.0% from one year earlier to 3,554 million yen and operating income increased 26.4% to 525 million yen.

b) Funeral Operations

Sales were 93 million yen, 46.5% higher than one year earlier, and operating income was 18 million yen compared with a 2 million yen loss one year earlier.

c) Nursing-care Operations

In nursing care operations, which started in the previous consolidated fiscal year (September 2013), sales were 16 million yen and there was an operating loss of 29 million yen compared with a 2 million yen loss one year earlier.

(2) Explanation of Financial Position

Total assets were 13,015 million yen at the end of the first quarter, 1,359 million yen less than at the end of the previous consolidated fiscal year. The main causes were a 1,142 million yen decrease in cash and deposits, a 128 million yen decrease in accounts receivable-trade, and a 134 million yen decrease in buildings and structures.

Liabilities decreased 1,405 million yen to 5,755 million yen at the end of the first quarter. The main causes were a 362 million yen decrease in accounts payable-trade and a 508 million yen decrease in income taxes payable.

Net assets increased 45 million yen to 7,259 million yen mainly because of an increase due to net income of 302 million yen and a decrease due to dividends from surplus of 287 million yen. As a result, compared to the end of the previous consolidated fiscal year, the equity ratio rose by 5.6 points to 55.8%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The first half and fiscal year consolidated forecasts announced on December 13, 2013 remain unchanged.

2. Summary (Notes) Information

(1) Significant Changes to Subsidiaries during the Period

Suite Villa Garden Inc. was excluded from the scope of consolidation as the Company absorbed this wholly owned subsidiary on November 1, 2013.

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

No related information.

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

No related information.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2013)	Current Consolidated FY, 1Q (Jan. 31, 2014)
Assets		
Current assets		
Cash and deposits	3,026,544	1,884,281
Accounts receivable-trade	236,553	108,272
Merchandise	113,928	118,720
Raw materials and supplies	101,448	85,437
Other	255,637	187,362
Allowance for doubtful accounts	(3,291)	(1,679)
Total current assets	3,730,820	2,382,396
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,059,509	6,924,678
Land	1,792,965	1,792,965
Other, net	620,553	749,225
Total property, plant and equipment	9,473,028	9,466,869
Intangible assets	79,071	75,545
Investments and other assets	1,092,199	1,090,663
Total noncurrent assets	10,644,299	10,633,078
Total assets	14,375,119	13,015,474
Liabilities		
Current liabilities		
Accounts payable-trade	721,102	358,931
Current portion of long-term loans payable	788,472	848,870
Income taxes payable	652,248	143,462
Provision for bonuses	207,105	98,343
Other	1,802,952	979,969
Total current liabilities	4,171,880	2,429,576
Noncurrent liabilities		
Long-term loans payable	2,022,866	2,364,877
Provision for retirement benefits	85,989	89,278
Provision for directors' retirement benefits	264,490	251,411
Provision for point card certificates	57,260	58,775
Asset retirement obligations	344,584	346,208
Other	214,096	215,702
Total noncurrent liabilities	2,989,286	3,326,252
Total liabilities	7,161,166	5,755,829

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2013)	Current Consolidated FY, 1Q (Jan. 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	347,635	347,635
Capital surplus	412,786	433,883
Retained earnings	6,591,644	6,606,995
Treasury stock	(138,112)	(128,869)
Total shareholders' equity	7,213,953	7,259,645
Total net assets	7,213,953	7,259,645
Total liabilities and net assets	14,375,119	13,015,474

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (For the Three-month Period)

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)	1Q of Current Consolidated Period (Nov. 1, 2013-Jan. 31, 2014)
Net sales	3,265,554	3,664,118
Cost of sales	1,460,118	1,636,327
Gross profit	1,805,436	2,027,791
Selling, general and administrative expenses	1,394,275	1,509,314
Operating income	411,161	518,476
Non-operating income		
Interest income	-	552
Commission fee	1,778	1,116
Insurance income	320	589
Other	595	615
Total non-operating income	2,694	2,873
Non-operating expenses		
Interest expenses	9,357	6,801
Other	2,546	1,831
Total non-operating expenses	11,903	8,633
Ordinary income	401,951	512,717
Extraordinary income		
Compensation income	-	18,719
Total extraordinary income	-	18,719
Extraordinary loss		
Loss on retirement of noncurrent assets	731	2,216
Total extraordinary losses	731	2,216
Income before income taxes and minority interests	401,220	529,220
Income taxes-current	116,913	138,176
Income taxes-deferred	52,317	88,504
Total income taxes	169,230	226,680
Income before minority interests	231,990	302,539
Net income	231,990	302,539

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Three-month Period)

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)	1Q of Current Consolidated Period (Nov. 1, 2013-Jan. 31, 2014)
Income before minority interests	231,990	302,539
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	231,990	302,539
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	231,990	302,539
Comprehensive income attributable to minority interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

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

No related information.

(Segment Information, etc.)

(Segment Information)

1Q of Previous Consolidated Period (Nov. 1, 2012-Jan. 31, 2013) and 1Q of Current Consolidated Period (Nov. 1, 2013-Jan. 31, 2014)

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 and their importance in terms of disclosure is limited. Accordingly, listing of segment information is abridged.