Consolidated Financial Results for the Fiscal Year Ended October 31, 2017
(Japanese GAAP)

December 11, 2017
Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK Inc.
Securities code: 2198 URL: http://www.ikk-grp.jp/
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Scheduled date of Annual General Meeting of Shareholders: January 30, 2018
Scheduled date of starting dividends distribution: January 31, 2018
Scheduled date of filing securities report: January 30, 2018
Supplementary materials prepared: Yes (available only in Japanese language)
Results information meeting held: Yes (for securities analysts and institutional investors)

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

1. Consolidated financial results for the FY ended October 31, 2017 (Nov. 1, 2016 - Oct. 31, 2017)
(1) Consolidated operating results

(Percentage figures show changes from the previous fiscal year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Oct. 31, 2017	18,172	1.5	1,821	(16.3)	1,825	(15.7)	1,319	(1.6)
FY ended Oct. 31, 2016	17,911	5.5	2,176	3.3	2,166	3.4	1,341	16.9

Note: Comprehensive income: FY ended Oct. 31, 2017: 1,315 million yen (down 1.2%); FY ended Oct. 31, 2016: 1,331 million yen (up 10.2%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Profit to Total Assets	Operating Profit to Net Sales
	Yen	Yen	%	%	%
FY ended Oct. 31, 2017	44.91	44.90	12.7	9.5	10.0
FY ended Oct. 31, 2016	45.58	45.56	14.1	11.7	12.2

Reference: Equity in earnings of affiliated companies: FY ended Oct. 31, 2017: - million yen; FY ended Oct. 31, 2016: - million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Oct. 31, 2017	19,808	10,708	54.1	364.04
As of Oct. 31, 2016	18,582	10,070	54.2	340.92

Reference: Equity capital: As of Oct. 31, 2017: 10,708 million yen; As of Oct. 31, 2016: 10,070 million yen

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended Oct. 31, 2017	1,197	(3,533)	694	3,731
FY ended Oct. 31, 2016	2,599	(323)	(1,347)	5,372

2. Dividends

	Dividends per Share					Total Dividends	Dividends Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	1Q End	2Q End	3Q End	FY End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended Oct. 31, 2016	-	0.00	-	12.00	12.00	359	26.3	3.7
FY ended Oct. 31, 2017	-	0.00	-	12.00	12.00	359	26.7	3.4
FY ending Oct. 31, 2018 (forecast)	-	0.00	-	12.00	12.00		27.4	

Note: Breakdown of the FY ended October 31, 2016 dividend: Ordinary dividend: 10.00 yen; Commemorative dividend: 2.00 yen

3. Consolidated financial forecast for the FY ending October 31, 2018 (Nov. 1, 2017 - Oct. 31, 2018)
(Percentage figures show changes from the previous fiscal year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,180	7.5	525	(25.3)	525	(25.2)	340	(43.8)	11.54
Full year	20,005	10.1	2,005	10.1	2,010	10.1	1,290	(2.2)	43.72

* Notes

(1) Significant changes to subsidiaries during the period (transfer of specific subsidiaries accompanying changes in scope of consolidation): No

Newly added: - Company name: - Excluded: - Company name: -

(2) 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

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of period (including treasury shares)	As of Oct. 31, 2017	29,956,800 shares	As of Oct. 31, 2016	29,949,600 shares
2) Number of treasury shares at the end of period	As of Oct. 31, 2017	542,444 shares	As of Oct. 31, 2016	409,144 shares
3) Average number of shares outstanding during the period	FY ended Oct. 31, 2017	29,378,365 shares	FY ended Oct. 31, 2016	29,423,213 shares

Note: The Board of Directors of the Company approved a resolution on December 22, 2016 to reintroduce the Trust-Type Employee Stock Ownership Incentive Plan. Figures for treasury shares include 540,700 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the current fiscal year.

* Audit procedures do not apply to this report.

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

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. Overview of Results of Operations, (4) Outlook” (attachments, page 4).

Attachments (Table of Contents)

1. Overview of Results of Operations

(1) Results of Operations

During the current consolidated fiscal year (November 1, 2016 to October 31, 2017), corporate earnings and business sentiment improved in Japan as the long-term policy of monetary easing continued. In this environment, the employment and personal income were both strong.

Overseas, economies expanded in Europe and the United States as well as in China and other emerging countries. However, there were concerns about an economic downturn in Japan due to policies of the U.S. government and geopolitical risk, mainly associated with the Korean Peninsula. As a result, there was uncertainty during the fiscal year about the economic environment in Japan and around the world.

In the wedding industry, the number of weddings in Japan in 2016 was 621,000 (Ministry of Health, Labour and Welfare, 2016 Annual Estimate of Vital Statistics), down 14,000 from 2015. Although the number of weddings and receptions is decreasing slowly as the prime wedding age population declines, the guest house wedding market is still generally healthy.

Differentiating wedding services from those of competitors by using distinctive wedding styles and services is becoming increasingly difficult. During the fiscal year, we took many actions in line with the IKK Group's philosophy of "touching our customers' hearts." There were internal and external employee training activities to give our people the personal strengths and customer interaction skills needed to provide personalized wedding services. In addition, we used our own sales support system to analyze operating data and used many initiatives at wedding facilities to attract more customers.

To capture a larger share of Japan's wedding market, we are working on building an infrastructure capable of quickly meeting the increasingly diverse needs and expectations of customers and using an introduction system for maintaining a cycle in which we receive new customer referrals from current customers. All these actions are aimed at sales and earnings growth.

As a result, net sales increased 1.5% from one year earlier to 18,172 million yen, operating profit decreased 16.3% to 1,821 million yen, ordinary profit decreased 15.7% to 1,825 million yen, and profit attributable to owners of parent decreased 1.6% to 1,319 million yen.

Results by business segment are as follows:

a) Wedding Operations

Although the number of weddings at existing locations increased, earnings were affected by expenses for opening new branches and higher personnel expenses. As a result, sales were 17,383 million yen, up 1.0% from one year earlier and operating profit decreased 19.0% to 1,767 million yen.

b) Funeral Operations

Sales increased 16.6% from one year earlier to 322 million yen and there was operating profit of 20 million yen compared with a 10 million yen loss one year earlier.

c) Nursing-care Operations

Sales increased 8.6% from one year earlier to 470 million yen and there was operating profit of 30 million yen compared with a 1 million yen profit one year earlier. The occupancy rate was more than 90% at all three nursing-care facilities.

(2) Financial Position

a) Assets

Current assets were 4,762 million yen at the end of the current fiscal year, 1,541 million yen less than at the end of the previous fiscal year. This was mainly attributable to a 1,641 million yen decrease in cash and deposits.

Non-current assets increased 2,766 million yen to 15,045 million yen. The main causes were a 1,473 million yen increase in property, plant and equipment mainly due to the opening of La La Chance Okazaki Geihinkan (Okazaki Branch) in October 2017, and a 1,270 million yen increase in investment and other assets mainly due to investments associated with the establishment of a subsidiary in Indonesia and the opening of the Osaka Branch.

b) Liabilities

Current liabilities decreased 181 million yen to 3,985 million yen. The main cause was a 219 million yen decrease in income taxes payable.

Non-current liabilities increased 769 million yen to 5,114 million yen. This was mainly attributable to a 1,067 million yen increase in long-term loans payable and a 331 million yen decrease in other non-current liabilities.

c) Net assets

Net assets increased 637 million yen to 10,708 million yen. This was mainly attributable to an increase due to profit attributable to owners of parent of 1,319 million yen, a decrease due to dividends from surplus of 359 million yen and a net increase in treasury shares of 320 million yen as the reintroduced Trust-Type Employee Stock Ownership Incentive Plan conducted purchase and disposal of treasury shares. As a result, compared with the end of the previous fiscal year, the equity ratio fell by 0.1 percentage point to 54.1%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 3,731 million yen, a decrease of 1,641 million yen (30.6%) from the end of the previous fiscal year.

The following are cash flow conditions and factors for the fiscal year under review.

a) Cash flows from operating activities

Cash generated from operating activities was 1,197 million yen (a decrease of 53.9% year on year). Main cash inflows include profit before income taxes of 1,805 million yen and depreciation of 1,047 million yen, and outflows include income taxes paid of 746 million yen.

b) Cash flows from investing activities

Cash used by investing activities was 3,533 million yen (compared with 323 million yen used in the previous fiscal year), mainly attributable to the outlays of 2,280 million yen for the purchase of property, plant and equipment associated with the opening of the Okazaki Branch and 380 million yen for the purchase of shares of subsidiaries associated with the establishment of a subsidiary in Indonesia.

c) Cash flows from financing activities

Cash provided by financing activities was 694 million yen (compared with 1,347 million yen used in the previous fiscal year). Main cash inflows include proceeds from long-term loans payable of 2,260 million yen for the opening of the Okazaki Branch, and outflows include 1,127 million yen for repayments of long-term loans payable and 459 million yen for the purchase of treasury shares.

Reference: Cash flow indicator trends

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	50.2	50.9	49.2	54.2	54.1
Equity ratio at market value (%)	77.9	82.2	87.8	95.7	130.2
Ratio of interest-bearing debt to cash flows (year)	1.1	1.9	1.9	1.4	4.0
Interest coverage ratio (times)	81.5	66.9	73.3	92.0	51.7

Equity ratio: Shareholders’ equity / Total assets
Equity ratio at market value: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest expense

Notes: 1. The consolidated financial figures constitute the basis for calculating these indicators.
2. Market capitalization is calculated based on the number of shares outstanding after the deduction of treasury shares.
3. Cash flows are based on cash flows from operating activities in the consolidated statement of cash flows.
4. Interest-bearing debt includes all debts recorded on the consolidated balance sheet on which interest is paid.
5. The basis for interest expense is the amount of interest paid recorded in the consolidated statement of cash flows.

(4) Outlook

In the fiscal year ending on October 31, 2018, we are forecasting higher sales because of the first full fiscal year contribution of the Okazaki Branch, which opened in October 2017, and sales at the Osaka Branch that will start operating in December 2017. But there will be expenses for opening the Osaka Branch and for renovating other branches. As a result, we forecast sales of 20,005 million yen (an increase of 10.1% year on year), operating profit of 2,005 million yen (an increase of 10.1%), ordinary profit of 2,010 million yen (an increase of 10.1%) and profit attributable to owners of parent of 1,290 million yen (a decrease of 2.2%).

These forecasts are based on currently available information and actual results may differ substantially due to various factors.

(5) Basic Policy Regarding Distributions of Surplus and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of our highest priorities. Consequently, our policy is to pay dividends that reflect operating results while retaining earnings needed for expanding and strengthening our operations.

We plan to pay a dividend of 12 yen per share for the fiscal year ended on October 31, 2017 and 12 yen per share for the fiscal year ending on October 31, 2018 in accordance with the basic policy.

(6) Risks Associated with Business, etc.

This section presents risk factors and other potential sources of changes that may affect results of operations, the financial condition and other items concerning the IKK Group. We are aware of these risks and will continue to do everything possible to minimize the effects if any of these events occur.

a) The Business of the Company

1) Our market

The market in Japan for wedding ceremonies and receptions may become smaller. One reason is that Japan’s population in the prime marriage age segment will continue to decline, according to statistics published by the National Institute of Population and Social Security Research. Furthermore, there are changes in customer preferences, such as couples choosing not to hold a ceremony or reception, and an increasing tendency to marry later in life. We are striving to further enhance our ability to serve customers and propose plans as well as provide memorable ceremonies and receptions. However, if the market contracts faster than estimated and the number of orders do not reach our targets, our results of operations may be negatively affected.

2) Our competition

In the wedding industry, which is the core business of the IKK Group, growth in demand for guesthouse-style weddings is leading the transformation of ceremonial halls into guesthouse formats. In addition, hotel refurbishments, intensifying price competition and other events are making the operating environment more challenging every year. This trend will likely continue and, if major competitors open multiple locations in areas where we have a presence, competition will further intensify and negatively affect orders, possibility having a detrimental effect on results of operations.

3) Wedding styles

In response to the changing preferences in Japan’s wedding market, we started the guesthouse-style wedding business in Tosu City, Saga Prefecture in September 2000. Since then, we have steadily increased the number of locations. We will continue to monitor social trends and shifts in the needs of people holding weddings. We expect changes in preferences and tastes with regard to wedding styles in age groups centered on people in their 20s and 30s that will result in a new wedding style replacing guesthouse-style weddings as the mainstream format. Any delay in our response to such changes in wedding styles may negatively affect results of operations.

4) Recruiting and training human resources

We are aware that recruiting and training talented human resources is an important factor to differentiate ourselves from other companies. We therefore have extensive training programs as well as new graduate and mid-career hiring activities. We are placing particular emphasis on upgrading employee development by giving employees systematic training based on our management philosophy. Our goal is to use these activities to hire talented human resources and strengthen programs to develop their skills. If our recruiting and training activities do not progress as planned, we may become less competitive and our ability to grow may be restricted, which may have a negative effect on our business and results of operations.

5) New branch openings

We open new locations only after performing a comprehensive study of the characteristics of candidate locations and the markets they serve, competitors, regional characteristics, profitability, capital investments, and other factors. However, if we fail to find properties that are suitable for new wedding facilities, we may be unable to open new facilities as planned, leading to possible negative effects on results of operations. Moreover, up-front expenses are incurred when opening new locations. Consequently, in the event that multiple branches are developed at the same time, there may be a short-term impact on results of operations. Furthermore, if there is a significant decline in profitability at a new location and impairment losses are recognized, there may be a negative effect on the financial position, results of operations and other aspects of operations.

6) Nursing-care operations

We began the nursing-care operations in December 2012. However, this sector is subject to the Act on Social Welfare for the Elderly, the Long-Term Care Insurance Act and other regulations. Any revisions in these laws and regulations may result in changes in systems or basic nursing-care compensation rates. Depending on the nature of these revisions in a system or fee structure, there may be a negative effect on results of operations. Moreover, because the nursing-care operations target the elderly, any deterioration in brand image resulting from accidents, a contagious disease or other problem at our facilities that lead to a decrease in users may negatively affect results of operations.

7) Overseas operations

As part of our growth strategy, we established a subsidiary in Jakarta, Indonesia, in January 2017 to provide services for planning and coordinating weddings and receptions. This subsidiary started operating in February. Business operations in Indonesia may be disrupted by a war or terrorism in the relevant regions, political, social or economic changes, or other unexpected events. Any disruption may negatively affect the IKK Group’s results of operations.

b) Legal Restrictions

1) Hygiene management

Our operations are subject to restrictions in the Food Sanitation Act because we serve food and beverages at wedding ceremonies and receptions. We have a systematic hygiene management program that covers all our operations. Activities include monitoring the health of employees, managing food preparation processes, conducting periodic intestinal bacteria and norovirus inspections for all employees, including temporary employees, and using external companies to perform periodic disinfections and inspections. Our Fukuoka Branch acquired the international food safety management system standard ISO22000 accreditation in August 2009 and we have implemented the company-wide, cross-sectional establishment of this hygiene management system. Meals are also served in the nursing-care business, so the same hygiene management system is in place to prevent food accidents.

We regard safe and secure food preparation as one of our highest priorities and have many measures aimed at preventing food problems. However, if food poisoning or any other food-related problem occurs, we may lose our business license or be ordered to suspend operations, suffer a deterioration in our credibility or be subject to claims for the payment of damages. Any of these events may negatively impact results of operations.

2) Personal information management

We handle the personal information of grooms, brides, their family members and guests, mourners at funerals and their family members as well as residents of nursing-care facilities and their family members. With the aim of protecting this confidential information, we established our Personal Information Management Rules to ensure that all precautions are made when storing and handling personal information. If there is a leak of personal information, not only will our reputation suffer but, depending on the nature of the leak, we may be subject to a citation, order or penalty from the authorities. If this happens, there may be a negative effect on results of operations due to a deterioration in our credibility, claims for the payment of damages, or other outcomes.

c) Others

1) Infectious diseases

In addition to seasonal influenza outbreaks, there is a possibility of an outbreak of new types of influenza viruses and other infectious diseases in Japan. Because a large numbers of people visit our facilities, we urge employees to use mouthwash, wash their hands, receive inoculations and stay home if they are ill. At nursing-care facilities, employees are required to adhere strictly to the work manual because they serve older people. In addition, we urge customers who visit us to exercise care, such as by using the alcohol disinfectant and germicidal dispensers at our facilities. Overall, we have many activities aimed at preventing the spread of infectious diseases. However, our performance may be negatively affected if our operations are suspended due to a major outbreak of a serious infectious disease in Japan or at a nursing-care facility.

2) Natural disasters

Our business activities are located in 17 cities and their environs in Japan and one city outside of Japan. A natural disaster such as an earthquake, storm or flood in any area where we operate would not only affect our facilities but also force us to suspend operations. This may have a negative effect on our financial position and results of operations. Moreover, although we are insured against damages from natural disasters, if the amount of damages exceeds the insurance benefits, our financial position and results of operations may be negatively affected.

2. Basic Approach to the Selection of Accounting Standards

The IKK Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2016)	Current Consolidated FY (Oct. 31, 2017)
Assets		
Current assets		
Cash and deposits	5,372,713	3,731,207
Accounts receivable-trade	441,885	457,965
Merchandise	133,182	140,698
Raw materials and supplies	79,910	66,410
Deferred tax assets	103,943	95,809
Other	181,571	275,521
Allowance for doubtful accounts	(8,862)	(4,652)
Total current assets	6,304,344	4,762,961
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,782,588	17,751,735
Accumulated depreciation and impairment loss	(7,085,984)	(7,787,361)
Buildings and structures, net	8,696,604	9,964,374
Machinery, equipment and vehicles	543,966	570,887
Accumulated depreciation	(403,025)	(449,999)
Machinery, equipment and vehicles, net	140,940	120,888
Land	1,852,702	1,973,734
Construction in progress	6,398	9,435
Other	2,025,451	2,234,352
Accumulated depreciation	(1,729,092)	(1,836,239)
Other, net	296,359	398,113
Total property, plant and equipment	10,993,005	12,466,544
Intangible assets	96,305	81,638
Investments and other assets		
Deferred tax assets	632,064	674,447
Other	565,025	1,835,685
Allowance for doubtful accounts	(7,785)	(12,719)
Total investments and other assets	1,189,304	2,497,413
Total non-current assets	12,278,615	15,045,596
Total assets	18,582,960	19,808,558

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2016)	Current Consolidated FY (Oct. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	897,678	879,045
Current portion of long-term loans payable	968,656	1,033,656
Income taxes payable	374,246	154,876
Provision for bonuses	241,881	246,344
Other	1,684,469	1,671,599
Total current liabilities	4,166,931	3,985,521
Non-current liabilities		
Long-term loans payable	2,703,104	3,771,008
Deferred tax liabilities	6,684	6,499
Net defined benefit liability	51,655	47,656
Provision for directors' retirement benefits	309,347	307,555
Provision for point card certificates	80,980	85,553
Asset retirement obligations	600,056	635,325
Other	593,301	261,400
Total non-current liabilities	4,345,128	5,114,996
Total liabilities	8,512,059	9,100,518
Net assets		
Shareholders' equity		
Capital stock	351,241	351,655
Capital surplus	354,897	355,311
Retained earnings	9,376,473	10,336,473
Treasury shares	(48,732)	(368,963)
Total shareholders' equity	10,033,880	10,674,477
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	37,020	33,562
Total accumulated other comprehensive income	37,020	33,562
Total net assets	10,070,900	10,708,039
Total liabilities and net assets	18,582,960	19,808,558

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)	Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)
Net sales	17,911,261	18,172,154
Cost of sales	8,119,966	8,344,938
Gross profit	9,791,295	9,827,215
Selling, general and administrative expenses	7,614,934	8,006,032
Operating profit	2,176,360	1,821,182
Non-operating income		
Interest income	2,410	1,905
Guarantee commission received	-	12,231
Commission fee	8,495	7,238
Insurance income	2,018	5,046
Subsidy income	2,640	4,920
Other	5,891	2,532
Total non-operating income	21,455	33,874
Non-operating expenses		
Interest expenses	28,092	22,226
Foreign exchange losses	198	3,832
Other	3,124	3,501
Total non-operating expenses	31,415	29,559
Ordinary profit	2,166,400	1,825,498
Extraordinary income		
Gain on sales of non-current assets	437	-
Reversal of asset retirement obligations	-	13,320
Total extraordinary income	437	13,320
Extraordinary losses		
Loss on sales of non-current assets	4,900	-
Loss on retirement of non-current assets	43,379	33,157
Total extraordinary losses	48,279	33,157
Profit before income taxes	2,118,558	1,805,660
Income taxes-current	795,074	519,206
Income taxes-deferred	(17,669)	(32,919)
Total income taxes	777,404	486,286
Profit	1,341,153	1,319,374
Profit attributable to owners of parent	1,341,153	1,319,374

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)	Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)
Profit	1,341,153	1,319,374
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(9,312)	(3,457)
Total other comprehensive income	(9,312)	(3,457)
Comprehensive income	1,331,840	1,315,916
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,331,840	1,315,916
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	350,643	354,299	8,334,694	(76,199)	8,963,439
Changes of items during period					
Issuance of new shares	598	598			1,196
Dividends of surplus			(299,374)		(299,374)
Profit attributable to owners of parent			1,341,153		1,341,153
Purchase of treasury shares					-
Disposal of treasury shares				27,466	27,466
Net changes of items other than shareholders' equity					
Total changes of items during period	598	598	1,041,778	27,466	1,070,441
Balance at end of current period	351,241	354,897	9,376,473	(48,732)	10,033,880

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	46,333	46,333	9,009,772
Changes of items during period			
Issuance of new shares			1,196
Dividends of surplus			(299,374)
Profit attributable to owners of parent			1,341,153
Purchase of treasury shares			-
Disposal of treasury shares			27,466
Net changes of items other than shareholders' equity	(9,312)	(9,312)	(9,312)
Total changes of items during period	(9,312)	(9,312)	1,061,128
Balance at end of current period	37,020	37,020	10,070,900

Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,241	354,897	9,376,473	(48,732)	10,033,880
Changes of items during period					
Issuance of new shares	414	414			828
Dividends of surplus			(359,374)		(359,374)
Profit attributable to owners of parent			1,319,374		1,319,374
Purchase of treasury shares				(459,327)	(459,327)
Disposal of treasury shares				139,096	139,096
Net changes of items other than shareholders' equity					
Total changes of items during period	414	414	959,999	(320,230)	640,596
Balance at end of current period	351,655	355,311	10,336,473	(368,963)	10,674,477

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	37,020	37,020	10,070,900
Changes of items during period			
Issuance of new shares			828
Dividends of surplus			(359,374)
Profit attributable to owners of parent			1,319,374
Purchase of treasury shares			(459,327)
Disposal of treasury shares			139,096
Net changes of items other than shareholders' equity	(3,457)	(3,457)	(3,457)
Total changes of items during period	(3,457)	(3,457)	637,139
Balance at end of current period	33,562	33,562	10,708,039

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)	Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	2,118,558	1,805,660
Depreciation	1,118,546	1,047,818
Increase (decrease) in allowance for doubtful accounts	(2,659)	724
Increase (decrease) in provision for bonuses	15,567	4,463
Increase (decrease) in net defined benefit liability	(7,520)	(8,970)
Increase (decrease) in provision for directors' retirement benefits	26,305	(1,792)
Increase (decrease) in provision for point card certificates	6,975	4,573
Gain on sales of non-current assets	(437)	-
Reversal of asset retirement obligations	-	(13,320)
Loss on sales of non-current assets	4,900	-
Loss on retirement of non-current assets	43,379	33,157
Interest and dividend income	(2,414)	(1,905)
Interest expenses	28,092	22,226
Commission for syndicate loan	1,000	916
Foreign exchange losses (gains)	198	3,832
Decrease (increase) in notes and accounts receivable-trade	(73,960)	(19,275)
Decrease (increase) in inventories	(1,288)	5,983
Increase (decrease) in notes and accounts payable-trade	37,202	(15,570)
Increase (decrease) in accounts payable-other	262,471	(192,271)
Other, net	(744)	(719,850)
Subtotal	3,574,170	1,956,399
Interest and dividend income received	451	40
Interest expenses paid	(28,241)	(23,175)
Commission for syndicate loan paid	(1,000)	-
Income taxes refund	50	10,828
Income taxes paid	(946,285)	(746,579)
Net cash provided by (used in) operating activities	2,599,145	1,197,514
Cash flows from investing activities		
Purchase of property, plant and equipment	(339,084)	(2,280,807)
Proceeds from sales of property, plant and equipment	8,200	-
Purchase of intangible assets	(5,113)	(8,155)
Purchase of shares of subsidiaries	-	(380,700)
Other, net	12,928	(863,686)
Net cash provided by (used in) investing activities	(323,069)	(3,533,349)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	2,260,000
Repayments of long-term loans payable	(1,187,211)	(1,127,096)
Proceeds from issuance of common shares	1,196	828
Purchase of treasury shares	-	(459,327)
Proceeds from sales of treasury shares	138,727	380,661
Cash dividends paid	(299,543)	(359,885)
Other, net	(822)	(851)
Net cash provided by (used in) financing activities	(1,347,653)	694,329
Effect of exchange rate change on cash and cash equivalents	(198)	-
Net increase (decrease) in cash and cash equivalents	928,224	(1,641,505)
Cash and cash equivalents at beginning of period	4,444,489	5,372,713
Cash and cash equivalents at end of period	5,372,713	3,731,207

(5) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

No related information.

Additional Information

(Application of the "Implementation Guidance on Recoverability of Deferred Tax Assets")

The Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the current fiscal year.

Segment Information, etc.

Segment Information

Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016) and Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)

The Group's reporting segments include Wedding, Funeral and Nursing-care Operations. However, 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 omitted.

Per Share Information

Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)		Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)	
Net assets per share	340.92 yen	Net assets per share	364. 04 yen
Net income per share	45.58 yen	Net income per share	44.91 yen
Diluted net income per share	45.56 yen	Diluted net income per share	44.90 yen

Notes:

1. Basis for the calculation of net income per share and diluted net income per share is as follows.

		Previous Consolidated FY (Nov. 1, 2015 - Oct. 31, 2016)	Current Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)
Net income per share			
Profit attributable to owners of parent	(Thousands of yen)	1,341,153	1,319,374
Amount not attributable to common shareholders	(Thousands of yen)	-	-
Profit attributable to common shareholders of parent	(Thousands of yen)	1,341,153	1,319,374
Average number of common shares outstanding during the period	(Shares)	29,423,213	29,378,365
Diluted net income per share			
Adjustment to profit attributable to owners of parent	(Thousands of yen)	-	-
Number of additional common shares	(Shares)	11,749	3,746
[of which subscription rights to shares]	(Shares)	[11,749]	[3,746]
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect		-	-

2. IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust is included in treasury shares and is thus deducted from the number of shares issued at the end of each fiscal year that was used to calculate net assets per share (deductions of 407,400 shares and 540,700 shares in the fiscal years ended on October 31, 2016 and 2017, respectively).
   In addition, this trust stock is included in treasury shares that was deducted from the average number of shares outstanding during the period that was used to calculate net income per share and diluted net income per share (deductions of 517,369 shares and 572,253 shares in the fiscal years ended on October 31, 2016 and 2017, respectively).

Material Subsequent Events

No related information.

4. Others

Change in Officers

(1) Change in Representatives

None

(2) Change in Other Officers

None