



Consolidated Financial Results for the Third 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: September 11, 2014
 Scheduled date of start dividends distribution: -
 Supplementary quarterly materials prepared: Yes (available only in Japanese language)
 Quarterly results information meeting held: No

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

1. Consolidated financial results for the third quarter of the FY ending October 31, 2014 (Nov. 1, 2013-Jul. 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	%
3Q of FY ending Oct. 31, 2014	11,121	6.7	1,445	1.5	1,430	2.4	801	(19.0)
3Q of FY ended Oct. 31, 2013	10,420	4.2	1,423	(4.1)	1,398	(1.6)	988	45.1

Note: Comprehensive income: 3Q of FY ending Oct. 31, 2014: 801 million yen (down 19.0%); 3Q of FY ended Oct. 31, 2013: 988 million yen (up 45.1%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q of FY ending Oct. 31, 2014	55.56	55.45
3Q of FY ended Oct. 31, 2013	69.55	69.19

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	%
3Q of FY ending Oct. 31, 2014	14,918	7,824	52.5
FY ended Oct. 31, 2013	14,375	7,213	50.2

Reference: Equity capital: 3Q of FY ending Oct. 31, 2014: 7,824 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	-	0.00	-		
FY ending Oct. 31, 2014 (forecast)				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 in 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
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)

3Q of FY ending Oct. 31, 2014	14,959,600 shares	FY ended Oct. 31, 2013	14,939,200 shares
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2) Number of treasury stock as of end of term

3Q of FY ending Oct. 31, 2014	465,672 shares	FY ended Oct. 31, 2013	579,772 shares
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3) Average number of shares over period (quarterly cumulative)

3Q of FY ending Oct. 31, 2014	14,416,307 shares	3Q of FY ended Oct. 31, 2013	14,219,786 shares
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Note: On April 1, 2013, the Company’s common stock was split 2-for-1. However, average number of shares over period for the 3Q 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 464,800 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 procedures of the quarterly 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 nine months of the current consolidated fiscal year (November 1, 2013 to July 31, 2014), there were signs of a self-sustained recovery of the Japanese economy. Factors included an easing in the falloff in demand in response to a higher demand caused by a rush to make purchases before the April 2014 consumption tax hike, a recovery in consumer spending, increased capital expenditures, steady recovery in the job market, improvement in both corporate earnings and business sentiment, and the beneficial effects of various policy measures taken by the government. Overall, the economy recovered at a moderate pace.

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 this period under review increased 6.7% from one year earlier to 11,121 million yen, operating income increased 1.5% to 1,445 million yen, ordinary income increased 2.4% to 1,430 million yen, and net income decreased 19.0% to 801 million yen.

Results by business segment are as follows:

a) Wedding Operations

In addition to the benefit from the November 2013 opening of Harbor Terrace Sasebo Geihinkan (the Sasebo Branch), there were the effective use of the operating database, renovations and other measures. Sales increased 6.0% from one year earlier to 10,783 million yen and operating income increased 5.6% to 1,506 million yen.

b) Funeral Operations

Sales increased 7.4% from one year earlier to 263 million yen, operating income increased 82.8% to 34 million yen.

c) Nursing-care Operations

The Imari Branch opened in the previous consolidated fiscal year (September 2013). Sales were 74 million yen, but there was an operating loss of 93 million yen compared with a 21 million yen loss one year earlier due to opening expenses for the Saga Branch which opened in the current consolidated fiscal year (June 2014).

(2) Explanation of Financial Position

Total assets were 14,918 million yen at the end of the third quarter of the current consolidated fiscal year, 542 million yen more than at the end of the previous consolidated fiscal year. The main causes were a 988 million yen increase in property, plant and equipment, and a 431 million yen decrease in cash and deposits.

Liabilities decreased 67 million yen to 7,093 million yen. The main causes were a 216 million yen decrease in accounts payable-trade, a 532 million yen decrease in income taxes payable, and a 1,279 million yen increase in long-term loans payable.

Net assets increased 610 million yen to 7,824 million yen mainly because of an increase due to net income of 801 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 2.3 points to 52.5%.

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

The full-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, 3Q (Jul. 31, 2014)
Assets		
Current assets		
Cash and deposits	3,026,544	2,595,235
Accounts receivable-trade	236,553	193,870
Merchandise	113,928	130,326
Raw materials and supplies	101,448	71,014
Other	255,637	211,613
Allowance for doubtful accounts	(3,291)	(2,299)
Total current assets	3,730,820	3,199,760
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,059,509	7,171,114
Land	1,792,965	1,792,965
Other, net	620,553	1,497,538
Total property, plant and equipment	9,473,028	10,461,619
Intangible assets	79,071	100,744
Investments and other assets	1,092,199	1,155,905
Total noncurrent assets	10,644,299	11,718,269
Total assets	14,375,119	14,918,029
Liabilities		
Current liabilities		
Accounts payable-trade	721,102	504,330
Current portion of long-term loans payable	788,472	960,168
Income taxes payable	652,248	119,600
Provision for bonuses	207,105	105,750
Other	1,802,952	1,267,083
Total current liabilities	4,171,880	2,956,933
Noncurrent liabilities		
Long-term loans payable	2,022,866	3,130,749
Provision for retirement benefits	85,989	94,093
Provision for directors' retirement benefits	264,490	262,063
Provision for point card certificates	57,260	61,552
Asset retirement obligations	344,584	360,849
Other	214,096	227,148
Total noncurrent liabilities	2,989,286	4,136,455
Total liabilities	7,161,166	7,093,388

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2013)	Current Consolidated FY, 3Q (Jul. 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	347,635	349,748
Capital surplus	412,786	480,336
Retained earnings	6,591,644	7,105,488
Treasury stock	(138,112)	(110,931)
Total shareholders' equity	7,213,953	7,824,641
Total net assets	7,213,953	7,824,641
Total liabilities and net assets	14,375,119	14,918,029

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

(Thousands of yen)

	3Q of Previous Consolidated Period (Nov. 1, 2012-Jul. 31, 2013)	3Q of Current Consolidated Period (Nov. 1, 2013-Jul. 31, 2014)
Net sales	10,420,417	11,121,447
Cost of sales	4,607,629	4,978,249
Gross profit	5,812,788	6,143,197
Selling, general and administrative expenses	4,389,498	4,698,134
Operating income	1,423,289	1,445,062
Non-operating income		
Interest income	264	1,933
Commission fee	3,237	5,533
Other	2,139	4,125
Total non-operating income	5,641	11,591
Non-operating expenses		
Interest expenses	24,159	20,054
Other	6,701	5,621
Total non-operating expenses	30,860	25,675
Ordinary income	1,398,070	1,430,978
Extraordinary income		
Compensation income	394,614	73,856
Total extraordinary income	394,614	73,856
Extraordinary loss		
Loss on retirement of noncurrent assets	4,312	4,346
Total extraordinary losses	4,312	4,346
Income before income taxes and minority interests	1,788,372	1,500,489
Income taxes-current	775,742	624,415
Income taxes-deferred	23,656	75,041
Total income taxes	799,399	699,456
Income before minority interests	988,972	801,032
Net income	988,972	801,032

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

(Thousands of yen)

	3Q of Previous Consolidated Period (Nov. 1, 2012-Jul. 31, 2013)	3Q of Current Consolidated Period (Nov. 1, 2013-Jul. 31, 2014)
Income before minority interests	988,972	801,032
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	988,972	801,032
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	988,972	801,032
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)

3Q of Previous Consolidated Period (Nov. 1, 2012-Jul. 31, 2013) and 3Q of Current Consolidated Period (Nov. 1, 2013-Jul. 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 omitted.