



Consolidated Financial Results for the Fiscal Year Ended October 31, 2018 (Japanese GAAP)

December 14, 2018

Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK Inc.

Securities code: 2198

URL: <https://www.ikk-grp.jp/>

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Scheduled date of Annual General Meeting of Shareholders: January 29, 2019

Scheduled date of starting dividends distribution: January 30, 2019

Scheduled date of filing securities report: January 29, 2019

Supplementary materials prepared: Yes

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, 2018 (Nov. 1, 2017 - Oct. 31, 2018)

(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, 2018	20,009	10.1	2,067	13.5	2,094	14.8	1,365	3.5
FY ended Oct. 31, 2017	18,172	1.5	1,821	(16.3)	1,825	(15.7)	1,319	(1.6)

Note: Comprehensive income: FY ended Oct. 31, 2018: 1,333 million yen (up 1.3%); FY ended Oct. 31, 2017: 1,315 million yen (down 1.2%)

	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, 2018	46.28	-	12.2	10.4	10.3
FY ended Oct. 31, 2017	44.91	44.90	12.7	9.5	10.0

Reference: Equity in earnings of affiliated companies: FY ended Oct. 31, 2018: - million yen; FY ended Oct. 31, 2017: - million yen

Note: Diluted net income per share for FY ended Oct. 31, 2018 is not stated because dilutive shares do not exist.

(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, 2018	20,610	11,790	57.0	398.40
As of Oct. 31, 2017	19,808	10,708	54.1	364.04

Reference: Equity capital: As of Oct. 31, 2018: 11,757 million yen; As of Oct. 31, 2017: 10,708 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, 2018	3,624	(1,185)	(1,278)	5,200
FY ended Oct. 31, 2017	1,197	(3,533)	694	3,731

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, 2017	-	0.00	-	12.00	12.00	359	26.7	3.4
FY ended Oct. 31, 2018	-	0.00	-	12.00	12.00	359	25.9	3.1
FY ending Oct. 31, 2019 (forecast)	-	0.00	-	12.00	12.00		28.5	

3. Consolidated financial forecast for the FY ending October 31, 2019 (Nov. 1, 2018 - Oct. 31, 2019)

(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	8,900	(2.8)	350	(31.7)	360	(31.6)	240	(30.6)	8.10
Full year	20,010	0.0	1,910	(7.6)	1,920	(8.4)	1,250	(8.5)	42.11

* Notes

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

Newly added: 1 Company name: PT INTERNATIONAL KANSHA KANDOU INDONESIA

Excluded: - Company name: -

Note: For details, see “3. Consolidated Financial Statements and Notes; (5) Notes to Consolidated Financial Statements (Significant Changes to Subsidiaries during the Period)” (attachments, page 12).

(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, 2018	29,956,800 shares	As of Oct. 31, 2017	29,956,800 shares
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2) Number of treasury shares at the end of period

As of Oct. 31, 2018	363,444 shares	As of Oct. 31, 2017	542,444 shares
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3) Average number of shares outstanding during the period

FY ended Oct. 31, 2018	29,506,128 shares	FY ended Oct. 31, 2017	29,378,365 shares
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Note: Figures for treasury shares include 361,700 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the current fiscal year.

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* 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).

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1. Overview of Results of Operations

(1) Results of Operations

During the current consolidated fiscal year (November 1, 2017 to October 31, 2018), the Japanese economy recovered slowly with the support of a stronger labor market, increasing capital expenditures and other improvements as corporate earnings remained high. However, the economic outlook became more uncertain near the end of the fiscal year due to concerns about the effects of global trade problems, government policies and other developments.

In the wedding industry, the number of weddings in Japan in 2017 was 607,000 (Ministry of Health, Labour and Welfare, 2017 Annual Estimate of Vital Statistics), down 14,000 from 2016. 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 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.

Fiscal year net sales increased 10.1% from one year earlier to 20,009 million yen, operating profit increased 13.5% to 2,067 million yen, ordinary profit increased 14.8% to 2,094 million yen, and profit attributable to owners of parent increased 3.5% to 1,365 million yen.

Results by business segment are as follows:

a) Wedding Operations

Operations started in the first quarter at La La Chance Okazaki Geihinkan (Okazaki Branch), which opened in October 2017, and Castle Garden OSAKA (Osaka Branch), which opened in December 2017. There was a decrease in the number of weddings at existing locations, but sales increased 10.6% from one year earlier to 19,219 million yen. Operating profit increased 14.6% to 2,026 million yen even though there were expenses for opening Castle Garden OSAKA (Osaka Branch) and higher personnel expenses.

b) Funeral Operations

Sales decreased 8.2% from one year earlier to 296 million yen and operating profit decreased 70.6% from one year earlier to 6 million yen.

c) Nursing-care Operations

Sales increased 6.2% from one year earlier to 500 million yen and operating profit increased 9.4% to 33 million yen.

(2) Financial Position

a) Assets

Current assets were 6,216 million yen at the end of the current fiscal year, 1,453 million yen more than at the end of the previous fiscal year. This was mainly attributable to a 1,545 million yen increase in cash and deposits and a 143 million yen decrease in accounts receivable-trade.

Non-current assets decreased 651 million yen to 14,393 million yen. The main causes were a 446 million yen decrease in property, plant and equipment due to the booking of depreciation expenses while there was the opening of Castle Garden OSAKA (Osaka Branch) in December 2017, and a 220 million yen decrease in investment and other assets mainly due to inclusion of PT INTERNATIONAL KANSHA KANDOU INDONESIA in the scope of consolidation.

b) Liabilities

Current liabilities increased 593 million yen to 4,579 million yen. The main cause was a 416 million yen increase in income taxes payable and a 131 million yen increase in other current liabilities.

Non-current liabilities decreased 873 million yen to 4,241 million yen. This was mainly attributable to a 1,052 million yen decrease in long-term loans payable and a 164 million yen increase in asset retirement obligations.

c) Net assets

Net assets increased 1,081 million yen to 11,790 million yen. The main causes were an increase due to profit attributable to owners of parent of 1,365 million yen, a 32 million yen increase in non-controlling interests resulting from inclusion of PT INTERNATIONAL KANSHA KANDOU INDONESIA in the scope of consolidation, and a decrease due to dividends from surplus of 359 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 2.9 percentage point to 57.0%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 5,200 million yen, an increase of 1,468 million yen (39.4%) 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 provided by operating activities was 3,624 million yen (compared with 1,197 million yen provided in the previous fiscal year). Main cash inflows include profit before income taxes of 2,086 million yen and depreciation of 1,179 million yen, and outflows include income taxes paid of 407 million yen.

b) Cash flows from investing activities

Cash used by investing activities was 1,185 million yen (a decrease of 66.5% year on year), mainly attributable to the outlays of 926 million yen for the purchase of property, plant and equipment.

c) Cash flows from financing activities

Cash used by financing activities was 1,278 million yen (compared with 694 million yen provided in the previous fiscal year) mainly attributable to the outlays of 1,060 million yen for repayments of long-term loans payable and cash dividends paid of 359 million yen.

Reference: Cash flow indicator trends

	FY2014	FY2015	FY2016	FY2017	FY2018
Equity ratio (%)	50.9	49.2	54.2	54.1	57.0
Equity ratio at market value (%)	82.2	87.8	95.7	130.2	102.9
Ratio of interest-bearing debt to cash flows (year)	1.9	1.9	1.4	4.0	1.0
Interest coverage ratio (times)	66.9	73.3	92.0	51.7	168.2

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 in October 2019, we forecast sales of 20,010 million yen, up 0.0%, operating profit of 1,910 million yen, down 7.6%, ordinary profit of 1,920 million yen, down 8.4%, and profit attributable to owners of parent of 1,250 million yen, down 8.5%. We expect sales to be about the same as contributions from the first full-year of operations of the Osaka Branch, which opened in December 2017, and the Kobe Branch, which is scheduled to open in the second half of the fiscal year ending October 31, 2019, to be offset by the October 2018 closing of the Fukuoka Higashi Branch and a decrease in the number of weddings at other locations. We forecast lower earnings mainly because of the cost of opening the Kobe Branch and expenses for renovating existing locations.

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, 2018 and 12 yen per share for the fiscal year ending on October 31, 2019 in accordance with the basic policy.

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

	Previous Consolidated FY (Oct. 31, 2017)	Current Consolidated FY (Oct. 31, 2018)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	3,731,207	5,277,196
Accounts receivable-trade	457,965	314,374
Merchandise	140,698	145,360
Raw materials and supplies	66,410	72,883
Deferred tax assets	95,809	133,039
Other	275,521	276,182
Allowance for doubtful accounts	(4,652)	(2,583)
Total current assets	4,762,961	6,216,453
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,751,735	17,824,743
Accumulated depreciation and impairment loss	(7,787,361)	(8,461,457)
Buildings and structures, net	9,964,374	9,363,285
Machinery, equipment and vehicles	570,887	572,124
Accumulated depreciation	(449,999)	(489,701)
Machinery, equipment and vehicles, net	120,888	82,423
Land	1,973,734	1,973,734
Construction in progress	9,435	231,120
Other	2,234,352	2,359,647
Accumulated depreciation	(1,836,239)	(1,990,561)
Other, net	398,113	369,085
Total property, plant and equipment	12,466,544	12,019,649
Intangible assets	81,638	79,723
Investments and other assets		
Deferred tax assets	674,447	695,687
Other	1,835,685	1,615,402
Allowance for doubtful accounts	(12,719)	(16,470)
Total investments and other assets	2,497,413	2,294,619
Total non-current assets	15,045,596	14,393,993
Total assets	19,808,558	20,610,446

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2017)	Current Consolidated FY (Oct. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	879,045	911,098
Current portion of long-term loans payable	1,033,656	1,025,656
Income taxes payable	154,876	570,913
Provision for bonuses	246,344	267,790
Other	1,671,599	1,803,591
Total current liabilities	3,985,521	4,579,048
Non-current liabilities		
Long-term loans payable	3,771,008	2,718,812
Deferred tax liabilities	6,499	6,313
Net defined benefit liability	47,656	45,626
Provision for directors' retirement benefits	307,555	329,374
Provision for point card certificates	85,553	89,707
Asset retirement obligations	635,325	799,851
Other	261,400	251,700
Total non-current liabilities	5,114,996	4,241,385
Total liabilities	9,100,518	8,820,434
Net assets		
Shareholders' equity		
Capital stock	351,655	351,655
Capital surplus	355,311	355,311
Retained earnings	10,336,473	11,299,303
Treasury shares	(368,963)	(246,885)
Total shareholders' equity	10,674,477	11,759,385
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	33,562	29,610
Foreign currency translation adjustment	-	(31,080)
Total accumulated other comprehensive income	33,562	(1,469)
Non-controlling interests	-	32,095
Total net assets	10,708,039	11,790,011
Total liabilities and net assets	19,808,558	20,610,446

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)	Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)
Net sales	18,172,154	20,009,080
Cost of sales	8,344,938	9,021,124
Gross profit	9,827,215	10,987,956
Selling, general and administrative expenses	8,006,032	8,920,054
Operating profit	1,821,182	2,067,902
Non-operating income		
Interest income	1,905	15,631
Guarantee commission received	12,231	14,218
Commission fee	7,238	8,483
Other	12,499	15,630
Total non-operating income	33,874	53,962
Non-operating expenses		
Interest expenses	22,226	21,938
Other	7,333	4,984
Total non-operating expenses	29,559	26,922
Ordinary profit	1,825,498	2,094,941
Extraordinary income		
Subsidy income	-	135,500
Reversal of asset retirement obligations	13,320	-
Total extraordinary income	13,320	135,500
Extraordinary losses		
Loss on retirement of non-current assets	33,157	16,518
Impairment loss	-	127,342
Total extraordinary losses	33,157	143,860
Profit before income taxes	1,805,660	2,086,581
Income taxes-current	519,206	780,013
Income taxes-deferred	(32,919)	(56,922)
Total income taxes	486,286	723,091
Profit	1,319,374	1,363,489
Loss attributable to non-controlling interests	-	(1,956)
Profit attributable to owners of parent	1,319,374	1,365,446

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)	Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)
Profit	1,319,374	1,363,489
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(3,457)	(3,950)
Foreign currency translation adjustment	-	(26,533)
Total other comprehensive income	(3,457)	(30,484)
Comprehensive income	1,315,916	1,333,004
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,315,916	1,337,614
Comprehensive income attributable to non-controlling interests	-	(4,609)

(3) Consolidated Statement of Changes in Equity
Previous 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
Change of scope of consolidation					-
Change of scope of consolidation - foreign currency translation adjustment					
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			Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	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
Change of scope of consolidation					-
Change of scope of consolidation - foreign currency translation adjustment			-		-
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

Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,655	355,311	10,336,473	(368,963)	10,674,477
Changes of items during period					
Issuance of new shares					-
Dividends of surplus			(359,460)		(359,460)
Profit attributable to owners of parent			1,365,446		1,365,446
Purchase of treasury shares					-
Disposal of treasury shares				122,078	122,078
Change of scope of consolidation			(43,154)		(43,154)
Change of scope of consolidation - foreign currency translation adjustment					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	962,830	122,078	1,084,908
Balance at end of current period	351,655	355,311	11,299,303	(246,885)	11,759,385

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	33,562	-	33,562	-	10,708,039
Changes of items during period					
Issuance of new shares					-
Dividends of surplus					(359,460)
Profit attributable to owners of parent					1,365,446
Purchase of treasury shares					-
Disposal of treasury shares					122,078
Change of scope of consolidation				37,505	(5,649)
Change of scope of consolidation - foreign currency translation adjustment		(7,200)	(7,200)	(800)	(8,000)
Net changes of items other than shareholders' equity	(3,951)	(23,880)	(27,832)	(4,609)	(32,441)
Total changes of items during period	(3,951)	(31,080)	(35,032)	32,095	1,081,972
Balance at end of current period	29,610	(31,080)	(1,469)	32,095	11,790,011

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)	Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,805,660	2,086,581
Depreciation	1,047,818	1,179,010
Impairment loss	-	127,342
Increase (decrease) in allowance for doubtful accounts	724	1,681
Increase (decrease) in provision for bonuses	4,463	21,426
Increase (decrease) in net defined benefit liability	(8,970)	(7,714)
Increase (decrease) in provision for directors' retirement benefits	(1,792)	21,819
Increase (decrease) in provision for point card certificates	4,573	4,154
Subsidy income	-	(135,500)
Reversal of asset retirement obligations	(13,320)	-
Loss on retirement of non-current assets	33,157	16,518
Interest and dividend income	(1,905)	(15,631)
Interest expenses	22,226	21,938
Commission for syndicate loan	916	-
Decrease (increase) in notes and accounts receivable-trade	(19,275)	137,786
Decrease (increase) in inventories	5,983	(10,963)
Increase (decrease) in notes and accounts payable-trade	(15,570)	26,799
Increase (decrease) in accounts payable-other	(192,271)	(47,018)
Other, net	(716,018)	453,014
Subtotal	1,956,399	3,881,245
Interest and dividend income received	40	11,109
Interest expenses paid	(23,175)	(21,549)
Proceeds from subsidy income	-	135,500
Income taxes refund	10,828	25,378
Income taxes paid	(746,579)	(407,055)
Net cash provided by (used in) operating activities	1,197,514	3,624,627
Cash flows from investing activities		
Payments into time deposits	-	(46,200)
Purchase of property, plant and equipment	(2,280,807)	(926,523)
Purchase of intangible assets	(8,155)	(25,643)
Purchase of shares of subsidiaries	(380,700)	-
Other, net	(863,686)	(187,001)
Net cash provided by (used in) investing activities	(3,533,349)	(1,185,368)
Cash flows from financing activities		
Proceeds from long-term loans payable	2,260,000	-
Repayments of long-term loans payable	(1,127,096)	(1,060,196)
Proceeds from issuance of common shares	828	-
Purchase of treasury shares	(459,327)	-
Proceeds from sales of treasury shares	380,661	142,276
Cash dividends paid	(359,885)	(359,386)
Other, net	(851)	(881)
Net cash provided by (used in) financing activities	694,329	(1,278,186)
Effect of exchange rate change on cash and cash equivalents	-	(23,993)
Net increase (decrease) in cash and cash equivalents	(1,641,505)	1,137,079
Cash and cash equivalents at beginning of period	5,372,713	3,731,207
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	331,910
Cash and cash equivalents at end of period	3,731,207	5,200,196

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

(Significant Changes to Subsidiaries during the Period)

Effective from the current fiscal year, PT INTERNATIONAL KANSHA KANDOU INDONESIA has been included in the consolidation because of its increased materiality of impact on consolidated financial statements. PT INTERNATIONAL KANSHA KANDOU INDONESIA is considered as a specific subsidiary of the Company.

(Segment Information, etc.)

(Segment Information)

Previous Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017) and Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)

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, 2016 - Oct. 31, 2017)		Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)	
Net assets per share	364.04 yen	Net assets per share	398.40 yen
Net income per share	44.91 yen	Net income per share	46.28 yen
Diluted net income per share	44.90 yen	Diluted net income per share	-

Notes:

- Diluted net income per share for the current consolidated FY is not stated because dilutive shares do not exist.
- Basis for the calculation of net income per share and diluted net income per share is as follows.

	Previous Consolidated FY (Nov. 1, 2016 - Oct. 31, 2017)	Current Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,319,374	1,365,446
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to common shareholders of parent (Thousands of yen)	1,319,374	1,365,446
Average number of common shares outstanding during the period (Shares)	29,378,365	29,506,128
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Number of additional common shares (Shares)	3,746	-
[of which subscription rights to shares] (Shares)	[3,746]	[-]
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	-	-

- 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 540,700 shares and 361,700 shares in the fiscal years ended on October 31, 2017 and 2018, 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 572,253 shares and 448,928 shares in the fiscal years ended on October 31, 2017 and 2018, respectively).

(Material Subsequent Events)

No related information.

4. Others

Change in Officers

(1) Change in Representatives

None

(2) Change in Other Officers

Retiring directors

Managing Director: Masaki Matsumoto

Part-time Director: Shuichi Komiya

Note: As of the conclusion of the Annual General Meeting of Shareholders scheduled on January 29, 2019, the term of office will expire.

Retiring auditor

Full-time Company Auditor: Jyunji Morodomi

Note: As of the conclusion of the Annual General Meeting of Shareholders scheduled on January 29, 2019, the term of office will expire.

Candidate for directors

Director: Yuki Murata

Part-time Director: Kaori Umeyama

Note: Ms. Kaori Umeyama is a candidate for an outside director in accordance with Article 2, Item 15 of the Companies Act.

Candidate for auditor

Full-time Company Auditor: Toshiyuki Kubo

(3) Effective Date

January 29, 2019

(4) Profile of Newly Appointed Director

Name: Yuki Murata

Date of birth: August 18, 1961

Brief career history:

April 2006: Manager of Senju Joban Block Group, Sumitomo Mitsui Banking Corporation

April 2008: Manager of Kagoshima Branch

April 2010: Manager of Yachiyo Branch

October 2011: Senior Examination Officer of Audit Department

January 2016: Human Resources Development Department, Seconded to IKK

September 2016: Transferred to IKK

January 2017: Manager of Management Division, IKK

January 2018: Executive Officer, Manager of Management Division, IKK (to present)

Name: Kaori Umeyama
Date of birth: October 15, 1966

Brief career history:

November 1990: Joined Shunzo Takeuchi Tax Accountant Office (current TAKEUCHI Total Accounting Office)
January 2009: Joined Satoshi Umeyama Tax Accountant Office (current ASMORE Tax Corporation)
August 2009: Registered as a Small and Medium Enterprise Management Consultant
January 2010: Representative of GESS Consulting Office (to present)
June 2018: Representative Director of Fukuoka Small and Medium Enterprise Management Consultants Association (to present)

(5) Profile of Newly Appointed Auditor

Name: Toshiyuki Kubo
Date of birth: July 29, 1957

Brief career history:

June 2003: Manager of Wajiro Branch, The Nishi-Nippon Bank, Ltd. (current The Nishi-Nippon City Bank, Ltd.)
February 2005: Manager of Administration Group, Kurume Sales Department
May 2008: Manager of Nishijincho Branch
April 2011: Manager of General Affairs Department and Human Resources Department, Nishi-Nippon Yuko Shoji
April 2018: Joined IKK