



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2016 (Japanese GAAP)

February 29, 2016

Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK Inc.

Securities code: 2198

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Scheduled date of filing quarterly financial report: March 15, 2016

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 first quarter of the FY ending October 31, 2016 (Nov. 1, 2015 - Jan. 31, 2016)

(1) Consolidated operating results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY ending Oct. 31, 2016	4,020	9.4	415	8.6	413	6.5	260	11.5
1Q of FY ended Oct. 31, 2015	3,673	0.3	382	(26.3)	388	(24.3)	233	(22.8)

Note: Comprehensive income: 1Q of FY ending Oct. 31, 2016: 259 million yen (up 10.8%); 1Q of FY ended Oct. 31, 2015: 233 million yen (down 22.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q of FY ending Oct. 31, 2016	8.88	8.87
1Q of FY ended Oct. 31, 2015	8.03	8.02

Note: The Company conducted a common stock split according to a ratio of 1:2 effective on May 1, 2015. Net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY ending Oct. 31, 2016	16,891	8,977	53.1
FY ended Oct. 31, 2015	18,322	9,009	49.2

Reference: Equity capital: 1Q of FY ending Oct. 31, 2016: 8,977 million yen; FY ended Oct. 31, 2015: 9,009 million yen

2. Dividends

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Oct. 31, 2015	-	0.00	-	10.00	10.00
FY ending Oct. 31, 2016	-				
FY ending Oct. 31, 2016 (forecast)		0.00	-	12.00	12.00

Note: Revisions to the latest projected dividends: No

Breakdown of the FY ending October 31, 2016 dividend (forecast): Ordinary dividend: 10.00 yen; Commemorative dividend: 2.00 yen

3. Consolidated financial forecast for the FY ending October 31, 2016 (Nov. 1, 2015 - Oct. 31, 2016)

(Percentage figures show changes from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	8,140	11.2	675	66.4	660	63.0	410	189.3	13.97
Full year	17,550	3.4	2,130	1.1	2,105	0.5	1,290	12.4	43.86

Note: Revisions to the latest projected financial results: No

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

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

1) Changes in accounting policies due to revision of accounting standards, etc.: Yes

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

3) Changes in accounting estimates: No

4) Restatement: No

Note: For details, see "2. Summary (Notes) Information; (3) Changes in Accounting Policies, Accounting Estimates and Restatement" (attachments, page 3).

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of period (including treasury shares)

1Q of FY ending Oct. 31, 2016	29,939,200 shares	FY ended Oct. 31, 2015	29,939,200 shares
2) Number of treasury shares at the end of period	573,744 shares	FY ended Oct. 31, 2015	639,744 shares
3) Average number of shares outstanding during the period (quarterly cumulative)	29,331,159 shares	1Q of FY ended Oct. 31, 2015	29,076,954 shares

Note: The Company conducted a common stock split according to a ratio of 1:2 effective on May 1, 2015. Number of shares issued (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year. Figures for treasury shares include 572,000 shares held in employee stock holdings trust at the end of the first quarter of the current fiscal year.

* 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

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 fiscal year (November 1, 2015 to January 31, 2016,) the outlook for the Japanese economy became more uncertain as private sector capital investment and personal consumption, which had been brisk so far backed by an improvement in corporate earnings, employment and income environment, started showing signs of slowing down. Changes in the external environment such as concerns over possible slowdown in emerging Asian economies, including China, plummeting crude oil price, as well as other factors, are also making the economic outlook even more unpredictable.

In the wedding industry, the number of weddings in 2015 declined 9,000 from the previous year at 635,000 (Ministry of Health, Labor and Welfare, 2015 Annual Estimate of Vital Statistics), but 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, net sales in this period under review increased 9.4% from one year earlier to 4,020 million yen, operating income increased 8.6% to 415 million yen, ordinary income increased 6.5% to 413 million yen, and profit attributable to owners of parent increased 11.5% to 260 million yen.

Results by business segment are as follows:

a) Wedding Operations

La La Chance Hiroshima Geihinkan (the Hiroshima Branch) opened in March 2015. As a result, sales were 3,854 million yen, up 9.6% from one year earlier and operating income increased 10.6% to 417 million yen.

b) Funeral Operations

Sales decreased 31.9% from one year earlier to 63 million yen and there was an operating loss of 3 million yen compared with a 16 million yen income one year earlier.

c) Nursing-care Operations

Sales increased 63.7% from one year earlier to 103 million yen and there was an operating income of 0.4 million yen compared with a 12 million yen loss one year earlier. Opening of the Karatsu Branch in March 2015 and the higher than 90% occupancy rate achieved by all the three nursing care facilities also contributed to boosting sales.

(2) Explanation of Financial Position

Total assets were 16,891 million yen at the end of the first quarter of the current fiscal year, 1,431 million yen less than at the end of the previous fiscal year. The main causes were a 1,150 million yen decrease in cash and deposits.

Liabilities decreased 1,398 million yen to 7,913 million yen. The main causes were a 458 million yen decrease in accounts payable-trade, a 402 million yen decrease in income taxes payable, and a 303 million yen decrease in long-term loans payable.

Net assets decreased 32 million yen to 8,977 million yen mainly because of an increase due to profit attributable to owners of parent of 260 million yen and a decrease due to dividends from surplus of 299 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 3.9 points to 53.1%.

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

The first half and fiscal year consolidated forecasts announced on December 14, 2015 remain unchanged.

2. Summary (Notes) Information

(1) Significant Changes to Subsidiaries during the Period

No related information.

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

No related information.

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

Changes in Accounting Policies

(Application of the Accounting Standard for Business Combinations, etc.)

Effective from the first quarter of the current fiscal year, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards. In association with these changes, the presentation of net income and other items has been revised. For consistency with these changes, the quarterly consolidated financial statements for the first quarter of the previous fiscal year have been revised.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2015)	Current Consolidated FY, 1Q (Jan. 31, 2016)
Assets		
Current assets		
Cash and deposits	4,444,489	3,293,657
Accounts receivable-trade	368,855	286,644
Merchandise	124,292	117,361
Raw materials and supplies	87,511	71,203
Other	277,048	240,956
Allowance for doubtful accounts	(10,088)	(7,135)
Total current assets	5,292,109	4,002,687
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,363,908	9,200,991
Land	1,864,602	1,864,602
Other, net	522,258	535,631
Total property, plant and equipment	11,750,769	11,601,225
Intangible assets	102,161	98,782
Investments and other assets	1,177,350	1,188,493
Total non-current assets	13,030,281	12,888,501
Total assets	18,322,391	16,891,189
Liabilities		
Current liabilities		
Accounts payable-trade	860,475	402,278
Current portion of long-term loans payable	1,187,211	1,129,536
Income taxes payable	511,552	108,867
Provision for bonuses	226,314	116,449
Other	1,378,921	1,203,186
Total current liabilities	4,164,475	2,960,316
Non-current liabilities		
Long-term loans payable	3,671,760	3,425,596
Net defined benefit liability	44,207	43,916
Provision for directors' retirement benefits	283,042	292,610
Provision for point card certificates	74,005	75,648
Asset retirement obligations	590,596	592,961
Other	484,533	522,666
Total non-current liabilities	5,148,144	4,953,399
Total liabilities	9,312,619	7,913,716

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2015)	Current Consolidated FY, 1Q (Jan. 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	350,643	350,643
Capital surplus	354,299	354,299
Retained earnings	8,334,694	8,295,661
Treasury shares	(76,199)	(68,337)
Total shareholders' equity	8,963,439	8,932,267
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	46,333	45,205
Total accumulated other comprehensive income	46,333	45,205
Total net assets	9,009,772	8,977,472
Total liabilities and net assets	18,322,391	16,891,189

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

	(Thousands of yen)	
	1Q of Previous Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)	1Q of Current Consolidated Period (Nov. 1, 2015-Jan. 31, 2016)
Net sales	3,673,467	4,020,488
Cost of sales	1,671,321	1,854,739
Gross profit	2,002,145	2,165,748
Selling, general and administrative expenses	1,619,897	1,750,602
Operating income	382,248	415,146
Non-operating income		
Interest income	524	500
Commission fee	3,159	3,270
Subsidy income	150	1,780
Other	10,280	1,721
Total non-operating income	14,114	7,271
Non-operating expenses		
Interest expenses	7,498	7,956
Other	628	844
Total non-operating expenses	8,126	8,801
Ordinary income	388,235	413,616
Extraordinary losses		
Loss on retirement of non-current assets	2,003	3,357
Total extraordinary losses	2,003	3,357
Income before income taxes and non-controlling interests	386,232	410,258
Income taxes-current	102,297	100,672
Income taxes-deferred	50,457	49,244
Total income taxes	152,755	149,917
Profit	233,477	260,341
Profit attributable to owners of parent	233,477	260,341

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

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)	1Q of Current Consolidated Period (Nov. 1, 2015-Jan. 31, 2016)
Profit	233,477	260,341
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	457	(1,127)
Total other comprehensive income	457	(1,127)
Comprehensive income	233,934	259,213
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	233,934	259,213
Comprehensive income attributable to non-controlling 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, 2014-Jan. 31, 2015) and 1Q of Current Consolidated Period (Nov. 1, 2015-Jan. 31, 2016)

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.