



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2015 (Japanese GAAP)

March 2, 2015

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 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, 2015 (Nov. 1, 2014-Jan. 31, 2015)

(1) Consolidated operating results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY ending Oct. 31, 2015	3,673	0.3	382	(26.3)	388	(24.3)	233	(22.8)
1Q of FY ended Oct. 31, 2014	3,664	12.2	518	26.1	512	27.6	302	30.4

Note: Comprehensive income: 1Q of FY ending Oct. 31, 2015: 233million yen (down 22.7%); 1Q of FY ended Oct. 31, 2014: 302 million yen (up 30.4%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q of FY ending Oct. 31, 2015	16.06	16.04
1Q of FY ended Oct. 31, 2014	21.04	21.00

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY ending Oct. 31, 2015	15,157	8,013	52.9
FY ended Oct. 31, 2014	15,862	8,078	50.9

Reference: Equity capital: 1Q of FY ending Oct. 31, 2015: 8,013 million yen; FY ended Oct. 31, 2014: 8,078 million yen

2. Dividends

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Oct. 31, 2014	-	0.00	-	20.00	20.00
FY ending Oct. 31, 2015	-				
FY ending Oct. 31, 2015 (forecast)		0.00	-	10.00	10.00

Note: Revisions to the latest projected dividends: Yes

In a board meeting held on March 2, 2015, the board of directors resolved to split common stock as of May 1, 2015 according to a ratio of 1:2.

Included figures for Oct. 31, 2015 end-of-year dividends (forecast) were calculated taking into account the effects of this split. For details, please see "Explanation of appropriate use of financial forecasts, other special remarks."

3. Consolidated financial forecast for the FY ending October 31, 2015 (Nov. 1, 2014-Oct. 31, 2015)

(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
2Q (cumulative)	7,380	0.2	505	(49.4)	485	(50.9)	290	(47.9)	9.96
Full year	16,720	9.0	2,080	3.8	2,040	2.9	1,275	7.7	43.69

Note: Revisions to the latest projected financial results: No

In a board meeting held on March 2, 2015, the board of directors resolved to split common stock as of May 1, 2015 according to a ratio of 1:2.

Included figures for net income per share for Oct. 31, 2015 end-of-year consolidated financial forecast were calculated taking into account the effects of this split.

*Notes

(1) Significant changes to subsidiaries during the consolidated quarter (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, 2015	14,959,600 shares	FY ended Oct. 31, 2014	14,959,600 shares
2) Number of treasury shares at the end of period	401,772 shares	FY ended Oct. 31, 2014	438,372 shares
3) Average number of shares outstanding during the period (quarterly cumulative)	14,538,477 shares	1Q of FY ended Oct. 31, 2014	14,377,364 shares

2) Number of treasury shares at the end of period

3) Average number of shares outstanding during the period (quarterly cumulative)

Note: Figures for treasury shares include 400,900 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

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).

(Concerning stock split)

In a board meeting held on March 2, 2015, the board of directors resolved to split common stock as of May 1, 2015 according to a ratio of 1:2.

Taking into account the effects of this split, dividends assuming split at the beginning of previous consolidated fiscal year are as follows:

Record date: FY ended Oct. 31, 2014	2Q end	0.00 yen	FY end	10.00 yen	Yearly	10.00 yen
Record date: FY ending Oct. 31, 2015	2Q end (forecast)	0.00 yen	FY end (forecast)	10.00 yen	Yearly (forecast)	10.00 yen

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the first quarter of the current consolidated fiscal year (November 1, 2014 to January 31, 2015), the Japanese economy recovered slowly as earnings improved at exporting companies and the number of jobs increased. The recovery was backed by government economic stimulus measures and monetary easing by the Bank of Japan. The outlook for the economy is uncertain because of sluggish consumer spending following the consumption tax increase, higher prices caused by the weaker yen, concerns about an economic downturn overseas and other reasons.

In the wedding industry, the number of weddings in 2014 declined 12,000 from the previous year at 649,000 (Ministry of Health, Labor and Welfare, 2014 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, sales in this period under review increased 0.3% from one year earlier to 3,673 million yen, operating income decreased 26.3% to 382 million yen, ordinary income decreased 24.3% to 388 million yen, and net income decreased 22.8% to 233 million yen.

Results by business segment are as follows:

a) Wedding Operations

Although first quarter performance included the new La La Chance Hakata no Mori (the Fukuoka Branch), which expanded floors in September 2014, segment sales and earnings were held down by a decline in the number of weddings at existing locations and expenses for opening La La Chance Hiroshima Geihinkan (the Hiroshima Branch). As a result, sales were 3,517 million yen, down 1.1% from one year earlier, and operating income decreased 28.2% to 377 million yen.

b) Funeral Operations

Sales increased 0.7% from one year earlier to 93 million yen, operating income decreased 9.0% to 16 million yen.

c) Nursing-care Operations

The Saga Branch opened in June 2014. Sales were 63 million yen compared with 16 million yen one year earlier, but there was an operating loss of 12 million yen compared with a 29 million yen loss one year earlier due to opening expenses for the Karatsu Branch, which will start operations in the current consolidated fiscal year (March 2015).

(2) Explanation of Financial Position

Total assets were 15,157 million yen at the end of the first quarter of the current consolidated fiscal year, 704 million yen less than at the end of the previous consolidated fiscal year. The main causes were a 722 million yen decrease in cash and deposits.

Liabilities decreased 640 million yen to 7,144 million yen. The main causes were a 480 million yen decrease in accounts payable-trade, a 321 million yen decrease in income taxes payable, a 228 million yen decrease in long-term loans payable, and a 600 million yen increase in short-term loans payable.

Net assets decreased 64 million yen to 8,013 million yen mainly because of an increase due to net income of 233 million yen and a decrease due to dividends from surplus of 299 million yen. As a result, compared to the end of the previous consolidated fiscal year, the equity ratio rose by 2.0 points to 52.9%.

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

The first half and fiscal year consolidated forecasts announced on December 12, 2014 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 Retirement Benefits)

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of determining the discount rate.

For the application of these accounting standards, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first quarter of the current fiscal year.

The result was an increase of 12,917 thousand yen in net defined benefit liability, and a decrease of 8,347 thousand yen in retained earnings at the beginning of the first quarter of the current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in the first quarter of the current fiscal year is insignificant.

(Application of Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts)

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, December 25, 2013)” from the first quarter of the current fiscal year. Accordingly, the Company records as liabilities the net amount of gain or loss on the sale of stock sold by the trust to the employee stock ownership plan and dividends paid by the Company for stock held by the trust and other expenses involving the trust. The change in this accounting standard has been applied retrospectively and the consolidated financial statements for the previous first quarter and the previous fiscal year are restated.

The change in this accounting standard caused “other” in non-current liabilities at the end of the previous fiscal year to increase 138,157 thousand yen, the capital surplus to decrease 144,487 thousand yen and retained earnings to increase 6,330 thousand yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2014)	Current Consolidated FY, 1Q (Jan. 31, 2015)
Assets		
Current assets		
Cash and deposits	2,788,419	2,065,967
Accounts receivable-trade	220,639	228,816
Merchandise	132,191	109,974
Raw materials and supplies	110,635	56,083
Other	241,697	258,840
Allowance for doubtful accounts	(5,263)	(4,942)
Total current assets	3,488,319	2,714,740
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,742,699	7,600,332
Land	1,864,602	1,864,602
Other, net	1,466,531	1,670,514
Total property, plant and equipment	11,073,833	11,135,450
Intangible assets	114,570	110,247
Investments and other assets	1,185,891	1,197,205
Total non-current assets	12,374,294	12,442,902
Total assets	15,862,613	15,157,643
Liabilities		
Current liabilities		
Accounts payable-trade	826,610	346,577
Short-term loans payable	-	600,000
Current portion of long-term loans payable	937,683	938,365
Income taxes payable	428,568	107,436
Provision for bonuses	214,483	102,156
Other	1,285,980	1,134,275
Total current liabilities	3,693,326	3,228,810
Non-current liabilities		
Long-term loans payable	2,908,763	2,679,820
Net defined benefit liability	120,464	136,694
Provision for directors' retirement benefits	267,393	266,811
Provision for point card certificates	65,227	66,855
Asset retirement obligations	362,521	364,224
Other	366,496	400,874
Total non-current liabilities	4,090,865	3,915,279
Total liabilities	7,784,191	7,144,090

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2014)	Current Consolidated FY, 1Q (Jan. 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	349,748	349,748
Capital surplus	353,404	353,404
Retained earnings	7,494,820	7,420,775
Treasury shares	(104,428)	(95,709)
Total shareholders' equity	8,093,544	8,028,218
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(15,122)	(14,665)
Total accumulated other comprehensive income	(15,122)	(14,665)
Total net assets	8,078,422	8,013,553
Total liabilities and net assets	15,862,613	15,157,643

(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, 2013-Jan. 31, 2014)	1Q of Current Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)
Net sales	3,664,118	3,673,467
Cost of sales	1,636,327	1,671,321
Gross profit	2,027,791	2,002,145
Selling, general and administrative expenses	1,509,314	1,619,897
Operating income	518,476	382,248
Non-operating income		
Interest income	552	524
Commission fee	1,116	3,159
Insurance income	589	9,756
Other	615	673
Total non-operating income	2,873	14,114
Non-operating expenses		
Interest expenses	6,801	7,498
Other	1,831	628
Total non-operating expenses	8,633	8,126
Ordinary income	512,717	388,235
Extraordinary income		
Compensation income	18,719	-
Total extraordinary income	18,719	-
Extraordinary losses		
Loss on retirement of non-current assets	2,216	2,003
Total extraordinary losses	2,216	2,003
Income before income taxes and minority interests	529,220	386,232
Income taxes-current	138,176	102,297
Income taxes-deferred	88,504	50,457
Total income taxes	226,680	152,755
Income before minority interests	302,539	233,477
Net income	302,539	233,477

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

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2013-Jan. 31, 2014)	1Q of Current Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)
Income before minority interests	302,539	233,477
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	-	457
Total other comprehensive income	-	457
Comprehensive income	302,539	233,934
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	302,539	233,934
Comprehensive income attributable to minority interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

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

No related information.

(Segment Information, etc.)

(Segment Information)

1Q of Previous Consolidated Period (Nov. 1, 2013-Jan. 31, 2014) and 1Q of Current Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)

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.

(Material Subsequent Events)

(Stock Split)

The Board of Directors of the Company approved a resolution on March 2, 2015 to conduct a stock split.

1. Purpose of the stock split

The stock split will reduce the amount of investment required per share, and enhance the liquidity of the Company's shares thus making it easier to invest in its shares and expand the shareholder base.

2. Ratio of the stock split

Shareholders listed in the final shareholder register on the record date of April 30, 2015 have received two shares of common stock for each share held on the same day.

3. Increase in the number of shares due to the stock split

Number of shares outstanding before the stock split:	14,959,600
Increase in the number of shares due to the stock split:	14,959,600
Number of shares outstanding after the stock split:	29,919,200
Total number of authorized shares after the stock split:	96,000,000

4. Schedule

Effective date: May 1, 2015

5. The effect of the change on per-share data.

The following table shows per share data if the April 2015 stock split had taken place at the beginning of the previous fiscal year.

	1Q of Previous Consolidated Period (Nov. 1, 2013-Jan. 31, 2014)	1Q of Current Consolidated Period (Nov. 1, 2014-Jan. 31, 2015)
Net Income per Share	10.52 yen	8.03 yen
Diluted Net Income per Share	10.50 yen	8.02 yen