



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2014
(Japanese GAAP)

May 30, 2014

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: June 12, 2014
 Scheduled date of start dividends distribution: -
 Supplementary quarterly materials prepared: Yes (available only in Japanese language)
 Quarterly 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 second quarter of the FY ending October 31, 2014 (Nov. 1, 2013-Apr. 30, 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	%
2Q of FY ending Oct. 31, 2014	7,368	10.6	998	22.5	988	23.7	556	(1.6)
2Q of FY ended Oct. 31, 2013	6,661	4.1	815	(3.1)	799	1.2	565	66.5

Note: Comprehensive income: 2Q of FY ending Oct. 31, 2014: 556 million yen (down 1.6%); 2Q of FY ended Oct. 31, 2013: 565 million yen (up 66.5%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2Q of FY ending Oct. 31, 2014	38.64	38.56
2Q of FY ended Oct. 31, 2013	39.78	39.57

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	%
2Q of FY ending Oct. 31, 2014	13,697	7,543	55.1
FY ended Oct. 31, 2013	14,375	7,213	50.2

Reference: Equity capital: 2Q of FY ending Oct. 31, 2014: 7,543 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 of 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)	2Q of FY ending Oct. 31, 2014	14,939,200 shares	FY ended Oct. 31, 2013	14,939,200 shares
2) Number of treasury stock as of end of term	2Q of FY ending Oct. 31, 2014	504,672 shares	FY ended Oct. 31, 2013	579,772 shares
3) Average number of shares over period (quarterly cumulative)	2Q of FY ending Oct. 31, 2014	14,397,624 shares	2Q of FY ended Oct. 31, 2013	14,204,232 shares

Note: On April 1, 2013, the Company’s common stock was split 2-for-1. However, average number of shares over period for the 2Q 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 503,800 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 of 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 half of the current consolidated fiscal year (November 1, 2013 to April 30, 2014), there were signs of a self-sustained recovery of the Japanese economy. Manufacturing and capital expenditures rebounded, the job market recovered and there was an increase in consumer spending in part because of the rush to make purchases before the April 2014 consumption tax hike. Overall, the economy recovered at a moderate pace as corporate earnings and business sentiment improved broadly.

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 10.6% from one year earlier to 7,368 million yen, operating income increased 22.5% to 998 million yen, ordinary income increased 23.7% to 988 million yen, and net income decreased 1.6% to 556 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 strong orders for weddings at other locations in part because of the effective use of the operating database, renovations and other measures. Sales increased 10.0% from one year earlier to 7,179 million yen and operating income increased 24.9% to 1,033 million yen.

b) Funeral Operations

Sales were 149 million yen, 13.0% higher than one year earlier, and operating income was 13 million yen compared with a 1 million yen loss one year earlier.

c) Nursing-care Operations

In nursing care operations, which started in the previous consolidated fiscal year (September 2013), sales were 39 million yen and there was an operating loss of 56 million yen compared with a 10 million yen loss one year earlier.

(2) Explanation of Financial Position

Total assets were 13,697 million yen at the end of the second quarter, 677 million yen less than at the end of the previous consolidated fiscal year. The main causes was a 966 million yen decrease in cash and deposits.

Liabilities decreased 1,007 million yen to 6,154 million yen at the end of the second quarter. The main causes were a 232 million yen decrease in accounts payable-trade and a 183 million yen decrease in income taxes payable.

Net assets increased 329 million yen to 7,543 million yen mainly because of an increase due to net income of 556 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 4.9 points to 55.1%.

(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, 2Q (Apr. 30, 2014)
Assets		
Current assets		
Cash and deposits	3,026,544	2,060,395
Accounts receivable-trade	236,553	253,062
Merchandise	113,928	112,854
Raw materials and supplies	101,448	83,332
Other	255,637	254,080
Allowance for doubtful accounts	(3,291)	(2,653)
Total current assets	3,730,820	2,761,070
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,059,509	6,822,248
Land	1,792,965	1,792,965
Other, net	620,553	1,099,629
Total property, plant and equipment	9,473,028	9,714,844
Intangible assets	79,071	73,606
Investments and other assets	1,092,199	1,147,937
Total noncurrent assets	10,644,299	10,936,387
Total assets	14,375,119	13,697,458
Liabilities		
Current liabilities		
Accounts payable-trade	721,102	488,587
Current portion of long-term loans payable	788,472	777,685
Income taxes payable	652,248	468,951
Provision for bonuses	207,105	201,136
Other	1,802,952	1,082,006
Total current liabilities	4,171,880	3,018,366
Noncurrent liabilities		
Long-term loans payable	2,022,866	2,162,677
Provision for retirement benefits	85,989	90,635
Provision for directors' retirement benefits	264,490	256,737
Provision for point card certificates	57,260	60,348
Asset retirement obligations	344,584	347,833
Other	214,096	217,551
Total noncurrent liabilities	2,989,286	3,135,781
Total liabilities	7,161,166	6,154,148

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2013)	Current Consolidated FY, 2Q (Apr. 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	347,635	347,635
Capital surplus	412,786	455,154
Retained earnings	6,591,644	6,860,742
Treasury stock	(138,112)	(120,222)
Total shareholders' equity	7,213,953	7,543,310
Total net assets	7,213,953	7,543,310
Total liabilities and net assets	14,375,119	13,697,458

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

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)	2Q of Current Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)
Net sales	6,661,728	7,368,551
Cost of sales	2,970,716	3,269,791
Gross profit	3,691,011	4,098,759
Selling, general and administrative expenses	2,875,318	3,099,889
Operating income	815,692	998,870
Non-operating income		
Interest income	264	1,397
Commission fee	2,782	3,375
Other	1,630	1,693
Total non-operating income	4,677	6,465
Non-operating expenses		
Interest expenses	17,062	13,232
Other	4,301	3,984
Total non-operating expenses	21,364	17,217
Ordinary income	799,005	988,118
Extraordinary income		
Compensation income	234,384	46,884
Total extraordinary income	234,384	46,884
Extraordinary loss		
Loss on retirement of noncurrent assets	3,896	3,831
Total extraordinary losses	3,896	3,831
Income before income taxes and minority interests	1,029,492	1,031,171
Income taxes-current	474,760	456,997
Income taxes-deferred	(10,353)	17,887
Total income taxes	464,407	474,885
Income before minority interests	565,085	556,286
Net income	565,085	556,286

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

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)	2Q of Current Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)
Income before minority interests	565,085	556,286
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	565,085	556,286
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	565,085	556,286
Comprehensive income attributable to minority interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2012-Apr. 30, 2013)	2Q of Current Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,029,492	1,031,171
Depreciation and amortization	392,853	422,165
Increase (decrease) in allowance for doubtful accounts	720	253
Increase (decrease) in provision for bonuses	9,116	(5,969)
Increase (decrease) in provision for retirement benefits	4,057	4,646
Increase (decrease) in provision for directors' retirement benefits	19,446	(7,753)
Increase (decrease) in provision for point card certificates	3,383	3,088
Compensation income	(234,384)	(46,884)
Loss on retirement of noncurrent assets	3,896	3,831
Interest income	(264)	(1,397)
Interest expenses	17,062	13,232
Commission for syndicate loan	499	499
Decrease (increase) in notes and accounts receivable-trade	(107,122)	(21,689)
Decrease (increase) in inventories	(3,923)	19,190
Increase (decrease) in notes and accounts payable-trade	(91,847)	(232,515)
Other, net	(160,590)	(307,451)
Subtotal	882,395	874,419
Interest income received	264	304
Interest expenses paid	(17,149)	(13,720)
Proceeds from compensation	234,384	46,884
Income taxes refund	2	46
Income taxes paid	(595,583)	(637,682)
Net cash provided by (used in) operating activities	504,314	270,252
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(199,993)	(1,001,752)
Purchase of intangible assets	(972)	(511)
Other, net	(10,733)	(137,538)
Net cash provided by (used in) investing activities	(211,700)	(1,139,802)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	600,000
Repayments of long-term loans payable	(590,279)	(470,976)
Redemption of bonds	(35,000)	-
Proceeds from sales of treasury stock	31,079	60,258
Cash dividends paid	(105,646)	(285,880)
Net cash provided by (used in) financing activities	(699,846)	(96,598)
Net increase (decrease) in cash and cash equivalents	(407,232)	(966,148)
Cash and cash equivalents at beginning of period	2,630,545	3,026,544
Cash and cash equivalents at end of period	2,223,313	2,060,395

(4) 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)

2Q of Previous Consolidated Period (Nov. 1, 2012-Apr. 30, 2013) and 2Q of Current Consolidated Period (Nov. 1, 2013-Apr. 30, 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 abridged.