



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

May 29, 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 filing quarterly financial report: June 11, 2015

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, 2015 (Nov. 1, 2014-Apr. 30, 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	%
2Q of FY ending Oct. 31, 2015	7,322	(0.6)	405	(59.4)	405	(59.0)	141	(74.5)
2Q of FY ended Oct. 31, 2014	7,368	10.6	998	22.5	988	23.7	556	(1.6)

Note: Comprehensive income: 2Q of FY ending Oct. 31, 2015: 211 million yen (down 62.0%); 2Q of FY ended Oct. 31, 2014: 556 million yen (down 1.6%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2Q of FY ending Oct. 31, 2015	4.87	4.86
2Q of FY ended Oct. 31, 2014	19.32	19.28

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	%
2Q of FY ending Oct. 31, 2015	17,234	7,996	46.4
FY ended Oct. 31, 2014	15,862	8,078	50.9

Reference: Equity capital: 2Q of FY ending Oct. 31, 2015: 7,996 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	-	0.00	-	-	-
FY ending Oct. 31, 2015 (forecast)	-	-	-	10.00	10.00

Note: Revisions to the latest projected dividends: No

The Company conducted a common stock split according to a ratio of 1:2 effective on May 1, 2015. FY-end dividend forecast for FY ending Oct. 31, 2015 is calculated based on the effects of this stock split. Prior to this adjustment, the forecast was a FY-end dividend of 20.00 yen per share.

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
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

Consolidated financial forecast of net income per share for the FY ending October 31, 2015 has been adjusted to reflect the common stock split according to a ratio of 1:2 effective on May 1, 2015.

*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)

2Q of FY ending Oct. 31, 2015	29,919,200 shares	FY ended Oct. 31, 2014	29,919,200 shares
2) Number of treasury shares at the end of period	791,344 shares	FY ended Oct. 31, 2014	876,744 shares
3) Average number of shares outstanding during the period (quarterly cumulative)	29,097,475 shares	2Q of FY ended Oct. 31, 2014	28,795,248 shares

2) Number of treasury shares at the end of period

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

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 749,000 shares held in employee stock holdings trust at the end of the second quarter.

* 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 3).

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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, 2014 to April 30, 2015,) the Japanese economy recovered slowly as the employment and income environment improved and capital investment rose, backed by recovery in corporate earnings. The recovery was backed by a series of government economic stimulus measures and monetary easing by the Bank of Japan. Although the export environment has improved due to a weaker yen, the outlook for the economy continues to be uncertain because of concerns over rising raw material prices and an economic downturn overseas.

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 decreased 0.6% from one year earlier to 7,322 million yen, operating income decreased 59.4% to 405 million yen, ordinary income decreased 59.0% to 405 million yen, and net income decreased 74.5% to 141 million yen.

Results by business segment are as follows:

a) Wedding Operations

Although the operation of La La Chance Hakata no Mori (the Fukuoka Branch), which expanded floors in September 2014, was started in the period under review, 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 7,000 million yen, down 2.5% from one year earlier, and operating income decreased 60.0% to 413 million yen.

b) Funeral Operations

Sales increased 24.8% from one year earlier to 186 million yen and operating income increased 142.2% to 33 million yen.

c) Nursing-care Operations

The Saga Branch opened in June 2014. Sales were 137 million yen compared with 39 million yen one year earlier, but there was an operating loss of 41 million yen compared with a 56 million yen loss one year earlier due to opening expenses for the Karatsu Branch, which started operations in March 2015.

(2) Explanation of Financial Position

Total assets were 17,234 million yen at the end of the second quarter of the current fiscal year, 1,371 million yen more than at the end of the previous fiscal year. The main causes were a 1,145 million yen increase in property, plant and equipment due to the opening of La Chance HIROSHIMA Geihinkan (the Hiroshima Branch) in March 2015.

Liabilities increased 1,453 million yen to 9,237 million yen. The main causes were a 163 million yen decrease in accounts payable-trade, a 228 million yen decrease in income taxes payable, and a 1,621 million yen increase in long-term loans payable.

Net assets decreased 81 million yen to 7,996 million yen mainly because of an increase due to net income of 141 million yen, a 69 million yen increase in remeasurements of defined benefit plans following the change in retirement benefit plans, and a decrease due to dividends from surplus of 299 million yen. As a result, compared to the end of the previous fiscal year, the equity ratio fell by 4.5 points to 46.4%.

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

The 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, March 26, 2015)” from the first quarter of the 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 half 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 half 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 half 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, March 26, 2015)” from the first quarter of the 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 half 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.

(4) Additional information

(Change in the Retirement Benefit Plan)

On April 1, 2015 (date of implementation), the Company changed its retirement benefit plan which includes the switch of future obligations on defined benefit pension plan to a defined contribution pension plan, and applied the accounting treatment based on the “Guidance on Accounting Standard for Transfers between Retirement Benefit Plans” (ASBJ Guidance No. 1).

The effect of this change was to decrease net defined benefit liability by 102,312 thousand yen and increase accumulated other comprehensive income by 69,511 thousand yen in the first half of the current fiscal year.

(Revised Amount of Deferred Tax Assets and Deferred Tax Liabilities Following the Change in the Corporate Tax Rate, etc.)

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), corporate tax rate, etc. have been lowered for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.38% to 32.82% for temporary differences expected to be covered for the fiscal year beginning from November 1, 2015 and to 32.06% for temporary differences expected to be covered for the fiscal year beginning from November 1, 2016.

Due to this change, there were a decrease of 61,300 thousand yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 60,570 thousand yen in income taxes-deferred. The effect on remeasurements of defined benefit plans is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	Previous Consolidated FY (Oct. 31, 2014)	Current Consolidated FY, 2Q (Apr. 30, 2015)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	2,788,419	2,929,645
Accounts receivable-trade	220,639	282,993
Merchandise	132,191	151,328
Raw materials and supplies	110,635	106,147
Other	241,697	324,106
Allowance for doubtful accounts	(5,263)	(6,281)
Total current assets	3,488,319	3,787,940
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,742,699	9,750,976
Land	1,864,602	1,864,602
Other, net	1,466,531	603,465
Total property, plant and equipment	11,073,833	12,219,045
Intangible assets	114,570	111,371
Investments and other assets	1,185,891	1,116,144
Total non-current assets	12,374,294	13,446,560
Total assets	15,862,613	17,234,501
Liabilities		
Current liabilities		
Accounts payable-trade	826,610	662,995
Current portion of long-term loans payable	937,683	1,210,096
Income taxes payable	428,568	199,760
Provision for bonuses	214,483	218,371
Other	1,285,980	1,295,284
Total current liabilities	3,693,326	3,586,507
Non-current liabilities		
Long-term loans payable	2,908,763	4,257,543
Net defined benefit liability	120,464	36,609
Provision for directors' retirement benefits	267,393	272,220
Provision for point card certificates	65,227	68,350
Asset retirement obligations	362,521	585,942
Other	366,496	430,594
Total non-current liabilities	4,090,865	5,651,259
Total liabilities	7,784,191	9,237,767

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2014)	Current Consolidated FY, 2Q (Apr. 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	349,748	349,748
Capital surplus	353,404	353,404
Retained earnings	7,494,820	7,329,002
Treasury shares	(104,428)	(89,420)
Total shareholders' equity	8,093,544	7,942,734
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(15,122)	54,000
Total accumulated other comprehensive income	(15,122)	54,000
Total net assets	8,078,422	7,996,734
Total liabilities and net assets	15,862,613	17,234,501

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

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)	2Q of Current Consolidated Period (Nov. 1, 2014-Apr. 30, 2015)
Net sales	7,368,551	7,322,276
Cost of sales	3,269,791	3,367,915
Gross profit	4,098,759	3,954,360
Selling, general and administrative expenses	3,099,889	3,548,657
Operating income	998,870	405,703
Non-operating income		
Interest income	1,397	1,328
Commission fee	3,375	3,454
Insurance income	589	10,639
Other	1,104	1,108
Total non-operating income	6,465	16,531
Non-operating expenses		
Interest expenses	13,232	16,132
Other	3,984	1,083
Total non-operating expenses	17,217	17,215
Ordinary income	988,118	405,019
Extraordinary income		
Compensation income	46,884	-
Total extraordinary income	46,884	-
Extraordinary losses		
Loss on retirement of non-current assets	3,831	21,710
Total extraordinary losses	3,831	21,710
Income before income taxes and minority interests	1,031,171	383,308
Income taxes-current	456,997	190,121
Income taxes-deferred	17,887	51,483
Total income taxes	474,885	241,604
Income before minority interests	556,286	141,704
Net income	556,286	141,704

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

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)	2Q of Current Consolidated Period (Nov. 1, 2014-Apr. 30, 2015)
Income before minority interests	556,286	141,704
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	-	69,899
Total other comprehensive income	-	69,899
Comprehensive income	556,286	211,603
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	556,286	211,603
Comprehensive income attributable to minority interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)	2Q of Current Consolidated Period (Nov. 1, 2014-Apr. 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,031,171	383,308
Depreciation	422,165	533,436
Increase (decrease) in allowance for doubtful accounts	253	1,332
Increase (decrease) in provision for bonuses	(5,969)	3,888
Increase (decrease) in provision for retirement benefits	4,646	-
Increase (decrease) in net defined benefit liability	-	6,110
Increase (decrease) in provision for directors' retirement benefits	(7,753)	4,827
Increase (decrease) in provision for point card certificates	3,088	3,123
Compensation income	(46,884)	-
Loss on retirement of non-current assets	3,831	21,710
Interest income	(1,397)	(1,328)
Interest expenses	13,232	16,132
Commission for syndicate loan	499	499
Decrease (increase) in notes and accounts receivable-trade	(21,689)	(63,531)
Decrease (increase) in inventories	19,190	(14,649)
Increase (decrease) in notes and accounts payable-trade	(232,515)	(163,615)
Other, net	(307,451)	(37,573)
Subtotal	874,419	693,672
Interest income received	304	285
Interest expenses paid	(13,720)	(17,173)
Proceeds from compensation	46,884	-
Income taxes refund	46	2
Income taxes paid	(637,682)	(416,241)
Net cash provided by (used in) operating activities	270,252	260,544
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,001,752)	(1,498,907)
Purchase of intangible assets	(511)	(5,306)
Other, net	(137,538)	(4,298)
Net cash provided by (used in) investing activities	(1,139,802)	(1,508,512)
Cash flows from financing activities		
Proceeds from long-term loans payable	600,000	2,100,000
Repayments of long-term loans payable	(470,976)	(478,807)
Proceeds from sales of treasury shares	60,258	66,739
Cash dividends paid	(285,880)	(298,344)
Other, net	-	(393)
Net cash provided by (used in) financing activities	(96,598)	1,389,194
Net increase (decrease) in cash and cash equivalents	(966,148)	141,226
Cash and cash equivalents at beginning of period	3,026,544	2,788,419
Cash and cash equivalents at end of period	2,060,395	2,929,645

(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, 2013-Apr. 30, 2014 and 2Q of Current Consolidated Period (Nov. 1, 2014- Apr. 30, 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 Company conducted a common stock split as of May 1, 2015 following the resolution by its Board of Directors on March 2, 2015.

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

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 this stock split had taken place at the beginning of the previous fiscal year.

	2Q of Previous Consolidated Period (Nov. 1, 2013-Apr. 30, 2014)	2Q of Current Consolidated Period (Nov. 1, 2014-Apr. 30, 2015)
Net Income per Share	19.32 yen	4.87 yen
Diluted Net Income per Share	19.28 yen	4.86 yen