



# Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2013 (Japanese GAAP)

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Listed on: First Section of Tokyo Stock Exchange

Name of Listed Company: IKK, Inc.  
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 Scheduled date of start dividends distribution: —  
 Supplementary quarterly materials prepared: Yes  
 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, 2013 (Nov. 1, 2012-Jan. 31, 2013)

(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, 2013	3,265	7.8	411	16.6	401	28.5	231	153.2
1Q of FY ended Oct. 31, 2012	3,028	11.9	352	147.7	312	144.6	91	148.0

Note: Comprehensive income: 1Q of FY ending Oct. 31, 2013: 231 million yen (153.2%); 1Q of FY ended Oct. 31, 2012: 91 million yen (148.0%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
1Q of FY ending Oct. 31, 2013	32.70		32.55	
1Q of FY ended Oct. 31, 2012	12.64		12.60	

Note: On April 1, 2012 common stock was split according to a ratio of 1:2. However, net income/diluted net income per share was calculated assuming stock division 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, 2013	11,577		5,980		51.7	
FY ended Oct. 31, 2012	12,905		5,840		45.3	

Reference: Equity capital: 1Q of FY ending Oct. 31, 2013: 5,980 million yen; FY ended Oct. 31, 2012: 5,840 million yen

## 2. Dividends

	Yearly Dividends				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen				
FY ended Oct. 31, 2012	—	0.00	—	15.00	15.00
FY ending Oct. 31, 2013	—				
FY ending Oct. 31, 2013 (forecast)		0.00	—	20.00	20.00

Note: Revisions to the latest projected dividends: Yes

Breakdown of the FY ending October 31, 2013 dividends (forecast): Regular dividends: 10.00 yen; Commemorative dividends: 10.00 yen

In a board meeting held on Feb. 12, 2013, the board of directors resolved to split common stock as of Apr. 1, 2013 according to a ratio of 1:2. Included figures for Oct. 31, 2013 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, 2013 (Nov. 1, 2012-Oct. 31, 2013)

(Percentage figures show changes from the previous term (full year) or previous corresponding quarter.)

	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)	6,585	2.9	860	2.2	835	5.7	480	41.4	33.80
Full year	13,765	1.3	1,925	0.2	1,880	1.9	1,085	16.7	76.25

Note: Revisions to the latest projected financial results: No

In a board meeting held on Feb. 12, 2013, the board of directors resolved to split common stock as of Apr. 1, 2013 according to a ratio of 1:2. Included figures for net income per share for Oct. 31, 2013 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): Yes

Newly added: 1 company, Company name: I Care, Inc.

Excluded: — Company name:

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.: Yes

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

3) Changes in accounting estimates: Yes

4) Restatement: No

Note: Corresponds to article 10-5 of “Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements.” 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 as of end of term (including treasury stock)

2) Number of treasury stock as of end of term

3) Average number of shares over period (quarterly cumulative)

1Q of FY ending Oct. 31, 2013	7,437,000 shares	FY ended Oct. 31, 2012	7,437,000 shares
1Q of FY ending Oct. 31, 2013	333,036 shares	FY ended Oct. 31, 2012	349,836 shares
1Q of FY ending Oct. 31, 2013	7,095,313 shares	1Q of FY ended Oct. 31, 2012	7,246,365 shares

Note: Common stock was split on April 1, 2012 according to a ratio of 2:1. However, average number of shares over period for the 1Q of FY ended October 31, 2012 was calculated assuming stock division at the beginning of the previous consolidated fiscal year. Furthermore, figures for treasury stock include 332,600 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 was not 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) Qualitative information on Consolidated Financial Forecasts” (attachments, page 2).

(Concerning stock split)

In a board meeting held on February 12, 2013, the board of directors resolved to split common stock as of April 1, 2013 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, 2012	2Q end	0.00 yen	FY end	7.50 yen	Yearly	7.50 yen
Record date: FY ending Oct. 31, 2013	2Q end (forecast)	0.00 yen	FY end (forecast)	20.00 yen	Yearly (forecast)	20.00 yen

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Qualitative Information on Consolidated Financial Results

Against slackening and other negative trends in the world economy, the Japanese economy in the first quarter of the current consolidated fiscal year (November 1, 2012-January 31, 2013) showed only weak movement. Signs of bottoming out in certain areas, however, were also apparent, with changes such as correction of the overly high yen pointing towards improvement in the management environment for Japanese companies.

In the wedding industry, the number of weddings in 2012 remained largely unchanged over the previous year at 660,000 (Ministry of Health, Labor and Welfare, “2012 Annual Estimate of Vital Statistics”), and demand for guesthouse-style wedding services has stabilized. On the other hand, competition within the industry remains fierce, with ceremonial hall and hotel renovations, intensification of price competition, diversification of customer needs and so on.

In response to these conditions, the IKK Group (the Group) has adopted a management philosophy, “To touch our customers’ hearts!” In order to offer more touching wedding services we have been working to meet diversifying customer needs, expand sales and increase our earnings power through in-house and external staff training geared towards improving customer service, practical use of business databases, investments in renovation and so on.

As a result of these efforts, sales in the first quarter of the current consolidated period reached 3,265 million yen (a 7.8% increase over the same quarter of the previous year), operating income reached 411 million yen (a 16.6% increase), ordinary income reached 401 million yen (a 28.5% increase), and quarterly net income reached 231 million yen (a 153.2% increase).

Results by segment are as follows:

#### 1) Wedding Operations

Together with full operation of “La La Chance Taiyo no Oka” (Kanazawa branch), which increased its number of venues in the previous consolidated fiscal year, conditions at existing branches turned favorable thanks to increased orders due to practical use of business databases, the effect of renovations and so on, leading to sales of 3,202 million yen (an 8.8% increase over the same quarter of the previous year). Also, efforts to restrain costs also led to an operating income of 415 million yen (a 20.9% increase).

#### 2) Funeral Operations

Sales were 63 million yen (a 25.3% decrease over the same quarter of the previous fiscal year), with a 2 million yen operating loss (operating income for the same quarter of the previous fiscal year was 8 million yen).

#### 3) Nursing-care Operations

In the first quarter of the current consolidated period, consolidated subsidiary offering nursing-care services was newly established. As preparations for launch are still underway, sales have not been calculated. Operating loss was 2 million yen.

### (2) Qualitative Information on Consolidated Financial Position

Compared to the end of the previous consolidated fiscal year, total assets decreased by 1,328 million yen, at 11,577 million yen. The main causes were a 1,071 million yen decrease in cash and deposits, a 107 million yen decrease in accounts receivable—trade and a 118 million yen decrease in property, plant and equipment.

Compared to the end of the previous consolidated fiscal year, liabilities decreased by 1,468 million yen, at 5,596 million yen. The main causes were a 337 million yen decrease in accounts payable—trade, a 486 million yen decrease in income taxes payable and a 284 million yen decrease in long-term loans payable.

Compared to the end of the previous consolidated fiscal year, net assets increased by 140 million yen, reaching 5,980 million yen. The main causes were an increase due to net income of 231 million yen and a decrease due to dividends from surplus of 106 million yen. As a result, compared to the end of the previous fiscal year, equity ratio rose by 6.4 points, to 51.7%.

### (3) Qualitative Information on Consolidated Financial Forecasts

The 2Q (cumulative) and full-year consolidated forecasts published on December 10, 2012 remain unchanged.

## 2. Summary (Notes) Information

### (1) Significant Changes to Subsidiaries during the Period

In the first quarter of the current consolidated period, newly established I Care, Inc. was added into the scope of consolidation.

### (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 polices which are difficult to distinguish from changes in accounting estimates)

As of the first quarter of the current consolidated period, our company and consolidated subsidiaries adopted the depreciation method pursuant to revisions to the Corporation Tax Law for property, plant and equipment acquired on or after November 1, 2012.

Effects on profit and loss due to this change were insignificant.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2012)	Current Consolidated FY, 1Q (Jan. 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	2,630,545	1,558,954
Accounts receivable-trade	209,691	102,095
Merchandise	91,552	92,268
Raw materials and supplies	66,071	67,250
Other	221,579	179,547
Allowance for doubtful accounts	(2,140)	(957)
<b>Total current assets</b>	<b>3,217,300</b>	<b>1,999,159</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,795,727	6,656,859
Land	1,643,983	1,643,983
Other, net	302,814	323,240
<b>Total property, plant and equipment</b>	<b>8,742,525</b>	<b>8,624,084</b>
Intangible assets	92,669	89,342
Investments and other assets	852,600	864,509
<b>Total noncurrent assets</b>	<b>9,687,796</b>	<b>9,577,936</b>
<b>Total assets</b>	<b>12,905,097</b>	<b>11,577,095</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	632,911	295,014
Current portion of bonds	80,000	80,000
Current portion of long-term loans payable	1,026,125	917,181
Income taxes payable	608,149	121,568
Provision for bonuses	173,487	91,430
Other	1,093,104	796,537
<b>Total current liabilities</b>	<b>3,613,777</b>	<b>2,301,731</b>
Noncurrent liabilities		
Long-term loans payable	2,605,378	2,430,040
Provision for retirement benefits	78,015	79,536
Provision for directors' retirement benefits	233,695	247,468
Provision for point card certificates	51,480	53,140
Asset retirement obligations	276,117	277,470
Other	206,382	207,138
<b>Total noncurrent liabilities</b>	<b>3,451,068</b>	<b>3,294,793</b>
<b>Total liabilities</b>	<b>7,064,846</b>	<b>5,596,524</b>

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2012)	Current Consolidated FY, 1Q (Jan. 31, 2013)
Net assets		
Shareholders' equity		
Capital stock	342,342	342,342
Capital surplus	354,909	361,542
Retained earnings	5,309,674	5,435,357
Treasury stock	(166,675)	(158,671)
Total shareholders' equity	5,840,250	5,980,570
Total net assets	5,840,250	5,980,570
Total liabilities and net assets	12,905,097	11,577,095

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
 (Quarterly Consolidated Statements of Income)  
 (Consolidated 1Q)

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2011-Jan. 31, 2012)	1Q of Current Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)
Net sales	3,028,126	3,265,554
Cost of sales	1,379,021	1,460,118
Gross profit	1,649,104	1,805,436
Selling, general and administrative expenses	1,296,496	1,394,275
Operating income	352,607	411,161
Non-operating income		
Commission fee	1,655	1,778
Other	1,245	915
Total non-operating income	2,901	2,694
Non-operating expenses		
Interest expenses	12,106	9,357
Going public expenses	22,187	—
Other	8,515	2,546
Total non-operating expenses	42,810	11,903
Ordinary income	312,698	401,951
Extraordinary loss		
Loss on retirement of noncurrent assets	3,221	731
Total extraordinary losses	3,221	731
Income before income taxes	309,477	401,220
Income taxes-current	112,896	116,913
Income taxes-deferred	104,957	52,317
Total income taxes	217,853	169,230
Income before minority interests	91,623	231,990
Net income	91,623	231,990



(Quarterly Consolidated Statements of Comprehensive Income)  
(Consolidated 1Q)

(Thousands of yen)

	1Q of Previous Consolidated Period (Nov. 1, 2011-Jan. 31, 2012)	1Q of Current Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)
Income before minority interests	91,623	231,990
Other comprehensive income		
Total other comprehensive income	—	—
Comprehensive income	91,623	231,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	91,623	231,990
Comprehensive income attributable to minority interests	—	—

(3) Notes on Premise of Going Concern

No related information.

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

No related information.

(5) Segment Information, etc.

(Segment Information)

1Q of Previous Consolidated Period (Nov. 1, 2011-Jan. 31, 2012)

The Group's reporting segments included wedding and funeral operations. However, as funeral operations constitute a very small proportion of total business segments its importance in terms of disclosure is limited. Accordingly, listing of segment information is abridged.

1Q of Current Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)

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 their importance in terms of disclosure is limited. Accordingly, listing of segment information is abridged.

(6) Material Subsequent Events

(Stock Split)

In a board meeting held on February 12, 2013, the board of directors resolved to split stock.

1. Purpose of split

The purpose of the split is to increase liquidity of stock while further expanding our investor base.

2. Ratio of split

Using a record date of March 31, 2013, all stocks listed in the stock registry at the close of the same date as well as common stock held by shareholders will be split according to a ratio of 1:2.

3. Increase in stock numbers due to split

Aggregate issued before split:	7,437,000 shares
Increase due to split:	7,437,000 shares
Aggregate issued after split:	14,874,000 shares
Total number of authorized after split:	48,000,000 shares

4. Timing

Effective date: April 1, 2013

5. Effect per share

Information per share assuming split occurred at the beginning of the previous consolidated fiscal year is as follows:

1Q of Previous Consolidated Period (Nov. 1, 2011-Jan. 31, 2012)		1Q of Current Consolidated Period (Nov. 1, 2012-Jan. 31, 2013)	
Net income per share	6.32 yen	Net income per share	16.35 yen
Diluted net income per share	6.30 yen	Diluted net income per share	16.28 yen