

January 15, 2013

ADERANS CO., LTD.
Financial Statements (Unaudited)
for the First Three Quarters of the Fiscal Year ending February 28, 2013
(March 1, 2012 – November 30, 2012)
[under Japanese GAAP]
(Translated from the Japanese original)

Corporate Information

Code: 8170 Listing: First Section of the Tokyo Stock Exchange
 (URL <http://www.aderans.com/english/index.html>)
 Representative: Nobuo Nemoto Representative Director, Chairman and President
 Contact: Michiyoshi Takahashi General Manager, Corporate Communications Office
 Telephone: +81-3-3350-3268

Anticipated date for filing *ShihankiHokokusho* (a Japanese-language quarterly business report): January 15, 2013

Expected date of payment for dividends: Not applicable

Preparation of supplementary explanation material for quarterly financial results: Yes

Presentation of quarterly financial results for institutional investors and analysts: None

(Amounts rounded down)

1. Consolidated Performance (March 1, 2012 through November 30, 2012)**(1) Consolidated Operating Results (accumulated total)**

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Three Quarters ended November 30, 2012	37,528	8.1	2,973	167.2	3,023	199.3	2,706	—
First Three Quarters ended November 30, 2011	34,712	(0.8)	1,112	—	1,010	—	3	—

(Note) Comprehensive income: 2,733 million yen (—%) (as of November 30, 2012)

Comprehensive income: (340) million yen (—%) (as of November 30, 2011)

	Net income (loss) per share	Fully diluted net income per share
	Yen	Yen
First Three Quarters ended November 30, 2012	73.54	—
First Three Quarters ended November 30, 2011	0.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2012	39,157	28,916	73.8
As of February 29, 2012	35,697	26,161	73.2

(Note) Equity capital: 28,879million yen (as of November 30, 2012)
26,145 million yen (as of February 29, 2012)

2. Payment of Dividends

	Dividends per share				
	First quarter-end	At end of first half	Third quarter-end	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	—	0.00	—	0.00	0.00
Fiscal 2013	—	0.00	—		
Fiscal 2013 (Estimated)				—	—

(Notes) Change in the current quarter to dividend forecast: None

3. Anticipated Consolidated Results for Fiscal 2013 (March 1, 2012, through February 28, 2013)

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating income (loss)		Ordinary income(loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	50,700	6.9	3,500	38.2	3,500	37.4

	Net income (loss)		Net income (loss)per share
	Millions of yen	%	Yen
Full year	3,000	164.4	81.50

(Notes) Change in the current quarter to consolidated results forecast: None

Note

(1) Changes in significant subsidiaries during this quarter: None

(Changes in specified subsidiaries involving change in consolidation scope)

Newly included: None Excluded: None

(2) Application of simplified accounting and specific accounting: None

(3) Changes in accounting policy, changes in accounting estimate and retrospective restatement

1. Changes associated with revision of accounting standards, etc: None

2. Changes other than 1: Yes

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares outstanding (Common stock)

1. Number of shares outstanding at end of period (including treasury stock)

40,213,388 shares at November 30, 2012

40,213,388 shares at February 29, 2012

2. Number of treasury stocks at end of period

3,405,226 shares at November 30, 2012

3,405,100 shares at February 29, 2012

3. Average number of shares (Quarterly cumulative period)

36,808,224 shares at November 30, 2012

36,808,517 shares at November 30, 2011

(Unaudited)

Note: Status of quarterly review procedures

Although this quarterly financial report falls outside the quarterly review procedures stipulated by the Financial Instruments and Exchange Law, as of the disclosure date of this report, review procedures for quarterly financial statements as described under the Financial Instruments and Exchange Law had been completed.

Note: Comment regarding appropriate use of performance forecasts, and other special remarks

Forward-looking statements, such as performance forecasts, described in these materials are based on information currently available to the Company and certain reasonable assumptions by management, and should not be taken to infer promise of achievement by the Company. Actual business results could be significantly different than expected due to a variety of factors.

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1. Qualitative information on quarterly consolidated performance

(1) Consolidated business results

Over the first three quarters—March 1, 2012, to November 30, 2012—of fiscal 2013, ending February 28, 2013, the domestic economy acquired a tone of a gradual recovery, thanks to demand spurred by reconstruction activities in the areas devastated by the Great East Japan Earthquake and signs of a rally in consumer spending. But the path ahead remained obscured by uncertainties, such as yen appreciation, the lingering sovereign debt crisis in Europe, and concerns over possible power shortages in Japan.

Given this operating environment, Aderans has continued to allocate a larger budget for advertising and promotions since the first quarter of fiscal 2013, compared with the corresponding period a year ago, to attract new customers in the domestic market and also applied resources to enhance customer services and keep existing customers coming back. Overseas, the focus was on expanding the Bosley Business in North America and wig business in North America and Europe.

These efforts maintained an upward trend in year-on-year consolidated results for the first three quarters of fiscal 2013. Net sales settled at ¥37,528 million, up 8.1% year-on-year. Operating income climbed 167.2%, to ¥2,973 million, and ordinary income surged 199.3%, to ¥3,023 million. Net income soared ¥2,706 million, from ¥300 million.

The status of reporting segments is presented below.

(i) Aderans Business (Custom-made wigs)

In the men's market, sales were up 6.0%, to ¥7,490 million, reflecting brisk sales of custom-made wigs and hair-volumizing products as well as healthy hair-growth devices and haircare products. In the women's market, sales were also good, climbing 18.4%, to ¥11,643 million, primarily due to direct-response activities pinpointing our message to customers through television commercials geared to the target group and more opportunities for wig fairs and try-on events. These results culminated in segment sales of ¥19,133 million, up 13.2% year-on-year, and operating income of ¥5,466 million, up 24.2%.

(ii) Fontaine Business (Ready-made wigs)

Sales through department stores and directly operated salons grew 11.6%, to ¥6.1 billion, buoyed by an enriched lineup of products and better customer service techniques used by sales staff. Sales through the beauty supply route rebounded, edging up 0.1%, to ¥1,709 million, as promotional campaigns and other approaches to spur demand successfully offset persistently challenging market conditions. As a result, segment sales for the first three quarters of fiscal 2013 grew 8.9%, to ¥7,810 million, and operating income jumped 39.5%, to ¥2,447 million.

(iii) Bosley Business (Hair transplantation)

Sales by the Bosley Business, comprising largely hair transplantation services in North America, increased 3.0%, to \$78 million, on a local currency basis, thanks to greater investment in advertising and promotional activities. Despite the impact of exchange rates, yen-translated results also showed year-on-year improvement, with sales rising 1.8%, to ¥6,214 million. Unfortunately, operating income decreased 2.5%, to ¥474 million.

(iv) Other Operations

In the overseas wig business, operations in North America struggled. Despite efforts to deepen the market presence of new product brands, sales came in below expectations, and with prior investment in personnel, and advertising and promotions, an operating loss tarnished the books. Meanwhile, operations in Europe benefited from steady demand for medical-use wigs, and sales and operating income were favorable. In the end, Other Operations showed sales of ¥7,661 million, down 3.2%, and the operating loss widened to ¥794 million, from ¥350 million in the corresponding period a year ago.

(2) Consolidated financial position

Total assets stood at ¥39,157 million as of November 30, 2012, up ¥3,460 million from February 29, 2012, mainly due to a ¥1,165 million increase in cash and deposits and a ¥901 million increase in notes and accounts receivable - trade.

Total liabilities reached ¥10,241 million, up ¥706 million from February 29, 2012, largely owing to increases in accrued expenses, up ¥1,079 million, and notes and accounts payable - trade, up ¥176 million.

Total net assets came to ¥28,916 million, up ¥2,754 million from February 29, 2012, primarily because of a ¥2,739 million increase in earned surplus.

(3) Consolidated performance forecasts

There is no change to our consolidated performance forecasts announced on October 11, 2012.

2. Miscellaneous

(1) Significant changes in subsidiaries

Not applicable.

(2) Application of special accounting treatment for quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policy, changes in accounting estimate and retrospective restatement

a. Change in inventory valuation method

For valuation of stored products and other products, excluding wigs, the Company used to apply the last purchase price method, wherein amounts shown on the balance sheets take into account declines in book values based on reduced profitability. But utilizing the opportunity afforded by the implementation of a new platform system and seeking to achieve more accurate inventory valuation and reckoning of profit for the period, the Company changed to the movingaverage cost method, effective from the first quarter of fiscal 2013, wherein amounts shown on the balance sheets take into account declines in book values based on reduced profitability.

No retrospective application has been made since the impact of the accounting change has little impact on previously disclosed amounts.

(4) Additional Information

i) Application of the “Accounting Standard for Accounting Changes and Error Corrections” and others

For accounting changes and error corrections made after the beginning of the first quarter of fiscal 2012, the Company has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, issuedDecember 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, issuedDecember 4, 2009)

ii) Conclusion of a basic agreement to acquire all shares of U.S. company

Aderans signed a stock purchase agreement with Regis Corporation (hereafter, “Regis”), a market leader in the hair salon industry, to acquire all shares in HC (USA) Inc. (hereafter, “Hair Club”), a Regis subsidiary on July 13, 2012. The business combination date is expected sometime in February 2013, though we previously announced that it was expected around December 2012.

1. Outline of business combination

(1) Name and business of the acquired firm

Name of the acquired firm: HC (USA) Inc.

Business: Custom-made wigs, healthy hair-growth services, hair transplantation

(2) Reason for business combination

Aderans is working to enhance corporate value by pursuing business from a customer perspective as the head of a global group fully engaged in total hair-related solutions emphasizing the provision of wigs, men’s and ladies’ haircuts and healthy hair-growth services as well as hair transplantation services.

Businesses that form part of the Group’s core operations—and also represent priority domains from a strategic perspective—are the overseas wig business and the hair transplantation business, and both businesses are highly competitive because of the large number of companies vying with each other for market share. Aderans concluded a basic agreement with Regis to acquire all shares in Hair Club, which is involved in both the wig business and the hair transplantation business, and thereby underpin groupwide efforts to expand and further reinforce business results in North America. Aderans will eventually turn Hair Club into a subsidiary.

(3) Business combination date: Expected sometime in February 2013

(4) Legal form of business combination: Acquisition of shares

(5) Voting ratio acquired: 100%

2. Acquisition price of the acquired firm (estimated amount): US\$163.5 million

4. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

	As of February 29, 2012	As of November 30, 2012
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and deposits	11,495	12,660
Notes and accounts receivable - trade	4,220	5,121
Commercial goods and finished goods	1,971	2,739
Work in process	158	201
Raw materials and supplies	708	821
Deferred tax assets	444	457
Other current assets	1,491	1,280
Allowance for doubtful accounts	(98)	(186)
Total current assets	20,390	23,095
Fixed assets		
Tangible fixed assets	8,725	9,143
Buildings and structures (net)	3,102	3,040
Land	4,270	4,271
Lease assets (net)	620	654
Other tangible fixed assets (net)	732	1,176
Intangible fixed assets	2,661	3,071
Goodwill	222	470
Other intangible fixed assets	2,439	2,600
Investments and other fixed assets	3,919	3,847
Investment securities	229	226
Deferred tax assets	66	74
Guarantee deposits	3,222	3,246
Other fixed assets	942	882
Allowance for doubtful accounts	(542)	(582)
Total fixed assets	15,306	16,062
Total assets	35,697	39,157

	As of February 29, 2012	As of November 30, 2012
	Millions of yen	Millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable – trade	257	434
Accounts payable	1,645	1,733
Accrued corporate and other taxes	278	211
Deferred tax liabilities	2	2
Advances received	1,179	1,066
Allowance for employees' bonus	956	495
Allowance for product guarantee	67	78
Allowance for returned goods	122	200
Allowance for others	21	11
Other current liabilities	1,934	3,219
Total current liabilities	6,467	7,451
Fixed liabilities		
Lease obligations	588	326
Deferred tax liabilities	0	46
Employees' severance and retirement benefits	888	956
Asset retirement obligations	1,015	1,034
Other fixed liabilities	574	426
Total fixed liabilities	3,068	2,790
Total liabilities	9,535	10,241
Net Assets		
Shareholders' equity		
Common stock	12,944	12,944
Capital surplus	13,157	13,157
Earned surplus	10,934	13,674
Treasury stock	(6,987)	(7,020)
Total shareholders' equity	30,048	32,755
Other comprehensive income		
Unrealized gains (losses) on investment securities	(3)	1
Foreign currency transaction adjustments	(3,898)	(3,877)
Total other comprehensive income	(3,902)	(3,876)
Stock acquisition rights as stock options	15	37
Total net assets	26,161	28,916
Total liabilities and net assets	35,697	39,157

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 Quarterly consolidated statements of income

	First Three Quarters ended November 30, 2011	First Three Quarters ended November 30, 2012
	Millions of yen	Millions of yen
Net sales	34,712	37,528
Cost of sales	6,567	6,863
Gross profit	28,145	30,664
Selling, general and administrative expenses	27,032	27,691
Operating income (loss)	1,112	2,973
Non-operating income	231	208
Interest received	10	15
Dividends received	1	1
Rent on real estate	102	44
Foreign exchange profits	—	44
Others	116	103
Non-operating expenses	333	158
Interest paid	46	33
Rent on real estate	47	15
Commission paid	51	58
Foreign exchange losses	87	—
Transfer to allowance for doubtful accounts	66	39
Others	34	11
Ordinary income (loss)	1,010	3,023
Extraordinary income	938	5
Gains on sales of fixed assets	146	5
Reversal of allowance for doubtful accounts	6	—
Gain on reversal of allowance for employees' bonuses	270	—
Others	514	0
Extraordinary expenses	1,615	125
Losses on sales of fixed assets	788	0
Impairment loss	44	84
Valuation loss on investment securities	9	11
Effect of adoption of new accounting standards for asset retirement obligations	307	—
Others	464	29
Income (loss) before income taxes	333	2,903
Income taxes	330	196
Income before minority interests	3	2,706
Net income (loss)	3	2,706

Quarterly consolidated statements of comprehensive income

	First Three Quarters ended November 30, 2011	First Three Quarters ended November 30, 2012
Income (loss) before minority interests	3	2,706
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(21)	5
Foreign currency translation adjustments	(322)	20
Total other comprehensive income	(343)	26
Comprehensive income (loss)	(340)	2,733
Comprehensive income (loss) attributed to shareholders of Aderans Co., Ltd.	(340)	2,733

(3) Notes on going concern assumptions

Not applicable

(4) Segment Information

I. First Three Quarters of Fiscal 2012 (March 1, 2011 through November 30, 2011)**1. Information related to sales and profit or loss amounts for each reporting segment**

	Reporting segments			Others (Note1)	Total	Adjustment (Note2)	Millions of yen
	Aderans Business (Custom-made wigs)	Fontaine Business (Ready-made wigs)	Bosley Business				Quarterly Consolidated Statements of Income amount (Note3)
Sales							
External customers	16,901	7,171	6,101	4,539	34,712	—	34,712
Intersegment	—	—	—	3,371	3,371	(3,371)	—
Total	16,901	7,171	6,101	7,910	38,084	(3,371)	34,712
Segment income (loss)	4,401	1,754	486	(350)	6,291	(5,179)	1,112

- Notes:
1. The classification“Others”represents business segments not included under the reporting segments and is mainly the overseas wig business.
 2. The ¥(5,179) million segment income (loss) adjustment includes ¥(80) million in intersegment elimination and ¥(5,098) million in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.
 3. Segment income has been reconciled with operating income on the quarterly Consolidated Statements of Income.

2. Information regarding impairment loss and goodwill on fixed assets for each reporting segment

Not applicable.

I. First Three Quarters of Fiscal 2013 (March 1, 2012 through November 30, 2012)**1. Information related to sales and profit or loss amounts for each reporting segment**

	Reporting segments			Others (Note1)	Total	Adjustment (Note2)	Millions of yen
	Aderans Business (Custom-made wig)	Fontaine Business (Ready-made wigs)	Bosley Business				Quarterly Consolidated Statements of Income amount (Note3)
Sales							
External customers	19,133	7,810	6,214	4,370	37,528	—	37,528
Intersegment	—	—	—	3,290	3,290	(3,290)	—
Total	19,133	7,810	6,214	7,661	40,819	(3,290)	37,528
Segment income (loss)	5,466	2,447	474	(794)	7,593	(4,619)	2,973

- Notes:
1. The classification“Others”represents business segments not included under the reporting segments and is mainly the overseas wig business.
 2. The ¥(4,619) million segment income (loss) adjustment includes ¥23 million in intersegment elimination and ¥(4,643) million in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.
 3. Segment income has been reconciled with operating income on the quarterly Consolidated Statements of Income.

2. Matters regarding changes in reporting segments

Management took the opportunity afforded by structural changes within the Group to review the breakdown of business performance management. As a result, the Group's reporting segments have been changed, effective from the first quarter of fiscal 2013. Segment information for the corresponding quarter of fiscal 2012 is reflected under the new segment names.

Old classification	
Segment	Service name
Aderans Business (Men's market)	Men's salons
Fontaine Business (Women's market)	Women's salons (Note1)
	Department stores and directly operated salons
Business Development Business	Beauty supply route (Note2)
	Medical-use wig business (Note3)
Bosley Business	Hair transplantation
Other Operations	Other

New classification	
Segment	Service name
AderansBusiness (Custom-made wigs)	Men's salons
	Women's salons
Fontaine Business (Ready-made wigs)	Department stores and directly operated salons
	Beauty supply route
Bosley Business	Hair transplantation
Other Operations	Medical-use wig business
	Other

- Notes:
1. Women's salons, which previously fell under the Fontaine Business, are now under the Aderans Business.
 2. The beauty supply route, which previously fell under the Business Development Business, is now under the Fontaine Business.
 3. The medical-use wig business, which previously fell under the Business Development Business, is now under Other Operations.

3. Information regarding impairment loss and goodwill on fixed assets for each reporting segment

(Required changes in goodwill amount)

Goodwill of 2,647 thousand euros (¥265 million) was booked under Other Operations following the change of Le Nouvel Espace Beauté SA, a major sales company for medical-use wigs, to subsidiary status during the third quarter of fiscal 2013. The amount of goodwill is a provisional amount.

(5) Notes on significant changes to shareholders' equity

Not applicable.

(6) Significant subsequent events

Not applicable.