

Q2 FY05/13 Results Presentation

VILLAGE/VANGUARD
EXCITING BOOK STORE

Note:

Any current plans, forecasts, strategy projections, expressions of confidence and other statements made by us in these materials are premised on the information that was available at the moment of the initial publication and on models that depend on uncertain factors that could impact future earnings.

As the actual results may substantially differ from the projections represented herein due to a variety of reasons, we urge you not to rely solely on these materials.

These materials are not a solicitation to invest. Please rely on your own judgment when making investment decisions.

Income Statement (Consolidated)



Income Statement (Million Yen)	FY05/11				FY05/12				FY05/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 Act.	Q2 Act.	Q3 Est.	Q4 Est.
Sales	9,359	9,125	11,397	9,926	10,158	10,005	12,279	10,500	10,167	10,232	12,202	10,583
SG&A	3,120	3,265	3,401	3,429	3,460	3,593	3,806	3,826	3,665	3,991	4,062	4,223
Labor	1,471	1,486	1,526	1,567	1,636	1,647	1,716	1,739	1,737	1,807	1,857	1,905
Rent	828	824	991	887	915	928	982	1,088	956	984	1,127	1,029
Depreciation	113	125	119	136	121	131	139	150	131	144	162	185
Operating Profit	781	620	1,372	721	852	643	1,375	532	627	464	1,043	210
Recurring Profit	790	643	1,391	746	877	676	1,405	556	648	504	1,059	226
Net Income	267	299	733	380	404	347	734	68	323	264	554	90
Sales YoY	8.4%	10.3%	10.8%	5.0%	8.5%	9.6%	7.7%	5.8%	0.1%	2.3%	-0.6%	0.8%
SG&A YoY	11.4%	13.4%	10.8%	10.0%	10.9%	10.1%	11.9%	11.6%	5.9%	11.1%	6.7%	10.4%
Labor YoY	17.8%	19.3%	15.0%	12.5%	11.3%	10.8%	12.5%	11.0%	6.1%	9.8%	8.2%	9.6%
Rent YoY	9.9%	12.6%	12.2%	8.6%	10.5%	12.6%	-0.9%	22.7%	4.5%	6.0%	2.8%	5.7%
Depreciation YoY	11.2%	15.7%	5.3%	13.3%	6.8%	4.8%	16.8%	10.3%	7.7%	10.5%	16.5%	23.4%
Operating Profit YoY	-2.2%	13.1%	14.0%	-4.5%	9.1%	3.7%	0.2%	-26.3%	-26.5%	-27.7%	-24.1%	-60.6%
Recurring Profit YoY	-2.8%	14.6%	14.7%	-2.9%	11.0%	5.1%	1.0%	-25.5%	-26.2%	-25.4%	-24.6%	-59.3%
Net Income YoY	-42.0%	0.0%	14.4%	-11.6%	50.9%	16.0%	0.2%	-82.2%	-20.0%	-24.0%	-24.5%	32.2%
Operating Profit Margin	8.3%	6.8%	12.0%	7.3%	8.4%	6.4%	11.2%	5.1%	6.2%	4.5%	8.5%	2.0%
Recurring Profit Margin	8.4%	7.0%	12.2%	7.5%	8.6%	6.8%	11.4%	5.3%	6.4%	4.9%	8.7%	2.1%
Net Profit Margin	2.9%	3.3%	6.4%	3.8%	4.0%	3.5%	6.0%	0.6%	3.2%	2.6%	4.5%	0.8%
Versus plan												
Sales	0.9%	1.9%	-0.3%	-0.9%	-0.4%	-0.5%	-0.5%	-5.2%	1.0%	2.9%		
SG&A	-1.8%	-2.2%	1.3%	-2.4%	0.1%	0.0%	1.8%	0.6%	-2.9%	1.5%		
Operating Profit	11.4%	47.3%	5.3%	14.4%	4.7%	1.7%	-5.5%	-35.3%	46.5%	74.4%		
Recurring Profit	13.0%	51.3%	4.3%	18.4%	5.4%	5.3%	-4.0%	-33.2%	44.7%	77.5%		
Net Income	15.6%	37.8%	11.1%	21.8%	3.7%	6.0%	-8.3%	-84.1%	48.2%	86.0%		

Quarter results and estimates may not add up to our 1H and full-year forecasts.

BS (Consolidated)

Balance Sheet (Million Yen)	FY05/11				FY05/12				FY05/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 Act.	Q2 Act.	Q3 Est.	Q4 Est.
Cash & Deposit	3,045	3,378	3,582	3,972	2,586	2,865	2,773	3,570	2,721	4,009	3,598	3,519
Inventories	16,182	17,044	16,726	16,950	17,827	19,175	19,007	18,669	19,439	21,271	20,542	20,552
Other	2,977	2,630	2,675	2,859	3,411	2,960	2,914	2,675	3,227	2,708	2,705	2,791
Current Assets	22,205	23,053	22,984	23,782	23,825	25,002	24,695	24,914	25,387	27,989	26,846	26,863
Fixed Assets	4,599	4,668	4,780	5,226	5,335	5,496	5,534	5,525	5,721	5,909	6,081	6,529
Total Assets	26,805	27,721	27,765	29,009	29,160	30,498	30,229	30,439	31,108	33,898	32,935	33,400
Current Liabilities	8,118	8,338	7,858	8,748	8,893	9,266	8,354	8,332	8,774	9,727	8,519	8,965
Fixed Liabilities	4,310	4,711	4,507	4,485	4,199	4,820	4,716	4,890	4,908	6,481	6,227	6,127
Total Liabilities	12,428	13,049	12,365	13,233	13,092	14,086	13,070	13,222	13,682	16,208	14,746	15,092
Net Assets	14,376	14,671	15,399	15,775	16,067	16,441	17,158	17,217	17,425	17,690	18,188	18,262

Quarter results and estimates may not add up to our 1H and full-year forecasts.

CF (Consolidated)



(単位:百万円)

Cash Flow Statement (Million Yen)	FY05/11				FY05/12				FY05/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 Act.	Q2 Act.	Q3 Est.	Q4 Est.
Operating Cash Flow	-730	-347	-111	1,143	-1,053	-773	-876	558	-520	-616	-651	109
Change in Inventories	-644	-1,506	-1,191	-1,415	-881	-2,228	-2,056	-1,720	-770	-2,597	-1,867	-1,878
Other	-86	1,854	1,079	2,559	-171	1,454	1,179	2,277	250	1,980	1,216	1,987
Investment Cash Flow	-156	-428	-669	-1,218	-329	-618	-843	-1,131	-424	-713	-1,034	-1,711
Change in Tangible Fixed Assets	-93	-234	-374	-684	-188	-360	-505	-677	-297	-522	-806	-1,098
Change in Other Assets	-63	-194	-295	-534	-140	-257	-338	-453	-127	-191	-227	-613
Financing Cash Flow	-141	80	290	-24	0	288	522	171	96	1,762	1,707	1,134
Operating CF + Investment CF	-886	-776	-780	-75	-1,382	-1,392	-1,719	-572	-945	-1,330	-1,686	-1,602

Quarter results and estimates may not add up to our 1H and full-year forecasts.

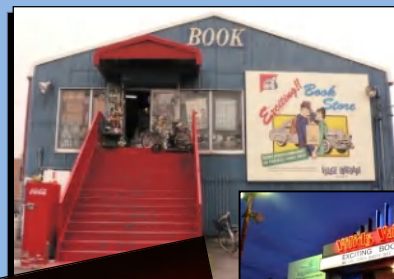
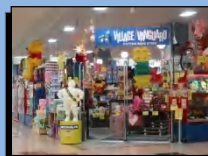
Parent Company

Village Vanguard Corporation

What We Do



Mall-located Store



Standalone Store



■ Village Vanguard

Our concept is "Exciting Book Store". By bringing together various products such as books, variety goods, and CDs, our stores have a unique feel.



■ Diner

An old-school hamburger shop modeled after an American diner.



■ new style

For those who want to be particular about their style, both at work and at play—a new style for you.



■ QK

"Exciting book store for kids": Kids can have their own entertainment. We offer excitement beyond just toys.

■ Other Formats



Examples of Our Merchandising Approach (1)

We offer merchandise by creating a unique retail space aimed at entertaining the customer

For example, merchandise themed around "Turn your room into a bar"

Jazz is the best accompaniment when having a drink...



Lemon Squeezer

Books to read while drinking a daiquiri:

- *The Old Man and the Sea*
- *Hemingway's Favorites*
- *Factotum*

"Tokyo hard-boiled" genre books:

- *Tokyo Shark*
- *Inspired*

Merchandise themed around "365-days of Camera living"

Merchandise for Camera Lovers

- Camera-shaped Shoulder bag
- Camera-shaped hand mirror

Toy Camera "HOLGA" Very popular among photographers and artists

Photography book and DVD including airborne imagery of night scenes of Tokyo



A tool becomes truly supportive when you use it properly.

Referred Books for the Idyllic Life with Camera

- Paperbook: "Sightseeing for Buddha's Statue on a Sunny Day"
- Paperbook: "School Trip for adults in Kyoto"
- Paperbook: "Day walk for Elderly with Camera"

Tokyo Night Flight

Urban relaxation... Turn off the lights and enjoy the great scenery with a cocktail.

Examples of Our Merchandising Approach (2)



VILLAGE/VANGUARD



Examples of Our Merchandising Approach (3)



VILLAGE/VANGUARD



We delegate both purchasing and sales decisions to the store level

Marketing

- Pursue customer needs in each store



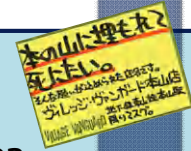
Purchasing

- Reflect customer needs directly
- Unique challenge to discover new needs



Proposition

- POP, zone creations, and displays
- Provide an ingenious space from every store level idea



Store Manager has absolute discretion

Head Office

Authority



Each Store

Create a retail space that answers the unique needs of each store's customers, in real time

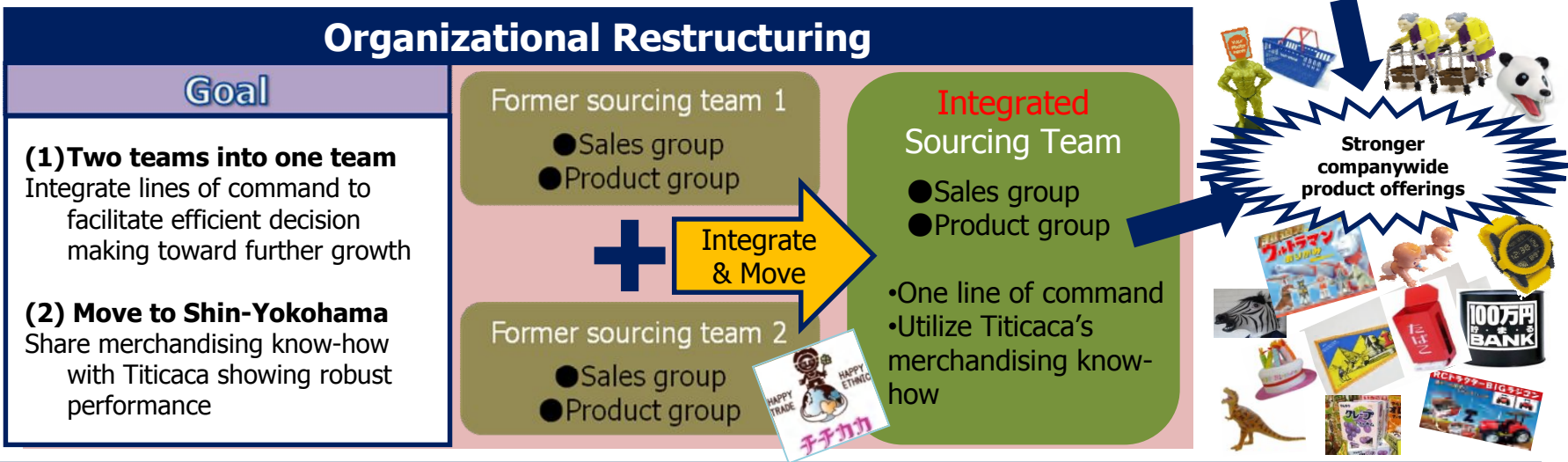
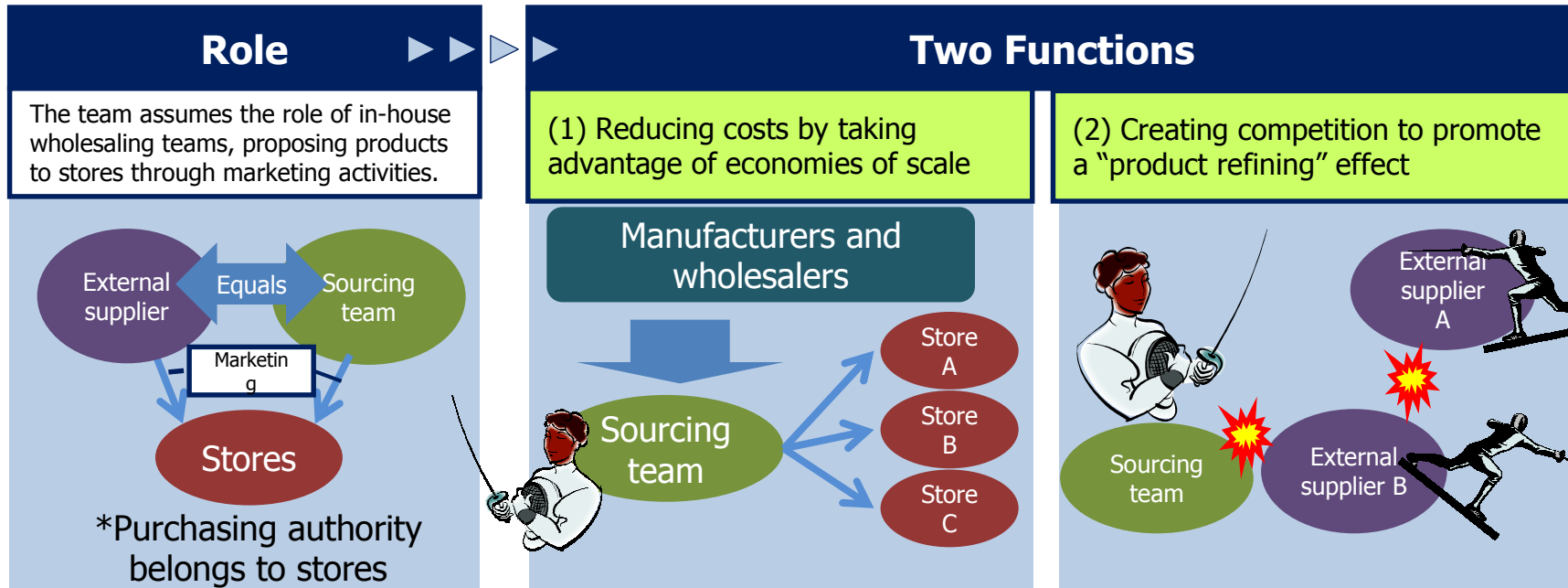


Store level ideas driving impulse buying and customer loyalty



- Hiring people who really understand the company
- Even temporary staff are allowed to make purchasing decisions
- Long-term practical on-the-job training





Store Network (Parent)

Store data as of end-November 2012



395 stores nationwide

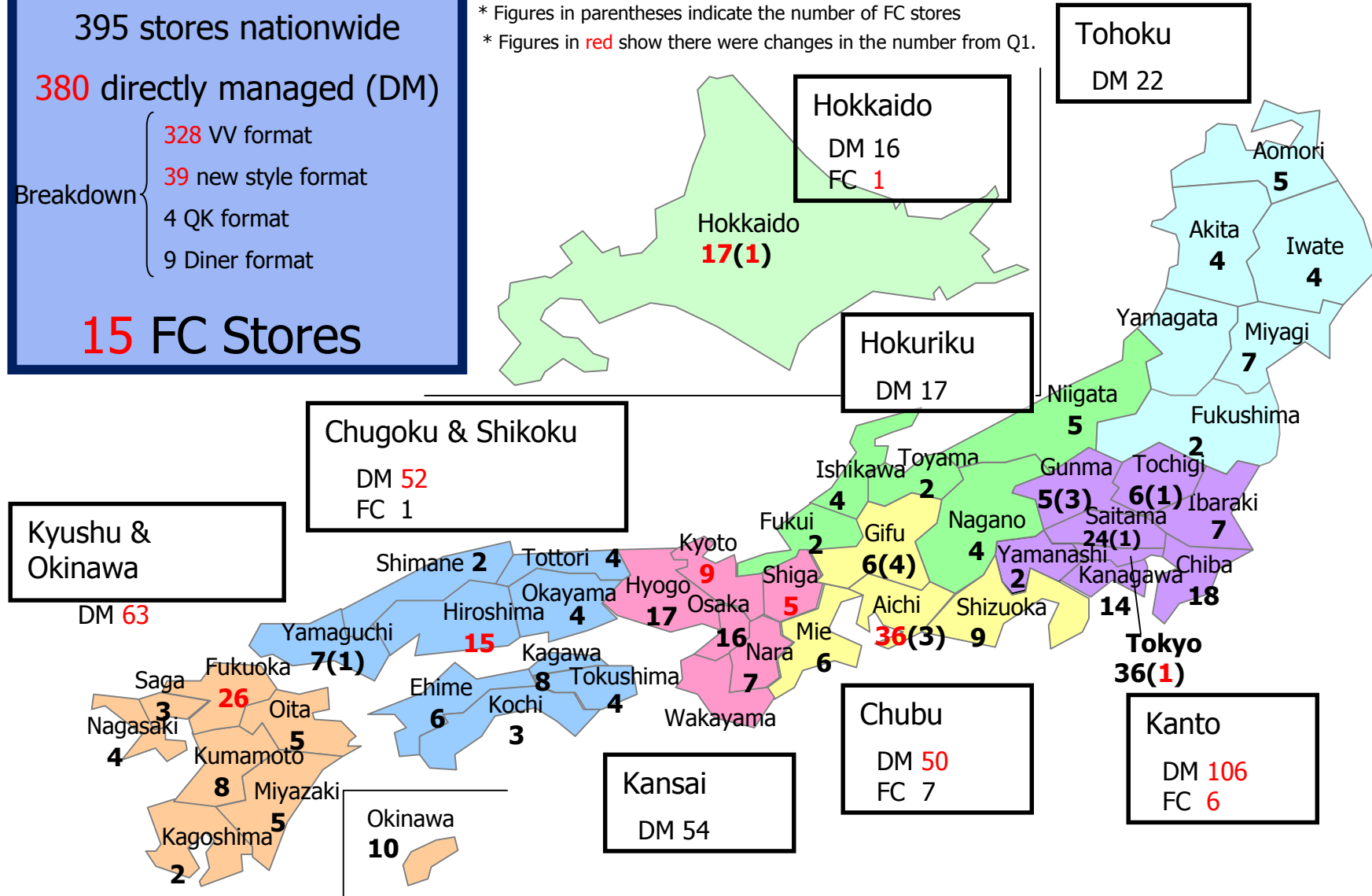
380 directly managed (DM)

Breakdown

- 328 VV format
- 39 new style format
- 4 QK format
- 9 Diner format

15 FC Stores

* Figures in parentheses indicate the number of FC stores
 * Figures in red show there were changes in the number from Q1.



VV – Results (Parent)

Parent Income Statement



Parent Income Statement (Million Yen)	FY05/11				FY05/12				FY05/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.
Sales	8,783	8,402	10,776	9,315	9,306	8,863	11,254	9,509	8,949	8,541	10,700	9,096
Gross Profit	3,500	3,403	4,354	3,739	3,738	3,432	4,501	3,690	3,464	3,313	4,126	3,502
SG&A	2,762	2,869	3,015	2,998	2,984	3,032	3,248	3,214	2,988	3,183	3,269	3,376
Labor	1,306	1,318	1,354	1,378	1,420	1,412	1,478	1,484	1,444	1,493	1,522	1,543
Rent	746	732	906	798	808	793	975	843	802	783	943	834
Depreciation	97	107	99	114	96	101	104	111	92	99	109	124
Operating Profit	738	534	1,339	740	754	399	1,254	476	476	129	857	127
Recurring Profit	759	564	1,368	771	788	441	1,299	509	506	190	887	154
Net Income	266	273	731	431	364	229	679	-35	251	88	452	48
Sales YoY	6.2%	7.3%	9.0%	3.4%	6.0%	5.5%	4.4%	2.1%	-3.8%	-3.6%	-4.9%	-4.3%
Gross Profit YoY	4.4%	7.0%	-3.9%	6.5%	6.8%	-5.6%	5.1%	-2.6%	-7.3%	-3.5%	-8.3%	-5.1%
Operating Profit YoY	-5.9%	2.9%	9.9%	-3.6%	2.2%	-25.3%	-6.3%	-35.7%	-37.0%	-67.6%	-31.6%	-73.4%
Recurring Profit YoY	-5.9%	4.3%	10.8%	-2.5%	3.8%	-21.8%	-5.1%	-34.0%	-35.7%	-57.0%	-31.7%	-69.7%
Net Income YoY	-41.5%	-1.8%	10.1%	0.5%	36.7%	-16.1%	-7.1%	-108.1%	-31.2%	-61.3%	-33.4%	-238.6%
Gross Profit Margin	39.8%	40.5%	40.4%	40.1%	40.2%	38.7%	40.0%	38.8%	38.7%	38.8%	38.6%	38.5%
Operating Profit Margin	8.4%	6.4%	12.4%	7.9%	8.1%	4.5%	11.1%	5.0%	5.3%	1.5%	8.0%	1.4%
Recurring Profit Margin	8.6%	6.7%	12.7%	8.3%	8.5%	5.0%	11.5%	5.4%	5.7%	2.2%	8.3%	1.7%
Net Profit Margin	3.0%	3.2%	6.8%	4.6%	3.9%	2.6%	6.0%	-0.4%	2.8%	1.0%	4.2%	0.5%
Versus Plan												
Sales	0.6%	1.3%	-0.4%	-2.0%	-0.5%	-0.6%	-0.6%	-2.0%	1.4%	3.9%		
Gross Profit	0.1%	2.6%	2.6%	-1.7%	0.7%	-1.2%	-1.3%	-3.1%	2.0%	5.6%		
SG&A	-1.6%	-2.8%	0.9%	-4.5%	0.2%	0.1%	0.9%	0.7%	-2.9%	1.5%		
Operating Profit	7.3%	45.1%	6.9%	12.0%	2.5%	-7.4%	-8.9%	-16.9%	48.8%	-		
Recurring Profit	8.4%	47.3%	6.0%	14.7%	3.5%	-4.9%	-6.7%	-14.6%	43.1%	539.7%		
Net Income	8.1%	35.1%	11.3%	24.9%	1.3%	-6.4%	-10.3%	-33.3%	44.8%	-		

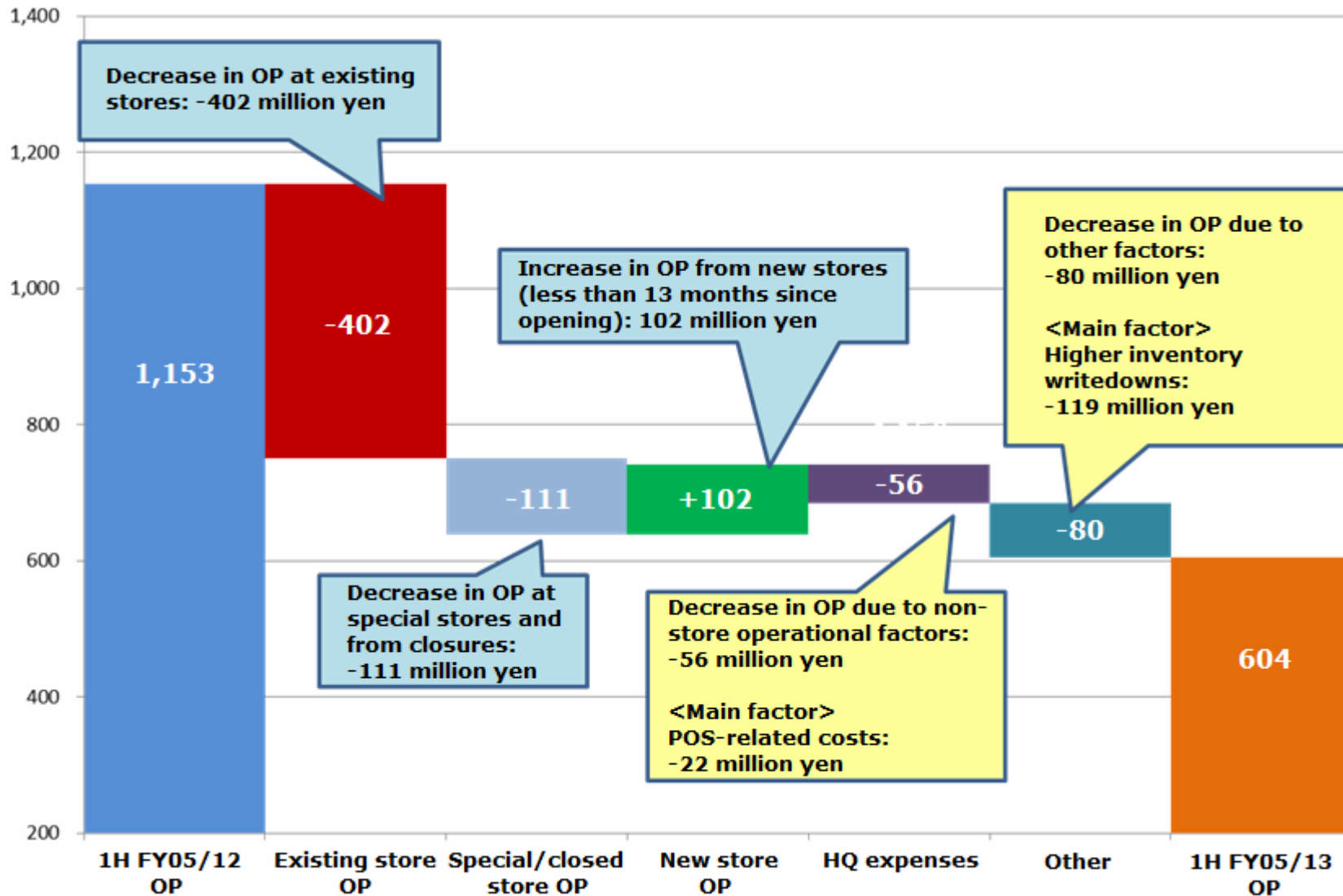
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Sales by Category

Sales by Category (Million Yen)	FY05/11				FY05/12				FY05/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SPICE (Parent)	6,780	6,461	8,609	7,177	7,361	6,999	9,216	7,684	7,309	6,866		
(Internal Sourcing Team)	1,752	1,770	2,713	2,088	2,217	2,214	3,116	2,310	2,092	2,029		
(Other)	5,027	4,691	5,896	5,090	5,143	4,786	6,100	5,374	5,216	4,837		
Books (Parent)	1,023	1,039	1,178	1,156	1,043	993	1,114	1,040	894	995		
NM (Parent)	790	719	804	792	734	712	772	594	567	498		
Other (Parent)	188	184	184	190	167	158	152	192	177	181		
Sales	8,783	8,402	10,776	9,315	9,305	8,864	11,254	9,509	8,949	8,541		
Composition												
SPICE (Parent)	77.2%	76.9%	79.9%	77.0%	79.1%	79.0%	81.9%	80.8%	81.7%	80.4%		
(Internal Sourcing Team)	20.0%	20.5%	22.3%	22.4%	23.8%	25.0%	27.7%	24.3%	23.4%	23.8%		
(Other)	57.2%	56.6%	55.8%	54.6%	55.3%	54.0%	54.2%	56.5%	58.3%	56.6%		
Books (Parent)	11.6%	12.4%	10.9%	12.4%	11.2%	11.2%	9.9%	10.9%	10.0%	11.6%		
NM (Parent)	9.0%	8.6%	7.5%	8.5%	7.9%	8.0%	6.9%	6.2%	6.3%	5.8%		
Other (Parent)	2.1%	2.2%	1.7%	2.0%	1.8%	1.8%	1.4%	2.0%	2.0%	2.1%		

OP Analysis

(Million Yen)

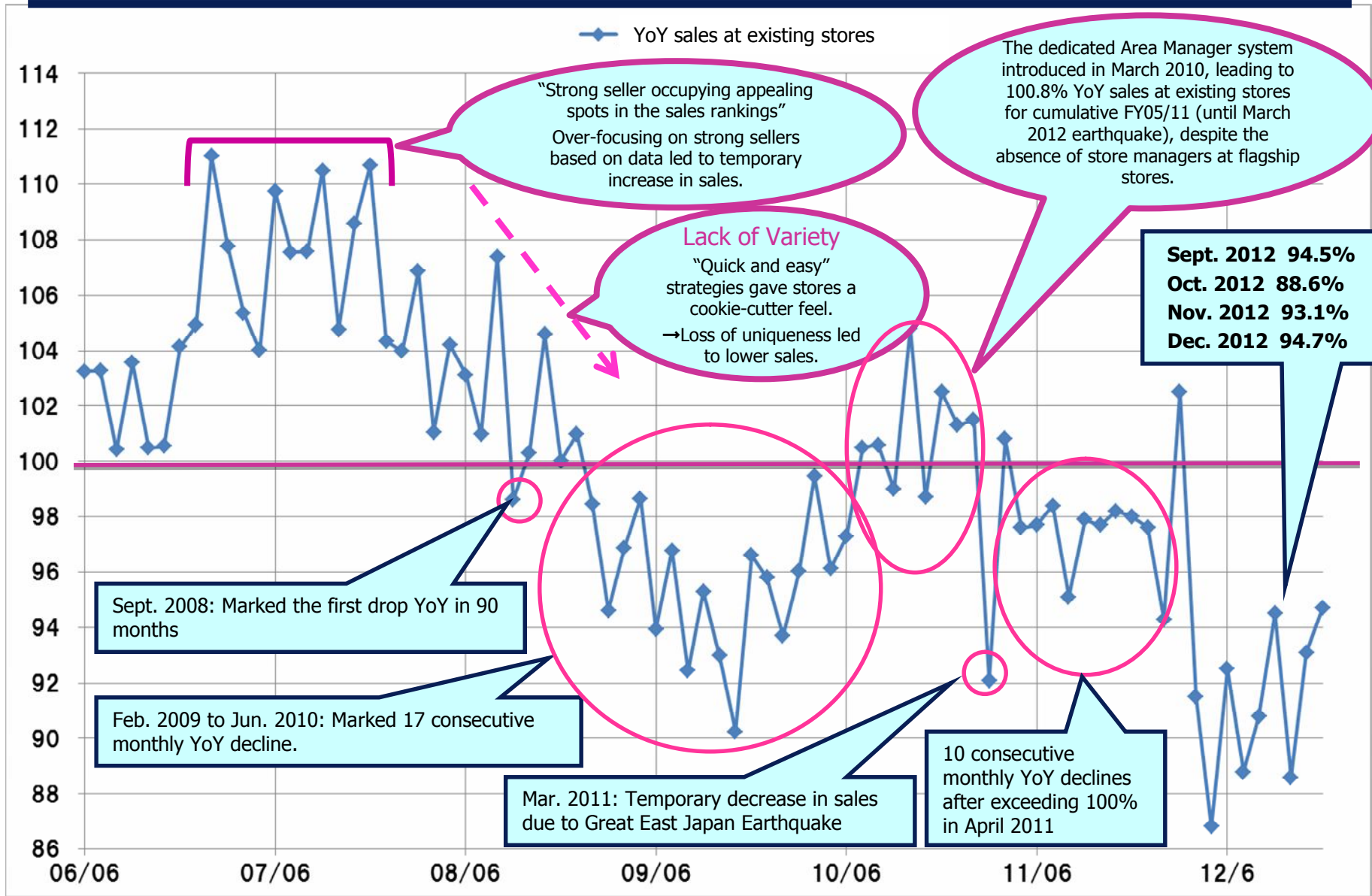


Store Openings



	FY05/10 Actual	FY05/11 Actual	FY05/12 Actual	FY05/13 Plan and Actual									
				Q1		Q2		Q3		Q4		FY	
				Init. Plan	Act.	Init. Plan	Act.	Init. Plan	Est.	Init. Plan	Est.	Init. Plan	Est.
Openings	34	46	38	7	8	8	4	4	1	6	11	25	24
Village Vanguard	30	39	30	6	6	5	4	3	0	6	9	20	19
new style	1	7	7	1	2	3	0	1	0	0	2	5	4
QK	0	0	1	0	0	0	0	0	0	0	0	0	0
Diner	1	0	0	0	0	0	0	0	0	0	0	0	0
FC	2	0	0	0	0	0	0	0	1	0	0	0	1
Closures	12	15	13	5	3	2	4	4	3	2	3	13	13
Village Vanguard	6	8	4	3	1	2	2	4	3	2	3	11	9
new style	0	0	2	1	1	0	0	0	0	0	0	1	1
QK	0	4	2	0	0	0	0	0	0	0	0	0	0
Diner	0	0	1	0	0	0	0	0	0	0	0	0	0
FC	6	3	4	1	1	0	2	0	0	0	0	1	3
Net Increase	22	31	25	2	5	6	0	0	-2	4	8	12	11

Year on Year Retail Sales at Existing Stores



Recovering Sales

Village Vanguard's Vision

Unearth Customer Needs
Disseminate Information

Village Vanguard Now

Lack of change in layout and lineup

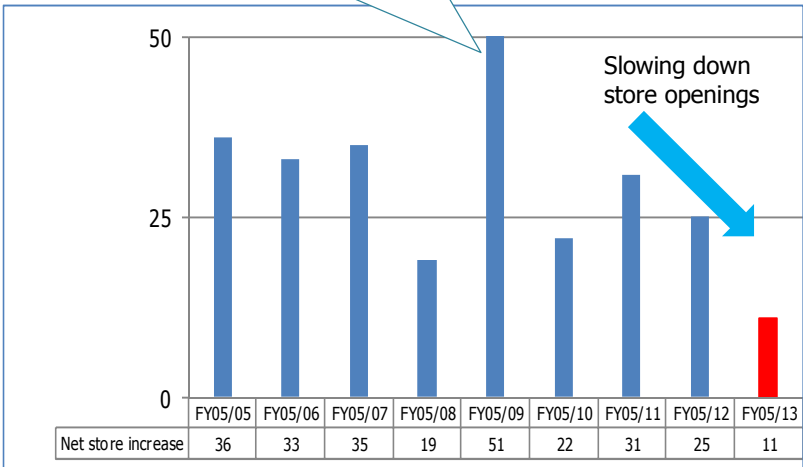
- Layout looks the same as few years back
- Fewer new, unique merchandise

In 2005

In 2012

Initiative 1: Slow down store openings and improve store managers' skill sets

Store manager training lagged behind rapid store openings, resulting in some store managers' insufficient capabilities

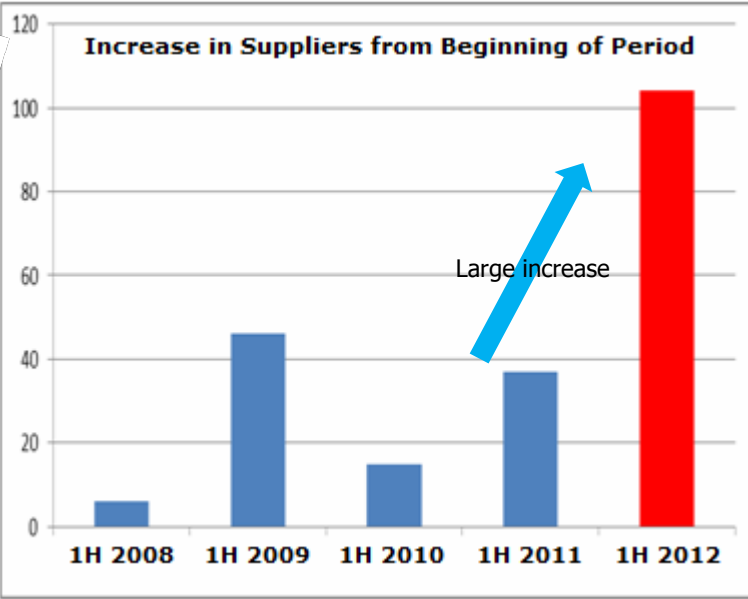


Initiative 2: Actively introduce new merchandise to spur changes

Improve

New merchandise increased thanks to the merchandise lineup development guideline

Guideline Project Team



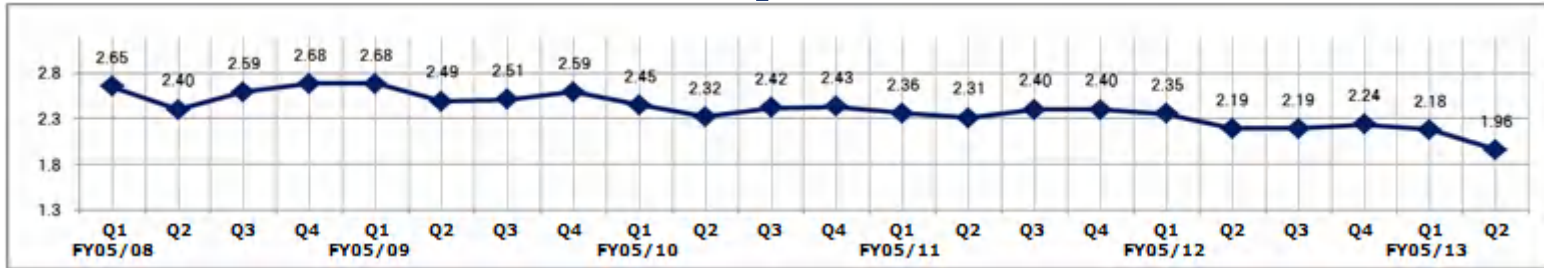
Accelerate changes in shop floors through new merchandise

Inventory Control

Existing Store Inventory Trends

(Million Yen)	FY05/11 Q2	FY05/11 Q3	FY05/11 Q4	FY05/12 Q1	FY05/12 Q2	FY05/12 Q3	FY05/12 Q4	FY05/13 Q1	FY05/13 Q2
Cash Flow from Operations	-523	-214	1,042	-950	-1,061	-1,132	102	-158	-685
■ Net Income before Tax	1,015	2,371	3,065	672	1,098	2,390	2,696	522	707
■ Net Change in Inventories	-1,493	-1,112	-1,206	-844	-2,139	-1,969	-1,465	-594	-2,206
Existing Stores	760	301	215	603	1,454	1,326	342	564	2,168
New Stores	832	1,296	1,725	393	817	1,024	1,356	172	531
Other	-101	-486	-734	-152	-132	-382	-234	-142	-493
■ Other	-45	-1,473	-816	-778	-20	-1,553	-1,129	-86	813
Cash Flow from Investment	-393	-558	-1,005	-211	-379	-531	-776	-140	-311
Cash Flow from Financing	-43	225	-542	38	-55	336	-491	306	2,071
Free Cash Flow	-916	-772	37	-1,161	-1440	-1,663	-674	-299	-996
Number of Existing Stores (stores)	284	283	292	291	302	304	320	325	333
Inventory Change per Existing Store during the Term	2.6	1.0	0.7	2.0	4.8	4.3	1.0	1.7	6.5

Inventory Turnover



* Cash flows are unaudited and are calculated on a simplified basis.



Company Profile: Titicaca

Company Overview (Titicaca)



- Company name: Titicaca Co.
- Shareholder composition: Village Vanguard Co., Ltd. (100%)
- Business: Import and sales of ethnic fashions and daily goods
- Headquarters: 2-2-3 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa Prefecture
- Representative: Hitoshi Kinami, Managing Director
- Established: July 2005 (founded: May 1977)
- Capital: 99,000,000 yen (as of end-March 2012)
- Net assets: 504,000,000 yen (same as above)
- Total assets: 3,969,000,000 yen (same as above)
- Sales: 3,968,000,000 yen (same as above)
- Recurring profit: 585,000,000 yen (same as above)
- Net profit: 301,000,000 yen (same as above)
- No. of stores: 94 (92 directly managed stores and 2 franchises) (as of end-November 2012)
- No. of employees: 157 full-time employees and 352 part-time workers (same as above)



Hitoshi Kinami

Titicaca Store Network

Store data as of end-November 2012



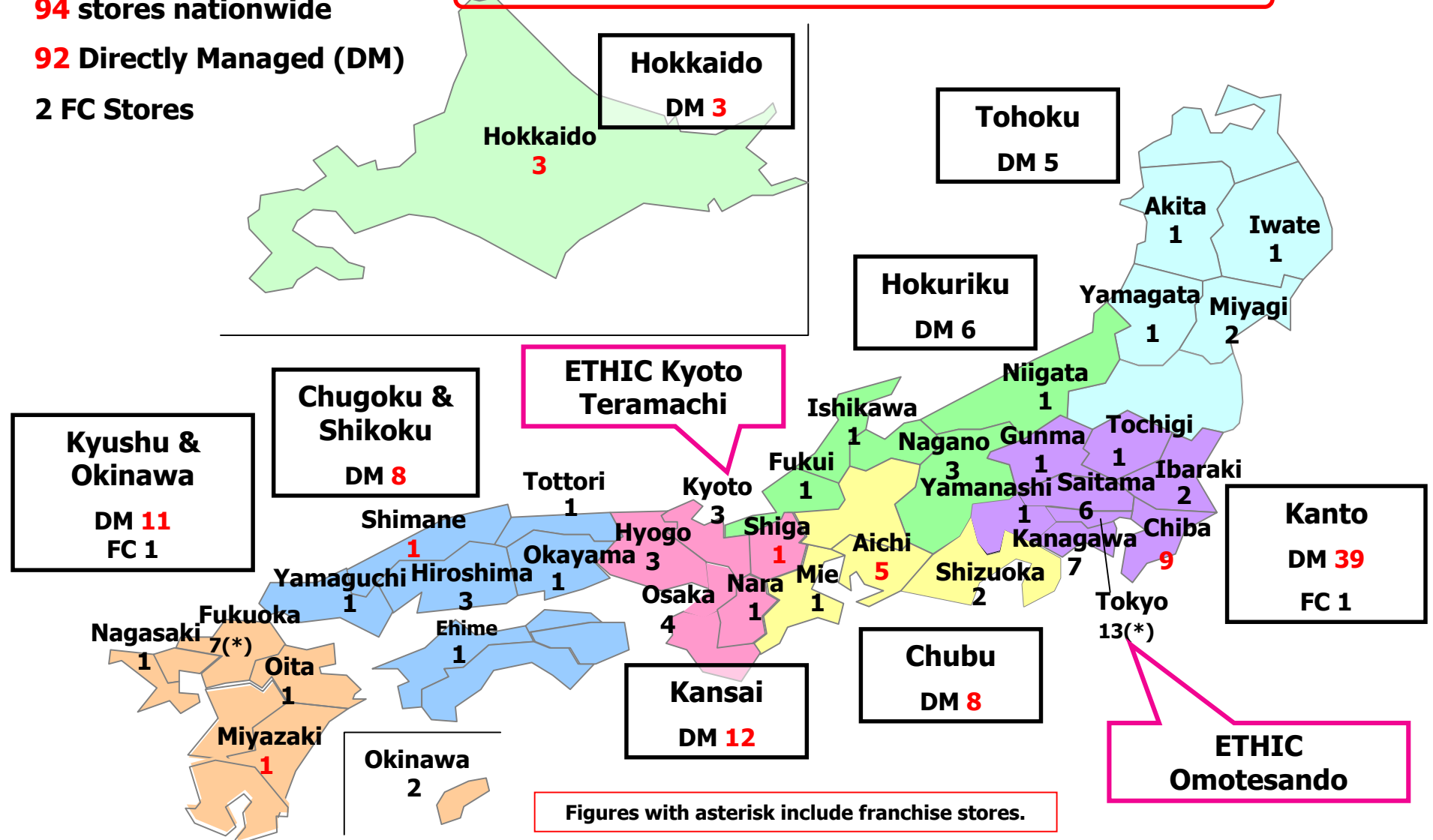
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Figures in red show there were changes in the number from end-August 2012

94 stores nationwide

92 Directly Managed (DM)

2 FC Stores



Figures with asterisk include franchise stores.

Outside of Titicaca Stores



Our new stores opened during this Q2



**AEON Mall Nagoya Dome Mae
Opened Sept 21**



**AEON Mall Miyakonojo Ekimae
Opened Oct 12**



**AEON Mall Kushiro Showa
Opened Nov 1**

Inside Titicaca Stores



Titicaca ETHIC opened in Omotesando and Kyoto Teramachi to spread Titicaca store concept

Shop Concept

Bridge producers and consumers, and contribute to society by promoting ethical consumption

Spread Info

- Good location as info hub
- Equipped with press room (Omotesando)
- Free space (for sales, exhibition, etc.) available to third parties(*)

* For ethical brands and fair-trade organizations

Reestablish Titicaca brand on the theme of "Ethics"



Sustain Titicaca's competitive edge to grow further





チチカカ

A decorative banner with a repeating pattern of colorful flowers and leaves. The text "Titicaca - Results" is written in a blue, serif font across the center of the banner. The banner is framed by a thin pink border.

Titicaca - Results

Titicaca - Results



Titicaca Income Statement (Million Yen)	FY03/11				FY03/12				FY03/13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.
Sales	579	720	630	626	826	1,148	977	1,017	1,207	1,677	1,420	1,439
Gross Profit	390	473	412	397	554	797	654	672	807	1,135	942	896
Operating Profit	66	114	53	3	108	275	128	93	166	369	184	84
Recurring Profit	60	110	47	2	106	271	118	90	159	352	175	76
Net Income	26	54	25	-16	56	149	77	19	91	206	104	45
Sales YoY	60.2%	51.9%	51.4%	34.0%	42.7%	59.4%	55.1%	62.5%	46.0%	46.1%	45.2%	41.6%
Gross Profit YoY	58.1%	50.6%	51.5%	36.4%	42.0%	68.5%	58.7%	69.3%	45.6%	42.3%	44.1%	33.4%
Operating Profit YoY	180.3%	107.3%	-	-	63.3%	141.2%	141.5%	3000.0%	52.1%	34.2%	44.0%	-10.5%
Recurring Profit YoY	202.8%	120.0%	-	-	76.7%	146.4%	151.1%	4400.0%	49.1%	29.8%	49.2%	-15.4%
Net Income YoY	41.4%	12.5%	-	-	109.7%	175.9%	208.0%	-	60.9%	38.6%	53.7%	60.0%
Gross Profit Margin	67.4%	65.7%	65.4%	63.4%	67.1%	69.4%	66.9%	66.1%	66.8%	67.7%	66.3%	62.3%
Operating Profit Margin	11.4%	15.8%	8.4%	0.5%	13.1%	24.0%	13.1%	9.1%	13.7%	22.0%	12.9%	5.8%
Recurring Profit Margin	10.4%	15.3%	7.5%	0.3%	12.8%	23.6%	12.1%	8.8%	13.2%	21.0%	12.3%	5.3%
Net Profit Margin	4.5%	7.5%	4.0%	-2.6%	6.8%	13.0%	7.9%	1.9%	7.5%	12.3%	7.3%	3.2%
Sales vs Plan	9.2%	12.0%	-2.3%	18.3%	0.0%	5.2%	3.6%	7.4%	-0.1%	-1.1%		
Gross Profit vs Plan	8.3%	13.7%	-4.5%	26.4%	2.2%	19.5%	8.5%	17.7%	0.9%	9.3%		
Operating Profit vs Plan	88.6%	62.9%	-33.8%	-133.3%	10.6%	96.4%	73.0%	675.0%	18.4%	35.4%		
Recurring Profit vs Plan	130.8%	74.6%	-40.5%	-111.8%	10.8%	103.8%	78.8%	1700.0%	22.6%	33.5%		
Net Income vs Plan	188.9%	54.3%	-30.6%	77.8%	4.9%	101.4%	108.1%	533.3%	14.6%	27.4%		

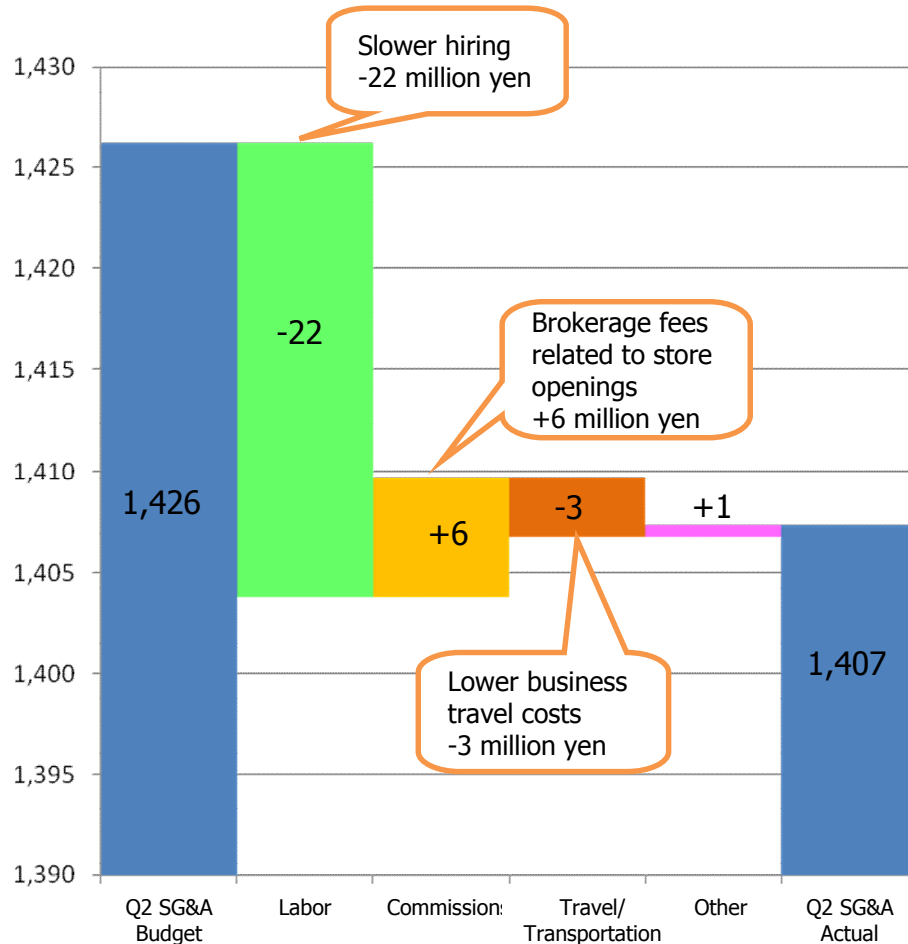
Quarter results and estimates may not add up to our 1H and full-year forecasts.

Titicaca - Results



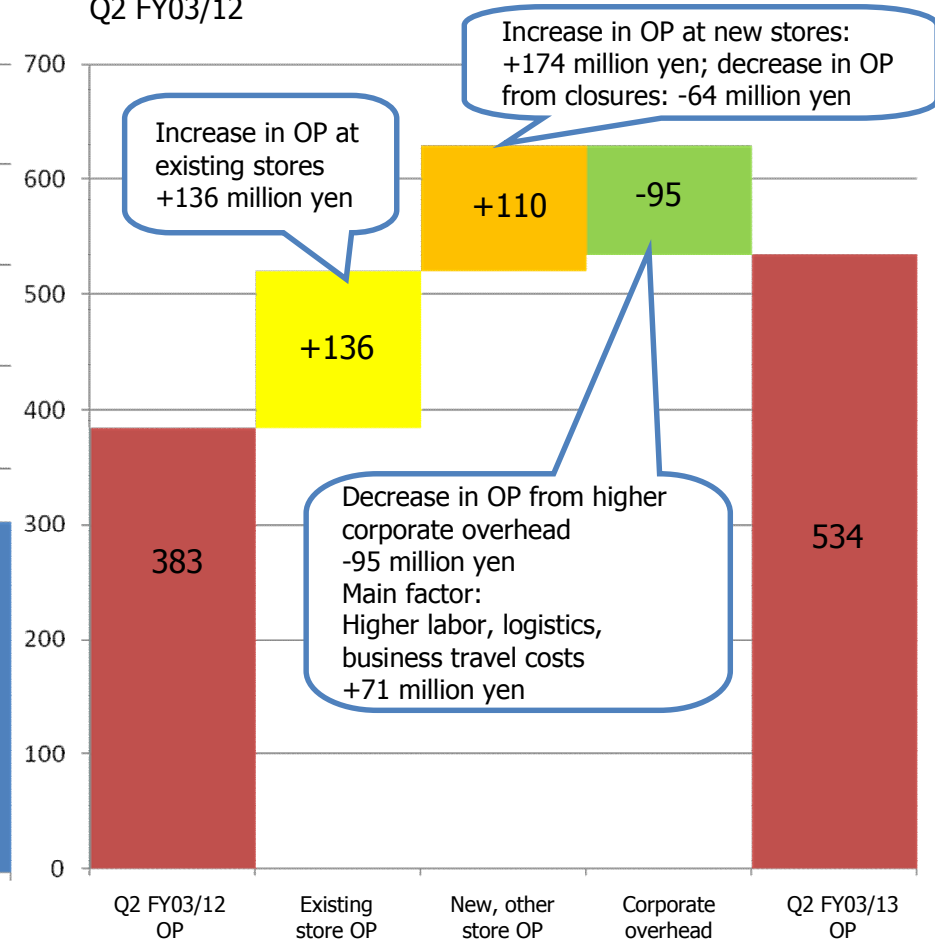
SG&A vs. Budget

-1.3% vs. budget (-18 million yen)



OP YoY

- OPM at 18.5% vs. 19.4% in Q2 FY03/12
- Ratio of corporate overhead to sales at 11.1% vs. 11.4% in Q2 FY03/12

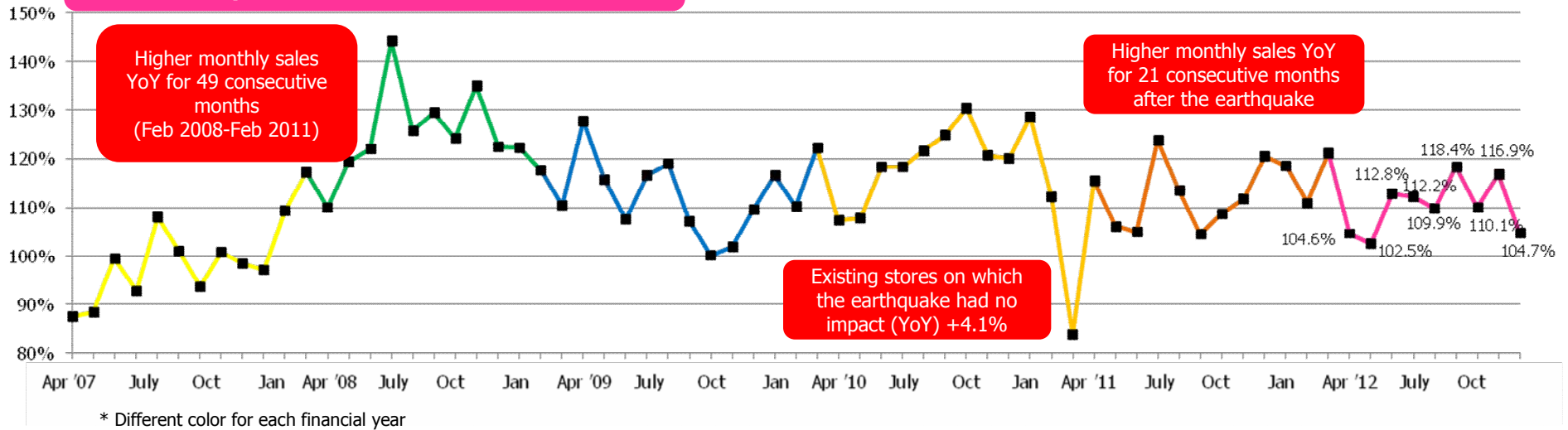


Titicaca - Results



Comparable Store Sales

+12.7% vs. Q2 FY03/12



Store Openings

	FY03/11 Results	FY03/12 Results	FY03/13 Plan					FY03/13 Results				
								Results		Estimates		
			Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Store Openings	15	21	6	4	9	5	24	6	5	8	5	24
Store Closures	4	2	1	-	-	-	1	1	-	-	-	1

Hiring Strategy

Allocate personnel costs in FY03/13 in line with Titicaca growth

Stores

-4% vs. plan

- Despite active hiring at both new and existing stores, hiring fell behind plan.
- Increase sales by raising staff counts particularly at stores showing robust performance.

HQ Divisions

-4% vs. plan

- Despite active hiring, hiring fell behind plan.
- Accelerate hiring centered on the product group.

Education/Training

Training session costs: -41.9% vs. plan

- Despite active internal and external training sessions to raise staff's skill sets, related costs fell behind budget.
- Promote staff training further in line with accelerated hiring and company growth.

Strengthen hiring and staff training toward further growth

Company Overview (Village Vanguard Webbed)



- Company name: Village Vanguard Webbed Corporation
- Shareholder composition: Village Vanguard Co., Ltd. (100%)
- Business: e-commerce of books, goods, CDs, DVDs, etc.
- Headquarters: 1-901 Kamiyashiro, Meito-ku, Nagoya, Aichi Prefecture
- Representative: Takakazu Hirano, Managing Director
- Established: March 2011
- Operation started: April 2011
- Capital: 30,000,000 yen
- No. of full-time workers: 3 (as of end-November 2012)



Online shopping site



Online magazine site



Takakazu Hirano



Rental property info site

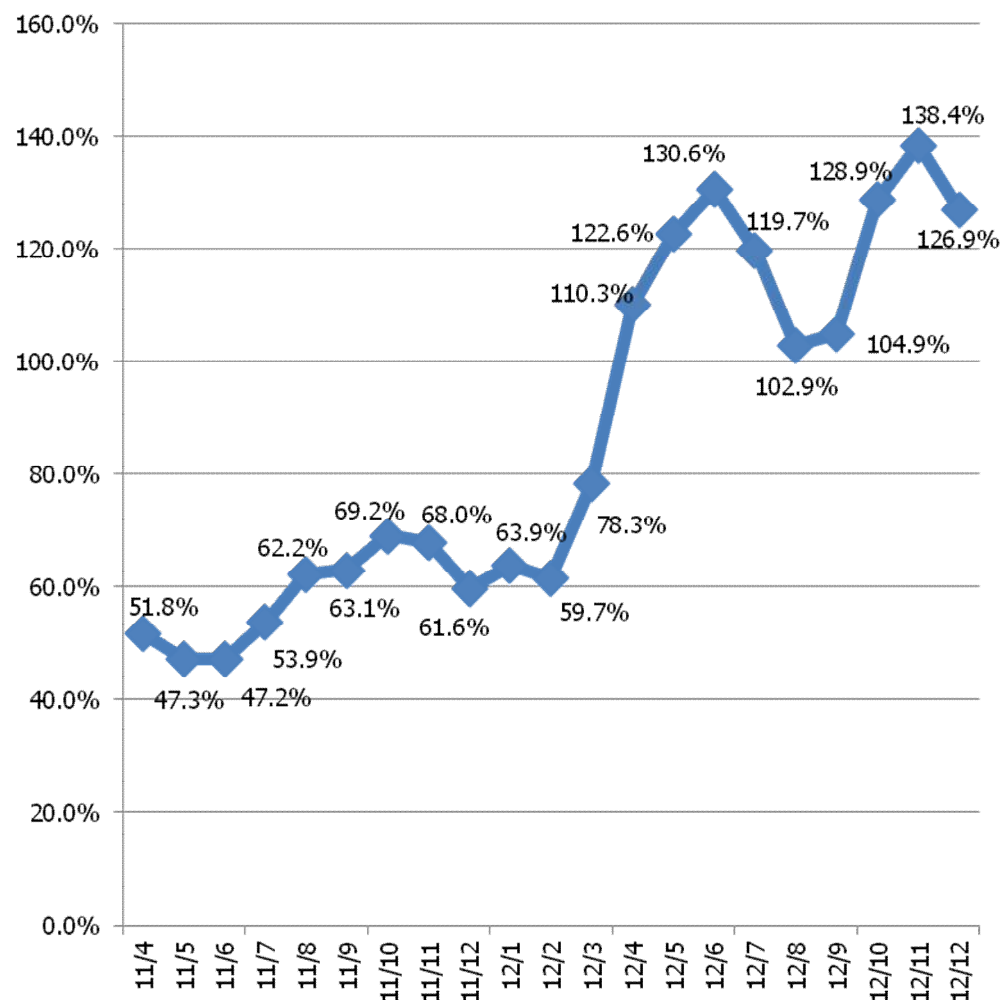
Village Vanguard Webbed - Results



(Thousand Yen)

PL	FY05/13 (Results and Plan)			
	Q1 (Results)	Q2 (Results)	Q3 (Plan)	Q4 (Plan)
Sales	24,042	52,954	100,520	133,976
Vs. Plan (%) (Difference)	94.8% (-1,332)	93.5% (-3,657)	- -	- -
GP	5,556	13,609	24,043	32,400
Vs. Plan (%) (Difference)	100.0% (+1)	101.1% (+156)	- -	- -
SG&A	5,948	11,033	18,015	24,912
Vs. Plan (%) (Difference)	87.0% (-887)	79.8% (-2,781)	- -	- -
OP	-392	2,576	6,027	7,488
Vs. Plan (%) (Difference)	- (+887)	- (+2,936)	- -	- -
RP	-820	1,712	4,724	5,736
Vs. Plan (%) (Difference)	- (+958)	- (+3,015)	- -	- -
Net Income	-866	1,620	4,587	5,553
Vs. Plan (%) (Difference)	- (+958)	- (+3,015)	- -	- -

■ Sales YoY (Order Value Basis)



Figures in parentheses indicate difference vs. plan.

Quarter results and estimates may not add up to our 1H and full-year forecasts.

Overseas Subsidiaries

Overseas Businesses

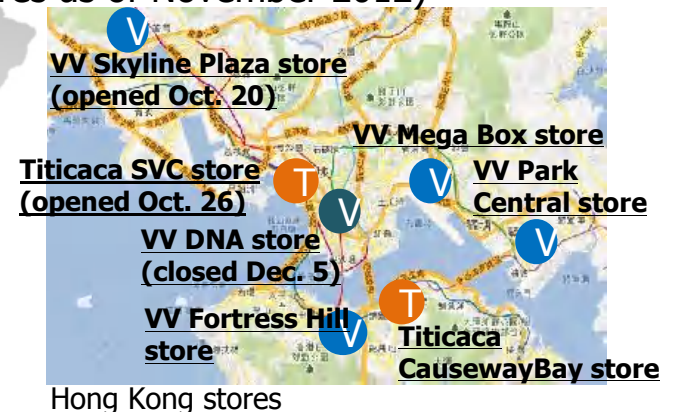


Enter overseas markets and increase store counts overseas

● September 2009
Established Village Vanguard (Hong Kong) Limited in Hong Kong (5 stores as of November 2012)

➔ Use lessons learned in HK for further expansion overseas

Apr 2012 Established TITICACA HONG KONG LIMITED
(2 stores as of November 2012)
May 2012 Established Village Vanguard (Taiwan) Limited
(1 store as of November 2012)



Company overview

- Company Name: Village Vanguard (Hong Kong) Limited
- Shareholders: Village Vanguard Co., Ltd. (80%)
Era-Bee Limited (20%) (Development of Japanese language education and culture-related businesses)
- Business: Retail sales exhibiting a fusion of books, SPICE (variety goods) and new media (CDs, DVDs, others) based on the idea of a “bookstore where you can play”
- Headquarters: B/F, Rialto Mansion, 183 King’s Road, Hong Kong
- Representative: Ho Wing Pong Raymond
- Established: September 2009
- Capital: HK\$15,000,000 (approx. 150,000,000 yen)
- No. of stores: 5 (directly managed) (as of end-November 2012)
- No. of employees: 21 full-time employees
17 part-time workers



Ho Wing Pong Raymond



Outside of stores

Village Vanguard (Hong Kong) Limited - Results



PL

(Million Yen)	FY05/13 (Results and Plan)			
	Q1	Q2	Q3	Q4
Sales	27	69	106	141
Vs. Plan	-4	+9	-	-
YoY Change	-2	+17	+22	+32
GP	11	4	19	33
Vs. Plan	-1	-18	-	-
YoY Change	-2	-14	-13	-3
OP	-4	-35	-38	-41
Vs. Plan	+0	-24	-	-
YoY Change	+0	-12	-10	-2
RP	-3	-32	-35	-37
Vs. Plan	+0	-23	-	-
YoY Change	+1	-10	-8	+0
Net Income	-3	-32	-35	-37
Vs. Plan	+0	-23	-	-
YoY Change	+1	-10	-8	+1

Inside Store



Quarter results and estimates may not add up to our 1H and full-year forecasts.

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Company Overview

- Company name: Titicaca Hong Kong Limited
- Shareholders: Village Vanguard Co., Ltd. (100%)
- Business: Import and sales of ethnic fashions and daily goods
- Headquarters: Flat 1606, 16/F., Nathan Center, 580 Nathan Road, Mongkok, Kowloon
- Representative: Hitoshi Kinami
- Founded: April 2012
- Capital: HK\$1,000,000 (approx. 10,000,000 yen)
- No. of stores: 2 directly managed stores
- Sales target: 20 million yen
(FY05/13; first store opened Aug. 9, 2012)
- No. of employees: 6 full-time employees



Second Titicaca store opened at Silvercord in Tsim sha tsui, Hong Kong

TITICACA HONG KONG LIMITED

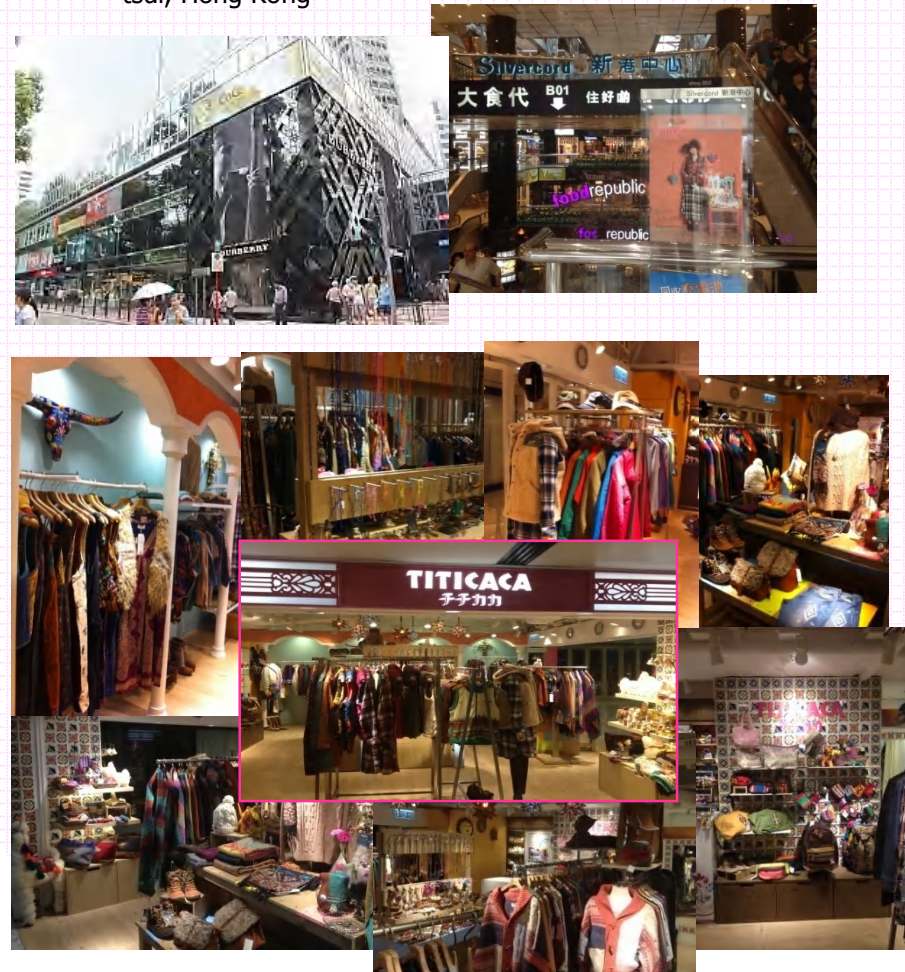


Results

(Thousand Yen)	FY05/13 (Results and Plan)			
	Q1 (Results)	Q2 (Results)	Q3 (Plan)	Q4 (Plan)
Net Sales	3,726	17,216	30,249	42,249
Vs. Plan (%)	186.3%	215.2%	-	-
YoY (%)	-	-	-	-
GP	1,940	10,263	18,548	26,217
Vs. Plan (%)	151.7%	200.7%	-	-
YoY (%)	-	-	-	-
OP	-4,597	-6,587	-6,376	-6,452
Vs. Plan (%)	-	-	-	-
YoY (%)	-	-	-	-
RP	-4,615	-6,725	-6,522	-6,597
Vs. Plan (%)	-	-	-	-
YoY (%)	-	-	-	-
Net Income	-4,615	-6,725	-6,522	-6,597
Vs. Plan (%)	-	-	-	-
YoY (%)	-	-	-	-

Inside Store

Silvercord store in Tsim sha tsui, Hong Kong



Company Overview

- Company name: Village Vanguard (Taiwan) Limited
- Shareholders: Village Vanguard Co., Ltd. (100%)
- Business: Retail sales exhibiting a fusion of books, SPICE (variety goods) and new media (CDs, DVDs, others) based on the idea of a “bookstore where you can play”
- Headquarters: B2, No. 789, Zhonghua 5th Rd, Cianjhen District, Kaohsiung City, Taiwan 806
- Representative: Atsunori Shirakawa, Managing Director
- Founded: May 2012
- Capital: 25,000,000 TWD (approx. 70,000,000 yen)
- No. of stores: 1 directly managed store
- No. of employees: 2 full-time employees
5 part-time employees



Store manager Tateyama (right),
Assistant store manager Tata (left)

Results

(Thousand Yen)	FY05/13 (Results and Plan)			
	Q1 (Results)	Q2 (Results)	Q3 (Plan)	Q4 (Plan)
Sales	2,474	8,044	19,544	30,644
Vs. Plan	-1,025	-235	-	-
GP	878	-241	2,419	7,081
Vs. Plan	-591	-677	-	-
OP	-10,535	-20,076	-22,715	-25,736
Vs. Plan	-682	-5,969	-	-
RP	-10,533	-20,074	-22,712	-25,734
Vs. Plan	-679	-5,966	-	-
Net Income	-10,533	-20,074	-22,712	-25,734
Vs. Plan	-679	-5,966	-	-

Inside Store



Dream Mall in Kaohsiung, Taiwan



VILLAGE/VANGUARD