

Q1 FY05/12 Results Presentation



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)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Sales	8,630	8,273	10,290	9,456	9,359	9,125	11,397	9,926	10,158	10,100	12,335	11,078
SG&A	2,799	2,879	3,069	3,117	3,120	3,265	3,401	3,429	3,460	3,588	3,739	3,803
Labor	1,248	1,246	1,327	1,393	1,471	1,486	1,526	1,567	1,636	1,741	1,770	1,803
Rent	753	732	883	817	828	824	991	887	915	918	1,077	995
Depreciation	102	108	113	120	113	125	119	136	121	139	141	148
Operating Profit	799	548	1,203	755	781	620	1,372	721	852	594	1,456	822
Recurring Profit	814	561	1,213	768	790	643	1,391	746	877	597	1,463	832
Net Income	462	299	641	430	267	299	733	380	404	313	801	427
Sales YoY	17.5%	10.9%	5.7%	8.9%	8.4%	10.3%	10.8%	5.0%	8.5%	10.7%	8.2%	11.6%
SG&A YoY	23.3%	5.7%	9.7%	10.1%	11.4%	13.4%	10.8%	10.0%	10.9%	9.9%	9.9%	10.9%
Labor YoY	25.4%	13.9%	15.4%	16.3%	17.8%	19.3%	15.0%	12.5%	11.3%	17.2%	16.0%	15.1%
Rent YoY	19.1%	12.6%	6.0%	8.6%	9.9%	12.6%	12.2%	8.6%	10.5%	11.4%	8.7%	12.2%
Depreciation YoY	47.8%	13.7%	4.6%	6.2%	11.2%	15.7%	5.3%	13.3%	6.8%	11.2%	18.5%	8.8%
Operating Profit YoY	9.3%	46.5%	4.5%	-12.8%	-2.2%	13.1%	14.0%	-4.5%	9.1%	-4.2%	6.1%	14.0%
Recurring Profit YoY	8.1%	43.5%	4.2%	-11.0%	-2.8%	14.6%	14.7%	-2.9%	11.0%	-7.2%	5.2%	11.5%
Net Income YoY	11.6%	39.7%	6.0%	-8.1%	-42.0%	0.0%	14.4%	-11.6%	50.9%	4.6%	9.3%	12.4%
Operating Profit Margin	9.3%	6.6%	11.7%	8.0%	8.3%	6.8%	12.0%	7.3%	8.4%	5.9%	11.8%	7.4%
Recurring Profit Margin	9.4%	6.8%	11.8%	8.1%	8.4%	7.0%	12.2%	7.5%	8.6%	5.9%	11.9%	7.5%
Net Profit Margin	5.4%	3.6%	6.2%	4.5%	2.9%	3.3%	6.4%	3.8%	4.0%	3.1%	6.5%	3.9%
Versus plan												
Sales	1.0%	-0.2%	-1.3%	-8.9%	0.9%	1.9%	-0.3%	-0.9%	-0.4%			
SG&A	0.9%	-1.9%	-1.6%	-5.6%	-1.8%	-2.2%	1.3%	-2.4%	0.1%			
Operating Profit	4.2%	5.6%	0.5%	-24.3%	11.4%	47.3%	5.3%	14.4%	4.7%			
Recurring Profit	5.0%	8.1%	1.2%	-25.1%	13.0%	51.3%	4.3%	18.4%	5.4%			
Net Income	6.0%	0.7%	-4.6%	-24.7%	15.6%	37.8%	11.1%	21.8%	3.7%			

FY05/11 Forecasts were upwardly revised at end of 1H FY05/11. Q3 and Q4 FY05/11 Versus Plan figures reflect performance vs. revised budgets.

BS (Consolidated)

Balance Sheet (Million Yen)	FY05/10				FY05/11				FY05/12(Result and Estimate)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Cash & Deposit	2,685	2,957	3,503	4,037	3,045	3,378	3,582	3,972	2,586	3,708	4,412	5,142
Inventories	15,003	15,928	15,315	15,466	16,182	17,044	16,726	16,950	17,827	19,057	18,434	18,408
Other	2,601	2,345	2,448	2,641	2,977	2,630	2,675	2,859	3,411	2,793	2,967	3,088
Current Assets	20,290	21,231	21,267	22,145	22,205	23,053	22,984	23,782	23,825	25,560	25,813	26,639
Fixed Assets	4,440	4,519	4,414	4,382	4,599	4,668	4,780	5,226	5,335	5,299	5,228	5,206
Total Assets	24,731	25,750	25,682	26,528	26,805	27,721	27,765	29,009	29,160	30,859	31,041	31,846
Current Liabilities	8,053	8,214	7,626	8,370	8,118	8,338	7,858	8,748	8,893	9,390	8,831	9,409
Fixed Liabilities	3,824	4,382	4,261	3,934	4,310	4,711	4,507	4,485	4,199	5,087	5,028	4,829
Total Liabilities	11,877	12,596	11,887	12,304	12,428	13,049	12,365	13,233	13,092	14,477	13,859	14,238
Net Assets	12,853	13,153	13,793	14,223	14,376	14,671	15,399	15,775	16,067	16,382	17,182	17,607

Village Vanguard (Hong Kong) Limited is included in consolidated accounts from FY05/11

CF (Consolidated)

Cash Flow Statement (Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Operating Cash Flow	-292	-146	298	1,647	-730	-347	-111	1,143	-1,053	-322	13	1,632
Change in Inventories	-872	-1,796	-1,183	-1,335	-644	-1,506	-1,191	-1,415	-881	-2,106	-1,483	-1,457
Other	579	1,650	1,481	2,983	-86	1,854	1,079	2,559	-171	1,784	1,496	3,090
Investment Cash Flow	-186	-475	-600	-735	-156	-428	-669	-1,213	-329	-442	-556	-756
Change in Tangible Fixed Assets	-104	-212	-309	-487	-93	-234	-374	-684	-188	-297	-381	-519
Change in Other Assets	-82	-262	-291	-248	-63	-194	-295	-534	-140	-145	-174	-236
Financing Cash Flow	86	503	728	47	-141	80	290	-24	0	501	983	294
Operating CF + Investment CF	-479	-621	-302	912	-886	-776	-780	-755	-1,382	-764	-543	876

Village Vanguard (Hong Kong) Limited is included in consolidated accounts from FY05/11

Parent Company

Village Vanguard Corporation

What We Do



Shopping Center

Standalone



Diner

■ Village Vanguard

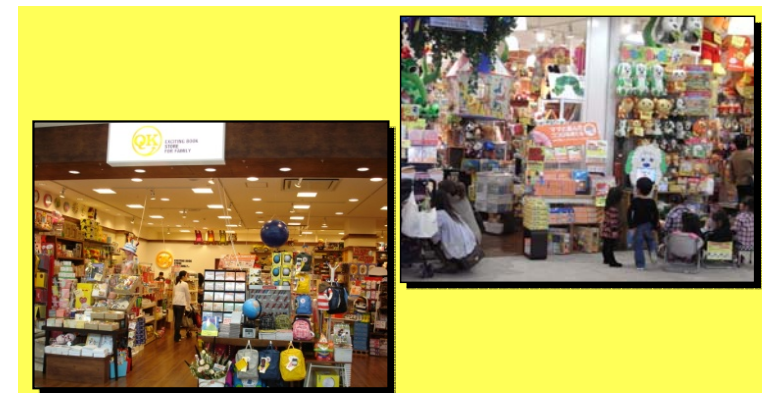
Our concept is "A bookstore where you can play." By bringing together various products such as books, variety goods, and CDs, our stores have a unique feel.

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.

Examples of Our Merchandising Approach (1)

VILLAGE/VANGUARD

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"

Camera Lover other than Camera

- 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



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

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

Role

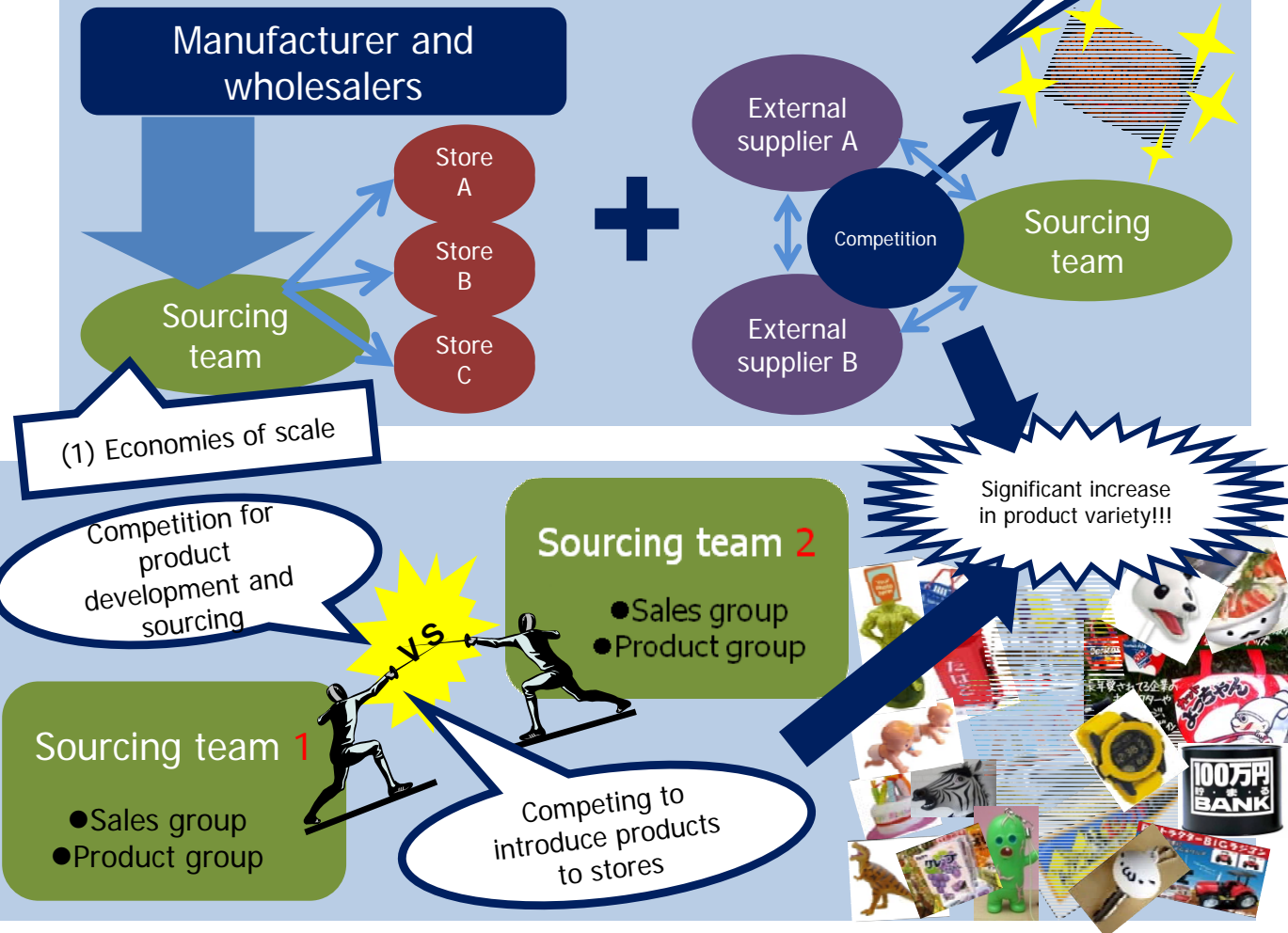
The team assumes the role of in-house wholesaler, proposing products to stores through marketing activities.



Functions

- (1) Reducing costs by taking advantage of economies of scale
- (2) Creating competition to promote a "product refining" effect

(2) "Product refining" effect



Organization

Promoting competition by splitting the sourcing team into two.

Operational policy:

- (1) Only the sourcing team who introduces a product can handle that product.
- (2) Both teams market to the same stores.

Store Openings (Parent)

Store data as of end-Aug 2011

VILLAGE/VANGUARD

373 stores nationwide
351 Directly Managed (DM)

Breakdown

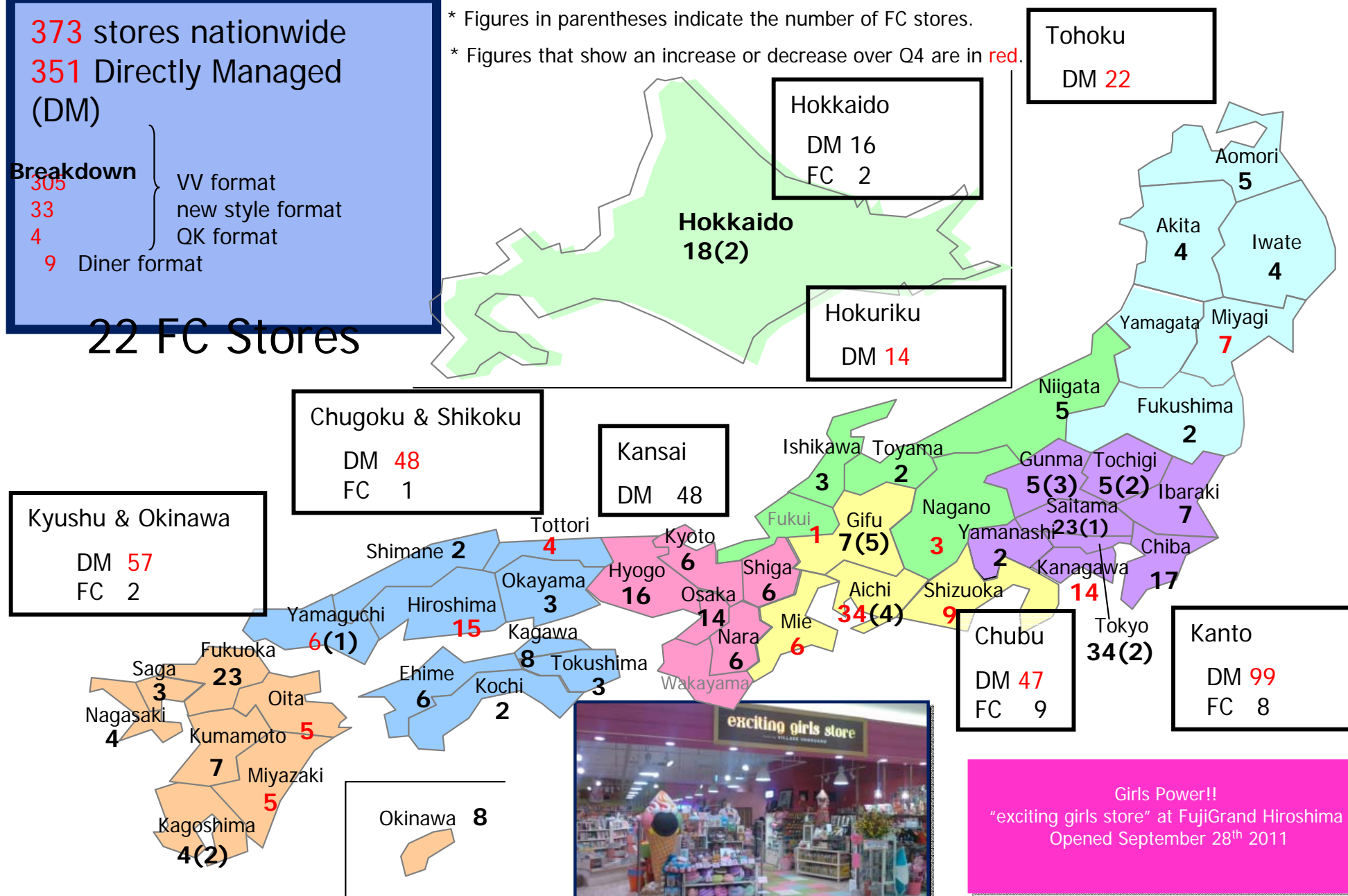
305
33
4
9

VV format
new style format
QK format
Diner format

22 FC Stores

* Figures in parentheses indicate the number of FC stores.

* Figures that show an increase or decrease over Q4 are in red.



VV – Results (Parent)

Parent Income Statement

FY05/11 Forecast was upwardly revised at end-1H FY05/11. Q3 and Q4 FY05/11 Versus Plan figures reflect performance vs. revised budgets.

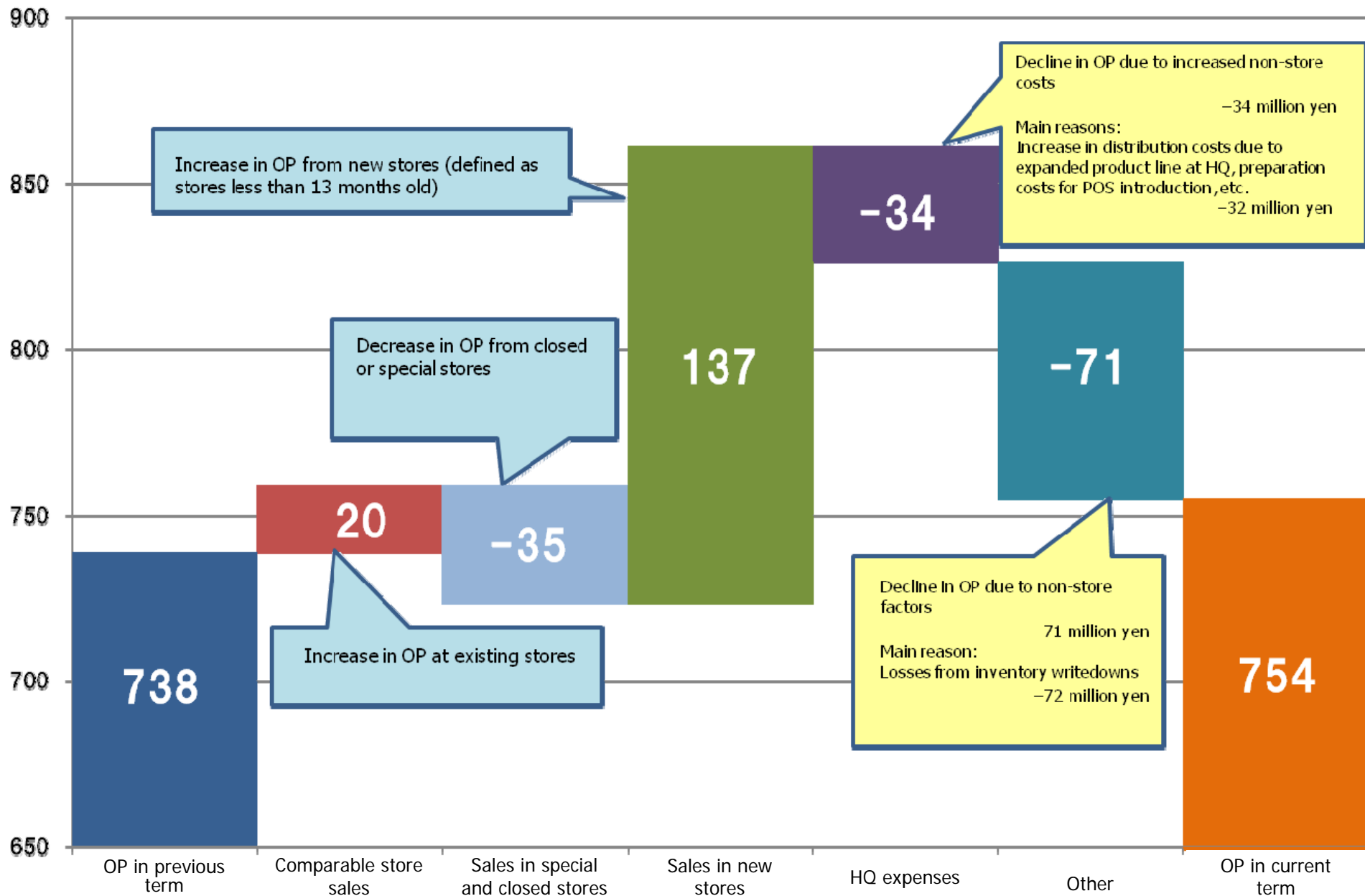
Parent Income Statement (Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Sales	8,271	7,827	9,888	9,008	8,783	8,402	10,776	9,315	9,305	8,978	11,329	10,102
Gross Profit	3,351	3,130	3,994	3,582	3,500	3,403	4,354	3,739	3,738	3,515	4,566	4,036
SG&A	2,567	2,610	2,776	2,815	2,762	2,869	3,015	2,998	2,984	3,023	3,171	3,209
Labor	1,137	1,137	1,191	1,259	1,306	1,318	1,354	1,378	1,420	1,451	1,484	1,507
Rent	705	674	822	751	746	732	906	798	808	788	958	868
Depreciation	95	100	103	107	97	107	99	114	96	107	107	110
Operating Profit	784	519	1,218	768	738	534	1,339	740	754	491	1,396	827
Recurring Profit	806	541	1,235	791	759	564	1,368	771	788	505	1,417	847
Net Income	455	278	664	429	266	273	731	431	364	270	783	438
Sales YoY	16.6%	9.6%	4.8%	7.3%	6.2%	7.3%	9.0%	3.4%	5.9%	6.9%	5.1%	8.4%
Gross Profit YoY	41.8%	9.9%	1.0%	0.0%	4.4%	7.0%	-3.9%	6.5%	6.8%	0.0%	8.1%	-3.5%
Operating Profit YoY	7.5%	44.6%	5.7%	-13.2%	-5.9%	2.9%	9.9%	-3.6%	2.2%	-8.1%	4.3%	11.8%
Recurring Profit YoY	6.3%	41.3%	5.3%	-10.7%	-5.9%	4.3%	10.8%	-2.5%	3.8%	-10.5%	3.6%	9.9%
Net Income YoY	8.9%	33.7%	4.2%	-14.7%	-41.5%	-1.8%	10.1%	0.5%	36.7%	-1.1%	7.1%	1.6%
Gross Profit Margin	40.5%	40.0%	40.4%	39.8%	39.8%	40.5%	40.4%	40.1%	40.2%	39.2%	40.3%	40.0%
Operating Profit Margin	9.5%	6.6%	12.3%	8.5%	8.4%	6.4%	12.4%	7.9%	8.1%	5.5%	12.3%	8.2%
Recurring Profit Margin	9.7%	6.9%	12.5%	8.8%	8.6%	6.7%	12.7%	8.3%	8.5%	5.6%	12.5%	8.4%
Net Profit Margin	5.5%	3.6%	6.7%	4.8%	3.0%	3.2%	6.8%	4.6%	3.9%	3.0%	6.9%	4.3%
Versus Plan												
Sales	1.2%	0.2%	-0.8%	-9.3%	0.6%	1.3%	-0.4%	-2.0%	-0.5%			
Gross Profit	1.8%	-0.5%	-0.3%	-10.9%	0.1%	2.6%	2.6%	-1.7%	0.7%			
SG&A	1.3%	-1.8%	-1.8%	-5.7%	-1.6%	-2.8%	0.9%	-4.5%	0.2%			
Operating Profit	3.6%	6.7%	2.9%	-25.1%	7.3%	45.1%	6.9%	12.0%	2.5%			
Recurring Profit	4.9%	6.9%	3.1%	-23.6%	8.4%	47.3%	6.0%	14.7%	3.5%			
Net Income	5.8%	-1.5%	-1.1%	-26.0%	8.1%	35.1%	11.3%	24.9%	1.3%			

Sales by Category

Sales by Category (Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SPICE (Parent)	6,193	5,926	7,785	6,904	6,780	6,461	8,609	7,177	7,361			
(Internal Sourcing Team)	1,578	1,565	2,297	1,904	1,752	1,770	2,713	2,088	2,217			
(Other)	4,614	4,361	5,489	5,000	5,027	4,691	5,896	5,090	5,143			
Books (Parent)	1,045	997	1,147	1,117	1,023	1,039	1,178	1,156	1,043			
NM (Parent)	844	664	771	769	790	719	804	792	734			
Other (Parent)	189	238	185	218	188	184	184	190	167			
Sales	8,271	7,825	9,888	9,008	8,783	8,402	10,776	9,315	9,305			
Composition												
SPICE (Parent)	74.9%	75.7%	78.7%	76.6%	77.2%	76.9%	79.9%	77.0%	79.1%			
(Internal Sourcing Team)	19.1%	19.5%	20.9%	21.0%	20.0%	20.5%	22.3%	22.3%	23.8%			
(Other)	55.8%	55.8%	55.7%	55.6%	57.2%	56.6%	55.8%	55.5%	55.3%			
Books (Parent)	12.6%	12.7%	11.6%	12.4%	11.6%	12.4%	10.9%	12.4%	11.2%			
NM (Parent)	10.2%	8.5%	7.8%	8.5%	9.0%	8.6%	7.5%	8.5%	7.9%			
Other (Parent)	2.3%	3.0%	1.9%	2.4%	2.1%	2.2%	1.7%	2.0%	1.8%			

OP Analysis

(Million yen)

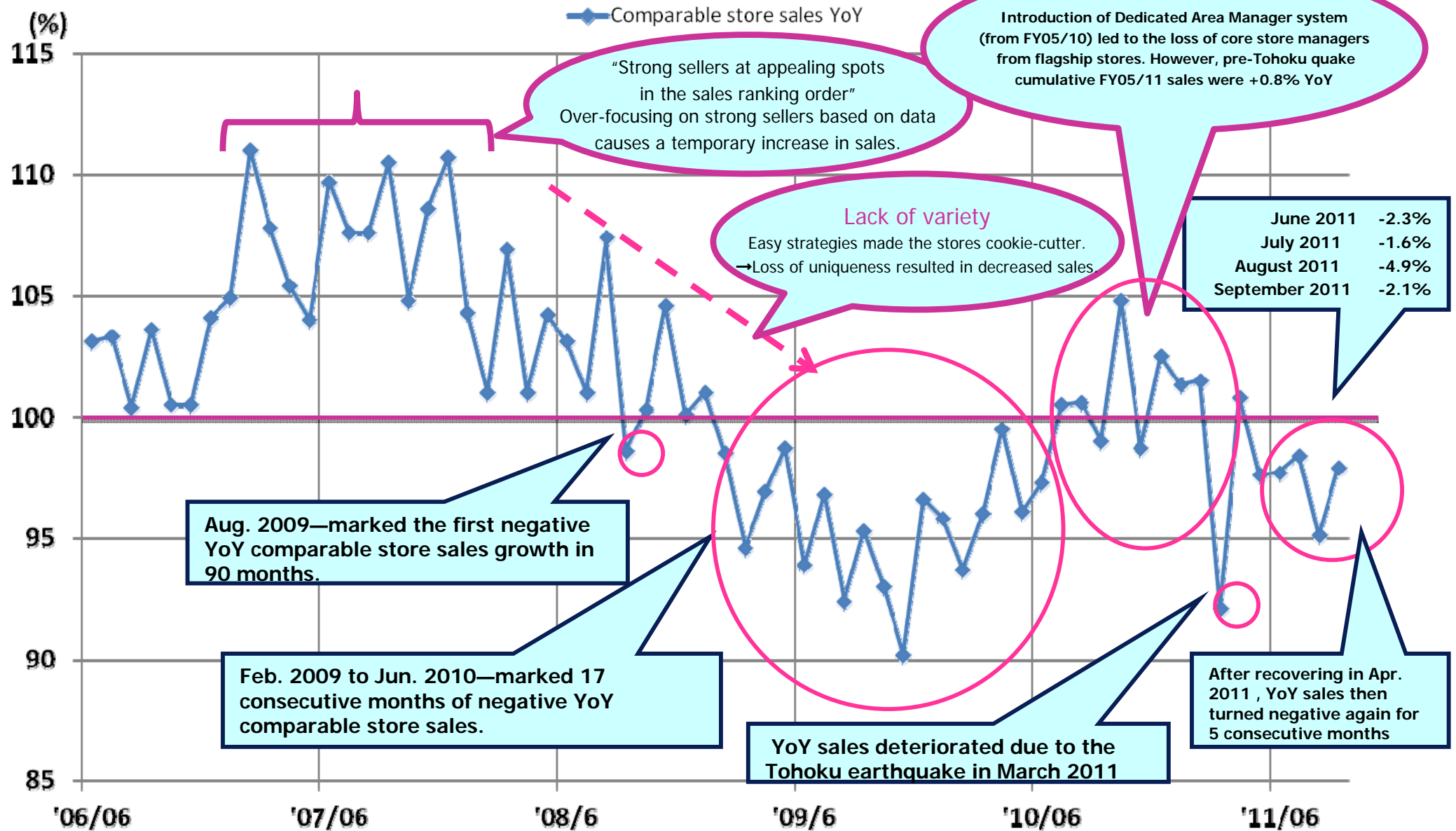


Store Openings

		FY05/ 09 Actual	FY05/ 10 Actual	FY05/ 11 Actual	FY05/ 12 (Plan and Actual)									
		Full Year	Full Year	Full Year	Q1		Q2		Q3		Q4		Full Year	
					Initial Plan	Actual	Initial Plan	Revised Plan	Initial Plan	Revised Plan	Initial Plan	Revised Plan	Initial Plan	Revised Plan
Opening		59	34	46	11	10	5	8	1	5	8	7	25	30
	Village Vanguard	42	30	39	10	9	2	5	1	5	8	5	21	24
	New style	8	1	7	1	1	3	3	0	0	0	1	4	5
	QK	5	0	0	0	0	0	0	0	0	0	1	0	1
	Diner	4	1	0	0	0	0	0	0	0	0	0	0	0
	FC	0	2	0	0	0	0	0	0	0	0	0	0	0
Closures		8	12	15	2	2	0	1	0	4	0	0	2	7
	Village Vanguard	6	6	8	0	0	0	0	0	4	0	0	0	4
	new style	0	0	0	0	0	0	1	0	0	0	0	0	1
	QK	0	0	4	1	1	0	0	0	0	0	0	1	1
	Diner	0	0	0	1	1	0	0	0	0	0	0	1	1
	FC	2	6	3	0	0	0	0	0	0	0	0	0	0
Changes		51	22	31	9	8	5	7	1	1	8	7	23	23

Comparable Store Sales Year on Year

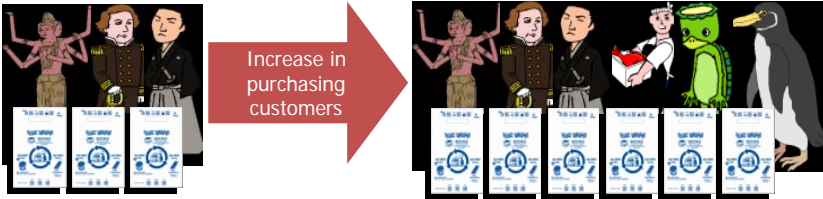
VILLAGE/VANGUARD



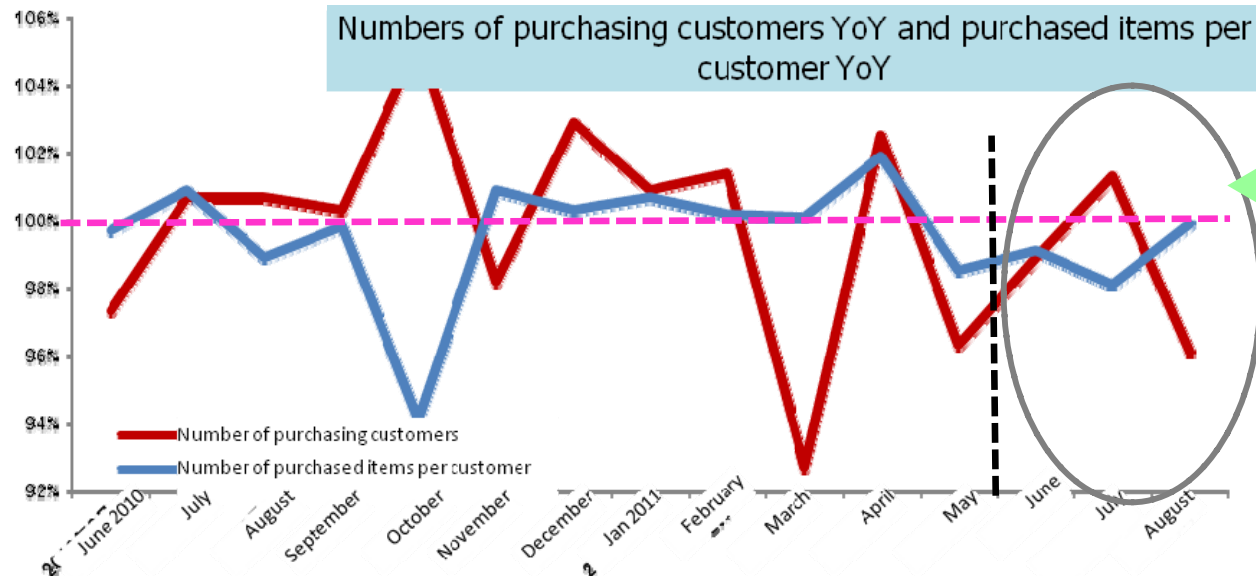
Creating stores that customers can't resist visiting and buying from

KPI – Increasing sales at Village Vanguard

Increase numbers of fans of stores
to increase the
number of purchasing customers



Product line-up triggers impulse buying, thus
increasing the
number of purchased items



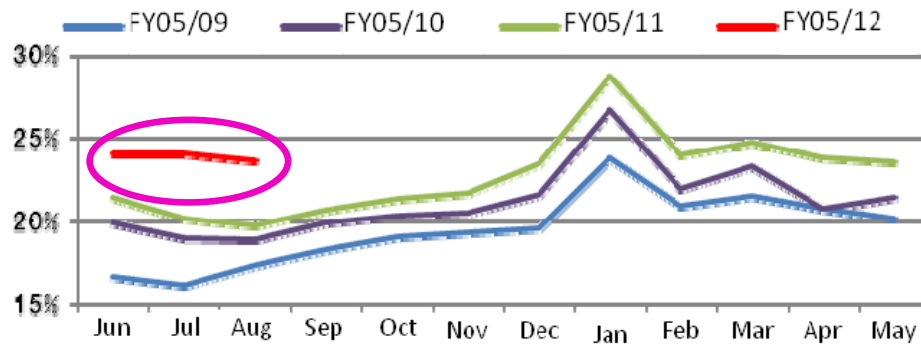
Current status is...

Q1 comparable stores YoY

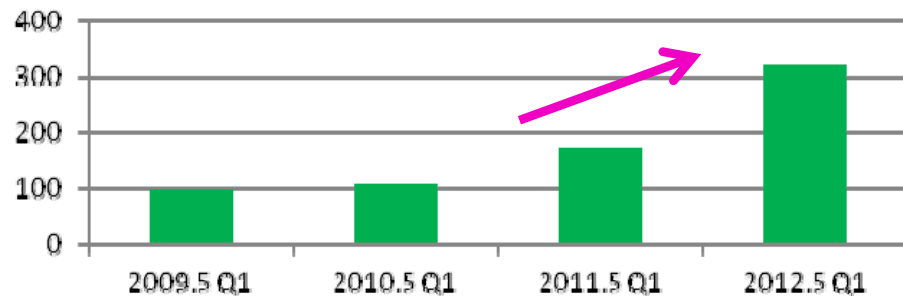
Sales	-3.0%
Number of purchasing customers	-1.1%
Number of purchased items per Customer	-1.0%

Expanding the variety of merchandise

YoY trends in sourcing teams' sales share



Trends in sourcing teams' supplier numbers

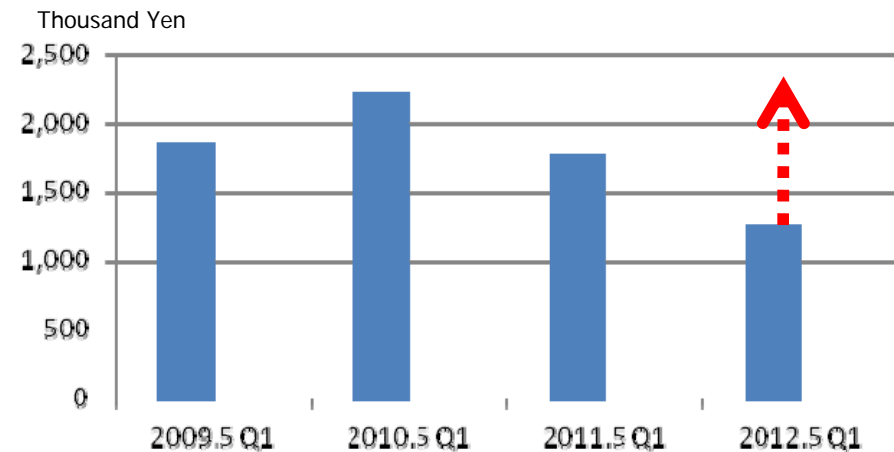


The share of sourcing team-derived merchandise is increasing and has been contributing to rising gross profits. Cultivation of new suppliers in FY05/11 has led to a more-than threefold increase in the number of suppliers for the sourcing team since FY05/10.

Current measures

Strengthening business with existing suppliers

Trends in trade value per supplier...

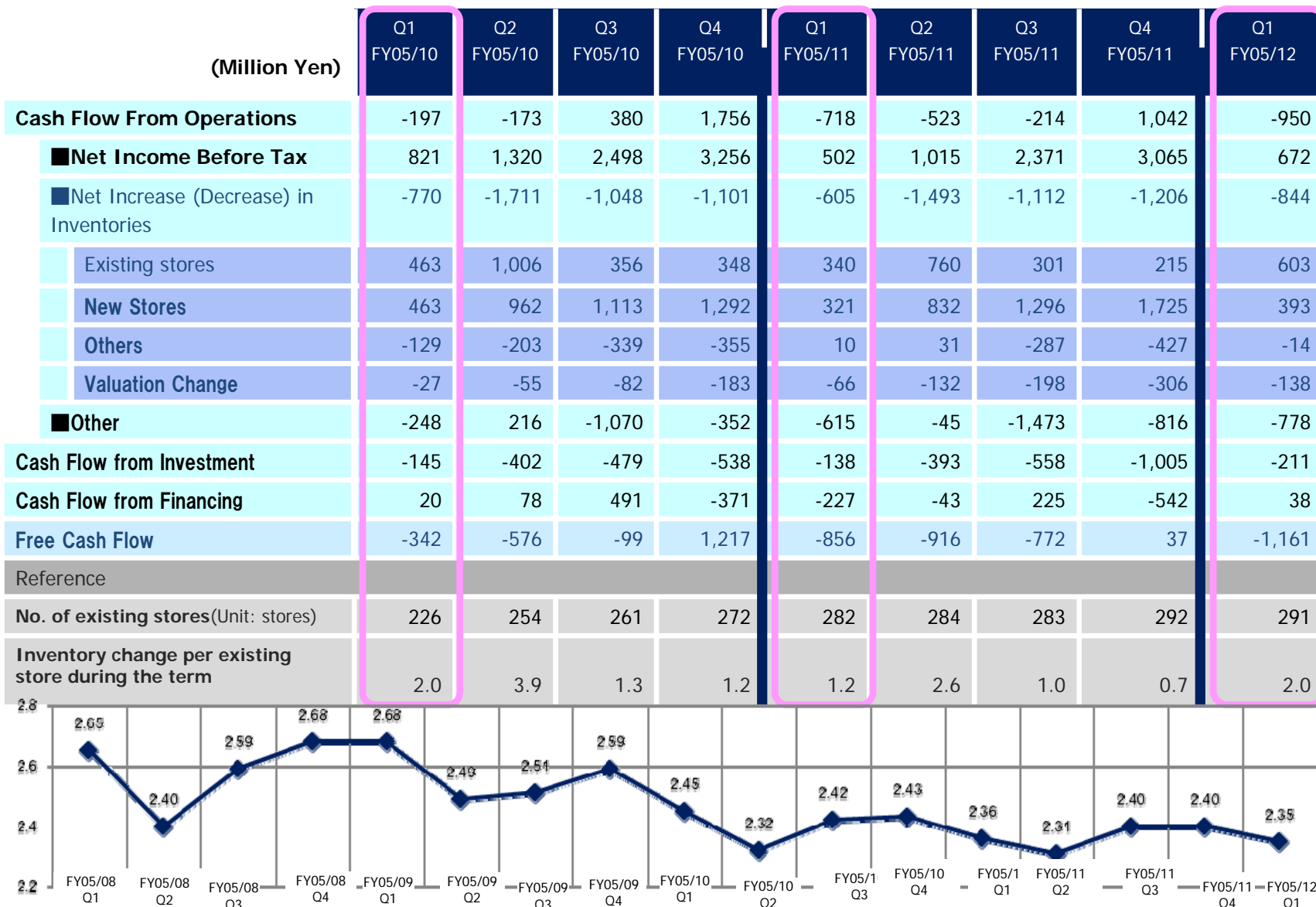


Expand the variety of products by discovering new products and merchandise to fit the company's needs via detailed discussions with suppliers.

Inventory Control

Existing Store Inventory Trends

Inventory Turnover





Outside Titicaca Stores



Shibuya store
(Shibuya, Tokyo)

Lake Town
store
(Koshigara, Saitama)

Lalaport Shin
Misato store
(Misato, Saitama)



Early days

Started as a folk art shop,
with signs and store fixtures
hand-made by staff, in order
to replicate the feel of a
South American market.

Warm, natural store interior,
emphasizing colorful
merchandise.

Now

Image of a Mexican resort
hotel. An exciting store that
makes visitors feel as if they
are traveling.

New Titicaca Stores



Niihama Aeon Mall
Opened May 2011 258 sq/m



Fairmall Fukui
Opened June 2011 142 sq/m



Aeon Yahata Higashi Shopping Center
Opened July 2011 165 sq/m



Aeon Sakudaira Shopping Center
Opened July 2011 192 sq/m



Kurashiki Aeon Mall
Opened September 2011 99 sq/m



Interpark Utsonomiya
Opened September 2011 159 sq/m

Inside Titicaca Stores



Store Openings

Store data as of end-August 2011



67 Stores Nationwide (64)

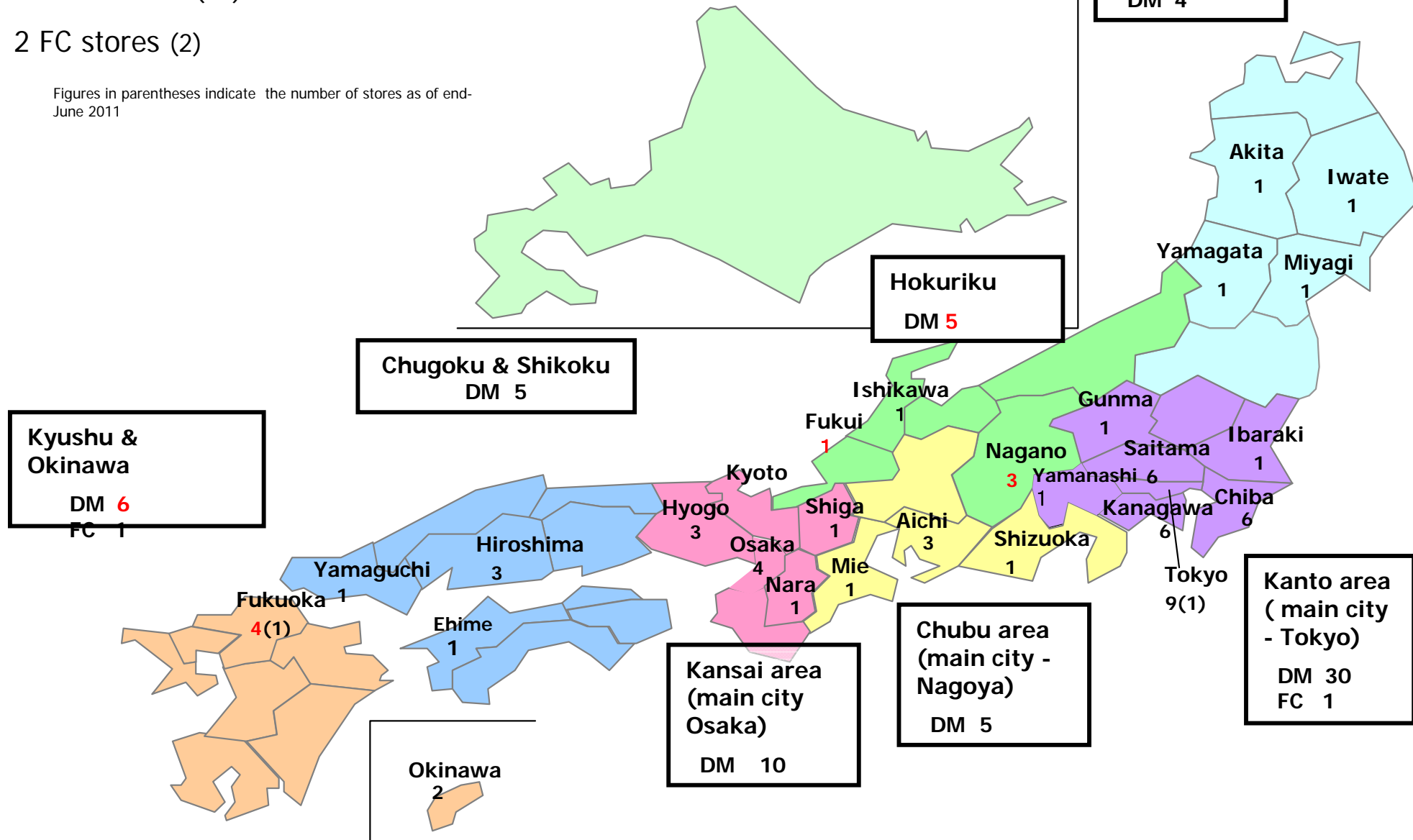
65 DM stores (62)

2 FC stores (2)

Figures in parentheses indicate the number of stores as of end-June 2011

* Figures in parentheses indicate the number of FC stores.

* Figures that increased or decreased from end-May 2011 are in red.



Titicaca - Results



Income Statement: Met budget. Q1 FY05/12 sales on plan, Q1 FY05/12 recurring profit 10.8% above plan.

Q3 and Q4 FY05/11 vs. Plan figures reflect performance vs. revised budgets.

Titicaca Income Statement (Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Sales	361	474	416	467	579	720	630	626	826	1,091	943	947
Gross Profit	246	314	272	291	390	473	412	397	554	654	603	571
Operating Profit	23	55	-10	-2	66	114	53	3	108	130	74	12
Recurring Profit	20	50	-13	-8	60	110	47	2	106	123	66	5
Net Income	18	48	-14	12	26	54	25	-16	56	71	37	3
Sales YoY	43.6%	47.2%	35.9%	56.2%	60.2%	51.9%	51.4%	34.0%	42.6%	51.5%	49.7%	51.3%
Gross Profit YoY	32.6%	1107.7%	-	-	180.3%	50.6%	-	-	42.0%	38.3%	46.4%	43.8%
Operating Profit YoY	124.8%	111.5%	-	-	180.3%	107.3%	-	-	63.3%	14.0%	39.6%	300.0%
Recurring Profit YoY	143.6%	138.1%	-	-	202.8%	120.0%	-	-	76.7%	11.8%	40.4%	150.0%
Net Income YoY	125.6%	140.0%	-	-	41.4%	12.5%	-	-	109.7%	31.5%	48.0%	-
Gross Profit Margin	68.1%	66.2%	65.4%	62.3%	67.4%	65.7%	65.4%	63.4%	67.1%	59.9%	63.9%	60.3%
Operating Profit Margin	6.4%	11.6%	-	-	11.4%	15.8%	8.4%	0.5%	13.1%	11.9%	7.8%	1.3%
Recurring Profit Margin	5.5%	10.5%	-	-	10.4%	15.3%	7.5%	0.3%	12.8%	11.3%	7.0%	0.5%
Net Profit Margin	5.0%	10.1%	-	2.6%	4.5%	7.5%	4.0%	-	6.8%	6.5%	3.9%	0.3%
Sales vs Plan	-3.2%	-2.7%	-9.0%	1.5%	9.2%	12.0%	-2.3%	18.3%	0.0%			
Gross Profit vs Plan	-1.5%	2.1%	-	-	8.3%	13.7%	-4.5%	26.4%	2.2%			
Operating Profit vs Plan	16.9%	30.8%	-	-	88.6%	62.9%	-33.8%	-	10.6%			
Recurring Profit vs Plan	24.7%	36.2%	-	-	130.8%	74.6%	-40.5%	-	10.8%			
Net Income vs Plan	18.3%	27.4%	-	-	188.9%	54.3%	-30.6%	-	4.9%			

Sales YoY

Q1 sales **+42.6%** YoY (+247 million yen)

Existing stores +8.3% (+31 million yen) Wholesale and FC -3.0% (-0.9 million yen)
New stores (+225 million yen) Net increase in number of stores: 15

Improvement in OPM YoY

Q1 OPM improved to **13.2%** from 11.5% YoY



- | | |
|------------------------|--|
| - Entire company | Labor cost to sales ratio dropped to 25.7% from 27.7% |
| - HQ expenses | HQ expenses to sales ratio improved to 12.8% from 14.2% YoY |
| - Number of stores YoY | net increase of 15 stores |

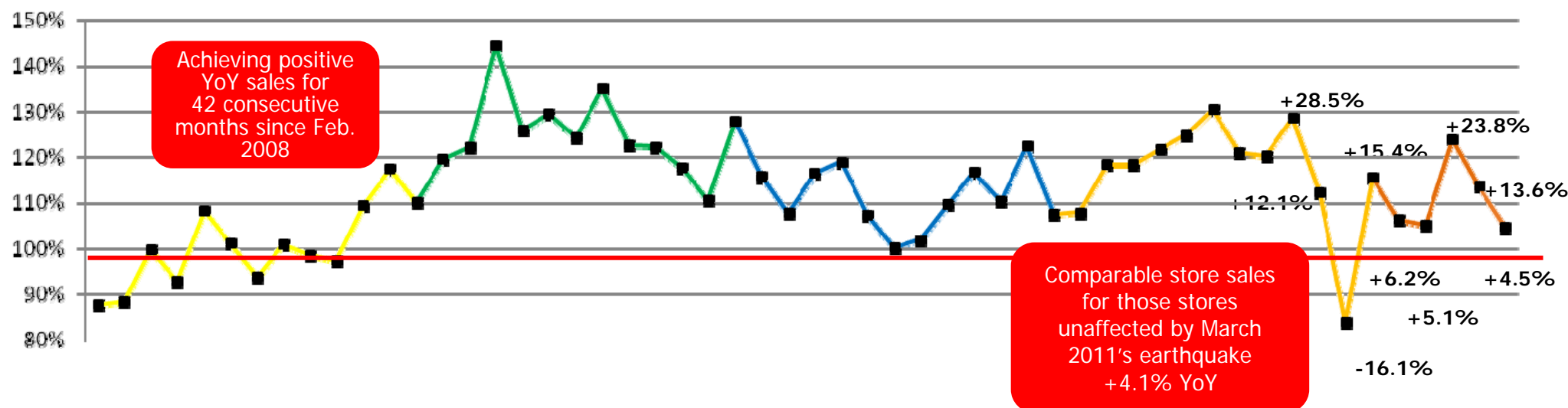
Increased sales at existing stores and an higher new store openings drove higher companywide sales, while keeping increased HQ-related expenses in check resulted in improved OPM.
(Sales +42.6% YoY; HQ expense +28.0% YoY)

Results



Comparable store sales

Cumulative Q1 **+8.3% YoY**



FY03/08	FY03/09	FY03/10	FY03/11	FY03/12
Group management started following M&A in May 2007	Area manager system established Full-year results move out of the red	Management vision established Losses carried forward dissolved	Management vision permeated through our credo	Dedicated area manager system to be introduced

Store Openings and Results

Opening of two stores in September; expected to achieve 1H store opening plan

	FY03/09 Results	FY03/10 Results	FY03/11 Plan			FY03/11 Results			FY03/12 Plan			FY03/11 Results(August-end)
			(1H)	(2H)	(Full-year)	(1H)	(2H)	(Full-year)	(1H)	(2H)	(Full-year)	(1H)
Store openings	12	16	4	4	8	5	10	15	9(*9)	10	19	7(*6)
Store closures	7	1	3	0	3	2	2	4	0	1	1	0

*Parentheses indicate the number of store openings in Q1.

Growth Strategies



Roll out of large-format stores

Stores with a floor area of 165 sq/m or more generated an OPM 2.1% higher than those below 165 sq/m.

Expanded product line-up has enabled openings of stores with floor areas of 265 sq/m

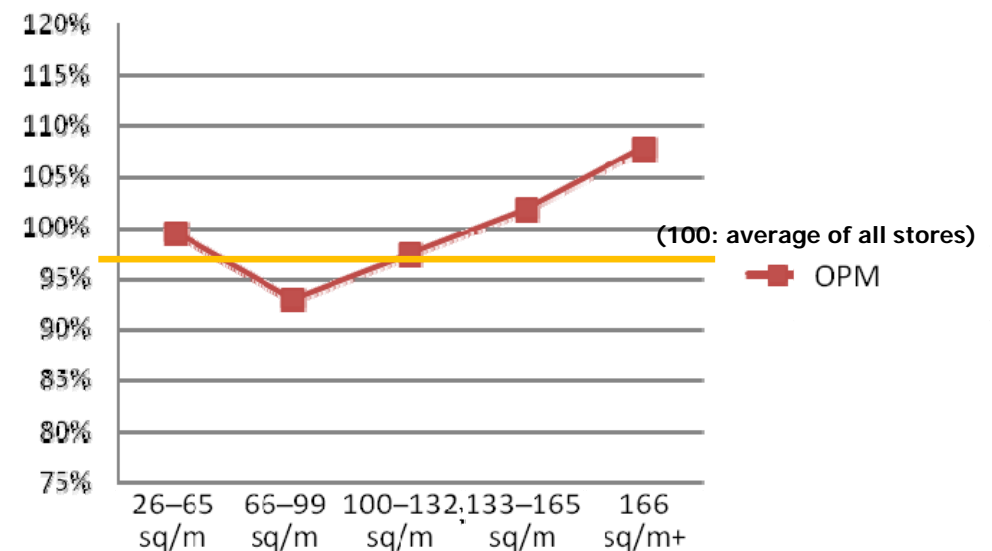


Increased offers to open larger stores



Increase opening of stores of with floor areas of 165 sq/m + , which produce a higher OPM

(169, 198, & 238 sq/m floor area store openings are being planned for the current term)



Of nine stores that have opened (incl. refurbished stores) between April and August, seven are 165 sq/m or larger in size. (Average store floor area for previous term: 106 sq/m)

Aeon Sendai Izumiosawa	Expanded	106 sq/m→225 sq/m	OPM +7.9%	(August only YoY)
Aeon Omagari	Expanded	132 sq/m→274 sq/m	OPM +4.3% vs. average of all stores	(August only)

Growth Strategies



Introduction of Dedicated Area Managers who are not tied to any one store

Acting Area Managers (past)

Charged with managing a single store but also responsible for area management

However, due to infrequent store tours, effective area management was difficult to implement. As many stores often had peak business periods at the same time these acting area managers tended to focus mainly on their own stores.



Dedicated area managers

(introduction from Q1 FY05/12 onwards)

Dedicated management for the areas under their charge and not tied to also managing a specific store

Increased store tours will enable make it easier to detect and avoid operational business risks, and reduce any damage to sales.

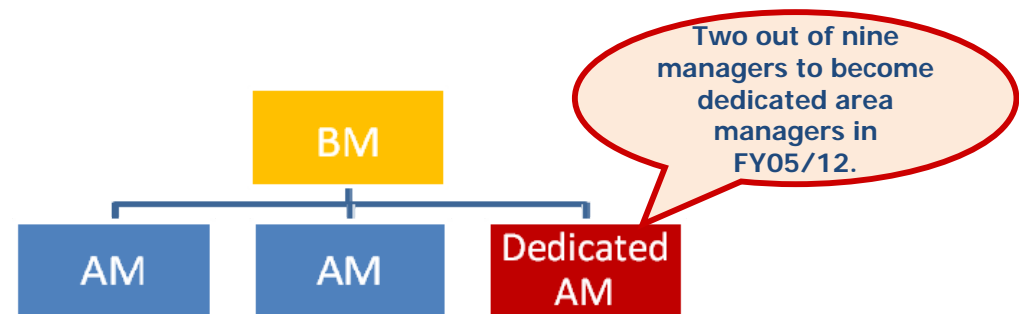
→ Full-scale introduction under consideration in the future

However...

-Challenges in establishing the dedicated area manager system:

- Training of personnel to assume new Dedicated AM and also store manager roles
- Achieving sufficient profitability to meet increased labor costs

→ Full-scale introduction is difficult at this stage



-Results of this term's introduction

Sales growth from April → June

Stores managed by Acting AM:

+18.7%

Stores managed by Dedicated AM:

+22.4%

Because Dedicated AMs are not tied to one store, they can better supervise all the stores for which they have responsibility. This enables a reduction in the number of stores for other AMs, allowing them to focus on their own stores.

Village Vanguard (Hong Kong) Limited

Inside Stores (VVHK)

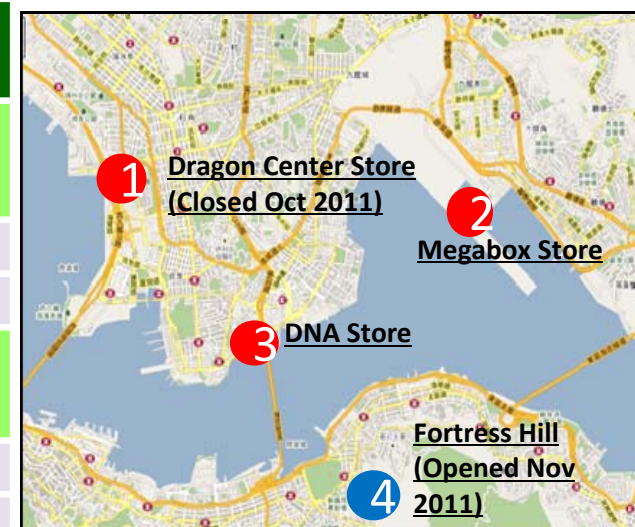
VILLAGE/VANGUARD



Village Vanguard Hong Kong - Results

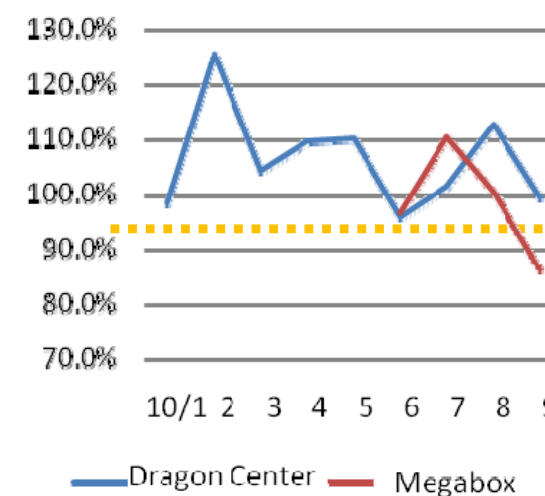
(Million Yen)	FY05/11 (Actual)				FY05/11 (Actual and Plan)			
	Q1	Q2	Q3	Q4	Q1	Q2 Est.	Q3 Est.	Q4 Est.
Sales	36	59	90	118	29	62	103	132
Versus Plan(%)	-29.6	-42.1	-0.3	+1.7	92.6	-	-	-
YoY (%)	-	-	-	-	-16.7	+5.6	+14.2	+12.4
Gross Profit	15	25	39	48	13	25	42	54
Versus Plan (%)	-32.1	-44.3	-1.5	-5.9	-0.7	-	-	-
YoY (%)	-	-	-	-	-13.3	+0.9	+8.9	+12.4
Operating Profit	-10	-26	-31	-43	-5	-16	-23	-32
Versus Plan (%)	+18.2	-34.6	+14.9	+6.9	-	-	-	-
YoY (%)	-	-	-	-	-	-	-	-
Recurring Profit	-10	-26	-31	-43	-5	-16	-23	-32
Versus Plan(%)	+15.3	-34.7	+14.9	+6.9	-	-	-	-
YoY (%)	-	-	-	-	-	-	-	-
Net Profit	-10	-29	-33	-45	-5	-16	-23	-32
Versus Plan (%)	+15.3	-40.0	+14.1	+6.6	-	-	-	-
YoY (%)	-	-	-	-	-	-	-	-

Store Locations



3 DM Stores ...● New Store...●

YoY Sales at Existing Stores



Village Vanguard Webbed Limited

(Consolidated from FY05/11 Q4)

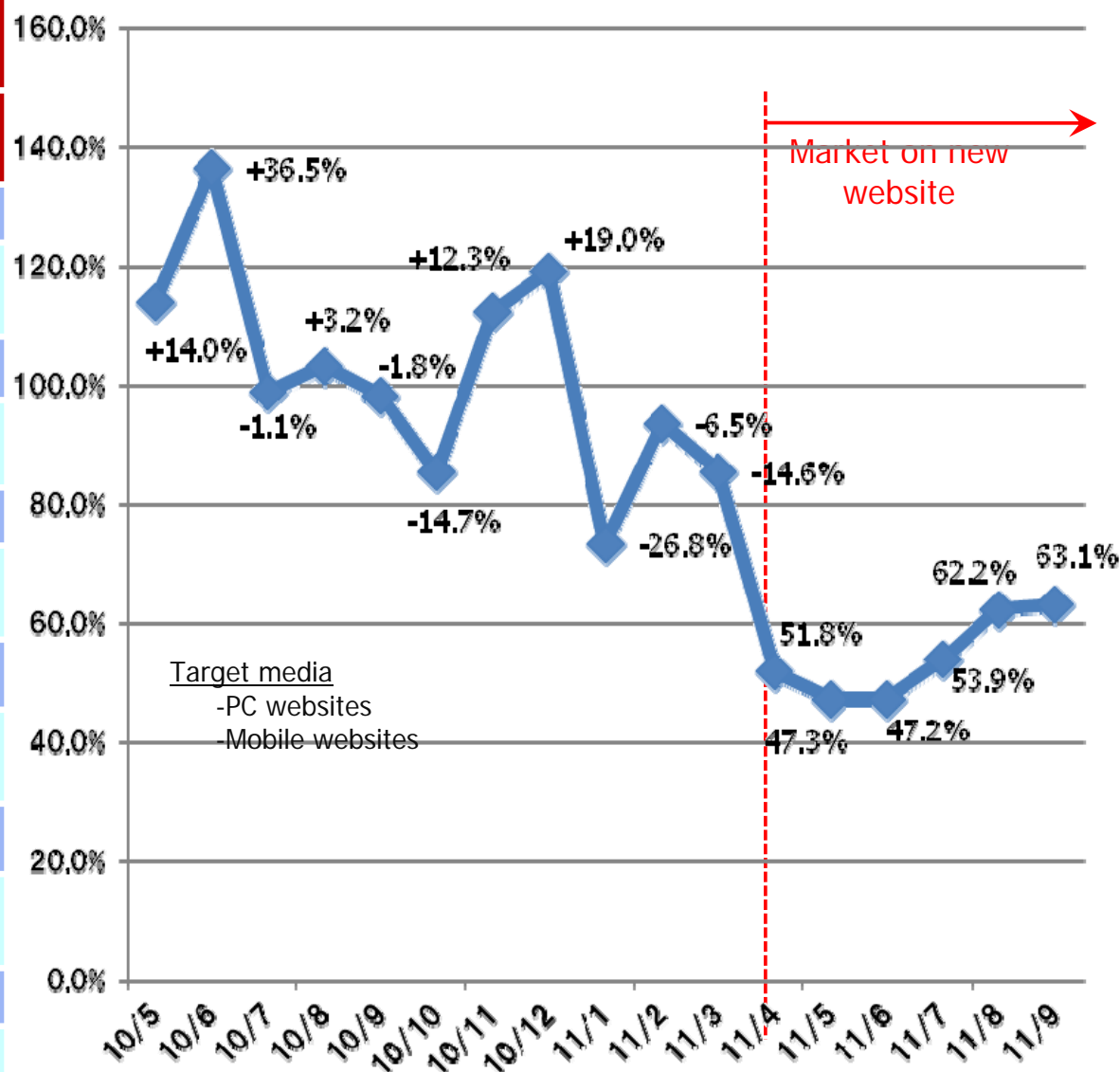
Results and Sales YoY

(Thousand Yen)

PL	FY05/12(Result and Plan)			
	Q1 (Result)	Q2 (Plan)	Q3 (Plan)	Q4 (Plan)
Sales	20,720	68,846	141,050	195,165
Vs. Plan (%) (Changes)	75.9 (-6,578)	-	-	-
Gross Profit	4,714	11,359	22,919	31,848
Vs. Plan (%) (Changes)	+4.7 (+210)	-	-	-
SG&A	4,498	10,565	15,951	21,414
Vs. Plan (%) (Changes)	87.9 (-621)	-	-	-
Operating Profit	216	793	6,967	10,433
Vs. Plan (%) (Changes)	- (+831)	-	-	-
Recurring Profit	-376	-433	5,139	7,986
Vs. Plan (%) (Changes)	- (+853)	-	-	-
Net Income	-422	-409	4,856	13,737
Vs Plan(%) (Changes)	- (+740)	-	-	-

↑ (Figures in parentheses above indicate actual performance vs. plan)

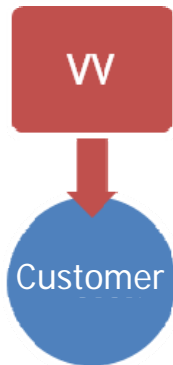
■ Sales YoY (*Based on value of customers' orders)



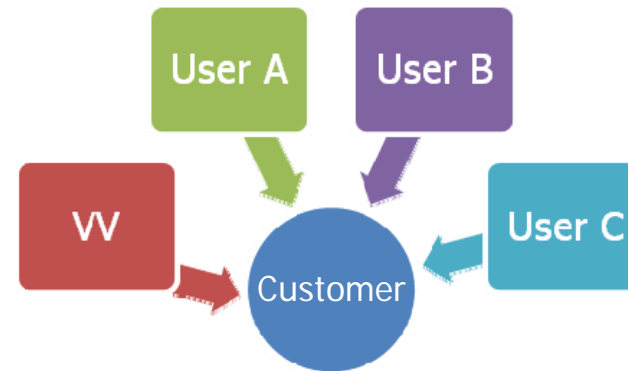
Concept and future strategy for the new site

To promote competition within the website and enhance product variety by creating a website where users can freely sell goods.

Selling VV goods



Selling VV goods + goods offered by users



New website launched April 4, 2011

Sales of creators' works (selected by VV) starting in June 2011

Users able to sell goods freely from around 2011–2012

Five billion yen's worth of goods passing through the site by FY05/14

Enhance variety of goods

Not only goods selected by VV, original goods produced by customers can be offered on the website.



