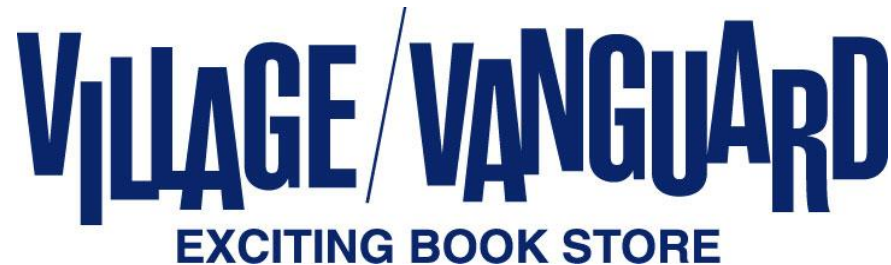


Q2 FY05/11 Results Presentation



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	Q3 Est.	Q4 Est.
Sales	8,630	8,273	10,290	9,456	9,359	9,125	11,397	9,926	10,158	10,005	12,430	11,078
SG&A	2,799	2,879	3,069	3,117	3,120	3,265	3,401	3,429	3,460	3,593	3,734	3,803
Labor	1,248	1,246	1,327	1,393	1,471	1,486	1,526	1,567	1,636	1,647	1,864	1,803
Rent	753	732	883	817	828	824	991	887	915	928	1,067	995
Depreciation	102	108	113	120	113	125	119	136	121	131	149	148
Operating Profit	799	548	1,203	755	781	620	1,372	721	852	643	1,407	822
Recurring Profit	814	561	1,213	768	790	643	1,391	746	877	676	1,384	832
Net Income	462	299	641	430	267	299	733	380	404	347	767	427
Sales YoY	17.5%	10.9%	5.7%	8.9%	8.4%	10.3%	10.8%	5.0%	8.5%	9.6%	9.1%	11.6%
SG&A YoY	23.3%	5.7%	9.7%	10.1%	11.4%	13.4%	10.8%	10.0%	10.9%	10.1%	9.8%	10.9%
Labor YoY	25.4%	13.9%	15.4%	16.3%	17.8%	19.3%	15.0%	12.5%	11.3%	10.8%	22.1%	15.1%
Rent YoY	19.1%	12.6%	6.0%	8.6%	9.9%	12.6%	12.2%	8.6%	10.5%	12.6%	7.7%	12.2%
Depreciation YoY	47.8%	13.7%	4.6%	6.2%	11.2%	15.7%	5.3%	13.3%	6.8%	4.8%	25.2%	8.8%
Operating Profit YoY	9.3%	46.5%	4.5%	-12.8%	-2.2%	13.1%	14.0%	-4.5%	9.1%	3.7%	2.6%	14.0%
Recurring Profit YoY	8.1%	43.5%	4.2%	-11.0%	-2.8%	14.6%	14.7%	-2.9%	11.0%	5.1%	-0.5%	11.5%
Net Income YoY	11.6%	39.7%	6.0%	-8.1%	-42.0%	0.0%	14.4%	-11.6%	50.9%	16.0%	4.6%	12.4%
Operating Profit Margin	9.3%	6.6%	11.7%	8.0%	8.3%	6.8%	12.0%	7.3%	8.4%	6.4%	11.3%	7.4%
Recurring Profit Margin	9.4%	6.8%	11.8%	8.1%	8.4%	7.0%	12.2%	7.5%	8.6%	6.8%	11.1%	7.5%
Net Profit Margin	5.4%	3.6%	6.2%	4.5%	2.9%	3.3%	6.4%	3.8%	4.0%	3.5%	6.2%	3.9%
Versus plan												
Sales	1.0%	-0.2%	-1.3%	-8.9%	0.9%	1.9%	-0.3%	-0.9%	-0.4%	-0.5%		
SG&A	0.9%	-1.9%	-1.6%	-5.6%	-1.8%	-2.2%	1.3%	-2.4%	0.1%	0.0%		
Operating Profit	4.2%	5.6%	0.5%	-24.3%	11.4%	47.3%	5.3%	14.4%	4.7%	1.7%		
Recurring Profit	5.0%	8.1%	1.2%	-25.1%	13.0%	51.3%	4.3%	18.4%	5.4%	5.3%		
Net Income	6.0%	0.7%	-4.6%	-24.7%	15.6%	37.8%	11.1%	21.8%	3.7%	6.0%		

Figures may differ from company materials due to differences in rounding methods.

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	Q3 Est.	Q4 Est.
Cash & Deposit	2,685	2,957	3,503	4,037	3,045	3,378	3,582	3,972	2,586	2,865	4,412	5,142
Inventories	15,003	15,928	15,315	15,466	16,182	17,044	16,726	16,950	17,827	19,175	18,434	18,408
Other	2,601	2,345	2,448	2,641	2,977	2,630	2,675	2,859	3,411	2,960	2,967	3,088
Current Assets	20,290	21,231	21,267	22,145	22,205	23,053	22,984	23,782	23,825	9,266	25,813	26,639
Fixed Assets	4,440	4,519	4,414	4,382	4,599	4,668	4,780	5,226	5,335	4,820	5,228	5,206
Total Assets	24,731	25,750	25,682	26,528	26,805	27,721	27,765	29,009	29,160	30,498	31,041	31,846
Current Liabilities	8,053	8,214	7,626	8,370	8,118	8,338	7,858	8,748	8,893	9,266	8,831	9,409
Fixed Liabilities	3,824	4,382	4,261	3,934	4,310	4,711	4,507	4,485	4,199	4,820	5,028	4,829
Total Liabilities	11,877	12,596	11,887	12,304	12,428	13,049	12,365	13,233	13,092	14,086	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	Q3 Est.	Q4 Est.
Operating Cash Flow	-292	-146	298	1,647	-730	-347	-111	1,143	-1,053	-773	13	1,632
Change in Inventories	-872	-1,796	-1,183	-1,335	-644	-1,506	-1,191	-1,415	-881	-2,228	-1,483	-1,457
Other	579	1,650	1,481	2,983	-86	1,854	1,079	2,559	-171	1,454	1,496	3,090
Investment Cash Flow	-186	-475	-600	-735	-156	-428	-669	-1,218	-329	-618	-556	-756
Change in Tangible Fixed Assets	-104	-212	-309	-487	-93	-234	-374	-684	-188	-360	-381	-519
Change in Other Assets	-82	-262	-291	-248	-63	-194	-295	-534	-140	-257	-174	-236
Financing Cash Flow	86	503	728	47	-141	80	290	-24	0	288	983	294
Operating CF + Investment CF	-479	-621	-302	912	-886	-776	-780	-75	-1,382	-1,392	-543	876

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

Parent Company

Village Vanguard Corporation

What We Do

VILLAGE/VANGUARD



■ 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.

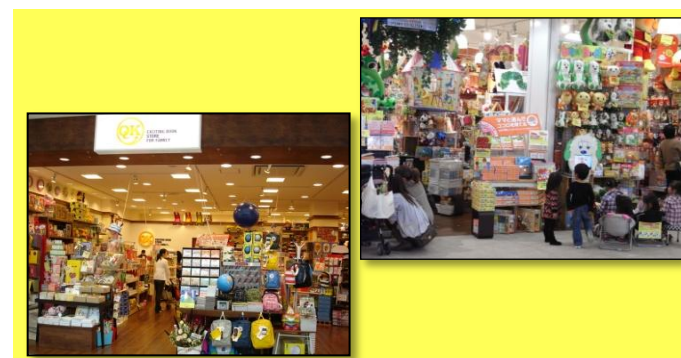
■ Diner

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.

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"

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



Examples of Our Merchandising Approach(3)



VILLAGE/VANGUARD



How Do We Sell?

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

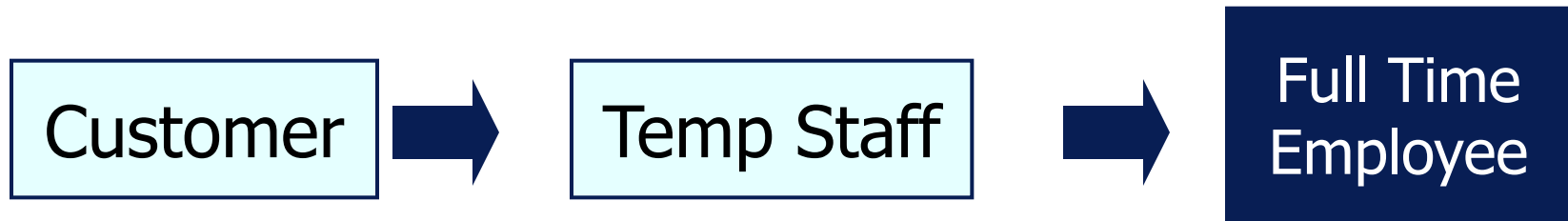
Authority



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

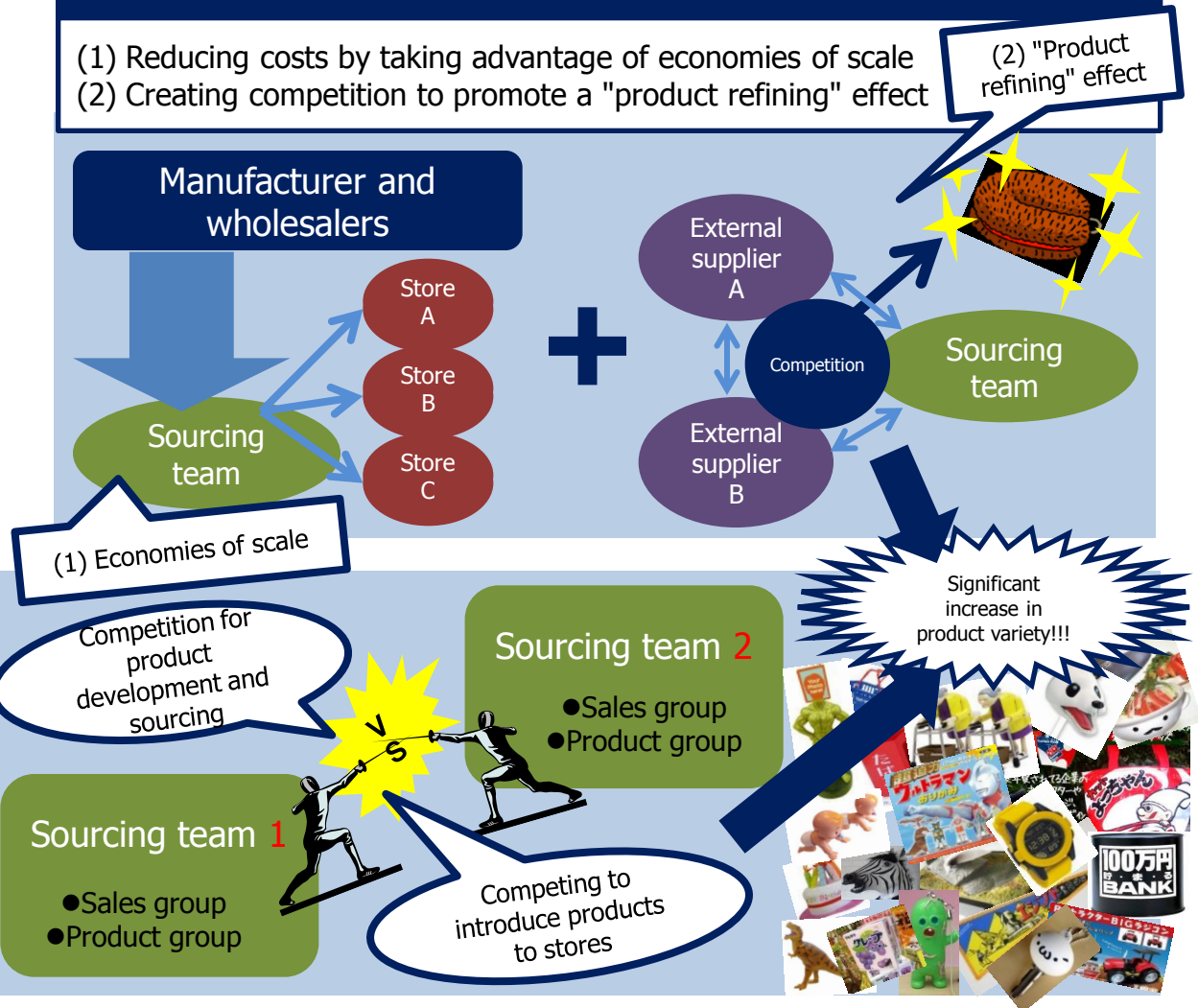
Role

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



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-Nov 2011

VILLAGE/VANGUARD

380 stores nationwide
358 Directly Managed (DM)

309 VV format

36 New style format

4 QK format

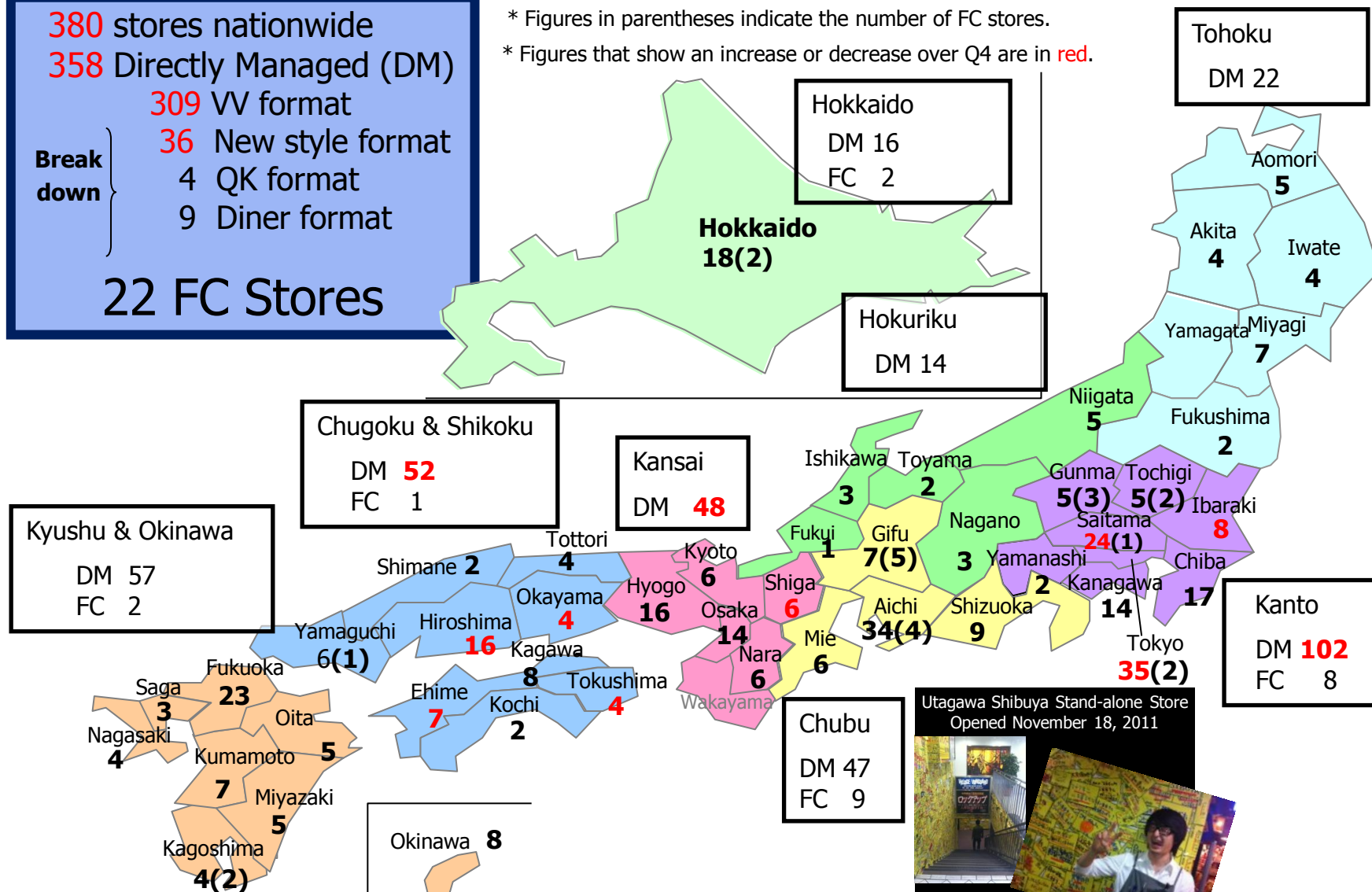
9 Diner format

Break
down

22 FC Stores

* Figures in parentheses indicate the number of FC stores.

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



Utagawa Shibuya Stand-alone Store
 Opened November 18, 2011



Snapshot! -Store Manager
 Okura

its reserved.

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.

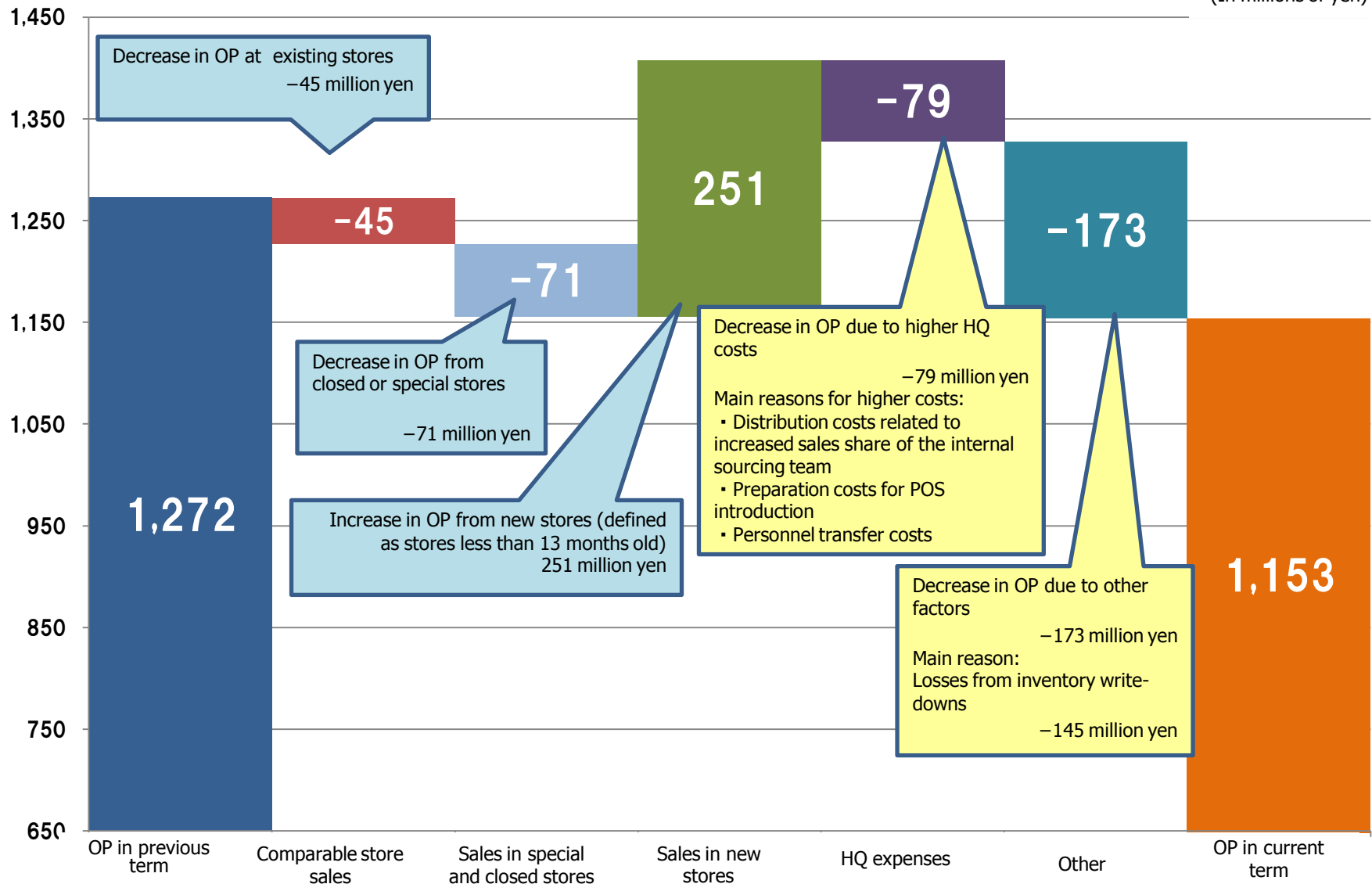
Parent Income Statement		FY05/10				FY05/11				FY05/12			
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.	
Sales	8,271	7,827	9,888	9,008	8,783	8,402	10,776	9,315	9,306	8,863	11,443	10,102	
Gross Profit	3,351	3,130	3,994	3,582	3,500	3,403	4,354	3,739	3,739	3,431	4,649	4,036	
SG&A	2,567	2,610	2,776	2,815	2,762	2,869	3,015	2,998	2,984	3,032	3,162	3,209	
Labor	1,137	1,137	1,191	1,259	1,306	1,318	1,354	1,378	1,420	1,412	1,523	1,507	
Rent	705	674	822	751	746	732	906	798	808	793	953	868	
Depreciation	95	100	103	107	97	107	99	114	96	101	113	110	
Operating Profit	784	519	1,218	768	738	534	1,339	740	755	399	1,487	827	
Recurring Profit	806	541	1,235	791	759	564	1,368	771	788	441	1,481	847	
Net Income	455	278	664	429	266	273	731	431	365	229	823	438	
Sales YoY	16.6%	9.6%	4.8%	7.3%	6.2%	7.3%	9.0%	3.4%	6.0%	5.5%	6.2%	8.4%	
Gross Profit YoY	41.8%	9.9%	1.0%	0.0%	4.4%	7.0%	-3.9%	6.5%	6.8%	-5.6%	14.1%	-3.5%	
Operating Profit YoY	7.5%	44.6%	5.7%	-13.2%	-5.9%	2.9%	9.9%	-3.6%	2.2%	-25.3%	11.1%	11.8%	
Recurring Profit YoY	6.3%	41.3%	5.3%	-10.7%	-5.9%	4.3%	10.8%	-2.5%	3.8%	-21.8%	8.2%	9.9%	
Net Income YoY	8.9%	33.7%	4.2%	-14.7%	-41.5%	-1.8%	10.1%	0.5%	37.0%	-16.2%	12.6%	1.6%	
Gross Profit Margin	40.5%	40.0%	40.4%	39.8%	39.8%	40.5%	40.4%	40.1%	40.2%	38.7%	40.6%	40.0%	
Operating Profit Margin	9.5%	6.6%	12.3%	8.5%	8.4%	6.4%	12.4%	7.9%	8.1%	4.5%	13.0%	8.2%	
Recurring Profit Margin	9.7%	6.9%	12.5%	8.8%	8.6%	6.7%	12.7%	8.3%	8.5%	5.0%	12.9%	8.4%	
Net Profit Margin	5.5%	3.6%	6.7%	4.8%	3.0%	3.2%	6.8%	4.6%	3.9%	2.6%	7.2%	4.3%	
Versus Plan													
Sales	1.2%	0.2%	-0.8%	-9.3%	0.6%	1.3%	-0.4%	-2.0%	-0.5%	-0.8%			
Gross Profit	1.8%	-0.5%	-0.3%	-10.9%	0.1%	2.6%	2.6%	-1.7%	0.7%	-3.1%			
SG&A	1.3%	-1.8%	-1.8%	-5.7%	-1.6%	-2.8%	0.9%	-4.5%	0.2%	0.1%			
Operating Profit	3.6%	6.7%	2.9%	-25.1%	7.3%	45.1%	6.9%	12.0%	2.7%	-21.5%			
Recurring Profit	4.9%	6.9%	3.1%	-23.6%	8.4%	47.3%	6.0%	14.7%	3.6%	-17.1%			
Net Income	5.8%	-1.5%	-1.1%	-26.0%	8.1%	35.1%	11.3%	24.9%	1.5%	-16.3%			

Sales by Category

Sales by Category		FY05/10				FY05/11				FY05/12			
(Million Yen)	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	14,360			
(Internal Sourcing Team)	1,578	1,565	2,297	1,904	1,752	1,770	2,713	2,088	2,217	79			
(Other)	4,614	4,361	5,489	5,000	5,027	4,691	5,896	5,090	5,143	9,929			
Books (Parent)	1,045	997	1,147	1,117	1,023	1,039	1,178	1,156	1,043	2,036			
NM (Parent)	844	664	771	769	790	719	804	792	734	1,446			
Other (Parent)	189	238	185	218	188	184	184	190	167	325			
Sales	8,271	7,825	9,888	9,008	8,783	8,402	10,776	9,315	9,305	18,169			
Composition													
SPICE (Parent)	74.9%	75.7%	78.7%	76.6%	77.2%	76.9%	79.9%	77.0%	79.1%	79.0%			
(Internal Sourcing Team)	19.1%	19.5%	20.9%	21.0%	20.0%	20.5%	22.3%	22.3%	23.8%	0.4%			
(Other)	55.8%	55.8%	55.7%	55.6%	57.2%	56.6%	55.8%	55.5%	55.3%	54.6%			
Books (Parent)	12.6%	12.7%	11.6%	12.4%	11.6%	12.4%	10.9%	12.4%	11.2%	11.2%			
NM (Parent)	10.2%	8.5%	7.8%	8.5%	9.0%	8.6%	7.5%	8.5%	7.9%	8.0%			
Other (Parent)	2.3%	3.0%	1.9%	2.4%	2.1%	2.2%	1.7%	2.0%	1.8%	1.8%			

OP analysis

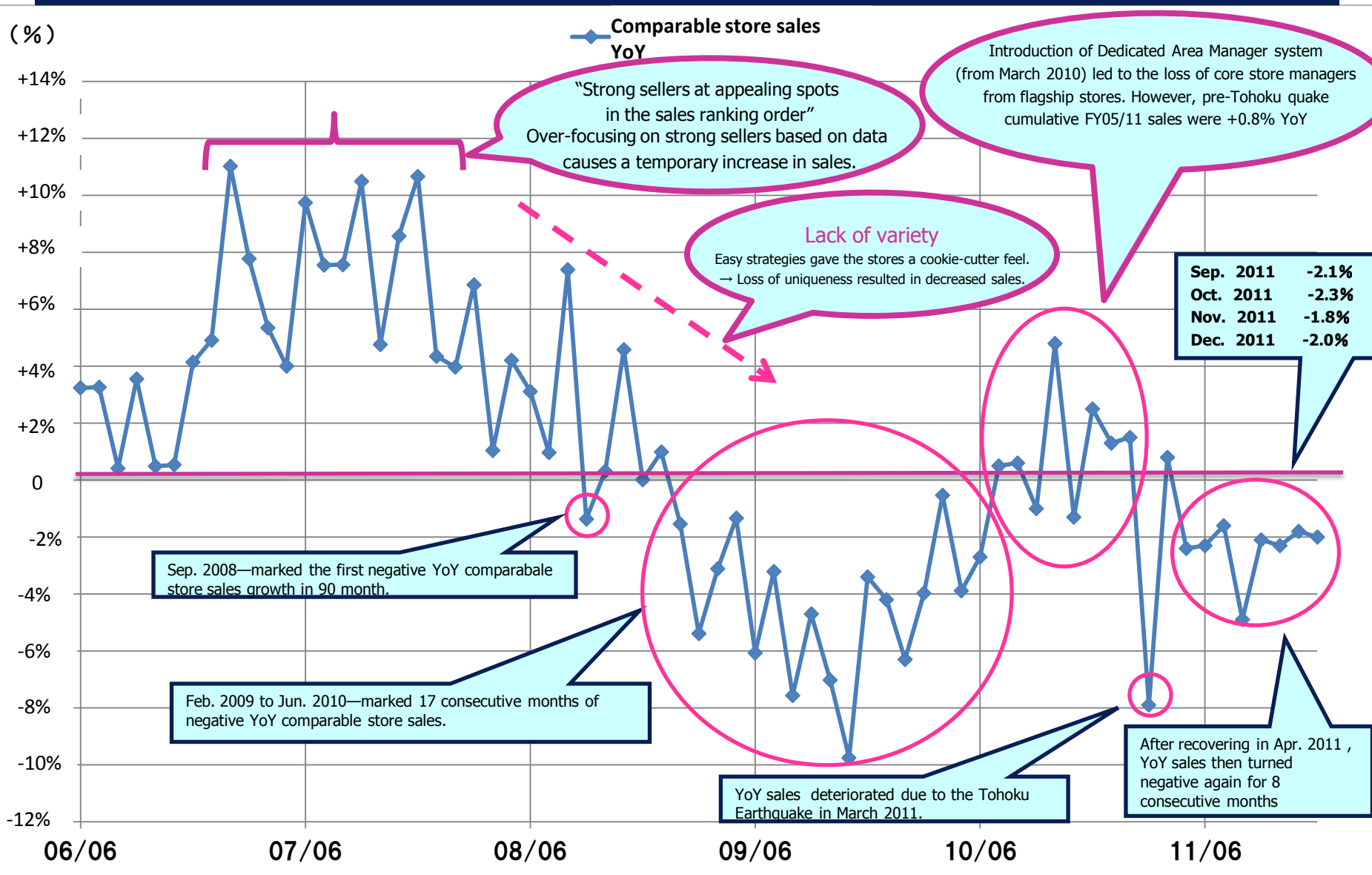
(In millions of yen)



Store Openings

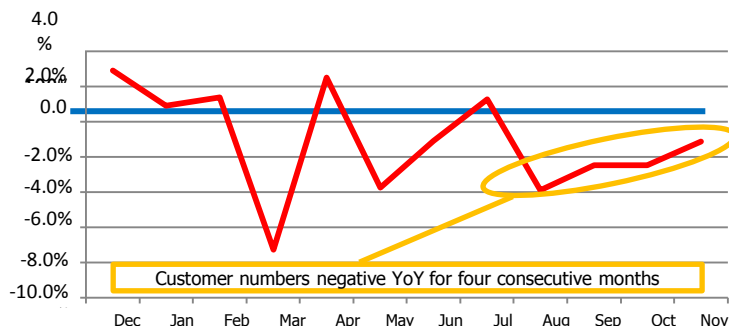
	FY05/ 09 Actual	FY05 / 10 Actual	FY05 /11 Actual	FY05/12 (Plan and Actual)									
	Full Year	Full Year	Full Year	Q1		Q2		Q3		Q4		Full Year	
				Initial Plan	Actual	Initial Plan	Actual	Initial Plan	Revised Plan	Initial Plan	Revised Plan	Initial Plan	Revised Plan
Opening	59	34	46	11	10	5	8	1	6	8	10	25	34
Village Vanguard	42	30	39	10	9	2	4	1	6	8	8	21	27
new style	8	1	7	1	1	3	4	0	0	0	1	4	6
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	1	2	8
Village Vanguard	6	6	8	0	0	0	0	0	3	0	1	0	4
new style	0	0	0	0	0	0	1	0	1	0	0	0	2
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	2	8	9	23	26

Comparable Store Sales Year on Year



Stand-Alone Store Focused Initiatives

YoY trends in number of customers purchasing goods over the last year



Concerns exist that the customer appeal of stores is weakening.

Current Initiatives

Creating stores that customers cannot resist visiting again and again...

In order to improve the ability of stores...

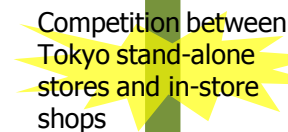
Specifically...

- Staff evaluation of Tokyo stand-alone stores

Our store is the coolest!!

- Swap store managers between Tokyo stand-alone stores and in-store shops

I want to be one of the Tokyo stand-alone stores!!



We want our store to be the most interesting!!

Tokyo stand-alone stores will strive to create exciting shops.

Ability of stores in general will **improve**.
In-store shops can improve their sales floors.



Initial focus on strengthening Tokyo stand-alone stores

Increased Cost-to-sales ratio for the sourcing teams

Change in Cost-to-sales ratio of sourcing teams over past four FY

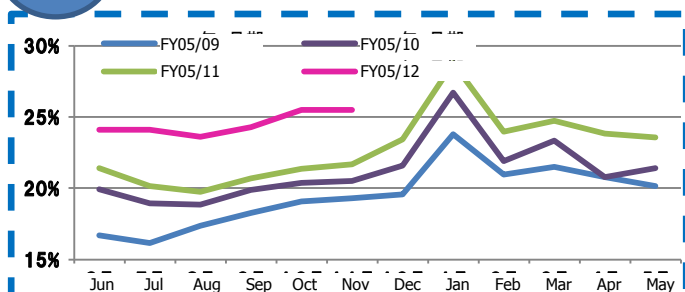
Cost-to-sales ratio for the sourcing teams has been increasing!

+5%

FY05/09 FY05/10 FY05/11 FY05/12

Attributable to changes in cost-to-sales ratio and sales share by product type

FYI.... Change in sales share of sourcing teams over past four FY



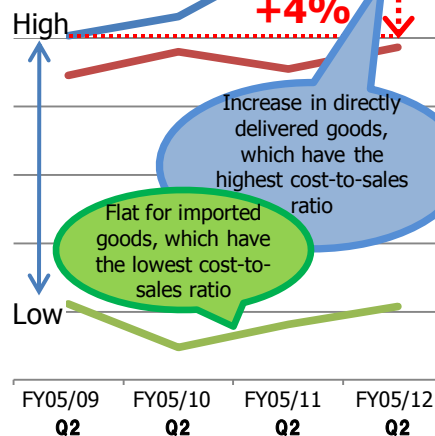
Sourcing teams

Three types of products handled

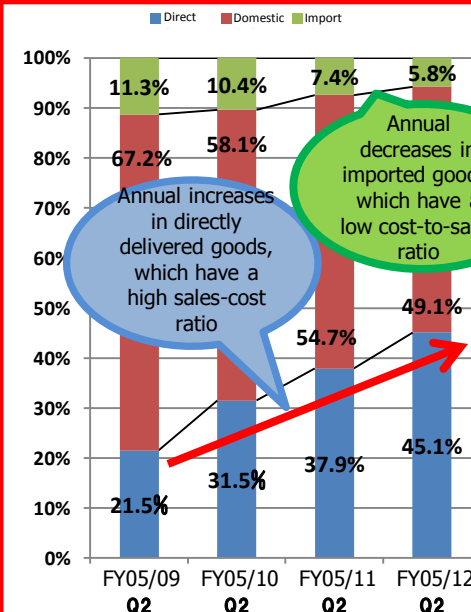


Cost-to-sales ratio trends by product type over past four FY

Directly delivered Domestic Import



Sales by product type breakdown over past four FY

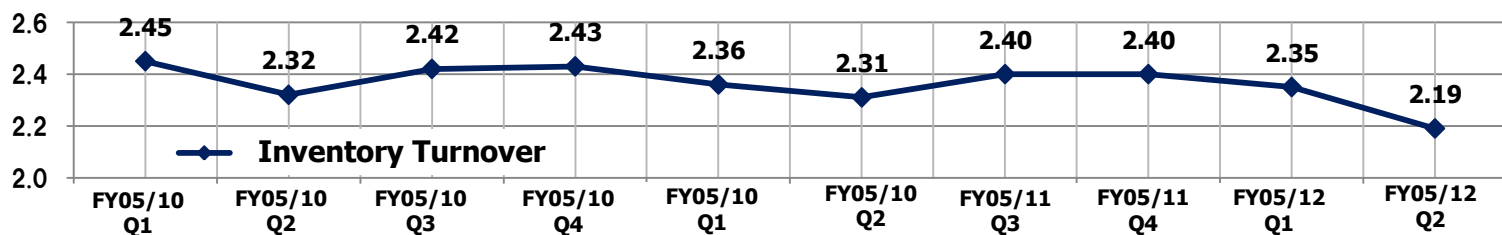


Inventory Control

Existing Store Inventory Trends

(Million Yen)		Q2 FY05/10	Q3 FY05/10	Q4 FY05/10	Q1 FY05/11	Q2 FY05/11	Q3 FY05/11	Q4 FY05/11	Q1 FY05/12	Q2 FY05/12
Cash Flow From Operations		-173	380	1,756	-718	-523	-214	1,042	-950	-1,061
■ Net Income Before Tax		1,320	2,498	3,256	502	1,015	2,371	3,065	672	1,098
■ Net Increase (Decrease) in Inventories		-1,711	-1,048	-1,101	-605	-1,493	-1,112	-1,206	-844	-2,139
	Existing stores	1,006	356	348	340	760	301	215	603	1,454
	New Stores	962	1,113	1,292	321	832	1,296	1,725	393	817
	Others	-203	-339	-355	10	31	-287	-427	-14	145
	Valuation Change	-55	-82	-183	-66	-132	-198	-306	-138	-277
■ Other		216	-1,070	-352	-615	-45	-1,473	-816	-778	-20
Cash Flow from Investment		-402	-479	-538	-138	-393	-558	-1,005	-211	-379
Cash Flow from Financing		78	491	-371	-227	-43	225	-542	38	-55
Free Cash Flow		-576	-99	1,217	-856	-916	-772	37	-1,161	-1,440
Reference										
No. of existing stores (Unit: stores)		254	261	272	282	284	283	292	291	302
Inventory change per existing store during the term		3.9	1.3	1.2	1.2	2.6	1.0	0.7	2.0	4.8

Inventory Turnover





Outside Titicaca Stores



Shibuya store

(Shibuya, Tokyo)

Lake Town store

(Koshigara, Saitama)

You Me Town store

(Beppu, Oita)



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



Shizuoka PARCO store
Opened October 1, 2011
102 sq/m



Iiasu Tsukuba store
Opened November 25, 2011
132 sq/m



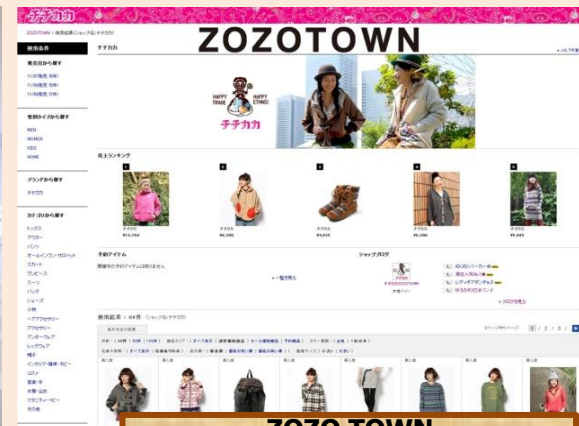
You Me Town Beppu store
Opened October 27, 2011
132 sq/m



Minami-suna Sunamo store
Opened November 23, 2011
169 sq/m



Mirai Nagasaki COCOWALK
Opened November 12, 2011
238 sq/m



ZOZO TOWN
Opened October 6, 2011
Online

Inside the Store

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Store Openings

Store data as of end-November 2011



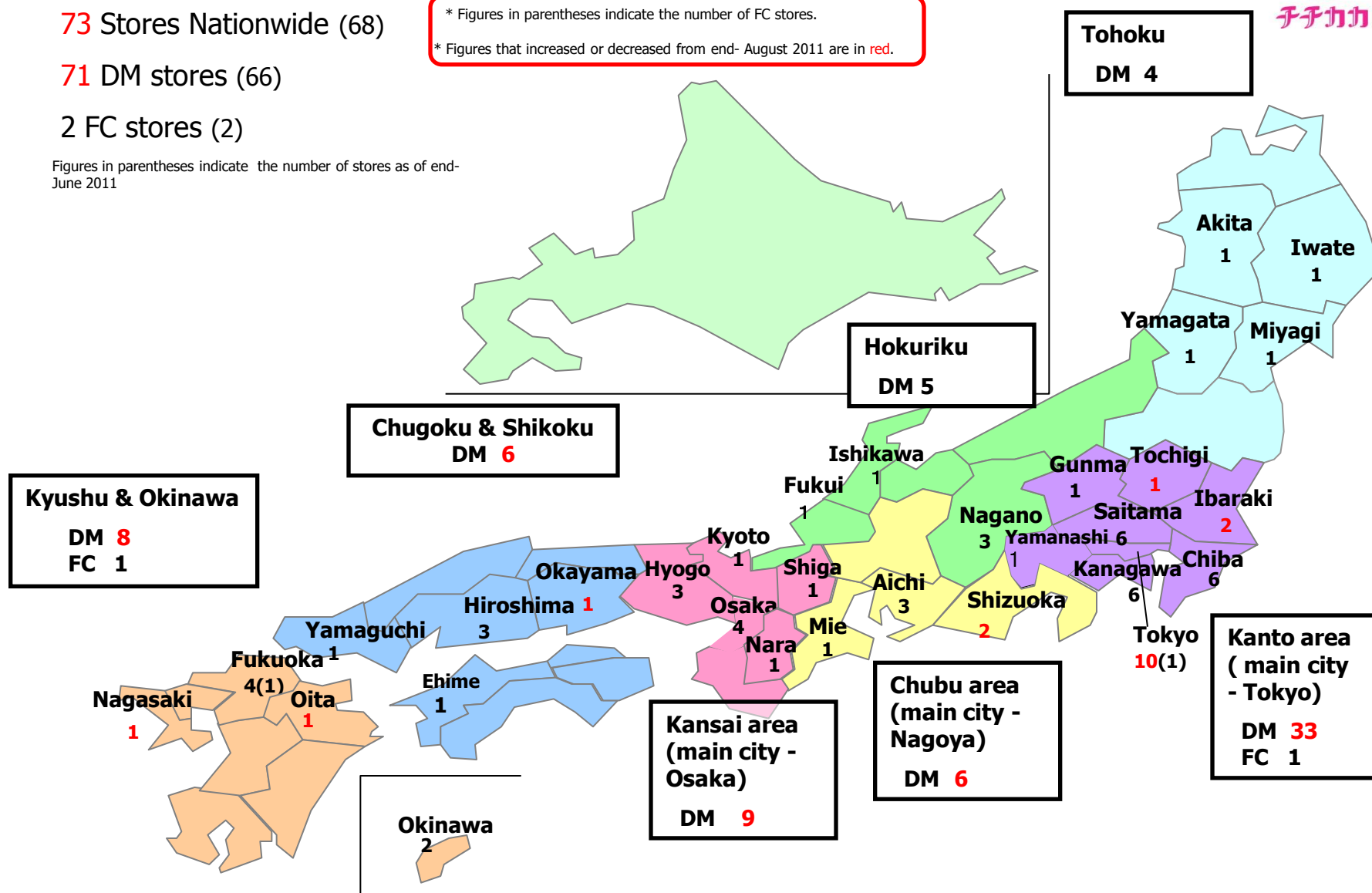
73 Stores Nationwide (68)

71 DM stores (66)

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- August 2011 are in **red**.



Titicaca - Results



Income Statement: Met budget. Q2 FY05/12 sales 3.0% above plan, Q2 FY05/12 recurring profit 64.7% above plan.

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

Titicaca Income Statement		FY05/10				FY05/11				FY05/12			
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.	
Sales	361	474	416	467	579	720	630	626	826	1,148	886	947	
Gross Profit	246	314	272	291	390	473	412	397	554	797	460	571	
Operating Profit	23	55	-10	-2	66	114	53	3	108	275	-71	12	
Recurring Profit	20	50	-13	-8	60	110	47	2	106	271	-82	5	
Net Income	18	48	-14	12	26	54	25	-16	56	149	-41	3	
Sales YoY	43.6%	47.2%	35.9%	56.2%	60.2%	51.9%	51.4%	34.0%	42.6%	59.4%	40.6%	51.3%	
Gross Profit YoY	32.6%	1107.7%	-	-	180.3%	50.6%	-	-	42.0%	68.5%	11.7%	43.8%	
Operating Profit YoY	124.8%	111.5%	-	-	180.3%	107.3%	-	-	63.3%	141.2%	-	300.0%	
Recurring Profit YoY	143.6%	138.1%	-	-	202.8%	120.0%	-	-	76.7%	146.4%	-	150.0%	
Net Income YoY	125.6%	140.0%	-	-	41.4%	12.5%	-	-	109.7%	175.9%	-	-	
Gross Profit Margin	68.1%	66.2%	65.4%	62.3%	67.4%	65.7%	65.4%	63.4%	67.1%	69.4%	51.9%	60.3%	
Operating Profit Margin	6.4%	11.6%	-	-	11.4%	15.8%	8.4%	0.5%	13.1%	24.0%	-	1.3%	
Recurring Profit Margin	5.5%	10.5%	-	-	10.4%	15.3%	7.5%	0.3%	12.8%	23.6%	-	0.5%	
Net Profit Margin	5.0%	10.1%	-	2.6%	4.5%	7.5%	4.0%	-	6.8%	13.0%	-	0.3%	
Sales vs Plan	-3.2%	-2.7%	-9.0%	1.5%	9.2%	12.0%	-2.3%	18.3%	0.0%	5.2%			
Gross Profit vs Plan	-1.5%	2.1%	-	-	8.3%	13.7%	-4.5%	26.4%	2.2%	19.5%			
Operating Profit vs Plan	16.9%	30.8%	-	-	88.6%	62.9%	-33.8%	-	10.6%	96.4%			
Recurring Profit vs Plan	24.7%	36.2%	-	-	130.8%	74.6%	-40.5%	-	10.8%	103.8%			
Net Income vs Plan	18.3%	27.4%	-	-	188.9%	54.3%	-30.6%	-	4.9%	101.4%			

Sales vs. Plan: Targets Achieved

Sales: **+3.0%** against Q2 plan (+56 million yen)

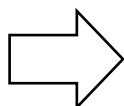
Existing stores: +0.6% (+8 million yen) Wholesale and FC sales: +25.1% (+18 million yen)

New stores: +5.1% (+27 million yen)

SG&A Costs Within Budget

-0.2% against Q2 plan (-2 million yen)

Major items	vs. Plan (Million yen)
Store rent	+5.4
Transportation costs	+2.1
Labor costs	-7.7



-Higher than expected sales meant sales performance-linked rent also increased
 -Headcount for managerial staff not linked to a specific store increased, thus costs related to managers making store visits also rose
 - Labor costs came in lower than planned. However, as sales increase we plan to increase store staff to further boost sales.

YoY Improvement in Operating Profit Margin

Q2 Operating profit margin: Improved to **19.4%** from 13.9% YoY Q2 HQ costs-to-sales ratio: Improved to **11.7%** from 13.4% YoY

- Entire company Labor costs-to-sales ratio: Decreased to 22.3% from 25.2%
- HQ costs While HQ costs increased 131.8%, sales increased 151.9%.

While sales increased, the increase in HQ costs was controlled. Consequently, operating profit margin improved to 19.4% from 13.9%.

Number of stores YoY **14 store net increase**

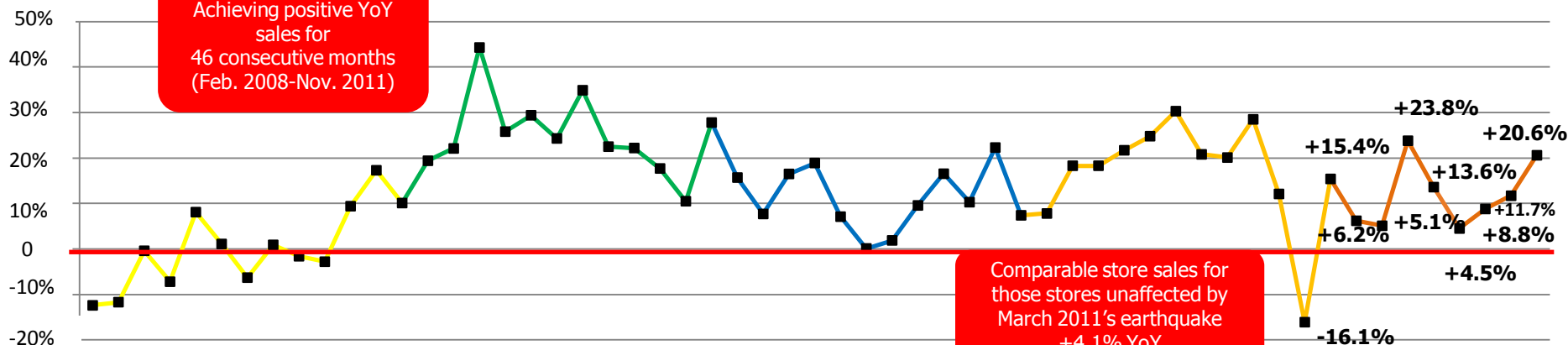
Full-year cumulative sales YoY **+11.6%**

Results

Comparable stores sales

1H **+11.6%** YoY

Achieving positive YoY sales for 46 consecutive months (Feb. 2008-Nov. 2011)



FY03/08

Group management started following M&A in May 2007

FY03/09

Area manager system established
Full-year results move out of the red

FY03/10

Management vision established
Losses carried forward dissolved

FY03/11

Management vision permeated through our credo

FY03/12

Dedicated area manager system introduced

Store Openings and Results

	FY03/09 Results	FY03/10 Results	FY03/11 Plan			FY03/11 Result			FY03/12 Plan			FY03/12 Result (As of end-November)		
			(1H)	(2H)	(Full-year)	(1H)	(2H)	(Full-year)	(1H)	(2H)	(Full-year)	(1H)	(2H)	(Full-year)
Store openings	12	16	4	4	8	5	10	15	9	10	19	9	5	14
Store closures	7	1	3	0	3	2	2	4	0	1	1	1	0	1

Growth strategies

Introduction of Dedicated Area Managers (AM) 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 (introduced since 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 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:

Shortage of personnel to assume new Dedicated AM and store manager roles



-Future challenge

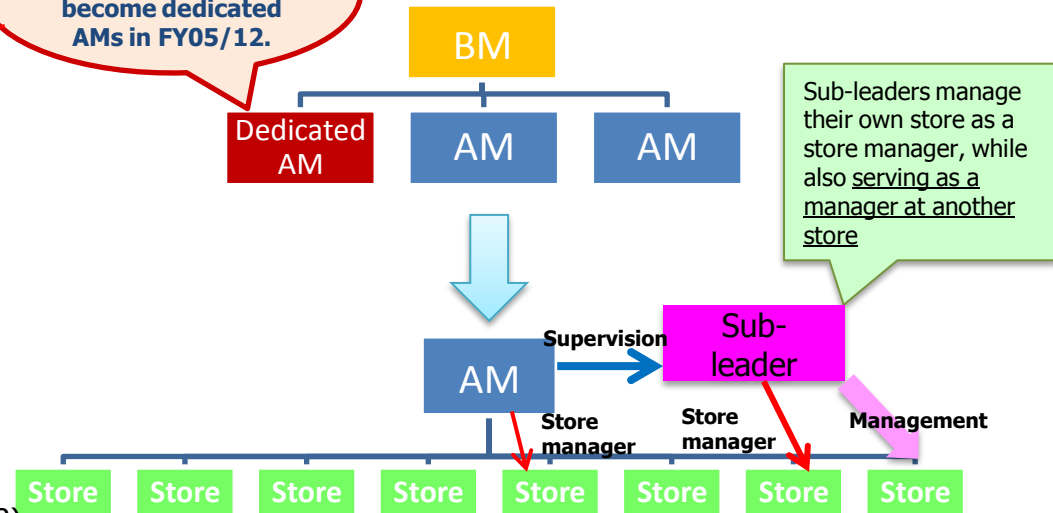
-Establish sub-leaders who will later assume dedicated AM roles.

→ Sub-leaders serve as store managers, and also supervise one other store as a manager.

-Establish a training store to nurture store managers.

→ Four person debut in Q2 FY05/12 (results at end of Q2)

Two out of nine managers will become dedicated AMs in FY05/12.



Village Vanguard (Hong Kong) Limited

Inside the Store (VVHK)

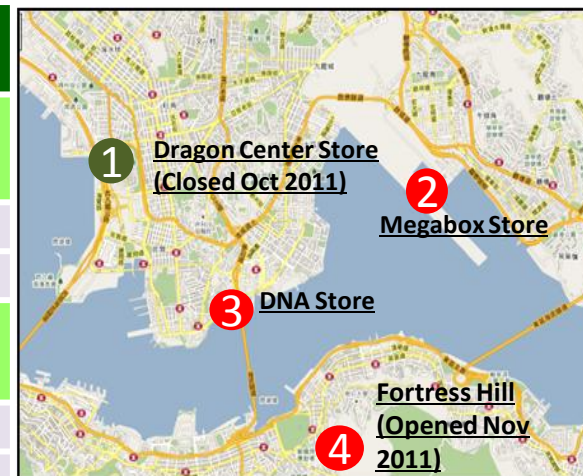
VILLAGE/VANGUARD



Village Vanguard Hong Kong - Results

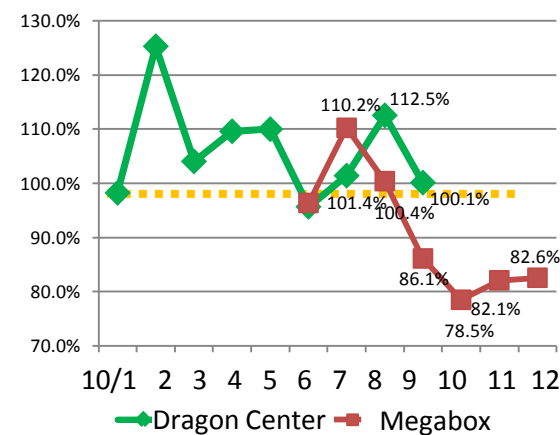
(Million Yen)	FY05/11 (Actual)				FY05/12 (Actual and Plan)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.
Sales	36	59	90	118	30	52	103	132
Versus Plan(Million)	▲15	▲4	▲0	+2	▲2	▲10	-	-
YoY (Million)	-	-	-	-	▲6	▲6	+13	+14
Gross Profit	15	25	39	48	13	19	42	54
Versus Plan(Million)	▲7	▲2	▲0	▲1	▲0	▲6	-	-
YoY (Million)	-	-	-	-	▲2	+0	+3	+6
Operating Profit	▲10	▲26	▲31	▲43	▲4	▲22	▲23	▲32
Versus Plan(Million)	+1	▲9	+4	▲1	+2	▲5	-	-
YoY(Million)	-	-	-	-	+5	+1	+8	+11
Recurring Profit	▲10	▲26	▲31	▲43	▲4	▲22	▲23	▲32
Versus Plan(Million)	+1	▲9	+4	▲1	+2	▲5	-	-
YoY (Million)	-	-	-	-	+5	+1	+8	+11
Net Profit	▲10	▲29	▲33	▲45	▲4	▲22	▲23	▲32
Versus Plan(Million)	+1	▲11	+4	▲1	+2	▲5	-	-
YoY (Million)	-	-	-	-	+5	+1	+10	+13

Store Locations



3 DM Stores ... Closed Store ...

YoY Sales at Existing Stores



Village Vanguard Webbed Limited

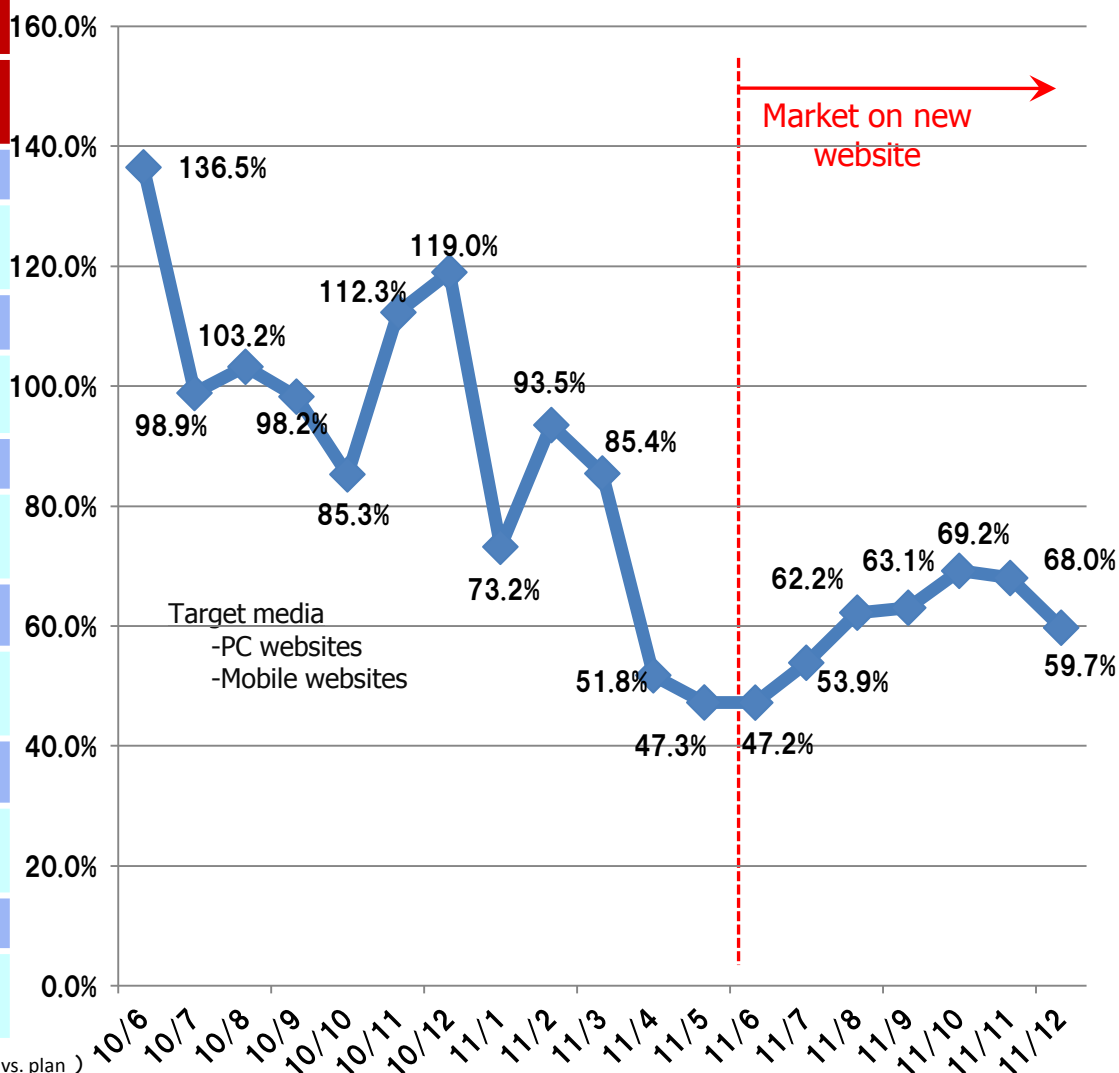
(Consolidated from FY05/11 Q4)

Results and Sales YoY

(Thousand Yen)

PL	FY05/12(Result and Plan)			
	Q1 (Result)	Q2 (Result)	Q3 (Plan)	Q4 (Plan)
Sales	20,720	43,125	141,050	195,165
Vs. Plan (%) (Changes)	75.9 (▲6,578)	62.6 (▲25,721)	-	-
Gross Profit	4,714	10,588	22,919	31,848
Vs. Plan (%) (Changes)	+4.7 (+210)	93.2 (▲771)	-	-
SG&A	4,498	9,270	15,951	21,414
Vs. Plan (%) (Changes)	87.9 (▲621)	87.7 (▲1,295)	-	-
Operating Profit	216	1,318	6,967	10,433
Vs. Plan (%) (Changes)	- (+831)	166.1 (+524)	-	-
Recurring Profit	▲376	145	5,139	7,986
Vs. Plan (%) (Changes)	- (+853)	- (+578)	-	-
Net Income	▲422	54	4,856	13,737
Vs Plan (%) (Changes)	- (+740)	- (+463)	-	-

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

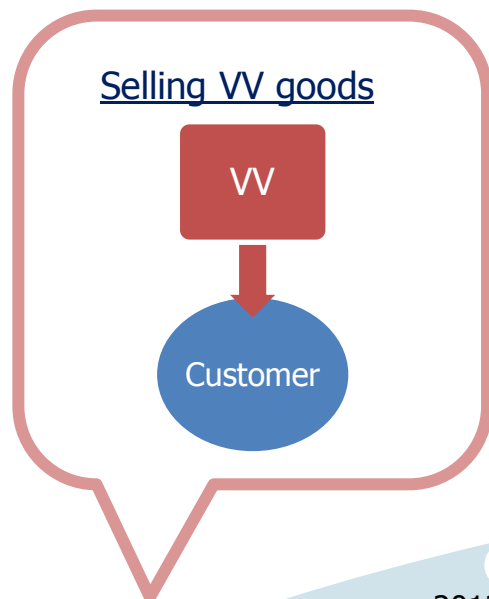


↑ (Figures in parentheses above indicate actual performance vs. plan)

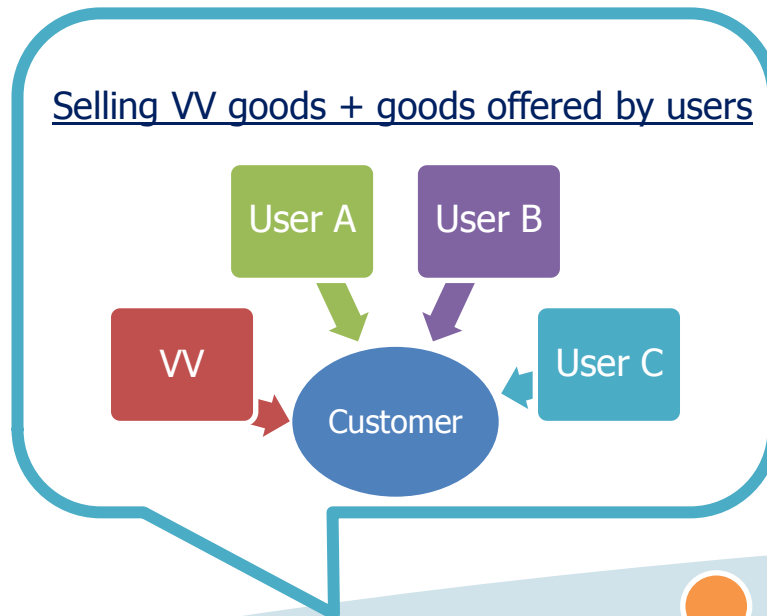
Concept and future strategy for the new site

To stimulate activities within the website, enhance product variety by creating a website where customers can freely participate.

Selling VV goods



Selling VV goods + goods offered by users



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

POP posting function launched November 2011

2012: "Users' favorites" page functionality to be launched

Users able to sell goods freely from 2012 (plan)

Five billion yen's worth of goods passing through the site in FY05/14 (target)

Enhance variety of goods

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





