

Q3 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	Q3	Q4 Est.
Sales	8,630	8,273	10,290	9,456	9,359	9,125	11,397	9,926	10,158	10,005	12,279	11,229
SG&A	2,799	2,879	3,069	3,117	3,120	3,265	3,401	3,429	3,460	3,593	3,806	3,731
Labor	1,248	1,246	1,327	1,393	1,471	1,486	1,526	1,567	1,636	1,647	1,716	1,951
Rent	753	732	883	817	828	824	991	887	915	928	982	1,080
Depreciation	102	108	113	120	113	125	119	136	121	131	139	158
Operating Profit	799	548	1,203	755	781	620	1,372	721	852	643	1,375	854
Recurring Profit	814	561	1,213	768	790	643	1,391	746	877	676	1,405	811
Net Income	462	299	641	430	267	299	733	380	404	347	734	460
Sales YoY	17.5%	10.9%	5.7%	8.9%	8.4%	10.3%	10.8%	5.0%	8.5%	9.6%	7.7%	13.1%
SG&A YoY	23.3%	5.7%	9.7%	10.1%	11.4%	13.4%	10.8%	10.0%	10.9%	10.1%	11.9%	8.8%
Labor YoY	25.4%	13.9%	15.4%	16.3%	17.8%	19.3%	15.0%	12.5%	11.3%	10.8%	12.5%	24.5%
Rent YoY	19.1%	12.6%	6.0%	8.6%	9.9%	12.6%	12.2%	8.6%	10.5%	12.6%	-0.9%	21.8%
Depreciation YoY	47.8%	13.7%	4.6%	6.2%	11.2%	15.7%	5.3%	13.3%	6.8%	4.8%	16.8%	16.2%
Operating Profit YoY	9.3%	46.5%	4.5%	12.8%	-2.2%	13.1%	14.0%	-4.5%	9.1%	3.7%	0.2%	18.4%
Recurring Profit YoY	8.1%	43.5%	4.2%	11.0%	-2.8%	14.6%	14.7%	-2.9%	11.0%	5.1%	1.0%	8.7%
Net Income YoY	11.6%	39.7%	6.0%	-8.1%	-42.0%	0.0%	14.4%	-11.6%	50.9%	16.0%	0.2%	21.0%
Operating Profit Margin	9.3%	6.6%	11.7%	8.0%	8.3%	6.8%	12.0%	7.3%	8.4%	6.4%	11.2%	7.6%
Recurring Profit Margin	9.4%	6.8%	11.8%	8.1%	8.4%	7.0%	12.2%	7.5%	8.6%	6.8%	11.4%	7.2%
Net Profit Margin	5.4%	3.6%	6.2%	4.5%	2.9%	3.3%	6.4%	3.8%	4.0%	3.5%	6.0%	4.1%
Versus plan												
Sales	1.0%	-0.2%	-1.3%	-8.9%	0.9%	1.9%	-0.3%	-0.9%	-0.4%	-0.5%	-0.5%	
SG&A	0.9%	-1.9%	-1.6%	-5.6%	-1.8%	-2.2%	1.3%	-2.4%	0.1%	0.0%	1.8%	
Operating Profit	4.2%	5.6%	0.5%	-24.3%	11.4%	47.3%	5.3%	14.4%	4.7%	1.7%	-5.5%	
Recurring Profit	5.0%	8.1%	1.2%	-25.1%	13.0%	51.3%	4.3%	18.4%	5.4%	5.3%	-4.0%	
Net Income	6.0%	0.7%	-4.6%	-24.7%	15.6%	37.8%	11.1%	21.8%	3.7%	6.0%	-8.3%	

The company revised up its full year forecasts at Q2. The comparison for 2H is based on revised forecasts.

BS (Consolidated)



Balance Sheet	FY05/10				FY05/11				FY05/12(Result and Estimate)			
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.
Current Assets	20,290	21,231	21,267	22,145	22,205	23,053	22,984	23,782	23,825	25,002	24,695	26,639
(%)	82.0	82.5	82.8	83.5	82.8	83.2	82.8	81.9	81.7	82.0	81.7	83.7
Cash & Deposit	2,685	2,957	3,503	4,037	3,045	3,378	3,582	3,972	2,586	2,865	2,773	5,142
(%)	10.9	11.5	13.7	15.2	11.4	12.2	12.9	13.6	8.9	9.4	9.2	16.1
Inventories	15,003	15,928	15,315	15,466	16,182	17,044	16,726	16,950	17,827	19,175	19,007	18,408
(%)	60.7	61.9	59.6	58.3	60.4	61.5	60.2	58.4	61.1	62.9	62.9	57.8
Other	2,601	2,345	2,448	2,641	2,977	2,630	2,675	2,859	3,411	2,960	2,914	3,088
(%)	10.5	9.1	9.5	10.0	11.1	9.5	9.6	9.8	11.7	9.7	9.6	9.7
Fixed Assets	4,440	4,519	4,414	4,382	4,599	4,668	4,780	5,226	5,335	5,496	5,534	5,206
(%)	18.0	17.5	17.2	16.5	17.2	16.8	17.2	18.0	18.3	18.0	18.3	16.3
Current Liabilities	8,053	8,214	7,626	8,370	8,118	8,338	7,858	8,748	8,893	9,266	8,354	9,409
(%)	32.6	31.9	29.7	31.6	30.3	30.1	28.3	30.1	30.5	30.4	27.6	29.5
Fixed Liabilities	3,824	4,382	4,261	3,934	4,310	4,711	4,507	4,485	4,199	4,820	4,716	4,829
(%)	15.5	17.0	16.6	14.8	16.1	17.0	16.2	15.4	14.4	15.8	15.6	15.2
Net Assets	12,853	13,153	13,793	14,223	14,376	14,671	15,399	15,775	16,067	16,411	17,158	17,607
(%)	52.0	51.1	53.7	53.6	53.6	52.9	55.5	54.3	55.1	53.8	56.8	55.3
Total Assets	24,731	25,750	25,682	26,528	26,805	27,721	27,765	29,009	29,160	30,498	30,229	31,846
(%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

CF(Consolidated)



Cash Flow Statement (Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.
Operating Cash Flow	-292	-146	298	1,647	-730	-347	-111	1,143	-1,053	-773	-876	1,632
Change in Inventories	-872	-1,796	-1,183	-1,335	-644	-1,506	-1,191	-1,415	-881	-2,228	-2,056	-1,457
Other	579	1,650	1,481	2,983	-86	1,854	1,079	2,559	-171	1,454	1,179	3,090
Investment Cash Flow	-186	-475	-600	-735	-156	-428	-669	-1,218	-329	-618	-843	-756
Change in Tangible Fixed Assets	-104	-212	-309	-487	-93	-234	-374	-684	-188	-360	-505	-519
Change in Other Assets	-82	-262	-291	-248	-63	-194	-295	-534	-140	-257	-338	-236
Financing Cash Flow	86	503	728	47	-141	80	290	-24	0	288	522	294
Operating CF + Investment CF	-479	-621	-302	912	-886	-776	-780	-75	-1,382	-1,392	-1,719	876

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.



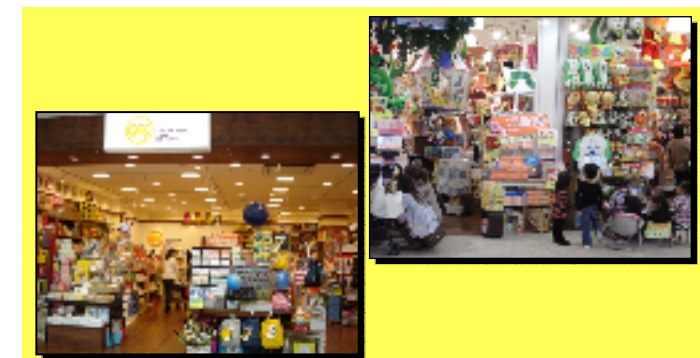
■ Diner

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"



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



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

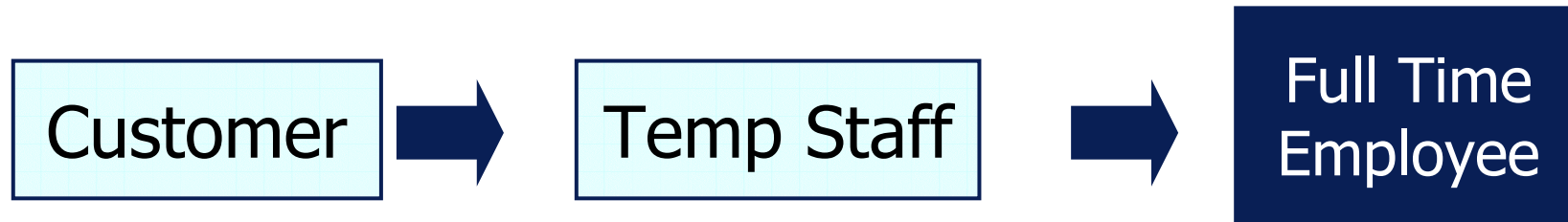
Proposition

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

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

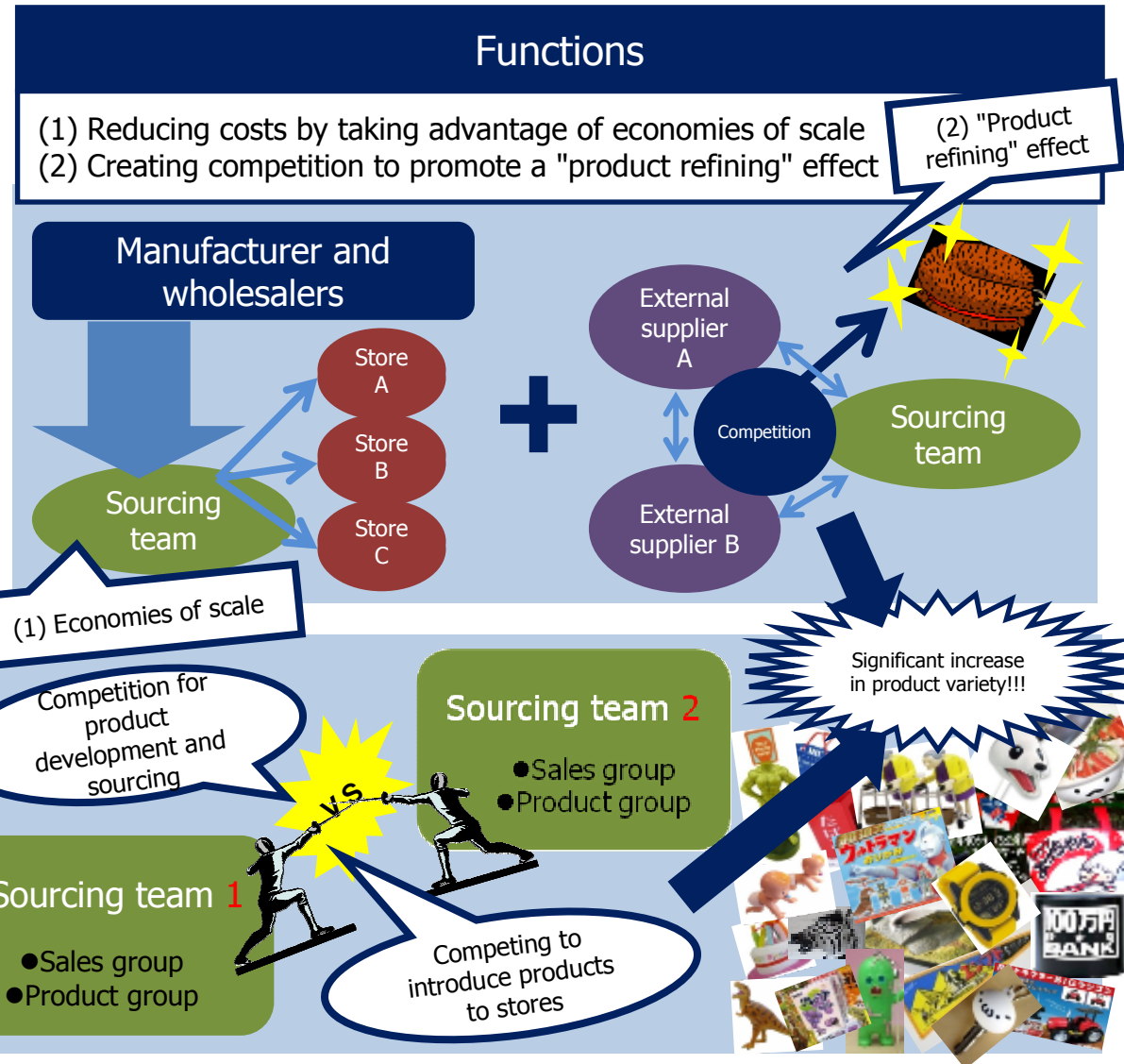
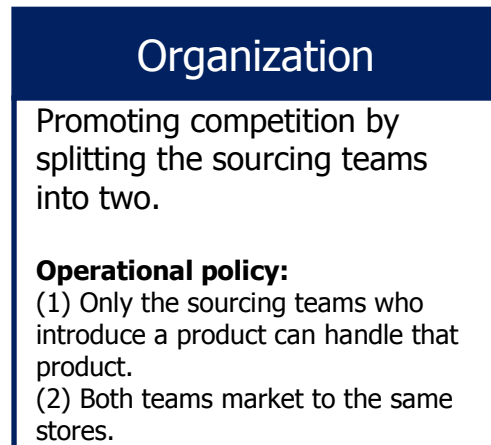
Store level ideas driving impulse buying and customer loyalty





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

Sourcing Teams



Store Openings (Parent)

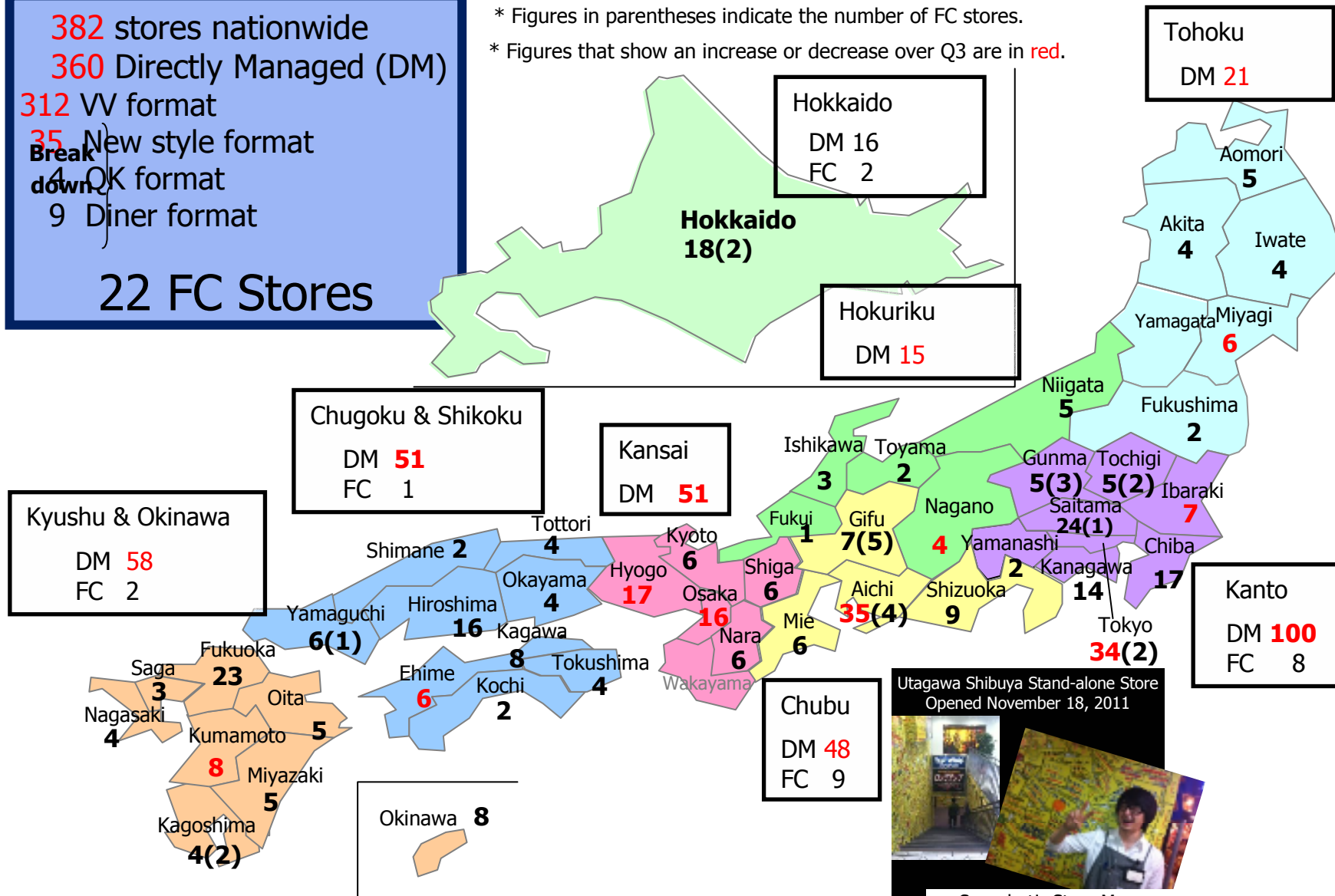
Store data as of end-Feb 2012

VILLAGE VANGUARD

382 stores nationwide
360 Directly Managed (DM)
312 VV format
35 New style format
4 OK format
9 Diner format
22 FC Stores

* Figures in parentheses indicate the number of FC stores.

* Figures that show an increase or decrease over Q3 are in red.



Utagawa Shibuya Stand-alone Store
 Opened November 18, 2011



Snapshot! -Store Manager
 Okura

its reserved.

VV – Results (Parent)

Parent Income Statement



Parent Income Statement												
(Million Yen)	FY05/10				FY05/11				FY05/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.
Sales	8,271	7,827	9,888	9,008	8,783	8,402	10,776	9,315	9,306	8,863	11,254	10,291
Gross Profit	3,351	3,130	3,994	3,582	3,500	3,403	4,354	3,739	3,739	3,431	4,501	4,184
SG&A	2,567	2,610	2,776	2,815	2,762	2,869	3,015	2,998	2,984	3,032	3,248	3,123
Labor	1,137	1,137	1,191	1,259	1,306	1,318	1,354	1,378	1,420	1,412	1,478	1,552
Rent	705	674	822	751	746	732	906	798	808	793	862	959
Depreciation	95	100	103	107	97	107	99	114	96	101	104	119
Operating Profit	784	519	1,218	768	738	534	1,339	740	755	399	1,253	1,061
Recurring Profit	806	541	1,235	791	759	564	1,368	771	788	441	1,299	1,029
Net Income	455	278	664	429	266	273	731	431	365	229	678	583
Sales YoY	16.6%	9.6%	4.8%	7.3%	6.2%	7.3%	9.0%	3.4%	6.0%	5.5%	4.4%	10.5%
Gross Profit YoY	41.8%	9.9%	1.0%	0.0%	4.4%	7.0%	-3.9%	6.5%	6.8%	-5.6%	5.1%	4.4%
Operating Profit YoY	7.5%	44.6%	5.7%	-13.2%	-5.9%	2.9%	9.9%	-3.6%	2.2%	-25.3%	-6.4%	43.4%
Recurring Profit YoY	6.3%	41.3%	5.3%	-10.7%	-5.9%	4.3%	10.8%	-2.5%	3.8%	-21.8%	-5.1%	33.5%
Net Income YoY	8.9%	33.7%	4.2%	-14.7%	-41.5%	-1.8%	10.1%	0.5%	37.0%	-16.2%	-7.2%	35.3%
Gross Profit Margin	40.5%	40.0%	40.4%	39.8%	39.8%	40.5%	40.4%	40.1%	40.2%	38.7%	40.0%	40.7%
Operating Profit Margin	9.5%	6.6%	12.3%	8.5%	8.4%	6.4%	12.4%	7.9%	8.1%	4.5%	11.1%	10.3%
Recurring Profit Margin	9.7%	6.9%	12.5%	8.8%	8.6%	6.7%	12.7%	8.3%	8.5%	5.0%	11.5%	10.0%
Net Profit Margin	5.5%	3.6%	6.7%	4.8%	3.0%	3.2%	6.8%	4.6%	3.9%	2.6%	6.0%	5.7%
Versus Plan												
Sales	1.2%	0.2%	-0.8%	-9.3%	0.6%	1.3%	-0.4%	-2.0%	-0.5%	-0.8%	-0.7%	
Gross Profit	1.8%	-0.5%	-0.3%	-10.9%	0.1%	2.6%	2.6%	-1.7%	0.7%	-3.1%	-1.4%	
SG&A	1.3%	-1.8%	-1.8%	-5.7%	-1.6%	-2.8%	0.9%	-4.5%	0.2%	0.1%	2.4%	
Operating Profit	3.6%	6.7%	2.9%	-25.1%	7.3%	45.1%	6.9%	12.0%	2.7%	-21.5%	-10.1%	
Recurring Profit	4.9%	6.9%	3.1%	-23.6%	8.4%	47.3%	6.0%	14.7%	3.6%	-17.1%	-8.3%	
Net Income	5.8%	-1.5%	-1.1%	-26.0%	8.1%	35.1%	11.3%	24.9%	1.5%	-16.3%	-13.2%	

The company revised up its full year forecasts at Q2. The comparison for 2H is based on revised forecasts.

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	6,999	9,216	-	
(Internal Sourcing Team)	1,578	1,565	2,297	1,904	1,752	1,770	2,713	2,088	2,217	2,214	3,116	-	
(Other)	4,614	4,361	5,489	5,000	5,027	4,691	5,896	5,090	5,143	4,786	6,100	-	
Books (Parent)	1,045	997	1,147	1,117	1,023	1,039	1,178	1,156	1,043	993	1,114	-	
NM (Parent)	844	664	771	769	790	719	804	792	734	712	772	-	
Other (Parent)	189	238	185	218	188	184	184	190	167	158	152	-	
Sales	8,271	7,825	9,888	9,008	8,783	8,402	10,776	9,315	9,305	8,864	11,254	-	
Composition													
SPICE (Parent)	74.9%	75.7%	78.7%	76.6%	77.2%	76.9%	79.9%	77.0%	79.1%	79.0%	81.9%	-	
(Internal Sourcing Team)	19.1%	19.5%	20.9%	21.0%	20.0%	20.5%	22.3%	22.4%	23.8%	25.0%	27.7%	-	
(Other)	55.8%	55.8%	55.7%	55.6%	57.2%	56.6%	55.8%	54.6%	55.3%	54.0%	54.2%	-	
Books (Parent)	12.6%	12.7%	11.6%	12.4%	11.6%	12.4%	10.9%	12.4%	11.2%	11.2%	9.9%	-	
NM (Parent)	10.2%	8.5%	7.8%	8.5%	9.0%	8.6%	7.5%	8.5%	7.9%	8.0%	6.9%	-	
Other (Parent)	2.3%	3.0%	1.9%	2.4%	2.1%	2.2%	1.7%	2.0%	1.8%	1.8%	1.4%	-	

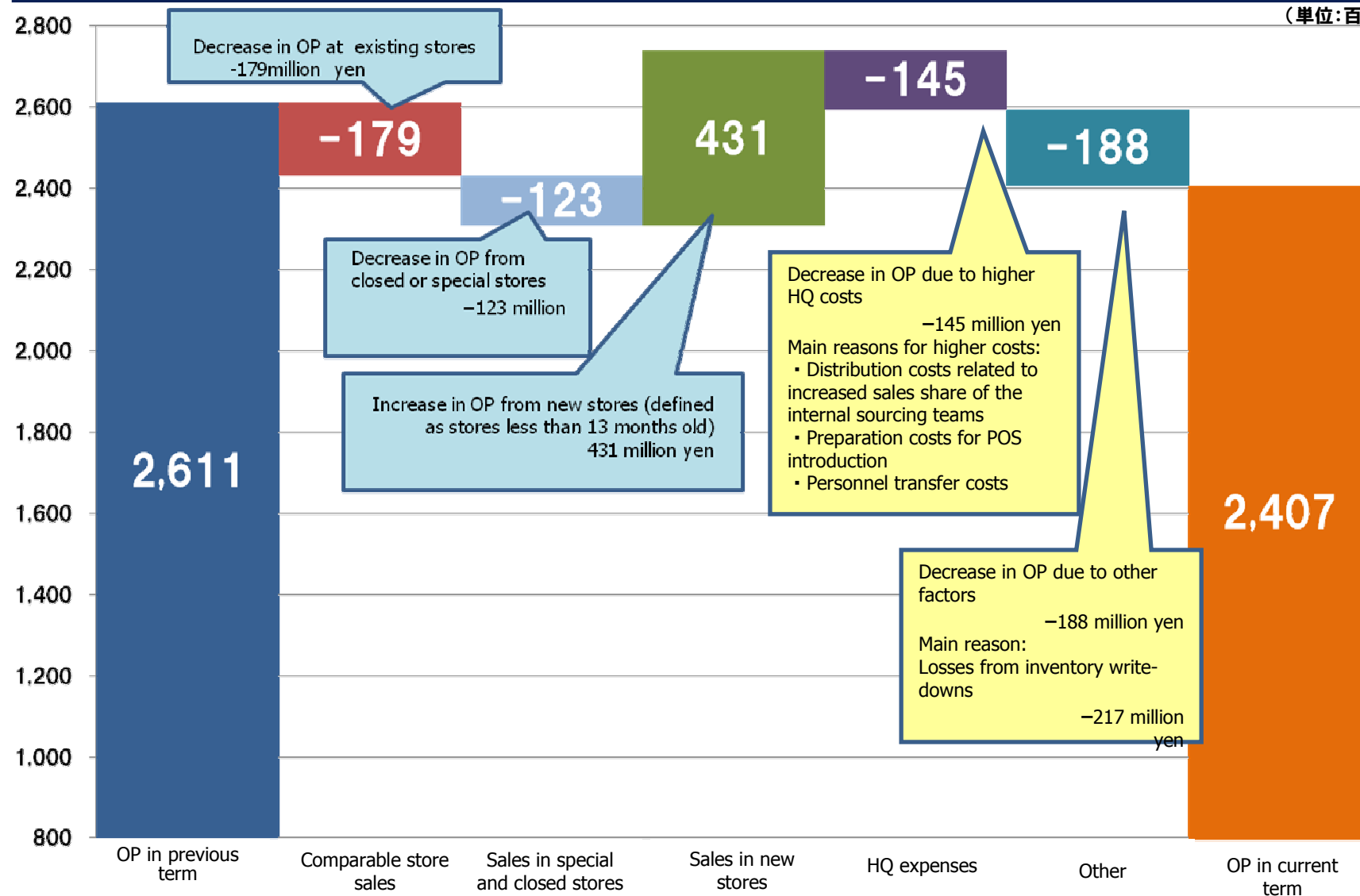
Store Openings



	FY05/ 09 Actual	FY05/ 10 Actual	FY05/ 11 Actual	FY05/12 (Plan and Actual)									
	Full Year	Full Year	Full Year	Q1		Q2		Q3		Q4		通期	
				Initial Plan	Actual	Initial Plan	Actual	Initial Plan	Actual	Initial Plan	Revised Plan	Initial Plan	Revised Plan
Opening	59	34	46	11	10	5	8	1	6	8	14	25	38
Village Vanguard	42	30	39	10	9	2	4	1	6	8	11	21	30
new style	8	1	7	1	1	3	4	0	0	0	2	4	7
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	2	2	9
Village Vanguard	6	6	8	0	0	0	0	0	3	0	2	0	5
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	12	23	29

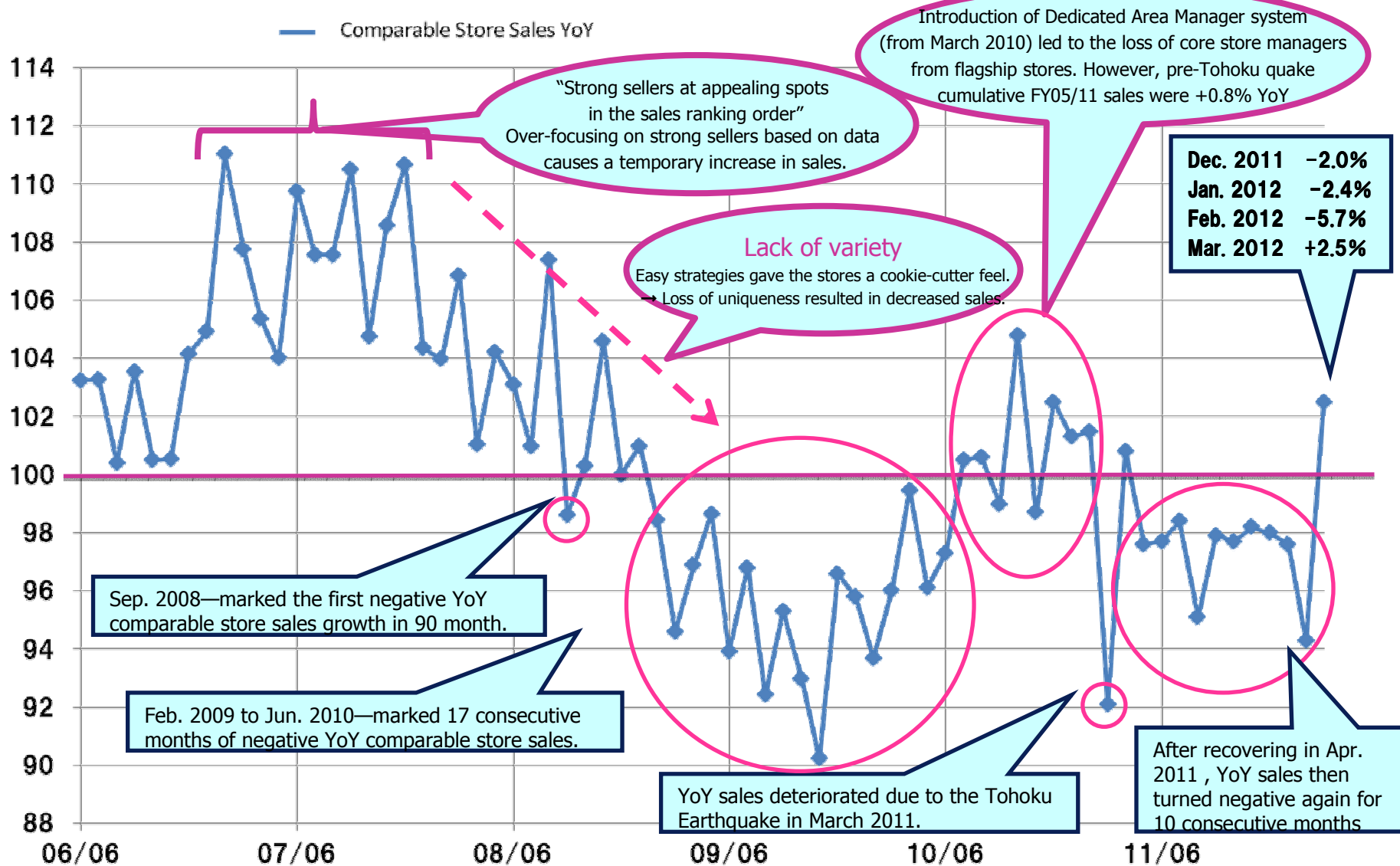
OP analysis

(単位:百万円)



Comparable Store Sales Year on Year

VILLAGE VANGUARD



Improving front-line capability and recovering sales

From around the time the number of stores reached about 300, comparable store sales stopped increasing.

Change in store increase and comparable store sales YoY

Record high store increase

As of February 29, 2012

	FY5/2006	FY5/2007	FY5/2008	FY5/2009	FY5/2010	FY5/2011	FY5/2012
Directly Managed Stores	172	208	230	283	309	343	360
Store Increases	36	36	22	53	26	34	17
Comparable Store Sales YoY	103.7	104.1	106.6	100.2	95.1	99.8	97.2

In management:
Action taken

Challenge and action 1

As the number of stores increased, **understanding the situations of stores and managing them became more difficult.**

Action 1

- Introduction of the dedicated Area Manager system (FY05/2010)
- Turning management methods into rules, with Area Managers ensuring those rules are observed



Result 1:

Improvement.

What are our challenges?

Introduction of the dedicated Area Manager system

YoY comparable store sales are on a downward trend.

In sales: Still a challenge

Challenge and action 2

In a conventional "personnel training method in which tacit knowledge is passed on from person to person", the following has become difficult:

1. Speedy conveyance and acquisition of tacit knowledge
2. Maintenance of the quality of conveyed knowledge

Action 2

Enhance the speed and quality with which knowledge is conveyed by first

turning tacit knowledge into explicit knowledge

⇒ Aiming to improve the basic front-line capability

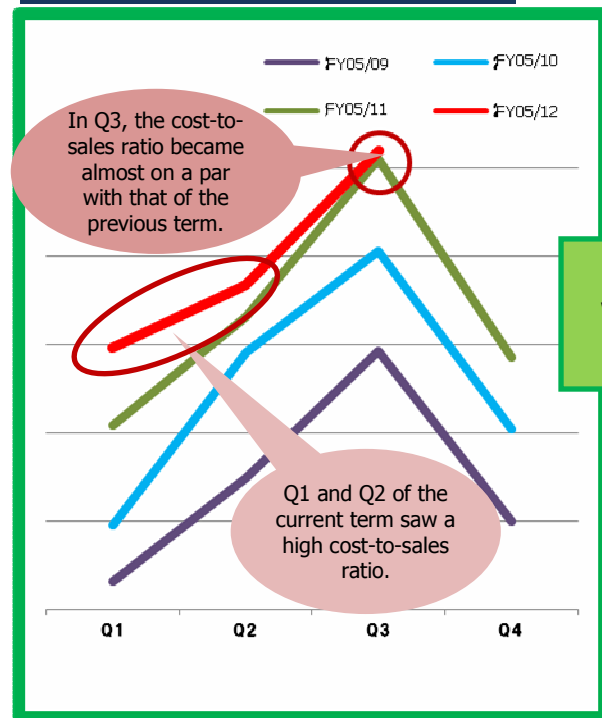
• **Authority to purchase will remain at the front-line**, continuing to give weight to the uniqueness of each store

We aim to....

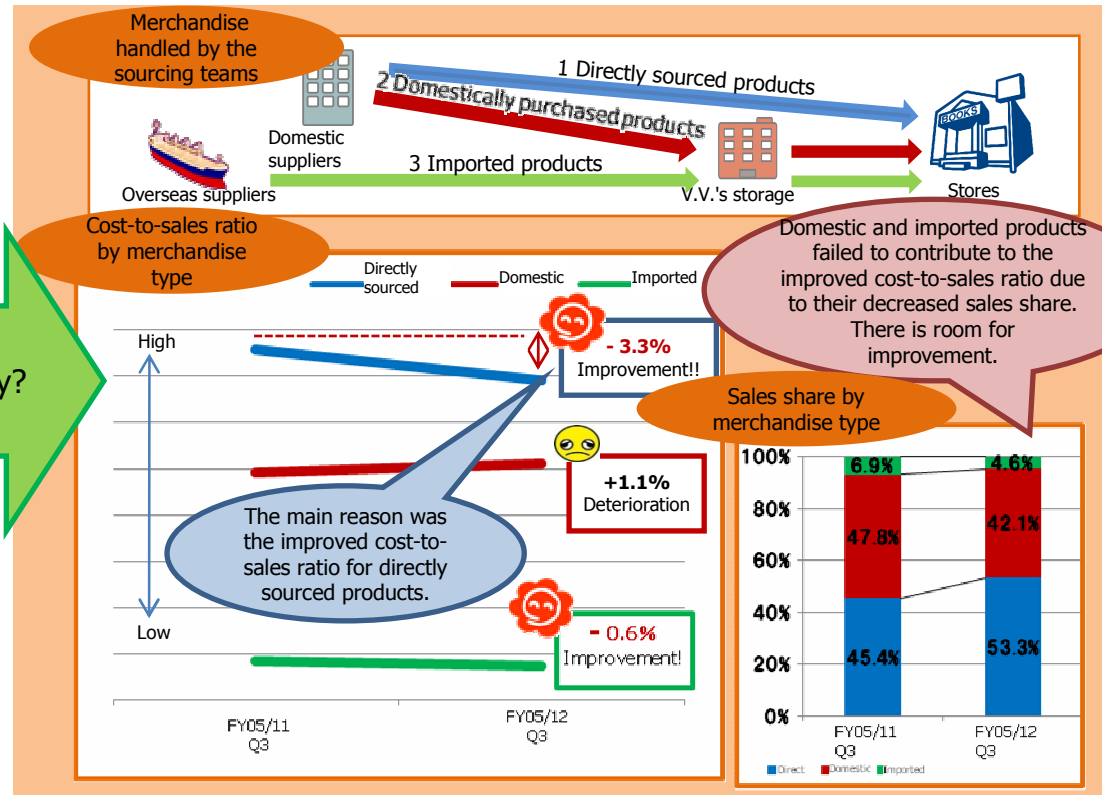
- **Improve our front-line capability**
- **Recover sales**

Sourcing teams, efforts to improve cost-to-sales ratios

Sourcing team, change in cost-to-sales ratios over the four terms



Why?

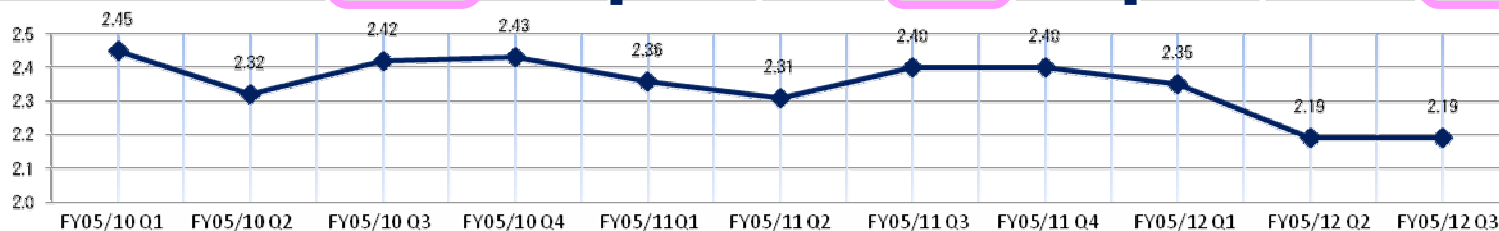


In Q3, improved cost-to-sales ratio for products directly sourced from manufacturers enabled the sourcing teams to maintain their cost-to-sales ratios at the level in previous year.
In Q4, the teams aim to further improve their ratios and increase gross profit.

Theme 3

Inventory Control

		FY05/10 Q3	FY05/10 Q4	FY05/11 Q1	FY05/11 Q2	FY05/11 Q3	FY05/11 Q4	FY05/12 Q1	FY05/12 Q2	FY05/12 Q3
Existing Store Inventory Trends	(Million Yen)									
	Cash Flow From Operations	380	1,756	-718	-523	-214	1,042	-950	-1,061	-1,132
	■ Net Income Before Tax	2,498	3,256	502	1,015	2,371	3,065	672	1,098	2,390
	■ Net Increase (Decrease) in Inventories	-1,048	-1,101	-605	-1,493	-1,112	-1,206	-844	-2,139	-1,969
	Existing stores	356	348	340	760	301	215	603	1,454	1,326
	New stores	1,113	1,292	321	832	1,296	1,725	393	817	1,024
	Other	-339	-355	10	31	-287	-427	-14	145	33
	Valuation change	-82	-183	-66	-132	-198	-306	-138	-277	-415
	■ Other	-1,070	-352	-615	-45	-1,473	-816	-778	-20	-1,553
	Cash Flow from Investment	-479	-538	-138	-393	-558	-1,005	-211	-379	-531
Inventory Turnover	Cash Flow from Financing	491	-371	-227	-43	225	-542	38	-55	336
	Free Cash Flow	-99	1,217	-856	-916	-772	37	-1,161	-1,440	-1,663
	Reference									
	Number of existing stores (unit: store)	261	272	282	284	283	292	291	302	304
	Inventory change per existing store during the term	1.3	1.2	1.2	2.6	1.0	0.7	2.0	4.8	4.3



* Cash flows are unaudited and are calculated on simplified basis



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Outside Titicaca Stores



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



Laforet-Harajuku Nigata store
Opened January 28, 2012
152 sq/m



Yodobashi Umeda store
Opened February 24,
2012 119 sq/m



Ario Sapporo
Opened February 29,
2012 208 sq/m

Design of the new store

With the design based on the motif of an authentic Mexican resort hotel, the goal is "Making customers feel cheerful and energetic! Creating a colorful and fun store." Wooden racks, glass lamps, and hanger racks actually used in Mexico have been selected for displaying merchandise. The store staff strive to never accept second best when it comes to producing an atmosphere where customers can feel as though they are enjoying shopping in Latin America.

Inside Titicaca Stores



Store Openings

Store data as of end-February 2012



73 Stores Nationwide (75)

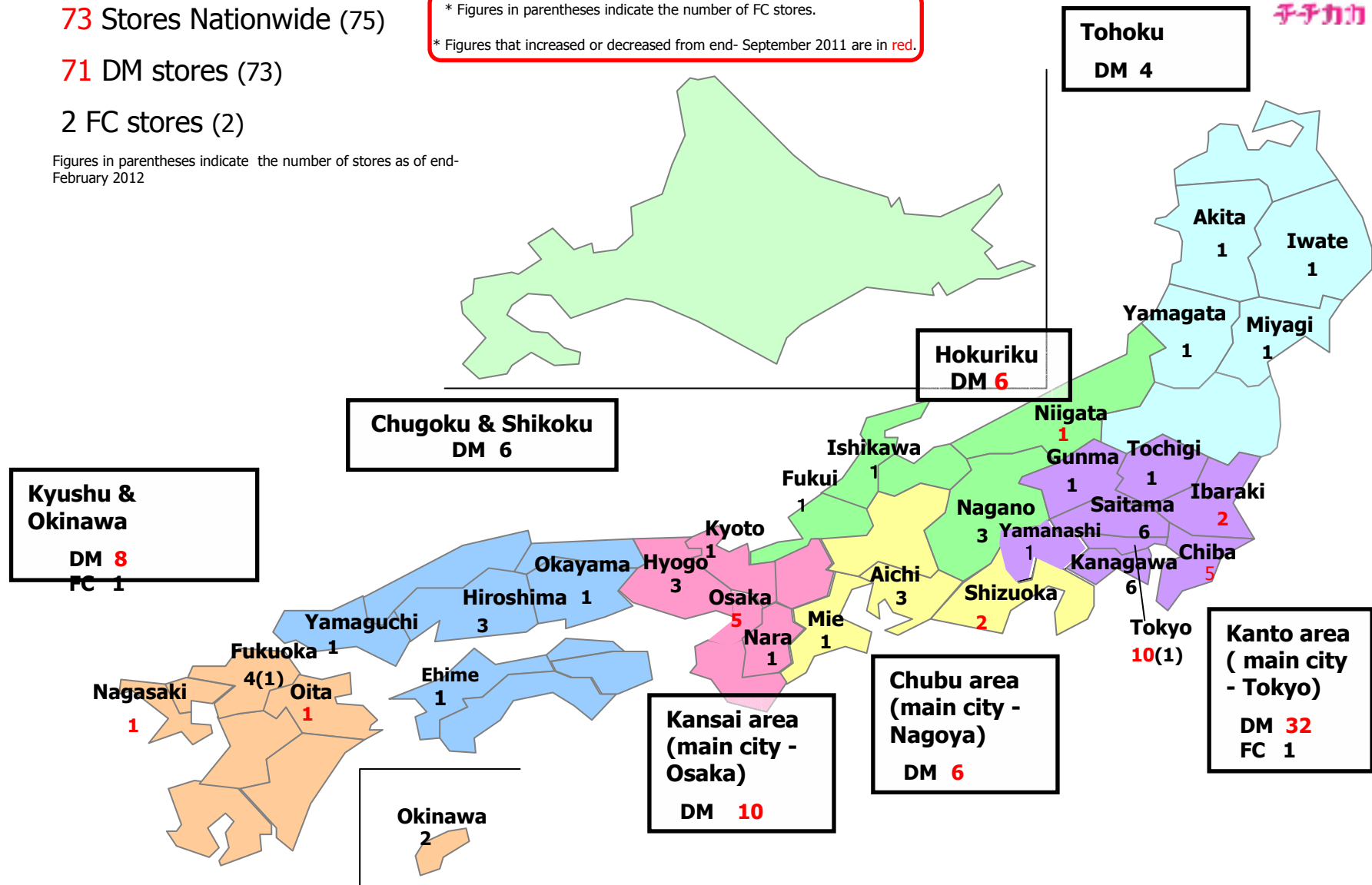
71 DM stores (73)

2 FC stores (2)

Figures in parentheses indicate the number of stores as of end-February 2012

* Figures in parentheses indicate the number of FC stores.

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



Titicaca – 3Q Results

1. Income Statement Met Q3 budget - Sales +3.6%, Recurring Profit 78.8% YoY

Titicaca Income Statement (Million Yen)		FY03/10				FY03/11				FY03/12			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.
Sales		361	474	416	467	579	720	630	626	826	1,148	977	856
Gross Profit		246	314	272	291	390	473	412	397	554	797	654	377
Operating Profit		23	55	-10	-2	66	114	53	3	108	275	128	-187
Recurring Profit		20	50	-13	-8	60	110	47	2	106	271	118	-195
Net Income		18	48	-14	12	26	54	25	-16	56	149	68	-106
Sales YoY		43.6%	47.2%	35.9%	56.2%	60.2%	51.9%	51.4%	34.0%	42.7%	59.4%	55.1%	36.7%
Gross Profit YoY		32.6%	1107.7%	-	-	58.1%	50.6%	51.5%	36.4%	42.0%	68.5%	58.7%	-5.0%
Operating Profit YoY		124.8%	111.5%	-	-	180.3%	107.3%	-	-250.0%	63.3%	141.2%	141.5%	-
Recurring Profit YoY		143.6%	138.1%	-	-	202.8%	120.0%	-	-125.0%	76.7%	146.4%	151.1%	-
Net Income YoY		125.6%	140.0%	-	-	41.4%	12.5%	-	-233.3%	109.7%	175.9%	172.0%	-
Gross Profit Margin		68.1%	66.2%	65.4%	62.3%	67.4%	65.7%	65.4%	63.4%	67.1%	69.4%	66.9%	44.0%
Operating Profit Margin		6.4%	11.6%	-	-	11.4%	15.8%	8.4%	0.5%	13.1%	24.0%	13.1%	-
Recurring Profit Margin		5.5%	10.5%	-	-	10.4%	15.3%	7.5%	0.3%	12.8%	23.6%	12.1%	-
Net Profit Margin		5.0%	10.1%	-	2.6%	4.5%	7.5%	4.0%	-2.6%	6.8%	13.0%	7.0%	-
Sales vs Plan		-3.2%	-2.7%	-9.0%	1.5%	9.2%	12.0%	-2.3%	18.3%	0.0%	5.2%	3.6%	
Gross Profit vs Plan		-1.5%	2.1%	-	-	8.3%	13.7%	-4.5%	26.4%	2.2%	19.5%	8.5%	
Operating Profit vs Plan		16.9%	30.8%	-	-	88.6%	62.9%	-33.8%	-133.3%	10.6%	96.4%	73.0%	
Recurring Profit vs Plan		24.7%	36.2%	-	-	130.8%	74.6%	-40.5%	-111.8%	10.8%	103.8%	78.8%	
Net Income vs Plan		18.3%	27.4%	-	-	188.9%	54.3%	-30.6%	77.8%	4.9%	101.4%	83.8%	

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

Titicaca – Results (Cumulative)



Sales vs. Plan: Targets Achieved

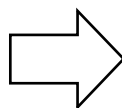
Sales: **+3.2%** against Q3 plan (+91 million yen)

Existing stores: -0.1% (-6 million yen) Wholesale and FC sales: +1.8% (+2million yen)
New stores: +11.4% (+89 million yen)

SG&A Costs Within Budget

-0.4% against Q3 plan (-5 million yen)

Major items	vs. Plan (Million yen)
Store rent	+9.7
Transportation costs	+3.0
Promotion, supplies expenses	+6.0
Labor costs	-24.0



-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
-Promotion and supplies expenses rose due to the increase of the number of stores
- 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

Q3 Operating profit margin: Improved to **17.3%** from 12.1% YoY

Q3 HQ costs-to-sales ratio: Improved to **12.2%** from 13.7% YoY

- Entire company Labor costs-to-sales ratio: Decreased to 22.8% from 25.7%
- HQ costs While HQ costs increased 135.3%, sales increased 152.9%.

While sales increased, the increase in HQ costs was controlled. Consequently, operating profit margin improved to 17.3% from 12.1%.

Number of stores YoY **17 store net increase**

Full-year cumulative sales YoY **+12.5%**

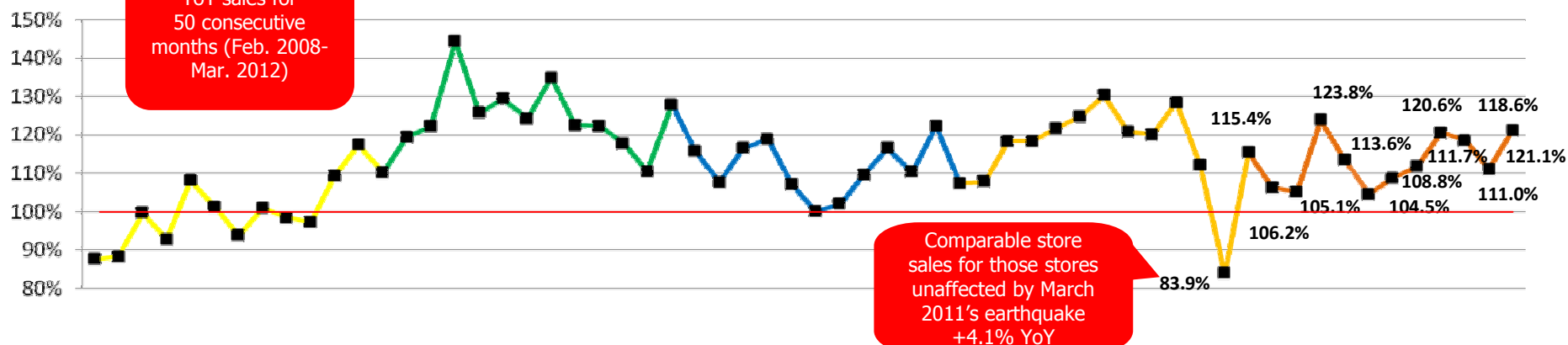
Results



Comparable stores sales

3Q **+12.5%** YoY

Achieving positive YoY sales for 50 consecutive months (Feb. 2008-Mar. 2012)



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

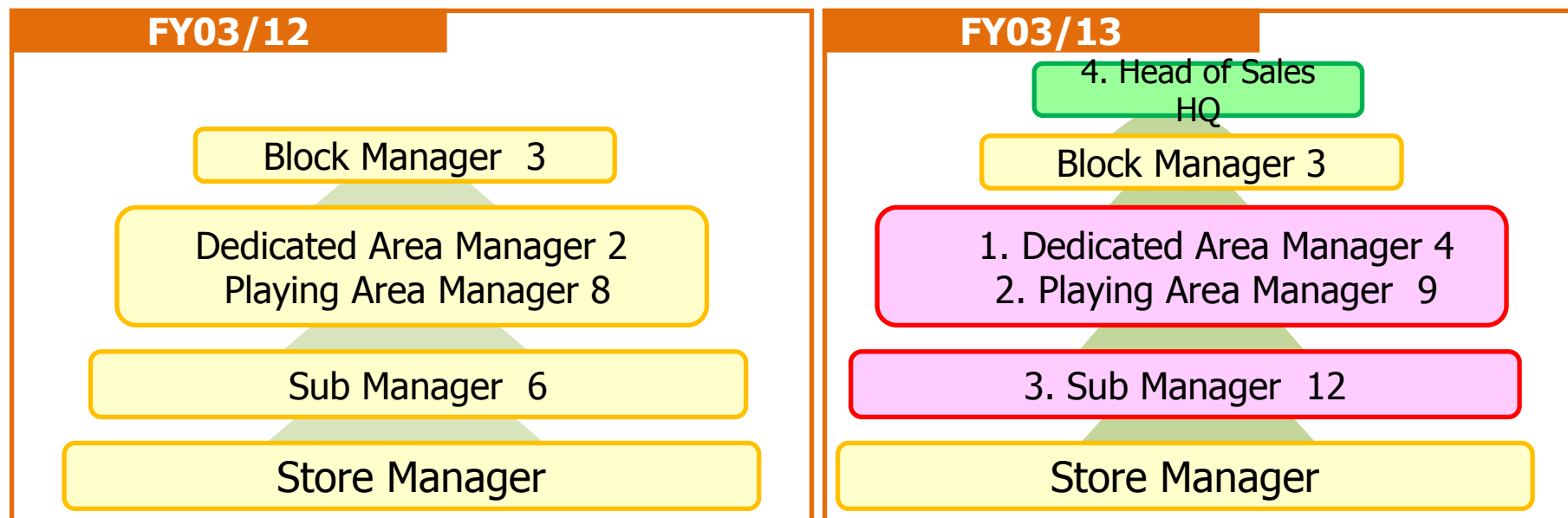
Store Openings and Results

	FY03/09 Results	FY03/10 Results	FY03/11 Plan			FY03/11 Result			FY03/12 Plan			FY03/12 Result (As of end-March) Figures in parentheses indicate the number of stores as of end-Dec2011		
			(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	12 (5)	21
Store closures	7	1	3	0	3	2	2	4	0	1	1	1	1 (0)	2

Growth Strategy



Investment in human resources - increasing the number of managers -



1. From the current term, dedicated Area Managers who do not belong to a store were introduced.
⇒ This enabled more hand-holding and efficient management.

2. From the current term, Sub Managers were introduced.
⇒ This enabled us to nurture personnel who are able to work as managers.

1. Increase the number of dedicated AMs in order to enhance overall management.
2. Assign personnel who received training during this term to Area Manager roles.
3. Increase the number of Sub Managers in order to nurture more prospective managers.
4. Head of Sales HQ, who also served as block manager, will work as Head of Sales HQ full-time in order to be able to focus on company-wide management. This will enhance the performance of the entire organization.

*Dedicated Area Manager: Not belonging to a store, and managing a responsible area on a full-time basis

*Playing Area Manager: Managing a responsible area while serving as a store manager

*Sub Manager: Serving as a store manager as well as serving as a manager for another store

2012/4/19

Village Vanguard (Hong Kong) Limited

Inside the Store (VVKH)



Village Vanguard Hong Kong – Results

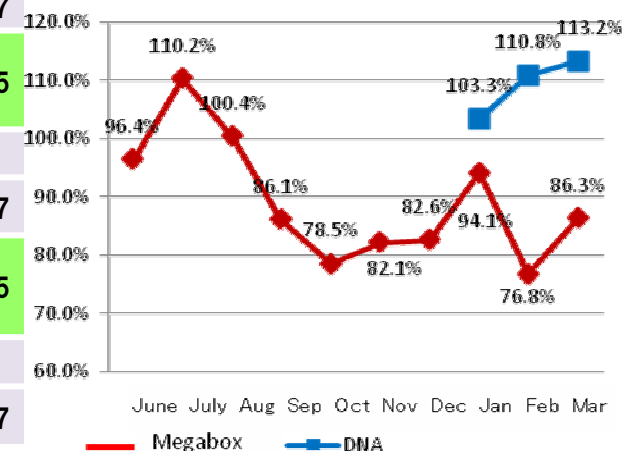


(Million Yen)	FY05/11 (Actual)				FY05/12 (Actual and Plan)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.
Sales	36	23	31	28	30	22	32	48
Versus Plan (mn)	-15	+11	+4	+2	-2	-8	-9	-
YoY (mn)	-	-	-	-	-6	-1	+1	+20
Gross Profit	15	10	14	9	13	6	14	21
Versus Plan (mn)	-7	+5	+2	-1	0	-6	-3	-
YoY (mn)	-	-	-	-	-2	-4	0	+12
Operating Profit	-10	-16	-5	-12	-4	-18	-5	-5
Versus Plan (mn)	+1	-10	+13	-5	+2	-7	+1	-
YoY (mn)	-	-	-	-	+6	-2	0	+7
Recurring Profit	-10	-16	-5	-12	-4	-18	-5	-5
Versus Plan (mn)	+1	-10	+13	-5	+2	-7	+2	-
YoY (mn)	-	-	-	-	+6	-2	0	+7
Net Profit	-10	-19	-4	-12	-4	-18	-5	-5
Versus Plan (mn)	+1	-12	+15	-5	+2	-7	+2	-
YoY (mn)	-	-	-	-	+6	+1	+1	+7

Store Locations




YoY Sales at Existing Stores



Approaching profitability at the operating level

Current status

Reducing rent and distribution costs ⇒ SG&A expenses decreased (87.2% of last year) 

Sales decreased (93.1% of last year) 

Megabox ⇒ Underperformed YoY due to external factors

DNA ⇒ Sales were strong as a result of creating an attractive sales floor

Fortress Hill ⇒ Sales have been increasing despite struggling for recognition as a new store.

In order to increase sales...

1. Creating a store that attracts customers

Introducing the DNA branch's successful sales floor creation to all other stores

Specifically...

- A sales floor that provides customers with a view of the entire store from the entrance
 - ⇒ Reduce the piles of goods
- A sales floor that customers will want to visit many times
 - ⇒ Increase frequency of rearranging the sales floor

We will increase sales at both Megabox and Fortress Hill.

2. Renewing the awareness of local staff

Japanese staff came back to Japan in Q2, lowering local staff's awareness of sales.

- Reset sales targets with an eye on profitability
- Set targets as quotas and establish a system whereby stores report their achievement

We will improve staff's awareness of sales.

Village Vanguard Webbed Limited

(Consolidated from FY05/11 Q4)

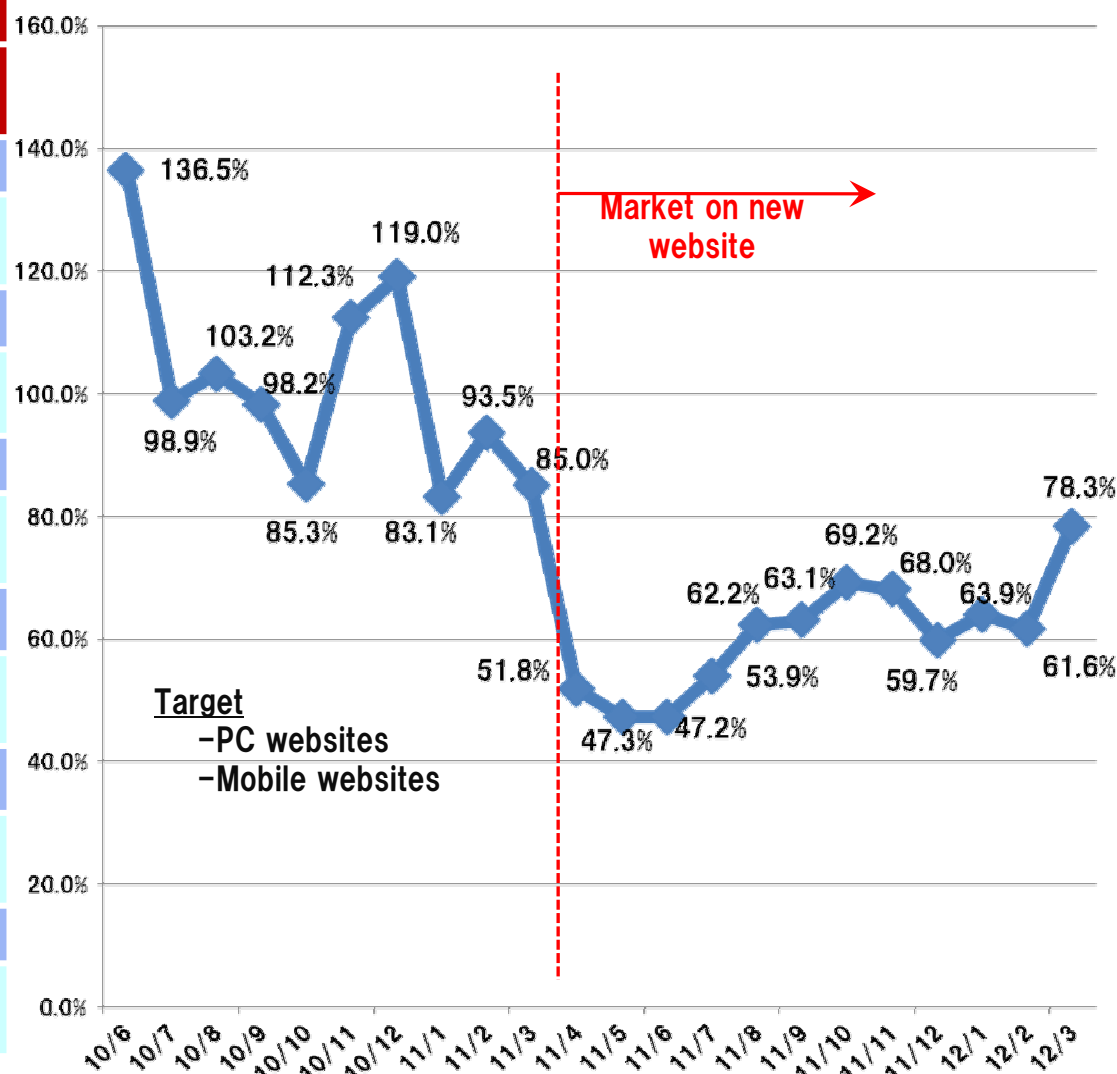
Results and Sales YoY

(Thousand Yen)

PL	FY 05/12 (Result and Plan)			
	Q1 (Result)	Q2 (Result)	Q3 (Result)	Q4 (Plan)
Sales	20,720	22,405	32,610	119,430
Vs. Plan (%) (Changes)	75.9 (-6,578)	53.9 (-19,143)	45.2 (-39,593)	-
Gross Profit	4,714	5,874	7,401	13,859
Vs. Plan (%) (Changes)	104.7 (+210)	85.7 (-981)	64.0 (-4,158)	-
SG&A	4,498	4,772	5,101	7,043
Vs. Plan (%) (Changes)	87.9 (-621)	87.6 (-674)	94.7 (-285)	-
Operating Profit	216	1,102	2,300	9,815
Vs. Plan (%) (Changes)	- (+831)	78.2 (-307)	37.3 (-3,873)	-
Recurring Profit	▲376	521	1,708	6,133
Vs. Plan (%) (Changes)	- (+853)	65.5 (-275)	30.7 (-3,863)	-
Net Income	▲422	476	1,708	11,975
Vs. Plan (%) (Changes)	- (+740)	63.2 (-277)	32.4 (-3,557)	-

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

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



Challenges and actions

A website that customers can participate in

- Function whereby customers can post POP
- (Customers can enjoy freely drawing POP on products on the website) ⇒ cumulative **4,300** POP postings.

POP Examples



A website that people want to visit every day

- **Cumulative Q3 unique users: 77.1% YoY**

A website where users can easily find goods

- Number of items on the website

(*Number of items of which there is one or more in stock)

End of Q4, FY05/11 **6,933**
End of Q1, FY05/12 **9,379**
End of Q2, FY05/12 **12,370**
End of Q3, FY05/12 **13,359**

As the second stage, we plan to release a function enabling users to create "a my favorite page".

*Customers will be able to display their favorite goods. In addition, they can view the goods their friends have displayed.

1. Provide fun content!



2. Instead of only providing information about goods for sale,
⇒ Include other information
*Currently, store managers are serializing their blogs.

The percentage of items that did not get clicked at all in a day is unchanged at **about 50%**.

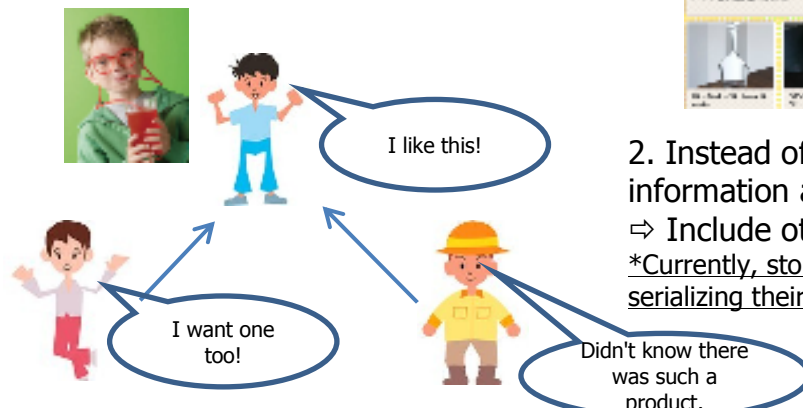
"Ineffective website"

While expanding our variety of goods, we need to make our website a place where it's easy for users to search and find what they are looking for!



*Early April, 2012

Changes are planned for the website design.



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.

