

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.

P&L (Consolidated)

Income Statement (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est	Q4 Est
Sales	7,343	7,462	9,739	8,682	8,630	8,273	10,290	9,456	9,359	9,125	11,176	10,018
SG&A	2,270	2,723	2,798	2,831	2,799	2,879	3,069	3,117	3,120	3,265	3,488	3,514
Labor	995	1,094	1,150	1,198	1,248	1,246	1,327	1,393	1,471	1,486	1,531	1,539
Rent	632	650	833	752	753	732	883	817	828	824	980	908
Depreciation	69	95	108	113	102	108	113	120	113	125	174	166
Operating Profit	731	374	1,151	866	799	548	1,203	755	781	620	1,024	630
Recurring Profit	753	391	1,164	863	814	561	1,213	768	790	643	1,025	630
Net Profit	414	214	605	468	462	299	641	430	267	299	542	312
Sales YoY	16.2%	21.5%	23.0%	19.0%	17.5%	10.9%	5.7%	8.9%	8.4%	10.3%	8.6%	5.9%
SG&A YoY	-22.3%	33.5%	30.1%	28.9%	23.3%	5.7%	9.7%	10.1%	11.4%	13.4%	13.6%	12.7%
Labor YoY	-19.8%	23.9%	27.4%	30.2%	25.4%	13.9%	15.4%	16.3%	17.8%	19.3%	15.4%	10.5%
Rent YoY	-17.5%	22.0%	24.9%	19.9%	19.1%	12.6%	6.0%	8.6%	9.9%	12.6%	11.0%	11.1%
Depreciation YoY	-9.6%	69.6%	50.0%	41.3%	47.8%	13.7%	4.6%	6.2%	11.2%	15.7%	54.0%	38.3%
Operating Profit YoY	8.0%	-31.8%	9.4%	23.2%	9.3%	46.5%	4.5%	-12.8%	-2.2%	13.1%	-14.9%	-16.6%
Recurring Profit YoY	9.4%	-30.8%	8.9%	20.0%	8.1%	43.5%	4.2%	-11.0%	-2.8%	14.6%	-15.5%	-18.0%
Net Profit YoY	8.3%	-30.5%	1.3%	148.9%	11.6%	39.7%	6.0%	-8.1%	-42.0%	0.0%	-15.4%	-27.4%
Operating Profit Margin	10.0%	5.0%	11.8%	10.0%	9.3%	6.6%	11.7%	8.0%	8.3%	6.8%	9.2%	6.3%
Recurring Profit Margin	10.3%	5.2%	12.0%	9.9%	9.4%	6.8%	11.8%	8.1%	8.4%	7.0%	9.2%	6.3%
Net Profit Margin	5.6%	2.9%	6.2%	5.4%	5.4%	3.6%	6.2%	4.5%	2.9%	3.3%	4.8%	3.1%
Versus plan												
Sales				3.0%	1.0%	-0.2%	-1.3%	-8.9%	0.9%	1.9%		
SG&A				-2.0%	0.9%	-1.9%	-1.6%	-5.6%	-1.8%	-2.2%		
Operating Profit				66.9%	4.2%	5.6%	0.5%	-24.3%	11.4%	47.3%		
Recurring Profit				67.4%	5.0%	8.1%	1.2%	-25.1%	13.0%	51.3%		
Net Income				80.1%	6.0%	0.7%	-4.6%	-24.7%	15.6%	37.8%		

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

Balance Sheet (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est	Q4 Est
Cash & Deposit	2,750	2,387	3,011	3,078	2,685	2,957	3,503	4,037	3,045	3,378	3,097	3,460
Inventories	11,340	13,711	13,881	14,131	15,003	15,928	15,315	15,466	16,182	17,044	17,084	17,031
Other	2,421	2,372	2,225	2,486	2,601	2,345	2,448	2,641	2,977	2,630	2,748	2,967
Current Assets	16,512	18,470	19,119	19,695	20,290	21,231	21,267	22,145	22,205	23,053	22,929	23,459
Fixed Assets	3,299	4,218	4,227	4,383	4,440	4,519	4,414	4,382	4,599	4,668	4,791	4,958
Total Assets	19,812	22,688	23,347	24,079	24,731	25,750	25,682	26,528	26,805	27,721	27,720	28,417
Current Liabilities	6,586	8,361	6,933	7,525	8,053	8,214	7,626	8,370	8,118	8,338	7,444	8,179
Fixed Liabilities	2,068	2,955	4,436	4,108	3,824	4,382	4,261	3,934	4,310	4,711	5,063	4,712
Total Liabilities	8,654	11,316	11,369	11,633	11,877	12,596	11,887	12,304	12,428	13,049	12,507	12,891
Net Assets	11,157	11,372	11,976	12,445	12,853	13,153	13,793	14,223	14,376	14,671	15,212	15,525

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

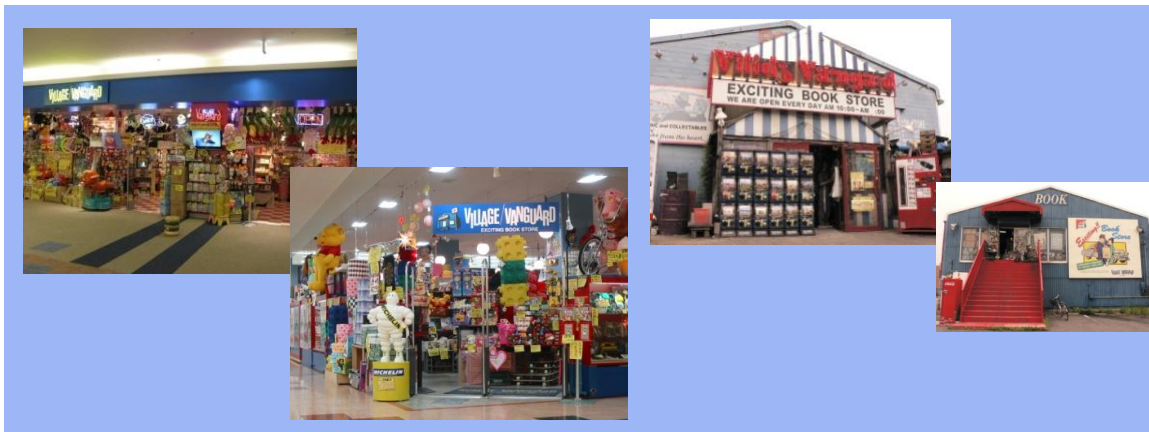
Cash Flow Statement (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est	Q4 Est
Operating Cash Flow	-419	-533	-1,758	-735	-292	-146	298	1,647	-730	-347	-953	508
Change in Inventories	-412	-2,783	-2,953	-3,203	-872	-1,796	-1,183	-1,335	-644	-1,506	-1,517	-1,464
Other	-6	2,250	1,194	2,467	579	1,650	1,481	2,983	-86	1,854	564	1,972
Investment Cash Flow	-239	-1,182	-1,497	-1,803	-186	-475	-600	-735	-156	-428	-763	-1,091
Change in Tangible Fixed Assets	-127	-798	-947	-1,166	-104	-212	-309	-487	-93	-234	-359	-499
Change in Other Assets	-112	-383	-550	-636	-82	-262	-291	-248	-63	-194	-404	-592
Financing Cash Flow	422	1,119	3,284	2,633	86	503	728	47	-141	80	739	-30
Operating CF + Investment CF	-658	-1,715	-3,256	-2,359	-479	-621	-302	912	-886	-776	-1,717	-583

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

Parent Company

Village Vanguard Corporation

What We Do



■ 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.



■ 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.



■ Diner

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

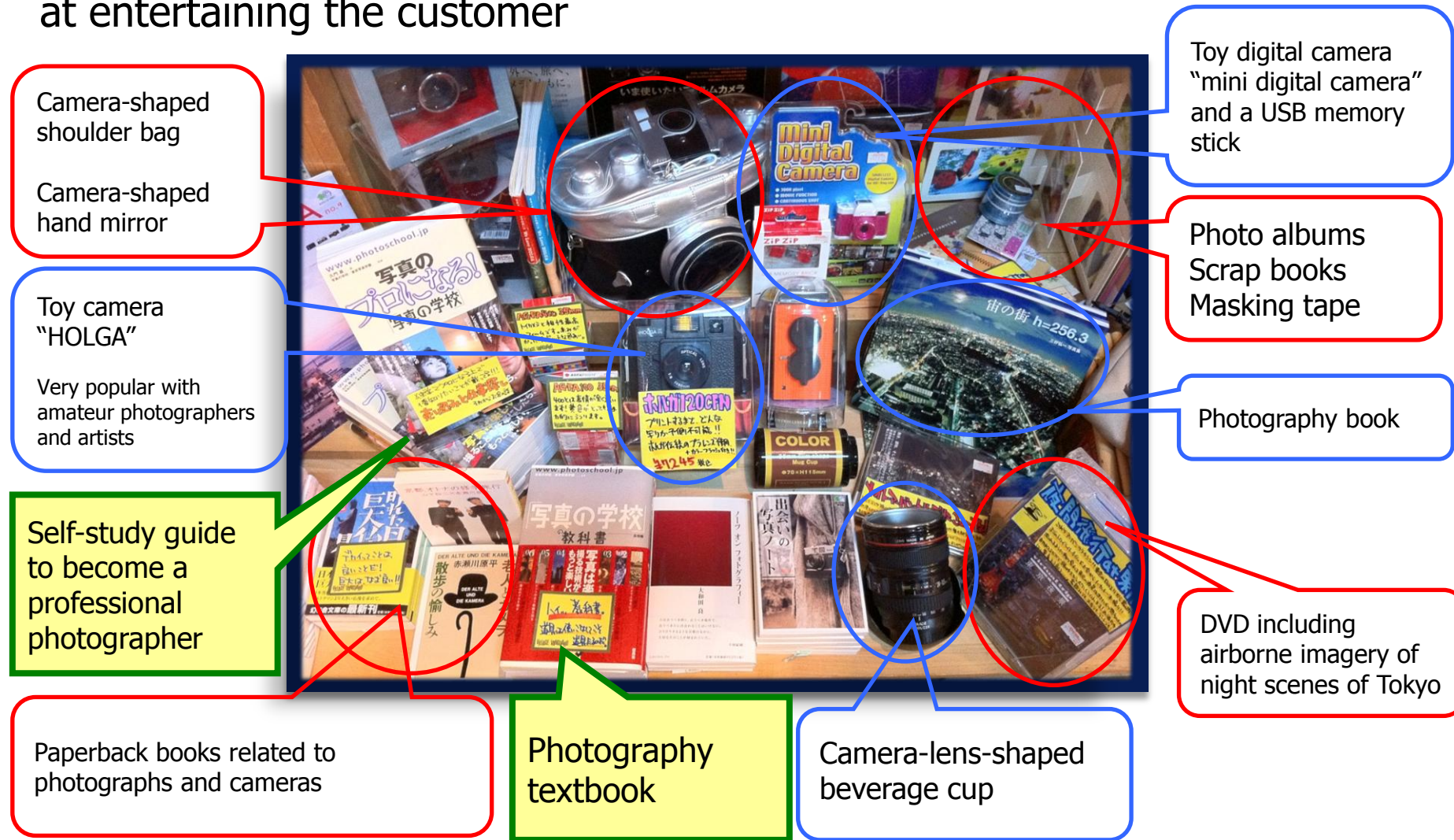


■ Online

The fun of VV—always available and always casual. A selection of over 5000 books, variety goods & CDs.

Examples of Our Merchandising Approach (1)

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



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

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

Store level ideas driving buying impulse 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 Openings (Parent)

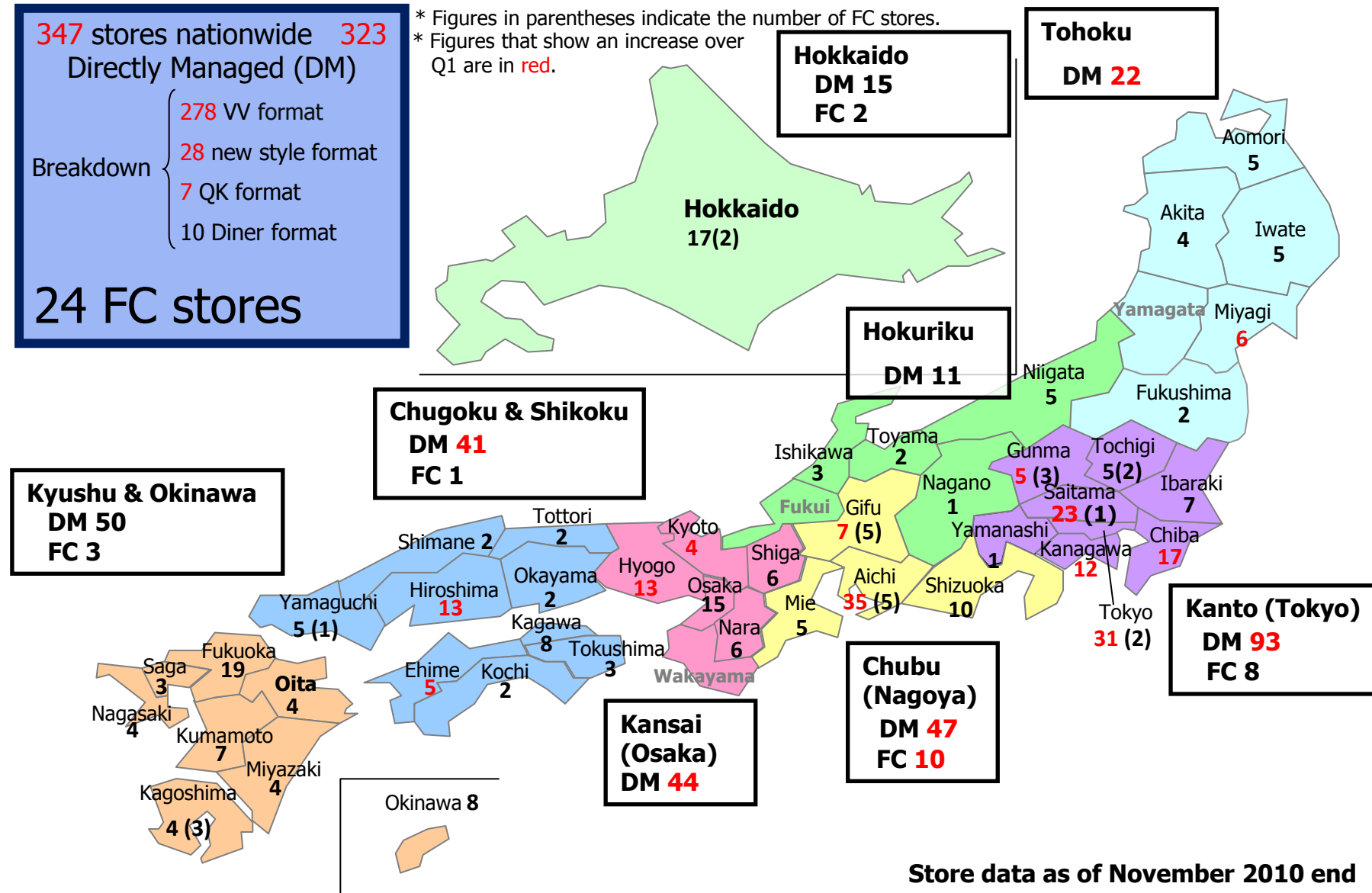
347 stores nationwide **323**

Directly Managed (DM)

Breakdown {
 278 VV format
 28 new style format
 7 QK format
 10 Diner format

24 FC stores

* Figures in parentheses indicate the number of FC stores.
 * Figures that show an increase over Q1 are in red.



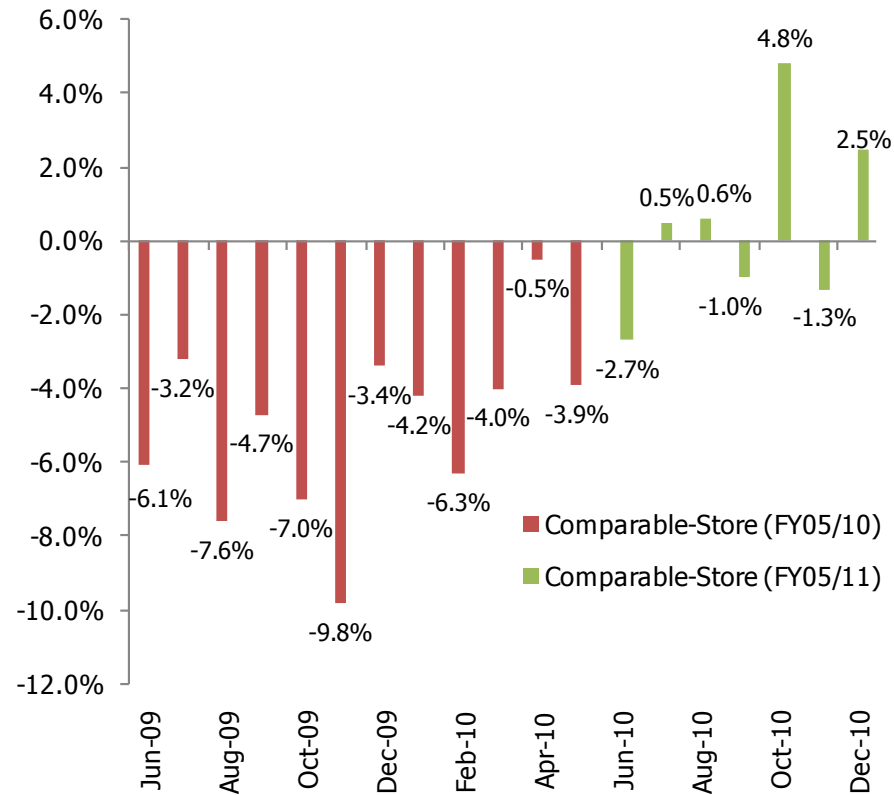
Store data as of November 2010 end

Parent Income Statement

Estimated values for Q3 and Q4 FY05/11 reflect the revised budget.

Income Statement (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.
Sales	7,096	7,144	9,438	8,397	8,271	7,827	9,888	9,008	8,783	8,402	10,664	9,501
Gross Profit	2,821	2,880	3,739	3,506	3,351	3,130	3,994	3,582	3,500	3,403	4,155	3,798
SG&A	2,092	2,521	2,586	2,622	2,567	2,610	2,776	2,815	2,762	2,869	3,117	3,138
Labor	911	1,002	1,052	1,099	1,137	1,137	1,191	1,259	1,306	1,318	1,353	1,366
Rent	584	600	781	705	705	674	822	751	746	732	901	825
Depreciation	67	91	102	107	95	100	103	107	97	107	114	134
Operating Profit	729	359	1,152	885	784	519	1,218	768	738	534	1,037	661
Recurring Profit	758	383	1,173	886	806	541	1,235	791	759	564	1,050	672
Net Profit	418	208	637	503	455	278	664	429	266	273	566	345
Sales YoY	16.0%	20.5%	22.3%	18.3%	16.6%	9.6%	4.8%	7.3%	6.2%	7.3%	7.8%	5.5%
Operating Profit YoY	7.3%	-35.8%	7.6%	20.7%	7.5%	44.6%	5.7%	-13.2%	-5.9%	2.9%	-14.9%	-13.9%
Recurring Profit YoY	9.3%	-34.4%	7.0%	17.2%	6.3%	41.3%	5.3%	-10.7%	-5.9%	4.3%	-15.0%	-15.0%
Net Profit YoY	8.3%	-36.2%	2.1%	66.0%	8.9%	33.7%	4.2%	-14.7%	-41.5%	-1.8%	-14.8%	-19.6%
Gross Profit Margins	39.8%	40.3%	39.6%	41.8%	40.5%	40.0%	40.4%	39.8%	39.8%	40.5%	39.0%	40.0%
Operating Profit Margin	10.3%	5.0%	12.2%	10.5%	9.5%	6.6%	12.3%	8.5%	8.4%	6.4%	9.7%	7.0%
Recurring Profit Margin	10.7%	5.4%	12.4%	10.6%	9.7%	6.9%	12.5%	8.8%	8.6%	6.7%	9.8%	7.1%
Net Profit Margin	5.9%	2.9%	6.7%	6.0%	5.5%	3.6%	6.7%	4.8%	3.0%	3.2%	5.3%	3.6%
Versus Plan												
Sales					1.2%	0.2%	-0.8%	-9.3%	0.6%	1.3%		
SG&A					1.3%	-1.8%	-1.8%	-5.7%	-1.6%	-2.8%		
Operating Profit					3.6%	6.7%	2.9%	-25.1%	7.3%	45.1%		
Recurring Profit					4.9%	6.9%	3.1%	-23.6%	8.4%	47.3%		
Net Profit					5.8%	-1.5%	-1.1%	-26.0%	8.1%	35.1%		

Comparable Store Sales (Village Vanguard Stores)



Comparable Store Sales (All Parent Formats)

Sales by Format (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	6,442	12,483	20,268	27,134	6,734	13,353	22,497	30,695	8,333	16,240		
Comp Stores YoY	3.9%	2.5%	1.5%	0.2%	-5.7%	-6.5%	-5.6%	-4.9%	-0.4%	0.2%		
Village Vanguard	5,964	11,493	18,538	24,787	6,110	12,025	20,152	27,440	7,362	14,339		
Comp Stores YoY	4.5%	2.9%	1.8%	0.4%	-5.7%	-6.0%	-5.5%	-4.8%	-0.3%	0.0%		
new style	351	703	1,185	1,555	373	805	1,468	2,050	624	1,230		
Comp Stores YoY	-4.8%	-3.1%	-4.3%	-5.1%	-10.3%	-10.3%	-5.4%	-3.6%	2.7%	4.7%		
QK	67	146	251	347	105	213	368	497	140	259		
Comp Stores YoY	8.5%	3.7%	-1.0%	-2.0%	-12.5%	-22.5%	-19.8%	-19.0%	-7.9%	-1.2%		
Online	32	71	132	181	53	109	195	258	58	113		
Comp Stores YoY	166.5%	146.3%	111.8%	85.7%	63.4%	52.0%	47.4%	43.0%	6.3%	2.6%		
Diner	78	159	251	354	92	199	313	448	147	296		
Comp Stores YoY	1.7%	4.7%	4.1%	3.4%	-3.8%	-13.6%	-15.2%	-15.6%	-11.1%	-7.3%		

Note: Sales figures accumulate quarter to quarter.

※QoQ figures are used for determining comparable store sales

Sales by Category

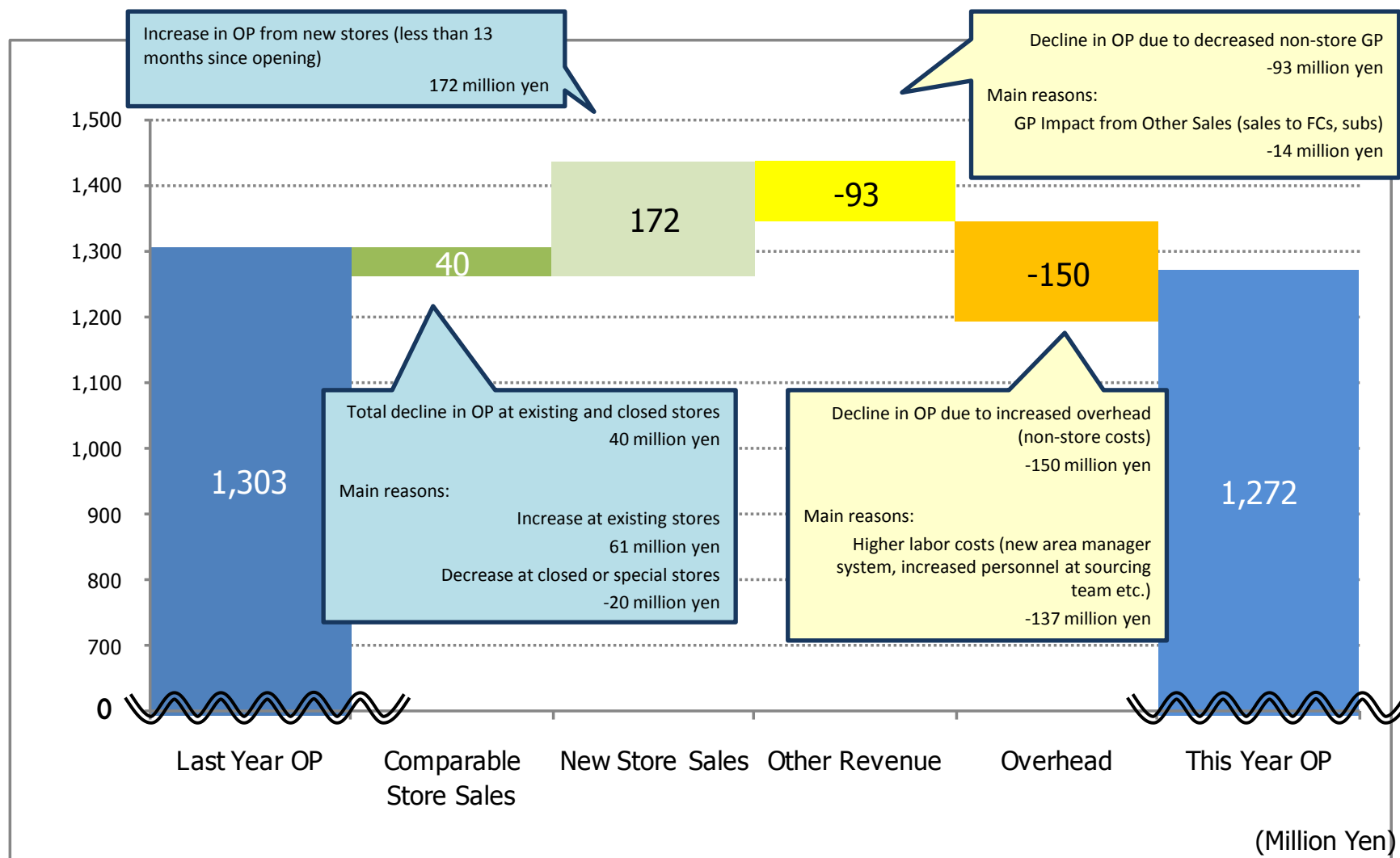
Sales by Category (Million Yen)	FY05/09				FY05/10				FY05/11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SPICE (Parent)	5,109	5,243	7,102	6,310	6,193	5,926	7,785	6,904	6,780	6,461		
Books (Parent)	1,038	1,041	1,171	1,087	1,045	997	1,147	1,117	1,023	1,039		
NM (Parent)	810	723	997	801	844	664	771	769	790	719		
Other (Parent)	139	135	168	199	189	238	185	218	188	184		
Sales	7,096	7,124	9,438	8,397	8,271	7,827	9,888	9,008	8,783	8,402		
Composition												
SPICE (Parent)	72.0%	73.6%	75.2%	75.1%	74.9%	75.7%	78.7%	76.6%	77.2%	76.9%		
Books (Parent)	14.6%	14.6%	12.4%	12.9%	12.6%	12.7%	11.6%	12.4%	11.6%	12.4%		
NM (Parent)	11.4%	10.1%	10.6%	9.5%	10.2%	8.5%	7.8%	8.5%	9.0%	8.6%		
Other (Parent)	2.0%	1.9%	1.8%	2.4%	2.3%	3.0%	1.9%	2.4%	2.1%	2.2%		

Comparable Store Sales (by Store Age)

Year In Operation (Directly Managed Stores)	6th and Older	5th	4th	3rd	2nd	1st
Number of Stores *	130	42	25	50	41	35
YoY Sales (%)	-2.8%	1.0%	-0.1%	1.9%	6.0%	-

*excluding online and closed stores

OP Analysis – 1H



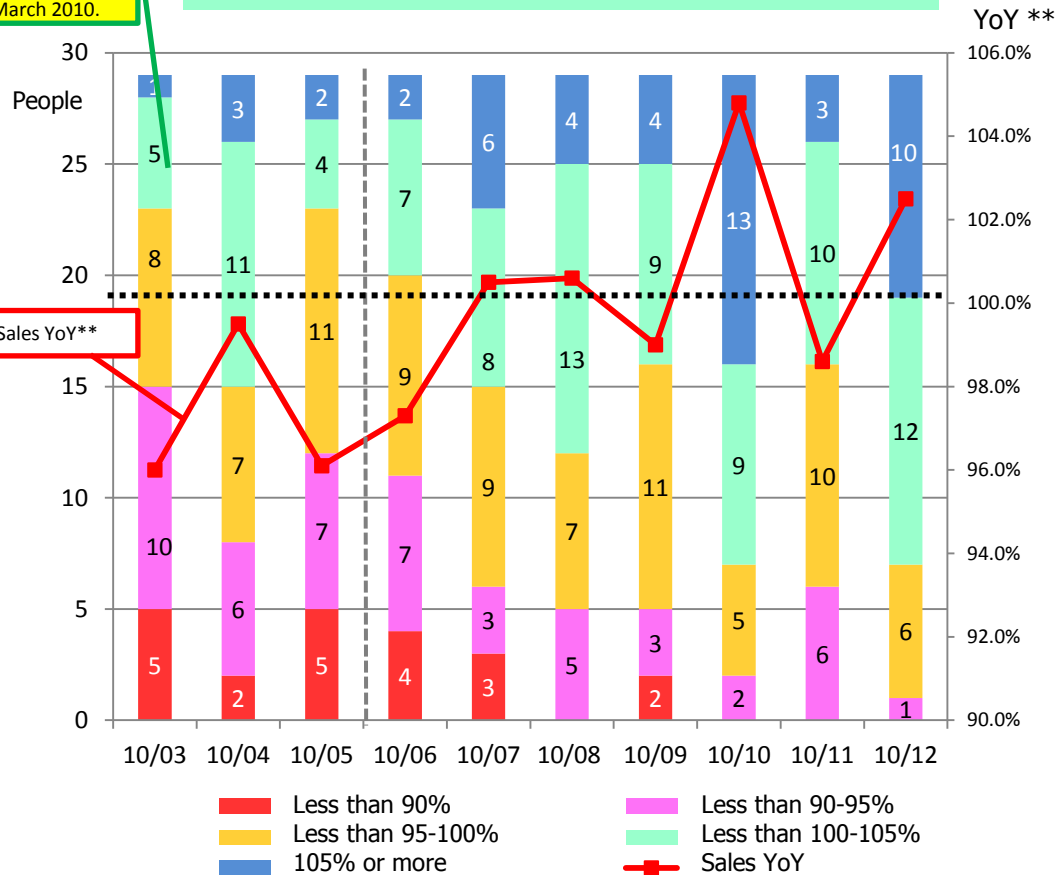
Store Openings (Incl. Titicaca Subsidiary)

New Openings & Closures	FY05/09Act Full-Year	FY05/10Act Full-Year	FY05/11Act 1H	FY05/11Est 2H	FY05/11Est Full-Year
Openings					
Village Vanguard	42	30	16	17	33
new style	8	1	2	4	6
QK	5	0	0	0	0
Diner	4	1	0	0	0
FC	0	2	0	0	0
Titicaca	12	16	5	9	14
Total New Openings	71	50	23	30	53
Closures					
Village Vanguard	6	6	3	5	8
new style	0	0	0	0	0
QK	0	0	1	1	2
Diner	0	0	0	0	0
FC	2	6	1	1	2
Titicaca	7	1	2	1	3
Total Closures	15	13	7	8	15

Sales Improvement from the Introduction of Dedicated Area Managers

Dedicated area managers were introduced in March 2010.

Comp. Store Sales YoY by Area Managers



** YoY sales shown as proportion of previous year

Dedicated area managers introduced in March 2010
* Playing managers were in charge before March 2010

Cumulative sales this year through December vs. last year are +0.7%.

but

Management skill varies

40% of managers constantly **outperform** compared with sales of the previous year.

20% of managers constantly **underperform** compared to sales of the previous year.

Challenge

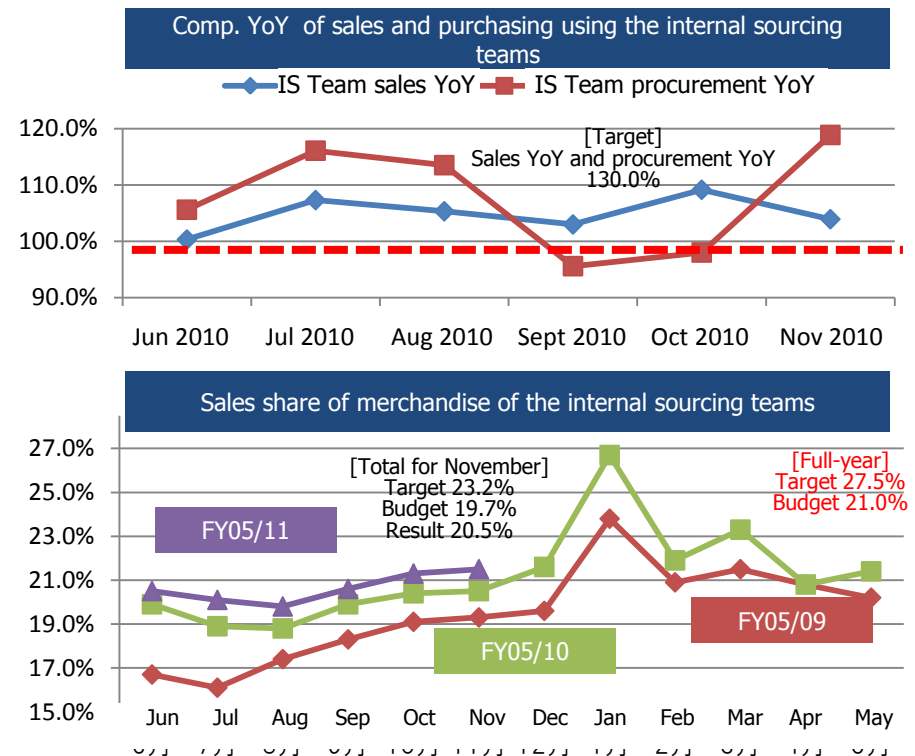
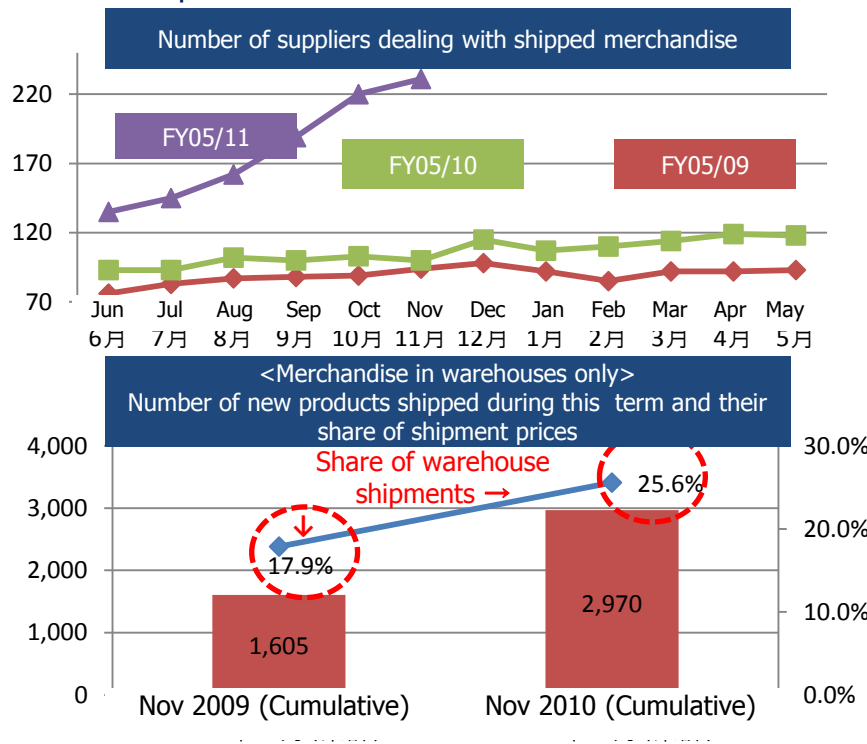
Improve underperforming areas by developing management skills

Expanding merchandise variation by splitting the internal sourcing team into two competing units

Despite an increase in the number of suppliers shipping merchandise and a higher share of shipments of new products...



...this hasn't led to sales growth at the stores.



Issue

Improve the quality and speed of merchandise offering through cooperation between sales and unit and development unit of each team, and competition between the teams.

Impact of organizational changes (Themes 1 & 2) in FY05/11

Costs were included in FY05/11 budget but any positive effects were not

	Theme 1 Dedicated area managers	Theme 2 Two HQ sourcing teams
Impact to FY05/11 (included in budget)	Cost increase of 450 million yen	Cost increase of 150 million yen
Desired effect for FY05/11 (not included in budget)	Comparable Store Sales <u>+4.5% increase over the budget</u>	Weight of merchandise sourced through internal sourcing teams <u>+7% vs. budget</u> → <u>1% improvement</u> in GPM of directly-managed stores
Impact if all goes well	Sales +1.5 billion yen (profit +450 million yen)	Profit +310 million yen
Q1 achievements	Comparable Store Sales <u>+1.5% vs. budget</u> (profit +40 million yen)	Merchandise sourced through internal sourcing teams <u>+0.7% vs. budget</u> (profit +5 million yen)
Q2 achievements	Comparable Store Sales <u>+1.9% vs. budget</u> (profit +79 million yen)	Merchandise sourced through internal sourcing teams <u>+1.0% vs. budget</u> (profit +23 million yen)
Q2 cumulative achievements	Comparable Store Sales <u>+1.7% vs. budget</u> (profit +119 million yen)	Merchandise sourced through internal sourcing teams <u>+0.8% vs. budget</u> (profit +28 million yen)

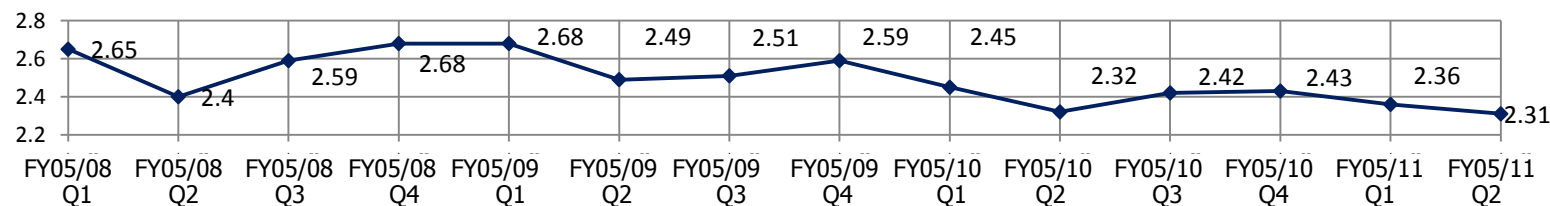
Inventory Control

(Million Yen)

	FY05/09 Q2	FY05/09 Q3	FY05/09 Q4	FY05/10 Q1	FY05/10 Q2	FY05/10 Q3	FY05/10 Q4	FY05/11 Q1	FY05/11 Q2
Cash Flows From Operations	-565	-1,694	-669	-197	-173	380	1,756	-718	-523
■ Net Income Before Tax	1,116	2,276	3,149	821	1,320	2,498	3,256	502	1,015
■ Net Increase (Decrease) In Inventories	-2,768	-2,900	-3,107	-770	-1,711	-1,048	-1,101	-605	-1,493
Existing Stores	934	899	666	463	1,006	356	348	340	760
New Stores	1,901	2,082	2,620	463	962	1,113	1,292	321	832
Other Stores	-31	-24	-100	-129	-203	-339	-355	10	31
Valuation Charge	-38	-57	-79	-27	-55	-82	-183	-66	-132
■ Other	1,084	-1,070	-711	-248	216	-1,070	-352	-615	-45
Cash Flow from Investment	-1,102	-1,379	-1,678	-145	-402	-479	-538	-138	-393
Cash Flow from Financing	990	3,044	2,383	20	78	491	-371	-227	-43
Free Cash Flow	-1,667	-3,073	-2,347	-342	-576	-99	1,217	-856	-916
Reference									
Number of existing stores (unit: stores)	215	211	219	226	254	261	272	282	284
Inventory change per existing store during the term	4.3	4.2	3.0	2.0	3.9	1.3	1.2	1.2	2.6

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.

Outside of New Stores



ヒルズウォーク徳重ガーデンズ
2010年11月 OPEN

Hill's Walk Tokushige Gardens
Opened in Nov. 2010



イオン大曲
2010年10月 OPEN

AEON Omagari
Opened in Oct. 2010



New Store Design

「お客様を明るく、楽しく、快適にさせる」を目的として、ホテルをモチーフとしたデザインを採用しています。また、本格的なメキシコのリゾートホテルの雰囲気を演出するために、木製の棚や衣類ラック、ガラスのランプや衣類ラックなど、実際にメキシコで使われているアイテムを使用しています。

With the aim of creating colorful, vibrant stores to provide a fun atmosphere for customers, we have designed stores with a genuine Mexican resort hotel motif. We have taken particular care to create an atmosphere that lets customers enjoy the feeling of shopping in Central and South America, by using wooden shelves for displaying goods and selling glass lamps and clothing racks that are actually used in Mexico.

イオンモール川口キャフ
2010年10月 OPEN

AEON Mall Kawaguchi-Carat
Opened in Oct. 2010



Inside Titicaca Stores



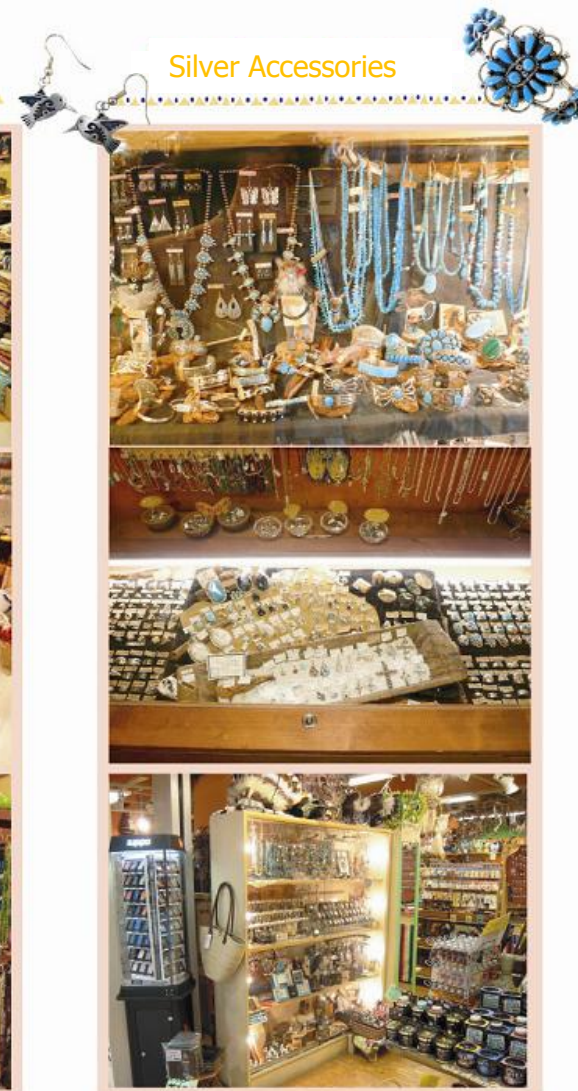
Apparel



Accessories



Silver Accessories





1. Income Statement Met Q2 budget - Sales +51.9%, Recurring Profit 120.0% YoY

Estimated values for Q3 and Q4 FY05/11 reflect the revised budget.

Titicaca Income Statement		FY05/10				FY05/11			
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3 Est.	Q4 Est.	
Sales	361	474	416	467	579	720	519	529	
Operating Profit	23	55	-10	-2	66	114	5	-9	
Recurring Profit	20	50	-13	-8	60	110	-2	-17	
Net Profit	18	48	-14	12	26	54	0	-9	
Sales YoY	43.6%	47.2%	35.9%	56.2%	60.2%	51.9%	24.8%	13.3%	
Operating Profit YoY	124.8%	111.5%	-	-	180.3%	107.3%	-	-	
Recurring Profit YoY	143.6%	138.1%	-	-	202.8%	120.0%	-	-	
Net Profit YoY	125.6%	140.0%	-	-	41.4%	12.5%	-	-	
Operating Profit Margins	6.4%	11.6%	-	-	11.4%	15.8%	1.0%	-	
Recurring Profit Margins	5.5%	10.5%	-	-	10.4%	15.3%	-	-	
Net Profit Margins	5.0%	10.1%	-	2.6%	4.5%	7.5%	0.0%	-	
Sales vs Plan	-3.2%	-2.7%	-9.0%	1.5%	9.2%	12.0%			
Operating Profit vs Plan	16.9%	30.8%	-	-	88.6%	62.9%			
Recurring Profit vs Plan	24.7%	36.2%	-	-	130.8%	74.6%			
Net Profit vs Plan	18.3%	27.4%	-	-	188.9%	54.3%			



1) 1H Sales 10.7% above budget (+125 million yen vs. budget)

Existing stores: +11.9% (+91 million yen) New stores: +10.4% (+36 million yen)

Wholesale and FC sales: -4.0% (-2 million yen)

Store Types	Amount vs. Budget	Breakdown
Comp. Stores	+91 million yen	Q2 cumulative comparable store sales were +16.7% YoY vs. budget of +5.0% YoY.
New Stores	+36 million yen	Strong sales in five new stores opened this year (22 million yen above budget).

2) 1H SG&A 1.8% over budget (+11 million yen vs. budget)

Rent and other costs rose proportionally with growth in sales, while labor costs were kept below budget.

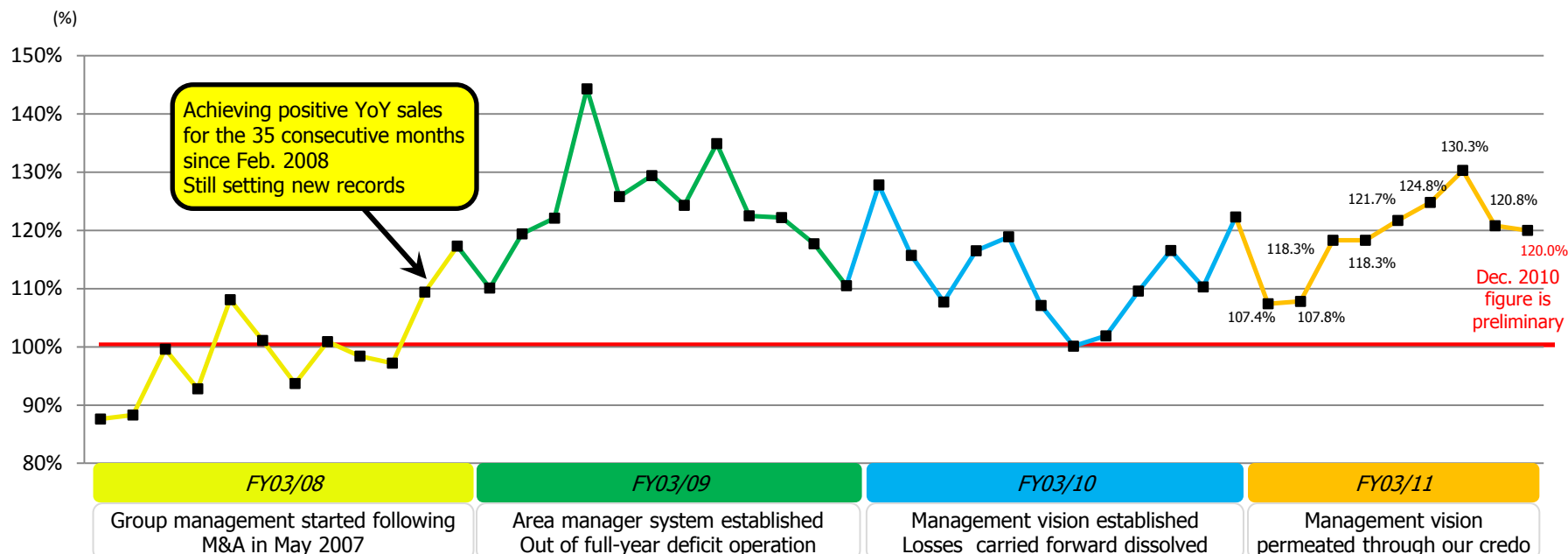
Major items	Vs. Budget (Million yen)	
Store rent and promotion etc.	+14.5	<p>Sales performance-linked rent increased as store sales exceeded budgets.</p> <p>Both sales and distribution costs rose as the frequency of inventory replenishment increased.</p>
Distribution consignment	+3.8	
Labor costs	-5.3	<p>Shortage of sales staff in some stores continued from Q1.</p> <p>New stores opened in rural areas tended to struggle with recruiting.</p> <p>Controlled costs for items that have surplus budget such as supplies and traveling expenses.</p>
Supplies	-1.8	
Traveling expenses	-2.2	

Some of the costs rose as sales grew but the rate of cost increases was no higher than the rate of increase in sales



2. Comparable store sales

+16.7% YoY cumulative through Q2



3. Store openings and results

Full-year plan achieved as of end of Dec. 2010

	FY03/09 Results	FY03/10 Results
	(Results)	(Results)
Store openings	12	16
Stores closures	7	1

FY03/11 Plan			FY03/11 Results	
1H	2H	Full-year	1H	2H (Est.)
4	4	8	5	9
3	0	3	2	1

2H:
5 stores opened and 1 store closed as of Dec. 2010 end



5. Efforts to increase profitability of directly-managed stores

1) Store management system by store type

Store management systems depending on the nature and sales patterns

1. How fashionable is the store location?
2. How big is the store?

Group into 3 types based on these 2 factors

Type 1 In shopping centers (sales area 100sqm or more)

Type 2 In shopping centers (sales area less than 100sqm); also standalone locations

Type 3 In "fashion buildings"

Decisions are made based on individual store type

- Set targets for per square meter sales
- Display merchandise based on customer types
- Select specific merchandise items
- Adjust operations to the size of each store

2) Growth potential by store type

Focus on adding Type 1 stores – these have the highest growth prospects

Business Type	Q2 Sales YoY
Type 1. In shopping centers (100sqm or larger)	+21.3%
Type 2. In shopping centers (less than 100sqm) and standalone stores	+16.8%
Type 3. In "fashion buildings"	+9.9%
Total for Comparable Stores	+16.7%

Type 1 stores

- YoY sales growth can be expected because many of them were opened about two years ago.
- Large store size allows more SKUs and experimenting with new merchandise.
- High expected profitability impact due to higher sales per square meter.

Village Vanguard (Hong Kong) Limited

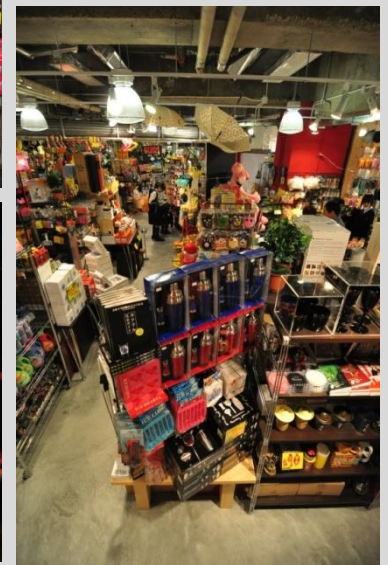
Company Profile

(Consolidated from FY05/11)

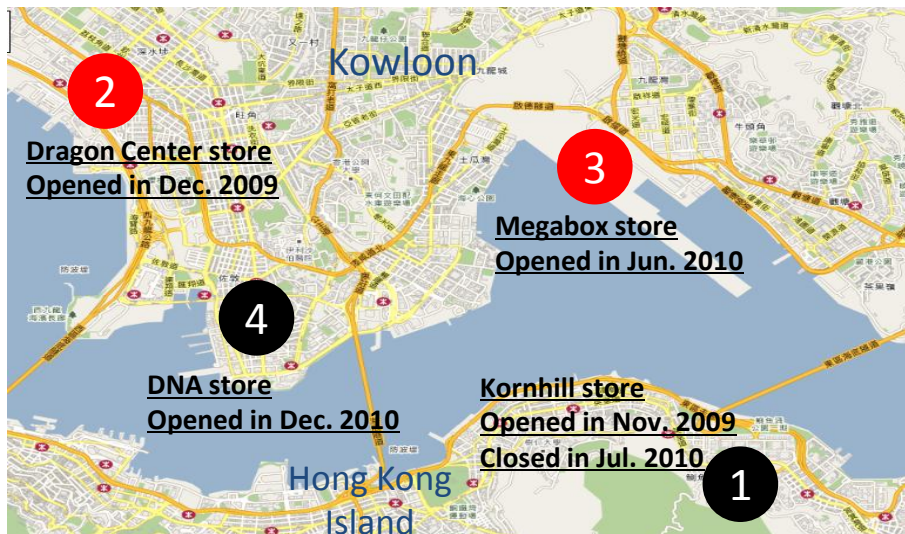


Inside stores (VVHK)

VILLAGE/VANGUARD



Village Vanguard Hong Kong - Results



Existing Stores

2 DM ● (*As of November 2010 End)

Store Opening Plan

Plan at start of term

Openings: 0
Closures: 0

Results

Openings: 1 (*Dec. 2010)
Closures: 1 (*mid-Jul. 2010)

Future plans

No openings or closures

FY05/11 Results vs. Plan (Million Yen)	Results		Estimates	
	Q1	Q2	Q3	Q4
Sales	36	23	31	26
Gross Profit	15	10	14	12
Operating Profit	-10	-16	-9	-11
Recurring Profit	-10	-16	-9	-11
Net Profit	-10	-19	-9	-10
Sales vs Plan	-29.6%	-65.1%		
Gross Profit vs Plan	-32.1%	-66.5%		
Operating Profit vs Plan	-	-		
Recurring Profit vs Plan	-	-		
Net Profit vs Plan	-	-		

Q3 and Q4 FY05/11 estimates reflect the revised budget.