

Shareholder Information

Book closing date: June 30

Regular general meeting of shareholders: September every year

Transfer agent: UFJ Trust Bank Limited

4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Main transfer office: UFJ Trust Bank Limited

Securities Administration Dept.

10-11, Higashi-Suna 7-chome, Koto-ku, Tokyo

Other relevant offices: All branches of the UFJ Trust Bank Limited nationwide

One trading unit: 100 shares

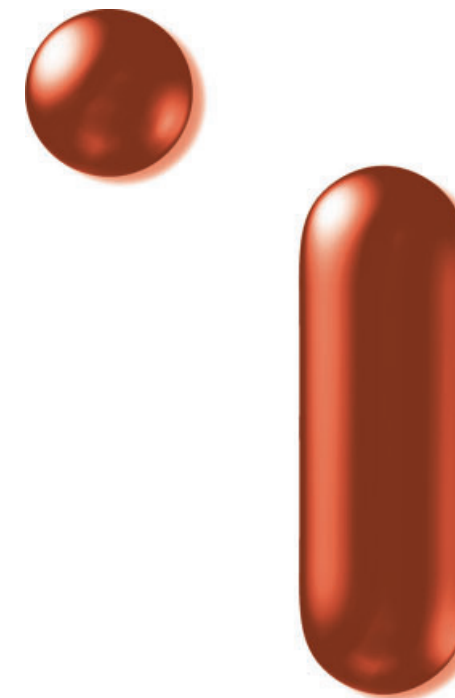
Newspaper carrying public notices: The Nihon Keizai Shimbun

Starting this term, our balance sheets and statements of income will be available on our website, in place of the notice of financial statements. Please visit our website at <http://www.tow.co.jp/>



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TOWCO,LTD.

Report for the 28th Business Term

(July 1, 2003 to June 30, 2004)

English Translation – Reference Purpose Only

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A Message to Our Shareholders

I would like to thank all shareholders for your continuing support for TOW Co., Ltd.

It gives me pleasure to report to our shareholders the financial results and business activities of TOW Co., Ltd. for the 28th fiscal year (from July 1, 2003 to June 30, 2004), which is the term ended June 30, 2004.

To recognize the support of our shareholders, we decided to pay an interim dividend from the 28th fiscal year. We consequently paid an interim dividend of ¥8 per share to shareholders listed on the shareholders' register at the end of December 2003.

As the basis for our business activities, we have been fully committed to acquiring the Information Security Management System (ISMS) since the fiscal year under review, to develop and enhance our information security management as a company that deals with client information. We will make every effort to become a company that is trusted not only by our customers but also by society.

We hope that we can continue to count on the understanding and support of all shareholders as we pursue these initiatives.

September 2004



President



Business Profile 1

Business Progress and Results

During the term under review, the Japanese economy showed signs of a gradual recovery, with an upturn in the stock market, a positive outlook for Asian and U.S. economies, an increase in capital investment in the domestic market, and firm exports. The good news was somewhat offset by continued weakness in consumer spending.

In the advertising industry, business activity has gradually recovered. This was demonstrated by the growth in sales of advertisement agencies, which returned to positive territory on a year-on-year basis in September 2003.

In the event industry, a gradual recovery was also observed. In the first half of the term, some changes were made to the way of orders were placed, such that the incidence of cancellations and alterations to the scope of orders just prior to an event decreased significantly. In the second half of the year, the number of campaign events for new products picked up in the consumer electronics industry, reflecting the progress of digitalization, and in the telecommunications industry, spurred by the rapid growth in broadband access.

Given these circumstances, we have been focusing on training for young employees and the delegation of authority on the production site. We are pursuing these initiatives with an eye to future business expansion.

With respect to marketing strategy, we have endeavored to offer more comprehensive planning, by proposing total planning that covers everything from the management strategy of our corporate clients to the sales strategy of their individual products. Moreover, we have been proposing more strategic campaign events using TICCS, a campaign data management system that we developed to improve the analytical capability of campaign data.

Despite these efforts, our consolidated business results showed limited growth, primarily because of the cancellation of a large event in the second half of the term. While net sales reached ¥9,638 million (up 2.1% from the previous term), recurring profit declined to ¥765 million (down 28.6%) and net income stood at ¥466 million (down 13.2%).

Business Profile 2

Business Summary by Sector

Sales Promotion

Consolidated sales rose 8.8% from the previous fiscal year. Orders from mobile phone companies remained high, while demand from automobile companies was active, thanks to the Tokyo Motor Show. In addition, sales promotion activities of retailers were strong.

Public Relations

Consolidated sales decreased 20.3%, as we lacked the large-scale public relations events we had in the previous term.

Exhibitions & Shows

Consolidated sales increased 924.3%, mainly because of the opening event of a gardening exhibition and the low level of sales in the previous term.

Materials Production

Consolidated sales fell 8.8%. Although orders for premium goods for sales promotion and booklets showed strong growth, orders for campaign events, which includes materials production was classified under Sales Promotion.

Culture- and Sport-Related Projects

Consolidated sales declined 70.4%, reflecting a fall in the number of sports events.

Event Planning

Consolidated sales increased 16.0% from the previous fiscal year.

Consolidated Sales Breakdown Years ended June 30

Event category		2003		2004		Year on year (%)
		Amount (¥ million)	Percentage of total (%)	Amount (¥ million)	Percentage of total (%)	
Event production	Sales promotion	5,185	54.9	5,642	58.5	8.8
	Public relations	2,216	23.5	1,765	18.3	(20.3)
	Exhibitions & shows	52	0.6	536	5.6	924.3
	Materials production	1,684	17.8	1,535	15.9	(8.8)
	Culture- and sport-related projects	221	2.3	65	0.7	(70.4)
Subtotal		9,360	99.1	9,544	99.0	1.9
Revenue from event planning		81	0.9	94	1.0	16.0
Total		9,441	100.0	9,638	100.0	2.0

Business Profile 3

Tasks Ahead

The Japanese economy is expected to gradually recover, primarily thanks to the brighter outlook for the U.S. economy, rising capital investment in the domestic market and the firm growth in exports.

In this economic environment, the bipolarization of order patterns becomes evident in the event industry. While we are witnessing a shorter cycle of orders in which the same events are conducted repeatedly in a short period, we are confronting a longer cycle in which the preparation period from order to implementation is extending. We believe that the most important task for us is to take full advantage of our production capability, which boasts high mobility and strong physical power. To do that, we train younger employees to be a certain level of operation force much faster than current pace, and offer a chance to delegate the project.

Consequently, we will focus on high quality education and training programs for our employees, particularly our younger employees, to improve their ability to achieve low-cost orders, enhance production levels from the bottom up, and equip them with greater sales promotion ability. At the same time, we believe it is an urgent task to stem the decline in profit margins seen in the previous fiscal year, again by putting the emphasis on younger employees.

In addition to improving the skills of our young employees, we will also strive to enhance our production and planning capabilities through the joint development of TICCS, a campaign data management system for consumer campaigns, with INTAGE Inc. Another initiative is WEP-Net, a network of female event staff set up by organizing specialized teams of women and which is responsible for the entire process of sales promotion campaigns, from planning and design to administration and management.

In addition, we plan to promote the planning and proposition of overseas events, aiming at the further expansion and enhancement of the network and cooperation with leading overseas event production companies with whom we already have partnerships. This will enable us to respond to customer needs for events in overseas markets as their business activities become more global.

By vigorously tackling these tasks, we will aim to build a comprehensive sales promotion group with the event business as its core.

On the financial side, we have endeavored to ensure that we have liquidity on hand by increasing the commitment line while promoting the repayment of borrowings and the reduction of accounts payable through the securitization of accounts receivable. We will continue to strengthen our financial position through such measures as improving the efficiency of fund operations.

Consolidated Balance Sheets

As of June 30, 2003 and 2004

Thousands of yen

	2003	2004
Assets		
Current assets:		
Cash and deposits	223,579	223,741
Notes and accounts receivable	3,512,121	2,458,531
Prepaid expenses for ongoing projects	587,050	1,247,804
Accounts receivable - other	567,633	659,929
Prepaid expenses	20,384	20,648
Deferred tax assets	29,693	26,721
Other	20,156	168
Allowance for doubtful accounts	(16,049)	(12,500)
Total current assets	4,944,568	4,625,045
Noncurrent assets:		
Tangible fixed assets:		
Building	94,604	84,358
Tools, furniture and fixtures	59,899	48,563
Land	28,677	29,767
Land	6,027	6,027
Intangible assets	23,151	35,944
Investments and others:		
Investments in securities	278,873	257,944
Investments in capital	80,871	82,287
Refundable insurance premium	208,336	246,367
Deferred tax assets	120,060	90,850
Deferred tax assets on land revaluation	19,578	19,578
Leasehold deposits	131,596	140,702
Other	10,270	13,920
Total investments and others	849,587	851,650
Total noncurrent assets	967,343	971,953
Total assets	5,911,912	5,596,998

Note: Above amounts are rounded down to the nearest thousand yen.

Thousands of yen

	2003	2004
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,785,043	1,284,219
Income taxes payable	212,443	171,769
Other	193,095	260,303
Total current liabilities	2,190,581	1,716,291
Long-term liabilities:		
Reserve for employees' retirement benefits	46,952	57,736
Reserve for directors' retirement allowances	91,392	100,732
Total long-term liabilities	138,345	158,468
Total liabilities	2,328,927	1,874,760
Shareholders' equity:		
Capital stock	940,395	943,567
Capital surplus	1,018,848	1,021,972
Retained earnings	1,664,308	1,850,849
Revaluation reserve for land	(27,036)	(27,036)
Net unrealized gains (losses) on other securities	(7,097)	1,382
Treasury stock	(6,434)	(68,497)
Total shareholders' equity	3,582,984	3,722,238
Total liabilities and shareholders' equity	5,911,912	5,596,998

Consolidated Statements of Income

Years ended June 30, 2003 and 2004

Thousands of yen

	2003	2004
Net sales	9,441,926	9,638,961
Cost of sales	7,543,582	7,980,606
Selling, general and administrative expenses	794,567	876,722
Operating income	1,103,777	781,632
Non-operating income	7,081	7,148
Non-operating expenses	37,688	22,927
Recurring profit	1,073,170	765,853
Extraordinary income	25,502	92,927
Extraordinary losses	97,245	700
Income before income taxes	1,001,426	858,081
Income taxes - current	501,000	365,000
Income taxes - deferred	(37,443)	26,361
Net income	537,870	466,719

Note: Above amounts are rounded down to the nearest thousand yen.

Consolidated Statements of Cash Flows (summarized)

Years ended June 30, 2003 and 2004

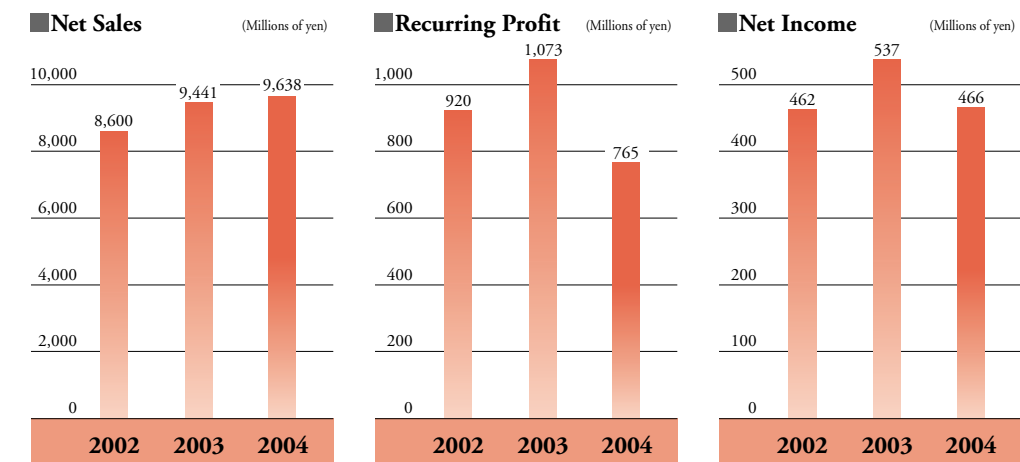
Thousands of yen

	2003	2004
Cash flows from operating activities	(427,551)	268,055
Cash flows from investing activities	(101,596)	42,211
Cash flows from financing activities	434,844	(310,105)
Net increase (decrease) in cash and cash equivalents	(94,303)	161
Cash and cash equivalents at beginning of year	317,883	223,579
Cash and cash equivalents at end of year	223,579	223,741

Note: Above amounts are rounded down to the nearest thousand yen.

Financial Highlights (Consolidated)

Years ended June 30



Millions of yen

	2002	2003	2004
Net sales	8,600	9,441	9,638
Operating income	940	1,103	781
Recurring profit	920	1,073	765
Net income	462	537	466
Total assets	4,840	5,911	5,596
Shareholders' equity	2,631	3,582	3,722

Non-Consolidated Balance Sheets

As of June 30, 2003 and 2004

Thousands of yen

	2003	2004
Assets		
Current assets:		
Cash and deposits	191,946	217,262
Notes receivable	300,999	461,615
Accounts receivable - trade	3,206,761	1,996,338
Prepaid expenses for ongoing projects	542,824	1,165,917
Accounts receivable - other	565,478	660,192
Prepaid expenses	19,751	19,480
Deferred tax assets	28,329	25,712
Other	19,450	3,092
Allowance for doubtful accounts	(16,200)	(12,500)
Total current assets	4,859,342	4,537,111
Noncurrent assets:		
Tangible fixed assets:		
Buildings	91,598	81,123
Tools, furniture and fixtures	58,673	47,512
Land	26,896	27,583
Intangible assets:		
Telephone subscription rights	6,027	6,027
Software	21,651	17,461
Investments and other assets:		
Investments in securities	2,725	2,725
Investments in subsidiaries	18,926	14,735
Investments in capital	938,658	927,692
Long-term loans to employees	278,873	257,944
Long-term prepaid expenses	100,000	100,000
Membership rights	80,871	82,287
Refundable insurance premium	50	150
Leasehold deposits	338	4,754
Deferred tax assets	9,140	8,440
Deferred tax assets on land revaluation	202,569	235,987
	127,176	127,700
	120,060	90,850
	19,578	19,578
Total noncurrent assets	1,051,908	1,026,276
Total assets	5,911,250	5,563,388

Note: Above amounts are rounded down to the nearest thousand yen.

Thousands of yen

	2003	2004
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,535,110	1,147,973
Accounts payable to subsidiaries	303,087	153,567
Accounts payable - other	32,137	39,070
Accrued expenses	79,215	88,256
Income taxes payable	202,449	162,879
Consumption tax payable	15,126	—
Advance payment for ongoing projects	20,897	69,042
Deposits received	33,902	44,362
Total current liabilities	2,221,927	1,705,151
Long-term liabilities:		
Reserve for employees' retirement benefits	46,952	57,736
Reserve for directors' retirement allowances	91,392	100,732
Total long-term liabilities	138,345	158,468
Total liabilities	2,360,272	1,863,620
Shareholders' equity:		
Capital stock	940,395	943,567
Capital surplus	1,018,848	1,021,972
Additional paid-in capital	1,018,848	1,021,972
Retained earnings	1,632,301	1,828,378
Legal reserve	22,845	22,845
Voluntary reserve	800,000	1,100,000
General reserve	800,000	1,100,000
Unappropriated retained earnings	809,456	705,533
Revaluation reserve for land	(27,036)	(27,036)
Net unrealized gains (losses) on other securities	(7,097)	1,382
Treasury stock	(6,434)	(68,497)
Total shareholders' equity	3,550,977	3,699,767
Total liabilities and shareholders' equity	5,911,250	5,563,388

Non-Consolidated Statements of Income

Years ended June 30, 2003 and 2004

Thousands of yen

	2003	2004
Net sales	9,417,115	9,599,127
Cost of sales	7,583,513	7,981,962
Selling, general and administrative expenses	783,629	866,459
Operating income	1,049,972	750,704
Non-operating income	27,076	34,107
Non-operating expenses	35,673	22,927
Recurring profit	1,041,375	761,884
Extraordinary income	25,351	93,078
Extraordinary losses	97,245	700
Income before income taxes	969,480	854,262
Income taxes - current	481,000	354,000
Income taxes - deferred	(37,187)	26,007
Net income	525,668	474,255
Retained earnings brought forward	283,788	328,636
Interim dividend	—	97,358
Unappropriated retained earnings at end of year	809,456	705,533

Note: Above amounts are rounded down to the nearest thousand yen.

Appropriation of Retained Earnings

Yen

Unappropriated retained earnings at end of year		705,533,918
Appropriation of retained earnings is as follows:	97,039,760	
Cash dividends (¥8 per share)		
Bonuses to directors and corporate auditors	22,700,000	
(of which, ¥1,500,000 for bonuses to corporate auditors)		
General reserve	300,000,000	419,739,760
Unappropriated retained earnings carried forward		285,794,158

Company Outline

As of June 30, 2004

Name: TOW Co., Ltd.

Head Office: Toranomom 17th Mori Bldg.,
26-5, Toranomom 1-chome, Minato-ku, Tokyo 105-0001

Establishment: July 6, 1976

Paid-in Capital: ¥943,567 thousand

Number of Employees: 102

Main Business Lines: Planning and production of events

Construction of buildings and erection of other structures, interior decoration, and electrical installation work performed under contract for promotional and other events

Planning and production of advertising and public relations events

Planning and management of sales promotion campaigns

Creation and publishing of various printed matter

Planning, production, and sale of software programs, data, and selection and employment of visual media for corporate PR and other uses

Directors and Corporate Auditors

As of September 24, 2004

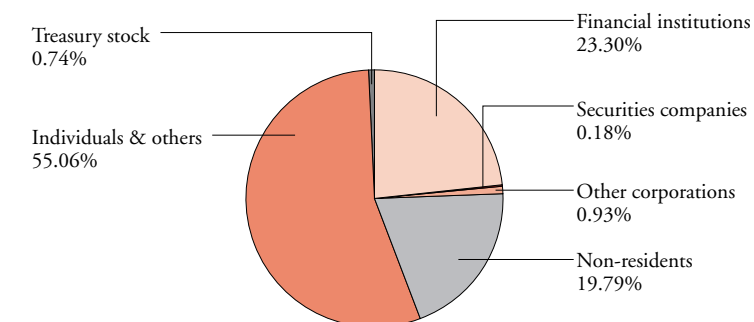
Position	Name
President and Representative Director	Osamu Kawamura
Deputy President	Katsuji Maki
Senior Managing Director	Michihiro Akimoto
Senior Managing Director	Hiromasa Kusayanagi
Managing Director	Yuji Kobayashi
Director	Katsumi Takeda
Director	Toshiei Oyama
Standing Corporate Auditor	Tatsumi Nishiyama
Corporate Auditor	Mitsunari Kono
Corporate Auditor	Shintaro Hagiwara

Stock Information

As of June 30, 2004

1. Number of shares authorized to issue.....35,000,000 shares
2. Number of shares issued and outstanding12,220,304 shares
3. Number of shareholders.....2,292

Shareholders by Type



Shareholders by Number of Shares Held

(One trading unit = 100 shares)

