

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

Tel: 0120-232-711 (Toll free number)

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

*UFJ Trust Bank Limited plans to merge in October 1, 2005, and to become Mitsubishi UFJ Trust Bank Limited.

One trading unit: 100 shares

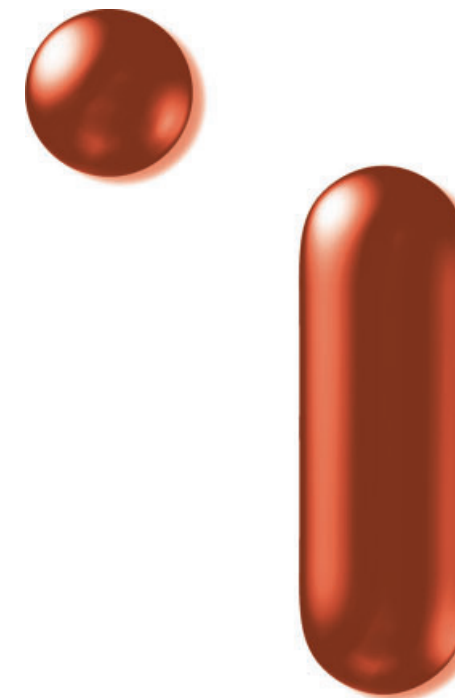
Website carrying public notices: <http://www.tow.co.jp/>

(When electronic public notices are not possible due to accidents or other unavoidable reasons, they will be made available in the newspaper, the Nihon Keizai Shimbun.)



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TOWCO,LTD.

Report for the 29th Business Term

(July 1, 2004 to June 30, 2005)

English Translation – Reference Purpose Only

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I would like to extend my sincere gratitude to all shareholders for your ongoing support for TOW Co., Ltd.

I am pleased to report the financial results and business activities of TOW Co., Ltd. for the 29th fiscal year (from July 1, 2004 to June 30, 2005), which is the term ended June 30, 2005.

During the term under review, we continued to focus on sales promotion. Our most important approach was to vigorously generate production orders for goods and printed materials related to sales promotion, by recruiting staff with experience in sales promotion production.

As the basis for our business activities, we acquired the Information Security Management System (ISMS) certificate in November 2004 to develop and enhance our information security management, a vital aspect for a company that deals with client information. We are also fully committed to acquiring a privacy mark (The application is on process.), part of our commitment 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 2005



President



Business Progress and Results

During the term under review, the Japanese economy continued to stage a moderate recovery with gains in corporate earnings, mainly reflecting robust exports driven by economic growth in the United States and China. The overall positive performance notwithstanding, the performance in some industry sectors remained weak.

In the advertising industry, in which we operate, total advertising expenditures turned upward in 2004 after three years of year-on-year declines starting 2001. Sales promotion advertising expenditures also remained generally firm, rising 1.7% from the previous year (2003) (based on the Advertising Expenditures in Japan in 2004, published by Dentsu Inc. in February 2005). In particular, demand for advertisement expanded, spurred by positive factors such as higher consumption stimulated by the 28th Olympic Games (in Athens) and an unusually hot summer.

The event industry took a favorable turn and began an overall recovery. Sales increased significantly in the consumer electronics industry, mainly reflecting the Athens Olympics and the “Korean boom” in Japan, while new product campaigns were launched in the soft drink industry, which enjoyed a number of hit products supported by growing health awareness among consumers and low price strategies. The industry was also aided by several large events, such as the Atami Flower Exposition in March 2004, the Hamanako Flower Expo in April 2004, and the Expo 2005 Aichi Japan, the largest event in Japan, in March 2005.

In this environment, we have been focusing on recruiting young employees and on education and on-the-job training at the production site in anticipation of future expansion.

Looking to marketing strategy, we have endeavored to offer comprehensive planning for event and sales promotion projects by hiring staff with experience in sales promotion production and developing a campaign office infrastructure for vigorous operations in the sales promotion area.

As a result, consolidated net sales for the term under review reached ¥10,705 million (up 11.1% year-on-year), while recurring profit amounted to ¥782 million (up 2.2%), and net income stood at ¥465 million (down 0.3%).

Business Summary by Sector

Sales Promotion

Consolidated sales declined 2.7% from the previous year. While orders from mobile phone and soft drink companies were robust, demand from distribution companies showed sluggish growth.

Public Relations

Consolidated sales rose 35.6%, as we received a number of orders for small public relations projects.

Exhibitions & Shows

Consolidated sales increased 63.1%, thanks to events related to the Hamanako Flower Expo and the Expo 2005 Aichi Japan.

Materials Production

Consolidated sales expanded 2.9%, reflecting steady growth in orders for premium goods for sales promotion and booklets.

Culture- and Sport-Related Projects

Consolidated sales rose 283.7%, principally because of the orders related to the National Sports Festival in Saitama.

Event Planning

Consolidated sales increased 25.7% from the previous year.

Consolidated Sales Breakdown
Years ended June 30

Event category		2004		2005		Year on year (%)
		Amount (¥ million)	Percentage of total (%)	Amount (¥ million)	Percentage of total (%)	
Event production	Sales promotion	5,642	58.5	5,488	51.3	(2.7)
	Public relations	1,765	18.3	2,394	22.4	35.6
	Exhibitions & shows	536	5.6	874	8.2	63.1
	Materials production	1,535	15.9	1,579	14.7	2.9
	Culture- and sport-related projects	65	0.7	250	2.3	283.7
Subtotal		9,544	99.0	10,587	98.9	10.9
Revenue from event planning		94	1.0	118	1.1	25.7
Total		9,638	100.0	10,705	100.0	11.1

Tasks Ahead

The Japanese economy is considered to be recovering, primarily thanks to expanding consumer spending and capital investment in the private sector, as well as rising share prices. Still, caution is required given uncertainties such as the fluctuations in foreign exchange rates and the hike in oil prices.

In this economic environment, the bipolarization of order patterns from customers continues in the event industry. While we are witnessing a shorter order cycle in which effective events are conducted repeatedly in a short period, we are confronting a longer cycle with an extended preparation period from planning to implementation. We believe that the most important task for us is to take full advantage of our superior production capability, which boasts excellent mobility and financial strength. To this end, we delegate authority to younger employees so that they rapidly become a substantial part of our workforce.

Consequently, we are focusing on delivering high quality education and training programs for our employees, particularly our younger staff, to improve their productivity. We will also strengthen sales to customers and market development for sales promotion, in addition to enhancing sales coverage. At the same time, we believe that it is an urgent task to stem the decline in profit margins, again by placing emphasis on improving the capability of younger employees.

As well as improving the skills of our younger employees through the initiatives described above, we will aggressively focus on sales promotion. Specifically, we will carry out campaigns with higher safety and credibility, taking advantage of TICCS, a campaign data management system, and ISMS certificate that we acquired in November 2004.

In addition, to respond to the globalization of corporate activities, we will plan and propose more overseas events by cooperating on an ongoing basis with leading local event production companies with whom we have already entered into an alliance.

By aggressively addressing 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 using our commitment line, while repaying borrowings and reducing accounts payable through the securitization of accounts receivable. We will continue to bolster our financial position through such measures as improving the efficiency of fund operations.

Thousands of yen

	2004	2005
Assets		
Current assets:		
Cash and deposits	223,741	386,608
Notes and accounts receivable	2,458,531	2,137,831
Prepaid expenses for ongoing projects	1,247,804	1,359,669
Accounts receivable - other	659,929	1,256,417
Prepaid expenses	20,648	24,242
Deferred tax assets	26,721	59,663
Other	168	6,075
Allowance for doubtful accounts	(12,500)	(12,800)
Total current assets	4,625,045	5,217,707
Noncurrent assets:		
Tangible fixed assets:		
Building	84,358	74,539
Tools, furniture and fixtures	48,563	41,226
Land	29,767	27,285
Land	6,027	6,027
Intangible assets	35,944	40,902
Investments and others:		
Investments in securities	257,944	296,190
Investments in capital	82,287	—
Refundable insurance premium	246,367	284,563
Deferred tax assets	90,850	95,359
Deferred tax assets on land revaluation	19,578	18,972
Leasehold deposits	140,702	157,352
Other	13,920	12,344
Total investments and others	851,650	864,783
Total noncurrent assets	971,953	980,225
Total assets	5,596,998	6,197,933

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

Thousands of yen

	2004	2005
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,284,219	1,508,684
Income taxes payable	171,769	204,082
Other	260,303	525,445
Total current liabilities	1,716,291	2,238,212
Long-term liabilities:		
Reserve for employees' retirement benefits	57,736	66,760
Reserve for directors' retirement allowances	100,732	110,447
Total long-term liabilities	158,468	177,207
Total liabilities	1,874,760	2,415,420
Shareholders' equity:		
Capital stock	943,567	943,567
Capital surplus	1,021,972	1,021,972
Retained earnings	1,850,849	2,100,297
Revaluation reserve for land	(27,036)	(27,642)
Net unrealized gains (losses) on other securities	1,382	7,988
Treasury stock	(68,497)	(263,671)
Total shareholders' equity	3,722,238	3,782,512
Total liabilities and shareholders' equity	5,596,998	6,197,933

Consolidated Statements of Income

Years ended June 30, 2004 and 2005

Thousands of yen

	2004	2005
Net sales	9,638,961	10,705,741
Cost of sales	7,980,606	9,320,446
Selling, general and administrative expenses	876,722	613,465
Operating income	781,632	771,828
Non-operating income	7,148	29,942
Non-operating expenses	22,927	19,461
Recurring profit	765,853	782,310
Extraordinary income	92,927	60,306
Extraordinary losses	700	5,212
Income before income taxes	858,081	837,403
Income taxes - current	365,000	414,000
Income taxes - deferred	26,361	(41,984)
Net income	466,719	465,388

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

Consolidated Statements of Cash Flows (summarized)

Years ended June 30, 2004 and 2005

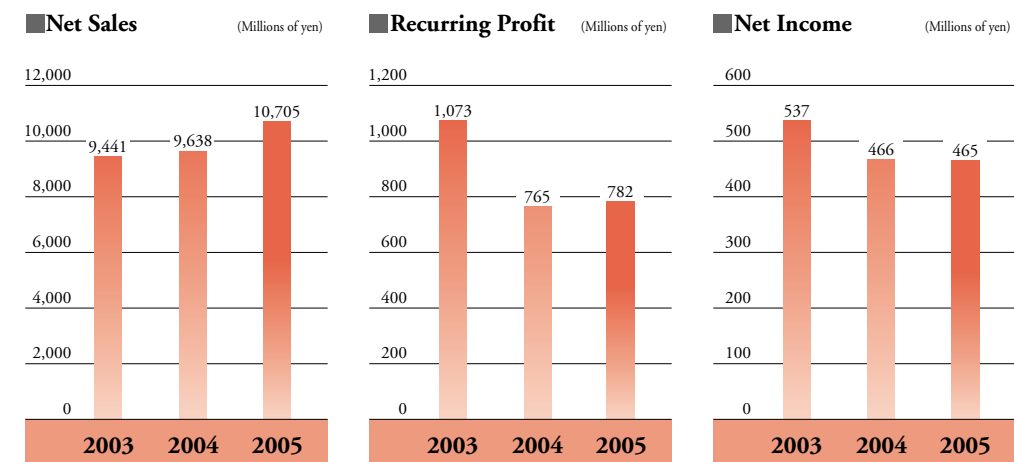
Thousands of yen

	2004	2005
Cash flows from operating activities	268,055	501,036
Cash flows from investing activities	42,211	49,440
Cash flows from financing activities	(310,105)	(387,609)
Net increase in cash and cash equivalents	161	162,867
Cash and cash equivalents at beginning of year	223,579	223,741
Cash and cash equivalents at end of year	223,741	386,608

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

Financial Highlights (Consolidated)

Years ended June 30



Millions of yen

	2003	2004	2005
Net sales	9,441	9,638	10,705
Operating income	1,103	781	771
Recurring profit	1,073	765	782
Net income	537	466	465
Total assets	5,911	5,596	6,197
Shareholders' equity	3,582	3,722	3,782

Thousands of yen

	2004	2005
Assets		
Current assets:		
Cash and deposits	217,262	354,936
Notes receivable	461,615	356,325
Accounts receivable - trade	1,996,338	1,747,734
Prepaid expenses for ongoing projects	1,165,917	1,266,137
Accounts receivable - other	660,192	1,246,285
Prepaid expenses	19,480	23,175
Deferred tax assets	25,712	56,765
Other	3,092	7,379
Allowance for doubtful accounts	(12,500)	(12,800)
Total current assets	4,537,111	5,045,939
Noncurrent assets:		
Tangible fixed assets:		
Buildings	81,123	71,814
Tools, furniture and fixtures	47,512	41,077
Land	27,583	24,709
Land	6,027	6,027
Intangible assets:		
Telephone subscription rights	17,461	26,355
Software	2,725	2,652
Software	14,735	23,702
Investments and other assets:		
Investments in securities	927,692	941,107
Investments in subsidiaries	257,944	296,190
Investments in subsidiaries	100,000	100,000
Investments in capital	82,287	—
Long-term loans to employees	150	—
Long-term prepaid expenses	4,754	3,754
Membership rights	8,440	8,440
Refundable insurance premium	235,987	269,570
Leasehold deposits	127,700	148,670
Deferred tax assets	90,850	95,359
Deferred tax assets on land revaluation	19,578	18,972
Other	—	150
Total noncurrent assets	1,026,276	1,039,277
Total assets	5,563,388	6,085,217

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

Thousands of yen

	2004	2005
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,147,973	1,321,323
Accounts payable to subsidiaries	153,567	126,481
Accounts payable - other	39,070	42,477
Accrued expenses	88,256	114,106
Income taxes payable	162,879	202,549
Consumption tax payable	—	47,142
Advance payment for ongoing projects	69,042	273,867
Deposits received	44,362	22,319
Total current liabilities	1,705,151	2,150,267
Long-term liabilities:		
Reserve for employees' retirement benefits	57,736	65,666
Reserve for directors' retirement allowances	100,732	110,447
Total long-term liabilities	158,468	176,113
Total liabilities	1,863,620	2,326,381
Shareholders' equity:		
Capital stock	943,567	943,567
Capital surplus	1,021,972	1,021,972
Additional paid-in capital	1,021,972	1,021,972
Retained earnings	1,828,378	2,076,620
Legal reserve	22,845	22,845
Voluntary reserve	1,100,000	1,400,000
General reserve	1,100,000	1,400,000
Unappropriated retained earnings	705,533	653,775
Revaluation reserve for land	(27,036)	(27,642)
Net unrealized gains on other securities	1,382	7,988
Treasury stock	(68,497)	(263,671)
Total shareholders' equity	3,699,767	3,758,835
Total liabilities and shareholders' equity	5,563,388	6,085,217

Thousands of yen

	2004	2005
Net sales	9,599,127	10,579,356
Cost of sales	7,981,962	9,246,047
Selling, general and administrative expenses	866,459	592,948
Operating income	750,704	740,360
Non-operating income	34,107	48,942
Non-operating expenses	22,927	19,461
Recurring profit	761,884	769,841
Extraordinary income	93,078	60,306
Extraordinary losses	700	3,061
Income before income taxes	854,262	827,085
Income taxes - current	354,000	403,000
Income taxes - deferred	26,007	(40,096)
Net income	474,255	464,182
Retained earnings brought forward	328,636	285,794
Interim dividend	97,358	96,201
Unappropriated retained earnings at end of year	705,533	653,775

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

Yen

Unappropriated retained earnings at end of year		653,775,568
Appropriation of retained earnings is as follows:	94,703,336	
Cash dividends (¥8 per share)		
Bonuses to directors and corporate auditors	24,400,000	
(of which, bonuses to corporate auditors)	(1,500,000)	
General reserve	300,000,000	419,103,336
Unappropriated retained earnings carried forward		234,672,232

Note: The Company paid interim dividends of 96,201,128 yen (8 yen per share) on March 11, 2005.

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: 107

Main Business Lines: Planning, production, execution and operation 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

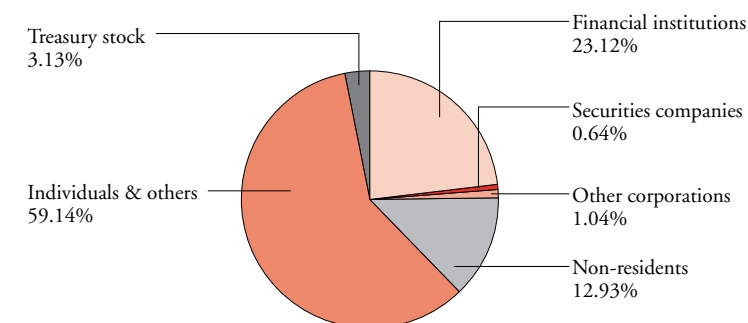
Directors and Corporate Auditors

As of September 26, 2005

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	Toshiei Oyama
Director	Hajime Kimura
Standing Corporate Auditor	Tatsumi Nishiyama
Corporate Auditor	Mitsunari Kono
Corporate Auditor	Shintaro Hagiwara

1. Number of shares authorized to issue35,000,000 shares
2. Number of shares issued and outstanding12,220,304 shares
3. Number of shareholders2,899

Shareholders by Type



Shareholders by Number of Shares Held

(One trading unit = 100 shares)

