

Shareholder Information

Business year: From July 1 to June 30 of the following year

Regular general meeting of shareholders: September every year

Administrator of stockholders' register: Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Main transfer office: Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Div.
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Other relevant offices: All branches of Mitsubishi UFJ Trust and Banking
corporation nationwide

Contact/Mailing address: Mitsubishi UFJ Trust and Banking Corporation,
Corporate Agency Div.
7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

TEL (Toll Free Number): 0120-232-711

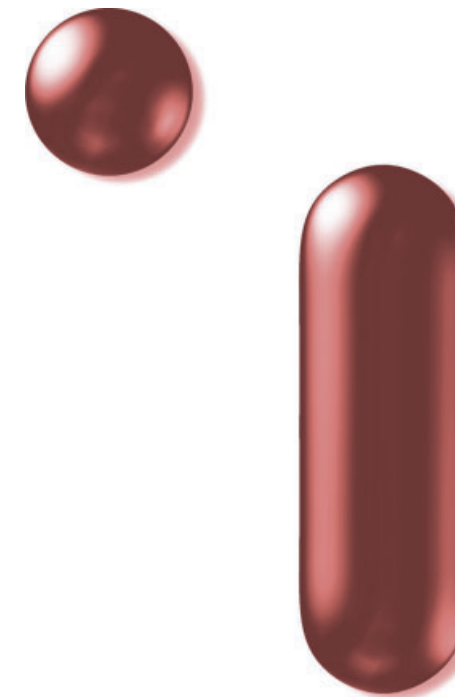
One trading unit: 100 shares

Method of public notice: <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 31th Business Term

(July 1, 2006 to June 30, 2007)

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 31st fiscal term ended June 30, 2007.

In the fiscal term under review, the TOW Group made a full commitment to actively deploying younger employees who had made outstanding progress for challenging projects and for building its brand.

TOW Co., Ltd. listed on the second section of the Tokyo Stock Exchange on June 25, 2007. Please let me take this opportunity to extend my sincere gratitude to all shareholders for your continuing support for the TOW Group.

All of our officers and employees are united in their commitment to both meeting the expectations of our shareholders as an integrated sales promotion company and fulfilling our social mission and responsibility. We hope that as we pursue our initiatives can continue to count on your support and cooperation.

September 2007



President



■ Business Progress and Results

During the term under review, the Japanese economy continued to along the path of recovery. On the strength of solid corporate earnings, capital investment increased steadily, and the stock market remained firm. Not only did employment and income conditions show steady improvement, but consumer spending also recovered.

In the advertising industry, a continuing economic recovery and an increase in Internet advertising helped drive total advertising expenditures in Japan for 2006 (from January to December) up 0.6% from the previous year, to ¥5,994.5 billion (based on Advertising Expenditures in Japan published by Dentsu Inc. in February 2007).

The event industry also generally remained steady, backed by an increase in sales promotion events reflecting continued strong corporate earnings and the activated sales campaign of new products in information and telecommunications and other areas, even in the absence of a large event on the scale of the Expo 2005 Aichi Japan held the previous year.

In this environment, the TOW Group conducted a fundamental review of the production system of its subsidiary T2 Creative and introduced a new human resources system to boost the morale of employees through measures such as the provision of ongoing training and seminars to younger employees whose development is becoming clear.

For its marketing strategy, the Group not only actively deployed younger employees for more difficult projects, but also provided advertising agencies with one-stop solution services to meet the promotional needs of clients in an integrated manner by increasing the number of dedicated personnel stationed at agencies. We also implemented an organizational restructuring to respond to the group companies of these agencies. In addition, the TOW Group expanded further with the scope of the sales promotion business through a number of initiatives to actively construct a corporate brand, such as the publication of books, participation in the opera business and the development of training and seminar software as an industry first.

As a result, consolidated net sales for the term under review reached ¥13,070 million (up 5.9% year-on-year), while operating income amounted to ¥1,051 million (up 34.5% year-on-year), and recurring profit stood at ¥1,041 million (up 32.8% year-on-year). Net income posted record high of ¥551 million (up 30.3% year-on-year).

■ Business Summary by Sector

Sales Promotion

Consolidated sales rose 17.0% from the previous year, driven by an increase in orders for events related to foods, beverage, luxury goods and automobiles, and a rise in bulk orders under the category of the sales promotion business in which events and materials production such as premium goods are integrated, given that the effect of one-stop solution services has now begun to emerge.

Public Relations

Consolidated sales increased 35.8% year-on-year, thanks to steady growth in orders for presentation of products from manufacturers of automobiles, electric appliances and mobile phone companies.

Exhibitions & Shows

Consolidated sales declined 95.8% due to absence of orders related to large events such as the Expo 2005 Aichi Japan held in the previous year.

Materials Production

Despite steady growth in order for premium goods for sales promotion, consolidated sales as a single category declined 13.2% year-on-year due to rise in bulk orders under the category of the sales promotion business in which events and materials production are integrated.

Culture- and Sport-Related Projects

Consolidated sales rose 154.6% year-on-year, thanks to events related to operas hosted by the Company.

Event Planning

Consolidated sales rose 23.9% from the previous year.

■ Consolidated Sales Breakdown
Years ended June 30

Event category		2006		2007		Year on year (%)
		Amount (¥ million)	Percentage of total (%)	Amount (¥ million)	Percentage of total (%)	
Event production	Sales promotion	7,180	58.2	8,398	64.3	17.0
	Public relations	2,149	17.4	2,918	22.3	35.8
	Exhibitions & shows	1,314	10.7	55	0.4	(95.8)
	Materials production	1,485	12.0	1,289	9.9	(13.2)
	Culture- and sport-related projects	112	0.9	285	2.2	154.6
Subtotal		12,241	99.2	12,947	99.1	5.8
Revenue from event planning		99	0.8	122	0.9	23.9
Total		12,341	100.0	13,070	100.0	5.9

■ Tasks Ahead

In the Japanese economy, consumer spending is expected to grow with higher wages, in association with the recovery in employment conditions and the rise in household incomes. Consequently, total advertising expenditures should rise 1.1% in 2007 (from January to December) over the previous year (based on the Advertising Expenditures in Japan, published by Dentsu Inc. in February 2007). In an environment of rising overall spending on advertising, looking to advertising expenditure by each media sector, advertising expenditures in the four media areas (newspapers, magazines, radio and television) have declined for the two consecutive years since 2005, while advertising expenditures on sales promotion, the area in which we operate, have increased for the three consecutive years since 2004. Sales of major advertising agencies in the four media have also declined, while sales for other businesses have been rising (based on Advertising and the Economy, published on April 1, 2007).

We believe that this development reflects the fact that customers (advertisers) have reviewed the effectiveness and costs of advertising through the four media areas. We see the need of customers changing. In this environment, we are aware that we have a critical challenge, namely to bolster our marketing strength, planning, production capacity, and the establishment of the corporate brand.

Keeping this in mind, to bolster our marketing capabilities, we will seek to build a deeper and broader customer base by improving our promotion menus and by proposing one-stop solutions to expand the scope of orders. At the same time, we will also establish a corporate brand. More specifically, we will stage aggressive promotional activities to improve our position in the industry in terms of recognition, understanding, reliability and expectation.

As a means of strengthening our planning capability, we will strengthen the planning division by not only increasing the number of internal event planners, we will also add more external event planners who have been organized as subcontractors. With these initiatives, we will seek to improve our ability to offer proposals and to establish absolute superiority over our competitors. And for production capabilities, we will provide seminars for our young employees and on different themes to foster and develop the skills and capabilities of our younger employees whose development is becoming clear.

By taking the steps described above, we will aim to increase sales and enhance profitability by bolstering the capabilities of our younger employees.

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 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.

Consolidated Balance Sheets

As of June 30, 2006 and 2007

Thousands of yen

	2006	2007
Assets		
Current assets:		
Cash and deposits	1,334,929	925,942
Notes and accounts receivable	1,888,926	3,284,976
Prepaid expenses for ongoing projects	607,046	368,313
Accounts receivable - other	2,536,472	2,343,440
Prepaid expenses	28,874	23,248
Deferred tax assets	70,152	73,484
Other	72,702	64,425
Total current assets	6,539,103	7,083,830
Noncurrent assets:		
Tangible fixed assets:	87,158	72,841
Building	35,917	30,891
Tools, furniture and fixtures	45,213	35,921
Land	6,027	6,027
Intangible assets	34,351	26,707
Investments and others:		
Investments in securities	311,278	344,014
Refundable insurance premium	312,441	305,030
Deferred tax assets	88,838	86,546
Deferred tax assets on land revaluation	18,972	18,972
Leasehold deposits	158,023	162,578
Other	11,454	10,230
Total investments and others	901,008	927,372
Total noncurrent assets	1,022,519	1,026,921
Total assets	7,561,622	8,110,752

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

Thousands of yen

	2006	2007
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,293,313	2,101,633
Short-term loans	1,420,000	840,000
Income taxes payable	254,187	261,825
Reserve for directors' bonuses	25,500	—
Other	510,834	468,281
Total current liabilities	3,503,835	3,671,740
Long-term liabilities:		
Reserve for employees' retirement benefits	73,357	87,112
Reserve for directors' retirement allowances	118,862	109,090
Total long-term liabilities	192,219	196,202
Total liabilities	3,696,055	3,867,943
Net assets		
Shareholder's equity:	3,872,876	4,238,213
Capital stock	948,994	948,994
Capital surplus	1,027,376	1,027,376
Retained earnings	2,311,563	2,677,389
Treasury stock	(415,058)	(415,547)
Valuation and translation adjustments	(7,309)	4,595
Net unrealized gains (losses) on other securities	20,332	32,237
Revaluation reserve for land	(27,642)	(27,642)
Total net assets	3,865,567	4,242,808
Total liabilities and shareholders' equity	7,561,622	8,110,752

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

Consolidated Statements of Income

Years ended June 30, 2006 and 2007

Thousands of yen

	2006	2007
Net sales	12,341,046	13,070,648
Cost of sales	10,892,240	11,270,641
Gross profit	1,448,805	1,800,006
Selling, general and administrative expenses	667,306	748,556
Operating income	781,499	1,051,449
Non-operating income	24,299	11,309
Non-operating expenses	21,709	21,501
Recurring profit	784,088	1,041,257
Extraordinary income	12,800	—
Extraordinary losses	—	22,487
Income before income taxes	796,888	1,018,770
Income taxes - current	386,049	476,348
Income taxes - deferred	(12,440)	(9,211)
Net income	423,279	551,632

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

Consolidated Statement of Changes in Net Assets

Year ended June 30, 2007

Thousands of yen

	Shareholders' equity				Valuation and translation adjustments			Total net assets	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on other securities	Land revaluation difference		Total valuation and translation adjustments
Balance as of June 30, 2006	948,994	1,027,376	2,311,563	(415,058)	3,872,876	20,332	(27,642)	(7,309)	3,865,567
Changes during the term									
Dividends			(185,806)		(185,806)				(185,806)
Net income			551,632		551,632				551,632
Acquisition of treasury stock				(489)	(489)				(489)
Net changes of items other than shareholders' equity						11,904		11,904	11,904
Total changes during the term	—	—	365,826	(489)	365,337	11,904	—	11,904	377,241
Balance as of June 30, 2007	948,994	1,027,376	2,677,389	(415,547)	4,238,213	32,237	(27,642)	4,595	4,242,808

Consolidated Statements of Cash Flows (summarized)

Years ended June 30, 2006 and 2007

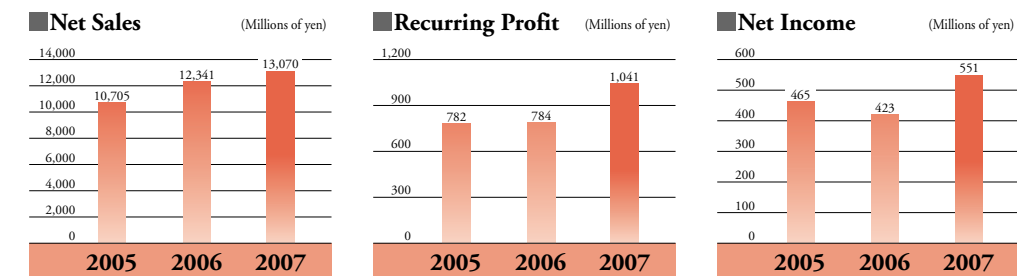
Thousands of yen

	2006	2007
Cash flows from operating activities	(78,159)	400,128
Cash flows from investing activities	(64,497)	(42,354)
Cash flows from financing activities	1,090,976	(766,760)
Net increase in cash and cash equivalents	948,320	(408,986)
Cash and cash equivalents at beginning of year	386,608	1,334,929
Cash and cash equivalents at end of year	1,334,929	925,942

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

Financial Highlights

Years ended June 30



	2005	2006	2007
Net sales	10,705	12,341	13,070
Operating income	771	781	1,051
Recurring profit	782	784	1,041
Net income	465	423	551
Total assets	6,197	7,561	8,110
Shareholders' equity	3,782	3,865	4,242

Non-Consolidated Balance Sheets

As of June 30, 2006 and 2007

Thousands of yen

	2006	2007
Assets		
Current assets:		
Cash and deposits	1,275,569	824,430
Notes receivable	317,548	706,571
Accounts receivable - trade	1,465,698	2,560,501
Prepaid expenses for ongoing projects	581,579	348,587
Accounts receivable - other	2,537,303	2,342,594
Prepaid expenses	28,023	22,391
Deferred tax assets	66,689	68,650
Other	72,570	64,272
Total current assets	6,344,984	6,938,000
Noncurrent assets:		
Tangible fixed assets:	83,869	67,182
Buildings	35,789	30,048
Tools, furniture and fixtures	42,052	31,106
Land	6,027	6,027
Intangible assets:	23,740	19,930
Telephone subscription rights	2,652	2,652
Software	21,087	17,278
Investments and other assets:	981,814	1,005,111
Investments in securities	311,278	344,014
Investments in stock of affiliated company	100,000	100,000
Long-term prepaid expenses	2,894	1,820
Membership rights	8,410	8,410
Refundable insurance premium	302,805	293,126
Deferred tax assets	87,963	84,872
Deferred tax assets on land revaluation	18,972	18,972
Leasehold deposits	149,340	153,895
Other	150	—
Total noncurrent assets	1,089,424	1,092,225
Total assets	7,434,408	8,030,225

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

Thousands of yen

	2006	2007
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable - trade	1,139,626	1,908,863
Accounts payable to affiliated company	88,013	212,809
Short-term loans	1,420,000	840,000
Accounts payable - other	71,003	181,151
Income taxes payable	250,116	249,525
Consumption tax payable	60,415	29,640
Accrued expenses	141,224	154,037
Advance payment for ongoing projects	153,922	62,550
Deposits received	62,890	20,542
Reserve for directors' bonuses	24,500	—
Total current liabilities	3,411,711	3,659,121
Long-term liabilities:		
Reserve for employees' retirement benefits	71,277	83,131
Reserve for directors' retirement allowances	118,862	109,090
Total long-term liabilities	190,140	192,221
Total liabilities	3,601,852	3,851,343
Net assets		
Shareholder's equity:	3,839,865	4,174,287
Capital stock	948,994	948,994
Capital surplus	1,027,376	1,027,376
Additional paid-in capital	1,027,376	1,027,376
Retained earnings	2,278,552	2,613,463
Legal reserve	22,845	22,845
Other retained earnings	2,255,707	2,590,618
General reserve	1,700,000	2,000,000
Retained earnings carried forward	555,707	590,618
Treasury stock	(415,058)	(415,547)
Valuation and translation adjustments	(7,309)	4,595
Net unrealized gains (losses) on other securities	20,332	32,237
Revaluation reserve for land	(27,642)	(27,642)
Total net assets	3,832,556	4,178,882
Total liabilities and shareholders' equity	7,434,408	8,030,225

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

•• Non-Consolidated Statements of Income

Years ended June 30, 2006 and 2007

Thousands of yen

	2006	2007
Net sales	11,839,605	12,890,861
Cost of sales	10,457,867	11,203,295
Gross profit	1,381,737	1,687,566
Selling, general and administrative expenses	648,135	731,820
Operating income	733,602	955,745
Non-operating income	41,582	35,746
Non-operating expenses	18,537	21,312
Recurring profit	756,646	970,178
Extraordinary income	12,800	—
Extraordinary losses	—	21,503
Income before income taxes	769,446	948,675
Income taxes - current	366,500	435,000
Income taxes - deferred	(10,999)	(7,041)
Net income	413,945	520,717

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

•• Non-Consolidated Statement of Changes in Net Assets

Year ended June 30, 2007

Thousands of yen

	Shareholders' equity								
	Capital stock	Capital surplus		Legal reserve	Retained earnings		Total earned surplus	Treasury stock	Total shareholders' equity
		Capital reserves	Total capital surplus		General reserve	Other retained earnings Retained earnings carried forward			
Balance as of June 30, 2006	948,994	1,027,376	1,027,376	22,845	1,700,000	555,707	2,278,552	(415,058)	3,839,865
Changes during the term									
Provision for general reserve						300,000	(300,000)		
Dividends						(185,806)	(185,806)		(185,806)
Net income						520,717	520,717		520,717
Acquisition of treasury stock								(489)	(489)
Net changes of items other than shareholders' equity									
Total changes during the term	—	—	—	—	300,000	34,911	334,911	(489)	334,421
Balance as of June 30, 2007	948,994	1,027,376	1,027,376	22,845	2,000,000	590,618	2,613,463	(415,547)	4,174,287

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on other securities	Land revaluation difference	Total valuation and translation adjustments	
Balance as of June 30, 2006	20,332	(27,642)	(7,309)	3,832,556
Changes during the term				
Provision for general reserve				
Dividends				(185,806)
Net income				520,717
Acquisition of treasury stock				(489)
Net changes of items other than shareholders' equity	11,904		11,904	11,904
Total changes during the term	11,904	—	11,904	346,326
Balance as of June 30, 2007	32,237	(27,642)	4,595	4,178,882

As of June 30, 2007

Name: TOW Co., Ltd.

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

Establishment: July 6, 1976

Paid-in Capital: ¥948,994 thousand

Number of Employees: 133

- Main Business Lines:**
1. Planning, production, construction, creation and management of events and seminars
 2. Construction of buildings and erection of other structures, interior decoration, and electrical installation work performed under contract for promotional and other events
 3. Planning and production of advertising and public relations events
 4. Planning and production of sales promotion campaigns, and planning and publishing of exhibitions and interior decoration
 5. Planning, production, sales, and import/export of advertisement, promotional goods and premium related to sales promotion
 6. Planning, production and publishing of various printed matters

Directors and Corporate Auditors

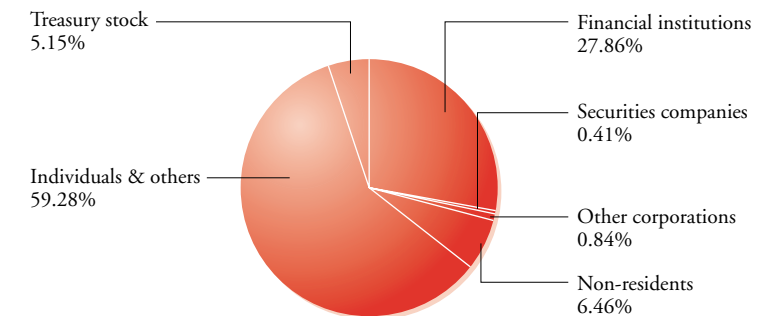
As of September 25, 2007

Position	Name
President and Representative Director	Osamu Kawamura
Deputy President	Katsuji Maki
Senior Managing Director	Michihiro Akimoto
Senior Managing Director	Yuji Kobayashi
Managing Director	Hajime Kimura
Director	Takehito Masumori
Director	Toshiei Oyama
Director	Kenji Ozeki
Standing Corporate Auditor	Tatsumi Nishiyama
Corporate Auditor	Mitsunari Kono
Corporate Auditor	Shintaro Hagiwara

As of June 30, 2007

1. Number of shares authorized to issue.....48,000,000 shares
2. Number of shares issued and outstanding12,242,274 shares
3. Number of shareholders 2,349

Shareholders by Type



Shareholders by Number of Shares Held

(One trading unit = 100 shares)

