

Introduction to the Company's Website

We have revamped the IR page of the Company's website to help our shareholders and investors gain a better understanding of the Company.



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

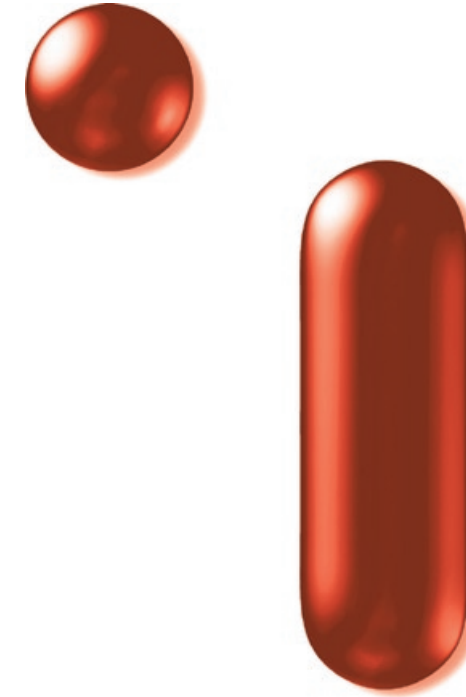
Method of public notice: <http://www.tow.co.jp/>

(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.)



Toranomon 17th Mori Bldg.,
26-5, Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan
Tel: +81-3-3502-8887

<http://www.tow.co.jp/>



TOWCO.,LTD.

Report for the 32nd Business Term

(July 1, 2007 to June 30, 2008)

English Translation – Reference Purpose Only

This is an unofficial translation of the Japanese original version prepared solely for convenience. No representation or warranty is made with respect to its accuracy or otherwise, and it has no legally binding effect. If there is any discrepancy between the Japanese original and this translation, the Japanese original will always prevail.

| To Our Shareholders

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 32nd fiscal term ended June 30, 2008.

On June 25, 2008, TOW Co., Ltd. shares were promoted to the First Section of the Tokyo Stock Exchange. Please let me take this opportunity to extend my sincere gratitude to all shareholders for your continuing support for the TOW Group.

In light of the improved results reflecting the development of the skills and capabilities of younger employees (an issue since the previous term), taking into account overall business performance and the future environment, and in response to our shareholders' continued support, it was determined that the interim dividend payment (record date: December 31, 2008) and the projected year-end dividend payment (record date: June 30, 2009) would be 16 yen per share each, making a full-year dividend payment of 32 yen per share. (Year-end dividend payments are expected to be submitted at the regular general meeting of shareholders for the 33rd term, which is planned to

be held in September 2009.)

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 we can continue to count on your support and cooperation.

September 2008



President



| Business Summary

Business Progress and Results

During the term under review, the Japanese economy continued to demonstrate a trend of moderate recovery on the strength of the continued increase in corporate capital investment and improvement in the employment environment. However, given the surge in the prices of crude oil and raw materials, and the turbulence in the international financial market affected by the sub-prime mortgage crisis, the economic outlook has become increasingly uncertain.

In the advertising industry where we operate, sales of major advertising agencies for 2007 (from January to December) were almost on a par with those for the previous year. As sales to date since January 2008 have also remained stagnant with a slight year-on-year decline, the operating environment does not encourage optimism.

Given the increasing demand for corporate promotional events, the event industry generally remained steady, with major advertising agency sales expanding, excluding four media (newspapers, magazines, radio, and television).

In this environment, the TOW Group strengthened its

educational programs to further bolster staff development, and it continued the publication of books and has participated in career programs for university students in order to establish a corporate brand. On June 25, 2008, the Company's shares were promoted to the First Section of the Tokyo Stock Exchange.

In terms of marketing strategy, the Group established its Nagoya office (in July 2007) to develop new business channels and expand its operations in the Chubu region. This initiative has already been made apparent in its effect with the Group developing a system that enables it to respond promptly to the needs of advertising agencies, and rationalizing and streamlining its operations. In addition, to meet clients' promotional needs in an integrated manner, the Group strove to further expand the scope of the sales promotion business by providing proposals for one-stop integrated promotions.

As a result, consolidated net sales for the term under review reached ¥14,397 million (up 10.2% year-on-year), while recurring profit stood at ¥1,343 million (up 29.0% year-on-year). Net income posted a record high of ¥729 million (up 32.3% year-on-year).

Business Summary

Business Summary by Sector

Sales Promotion

Consolidated sales for the term under review rose 21.5% from the previous year, primarily driven by strong orders received from the Tokyo Motor Show that were higher than initially anticipated and orders received from automobile manufacturers for large-scale projects following the establishment of the Nagoya office.

Public Relations

Although orders from each mobile phone and other telecommunication companies for the various products presentations remained steady, consolidated sales for the term under review declined 2.7% year-on-year, given the somewhat sluggish orders received from electric appliance manufacturers for various products presentations, which had been strong during the previous fiscal year.

Exhibitions & Shows

Consolidated sales fell 57.5% year-on-year, reflecting the

absence of large events (the same as the previous fiscal year) and the fact that no orders were received in relation to the medium-size events.

Materials Production

Despite steady growth in orders for premium goods for sales promotions from a wide range of industries, consolidated sales as a single category declined 25.9% year-on-year due to a 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 fell 11.1% from the previous year when there were events related to operas hosted by the Company, with orders received for large-scale sporting events.

Event Planning

Consolidated sales declined 6.0% from the previous year.

Consolidated Sales Breakdown

Years ended June 30

Event category		2007		2008		Year on year (%)
		Amount (¥ million)	Percentage of total (%)	Amount (¥ million)	Percentage of total (%)	
Event production	Sales promotions	8,398	64.3	10,207	70.9	21.5
	Public relations	2,918	22.3	2,841	19.7	(2.7)
	Exhibitions & shows	55	0.4	23	0.2	(57.5)
	Materials production	1,289	9.9	955	6.6	(25.9)
	Culture- and sport-related projects	285	2.2	254	1.8	(11.1)
Subtotal		12,947	99.1	14,281	99.2	10.3
Revenue from event planning		122	0.9	115	0.8	(6.0)
Total		13,070	100.0	14,397	100.0	10.2

Business Summary

Tasks Ahead

The Japanese economy is expected to continue to face a difficult and uncertain situation, given the decline in corporate earnings reflecting the higher prices of crude oil and raw materials. Meanwhile, in the domestic advertising market total domestic advertising expenditures are expected to rise 1.7% in 2008 (from January to December) from the previous year (based on Advertising Expenditure in Japan, published by Dentsu Inc. in February 2008).

In an environment of rising overall spending on advertising, looking to advertising expenditures by each media sector, advertising expenditures in the four media areas (newspapers, magazines, radio and television) have declined for the three consecutive years since 2005, while advertising expenditures on promotional media, the area in which we operate, have increased for the four 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, 2008).

We continue to believe that this development reflects the fact that customers (advertisers) have reviewed the effectiveness and costs of advertising through four media, and that their needs have changed. In other words, the expectations of customers in the promotions area have been rising.

In this environment, we understand that it is our critical challenge to bolster our marketing, planning, and production capabilities, and establish a corporate brand.

Keeping this in mind, to bolster our marketing capabilities, we will seek to build a deeper and broader customer base in an effort to expand the scope of orders by proposing integrated

promotion, in which increasingly diversified promotion menus are combined comprehensively and effectively, as a one-stop solution service. At the same time, we will endeavor to 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 expectations.

As a means of strengthening our planning capability, we will not only increase the number of internal event planners, but also add more external event planners who have been organized as subcontractors. We will also strengthen the planning division by bolstering the scale of the event planners' school, which is entering its ninth term, and by recruiting staff. With these initiatives, we will seek to improve our ability to offer proposals and establish absolute superiority over our competitors. With regard to our production capabilities, we will provide seminars for our younger employees in accordance with the level and themes to further foster and develop their skills and capabilities where the progress has become apparent.

By taking the steps described above, we will aim to increase sales and enhance profitability by bolstering the capabilities of our younger employees. We will also aim to build a comprehensive sales promotion group by aggressively addressing the aforementioned challenges.

With respect to our financial situation, we have sought to improve efficiency of capital by taking an array of steps, including streamlining our balance sheets through the liquidation of receivables. We will continue to seek to strengthen our financial position with the optimal capital structure taken into account.

Consolidated Balance Sheets

As of June 30, 2007 and 2008

		Thousands of yen		
	2007	2008	2007	2008
Assets			Liabilities	
Current assets:	7,083,830	7,397,323	Current liabilities:	3,671,740
Cash and deposits	925,942	1,579,121	Accounts payable - trade	2,101,633
Notes and accounts receivable	3,284,976	2,726,823	Short-term loans	840,000
Prepaid expenses for ongoing projects	368,313	229,690	Income taxes payable	261,825
Accounts receivable - other	2,343,440	2,714,643	Other	468,281
Prepaid expenses	23,248	22,036	Long-term liabilities:	196,202
Deferred tax assets	73,484	85,262	Reserve for employees' retirement benefits	87,112
Other	64,425	39,746	Reserve for directors' retirement allowances	109,090
Noncurrent assets:	1,026,921	993,813	Total liabilities	3,867,943
Tangible fixed assets:	72,841	75,090	Net assets	
Building	30,891	26,624	Shareholders' equity:	4,238,213
Tools, furniture and fixtures	35,921	42,438	Capital stock	948,994
Land	6,027	6,027	Capital surplus	1,027,376
Intangible assets	26,707	21,538	Retained earnings	2,677,389
Investments and others:	927,372	897,183	Treasury stock	(415,547)
Investments in securities	344,014	227,106	Valuation and translation adjustments	4,595
Refundable insurance premium	305,030	345,068	Net unrealized gains (losses) on other securities	32,237
Deferred tax assets	86,546	133,020	Revaluation reserve for land	(27,642)
Deferred tax assets on land revaluation	18,972	18,972	Total net assets	4,242,808
Leasehold deposits	162,578	164,524		
Other	10,230	8,492		
Total assets	8,110,752	8,391,137	Total liabilities and net assets	8,110,752

Note: The amounts listed above are rounded down to the nearest thousand yen.

Consolidated Statements of Income

Years ended June 30, 2007 and 2008

	Thousands of yen	
	2007	2008
Net sales	13,070,648	14,397,238
Cost of sales	11,270,641	12,214,717
Gross profit	1,800,006	2,182,520
Selling, general and administrative expenses	748,556	819,832
Operating income	1,051,449	1,362,688
Non-operating income	11,309	4,588
Non-operating expenses	21,501	24,065
Recurring profit	1,041,257	1,343,211
Extraordinary losses	22,487	24,227
Income before income taxes	1,018,770	1,318,983
Income taxes - current	476,348	623,269
Income taxes - deferred	(9,211)	(34,049)
Net income	551,632	729,763

Note: The amounts listed above are rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Net Assets

Year ended June 30, 2008

	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	Revaluation reserve for land	Total valuation and translation adjustments	
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
Changes during the term									
Dividends			(232,244)		(232,244)				(232,244)
Net income			729,763		729,763				729,763
Acquisition of treasury stock				(225)	(225)				(225)
Net changes of items other than shareholders' equity						(35,261)	-	(35,261)	(35,261)
Total changes during the term	-	-	497,519	(225)	497,293	(35,261)	-	(35,261)	462,031
Balance as of June 30, 2008	948,994	1,027,376	3,174,908	(415,773)	4,735,506	(3,023)	(27,642)	(30,666)	4,704,840

Note: The amounts listed above are rounded down to the nearest thousand yen.

Consolidated Statements of Cash Flows

Years ended June 30, 2007 and 2008

Thousands of yen

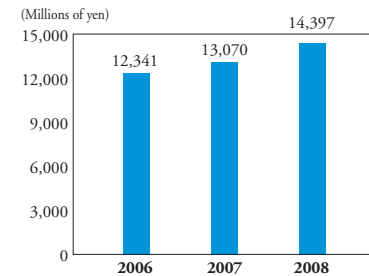
	2007	2008
Cash flows from operating activities	400,128	930,158
Cash flows from investing activities	(42,354)	(43,601)
Cash flows from financing activities	(766,760)	(233,376)
Net increase (decrease) in cash and cash equivalents	(408,986)	653,179
Cash and cash equivalents at beginning of year	1,334,929	925,942
Cash and cash equivalents at end of year	925,942	1,579,121

Note: The amounts listed above are rounded down to the nearest thousand yen.

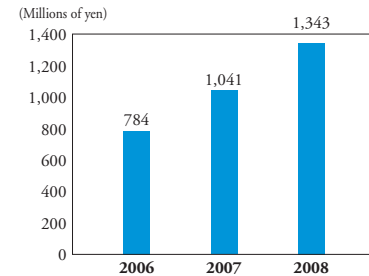
Financial Highlights (consolidated)

Years ended June 30

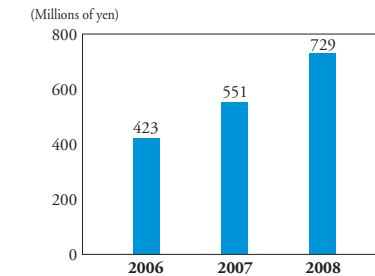
• Net Sales



• Recurring Profit



• Net Income



Millions of yen

	2006	2007	2008
Net sales	12,341	13,070	14,397
Operating income	781	1,051	1,362
Recurring profit	784	1,041	1,343
Net income	423	551	729
Total assets	7,561	8,110	8,391
Shareholders' equity	3,865	4,242	4,704

Non-Consolidated Balance Sheets

As of June 30, 2007 and 2008

Thousands of yen

	2007	2008	2007	2008
Assets			Liabilities	
Current assets:	6,938,000	7,206,379	Current liabilities:	3,659,121
Cash and deposits	824,430	1,427,318	Accounts payable - trade	1,908,863
Notes receivable	706,571	361,287	Accounts payable to affiliated company	212,809
Accounts receivable - trade	2,560,501	2,342,681	Short-term loans	840,000
Prepaid expenses for ongoing projects	348,587	220,551	Accounts payable - other	181,151
Accounts receivable - other	2,342,594	2,715,322	Income taxes payable	249,525
Prepaid expenses	22,391	21,137	Consumption tax payable	29,640
Deferred tax assets	68,650	78,310	Accrued expenses	154,037
Other	64,272	39,770	Advance payment for ongoing projects	62,550
Noncurrent assets:	1,092,225	1,057,895	Deposits received	20,542
Tangible fixed assets:	67,182	71,314	Long-term liabilities:	192,221
Buildings	30,048	25,913	Reserve for employees' retirement benefits	83,131
Tools, furniture and fixtures	31,106	39,373	Reserve for directors' retirement allowances	109,090
Land	6,027	6,027	Total liabilities	3,851,343
Intangible assets:	19,930	18,298	Net assets	
Telephone subscription rights	2,652	2,652	Shareholders' equity:	4,174,287
Software	17,278	15,645	Capital stock	948,994
Investments and other assets:	1,005,111	968,282	Capital surplus	1,027,376
Investments in securities	344,014	227,106	Additional paid-in capital	1,027,376
Investments in stock of affiliated company	100,000	100,000	Retained earnings	2,613,463
Long-term prepaid expenses	1,820	82	Legal reserve	22,845
Membership rights	8,410	8,410	Other retained earnings	2,590,618
Refundable insurance premium	293,126	329,470	General reserve	2,000,000
Deferred tax assets	84,872	128,398	Retained earnings carried forward	590,618
Deferred tax assets on land revaluation	18,972	18,972	Treasury stock	(415,547)
Leasehold deposits	153,895	155,841	Valuation and translation adjustments	4,595
			Net unrealized gains (losses) on other securities	32,237
			Revaluation reserve for land	(27,642)
Total assets	8,030,225	8,264,274	Total net assets	4,178,882
			Total liabilities and net assets	8,030,225
				8,264,274

Note: The amounts listed above are rounded down to the nearest thousand yen.

Non-Consolidated Statements of Income

Years ended June 30, 2007 and 2008

Thousands of yen

	2007	2008
Net sales	12,890,861	14,228,882
Cost of sales	11,203,295	12,168,323
Gross profit	1,687,566	2,060,559
Selling, general and administrative expenses	731,820	801,203
Operating income	955,745	1,259,355
Non-operating income	35,746	54,844
Non-operating expenses	21,312	23,218
Recurring profit	970,178	1,290,982
Extraordinary losses	21,503	20,081
Income before income taxes	948,675	1,270,900
Income taxes - current	435,000	577,000
Income taxes - deferred	(7,041)	(28,984)
Net income	520,717	722,884

Note: The amounts listed above are rounded down to the nearest thousand yen.

Non-Consolidated Statement of Changes in Net Assets

Year ended June 30, 2008

Thousands of yen

	Shareholders' equity									Valuation and translation adjustments			Total net assets
	Capital stock	Capital surplus		Legal reserve	Retained earnings		Treasury stock	Total shareholders' equity	Net unrealized holding gains on other securities	Revaluation reserve for land	Total valuation and translation adjustments		
	Capital reserves	Total capital surplus	General reserve		Other retained earnings	Total earned surplus							
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	32,237	(27,642)	4,595	4,178,882
Changes during the term													
Provision for general reserve					300,000	(300,000)	-						
Dividends						(232,244)	(232,244)		(232,244)				(232,244)
Net income					722,884	722,884	722,884		722,884				722,884
Acquisition of treasury stock								(225)	(225)				(225)
Net changes of items other than shareholders' equity										(35,261)	-	(35,261)	(35,261)
Total changes during the term	-	-	-	-	300,000	190,640	490,640	(225)	490,414	(35,261)	-	(35,261)	455,153
Balance as of June 30, 2008	948,994	1,027,376	1,027,376	22,845	2,300,000	781,258	3,104,103	(415,773)	4,664,701	(3,023)	(27,642)	(30,666)	4,634,035

Note: The amounts listed above are rounded down to the nearest thousand yen.

Basic Strategy for the Medium-term Business Plan

Strengthening capabilities for promotion proposals

I. Strengthening proposal capabilities through creativity

* Establish a cooperative structure with two top creators selected every year, improve the quality of the website and graphics, and bolster capabilities for creating ideas.

II. Strengthening alliances

* Develop commercial products by forming alliances with companies from other industries.

III. Bolstering planning capabilities

* Develop our young planning staff's capabilities.

* Expand the planners' school.

Strengthening marketing capabilities

I. Restructuring the organizational structure

* Dissolve the SP Strategy Division, and restructure the SP Sales Division into three divisions.

* Establish a department in charge of SP production and strengthen collaboration among divisions.

II. New human resource system

* Evaluate contribution towards helping the company to become the No.1 promotion company.

* Evaluation based on achievement against targets set by employees themselves. = Improved employee self-reliance

* Establish clear SP sales targets.

Bolstering event production capabilities and profitability

I. Strengthening production network

* Strengthen an event production structure, our key operation.

* Network of event staff

* Strengthen relationships by holding seminars.

* Increase operational orders that adopt the event staff network (ESN)

* Develop staff with a high level of expertise.

II. T2 Creative

* Structure closely associated with the new TOW organizations.

* Strengthen specialized areas, such as production and image.

III. Establishment of the event production management team

* Rate cooperative organizations.

* Re-establish the standard pricing table.

* Cooperate with cost management for individual projects.

Brand establishment

I. Participation in large-scale hosted projects

* Participated in hosted project for the exhibition of cultural artifacts of Egypt from the sea to be held in 2009

II. Strategy of continuous publication

* Continue publishing magazines biannually

III. Aggressive participation in the Japan Association for the Promotion of Creative Events (JACE)

* Continue presenting the Production Award, the principal event award.

* Aggressive participation in various committees

* Cooperative structure with Event Japan and the Japan Institute of Eventology

IV. Participation in the career education programs of universities

* Hold event seminars.

* Sell sample simulation software.

Staff development

I. Promotion of OJT system

II. Program expansion

* Expand training by themes in addition to training by job level.

* Hold seminars for part time workers.

III. Knowledge

* Develop an internal shared information database.

* Special venues and tie-up information.



No.1 general promotion production company

Establish the TOW brand through its capabilities for offering general promotion proposals, including events, and general production capabilities.

Fiscal year ending June 2011

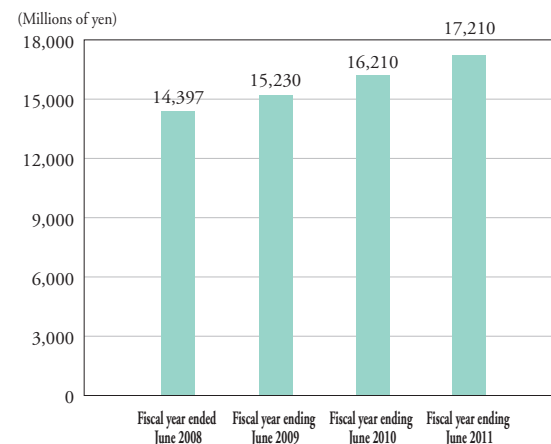
Net sales: 17,210 million yen

Recurring profit: 1,760 million yen

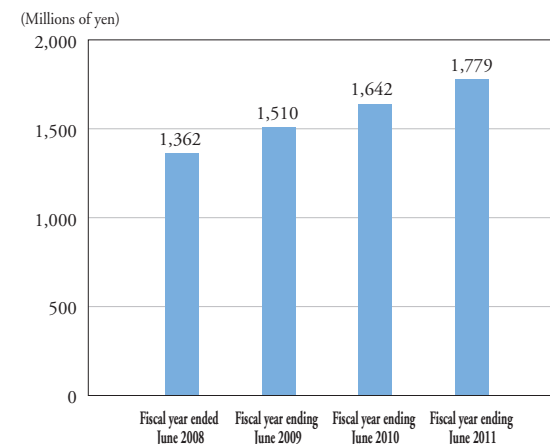
Recurring profit margin: 10.2%

Basic Strategy for the Medium-term Business Plan (Consolidated)

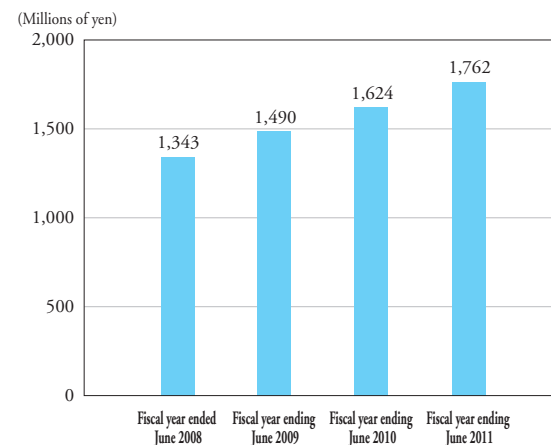
• Net Sales



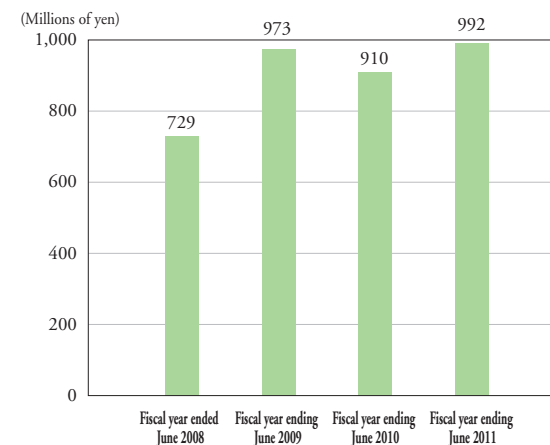
• Operating Income



• Recurring Profit



• Net Income



* Head office is expected to be transferred during the fiscal year ending June 2009 in line with the Tokyo metropolitan government redevelopment project. For the fiscal year ending June 2009, the Company anticipates posting extraordinary income of 288 million yen from the Tokyo metropolitan government as transfer compensation, and extraordinary losses of 96 million yen incurred for transfer expenses.

Corporate Profile

As of June 30, 2008

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: 143
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 advertisements, promotional goods and premiums related to sales promotion
 6.Planning, production and publishing of various printed matters

■ Directors and Corporate Auditors (As of September 25, 2008)

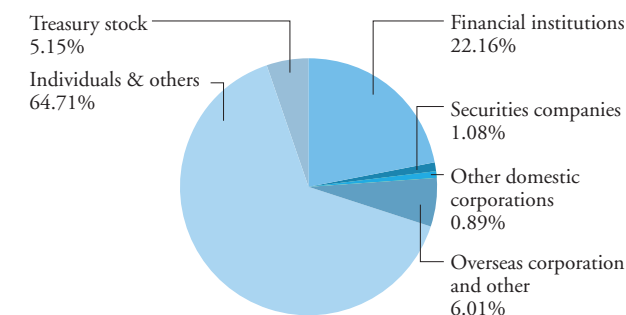
President and Representative Director	Osamu Kawamura
Deputy President	Katsuji Maki
Senior Managing Director	Michihiro Akimoto
Senior Managing Director	Yuji Kobayashi
Managing Director	Hajime Kimura
Director	Toshiei Oyama
Director	Kenji Ozeki
Director	Takehito Masumori
Director	Shigeo Shimamura
Standing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

Stock Information

As of June 30, 2008

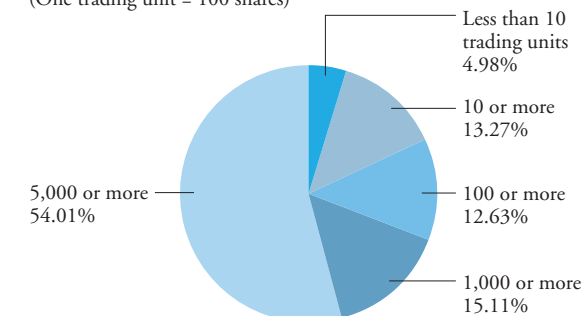
1. Number of shares authorized to issue 48,000,000 shares
2. Number of shares issued and outstanding 12,242,274 shares
3. Number of shareholders 3,548

■ Shareholders by Type



■ Shareholders by Number of Shares Held

(One trading unit = 100 shares)

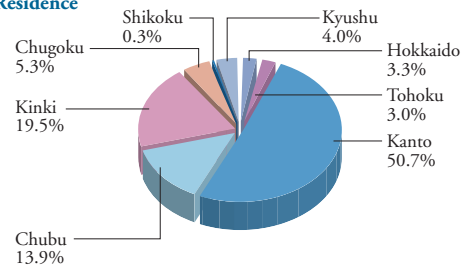


Survey Results

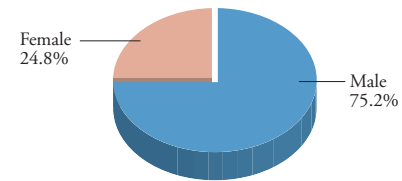
We carried out a survey of shareholders who were registered as of the record date of December 31, 2007. We will use the survey results to improve our IR going forward.

Classification categories

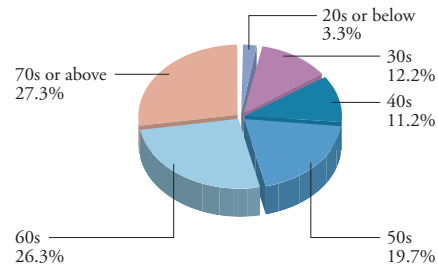
(i) Residence



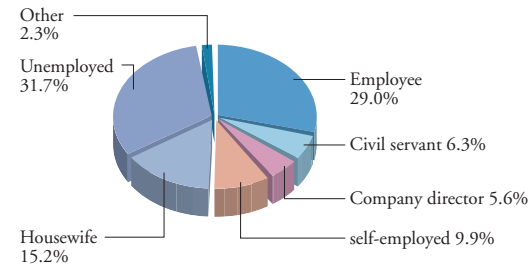
(ii) Gender



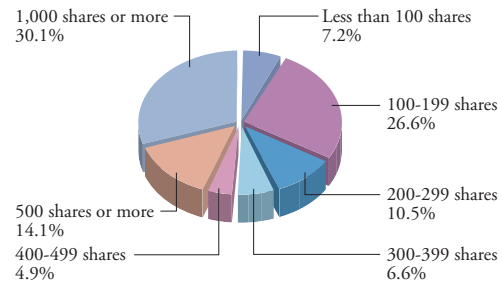
(iii) Age



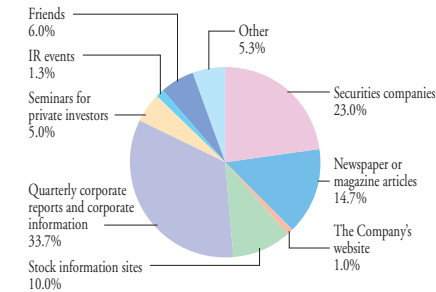
(iv) Occupation



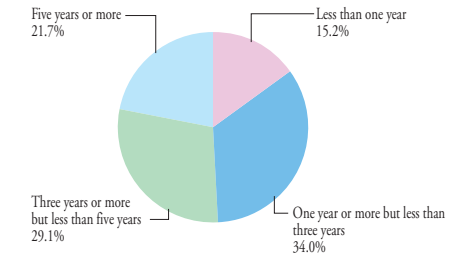
(v) Number of shares held



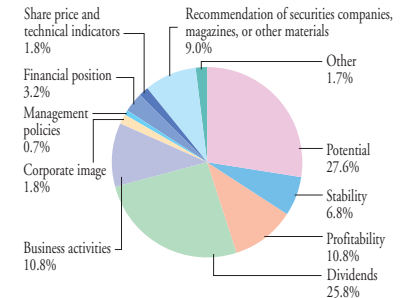
Q1. How did you get to know about the Company? (Please choose one answer only.)



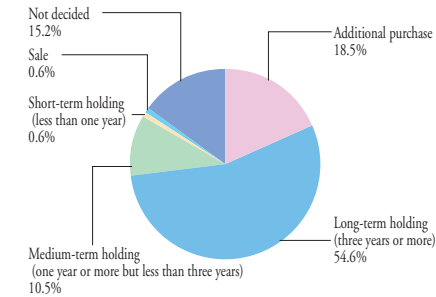
Q2. How long have you been holding our shares? (Please choose one answer only.)



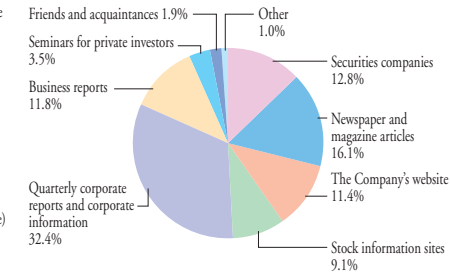
Q3. What did you value most when you purchased our shares? (Please choose one answer only.)



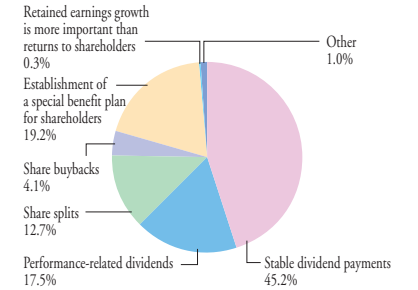
Q4. What is your plan for holding our shares in the future? (Please choose one answer only.)



Q5. How do you obtain information about the Company? (Select all those applicable.)



Q6. What do you expect most in terms of returns to shareholders? (Please choose one answer only.)



Q7. What do you expect from information disclosure and communication activities in the future? (Select all those applicable.)

