

1. Financial Results for the Six Months Ended September 2011

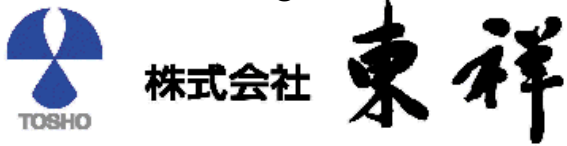
2. Medium-term Business Plan and Growth Strategy

健康に、美しく
ホリデイスポーツクラブ

かんばろう東北
かんばろう日本
ひとつの日本



November 2, 2011 13:30~14:30
Results Briefing for Institutional Investors



President Toshihiro Kutsuna



Code: 8920

TOSHO Co., Ltd.

Business activities		Pct of sales (2Q)
	◆ Sports Club business	(80%)
	“Holiday Sport Club” 43 clubs “Holiday Golf Garden” 2 golf ranges	
	◆ Hotel business	(8%)
	“AB Hotel” 5 hotels	
	◆ Leasing business	(12%)
“A City” Apartments 48 buildings, 1,988 rooms		
Representative Head office	Toshihiro Kutsuna 1-16-5 Mikawa-anjomachi, Anjo-shi, Aichi Pref.	
Stock code Listing Business category	8920 OSE JASDAQ (Standard) Service sector	
Established Capital Employees Shares outstanding Shareholders 1unit	March 1979 (fiscal year ends March 31) 497,914thousand yen 188(as of September 30, 2011) Avg. age 26.1 years old 17,592,351 shares 5,346(as of September 30, 2011) 100 shares	

1. Six Months Ended September 30, 2011

(April 2011- September 2011)

The highest net sales and operating income since our stock listing

- Net sales ¥5,892 million (up ¥545 million or 110.2% YoY)
- Ordinary income ¥1,171 million (up ¥44 million or 104.0% YoY)

P/L vs. FY3/11

(Million yen)

	FY3/11 (Apr. 2010-Sept. 2010)			FY3/12 (Apr. 2011- Sept. 2011)			YoY	
	Actual	% of sales	YoY%	Actual	% of sales	YoY%	Change	Change in % of sales
Net sales	5,346	100.0	101.4	5,892	100.0	110.2	+545	-
Sports Club business	4,238	79.3	103.5	4,735	80.3	111.7	+496	+1.0
Hotel business	420	7.9	115.4	476	8.2	113.4	+56	+0.3
Leasing business	688	12.9	84.6	681	11.5	99.0	△7	△1.4
Gross profit	1,673	31.3	107.1	1,816	30.8	108.5	+142	△1.0
Sports Club business	1,266	(29.9)	105.3	1,357	(28.7)	107.2	+91	(△1.2)
Hotel business	89	(21.3)	317.9	125	(26.3)	140.2	+35	(+5.0)
Leasing business	317	(46.2)	95.8	333	(49.0)	104.9	+15	(+2.8)
SG&A expenses	454	8.5	99.1	553	9.5	121.7	+98	+22.6
Operating income	1,218	22.8	110.4	1,262	21.4	103.6	+43	△1.4
Sports Club business	1,091	(25.8)	107.8	1,103	(23.3)	101.1	+12	(△2.5)
Hotel business	78	(18.6)	975.0	113	(23.8)	144.4	+34	(+5.2)
Leasing business	295	(42.9)	99.0	305	(44.8)	103.3	+9	(+1.9)
Adjustments (mainly head office expenses)	△246	-	117.2	△260	-	105.4	△14	-
Ordinary income	1,126	21.1	118.0	1,171	19.9	104.0	+44	△1.2
Net income	584	10.9	108.2	661	11.3	113.3	+77	+0.4

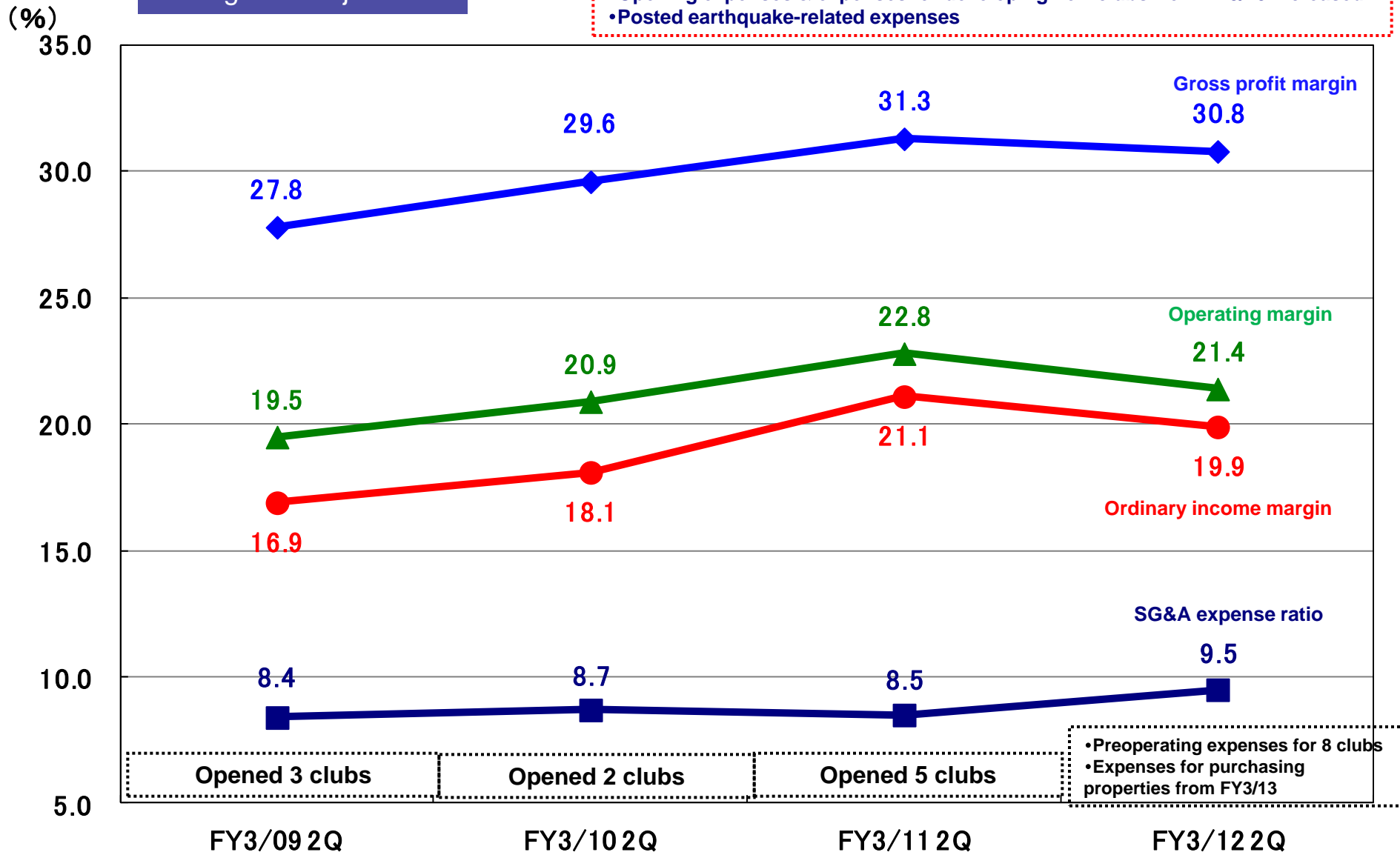
Quarterly performance (by business sector)

(Million yen)

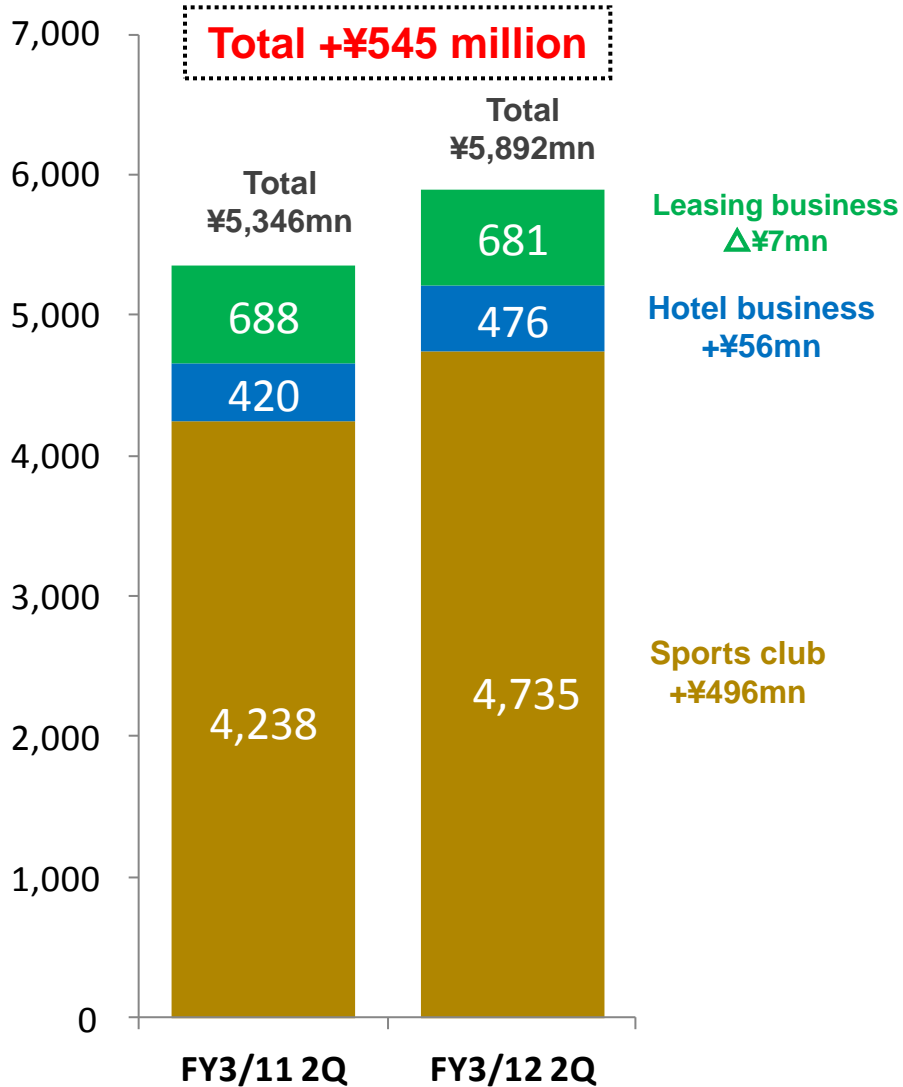
	1Q Actual (Apr.-Jun.)		2Q Actual (Jul.-Sept.)		1H Actual	
	Actual	% of sales	Actual	% of sales	Actual	% of sales
Net sales	2,922	100.0	2,969	100.0	5,892	100.0
Sports Club business	2,368	81.0	2,366	79.7	4,735	80.3
Hotel business	217	7.4	258	8.7	476	8.2
Leasing business	336	11.5	344	11.6	681	11.5
Gross profit	883	30.2	932	31.4	1,816	30.8
Sports Club business	677	(28.6)	680	(28.7)	1,357	(28.7)
Hotel business	44	(20.4)	80	(31.0)	125	(26.3)
Leasing business	162	(48.1)	171	(49.7)	333	(49.0)
SG&A expenses	278	9.5	275	9.3	553	9.5
Operating income	604	20.7	658	22.2	1,262	21.4
Sports Club business	562	(23.8)	540	(22.8)	1,103	(23.3)
Hotel business	39	(18.1)	74	(28.7)	113	(23.8)
Leasing business	147	(43.8)	157	(45.6)	305	(44.8)
Adjustments (mainly head office expenses)	△145	—	△114	—	△260	—
Ordinary income	565	19.3	605	20.4	1,171	19.9
Net income	316	10.8	345	11.6	661	11.3
No. of clubs opened	1 Holiday Sports Club		-		1 club	

Changes in major index

- Opening expenses & expenses for developing new clubs from FY3/13 increased
- Posted earthquake-related expenses



Factors for change in sales



Leasing business Owns 48 buildings 1,988 rooms

Stable revenues with decreased vacancy rate

- ◆ Earned stable revenues by managing rental apartment buildings with rental guarantees
- ◆ Lowered vacancy rate by increasing the management company from 1 company to 5 companies
- ◆ As of September
Decrease in the no. of vacant rooms Vacancy rate 1%

Hotel business 5 hotels

Higher operating rate (up 12.7%) increased sales

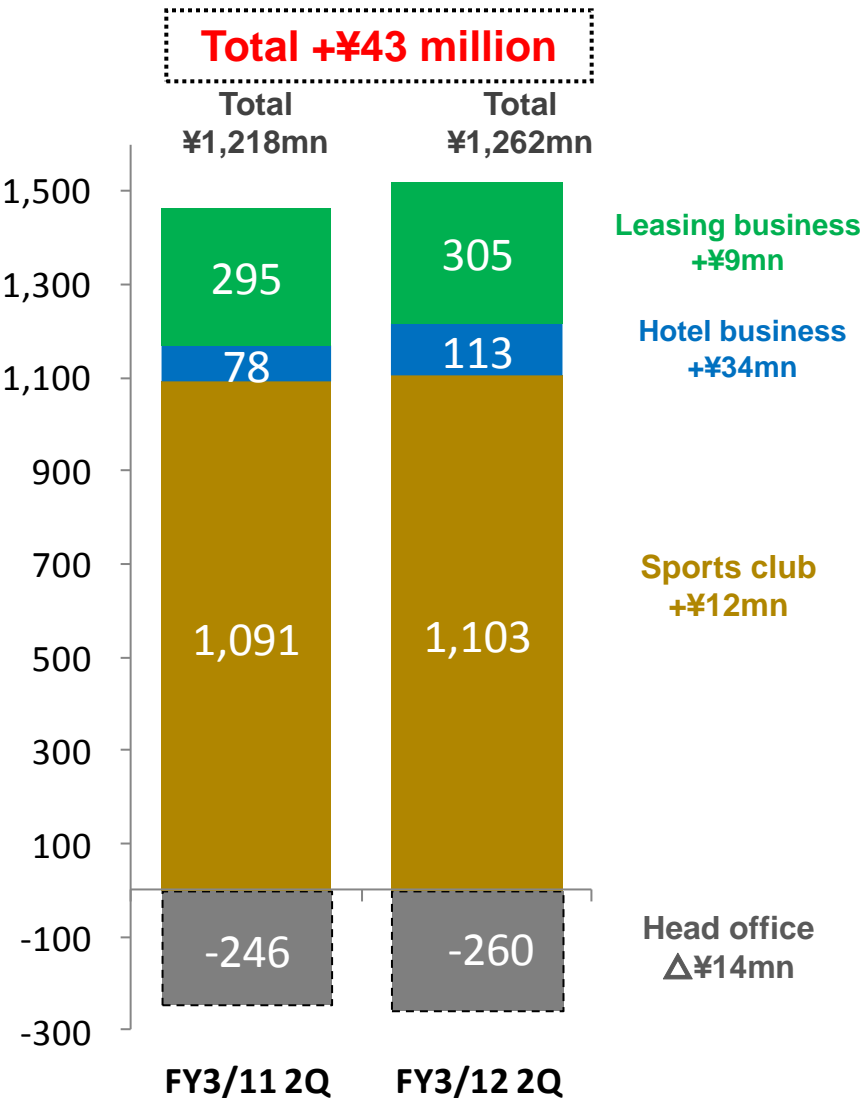
- ◆ Increased use by periphery firms for business purposes
 - ◆ Increase in family demand
- ↓
- FY3/12 2Q operating rate ⇒ 79.0%

Sports club business 43 clubs

Effect of increase in sales due to newly opened clubs

- ◆ FY3/11 sales increased for opening 5 clubs
Sapporo-kiyota (Nov.), Akita (Dec.),
Nagoya-Narumi (Jan.), Nagaoka (Feb.), Ota (Mar.)
- ◆ May 2011
Sales increased for opening Sapporo-kita Nijyuuyonjyo
- ◆ Existing clubs: 37 As planned
- ◆ Started offering a new program in October to increase the membership and sales
- ◆ Remodel 6 clubs in August

Factors for change in operating income



Leasing business

Operating margin 42.9% ⇒ 44.8%

Continued cost-cutting

- ◆ Decreased vacancy rate
- ◆ Decreased fixed cost
 - Tax and public dues (down ¥10 million YoY)
 - Depreciation cost (down ¥13 million YoY)

Hotel business

Operating margin 18.6% ⇒ 23.8%

Profit increased due to rise in operating rate

- ◆ Earnings increased due to strong sales
- ◆ Decreased fixed cost
 - Depreciation cost (down ¥8 million YoY)
 - Lease expense (down ¥4 million YoY)

Sports club business

Operating margin 25.8% ⇒ 23.3%

Increase in development cost

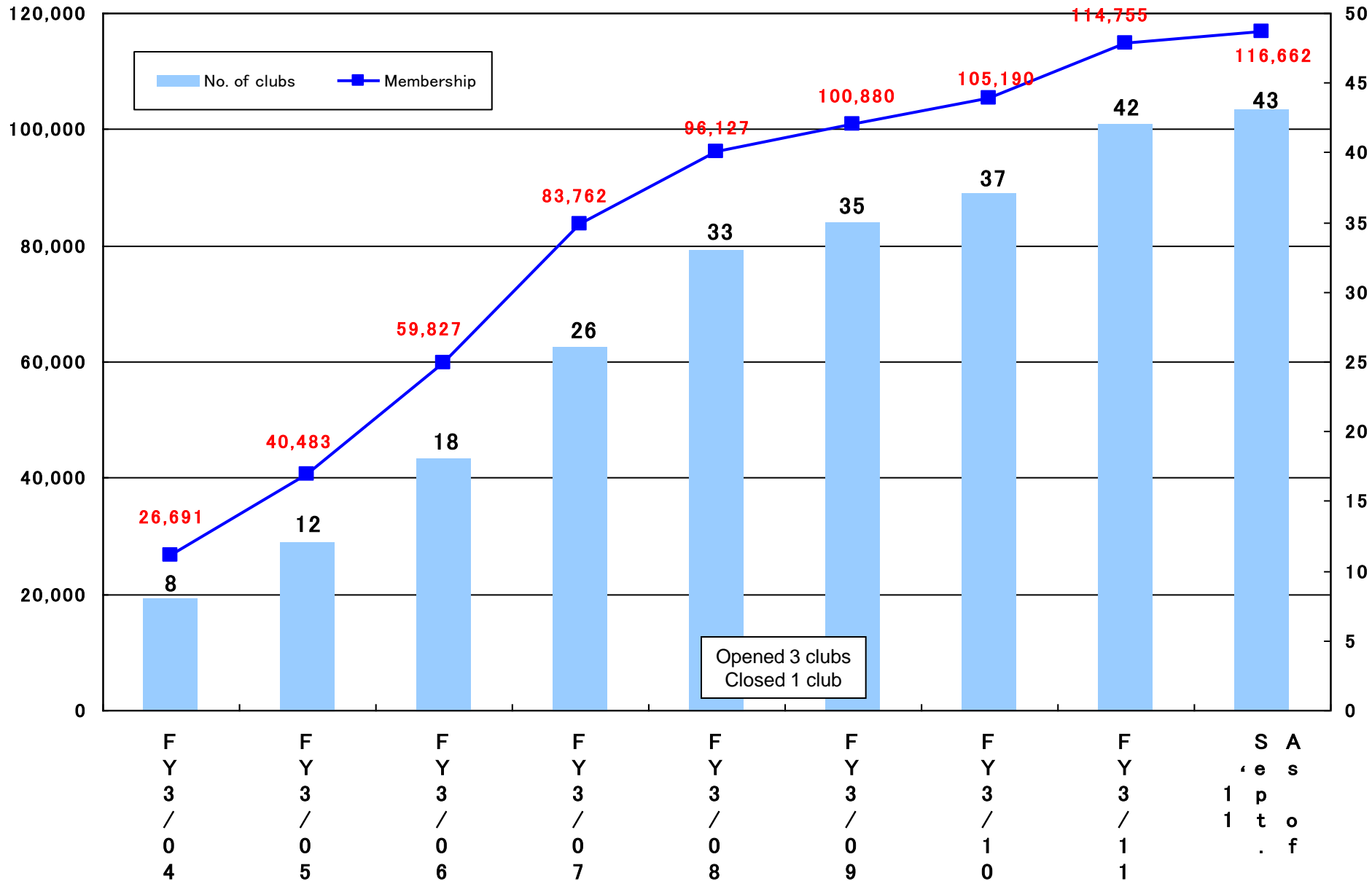
- ◆ Development costs of newly opened clubs increased
⇒ Rise in SG&A expenses
 - Development cost of ¥108 million from October included (up ¥40 million YoY)
- ◆ Recruitment associated with opening new clubs (employed 45 staffs)

Head office costs

- ◆ Posted earthquake-related expenses of ¥20 million as SG&A expenses

(Persons)

(No. of clubs)



Reduced debts while employing aggressive strategy for opening sports clubs

BS vs. FY3/11

(Million yen)

		FY3/11 (Apr. 2010-Mar. 2011)		Six months ended Sept. 2011 (Apr. 2011- Sept. 2011)			YoY	
		Actual	Share %	Actual	Share %	YoY%	Change	Change in % of shares
Current assets		2,051	7.9	2,484	9.3	121.1	+433	+1.4
Fixed assets	Tangible fixed assets	21,449	82.7	21,489	81.1	100.2	+40	Δ1.6
	Other fixed assets	2,431	9.4	2,537	9.6	104.4	+106	+0.2
	Total	23,880	92.1	24,026	90.6	100.6	+146	Δ1.8
Total assets		25,932	100.0	26,510	100.0	102.2	+578	-
Current liabilities		5,931	22.9	6,034	22.8	101.7	+103	Δ0.1
Fixed liabilities		12,613	48.6	12,523	47.2	99.3	Δ90	Δ1.4
Total liabilities		18,545	71.5	18,558	70.0	100.1	+13	+1.5
Total net assets		7,386	28.5	7,952	30.0	107.7	+566	+1.5
Total liabilities and net assets		25,932	100.0	26,510	100.0	102.2	+578	-

Scheduled for completion of 7 sports clubs

- ◆ “Comprehensive 2,500 model” ⇒ **May** : Sapporo-kita Nijyuyonjyo club
- ◆ “Comprehensive 2,000 model” ⇒ **Oct.** : Izumo & Tomakomai clubs **Jan.**: Ueda & Yonago clubs **Mar.**: Nisshin & Funabashi clubs

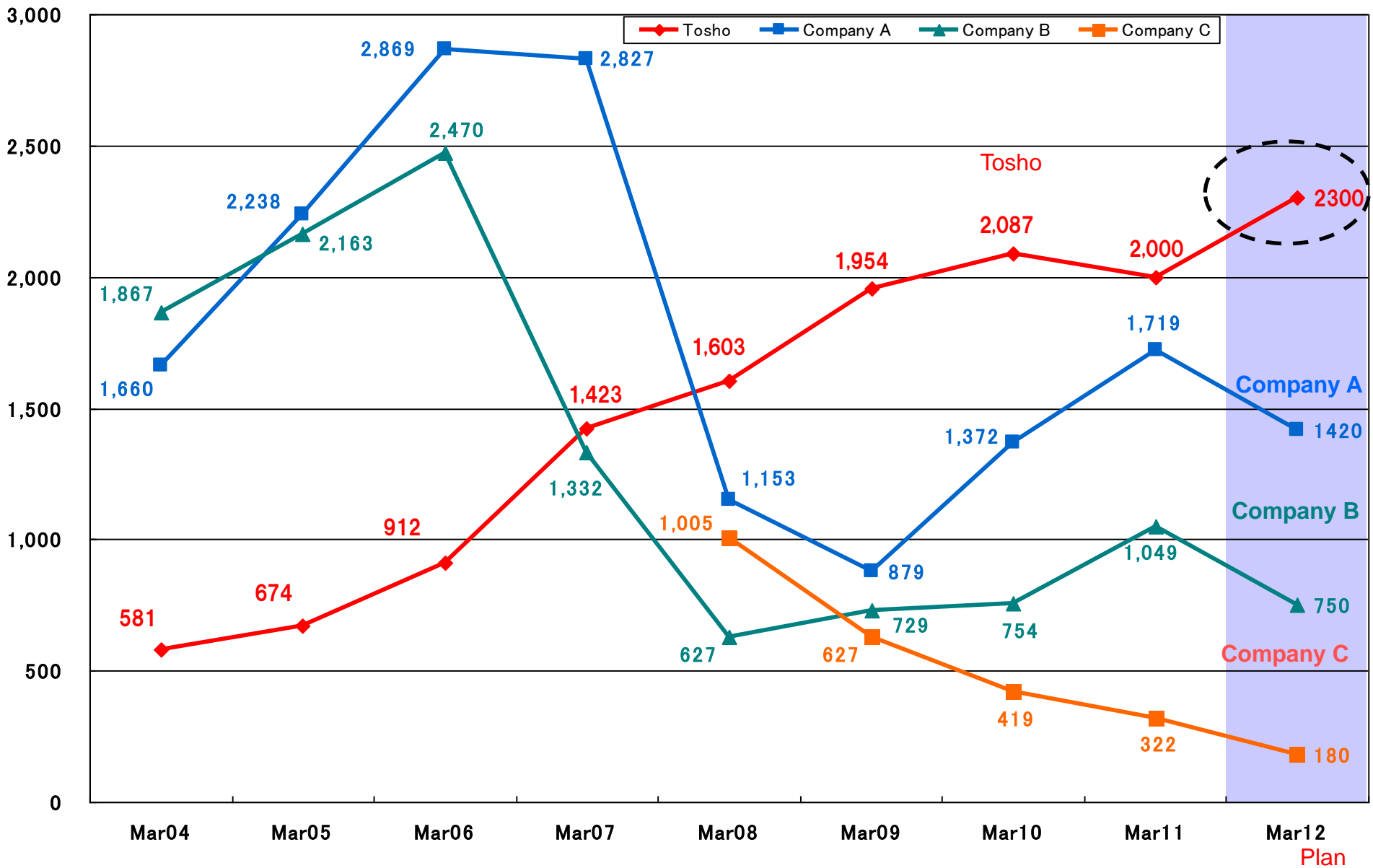
P/L vs. FY3/11

(Million yen)

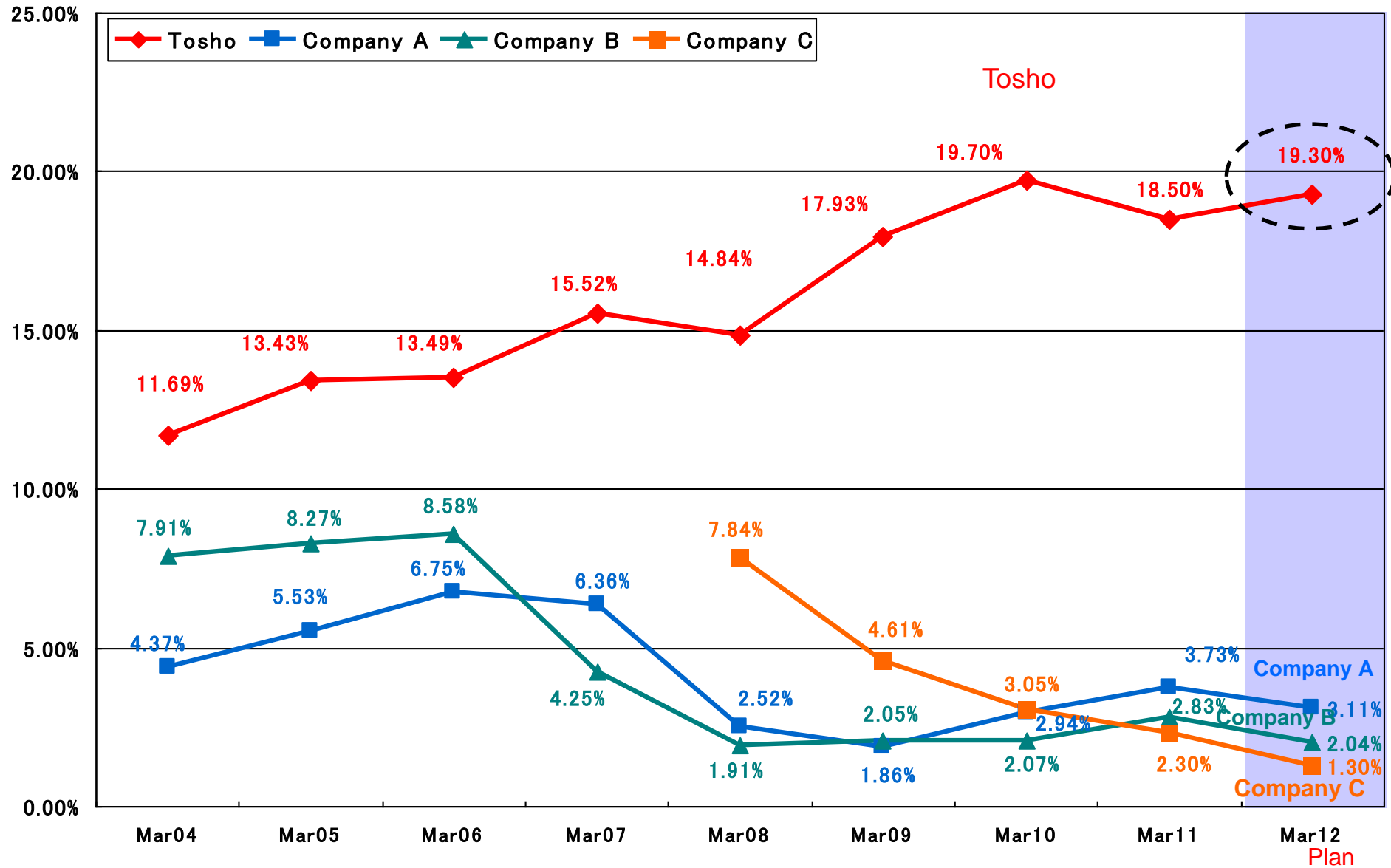
	FY3/11 (Apr 2010 – Mar 2011)			FY3/12 (Apr 2011 – Mar 2012)			YoY	
	Actual	% of sales	YoY%	計 画	% of sales	YoY%	Change	Change in % of sales
Net sales	10,803	100.0	101.9	11,900	100.0	110.2	+1,097	-
Sports Club business	8,580	79.4	103.4	9,698	81.5	113.0	+1,118	+2.1
Hotel business	862	8.0	117.1	861	7.2	99.9	△1	△0.8
Leasing business	1,360	12.6	87.2	1,341	11.3	98.6	△19	△1.3
Gross profit	3,248	30.1	100.7	3,710	31.2	114.2	+462	+1.1
Sports Club business	2,426	(28.3)	99.5	2,853	(29.4)	117.6	+427	(+1.1)
Hotel business	195	(22.7)	218.0	219	(25.4)	112.3	+24	(+2.7)
Leasing business	626	(46.1)	89.6	638	(48.8)	101.9	+12	(+2.7)
SG&A expenses	1,050	9.7	117.8	1,190	10.0	113.3	+140	+0.3
Operating income	2,198	20.4	94.1	2,520	21.2	114.6	+322	+0.8
Sports Club business	1,939	(22.6)	91.8	2,249	(23.2)	116.0	+310	(+0.6)
Hotel business	175	(20.3)	321.3	198	(23.0)	113.1	+23	(+2.7)
Leasing business	579	(42.6)	90.0	598	(44.6)	103.3	+19	(+2.0)
Adjustments (mainly head office expenses)	△495	-	104.3	△525	-	-	△30	-
Ordinary income	2,000	18.5	95.8	2,300	19.3	115.0	+300	+0.8
Net income	1,071	9.9	96.8	1,220	10.3	113.9	+149	+0.4

Listed competitors Ordinary income Actual・Plan

Million yen



Listed competitors Ordinary income margin Actual・Plan



2. Medium-term Business Plan and Growth Strategy

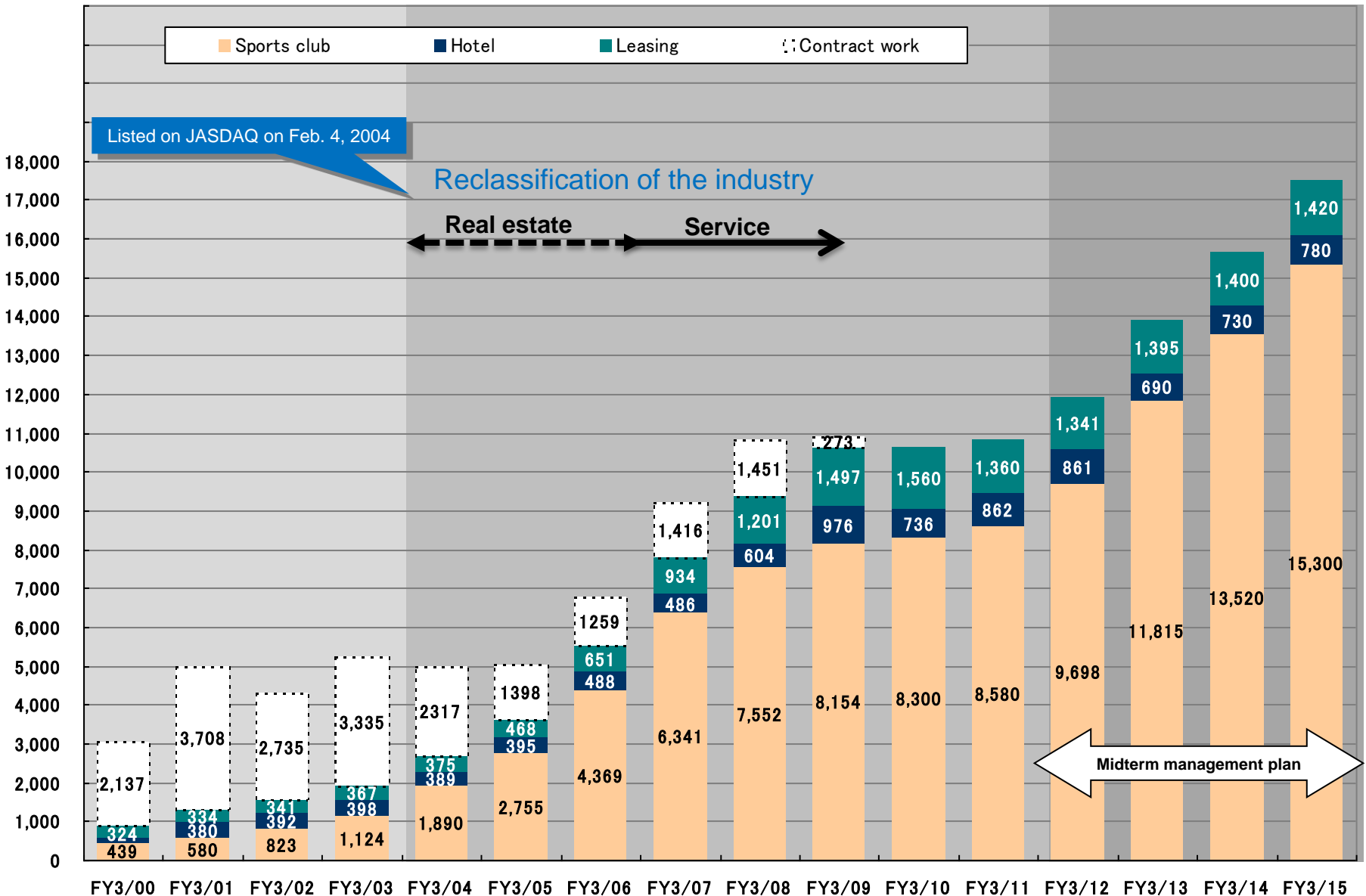
◆ Final Fiscal Year (FY3/15) Target

Sales	¥17.5bn	Up 62% (1.6x)	(vs. FY3/11)
Ordinary income	¥4.4bn	Up 120% (2.2x)	(")
Ordinary income margin	25%	Up 6.5 points	(")
EPS	¥140	Up 130% (2.3x)	(")
Dividend payout ratio	20%	Up 1.9 point	(")

Midterm plan
Figures announced on Oct. 2010

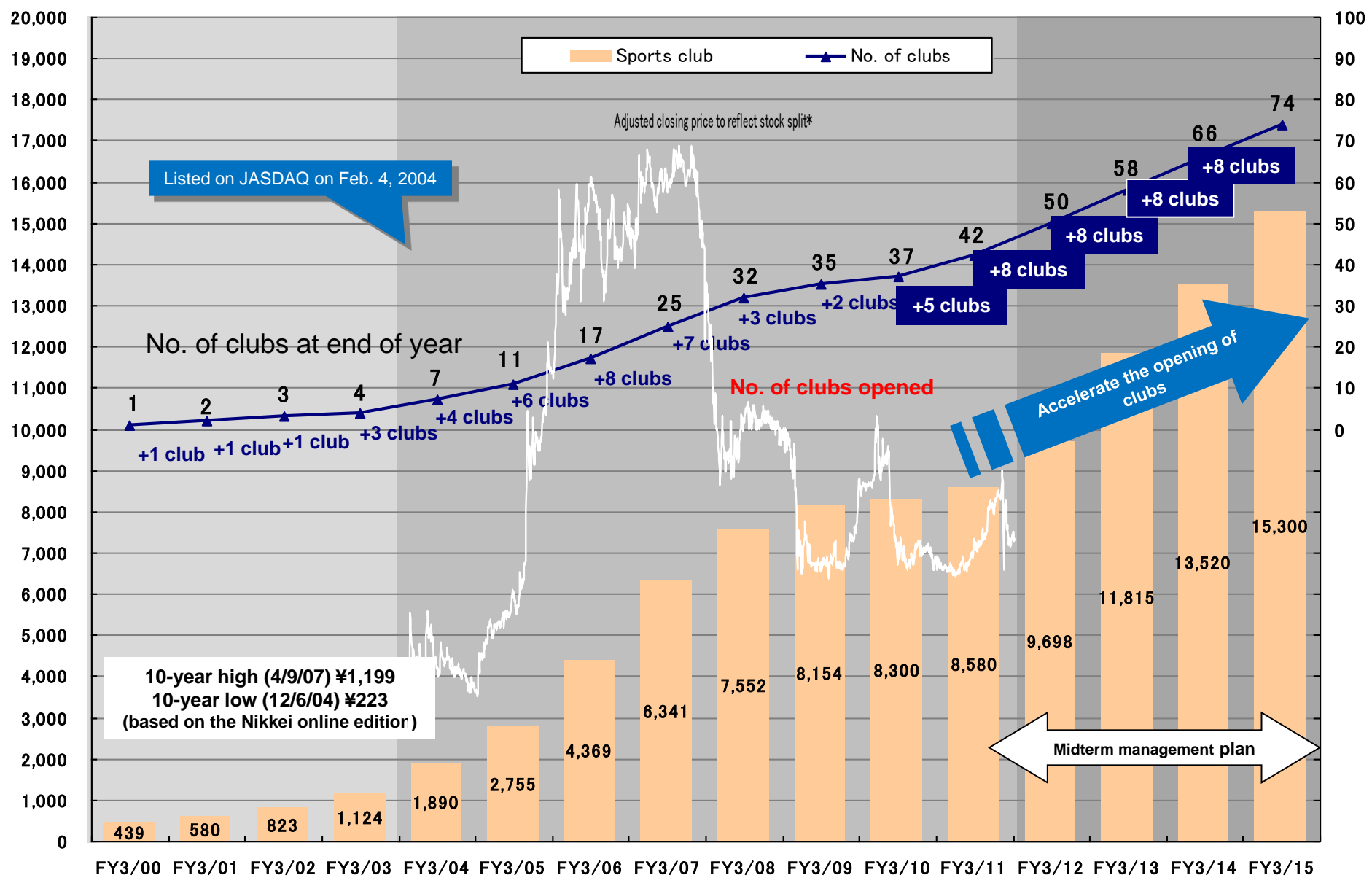
Net sales (Million yen)

No. of clubs



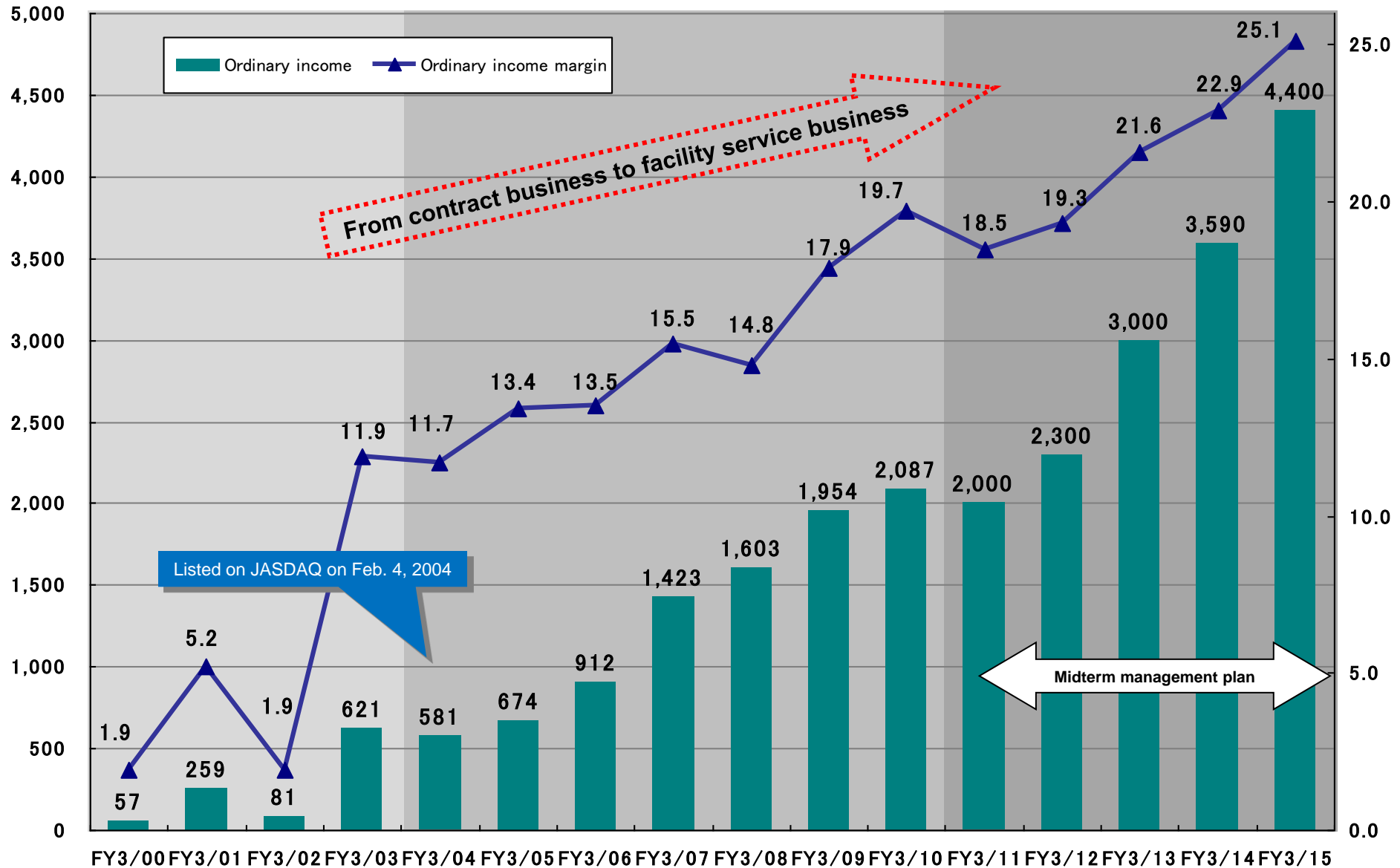
Net sales (Million yen)

No. of clubs



Ordinary income (Million yen)

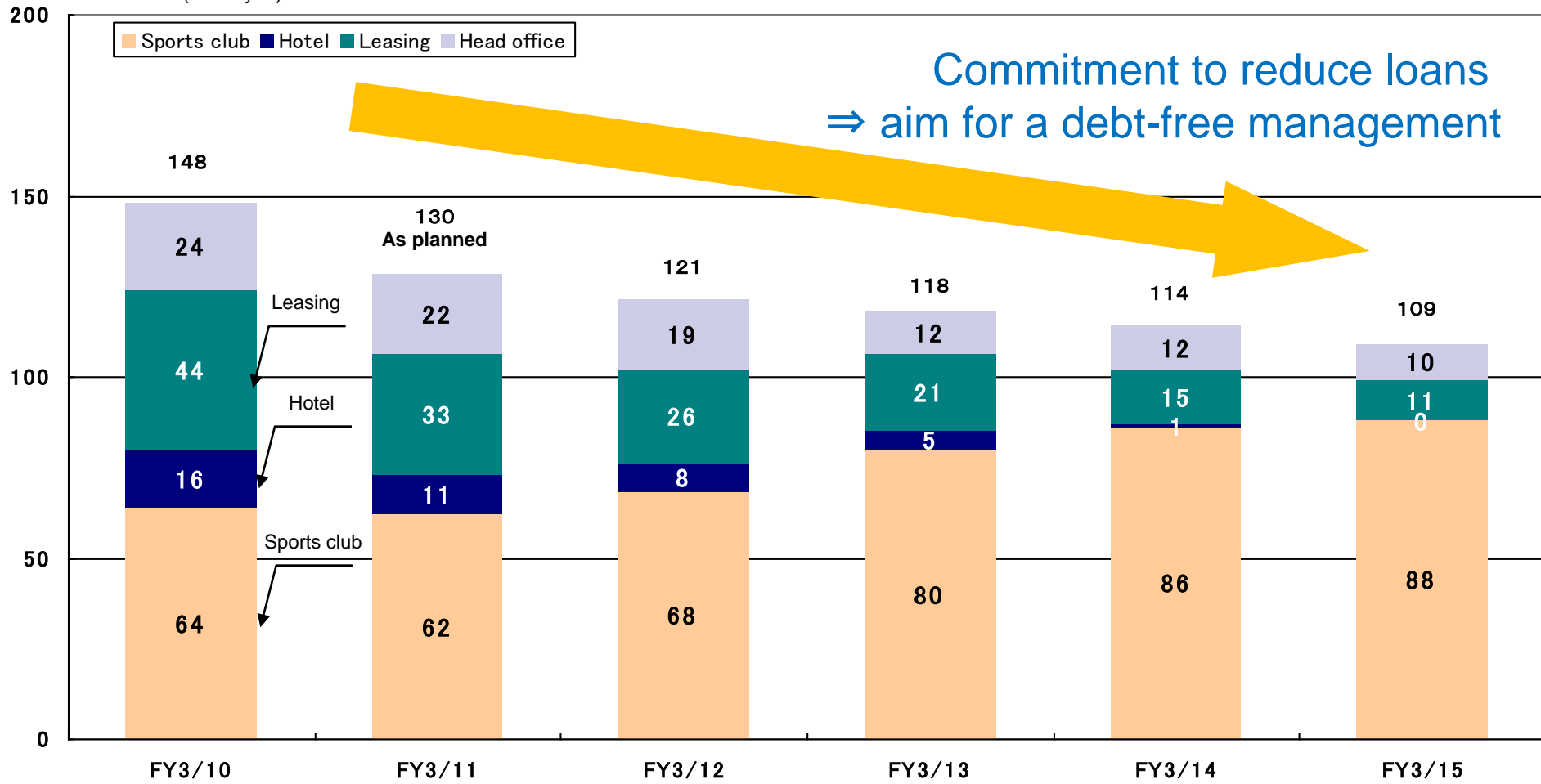
Ordinary income (%)



- ◆ Sports club business・・・Demand for funds for capital investments will increase
- ◆ Hotel business, leasing business・・・Balance of loans will be reduced every year

Company-wide balance of loans will be reduced every year

Balance of loans (billion yen)



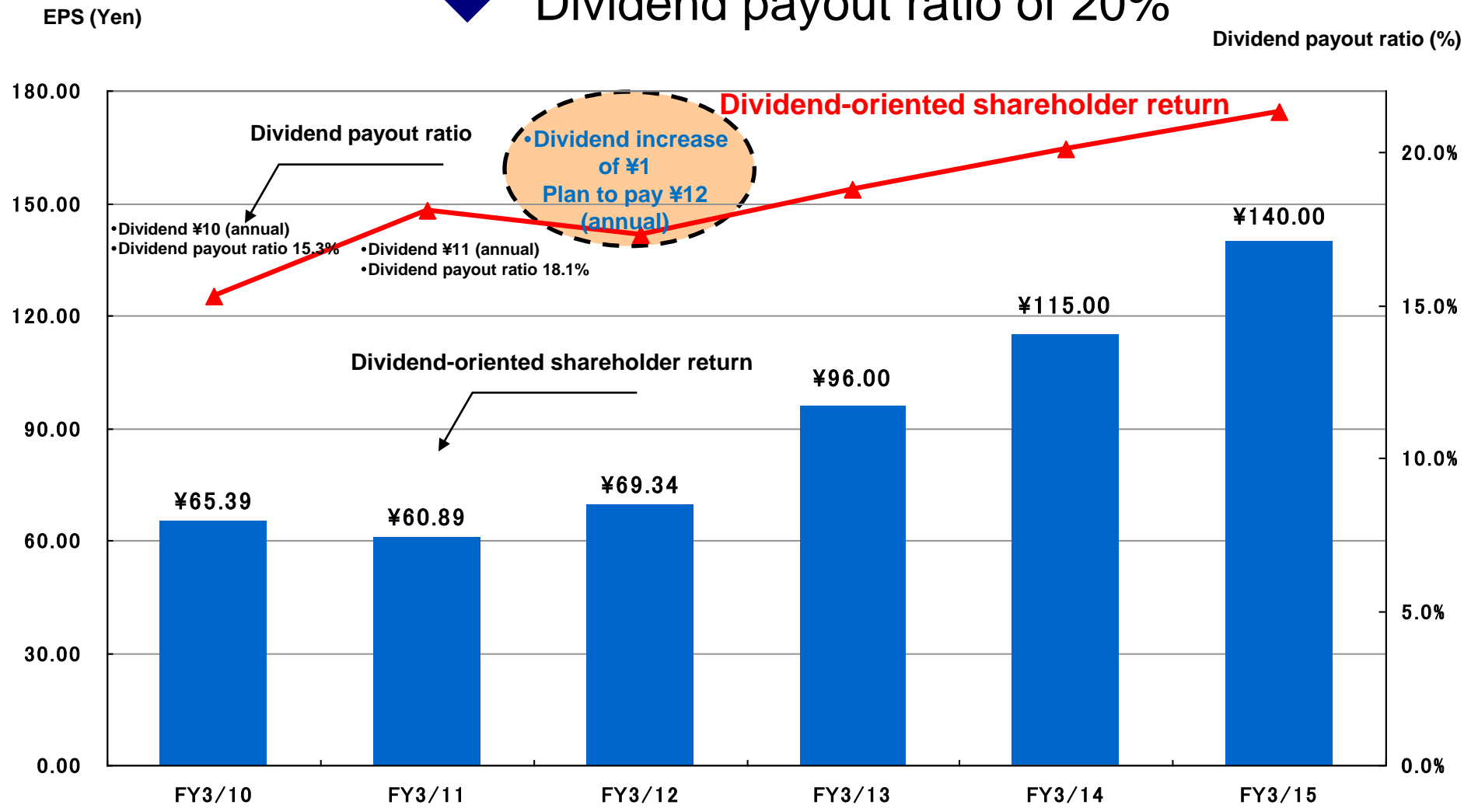
Commitment to reduce loans
=> aim for a debt-free management



	Actual	Plan
Total	FY3/11	FY3/12
①Ordinary income mn	2,000	2,300
②Depreciation	1,264	1,303
③=①+②	3,265	3,603
③/loan (%)	25.1	29.8
Leasing	FY3/11	FY3/12
①Ordinary income mn	513	546
②Depreciation	256	228
③=①+②	769	774
③/loan (%)	23.3	29.8
Hotel	FY3/11	FY3/12
①Ordinary income mn	167	193
②Depreciation	125	109
③=①+②	292	302
③/loan (%)	26.5	37.8
Sports club	FY3/11	FY3/12
①Ordinary income mn	1,885	2,156
②Depreciation	872	959
③=①+②	2,757	3,115
③/loan (%)	44.4	45.8

◆ Linked to profit growth

◆ Dividend payout ratio of 20%



Key points for Holiday Sports Club growth strategy

1. Market strategy
2. Business model strategy
3. Product strategy
4. Human resources development
5. Price strategy

Membership in private-sector fitness clubs as pct. of population

- ◆ Japan 3% (annual revenues of 420 billion yen)
- ◆ U.S.A. 15% (annual revenues of 1,800 billion yen)
- ◆ U.K. 12% (annual revenues of 1,000 billion yen)

Ref.: Japan/U.S./U.K. Private-sector Fitness Industry Market Data, Fitness Online

New business model

Develop new products and stimulate potential demand

Open in the Tokyo area for the first time

To be opened in 2012 (as of September 2011)

- ◆ Tsuboi-Higashi, Funabashi-shi, Chiba
- ◆ Kashiwagaya, Ebina-shi, Kanagawa
- ◆ Hanakoganei, Kodaira-shi, Tokyo

Accelerate the opening of clubs in urban areas

Opened for the first time in the current term!

① “Comprehensive 2000” business model

Location	Region & urban area	
Site area	About 4,959 square meters	
Total floor space	About 1,700 square meters	
Parking	150 cars	
Assumed members	More than 2,000	
Avg. fee (excluding tax)	¥7,000	
Market population	More than 100,000 people	
Schedules for completion (target area)	<ul style="list-style-type: none"> ①Sapporo-kita Nijyuonjyo (opened May 1, 2011) ②Izumo (Oct. 2011) ③Tomakomai (Oct. 2011) ④Ueda (Jan. 2012) ⑤Yonago (Jan. 2012) 	<ul style="list-style-type: none"> ⑥Nisshin (Mar. 2012) ⑦Ebina (Sept. 2012) ⑧Kodaira (Dec. 2012)



Item	Annual	Pct.	Monthly
Amount of investment	350 million		
Sales	168,000	100%	14,000
Ordinary income	55,200	33%	4,600
Expenses	112,800	67%	9,400

New model! Scheduled to
open in the current term

② “No swimming pool 2000” business model

Location	Urban area
Site area	About 3,306 square meters
Total floor space	About 1,300 square meters
Parking	120 cars
Assumed members	More than 2,000
Avg. fee (excluding tax)	¥6,000
Market population	More than 100,000 people
Schedules for completion (target area)	Kanto, Chubu, Kansai Accelerate the openings of sports clubs in major cities ①Funabashi (completed in Mar. 2012)



Item	Annual	Pct.	Monthly
Amount of investment	230 million		
Sales	144,000	100%	12,000
Ordinary income	47,600	33%	4,000
Expenses	96,400	67%	8,000

Development carried out by our employees! Instructors are also our employees!



Introduced new machines in October

Kinesis Station

Can be used to strengthen your posture as well as strengthening muscles including chest muscles, abdominal muscles and gluteus maximus muscle because the machines can respond to subtle movements



High Pull



Press

天候を気にせず室内で快適に楽しくトレーニング

気軽に始められる！
ウォーク&ランマシン



人気No.1

膝や足首にやさしい
独自の低衝撃構造で、
外で走るよりも負担が
少ない！

テレビモニター付
好きなテレビ番組を
見ながら楽しく
トレーニング！

TECHNOGYM
The Wellness Company™
イタリア製
高級マシン

脂肪燃焼にはコレ！
有酸素マシン



6種類の
ゲーム付！

テレビ
モニター付

下半身
引き締め

ウェーブ

バイクマシン

リクライン

Game functions



太りにくいカラダ作りに！
筋トレマシン



バストアップで
姿勢よく

この腕
シェイプアップ

アーム



▲イージーライン

2010年サッカーワールドカップやオリンピックの選手村で使われた
イタリア製本格マシンです。(ホリデイ全店使用)

最高
品質

快適で気持ちよくスイム&ウォーキング



体をゆっくり休めてリフレッシュ



プールプログラム ひざ・腰に負担が少なく安全にトレーニング!



お風呂

足をゆったり
伸ばせて快適に
くつろげます。



洗い場

ボディソープと
リンスインシャンプー
を完備。



リラクゼーションルーム

カラダの疲れやコリを
芯からほぐす
高級マシン。



プールウォーキング



プールジャグジー



手すり付き階段



TV付きサウナ



パウダールーム



ラウンジ

Holiday College opened in April 2011

Purpose

- ◆ Human resource development & education
- ◆ Training for instructors and trainers
- ◆ Training on facilities and machine maintenance
- ◆ Training on operational management
- ◆ Training on customer service skills
- ◆ New product development, new program development

Teachers

Chairman: Mayumi Kutsuna

Principal: Takashi Inagaki

Teachers: Outside teachers, university professors, skilled managers

Location: 1-9-2 Mikawa-anjomachi, Anjo-shi, Aichi Pref.

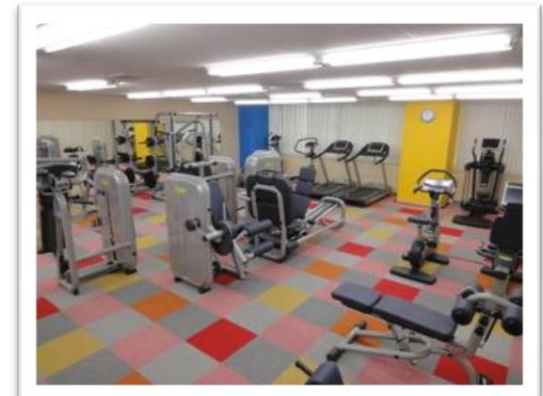
Program training



A new program originated from the Holiday College



Train using the same machines as the ones at our clubs









Good Price

Effective buildings and operations reflected on the prices

Membership fees by business model

(Before-tax price)

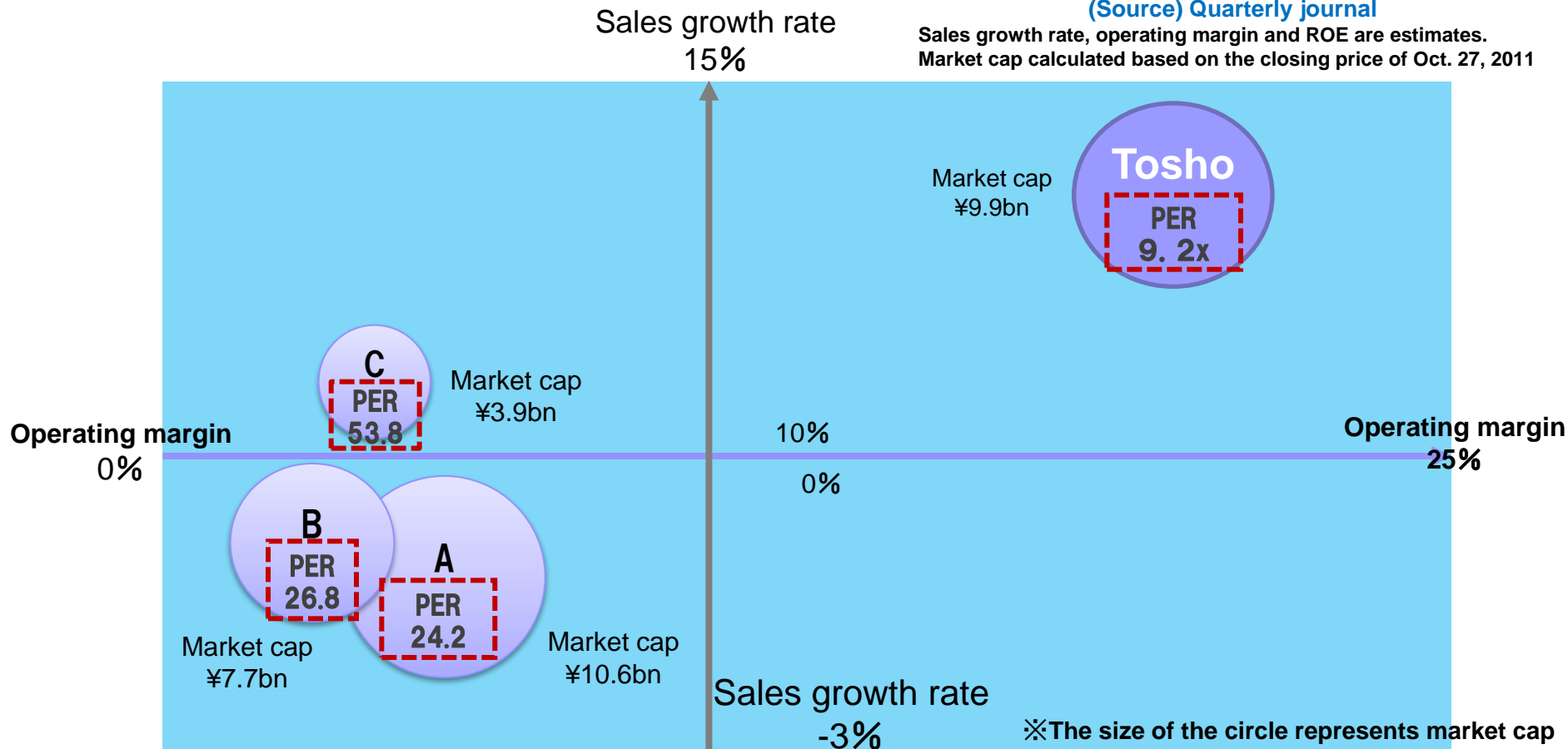
Type of member	“Comprehensive 2,000” model	“No swimming pool 2,000” model
◆ Master member 	¥8,500/month	Average price ¥6,000/month
◆ Pair member 	¥8,000/month	
◆ Group member 	¥7,000/month	
◆ Daytime member 	¥5,700/month	
◆ Night time member 	¥4,700/month	
◆ Weekend member 	¥4,700/month	
Average price	¥7,000/month	

Sales growth rate (est.)		Operating margin (est.)		ROE (est.)		PER (actual)	
Tosho	10.2%	Tosho	21.0%	Tosho	16.2%	Tosho	9.2x
Company A	-0.9%	Company A	4.4%	Company A	5.0%	Company A	26.1
Company B	-0.7%	Company B	2.4%	Company B	2.4%	Company B	28.8
Company C	2.0%	Company C	3.2%	Company C	1.6%	Company C	56.0

Stock price	Dividend (forecast)	Dividend yield
¥564	¥12, up ¥1	2.13%
¥932	¥15	1.61%
¥362	¥3	0.83%
¥1,018	¥5	0.49%

(Source) Quarterly journal

Sales growth rate, operating margin and ROE are estimates.
Market cap calculated based on the closing price of Oct. 27, 2011



Management Philosophy

Create a healthy life and serve for the society and the people

1. A company which creates a healthy life.
2. A company which is appreciated by customers and makes money.
3. A company that can respond to the changing times.
4. A company which is financially sound.
5. A company in which effort is rewarded.
6. A company which will expand its business globally.

Company credo

Trust comes first

1. The company cannot develop without trust.
2. Cultivate a new market by introducing new products and services.
3. Offer better services at cheaper prices.
4. The joys of customers will lead to trust.
5. Maintaining credit will develop the company.
6. Good seeding will bring about good results.
7. Cordial attitude will build credibility.

“Three principles of health”

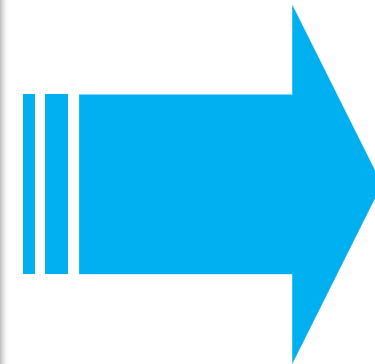
1. Exercise

- ◆ Holiday Sports Club
- ◆ Holiday Golf Garden

2. Nutrition

3. Rest

- ◆ AB Hotel
- ◆ A City” Apartment



Social contribution
promoting health

March 1979	Towa Construction Co., Ltd. established as a civil engineering construction company
December 1986	Established Shofuku Real Estate Co., Ltd. to conduct a condominium sales and leasing apartments (predecessor of “A・City”)
August 1989	Started with management of condominium business
December 1989	Started with operations of golf driving ranges Opened the first “Holiday Golf Garden”
March 1995	Consigned construction for leasing apartment house
May 1996	Started the sports club operation Opened the first club: Holiday Sports Club Mikawa-Anjo
May 1997	Started taking orders for the construction of 2x4 houses (Terminated this business in March 2002)
April 1999	Changed company name to “ Tosho Co., Ltd. ” Constructed “Tosho Building” near Mikawa-Anjo Station to serve as the company’s head office
November 1999	Started the hotel operation Opened the first hotel, the current “AB Hotel Mikawa-Anjo Honkan”
January 2003	Planned and sold the first ultra-high-rise condominium in the Mikawa region with a seismic isolation for protection against earthquakes
February 2004	Listed on the JASDAQ market
April 2004	Full-scale launch of the A City series of company-owned leasing condominiums
October 2006	Reclassified the company’s industry for business activities from “real estate” to “services”
As of October 2011	<ul style="list-style-type: none"> ◆ “Holiday Sports Clubs” – 43 ◆ “Holiday Golf Gardens” – 2 ◆ “AB Hotels” – 5 ◆ “A City apartments” – 48 buildings, 1,988 rooms

This presentation contains plans, outlooks, strategies and other information associated with expectations for future results of operations. This information is based on the judgments of management in accordance with information that is currently available.

Actual results of operations may differ from these forward-looking statements for a number of reasons.

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For more information

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Thank you for your interest in Tosho.

Everyone at our organization has a strong commitment to achieving our goals.