

Interim Financial Results for FY2005 - Overview -



November 18, 2005

TAC Co., Ltd.

(Code:4319)

. Financial Highlights

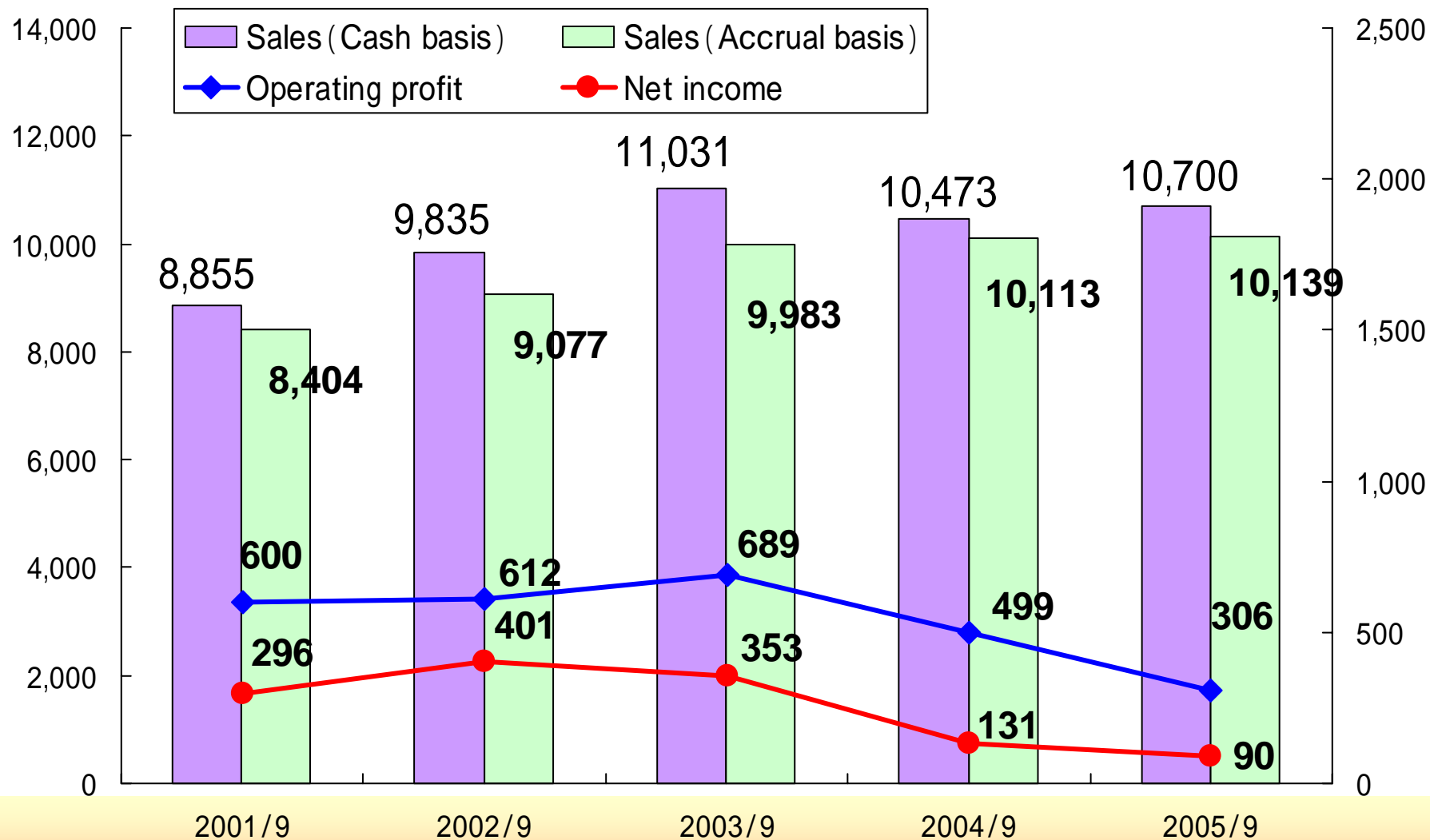




Sales and profit (consolidated)

TAC

(Yen in millions)





Financial highlights (comparative)

TAC
(Yen in millions)

	2004/9(Actual)			2005/9(Actual)			
	Amount	%	Y-O-Y	Amount	%	Difference	Y-O-Y
Net sales before adjustment of tuition advances	10,473	103.6%	94.9%	10,700	105.5%	227	102.2%
Adjustment of tuition advances	-359	-3.6%	34.3%	-560	-5.5%	-201	156.0%
Net Sales (after adjustment of tuition advances)	10,113	100.0%	101.3%	10,139	100.0%	25	100.3%
Costs of Sales	5,914	58.5%	104.1%	6,088	60.0%	173	102.9%
Rent	1,625	16.1%	102.3%	1,592	15.7%	-32	97.9%
Employment costs	1,785	17.7%	106.2%	1,883	18.6%	98	105.5%
Subcontract costs	1,001	9.9%	101.4%	1,111	11.0%	109	110.9%
Gross profit – net	4,261	42.1%	97.5%	4,153	41.0%	-108	97.5%
SG & A expenses	3,762	37.2%	102.2%	3,846	37.9%	84	102.2%
Rent	418	4.1%	98.2%	486	4.8%	67	116.2%
Employment costs	1,510	14.9%	102.7%	1,516	15.0%	5	100.4%
Advertising costs	836	8.3%	100.0%	836	8.3%	0	100.1%
Operating income	499	4.9%	72.4%	306	3.0%	-192	61.4%
Ordinary income	552	5.5%	74.9%	356	3.5%	-196	64.5%
Net income	131	1.3%	37.4%	90	0.9%	-41	68.7%
Net income per share	7.13 Yen			4.90 Yen			



Financial highlights (forecast:actual)

TAC

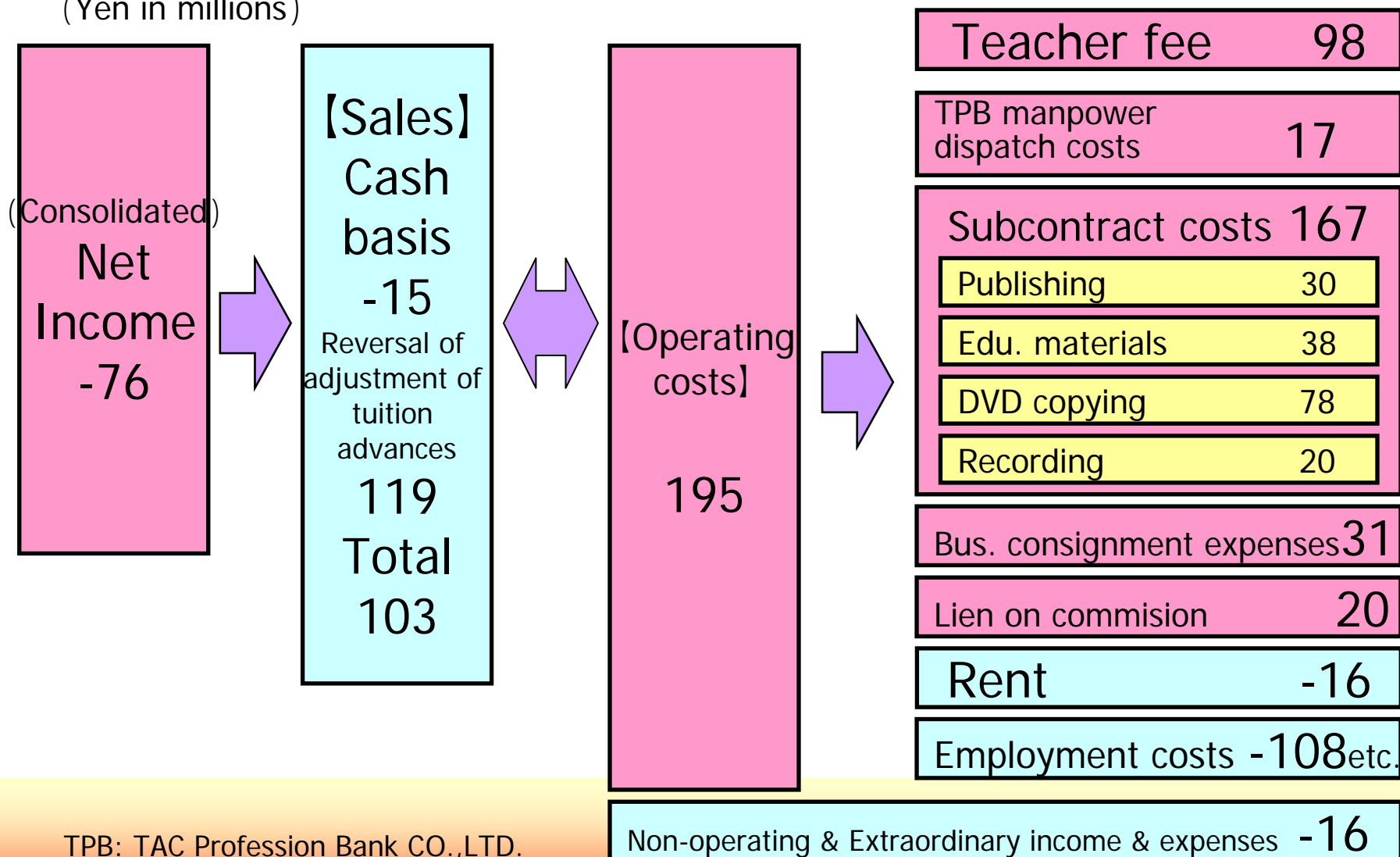
(Yen in millions)

	2005/9 (Forecast)		2005/9 (Actual)			
	Amount	%	Amount	%	Difference	Comparison
Net sales before adjustment of tuition advances	10,716	106.8%	10,700	105.5%	-16	99.9%
Adjustment of tuition advances	-680	-6.8%	-560	-5.5%	119	82.5%
Net Sales (after adjustment of tuition advances)	10,036	100.0%	10,139	100.0%	103	101.0%
Costs of Sales	6,035	60.1%	6,088	60.0%	52	100.9%
Rent	1,652	15.4%	1,592	15.7%	-60	96.4%
Employment costs	1,768	17.6%	1,883	18.6%	114	106.5%
Subcontract costs	943	8.8%	1,111	11.0%	167	117.8%
Gross profit – net	4,113	41.0%	4,153	41.0%	40	101.0%
SG & A expenses	3,693	36.8%	3,846	37.9%	153	104.2%
Rent	442	4.4%	486	4.8%	43	109.9%
Employment costs	1,624	16.2%	1,516	15.0%	-108	93.3%
Advertising costs	837	8.3%	836	8.3%	-0	99.9%
Operating income	417	4.2%	306	3.0%	-110	73.5%
Ordinary income	465	4.6%	356	3.5%	-108	76.6%
Net income	167	1.7%	90	0.9%	-76	54.3%
Net income per share	9.03 Yen		4.90 Yen			



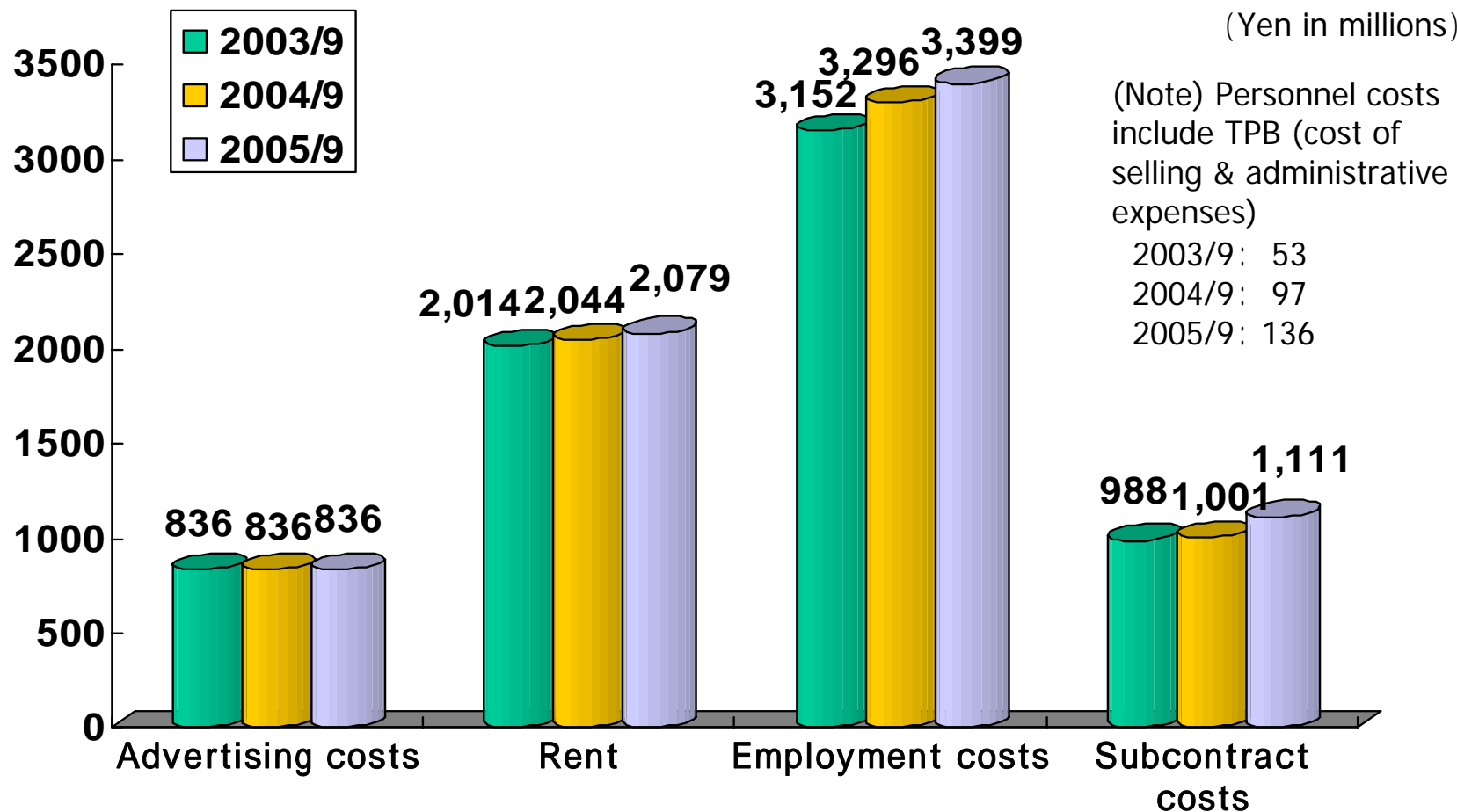
Factors of profit decline in the current interim period (compared to planned value)

(Yen in millions)





Major operating expenses



(Note) Personnel costs include TPB (cost of selling & administrative expenses)

2003/9: 53

2004/9: 97

2005/9: 136

% of sales	8.4%	8.3%	8.3%	20.2%	20.2%	20.5%	31.6%	32.6%	33.5%	9.9%	9.9%	11.0%
Change	100.0%	100.1%		101.5%	101.7%		104.6%	103.1%		101.3%	110.9%	
% of sales cost	0.0%			78.8%	79.5%	76.6%	53.3%	54.2%	55.4%	100.0%		

. Highlights of license areas





Definition of licenses by area

Licenses area	Programs
Finance and Accounting	Certified public accountant, Bookkeeper, Construction industry accountant
Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant
Financial Services and Real Estate	Real estate appraiser, Registered real estate transaction manager, Condominium management consultant / Registered condominium administration manager, Financial planner, DC planner(*1), Securities analyst(including CFA(*2)), Business school
Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law related qualifications
IT and International	IT specialist (System administrator, Fundamental IT engineer, Software design and development engineer, etc: Total of 13 qualifications), U.S. CPA, CompTIA(*3), IT related qualifications
Other	"Maho-jin" tax software(*4), Personnel business, Miscellaneous revenue, etc.

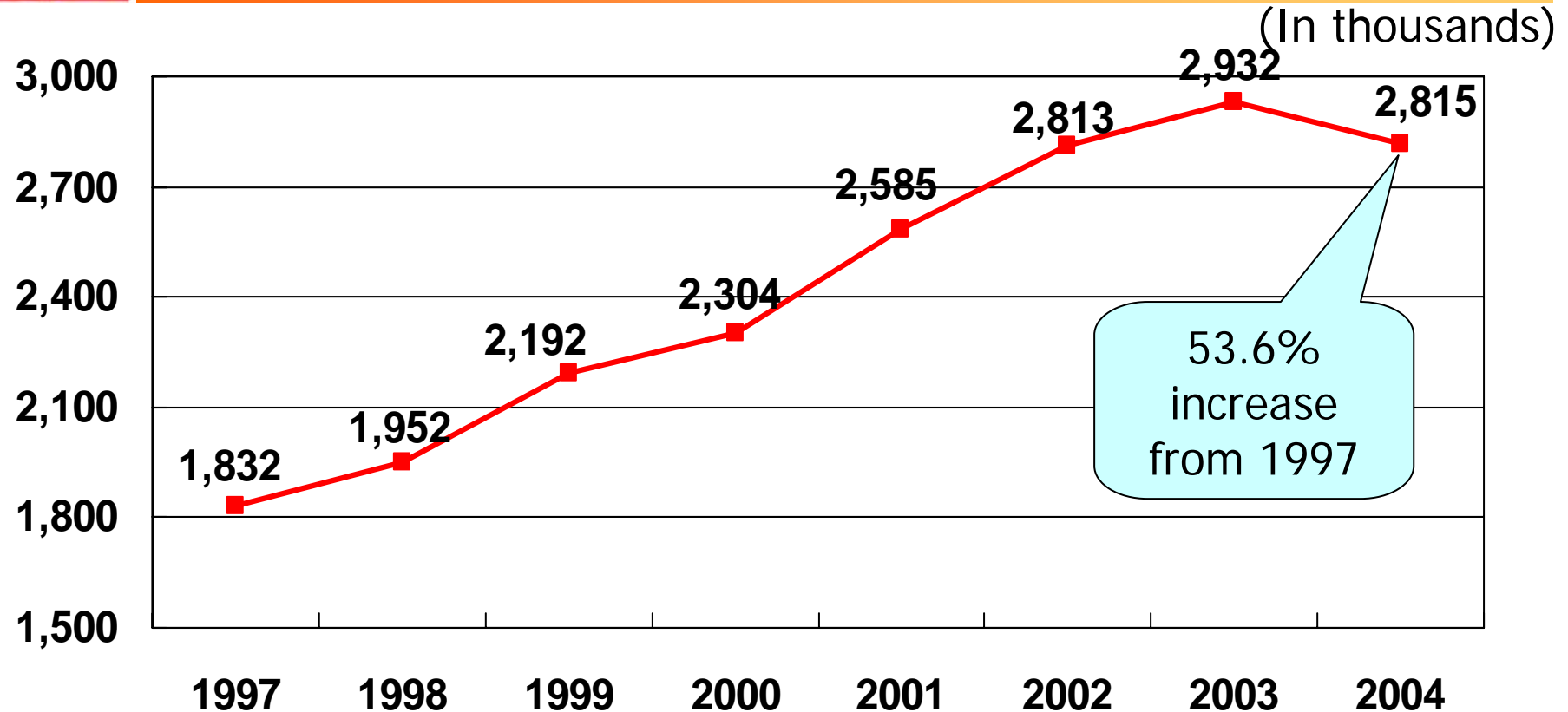
(*1) DC: Defined Contribution (*2) CFA: Chartered Financial Analyst

(*3) CompTIA: Computing Technology Industry Association

(*4) Maho-jin: A tax software developed by Hand Corporation (Osaka, Japan)



Number of applicants for exams in 2004



(Notes) Totals include only courses that TAC offers.

Number amended to include newly formed "Public officer (3rd class, local & lower)".

Market trend in 2005 (In thousands): (determinate)CPA -1, Registered real estate transaction manager +10, Certified social insurance labor consultant -4, IT specialist -36.



Number of applicants for exams



(For 2005, figures officially announced for exams closed)

License area	Licenses	1998	1999	2000	2001	2002	2003	2004	2005	between 98- 04
Finance & Accounting	Bookkeeper	536,992	530,069	502,726	490,681	520,643	545,649	546,198		101.7%
	Construction industry accountant	94,301	76,509	76,339	67,225	58,272	50,815	44,812	37,363	47.5%
	CPA	10,006	10,265	11,058	12,073	13,389	14,978	16,310	15,322	163.0%
Mgt & Taxation	Licensed tax accountant	62,606	63,295	63,221	61,591	63,820	66,468	67,347		107.6%
	Small & medium ent. mgt. consultant	10,089	11,409	11,925	10,025	12,447	14,692	15,131		150.0%
Financial Services & Real Estate	Real estate appraiser	2,481	2,616	2,621	2,505	2,481	2,503	2,300	2,282	92.7%
	Registered real estate transaction manager	224,822	222,913	210,465	204,629	209,672	210,182	216,830	226,665	96.4%
	Condominium mgt. consultant				109,514	62,124	43,912	36,307		49.3%
	Registered condominium administration manager				64,537	39,981	31,558	28,642		44.4%
	Securities analyst	22,927	21,771	23,181	22,510	21,357	19,277	15,324	14,275	66.8%
	FP	43,939	63,551	79,489	79,168	22,544	20,317	18,381		41.7%
	Certification of financial planning					105,595	258,572	259,538		245.8%
Law & Labor	DC planner				17,491	43,296	32,464	13,052		74.6%
	Certified social insurance labor consultant	39,415	45,455	50,689	54,203	58,322	64,122	65,215	61,251	165.5%
	Administrative scrivener	39,291	40,208	51,919	71,366	78,826	96,042	93,923		239.0%
	Public officer(2nd class etc.)	91,777	101,986	108,678	102,118	108,819	109,963	120,240		131.0%
	Public officer (local & higher)	34,143	66,318	64,121	62,141	63,386	68,396	67,342		197.2%
	Public officer(3 rd , local)	148,443	165,872	142,575	152,037	177,670	175,176	169,656		114.3%
IT	Japan bus. law exam	10,136	17,324	20,085	23,544	27,962	33,998	39,094		385.7%
	IT specialist	570,904	704,969	784,912	788,443	803,109	772,334	699,928	664,014	122.6%
	Microsoft (MOUS)	10,400	47,800	100,200	189,900	275,100	301,200	279,700		2689.4%
Total		1,952,672	2,192,330	2,304,204	2,585,701	2,813,500	2,932,618	2,815,220		144.2%



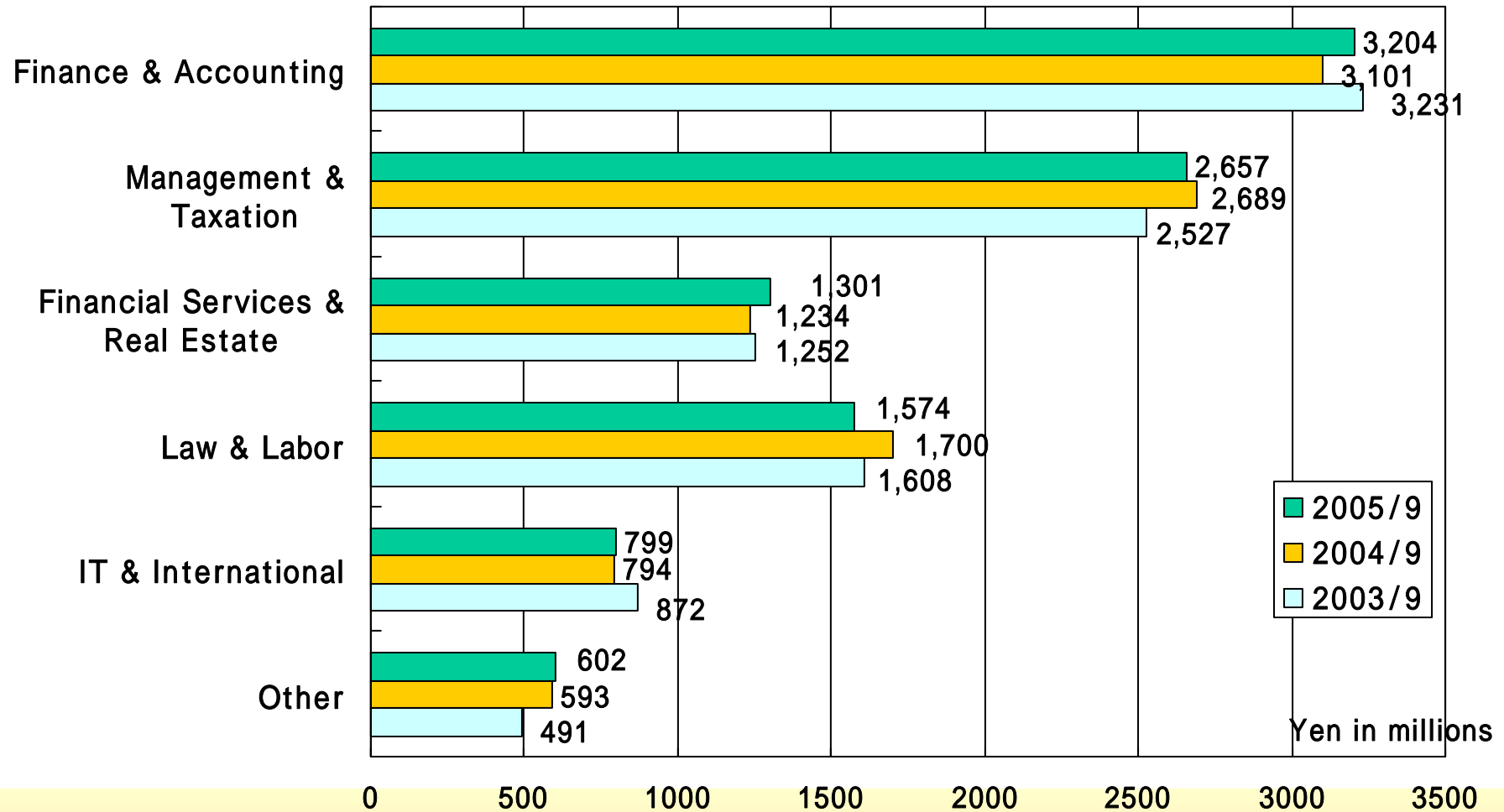
Sales by license area

(Yen in thousands)

License by area	2004/9			2005/9			Comment
	Sales	Y-O-Y	%	Sales	Y-O-Y	%	
Finance & Accounting	3,101,036	96.0%	30.7%	3,204,484	103.3%	31.6%	Bookkeepers exams increased 11.7%. CPA exam increased 0.1% (increased 4.1% on cash basis).
Management & Taxation	2,689,501	106.4%	26.6%	2,657,779	98.8%	26.2%	LTA declined 2.3% (increased 4.9% on cash basis). SMEMC increased 4.4%.
Financial Services & Real Estate	1,234,392	98.6%	12.2%	1,301,855	105.5%	12.8%	Real estate-related exams showed favorable result including real estate appraiser (+6.7%) & real estate transaction manager (Takken) (+4.5%). Securities analyst unchanged and FP increased (+13.6%).
Law & Labor	1,700,924	105.8%	16.8%	1,574,073	92.5%	15.5%	This area suffered a slump, including public officers (-9.5%), and administrative scrivener (10.9%).
IT & International	794,548	91.0%	7.8%	799,034	100.6%	7.9%	IT area unchanged. USCPA increased 9.1% due to success of new courses but was offset by a temporary interruption of the PC school reorganization in the Tokyo metropolitan area.
Other	593,568	120.7%	5.9%	602,616	101.5%	6.0%	Maho-jin decreased 17.0%, returning to normal levels after past upgrade sales. Personnel business (TPB) continues to grow (+44.4%).
Total	10,113,972	101.3%	100.0%	10,139,843	100.3%	100.0%	

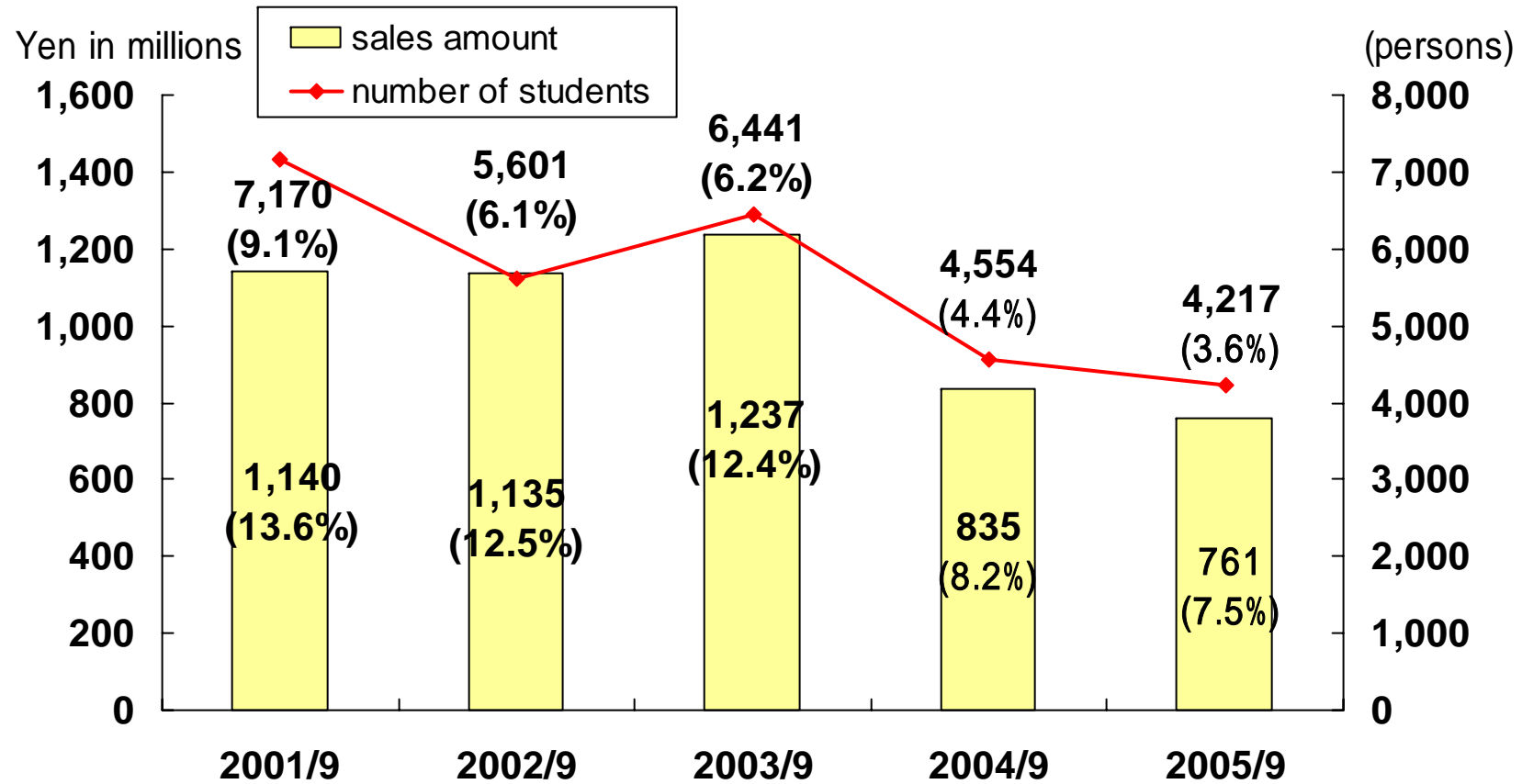


Sales growth by license area





Impact of governmental tuition assistance (GTA) program



(Note) Figures in parentheses; (*)Proportion of number of students; (**)Proportion of sales;

Effect of reduction of GTA in April 2003 diminished. GTA-related sales show moderate declining trend in each course.

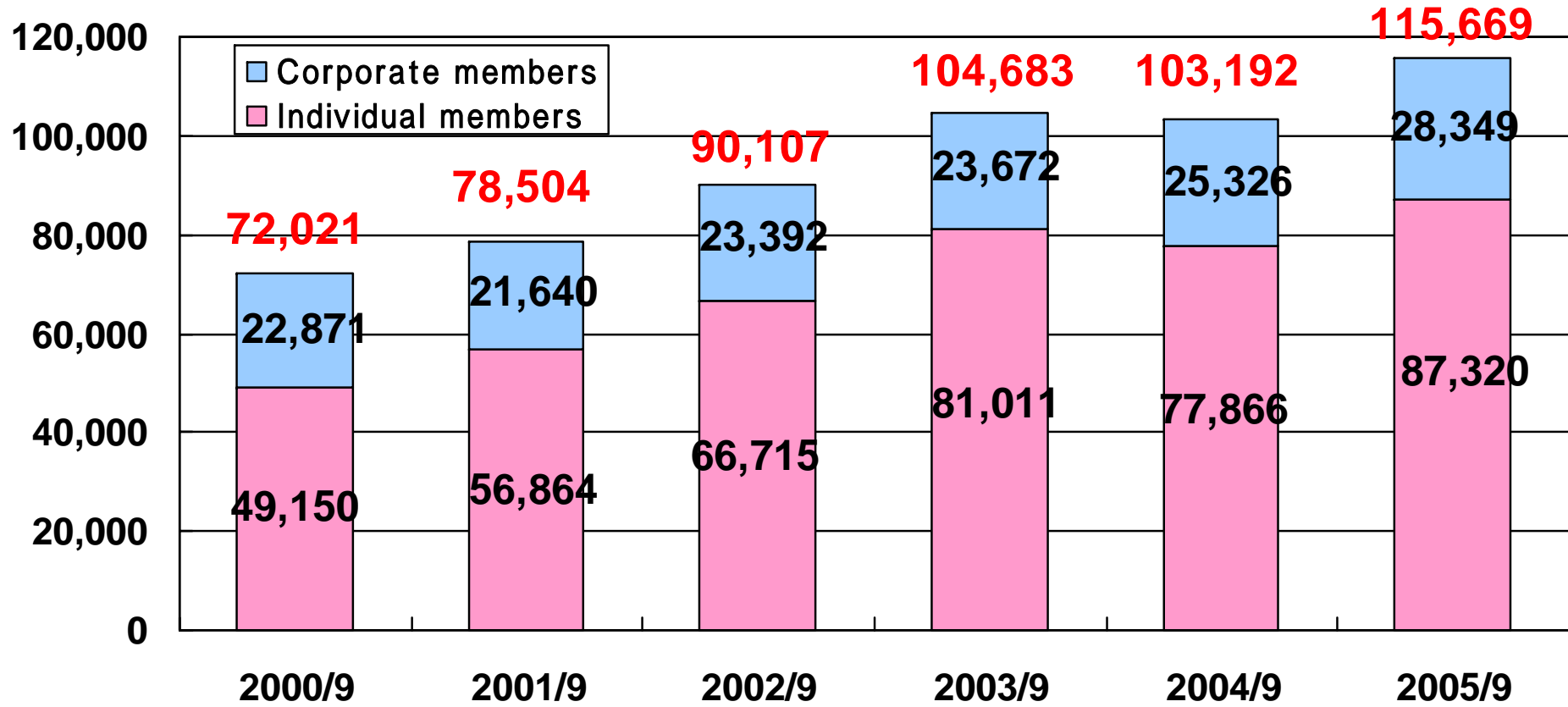
Market trend of working people:

CPA +38.6%, Securities analyst +20.5%, LTA -12.0%, Certified social insurance labor consultant -25.3%, U.S.CPA -26.5%



Number of students

(persons)








Change	-	109.0%	114.8%	116.2%	98.6%	112.1%
-Individual	-	115.7%	117.3%	121.4%	96.1%	112.1%
-Corporate	-	94.6%	108.1%	101.2%	107.0%	111.9%
% of Individual members	68.2%	72.4%	74.0%	77.4%	75.5%	75.5%



Number of students by license area

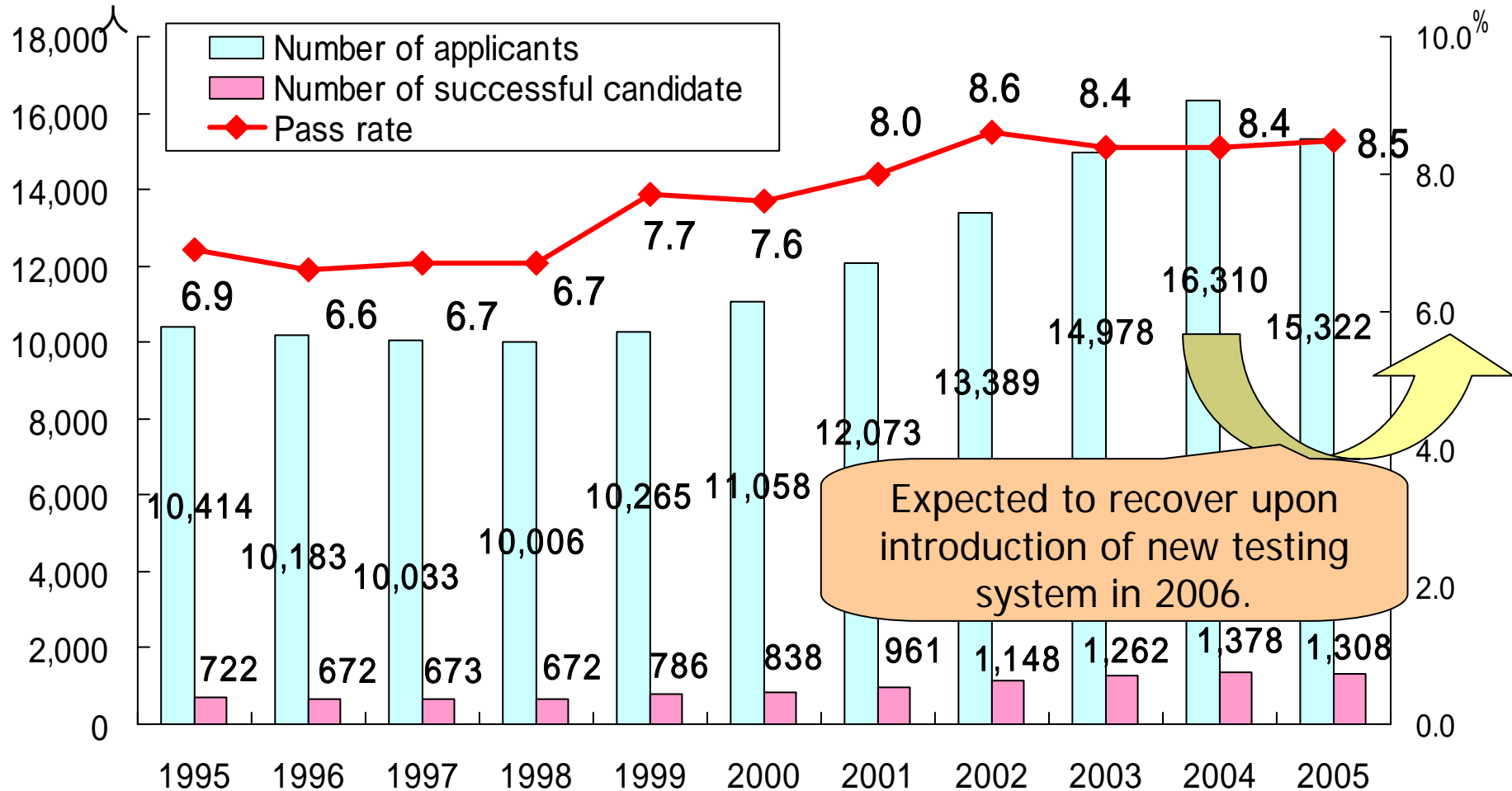


(persons)

License by area	2005/9	Y-O-Y	%	Comment
Finance & Accounting	31,701	125.7%	27.4%	Bookkeepers courses increased 30.8% due to success in sales campaign. CPA courses increased 20.7% due to stable growth in advanced courses. 
Management & Taxation	26,492	103.9%	22.9%	LTA recovered (+5.7%) due to growth in summer courses. SMEMC increased 2.0% despite postponement of start of courses due to change of testing system. 
Financial Services & Real Estate	20,043	111.3%	17.3%	Real estate appraiser increased 24.1%. Real estate transaction manager (Takken) decreased 2.2% due to decline in correspondence courses. FP increased as much as 37.9% due to success in correspondence courses for corporate training. FP recovered (+17.5%). 
Law & Labor	23,699	110.6%	20.5%	Sales of certified social insurance labor consultant decreased but number of students increased 15.9% due to low-priced mock exams. Public officers unchanged. But unit price reduced by introducing application via in-university seminars. 
IT & International	13,734	105.3%	11.9%	IT slightly increased. USCPA recovered (+20.7%). 
Total	115,669	112.1%	100.0%	



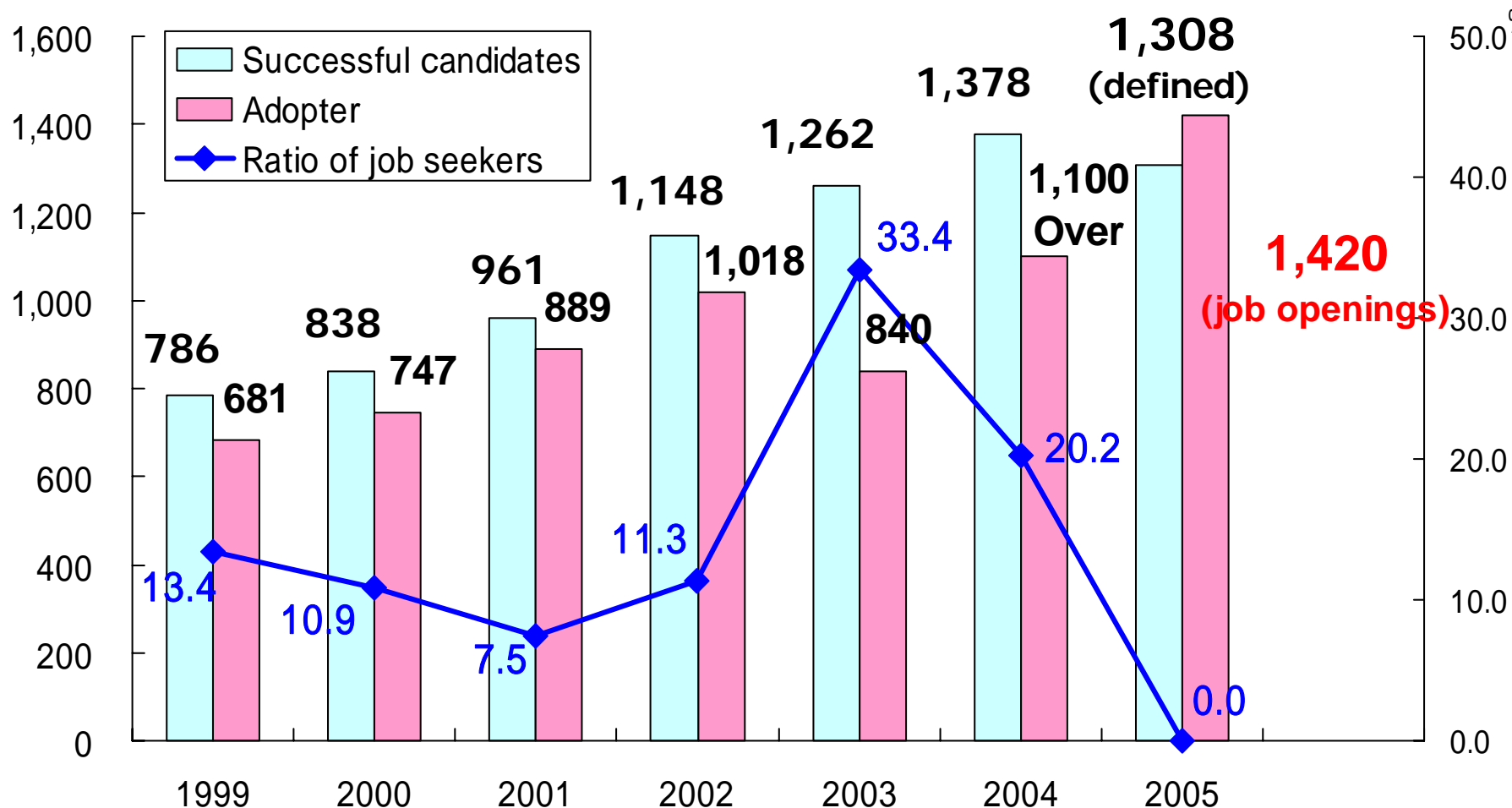
Number of applicants for CPA exams



After the problem of successful CPA exams candidates not finding jobs in 2003, the number of TAC students started to decline. The number of applicants for exams decreased by 1,000 in 2005. Students currently taking our courses will take the exam after 1 –2 yrs.



Seller s market expected for successful candidates in 2005




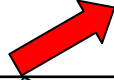




According to the financial press, 4 major auditing firms hope to employ 1,420 recruits, which exceeds the total number of successful candidates seeking jobs. Major auditing firms are motivated to hire CPAs in preparation for reinforcement of internal control audits.



. Highlights by segment

Summary by segment for interim FY 2005

	Sales growth	OP margin growth
Personal education		
Corporate training		
Publishing & other		





Segment information

(Yen in millions)

	2004/9			2005/9			Year-on-year		
	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income
Personal education	7,619	7,063	555 (7.3%)	7,553	7,398	154 (2.1%)	-66 (-0.9%)	334 (+4.7%)	-401 (-72.1%)
Corporate training	1,798	1,452	346 (19.3%)	1,865	1,293	572 (30.7%)	66 (+3.7%)	-159 (-11.0%)	226 (+65.3%)
Publishing & other	695	525	169 (24.4%)	730	564	166 (22.7%)	35 (+5.1%)	38 (+7.4%)	-3 (-1.9%)
Eliminations	-	572	-572	-10	576	-586	-10 (-)	4 (+0.7%)	-14 (-2.5%)
Total	10,113	9,614	499 (4.9%)	10,139	9,833	306 (3.0%)	25 (+0.3%)	218 (+2.3%)	-192 (-38.6%)

(Note) (%) in the "Operating income" column is operating income percentage, (%) in the "Year-on-year" column are comparisons with the previous fiscal year.

Sales in publishing business : 2004/9 ¥532 million, 2005/9 ¥487 million (-3.0%)

Sales in personnel business : 2004/9 ¥162 million, 2005/9 ¥233 million (+44.4%)

After elimination of intercompany transactions

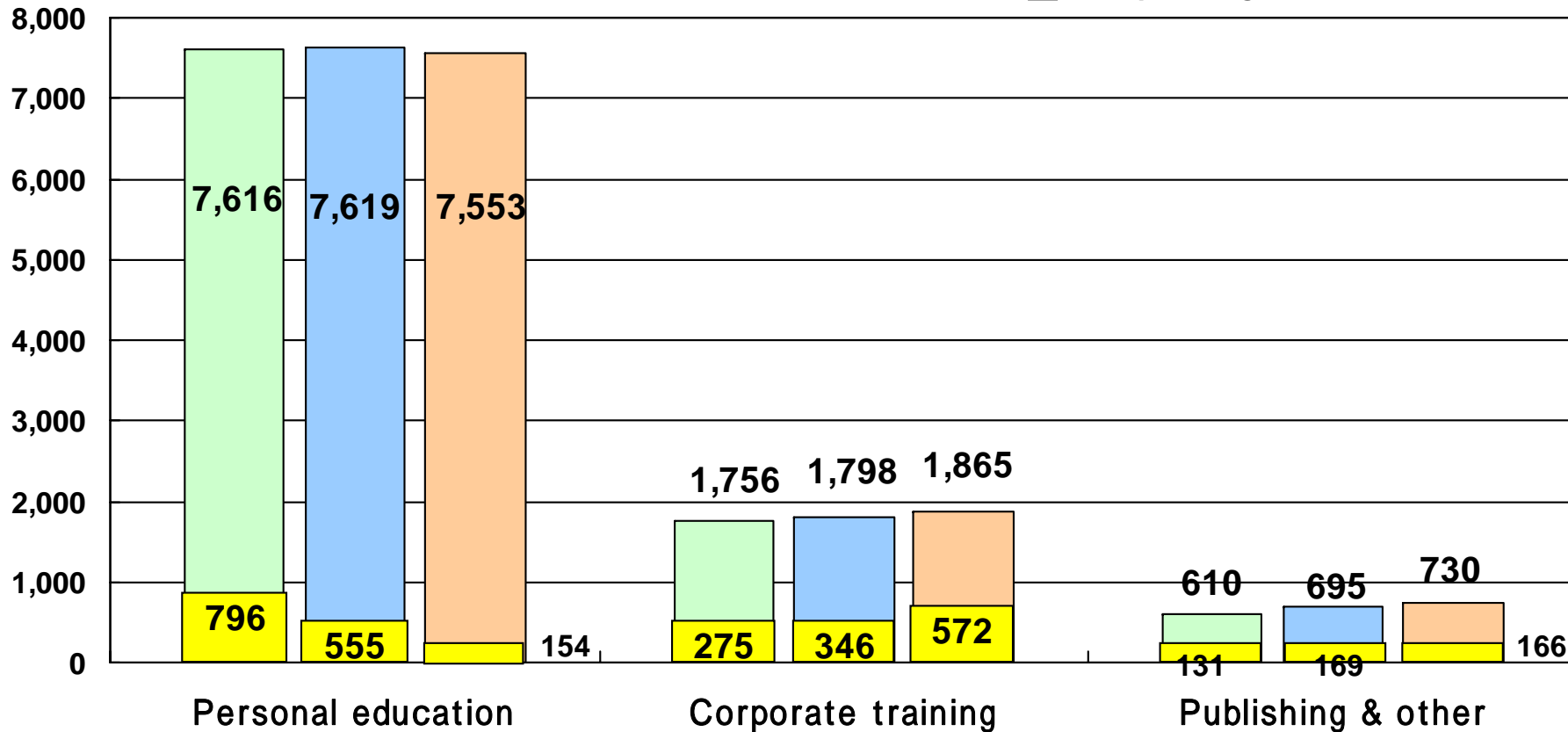


Sales by segment

(Yen in millions)

2003/9 2004/9 2005/9

Operating income



Change	109.9%	100.0%	99.1%	107.3%	102.4%	103.7%	119.8%	113.9%	105.1%
Percentage	76.3%	75.3%	74.5%	17.6%	17.8%	18.4%	6.1%	6.9%	7.2%
OP margin	10.5%	7.3%	2.1%	15.7%	19.3%	30.7%	21.6%	24.4%	22.7%



Reorganization of floor space



Schools	Tsubo	Tsubo (Y-O-Y)	# of Seats	Seats (Y-O-Y)	Timing
Sapporo	347	347	635	635	Opened in April 2005
Sendai	327	327	581	581	Opened in April 2005
Suidobashi (Tokyo)	2,884	-1,614	2,751	-3,160	In Aug. 2005, Tokyo head school closed. In Nov. 2005, another building of the same floor space to be rented.
Shinjuku(Tokyo)	1,468	-	2,938	-3	
Shibuya(Tokyo)	1,700	1,700	3,148	3,148	Opened in Sept. 2005
Ikebukuro(Tokyo)	1,259	-231	2,773	-357	Reduced in May 2005
Yaesu(Tokyo)	1,049	-	1,791	-	
Yokohama	1,017	-491	2,089	-1,166	Reduced in May & Aug 2005
Machida(Tokyo)	497	-	1,026	13	
Omiya	530	-	1,052	-	
Nagoya	963	-	2,125	19	
Kyoto	693	-137	1,384	-453	Reduced in May 2005
Osaka(Umeda)	1,305	-	2,527	28	
Osaka((namba)	586	-	1,081	-	
Kobe	569	-49	1,298	-162	Reduced in May & Aug 2005
Fukuoka	404	-	461	-9	
Total	15,605	-149 (99.1%)	27,660	-886 (96.9%)	288 classrooms (+5)

(1 tsubo = 3.3m²)

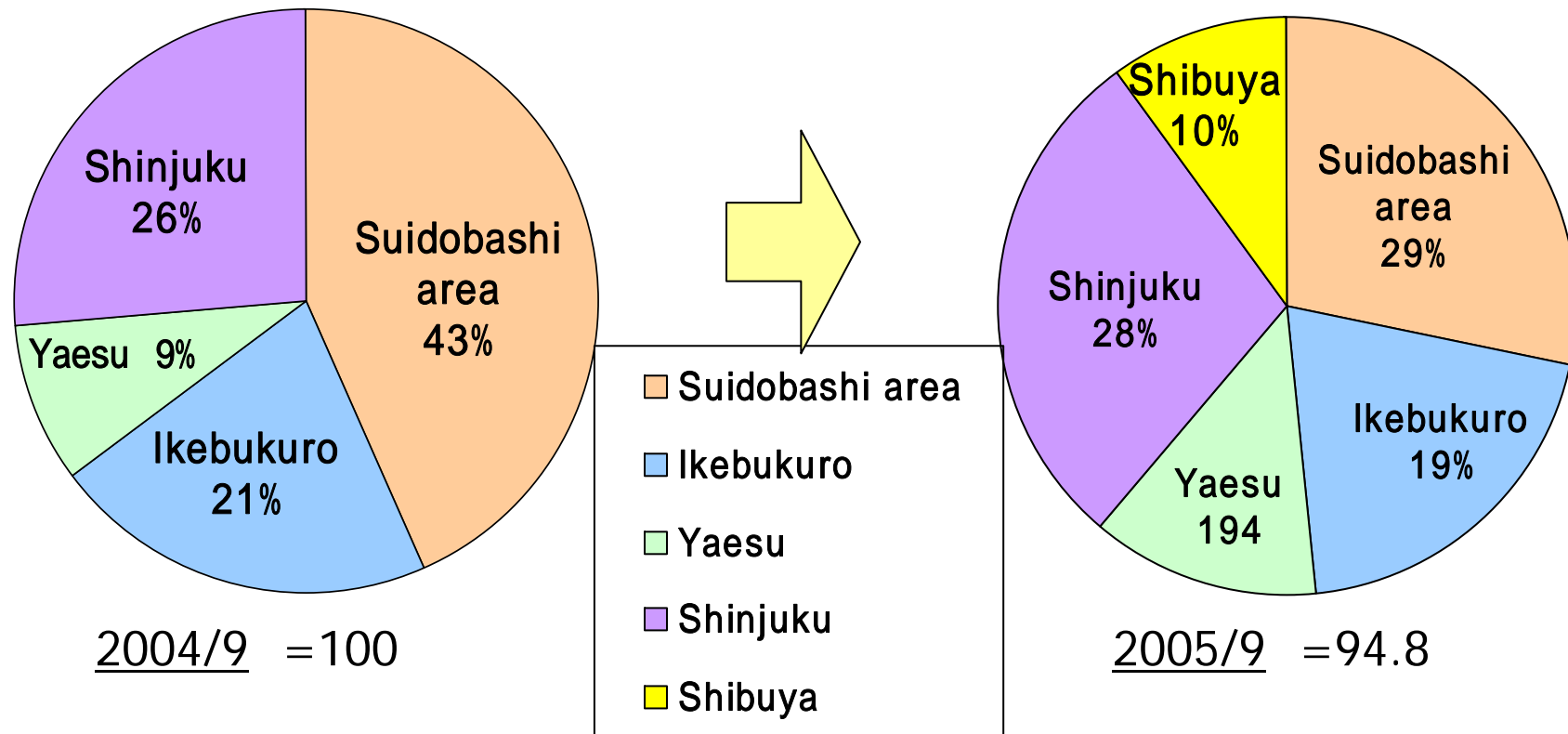
(September 30, 2005)



Tokyo Metropolitan Area



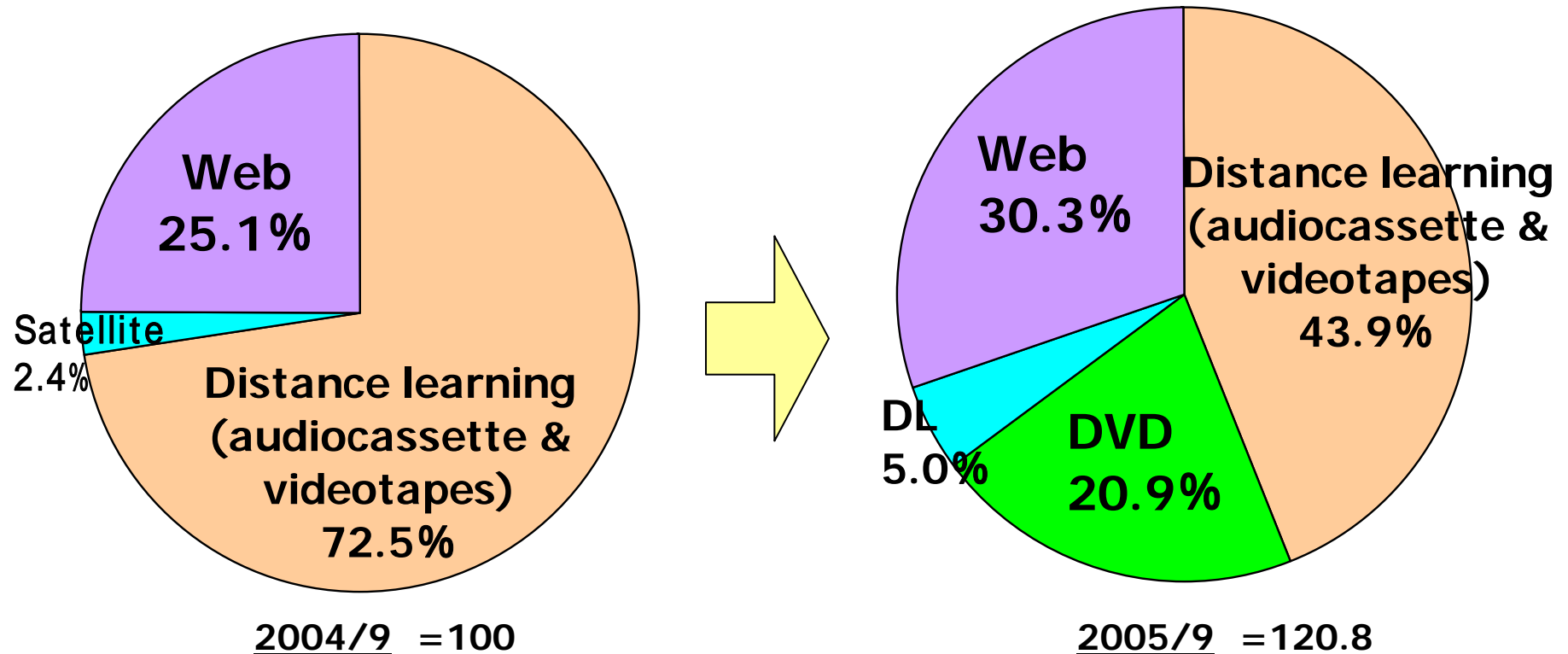
Changes in sales proportions in Tokyo Metropolitan Area



- As a whole, sales in the Tokyo Metropolitan Area decreased 5.2% due to increases in correspondence courses.
- Sales by Shinjuku school increased 6.0%. No cannibalization with Shibuya school. Suidobashi area decreased 38.0% cannibalized by Shibuya & Yaesu schools. (Compared to the previous interim period.)



Changes in percentage of sales in distance education



- Sales of correspondence education increased 20.8% over the same term last year. (Classroom courses 95% of the same term last year.)
- Internet web courses increased by 46.0% over the same term last year. Correspondence courses using DVD grew by over 20% in the 1st interim period.
- Success in **"1 source-multi-use" strategy** using Internet web, DVD & audio data download courses.



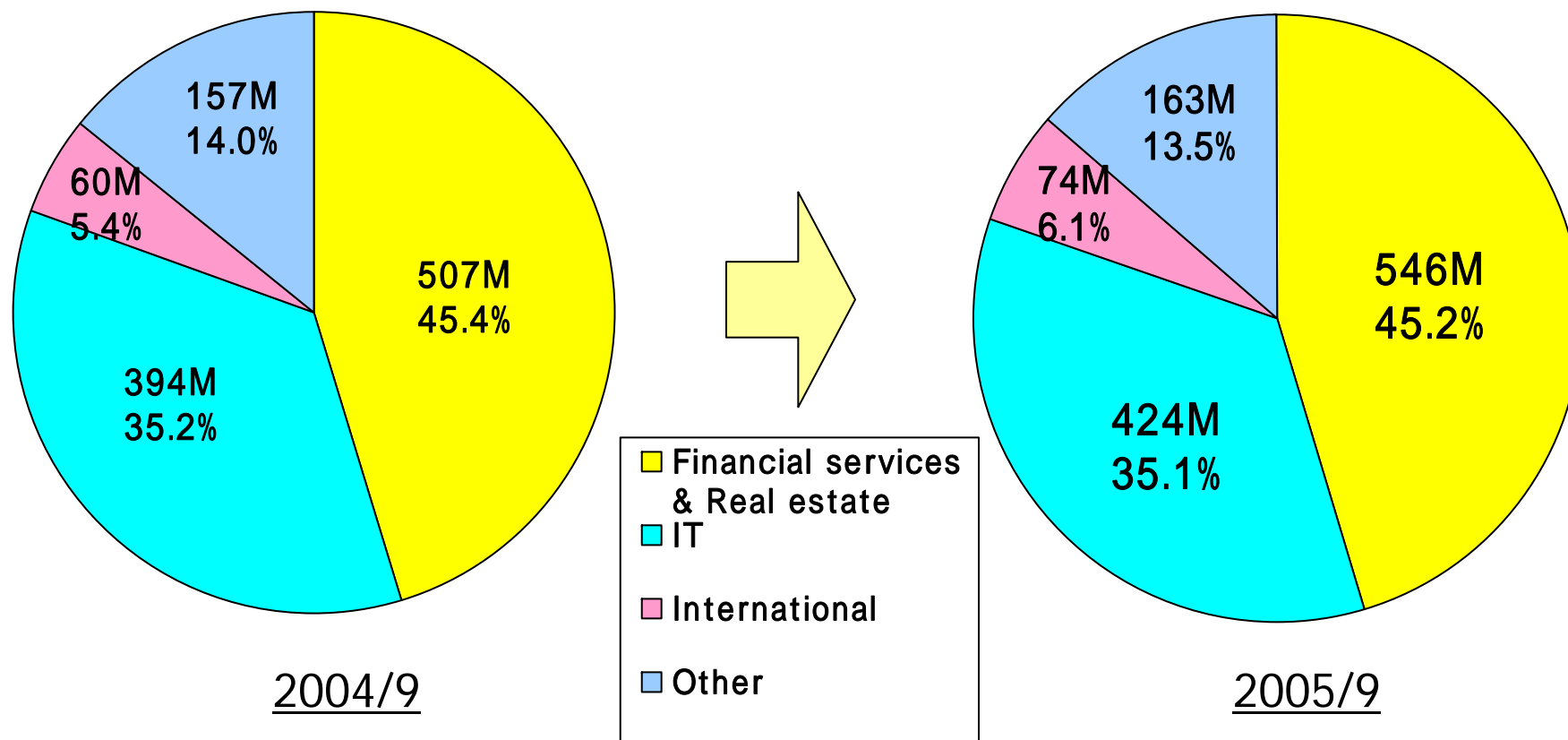
Corporate training: Descriptions

(Yen in thousands)

Contents	Sales	Y-O-Y	%	Overview of interim FY2005	
Corporate training	1,208,876	108.0%	64.8%	FP increased 13.3%. IT courses increased 7.7%. Securities analyst increased 2.1%. By area, financial and taxation increased by ¥10M, financial-related corporate training increased by ¥ 39M, IT increased by ¥30M. (+¥90M in total)	
Provision of educational materials	41,102	115.5%	2.2%	Sales of IT-related educational material increased 10.7%. Good results in other areas.	
Affiliated schools	193,479	95.3%	10.4%	Financial and taxation area decreased 13.7% and labor area increased 12.4%. Slight decrease in other areas. No newly opened schools in the current interim period. Upward trend in existing schools diminishing.	
In-university seminars	190,239	108.3%	10.2%	Seminars for public officers and US accounting growing. Other courses also had strong showing.	
Tax software "Maho-jin" & other	231,893	87.2%	12.4%	Maho-jin decreased 17.0% due to rebound of past successful sales upon upgrade. Training consigned by local gov't increased 23.9% over the previous interim period.	
Total	1,865,592	103.7%	100.0%		



Corporate training: Trends in corporate training



- Sales in corporate training increased 8.0%.
- FP training +13.3%, IT specialist training +7.7% and securities analyst training +2.1%.
Management & taxation +10 ¥ million, financial services +30 ¥ million, in total +90 ¥million.



Trends in affiliated schools **TAC**

Morioka, Maebashi, Utsunomiya, Kanazawa, Toyama, Himeji, Takamatsu, Tokushima, Okayama, Fukuyama, Hiroshima, Kumamoto, Nagasaki, Saga, Miyazaki, Kagoshima, Okinawa

Total 17 schools

(Yen in thousands)

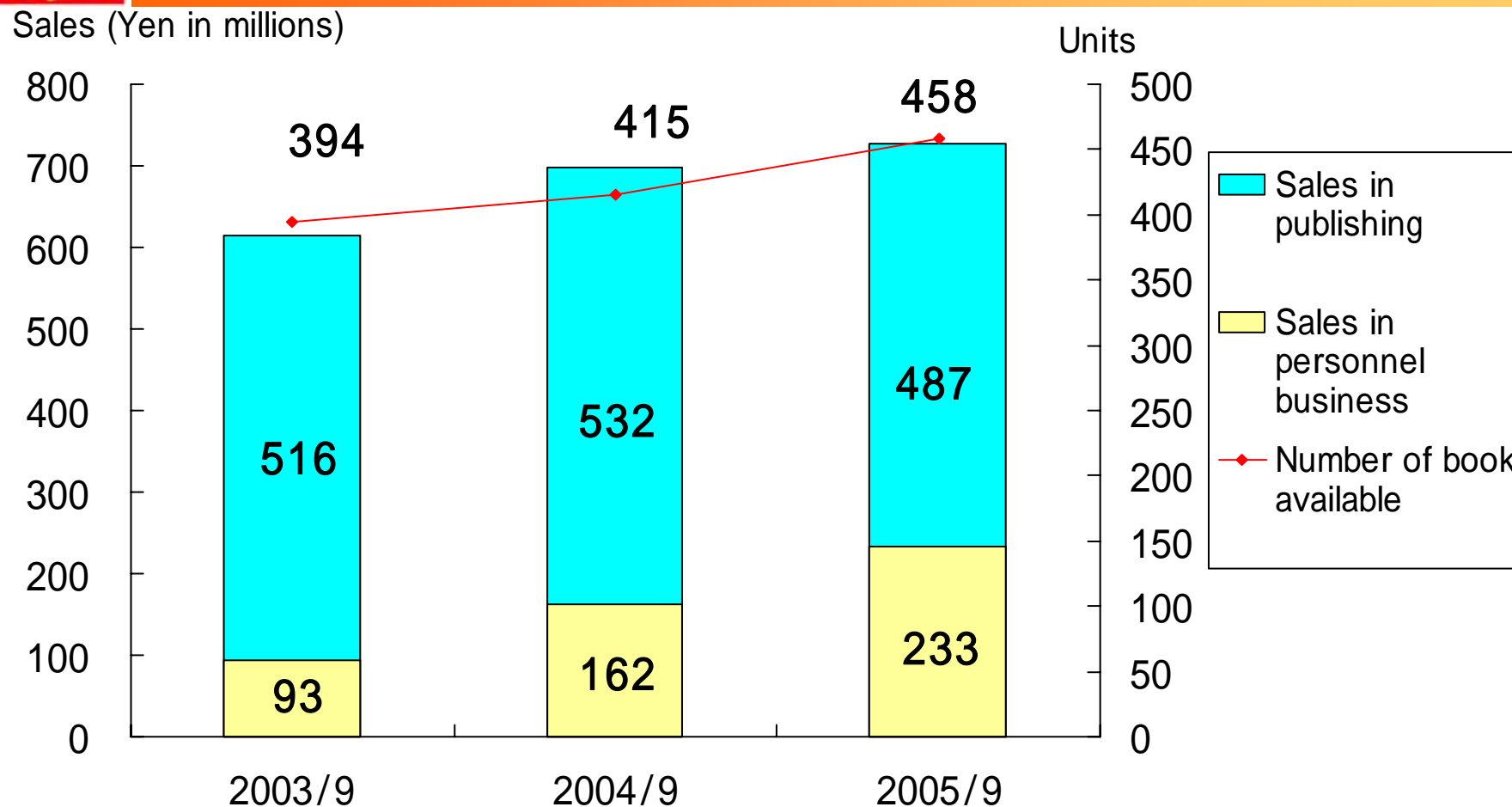
Licenses by area	# of students 2005/9	# of students (Y-O-Y)	Sales 2005/9	Sales (Y-O-Y)	% of sales
Finance & Accounting	1,429	135.3%	37,244	95.6%	19.2%
Management & Taxation	1,684	100.8%	79,883	86.0%	41.3%
Financial Services & Real Estate	446	102.8%	22,881	98.9%	11.8%
Law & Labor	2,199	102.7%	50,644	112.4%	26.2%
IT & International	88	63.3%	2,825	93.3%	1.5%
Total	5,846	107.4%	193,479	95.3%	100.0%

· Positive growth: Bookkeeping, Real estate appraiser, Registered real estate transaction manager, Certified social insurance labor consultant, Public officer.

· Negative growth: CPA, Licensed tax accountant, Small and medium enterprise management consultant, FP, IT specialist



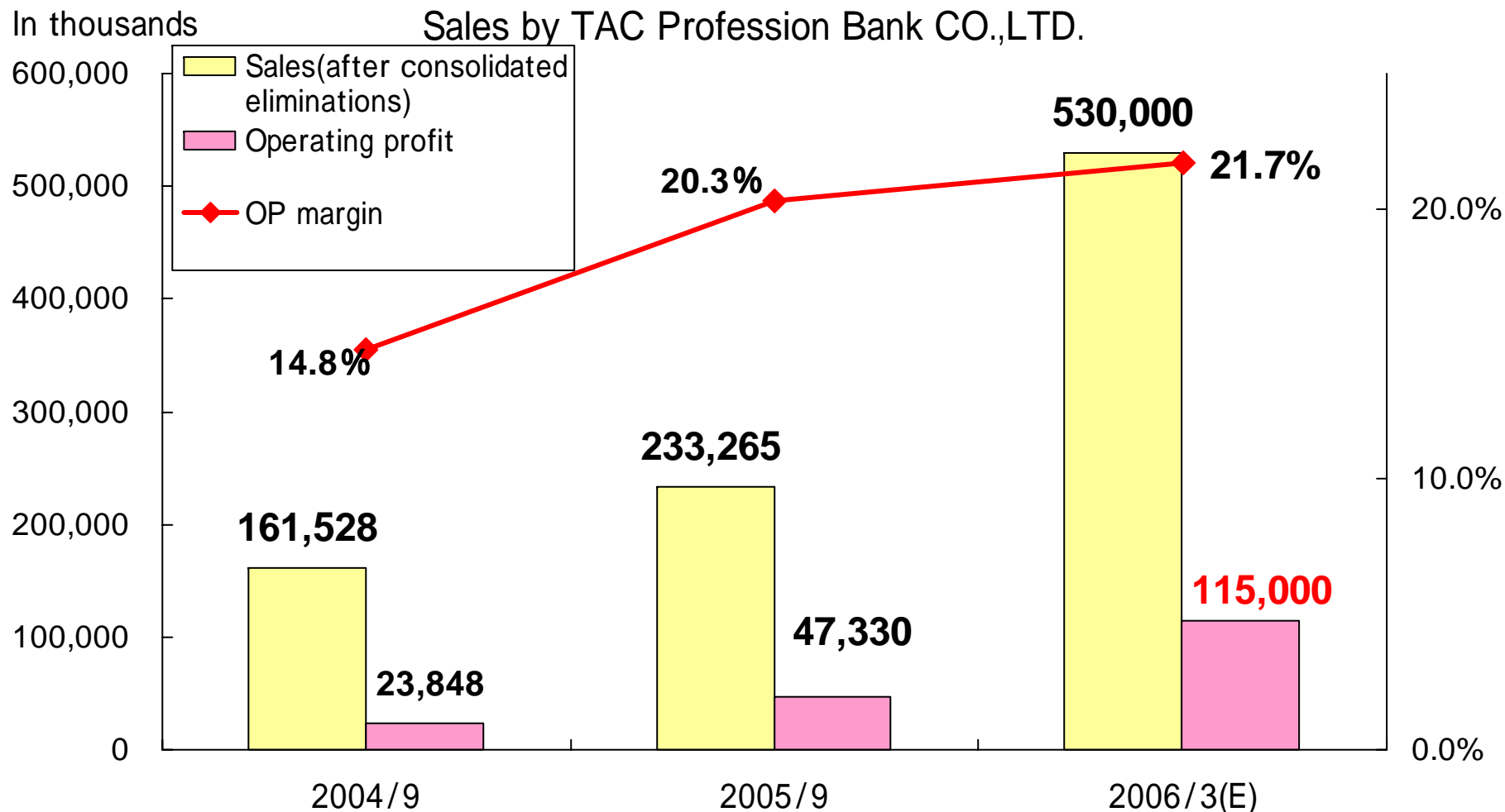
Breakdown of sales & number of books available **TAC**



- Publishing business showed favorable result in bookkeeping and LTA. In total, sales decreased 8.5% due to return of books not related to educational courses (TACBOOK).
- Continued growth in human resources business which increased 57.3% over the same term last year.



Publishing & other: Growth in TAC Profession Bank Sales



· Favorable sales growth continues. Sales in manpower placement were 135.0% of forecasts. Sales in manpower dispatch were 106.0% of forecasts. (After eliminating inter-company transaction). Now focusing on placement of successful candidates on part 3 of CPA exam.

. Forecast for Fiscal 2005





Forecast for fiscal 2005 (Original to Revised)

TAC

(Yen in millions)

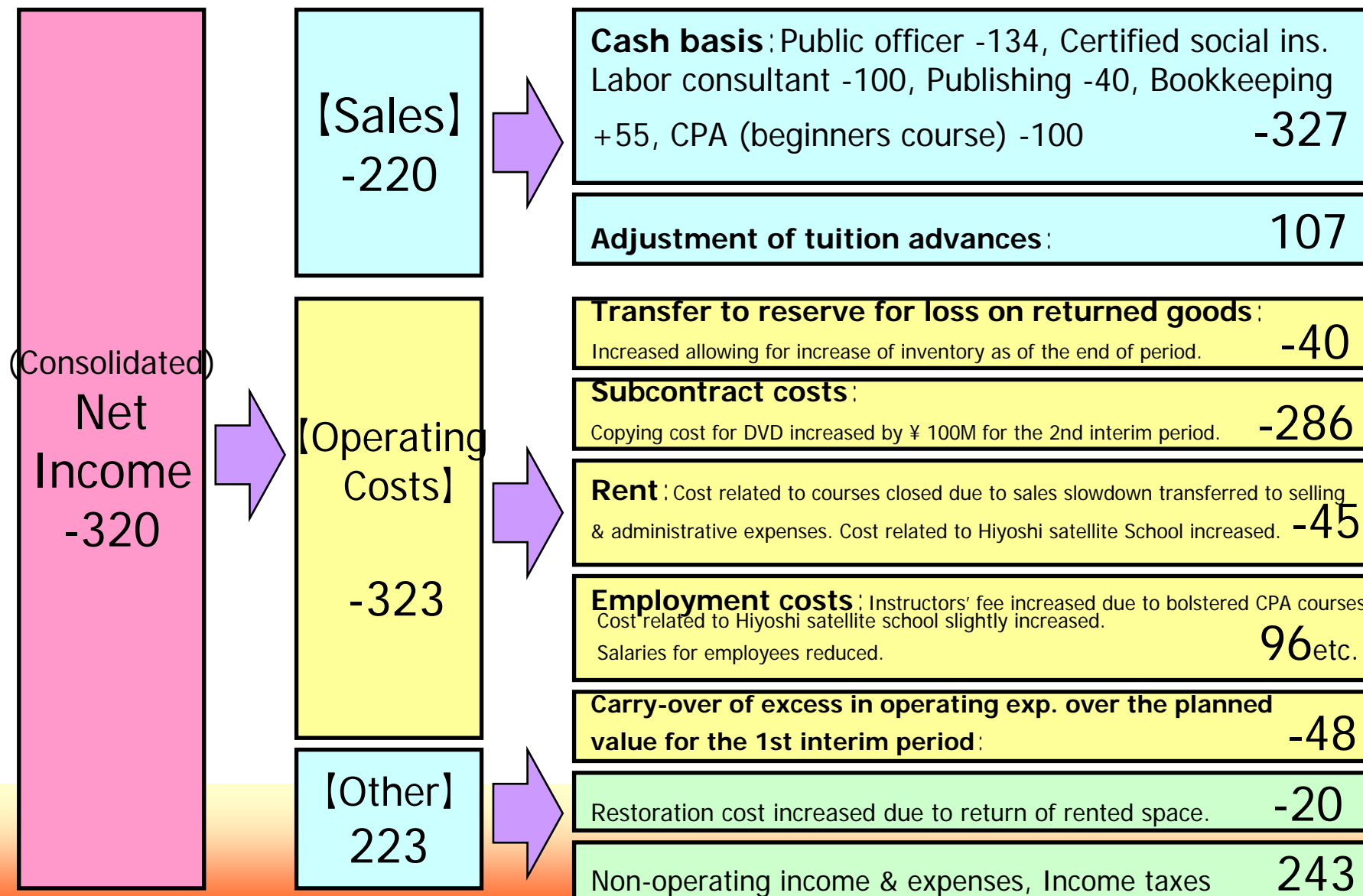
(Consolidated)	2006/3 (Original)		2006/3 (Revised)			
	Amount	%	Amount	%	Difference	O to R
Net sales before adjustment of tuition advances	20,496	102.5%	20,169	102.0%	-327	104.5%
Adjustment of tuition advances	-496	-2.5%	-389	-2.0%	107	-106.8%
Net Sales (after adjustment of tuition advances)	20,000	100.0%	19,780	100.0%	-220	100.6%
Costs of Sales	11,747	58.7%	12,005	60.7%	258	101.3%
Rent	3,202	16.0%	3,185	16.1%	-16	99.5%
Employment costs	3,515	17.6%	3,642	18.4%	127	103.6%
Subcontract costs	2,056	10.3%	2,343	11.8%	286	113.9%
Gross profit – net	8,253	41.3%	7,738	39.1%	-514	93.8%
SG & A expenses	7,203	36.0%	7,228	36.5%	25	100.4%
Rent	870	4.4%	932	4.7%	61	107.1%
Employment costs	2,991	15.0%	2,767	14.0%	-223	92.5%
Advertising costs	1,531	7.7%	1,523	7.7%	-7	99.5%
Operating income	1,050	5.3%	510	2.6%	-540	48.6%
Ordinary income	1,130	5.7%	600	3.0%	-530	53.1%
Net income	550	2.8%	230	1.2%	-320	41.8%
Net income per share	29.72 Yen		12.43 Yen			



Profit decline factors in the current interim period (Original to Revised)



Figures in “-“ is the amount negatively affecting profit.
(Yen in millions)



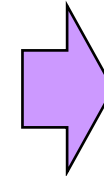


Management strategy for FY2005

(intermediate step)

Increased competitiveness of educational know-how

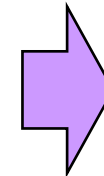
- Aim at establishing professional accounting schools in April 2006
- Recovery in sales through synergy with CPA courses



× : Withdrawn for the current interim period. Aiming to open in April 2007.

Acceleration of growth in manpower business

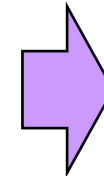
- Exerting effort in manpower placement of CPAs; aiming at ¥ 3 billion in sales at TAC Profession Bank fueled by introduction of corporate governance audits



: Substantial contribution. Operating profit exceeds estimated value by ¥29M.

Acceleration of growth in publishing business

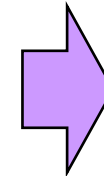
- Increase in book sales in bookkeeping & public officer exams to increase market share
- Increased exposure in bookstores to attract students to our courses



: Books returned and publications delayed in the 1st interim period. Aiming to recover in the 2nd interim period.

Innovation of learning media

- Expansion of broadband Web courses and audio data download courses aimed at increasing profits. Start of correspondence courses via DVD



: Launch of DVD courses moved up, causing cost to increase, but correspondence education bolstered. Need to bolster classroom courses next.

Optimization of schools

- Achievement of the appropriate balance between sales and rent expense. Shift to location with higher profitability (Suidobashi → Shibuya)

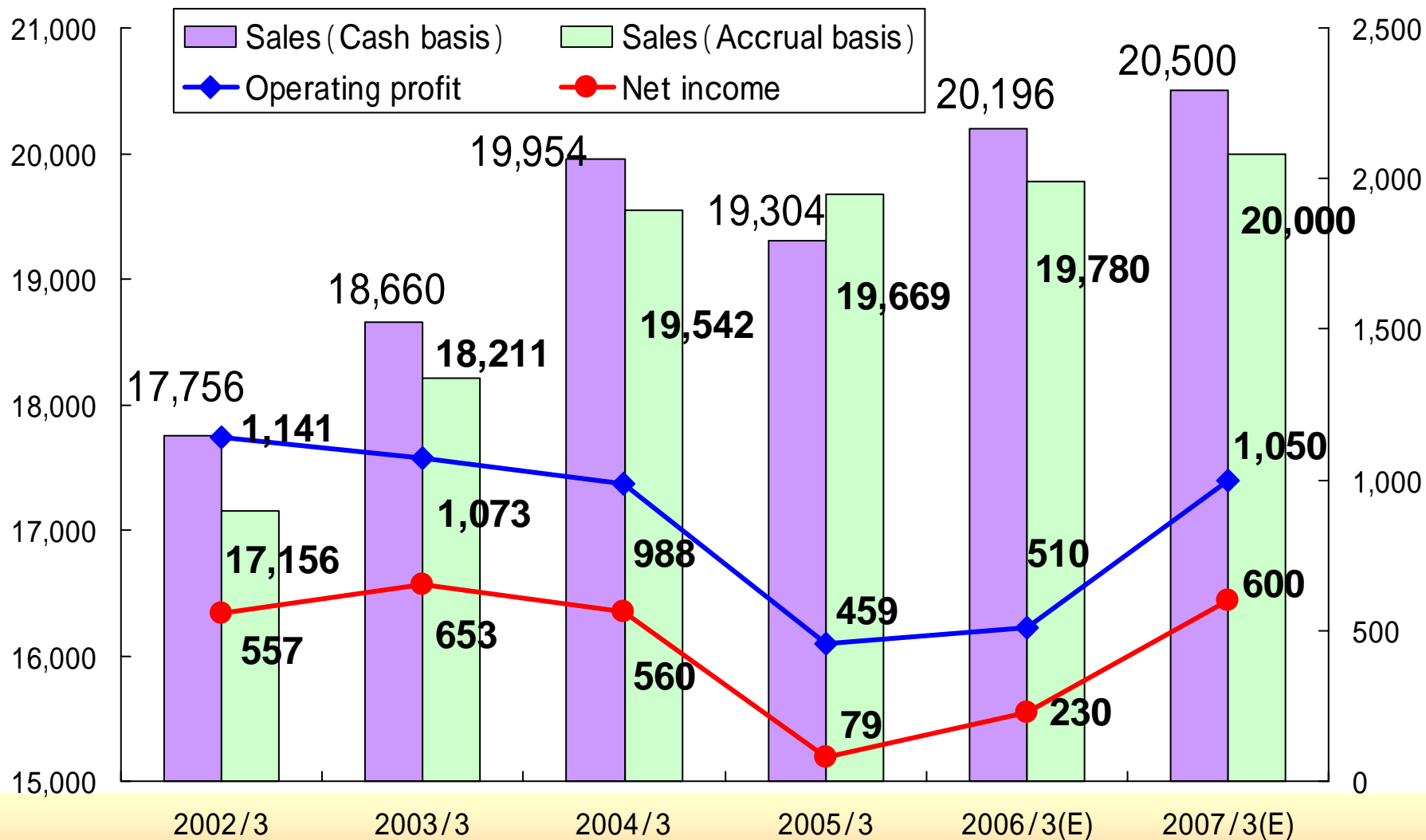


: Localized competition intensifying. Hiyoshi satellite school opened and CPA courses bolstered (courses reopened in Suidobashi)



Forecast for FY2006

(Yen in millions)





TAC



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