



March 2006 Term - Third Quarter Financial Results (Consolidated)

February 3, 2006

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

(URL <http://www.tac-school.co.jp>)

Representative director: Hiroaki Saito

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1. Notes to preparation of briefing of quarterly results

(1) Differences in accounting procedures used in previous consolidated fiscal year: Yes

In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.

(2) Changes in accounting methods : None

(3) Changes in scope of consolidation and in application of the equity method : None

2. Consolidated third quarter results for the fiscal year ending March 2006

(From April 1, 2005 to December 31, 2005)

(1) Consolidated financial results

(In millions of yen, with fractional amounts rounded down to the nearest million yen)

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 2005 3 rd quarter	14,745	(0.7)	4	(-97.5)	81	(-67.9)
December 2004 3 rd quarter	14,635	(1.3)	189	(-60.8)	254	(-53.9)
March 2005 period	19,669		459		557	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
December 2005 3 rd quarter	-124	(-)	- 6.72		-	
December 2004 3 rd quarter	-269	(-)	-14.58		-	
March 2005 period	79		4.29		-	

(Notes) The percentages shown next to net sales, operating income, ordinary profit and net income represent year-on-year changes

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 2005 3 rd quarter	14,365	2,786	19.4	150.58
December 2004 3 rd quarter	13,502	2,621	19.4	141.67
March 2005 period	12,040	2,891	24.0	156.28

(3) Consolidated statement of cash flow

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
December 2005 3 rd quarter	856	-477	1,097	2,379
December 2004 3 rd quarter	-202	-123	932	1,615
March 2005 period	-560	213	242	904

[Reference] Consolidated forecasts for March 2006 term (From April 1, 2005 to March 31, 2006)

No adjustment was made to the data released on November 16, 2005 for the consolidated and non-consolidated financial results for the current fiscal year.

1. Operating results

(1) Operating results for the third quarter

Net sales (after adjustment of tuition advances) : ¥14,745 million.

Operating costs : employment costs +¥122 million, rent +¥22 million, subcontract cost(DVD etc.) +¥191 million, total +¥294 million.

Operating income : ¥4 million. Non-operating income : interest on securities ¥71 million etc., non-operating expenses : interest expenses ¥7 million. Ordinary income : ¥81 million.

Extraordinary expenses : Restriction expenses ¥130 million, loss on disposal or sale of fixed asset ¥83 million, penalty for canceled contract ¥23 million etc, total 238 million.

Net income : ¥-124 million.

Changes in third quarter operating results between last year and this year (April – December).

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			9-month Total for FY2004 (April–December)			Total for FY2004		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,913		95.0	6,559		94.9	4,930		100.0	15,404		96.5	19,304		96.7
Adjustment of tuition advances	1,725		117.7	-2,085		82.9	-408		87.8	-768		50.8	364		-88.5
Net sales (after adjustment of tuition advances)	5,639	28.7	101.0	4,474	22.7	101.7	4,522	23.0	101.3	14,635	74.4	101.3	19,669	100.0	100.6
Gross profit	2,753	48.8	100.6	1,507	33.7	92.4	1,513	33.5	97.4	5,774	39.5	97.5	7,772	39.5	95.7
Operating income	920	16.3	99.9	-421	-9.4	181.5	-309	-6.8	150.3	189	1.3	39.2	459	2.3	46.4
Ordinary profit	949	16.8	99.2	-397	-8.9	180.7	-298	-6.6	160.5	254	1.7	46.1	557	2.8	50.2
Net income	502	8.9	94.3	-370	-8.3	206.3	-401	-8.9	375.1	-269	-1.8	—	79	0.4	14.2
Net income per share	Yen 27.15			Yen -20.02			Yen -21.71			Yen -14.58			¥ 4.29		

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			9-month Total for FY2005 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,585		91.6	7,115		108.5	5,127		104.0	15,828		102.8
Adjustment of tuition advances	1,883		109.2	-2,444		117.2	-522		127.7	-1,082		141.0
Net sales (after adjustment of tuition advances)	5,469	—	97.0	4,670	—	104.4	4,605	—	101.9	14,745	—	100.7
Gross profit	2,491	45.5	90.5	1,662	35.6	110.3	1,530	33.2	101.2	5,684	38.5	98.4
Operating income	644	11.8	70.0	-337	-7.2	80.1	-301	-6.6	97.5	4	0.0	2.5
Ordinary profit	654	12.0	68.9	-297	-6.4	74.9	-274	-6.0	92.1	81	0.6	32.1
Net income	370	6.8	73.7	-279	-6.0	75.5	-215	-4.7	53.5	-124	-0.8	46.1
Net income per share	Yen 20.01			Yen -15.11			Yen -11.62			Yen -6.72		

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.
2. Other percentages stated as a proportion of quarterly net sales.

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(2) Segment information

Personal education

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			9-month Total for FY2004 (April–December)			Total for FY2004		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,435	30.7	103.3	3,184	22.0	95.8	3,104	21.5	96.8	10,724	74.1	99.1	14,464	100.0	98.5
Operating costs	3,535	79.7	103.8	3,528	110.8	103.4	3,422	110.2	102.5	10,485	97.8	103.2	13,934	96.3	103.4
Operating income	899	20.3	101.5	-344	-10.8	379.7	-317	-10.2	241.0	238	2.2	35.9	530	3.7	43.9

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			Total 9 months for FY2005 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,208	—	94.9	3,344	—	105.0	3,030	—	97.6	10,583	—	98.7
Operating costs	3,622	86.1	102.4	3,776	112.9	107.0	3,516	116.1	102.8	10,915	103.1	104.1
Operating income	586	13.9	65.2	-431	-12.9	125.5	-486	-16.1	153.4	-331	-3.1	-138.9

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.
2. Other percentages stated as a proportion of quarterly net sales.
3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

Corporate training

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			9-month Total for FY2004 (April–December)			Total for FY2004		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	890	26.2	87.8	908	26.7	122.4	858	25.2	111.5	2,657	78.1	105.2	3,401	100.0	104.2
Operating costs	705	79.2	94.0	747	82.2	102.3	662	77.1	94.8	2,114	79.6	97.0	2,783	81.8	97.7
Operating income	185	20.8	70.3	161	17.8	1360.7	196	22.9	277.0	542	20.4	156.8	618	18.2	148.7

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			Total 9 months for FY2005 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	915	—	102.8	950	—	104.6	911	—	106.2	2,777	—	104.5
Operating costs	628	68.7	89.1	664	69.9	88.9	633	69.5	95.7	1,926	69.4	91.1
Operating income	286	31.3	154.9	285	30.1	177.1	277	30.5	141.7	850	30.6	156.7

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.
2. Other percentages stated as a proportion of quarterly net sales.
3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

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Publishing and other

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			9-month Total for FY2004 (April–December)			Total for FY2004		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	313	17.4	113.2	381	21.1	114.4	558	31.0	115.0	1,254	69.5	114.4	1,803	100.0	113.4
Operating costs	265	84.7	108.7	260	68.2	111.1	458	82.0	125.2	984	78.5	116.5	1,388	77.0	113.4
Operating income	48	15.3	147.0	121	31.8	122.2	100	18.0	83.8	269	21.5	107.1	415	23.0	113.3

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			Total 9 months for FY2005 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	345	—	110.2	385	—	101.0	668	—	119.6	1,399	—	111.6
Operating costs	264	76.6	99.6	300	78.0	115.4	517	77.4	112.9	1,082	77.4	110.0
Operating income	81	23.4	168.4	84	22.0	70.0	150	22.6	149.9	316	22.6	117.4

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.
2. Other percentages stated as a proportion of quarterly net sales.
3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

(3) Sales results by license area

Finance and Accounting

CPA decreased 4.9%.
Bookkeeping increased 13.8%.
Sales in this area increased 0.6%.

Management and Taxation

Licensed tax accountant increased 3.4% (cash basis).
Small and medium enterprise management consultant increased 8.8%.
Sales in this area increased 0.8%.

Financial Services and Real Estate

Real estate appraiser increased 11.2%.
Registered real estate transaction manager increased 2.7%.
Financial planner increased 22.2%.
Securities analyst increased 10.0%.
Sales in this area increased 9.2%.

Law and Labor

Certified social insurance labor consultant decreased 8.3%.
Public officer decreased 0.2%.
Administrative scrivener increased 4.3%.
Sales in this area decreased 4.4%.

IT and International Qualifications

IT specialist decreased 2.9%.
U.S. CPA, CompTIA and IT related courses leveled-off.
Sales in this area decreased 0.4%.

Other

Tax software 'Maho-jin' decreased 13.2%.
Sales of TPB (TAC Profession Bank CO.,Ltd.) increased 34.1%.
Sales in this area increased 0.6%.

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Licenses by area	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October-December)			9-month Total for FY2004 (April-December)			Total for FY2004		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,762	28.0	96.5	1,338	21.3	95.2	1,526	24.3	96.4	4,627	73.6	96.1	6,285	32.0	96.7
Management & Taxation	1,574	30.3	105.1	1,114	21.4	108.4	1,092	21.0	101.9	3,781	72.6	105.1	5,205	26.5	103.2
Financial Service & Real Estate	598	26.2	93.9	635	27.8	103.5	573	25.0	108.8	1,807	79.0	101.6	2,288	11.6	101.0
Law & Labor	1,032	32.0	108.0	668	20.7	102.6	659	20.5	102.6	2,360	73.2	104.9	3,223	16.4	102.1
IT & International	374	25.2	86.3	419	28.2	95.7	349	23.5	89.9	1,143	76.9	90.7	1,486	7.5	92.7
Others	296	25.2	127.5	296	25.1	114.6	321	27.2	128.5	914	77.5	123.3	1,179	6.0	120.7
Total	5,639	28.7	101.0	4,474	22.7	101.7	4,522	23.0	101.3	14,635	74.4	101.3	19,669	100.0	100.6

Licenses by area	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October-December)			Total 9 months for FY2005 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,697	31.0	96.3	1,507	32.3	112.6	1,450	31.5	95.0	4,654	31.6	100.6
Management & Taxation	1,550	28.4	98.5	1,107	23.7	99.3	1,153	25.1	105.7	3,811	25.9	100.8
Financial Service & Real Estate	615	11.3	102.9	685	14.7	107.9	672	14.6	117.3	1,973	13.4	109.2
Law & Labor	953	17.4	92.4	620	13.3	92.8	682	14.8	103.5	2,256	15.3	95.6
IT & International	371	6.8	99.3	427	9.1	101.7	340	7.4	97.4	1,139	7.7	99.6
Others	280	5.1	94.5	322	6.9	108.6	306	6.7	95.5	909	6.1	99.4
Total	5,469	100.0	97.0	4,670	100.0	104.4	4,605	100.0	101.9	14,745	100.0	100.7

(Note) 1. Percentage of net sales for each quarter is a proportion of total sales for the relevant quarter over total annual sales.
2. Percentage at the end of each fiscal year is a proportion over total annual sales.

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License by area	Programs	Profile and pass rates
Finance and Accounting	Certified public accountant, Bookkeeper, Construction Industry accountant	Proportion of TAC students out of all successful candidates for certified public accountant exam was 82% (*) (part 2 exam in 2005).
Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant	Provides courses for all subjects of Licensed tax accountant exam. Proportion of TAC students out of all successful candidates for licensed tax accountant exam was 72% (*) in 2005. Proportion of TAC students (359) from total enrollment in Small and medium enterprise management consultant (548) was 41% in 2005.
Financial Services and Real Estate	Real estate appraiser, Registered real estate transaction manager, Condominium management consultant / Registered condominium administration manager, Securities Analyst, Financial Planner, DC planner, Business School	Proportion of TAC students out of all successful candidates in real estate appraiser exam was 87% (*) (part 2 exam in 2005). Proportion of TAC students (2,199) out of all successful candidates in registered real estate transaction manager exam was 10% (*) in 2005.
Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law related qualifications	Proportion of TAC students out of all successful candidates in certified social insurance labor consultant was 46% (*) in 2005 and the number of TAC students who have passed the public officer exam was 1,920 in 2005.
IT and International	IT specialist, U.S. certified public accountant, CompTIA (A+, i-Net+, Network+, Server+), IT related qualifications (Microsoft office specialist, Oracle master etc)	Provides preparatory courses to cover all IT specialist exams. Accumulated number of successful TAC students in U.S. certified public accountant is 732 since 1997 and 216 were successful in 2003.
Other	Human resource business, Tax software "Mahojin", miscellaneous revenue (payments at front counter, etc.)	

(Note) Proportion: Proportion of students who took TAC's preparatory courses (students in regular courses and single subject courses and students taking trial exams) out of all successful candidates nationwide. This is generally used as an indicator to measure performance in the education industry. The number of TAC students who passed exams includes those who also attend courses in other schools. Accordingly, the sum of the proportion of TAC students and students of other schools may exceed 100%.

(5) Number of students

The number of individual members increased 11.2%, or 11,300 over the same term last year.

The number of corporate members increased 10.3%, or 3,700 over the same term last year.

In total, the number of students in the nine months ending December 31, 2005 increased 11.0%, or 15,039 over the same term last year.

	Individual members	Corporate members	Total	Increases over the same term last year	% Change from the same term last year
FY 1997	43,599	15,791	59,390	—	—
FY 1998	66,661	17,932	84,593	+ 25,203	142.4
FY 1999	83,066	21,528	104,594	+ 20,001	123.6
FY 2000	93,651	28,747	122,398	+ 17,804	117.0
FY 2001	105,217	36,542	141,759	+ 19,361	115.8
FY 2002	114,244	33,433	147,677	+ 5,918	104.2
FY2003	123,909	39,550	163,459	+ 15,782	110.7
FY2004	120,962	42,507	163,469	+ 10	100.0
Total of 7 years (% distribution)	751,309 (76.1%)	236,030 (23.9%)	987,339 (100.0%)	— —	— —
3 rd quarter of FY2005 (April - December) [Y-O-Y]	112,253 [111.2%]	40,107 [110.3%]	152,360 [111.0%]	+ 15,039	111.0
3 rd quarter of FY2004 (April-December) [Y-O-Y]	100,953 [96.3%]	36,368 [109.0%]	137,321 [99.4%]	-850	99.4

2. Financial position (consolidated)

(1) Financial position

	1 st quarter of FY2004 (June 30, 2004)			2 nd quarter of FY2004 (September 30, 2004)			3 rd quarter of FY2004 (December 31, 2004)			4 th quarter of FY2004 (March 31, 2005)		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
	¥ million		%	¥ million		%	¥ million		%	¥ million		%
Total assets	13,003	100.0	108.3	14,789	100.0	104.2	13,502	100.0	101.3	12,040	100.0	96.9
Tuition advances	5,468	42.1	103.0	7,655	51.8	96.4	8,061	59.7	95.8	6,869	57.0	94.8
Shareholders' equity	3,419	26.3	101.6	3,115	21.1	100.3	2,621	19.4	92.0	2,891	24.0	91.4
Book value per share	Yen 184.82			Yen 168.34			Yen 141.67			Yen 156.28		

	1 st quarter of FY2005 (June 30, 2005)			2 nd quarter of FY2005 (September 30, 2005)			3 rd quarter of FY2005 (December 31, 2005)		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
	¥ million		%	¥ million		%	¥ million		%
Total assets	12,696	100.0	97.6	15,005	100.0	101.5	14,365	100.0	106.4
Tuition advances	4,907	38.7	89.7	7,472	49.8	97.6	8,005	55.7	99.3
Shareholders' equity	3,314	26.1	96.9	3,048	20.3	97.8	2,786	19.4	106.3
Book value per share	Yen 179.13			Yen 164.73			Yen 150.58		

(2) Cash flow performance

Net cash used in operating activities for the nine months ending December 31, 2005 was ¥856 million.

Net cash used in investing activities for the nine months ending December 31, 2005 was - ¥477 million.

Net cash provided by financing activities for the nine months ending December 31, 2005 was ¥1,097 million.

In total, cash and cash equivalents increased ¥764 million over the same term last year to ¥2,379 million.

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3. Consolidated financial statements and other

(1) Consolidated balance sheet (summary)

(Millions of yen, %)

Account	Current 3 rd quarter ended Dec. 31, 2005	Previous 3 rd quarter ended Dec. 31, 2004	Increase (decrease)		Year ended March 31, 2005
	Amount	Amount	Amount	Y-O-Y	Amount
(Assets)					
I Current assets					
1 Cash and cash equivalents	2,388	2,284	103	104.5	913
2 Notes and accounts receivable	1,949	1,749	200	111.4	1,492
3 Marketable securities	31	21	10	150.3	31
4 Inventories	980	880	100	111.4	891
5 Other	737	751	-14	98.1	717
Allowances for doubtful accounts	-7	-15	7	48.1	-5
Total current assets	6,080	5,671	408	107.2	4,039
II Fixed assets					
1 Tangible fixed assets	873	876	-2	99.7	865
2 Intangible fixed assets	610	376	234	162.4	395
3 Investments and other assets	6,801	6,578	222	103.4	6,739
(1) Investment securities	1,694	1,204	490	140.7	1,526
(2) Fixed leasehold deposits	3,883	3,939	-55	98.6	3,994
(3) Insurance reserve fund	935	929	6	100.6	931
(4) Other	288	507	-219	56.8	289
Allowances for doubtful accounts	-1	-1	0	65.5	-1
Total fixed assets	8,285	7,830	454	105.8	8,001
Total assets	14,365	13,502	863	106.4	12,040
(Liabilities)					
I Current Liabilities					
1 Accounts payable	432	389	42	110.9	406
2 Short-term borrowings	1,581	1,187	393	133.2	500
3 Current portion of long-term borrowings	67	—	67	—	—
4 Tuition advances	8,005	8,061	-55	99.3	6,869
5 Other	1,260	1,103	156	114.2	1,233
Total current liabilities	11,346	10,741	604	105.6	9,009
II Long-term liabilities					
1 Long-term liabilities	93	—	93	—	—
2 Other	139	139	—	—	139
Total long-term liabilities	233	139	93	166.9	139
Total liabilities	11,579	10,881	698	106.4	9,149
(Minority interests)					
Minority interests	—	—	—	—	—
(Shareholders' equity)					
I Common stock	940	940	—	—	940
II Additional paid-in capital	790	790	—	—	790
III Retained earnings	1,124	1,047	76	107.3	1,397
IV Difference on revaluation of other marketable securities	-69	-157	87	44.0	-235
V Treasury Stock	-0	-0	-0	135.9	-0
Total shareholders' equity	2,786	2,621	164	106.3	2,891
Total liabilities and shareholders' equity	14,365	13,502	863	106.4	12,040

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(2) Consolidated statement of income (summary)

(Millions of yen, %)

Account	Current 3 rd quarter ended Dec. 31, 2005	Previous 3 rd quarter ended Dec. 31, 2004	Increase (decrease)		Year ended March 31, 2005
	Amount	Amount	Amount	Y-O-Y	Amount
I Sales revenues	14,745	14,635	109	100.7	19,669
II Cost of sales	9,075	8,856	218	102.5	11,847
Gross profit	5,670	5,779	-108	98.1	7,821
Reversal of allowance for loss on returned goods	244	195	48	125.0	195
Transfer to reserve for loss on returned goods	230	200	30	115.3	244
Gross profit - net	5,684	5,774	-90	98.4	7,772
III Selling, general and administrative expenses	5,679	5,585	94	101.7	7,313
Operating income	4	189	-184	2.5	459
IV Non-operating income	84	78	5	106.8	113
V Non-operating expenses	7	13	-6	51.0	15
Ordinary income	81	254	-172	32.1	557
VI Extraordinary income	—	2	-2	—	7
VII Extraordinary expenses	238	343	-104	69.6	343
Net income before income taxes	-157	-86	-70	180.9	220
Corporate, inhabitants and enterprise taxes	52	33	18	156.8	41
Deferred income taxes	-85	149	-234	-57.0	99
Net income	-124	-269	145	46.1	79

TAC CO.,LTD.

(3) Consolidated statement of cash flow (summary)

(Millions of yen, %)

Account	Current 3 rd quarter ended Dec. 31, 2005	Previous 3 rd quarter ended Dec. 31, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
Cash flows from operating activities			
1 Income before income taxes	-157	-86	220
2 Depreciation and amortization	267	258	356
3 Increase in tuition advances	1,136	817	-374
4 Other	-561	-890	-500
Sub-total	684	99	-298
4 Income taxes paid	-39	-378	-375
5 Income taxes refund	163	—	—
6 Other	47	76	112
Net cash provided by operating activities	856	-202	-560
Cash flows from investing activities			
1 Acquisitions of property and equipment	-294	-316	-334
2 Acquisitions of intangible fixed assets	-293	-135	-154
3 Increase (decrease) in guaranteed deposits	109	289	233
4 Other	0	39	468
Net cash provided by (used in) investing activities	-477	-123	213
Cash flows from financing activities			
1 Increase (decrease) in short-term borrowings	1,081	1,187	500
2 Proceeds from long-term debt	200	—	—
3 Repayment of long-term debt	-39	—	—
4 Dividends paid	-144	-254	-257
5 Other	—	-0	-0
Net cash provided by (used in) financing activities	1,097	932	242
Exchange difference of cash and cash equivalents	0	-0	0
Net increase (decrease) in cash and cash equivalents	1,475	606	-104
Cash and cash equivalents at the beginning of the year	904	1,008	1,008
Cash and cash equivalents at the end of the year	2,379	1,615	904

TAC CO.,LTD.

(4) Segment information

[Segment information by type]

Third quarter of current fiscal year (April 1, 2005 - December 31, 2005)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,583	2,777	1,399	14,759	(14)	14,745
Operating expenses	10,915	1,926	1,082	13,924	816	14,740
Operating income	(331)	850	316	835	(830)	4

Third quarter of previous fiscal year (April 1, 2004 - December 31, 2004)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,724	2,657	1,254	14,635	—	14,635
Operating expenses	10,485	2,114	984	13,584	861	14,446
Operating income	238	542	269	1,051	(861)	189

March 2006 Term - Third Quarter Financial Results (Non-consolidated)

February 3, 2006

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

(URL <http://www.tac-school.co.jp>)

Representative director: Hiroaki Saito

Please address all communications to: Kazuhiro Araya, Executive director, Administrative Headquarters

Phone: 81-3-5276-8913

1. Notes to preparation of briefing of quarterly result

① Differences in accounting procedures used in previous consolidated fiscal year: Yes

In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.

② Changes in accounting methods : None

2. Non-consolidated third quarter results for the fiscal year ending March 2006

(From April 1, 2005 to December 31, 2005)

(1) Non-consolidated financial results

(In millions of yen, with fractional amounts rounded down to the nearest million yen)

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 2005 3 rd quarter	14,393	(0.1)	-77	(-)	26	(-87.3)
December 2004 3 rd quarter	14,376	(0.6)	127	(-71.8)	209	(-59.8)
March 2005 period	19,308		378		493	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
December 2005 3 rd quarter	-142	(-)	-7.71		-	
December 2004 3 rd quarter	-287	(-)	-15.51		-	
March 2005 period	49		2.65		-	

(Notes) The percentages shown next to net sales, operating income, ordinary profit and net income represent year-on-year changes.

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 2005 3 rd quarter	14,276	2,700	18.9	145.93
December 2004 3 rd quarter	13,446	2,566	19.1	138.72
March 2005 period	11,948	2,824	23.6	152.63

[Reference] Non-consolidated forecasts for March 2006 term (From April 1, 2005 to March 31, 2006)

No adjustment was made to the data released on November 16, 2005 for the consolidated and non-consolidated financial results for the current fiscal year.