



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

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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) Overview of consolidated business results for the third quarter

In the education market for working people, demand for licenses in tax accounting, finance and real-estate-related qualifications is responding to the recent economic recovery. Low-priced bookkeeping courses, which we launched just as consumer spending began to increase proved timely and resulted in an increase in the number of new applicants for these courses. The employment situation within companies is changing for the better as they see potential for an economic recovery. In the past, our educational courses have shown considerable growth during depressed economic periods. However, there are courses that enjoy improved sales under favorable economic conditions. These courses include bookkeeping, securities analyst, and financial planner (FP). Such areas have drawn new customers during these more favorable economic conditions. The corporate training segment and human resources business are the leading forces in our improved business results.

A notable feature to our group's quarterly financial results is that license examinations covered by our educational courses concentrate on the three months ended September 30 (the second quarter) and ended December 31 (the third quarter). Applications for preparatory courses for the following year's exam, such as certified public accountant and licensed tax accountant, start right after the exams for these qualifications are over in the second and the third quarter. And in the three months ended March 31 (the fourth quarter) and ended June 30 (the first quarter), classes of all the courses that we offer begin. In the second and the third quarters, our profit margin on sales tends to be minimized in spite of substantial cash sales and accounts receivables recorded. This is because tuition advances should be credited to reduce the amount of sales to be recognized in the relevant accounting periods, while fixed costs are expensed every month. In the fourth and the first quarters, these tuition advances are debited monthly to recognize sales, which increases the profit margin on sales.

(2) Operating results for the third quarter

In the three months ended December 31, 2005, the number of applications for educational courses in "finance & accounting", "management & taxation", and "financial services & real estate" showed significant growth. Sales on a cash basis (before adjustments for tuition advances) increased 2.8%, or ¥ 424 million, over the same term last year. However, the amount of adjustments for tuition advances increased 41.0%, or ¥ 314 million. As a result, sales on an accrual basis (after adjustments for tuition advances) increased 0.7% to ¥ 14,745 million. Operating-related expenses increased by ¥ 294 million over the same term last year. These include personnel costs (+2.5%, or ¥ 122 million - mainly instructors' fees), rent expense (+0.7%, or ¥ 22 million), and outsourcing costs (+12.4%, or ¥ 191 million). The substantial increase in outsourcing costs is attributed to favorable growth in correspondence courses that use the more costly DVD media. As a result, operating income for the nine months ended December 31, 2005 decreased 97.5% over the same term last year to ¥ 4 million. With non-operating income of ¥ 84 million including interest on marketable securities of ¥ 71 million and non-operating expenses of ¥ 7 million including interest expenses, ordinary profit for the nine months ended December 31, 2005 decreased 67.9% over the same term last year to ¥ 81 million. In the nine months ended December 31, 2005, extraordinary losses of ¥ 238 million were recorded. These included restoration costs of ¥ 130 million, losses from the sale and retirement of fixed assets of ¥ 83 million and fees paid for early termination of contracts with securities agents of ¥ 23 million. In total, the net loss for the nine months ended December 31, 2005 was ¥ 124 million. (In the same term last year, we had a net loss of ¥ 269 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			Yen 4.29		

	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 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.

(3) Segment information

Personal education

Bookkeeping courses showed favorable growth. Growth in correspondence courses created an increase in both variable costs and operating losses

In personal education, several license areas experienced notable growth. Bookkeeping courses and real-estate-related qualifications (real estate appraiser and registered real estate transaction manager (Takken)) were supported by the economic recovery. Conversely, educational courses for certified public accountant, public officers and certified social insurance labor consultant showed sluggish growth. In regards to business by learning media, the sales of classroom courses declined 6.9% over the same term last year and correspondence courses using DVD's and broadband Web courses continued to record favorable sales results with an increase of 24.6% over the same term last year. Sales growth in correspondence courses also caused variable costs for such things as copying DVD's

and logistics costs to increase. For the nine months ended December 31, 2005, sales in this segment were ¥ 10,583 million, a decrease of 1.3% over the same term last year and the operating loss was ¥ 331 million, compared to operating income of ¥ 238 million in the same term last year.

	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

Continuous growth in corporate training backed by economic recovery resulting substantial increase in profit

In the corporate training segment, sales increased as companies reported favorable results backed by the economic recovery. Over the same term last year, sales in FP and securities analyst increased 19.4% and 4.3%, respectively. Sales in the corporate training segment as a whole increased 5.6% over the same term last year. Sales of educational contents such as educational materials increased 3.0% and sales of in-university seminars increased 13.0%. However, sales by affiliated schools decreased 5.3% and sales of Maho-jin tax software decreased 10.2% due to a rebound from sales increases in the previous year. As a result, sales by this segment for the nine months ended December 31, 2005 increased 4.5% over the same term last year to ¥ 2,777 million and operating income increased 56.7% over the same term last year to ¥ 850 million.

	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	1,360.7	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.

Publishing and other

Sales in publishing business continued a favorable trend mainly in the bookkeeping area. Sales in the human resources business were favorable both in manpower placement and dispatching

In our publishing business, sales of books related to bookkeepers, public officers and certified social insurance labor consultant continued to show excellent results. However, books that are not directly related to our educational courses (TACBOOK) had high returns. As a result, publishing business sales increased only 4.1% over the same term last year. Our human resources business increased its sales mainly in manpower dispatching, by 34.1% over the same term last year. As a result, sales in the publishing & other segment for the nine months ended December 31, 2005 increased 11.6% to ¥ 1,399 million and operating income increased 17.4% to ¥ 316 million.

	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.

(4) Sales results by license area

Finance and Accounting

Issues related to the accounting industry have been receiving a great deal of attention recently. These include internal control audits targeted for introduction in the year ending March 31, 2008, as well as the introduction of mandatory quarterly audits and rotation rules for CPA's, all of which have become the subject of debate following the occurrence of accounting and audit-related scandals involving major audit corporations. Many incidents have

occurred that will create a shortage of CPA's in the near future. And so, audit corporations have a strong desire to hire new recruits. According to the Nippon Keizai Shimbun Newspaper on November 26, 2005, the number of recruits newly employed by the four major audit corporations was 1,275, which almost covered the number of successful candidates of part two of the CPA exam, which reached 1,378. Audit corporations are still seeking recruits and the employment situation is taking a change for the better.

The 2005 CPA exam was the last under the current testing system. Immediately following the exam, the number of applicants for advanced courses tailored to those making a second attempt grew steadily. Extensive media coverage focusing on CPA's resulted in heightened awareness of the significance of the profession's social role. At the same time, however, accounting and audit-related scandals have created a negative image, which dampened the motivation of potential candidates. Introductory courses for new learners showed sluggish growth due to the improved employment situation and also backed by the recent economic recovery. As a result, for the nine months ended December 31, 2005, sales of preparatory courses for CPA exams on a cash basis (before adjustments for tuition advances) and on an accrual basis (after adjustments for tuition advances) decreased 1.2% and 4.9%, respectively, over the same term last year.

As for bookkeeping courses, our campaign of low-priced courses and correspondence courses using DVD media continued to show steady increases and fostered growth in the number of students. (+35.5% over the same term last year). As a result, sales in bookkeeping courses for the nine months ended December 31, 2005 increased 13.8% over the same term last year. In the Finance and Accounting area, the decline in CPA course sales was completely offset by the increase in bookkeeping course sales. Accordingly, sales in the Finance and Accounting area for the nine months ended December 31, 2005 increased 0.6% over the same term last year.

Management and Taxation

In licensed tax accountant (LTA) preparatory courses, 2.5-year and 3-year package plans showed steady growth and the number of applicants for regular courses and package plans experienced a recovery. Accordingly, sales on a cash basis increased 3.4% over the same term last year. Sales on an accrual basis, however, declined 1.0% over the same term last year. This is because educational courses with long study durations enjoyed remarkable sales and the application period started in December - right after the release of test results, causing the amount of reversals in tuition advances to increase. As to preparatory courses for small and medium enterprise management consultant (SMEMC), sales increased 8.8% over the same term last year and recovered from declines cause by the suspension of courses in the three months ended June 30, 2005, which was in response to changes in the testing system in 2006. As a result, sales in the Management and Taxation area for the nine months ending December 31, 2005 increased 0.8% over the same term last year.

Financial Services and Real Estate

In the real estate-related area, an upward trend in sales of real estate transaction manager (Takken) courses in the previous year slowed and sales increased 2.7% over the same term last year. Sales of preparatory courses for real estate appraiser increased 30.4% (cash basis) and 11.2% (accrual basis). This was in response to the increase in new learners preparing for the exam under the revised testing system in 2006. This group is motivated by active trends in the real estate market, such as securitization of real estate, etc.

As for sales of financial services-related courses, financial planner (FP) showed substantial growth in response to rises in the stock markets. Sales of the financial planner (FP) courses increased 22.2% over the same term last year, mainly in individual courses using DVD media and corporate training programs through correspondence. Other than FP, sales of securities analyst courses also increased 10.0% over the same term last year in response to the expansion in the mutual-fund business assumed by banks and securities companies. Sales in financial service-related courses were excellent as a whole. As a result, sales in the Financial Services and Real Estate area for the nine months ending December 31, 2005 increased 9.2% over the same term last year

Law and Labor

Due to a downward trend in the number of applicants, sales of preparatory courses for certified social insurance labor consultant declined 8.3% over the same term last year. This trend was also apparent in sales of preparatory courses for public officer courses. Sales on a cash basis decreased 5.9% and sales on an accrual basis increased 0.2% over the same term last year. Such downward trends are attributed to lower motivation among potential candidates, which has cooled in response to civil service reform plans. The number of applicants for administrative scrivener courses increased in December after the release in September of details concerning a revised testing system starting in 2006. Sales on a cash basis increased 11.9% over the same term last year and sales on an accrual basis decreased 4.3% over the same term last year. As a result, sales for the nine months ending December 31, 2005 decreased 4.4% over the same term last year.

IT and International Qualifications

As to IT-related qualifications, sales of corporate training and personal education showed sluggish growth and decreased 2.9% over the same term last year. US CPA sales remained almost unchanged. We were temporarily unable to provide preparatory courses for CompTIA (The Computing Technology Industry Association) certifications and other IT qualifications as the necessary PC classrooms were unavailable during a reorganization of schools in the Tokyo Metropolitan Area. But the amount of sales remained unchanged from the same term last year. As a result, sales for the nine months ended December 31, 2005 decreased 0.4% over the same term last year.

Other

As for our human resources business operated by TAC Profession Bank Co., Ltd. (TPB), our subsidiary, sales continued strong (34.1%) over the same term last year in three areas of its operations, including manpower placement and dispatch, which show substantial growth, and job advertisements which maintained stable. Sales of "Maho-jin" tax software, which previously experienced temporary increases in demand caused by upgrades in response to revisions in the Consumption Tax Law, decreased 13.2%. Miscellaneous revenue (payment at the front counter for purchasing stationery, locker fees, etc.) declined 9.1%. Returns of TACBOOK (not directly related to our educational courses) which previously enjoyed temporary increases resulted in a decline in revenue by approximately ¥ 30 million. In total, sales for the nine months ended December 31, 2005 decreased 0.6% over the same term last year

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.

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 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

In the nine months ended December 31, 2005, the number of individual members increased in courses for bookkeeping and certified social insurance labor consultant. The number of individual members grew 11.2% or 11,300 over the same term last year. Regarding the number of corporate members, the number of students increased in self-enlightenment courses via distant learning, resulting in an increase of 10.3% or approximately 3,700 over the same term last year. In total, the number of students in the nine months ended 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

Total assets as of December 31, 2005 increased by ¥ 863 million and shareholders' equity increased by ¥ 164 million over the same term last year. Notables include, cash and equivalents which were up by ¥ 103 million, accounts receivable which were up by ¥ 200 million, intangible fixed assets which were up by ¥ 234 million, investments and other assets which were up by ¥ 222 million, short-term borrowings which were up by ¥ 393 million, accounts payable which were down by ¥ 93 million, and tuition advances which were down by ¥ 55 million.

	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
Total assets	¥ million 13,003	100.0	108.3	¥ million 14,789	100.0	104.2	¥ million 13,502	100.0	101.3	¥ million 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
Total assets	¥ million 12,696	100.0	97.6	¥ million 15,005	100.0	101.5	¥ million 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 provided by operating activities for the three months ended December 31, 2005 was ¥ 856 million. This includes income obtained by tuition advances which increased by ¥ 319 million over the same term last year. It is also worth mentioning that during the current quarter there was no negative effect caused by allowances for employees' retirement benefits and allowances for directors' retirement benefits, which were discontinued in the previous consolidated fiscal year. (In the previous fiscal year, ¥ 216 million was deducted from net cash provided by operating activities, due to allowances for employees' retirement benefits and allowances for directors' retirement benefits.)

Net cash used in investing activities for the three months ended December 31, 2005 was ¥ 477 million. Investment-related cash paid includes ¥ 464 million of fixed leasehold deposits, ¥ 294 million for tangible fixed assets, ¥ 293 million for intangible fixed assets. ¥ 574 million was obtained by the return of fixed leasehold deposits.

Net cash provided by financing activities in the three months ended December 31, 2005 was ¥ 1,097 million. This includes short-term borrowings of ¥ 1,081 million, long-term borrowings of ¥ 200 million offset by repayment of long-term borrowings of ¥ 39 million, etc. As a result, cash and cash equivalents increased by ¥ 764 million over the same term last year to ¥ 2,379 million.

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)					
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
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)					
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
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)					
Common stock	940	940	-	-	940
Additional paid-in capital	790	790	-	-	790
Retained earnings	1,124	1,047	76	107.3	1,397
Difference on revaluation of other marketable securities	-69	-157	87	44.0	-235
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

(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
Sales revenues	14,745	14,635	109	100.7	19,669
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
Selling, general and administrative expenses	5,679	5,585	94	101.7	7,313
Operating income	4	189	-184	2.5	459
Non-operating income	84	78	5	106.8	113
Non-operating expenses	7	13	-6	51.0	15
Ordinary income	81	254	-172	32.1	557
Extraordinary income	-	2	-2	-	7
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

(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

(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

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.

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.