



March 2006 Term - Financial Results Report (Consolidated)

May 16, 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

Date of Board of Directors' meeting for approval of financial result: May 16, 2006

Parent company: Hiro Express CO.,LTD. (Code No: -)

Percentage of stock held by parent company: 22.7%

Adoptation of U.S. accounting standards: No

1. Consolidated results for the fiscal year ending March 2006

(From April 1, 2005 to March 31, 2006)

(1) Consolidated financial results

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

	Net Sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal 2005 (2006/3)	19,828	(0.8)	421	(- 8.2)	536	(- 3.7)
Fiscal 2004 (2005/3)	19,669	(0.6)	459	(-53.6)	557	(-49.8)

	Net income	Net income per share	Net income per share, fully diluted	Return on shareholders' equity	Ordinary income rate on total capital	Ordinary income rate on net sales
	(Millions of yen) %	(Yen)	(Yen)	%	%	%
Fiscal 2005 (2006/3)	189 (138.7)	10.25		6.2	4.2	2.7
Fiscal 2004 (2005/3)	79 (-85.8)	4.29		2.6	4.6	2.8

(Notes) 1. Gains or losses on investments through equity method accounting :

Fiscal 2005 : - million yen Fiscal 2004 : - million yen

2. Average number of outstanding shares during period (consolidated) :

Fiscal 2005: 18,503,783 shares Fiscal 2004 : 18,503,918 shares

3. Changes in accounting methods : None

4. The percentages of net sales, operating income, ordinary income 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)
Fiscal 2005 (2006/3)	12,678	3,080	24.3	166.50
Fiscal 2004 (2005/3)	12,040	2,891	24.0	156.28

(Notes) Number of outstanding shares at end of period (consolidated) :

As of March 31, 2006 : 18,503,783 shares As of March 31, 2005 : 18,503,783 shares

(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)
Fiscal 2005 (2006/3)	932	-494	-203	1,139
Fiscal 2004 (2005/3)	-560	213	242	904

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries : 1 Non-consolidated subsidiaries accounted for under equity method : 0

Affiliated company accounted for under equity method : 0

(5) Changes in scope of consolidation and in application of the equity method

Consolidation (new) : - (elimination) : -

Equity method (new) : - (elimination) : -

TAC CO.,LTD.

2. Consolidated forecasts for March 2007 term (From April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Interim	10,071	309	146
Full year	20,200	737	398

(N.b.) Estimated net income per share for the year ending March 31, 2007 : 21.53 yen

The above estimate was made based on the information available as of the date of this release. Actual results may differ significantly from estimates due to a variety of factors.

1. Operating Results and Financial Conditions

(1) Consolidated operating results

Overview of consolidated results for fiscal 2005

Net sales (after adjustment of tuition advances) : ¥19,828 million.

Operating income : ¥421 million. (-8.2%)

Ordinary income : ¥536 million. (-3.7%)

Extraordinary expenses : Restratement expenses ¥130 million, loss on disposal or sale of fixed asset ¥76 million etc, total ¥232 million.

Net income : ¥189 million. (138.7%)

Changes in fiscal operating results between this year and last:

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			4 th quarter of FY2004 (January–March)			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	3,900		97.7	19,304		96.7
Adjustment of tuition advances	1,725		117.7	-2,085		82.9	-408		87.8	1,132		102.8	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	5,033	25.6	98.8	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	1,998	39.7	90.9	7,772	39.5	95.7
Operating income	920	16.3	99.9	-421	-9.4	181.5	-309	-6.8	150.3	269	5.4	53.3	459	2.3	46.4
Ordinary profit	949	16.8	99.2	-397	-8.9	180.7	-298	-6.6	160.5	302	6.0	54.3	557	2.8	50.2
Net income	502	8.9	94.3	-370	-8.3	206.3	-401	-8.9	375.1	349	6.9	111.0	79	0.4	14.2
Net income per share	Yen 27.15			Yen -20.02			Yen -21.71			Yen 18.87			Yen 4.29		

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			4 th quarter of FY2005 (January–March)			Total for FY2005		
	¥ 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	3,585		91.6	7,115		108.5	5,127		104.0	4,362		111.8	20,190		104.6
Adjustment of tuition advances	1,883		109.2	-2,444		117.2	-522		127.7	720		63.6	-362		-99.5
Net sales (after adjustment of tuition advances)	5,469	27.6	97.0	4,670	23.6	104.4	4,605	23.2	101.9	5,082	25.6	101.0	19,828	100.0	100.8
Gross profit	2,491	45.5	90.5	1,662	35.6	110.3	1,530	33.2	101.2	1,983	39.0	99.3	7,667	38.7	98.6
Operating income	644	11.8	70.0	-337	-7.2	80.1	-301	-6.6	97.5	416	8.2	154.6	421	2.1	91.8
Ordinary profit	654	12.0	68.9	-297	-6.4	74.9	-274	-6.0	92.1	454	8.9	150.1	536	2.7	96.3
Net income	370	6.8	73.7	-279	-6.0	75.5	-215	-4.7	53.5	314	6.2	89.9	189	1.0	238.7
Net income per share	Yen 20.01			Yen -15.11			Yen -11.62			Yen 16.97			Yen 10.25		

- (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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Segment-related information

The sales results of our group according to segment are as follows.

Segment information	Previous fiscal year			Current fiscal year		
		Percentage	Changes		Percentage	Changes
	¥ million	%	%	¥ million	%	%
Personal education	14,464	73.5	98.5	14,279	72.0	98.7
Corporate training	3,401	17.3	104.2	3,578	18.0	105.2
Publishing & others	1,803	9.2	113.4	1,988	10.0	110.3
Total	19,669	100.0	100.6	19,846	100.0	100.9

Personal education

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October–December)			4 th quarter of FY2004 (January–March)			Total for FY2004		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
Net sales	¥ million			¥ million			¥ million			¥ million			¥ million		
Operating costs															
Operating income															

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			4 th quarter of FY2005 (January–March)			Total for FY2005		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
Net sales	¥ million			¥ million			¥ million			¥ million			¥ million		
Operating costs															
Operating income															

- (Notes)
1. Percentage of quarterly net sales stated as a proportion of total net sales.
 2. Percentages of operating costs and operating income for each quarter are a proportion of the net sales of the relevant quarter.
 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)			4 th quarter of FY2004 (January–March)			Total for FY2004		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
Net sales	¥ million			¥ million			¥ million			¥ million			¥ million		
Operating costs															
Operating income															

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			4 th quarter of FY2005 (January–March)			Total for FY2005		
		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y		%	Y-O-Y
Net sales	¥ million			¥ million			¥ million			¥ million			¥ million		
Operating costs															
Operating income															

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

Publishing and other

	1 st quarter of FY2004 (April – June)			2 nd quarter of FY2004 (July–September)			3 rd quarter of FY2004 (October-December)			4 th quarter of FY2004 (January-March)			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	549	30.5	111.3	1,803	100.0	113.4
Operating costs	265	84.7	108.7	260	68.2	111.1	458	82.0	125.2	404	73.6	106.6	1,388	77.0	113.4
Operating income	48	15.3	147.0	121	31.8	122.2	100	18.0	83.8	145	26.4	127.0	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)			4 th quarter of FY2005 (January-March)			Total for FY2005		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	345	17.4	110.2	385	19.4	101.0	668	33.6	119.6	589	29.6	107.3	1,988	100.0	110.3
Operating costs	264	76.6	99.6	300	78.0	115.4	517	77.4	112.9	507	86.1	125.6	1,590	80.0	114.5
Operating income	81	23.4	168.4	84	22.0	70.0	150	22.6	149.9	81	13.9	56.4	398	20.0	96.1

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

Sales results by license area

Finance and Accounting

CPA decreased 5.2% (acruel basis). Increased 3.4% (cash basis).
 Bookkeeping increased 14.0%.
 Sales in this area increased 0.3%.

Management and Taxation

Licensed tax accountant increased 0.1% (acruel basis) .Increased 6.8% (cash basis).
 Small and medium enterprise management consultant increased 11.4%.
 Sales in this area increased 2.1%.

Financial Services and Real Estate

Real estate appraiser increased 9.8%.
 Registered real estate transaction manager increased 3.8%.
 Financial planner increased 31.6%.
 Securities analyst increased 8.6%.
 Sales in this area increased 11.6%.

Law and Labor

Certified social insurance labor consultant decreased 9.1%.
 Public officer decreased 6.8%.
 Administrative scrivener increased 2.0% (acruel basis) . Increased 18.0% (cash basis).
 Sales in this area decreased 6.1%.

IT and International Qualifications

IT specialist decreased 6.2%.
 U.S. CPA leveled-off.
 CompTIA and IT related courses increased 4.7%.
 Sales in this area decreased 3.3%.

Other

Tax software 'Maho-jin' decreased 9.5%.
 Sales of TPB (TAC Profession Bank CO.,Ltd.) increased 30.9%.
 Sales in this area increased 1.0%.

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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)			4 th quarter of FY2004 (January-March)			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	1,657	26.4	98.5	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	1,423	27.3	98.7	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	480	21.0	99.0	2,288	11.6	101.0
Law & Labor	1,032	32.0	108.0	668	20.7	102.6	659	20.5	102.6	862	26.8	95.3	3,223	16.4	102.1
IT & International	374	25.2	86.3	419	28.2	95.7	349	23.5	89.9	342	23.1	100.0	1,486	7.5	92.7
Others	296	25.2	127.5	296	25.1	114.6	321	27.2	128.5	264	22.5	112.7	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	5,033	25.6	98.8	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)			4 th quarter of FY2005 (January-March)			Total for FY2005		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,697	26.9	96.3	1,507	23.9	112.6	1,450	23.0	95.0	1,647	26.2	99.4	6,302	31.8	100.3
Management & Taxation	1,550	29.2	98.5	1,107	20.8	99.3	1,153	21.7	105.7	1,504	28.3	105.6	5,315	26.8	102.1
Financial Service & Real Estate	615	24.1	102.9	685	26.9	107.9	672	26.3	117.3	580	22.7	120.7	2,554	12.9	111.6
Law & Labor	953	31.5	92.4	620	20.5	92.8	682	22.6	103.5	769	25.4	89.2	3,026	15.3	93.9
IT & International	371	25.9	99.3	427	29.7	101.7	340	23.6	97.4	298	20.8	87.1	1,437	7.2	96.7
Others	280	23.5	94.5	322	27.0	108.6	306	25.8	95.5	282	23.7	113.9	1,191	6.0	101.0
Total	5,469	27.6	97.0	4,670	23.6	104.4	4,605	23.2	101.9	5,082	25.6	101.0	19,828	100.0	100.8

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

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Number of schools and capacity

(1 tsubo = 3.3 m²)

Location of branches	Previous fiscal year (as of March 31, 2004)				Current fiscal year (as of March 31, 2005)			
	Area(tsubo)	Number of classrooms	Number of seats	Number of video booths	Area(tsubo)	Number of classrooms	Number of seats	Number of video booths
Sapporo	—	—	—	—	347 (New)	9	631	39
Sendai	—	—	—	—	327 (New)	9	587	36
Suidobashi (notes)	4,682	49	5,909	135	3,396	30	3,299	65
Shibuya	—	—	—	—	1,700 (New)	30	3,152	115
Shinjuku	1,468	24	2,969	99	1,468	24	2,938	95
Ikebukuro	1,489	27	3,277	106	1,259	24	2,763	117
Yaesu	1,049 (Moved)	18	1,791	123	1,049	18	1,791	123
Machida	497	12	1,012	45	497	12	1,020	46
Yokohama	1,508	28	3,255	83	1,047	22	2,052	100
Omiya	530 (Moved)	14	1,052	61	530	14	1,052	61
Nagoya	963	23	2,103	90	963	23	2,071	89
Kyoto	830	20	1,831	69	693	16	1,399	69
Umeda	1,305	25	2,530	74	1,305	23	2,275	93
Nanba	586	15	1,081	65	586	15	1,081	65
Kobe	619	17	1,460	42	569	15	1,298	42
Fukuoka	404	11	470	39	404	11	461	39
Total	15,936	283	28,740	1,031	16,184	295	27,875	1,193

(Notes) Suidobashi school and head office (Tokyo head school closed August, 2005).

Number of students

	Individual members	Corporate members	Total	Increases from the same term last year	Changes 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
FY 2003	123,909	39,550	163,459	+15,782	110.7
FY2004	120,962	42,507	163,469	+10	100.0
FY2005	135,205	45,598	180,803	+17,334	110.6
Total of 9 years (Percentage distribution)	886,514 (75.9%)	281,628 (24.1%)	1,168,142 (100.0%)	—	—

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(2) Financial position (consolidated)

Financial position of current fiscal year

	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)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
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)			4 th quarter of FY2005 (March 31, 2006)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total assets	12,696	100.0	97.6	15,005	100.0	101.5	14,365	100.0	106.4	12,678	100.0	105.3
Tuition advances	4,907	38.7	89.7	7,472	49.8	97.6	8,005	55.7	99.3	7,244	57.1	105.5
Shareholders' equity	3,314	26.1	96.9	3,048	20.3	97.8	2,786	19.4	106.3	3,080	24.3	106.5
Book value per share	Yen 179.13			Yen 164.73			Yen 150.58			Yen 166.50		

Cash flow performance

Net cash used in operating activities for fiscal 2005 was ¥932 million.

Net cash used in investing activities for fiscal 2005 was ¥-494 million.

Net cash provided by financing activities for fiscal 2005 was ¥-203 million.

In total, cash and cash equivalents increased ¥235 million over the same term last year to ¥1,139 million.

Cash flow indicators used by TAC group are as follows:

	FY2002	FY2003	FY2004	FY2005
Shareholders' equity ratio	24.8%	25.5%	24.0%	24.3%
Shareholders' equity ratio based on market price	92.2%	138.8%	83.8%	95.0%
Redemption period	0.2yrs.	— yrs.	-0.9yrs.	0.5yrs.
Interest coverage ratio	128.6	153.1	-75.9	108.0

(Note) Shareholders' equity ratio : Shareholders' equity / Total assets

Shareholders' equity ratio based on market price: Aggregate market value of corporate stock / Total assets

Redemption period : Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities / Interest

- * Each indicator is calculated using values included in the consolidated financial statements.
- * Aggregate market value of corporate stock is calculated by multiplying closing stock price at the term-end by total number outstanding shares at the term-end.
- * Cash flow from operating activities is based on the relevant section of the consolidated statement of cash flow. Interest-bearing debt refers to all debt reported in the consolidated balance sheet which bears interest. Interest payment is based on the amount of interest payment reported on the consolidated statement of cash flow.

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(3) Management's discussion and analysis of financial condition

• Affiliated schools

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Students (Persons)	8,543	9,794	10,627
Sales (¥ million)	349	392	401
Number of affiliated schools at fiscal year-end	12	17	17

• Human resource business

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Sales (¥ million)	250	382	495
Operating income (¥ million)	42	78	104
Net income (¥ million)	27	45	60

• Tuition advances

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Total assets(A) (¥ million)	12,422	12,040	12,678
Tuition advances(B) (¥ million)	7,243	6,869	7,244
Tuition advances ratio (B/A) (%)	58.3	57.0	57.1
Shareholders' equity(C) (¥ million)	3,164	2,891	3,080
Equity ratio(C/A) (%)	25.5	24.0	24.3

• Fixed leasehold deposits

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Fixed leasehold deposits (A) (¥ million)	4,228	3,994	3,836
Tuition advances(B) (¥ million)	7,243	6,869	7,244
Deposits ratio(A/B) (%)	58.4	58.1	53.0

• Capital operation with valuable securities

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Marketable securities (¥ million)	141	31	171
Investment securities (¥ million)	1,693	1,526	1,578
Total	1,835	1,557	1,749

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Consolidated financial statements and other

(1) Consolidated balance sheet

(Thousand of yen)

Account	Term	Previous fiscal year (as of March31, 2005)		Current fiscal year (as of March31, 2006)		Increase (Decrease)
		Amount	%	Amount	%	Amount
(Assets)						
I Current assets						
1 Cash and cash equivalents		913,080		1,027,685		114,604
2 Notes and accounts receivable		1,492,355		1,706,486		214,131
3 Marketable securities		31,380		171,576		140,196
4 Inventories		891,125		1,011,609		120,483
5 Deferred income taxes		77,161		65,316		-11,845
6 Other		640,350		490,144		-150,206
Allowances for doubtful accounts		-5,700		-1,572		4,127
Total current assets		4,039,753	33.5	4,471,246	35.3	431,492
II Fixed assets						
1 Tangible fixed assets						
(1) Building and structures		454,760		466,474		11,713
(2) Machinery and vehicle		205,990		196,915		-9,074
(3) Equipment and furniture		204,910		174,075		-30,834
Total Tangible fixed assets		865,661	7.2	837,466	6.6	-28,195
2 Intangible fixed assets		395,697	3.3	670,549	5.3	274,851
3 Investments and other assets						
(1) Investment securities		1,526,114		1,578,082		51,968
(2) Fixed leasehold deposits		3,994,423		3,836,865		-157,558
(3) Insurance reserve fund		931,195		937,228		6,032
(4) Deferred income taxes		63,542		122,608		59,066
(5) Long-term time deposit		200,000		200,000		—
(6) Other		25,759		26,016		256
Allowances for doubtful accounts		-1,150		-1,150		—
Total Investments and other assets		6,739,885	56.0	6,699,651	52.8	-40,234
Total Fixed assets		8,001,245	66.5	8,207,667	64.7	206,422
Total assets		12,040,998	100.0	12,678,913	100.0	637,915

TAC CO.,LTD.

(Thousand of yen)

Account	Term	Previous fiscal year (as of March31, 2005)		Current fiscal year (as of March31, 2006)		Increase (Decrease)
		Amount	%	Amount	%	Amount
(Liabilities)						
I Current Liabilities						
1	Accounts payable	406,554		453,810		47,256
2	Short-term borrowings	500,000		300,000		-200,000
3	long-term borrowings	—		67,200		67,200
4	Corporation and inhabitants taxes payable	20,403		121,956		101,552
5	Tuition advances	6,869,296		7,244,513		375,217
6	Reserve for loss on returned goods	244,424		282,644		38,220
7	Accrued bonuses	49,237		64,920		15,682
8	Other	919,324		846,219		-73,104
	Total current liabilities	9,009,240	74.8	9,381,265	74.0	372,025
II Long-term liabilities						
1	Provisions for post-retirement benefits	—		76,800		76,800
2	Reserve for post-retirement benefits for directors and corporate auditors	139,916		139,916		—
	Total long-term liabilities	139,916	1.2	216,716	1.7	76,800
	Total liabilities	9,149,156	76.0	9,597,982	75.7	448,825
(Minority interests)						
	Minority interests	—	—	—	—	—
(Shareholders' equity)						
I Common stock						
		940,200	7.8	940,200	7.4	—
II Additional paid-in capital						
		790,547	6.6	790,547	6.2	—
III Retained earnings						
		1,397,062	11.6	1,438,741	11.4	41,679
IV Difference on revaluation of other marketable securities						
		-235,823	-2.0	-88,413	-0.7	147,410
V Treasury stock						
		-144	-0.0	-144	-0.0	—
	Total shareholders' equity	2,891,841	24.0	3,080,931	24.3	189,089
	Total liabilities and shareholders' equity	12,040,998	100.0	12,678,913	100.0	637,915

TAC CO.,LTD.

(2) Consolidated statement of income

(Thousand of yen)

Account	Term	Previous fiscal year April 1,2004 - March 31,2005		Current fiscal year April 1,2005 - March 31,2006		Increase (Decrease)
		Amount	%	Amount	%	Amount
I	Sales revenues	19,669,000	100.0	19,828,237	100.0	159,236
II	Cost of sales	11,847,311	60.2	12,122,626	61.1	275,314
	Gross profit	7,821,689	39.8	7,705,611	38.9	-116,078
	Reversal of allowance for loss on returned goods	195,495	1.0	244,424	1.2	48,928
	Transfer to reserve for loss on returned goods	244,424	1.3	282,644	1.4	38,220
	Gross profit - net	7,772,760	39.5	7,667,390	38.7	-105,369
III	Selling, general and administrative expenses	7,313,588	37.2	7,245,843	36.6	-67,745
	Operating income	459,171	2.3	421,547	2.1	-37,624
IV	Non-operating income	113,339	0.6	123,639	0.6	10,299
	1 Interest income on deposits	102,036		110,683		
	2 Dividend received	2,827		77		
	3 Commision charge	5,398		5,398		
	4 Other	3,076		7,480		
V	Non-operating expenses	15,360	0.1	8,853	0.0	-6,506
	1 Interest expenses	7,401		8,518		
	2 Loss of policy cancellation	4,777		—		
	3 Loss from sales of marketable securities	1,534		—		
	4 Other	1,647		335		
	Ordinary income	557,150	2.8	536,333	2.7	-20,817
VI	Extraordinary income	7,102	0.0	45,136	0.2	38,033
	1 Gains from sale of investment securities	2,000		41,181		
	2 Reversal of allowance for doubtful receivables	5,102		3,955		
VII	Extraordinary expenses	343,368	1.7	232,444	1.1	-110,924
	1 Losses on disposal or sale of fixed assets	35,239		76,894		
	2 Restoration expenses	43,778		130,543		
	3 Loss from sale of investment securities	18,643		—		
	4 Loss from revaluation of investment securities	2,879		1,392		
	5 Penalty for canceled contract	—		23,613		
	6 Adjustment for employees' retirement benefits	242,810		—		
	Net income before income taxes	220,885	1.1	349,025	1.8	128,139
	Corporate, inhabitants and enterprise taxes	41,576	0.2	142,642	0.7	101,066
	Deferred income taxes	99,846	0.5	16,673	0.1	-83,172
	Net income	79,463	0.4	189,709	1.0	110,246

TAC CO.,LTD.

(3) Consolidated statement of retained earnings

(Thousand of yen)

Account	Term	Previous fiscal year April 1,2004 - March 31,2005		Current fiscal year April 1,2005 - March 31,2006	
		Amount		Amount	
(Additional paid-in capital)					
I	Additional paid-in capital at the beginning of year		790,547		790,547
II	Additional paid-in capital at the end of year		790,547		790,547
(Retained earnings)					
I	Retained earnings at the beginning of year		1,576,654		1,397,062
II	Increase in retained earnings				
	1 Net income	79,463	79,463	189,709	189,709
III	Decrease in retained earnings				
	1 Cash Dividends	259,055	259,055	148,030	148,030
IV	Retained earnings at the end of year		1,397,062		1,438,741

TAC CO.,LTD.

(4) Consolidated statements of cash flow

(Thousand of yen)

Account	Term	Previous fiscal year	Current fiscal year
		April 1,2004 - March 31,2005	April 1,2005 - March 31,2006
		Amount	Amount
Cash flows from operating activities			
1	Income before income taxes	220,885	349,025
2	Depreciation and amortization	356,122	362,386
3	Unrealized losses on investment securities	2,897	1,392
4	Decrease in allowance for doubtful accounts	-5,975	-4,127
5	Increase (decrease) in allowance for employees' bonuses	16,729	15,682
6	Increase in allowance for returned goods	48,928	38,220
7	Increase (decrease) in allowance for employees' retirement benefits	-181,130	-
8	Increase (decrease) in allowance for directors' retirement benefits	-35,810	-
9	Interest and dividend income	-104,863	-110,760
10	Interest paid	7,401	8,518
11	Loss on sales and disposal of property and equipment	35,239	76,894
12	Gain on sales of investment securities	-2,000	-41,181
13	Loss on sales of investment securities	18,643	-
14	Increase in accounts receivable	-230,671	-214,131
15	Increase in inventories	-60,042	-120,483
16	Increase (decrease) in other receivable	-38,045	-17,520
17	Increase in accounts payable	53,214	47,256
18	Increase (decrease) in tuition advances	-374,536	375,217
19	Decrease in other debt	-	-38,645
20	Other	-25,222	9,309
	Sub-total	-298,236	737,054
21	Interest and dividend received	120,239	104,190
22	Interest paid	-7,388	-8,640
23	Refund corporate tax	-	163,449
24	Income taxes paid	-375,032	-63,304
	Net cash provided by operating activities	-560,417	932,750
Cash flows from investing activities			
1	Increase (decrease) in time deposits	199,991	-15
2	Proceeds from sales of marketable securities	20,754	10,052
3	Acquisitions of property and equipment	-334,015	-331,841
4	Proceeds from sales of property and equipment	-	1,827
5	Purchases of intangible fixed assets	-154,471	-367,154
6	Purchases of investment securities	-1,065,552	-100,110
7	Proceeds from sales of investment securities	1,310,899	142,035
8	Payment for amount invested	-5,630	-
9	Payment for guaranteed deposits	-83,642	-474,396
10	Collection of guaranteed deposits	317,567	622,593
11	Payment for insurance reserve fund	-6,193	-6,032
12	Collection of insurance reserve fund	38,362	-
13	Other	-24,457	8,785
	Net cash provided by (used in) investing activities	213,611	-494,258
Cash flows from financing activities			
1	Increase (decrease) in short-term borrowings	500,000	-200,000
2	Increase (decrease) in long-term borrowings	-	200,000
3	Repayment of long-term debt	-	-56,000
4	Payment for purchase of treasury stock	-141	-
5	Dividends paid	-257,622	-147,117
	Net cash provided by (used in) financing activities	242,236	-203,117
	Exchange difference of cash and cash equivalents	26	14
	Net increase (decrease) in cash and cash equivalents	-104,543	235,388
	Cash and cash equivalents at the beginning of the year	1,008,741	904,197
	Cash and cash equivalents at the end of the year	904,197	1,139,586

TAC CO.,LTD.

Notes

(Consolidated balance sheet-related)

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen	Thousand of yen
1.Accumulated depreciation on tangible fixed assets	1,025,733	940,468

2. Treasury Stock

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Number of stocks	Number of stocks
Common stock	217	217

3. Outstanding shares

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Number of stocks	Number of stocks
Common stock	18,504,000	18,504,000

(Consolidated statement of income-related)

1. Outline of selling, general and administrative expenses

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen	Thousand of yen
Advertising cost	1,590,046	1,479,192
Salary	1,956,454	1,974,181
Transfer to accrued bonuses	47,326	63,331
Transfer to employees' retirement benefits	29,491	—
Rent	848,294	937,832

2. Outline of Losses on disposal or sale of fixed assets

Losses incurred from disposal of additions	25,651	40,276
Losses incurred from disposal of structures	4,823	8,677
Losses incurred from disposal of machinery and equipment	558	9,787
Losses incurred from disposal of equipment and fixtures	4,205	15,999
Other	—	2,153
Total	35,239	76,894

(Consolidated Statement of cash flow-related)

1. Relationship between balance of cash and cash equivalents as of term end and balance sheet items

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen	Thousand of yen
Cash and deposit accounts	913,080	1,027,685
Fixed term deposit whose deposited period exceeds 3 months	-30,032	-30,048
Marketable securities account	31,380	171,576
Marketable securities other than MMF, etc.	-10,231	-29,628
Cash and Cash equivalents	904,197	1,139,586

TAC CO.,LTD.

(Segment information)

Previous fiscal year (April 1,2004-March 31,2005)

(Thousands of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	14,464,078	3,401,507	1,803,414	19,669,000	—	19,669,000
(2) Inter-segment transactions and eliminations	—	—	—	—	—	—
Total	14,464,078	3,401,507	1,803,414	19,669,000	—	19,669,000
Operating expenses	13,934,020	2,783,262	1,388,359	18,105,642	1,104,186	19,209,828
Operating income	530,057	618,245	415,055	1,563,358	(1,104,186)	459,171
II Asset, depreciation and capital expenditure						
Assets	6,382,531	760,411	1,460,028	8,602,971	3,438,027	12,040,998
Depreciation	276,143	29,736	9,317	315,197	40,925	356,122
Capital expenditure	449,907	17,330	8,228	475,466	70,261	545,727

Current fiscal year (April 1,2005-March 31,2006)

(Thousands of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	14,279,043	3,578,214	1,970,978	19,828,237	—	19,828,237
(2) Inter-segment transactions and eliminations	718	—	17,806	18,525	(18,525)	—
Total	14,279,762	3,578,214	1,988,785	19,846,762	(18,525)	19,828,237
Operating expenses	14,053,062	2,626,622	1,590,100	18,269,785	1,136,904	19,406,689
Operating income	226,699	951,592	398,685	1,576,977	(1,155,429)	421,547
II Asset, depreciation and capital expenditure						
Assets	6,380,304	862,185	1,758,461	9,000,951	3,677,962	12,678,913
Depreciation	285,160	24,184	11,122	320,468	41,918	362,386
Capital expenditure	347,484	10,224	25,775	383,484	309,625	693,109

(Notes) 1. Business divisions including Personal education, Corporate training and Publishing and other are classified based on the similarity of the relevant market and type of products.

2. The major activities of each division are as follows:

- Personal education ... Preparatory courses for qualifications for individual students including working people and university students, etc.
- Corporate training ... Training programs to companies, universities, colleges, accountancy firms, and other organizations to help students to acquire licenses and specialized knowledge required for their work and sales of educational materials and tax software
- Publishing and other ... Sale of publications at bookstores and university co-ops nationwide with an aim to diffusing its educational know-how obtained through personal education and corporate training, sales of books at front counter and manpower placement and dispatching business.

3. Amounts of operating expenses for the previous consolidated fiscal year and for the current consolidated fiscal year are ¥ 1,104,186 thousand and ¥ 1,136,904 thousand respectively, which cannot be eliminated or allocated represents expenses incurred at the administrative section of headquarters, including the general affairs department, etc.

4. Amounts of corporate assets included in "Elimination" for the previous consolidated fiscal year and for the current consolidated fiscal year are ¥ 3,438,027 thousand and ¥ 3,677,962 thousand respectively, which include surplus funds of the parent company (cash and marketable securities), long-term investment fund (investment securities) and assets related to administration department, etc.

TAC CO.,LTD.

(Tax effect accounting)

1. Principal cause of deferred tax assets and deferred tax liabilities:

	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen
Deferred tax assets:	
Accrued business office tax	5,217
Accrued income tax	18,786
Accrued bonus	10,716
Excess amount transferred to accrued bonus	26,424
Legal welfare expense incurred on above items	4,023
Transfer allowance for retirement benefits for directors and corporate auditors	56,932
Loss from revaluation of investment securities	28,279
Difference on revaluation of other marketable securities	61,181
Other deferred tax assets	80
Sub-total of deferred tax assets	211,642
Allowance account	-23,193
Sub-total of deferred tax assets	188,449
Deferred liabilities	
Difference on revaluation of other marketable securities	-525
Sub-total of deferred liabilities	-525
Net deferred tax assets	187,924

Current asset – deferred income taxes: ¥ 65,316 thousand

Fixed asset – deferred income taxes: ¥ 122,608 thousand

2. Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:

	%
Statutory effective tariff	40.69
(Adjusted)	
Entertainment expenses not qualifying for deduction	3.24
Per capita inhabitant tax	4.64
Amount of special tax credit granted by tax system to promote IT investment	-3.57
Other	0.65
Charge rate of income tax after adoption of tax effect accounting	45.65

TAC CO.,LTD.

(Marketable and investment securities)

Previous fiscal year (April 1,2004 - March 31,2005)

1. Other marketable securities with market value

(Thousands of yen)

	Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
Market value exceeding amount stated on the consolidated balance sheet	(1) Shares	2,129	11,154	9,024
	(2) Bonds			
	Corporate bonds	100,000	102,570	2,570
	Others	97,916	98,021	105
	(3) Others	45,264	45,631	367
	Sub-total	245,310	257,377	12,067
Market value not exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	—	—	—
	Others	950,000	709,437	-240,562
	(3) Others	155,930	151,840	-4,090
	Sub-total	1,105,930	861,278	-244,652
Total		1,351,241	1,118,655	-232,585

2. Other marketable securities sold during the current fiscal year(April 1,2004 - March 31,2005) (Thousands of yen)

Sales price	Total gain on sale	Total loss on sale
609,862	2,000	20,178

3. Marketable securities without market price and value

(Thousands of yen)

Type	Stated value on consolidated balance sheet
Other marketable securities	
Unlisted stocks	18,392
Investment in anonymous association	300,000
MMF	19,828
Corporate bonds (Yen currency)	100,000

4. Other marketable securities with expiration period and depreciation amount of bonds in purpose of owner ship by expiration period scheduled after consolidated settlement date

(Thousands of yen)

Type	Within one year	One year to five years	Five years to ten years	Over ten years
(1) Bonds				
Corporate bonds	—	100,000	—	102,570
Other	—	—	—	709,437
(2) Other				
Investment trust	10,231	128,708	—	—
Total	10,231	228,708	—	812,007

TAC CO.,LTD.

Current fiscal year (April 1,2005 - March 31,2006)

1. Other marketable securities with market value

(Thousands of yen)

	Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
Market value exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	100,000	110,760	10,760
	Others	—	—	—
	(3) Others	38,113	39,939	1,825
	Sub-total	138,113	150,699	12,585
Market value not exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	100,000	92,717	-7,283
	Others	1,049,002	896,387	-152,615
	(3) Others	152,674	150,907	-1,766
	Sub-total	1,301,676	1,140,011	-161,664
Total		1,439,789	1,290,710	-149,079

2. Other marketable securities sold during the current fiscal year (April 1,2005 - March 31,2006) (Thousands of yen)

Sales price	Total gain on sale	Total loss on sale
141,944	41,233	—

3. Marketable securities without market price and value

(Thousands of yen)

Type	Stated value on consolidated balance sheet
Other marketable securities	
Unlisted stocks	17,000
Investment in anonymous association	300,000
MMF	19,846
MRF	122,102

4. Other marketable securities with expiration period and depreciation amount of bonds in purpose of ownership by expiration period scheduled after consolidated settlement date

(Thousands of yen)

Type	Within one year	One year to five years	Five years to ten years	Over ten years
(1) Bonds				
Corporate bonds	—	92,717	—	110,760
Other	—	—	—	896,387
(2) Other				
Investment trust	29,628	99,140	—	—
Total	29,628	191,857	—	1,007,147

(Note) In the current consolidated fiscal year, marketable securities decreased ¥ 1,392 thousand (¥ 1,392 thousand for other marketable securities whose current value cannot be estimated) due to the application of impairment accounting.

All marketable securities whose current value as of the year end declined 50% or more from acquisition cost are subject to impairment accounting. Marketable securities whose current value as of the year end declined 30 - 50% are subject to impairment accounting when deemed necessary considering the significance of the amount and possibility of recovery.

(Per share information)

	Previous fiscal year	Current fiscal year
Book value per share	¥ 156.28	¥ 166.50
Net income per share	¥ 4.29	¥ 10.25

March 2006 Term - Financial Results Report (Non-consolidated)

May 16, 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: 81-3-5276-8911

Date of Board of Directors' meeting for approval of financial result: May 16, 2006

Date of commencement of dividend payment: June 22, 2006

Date of Shareholders' meeting: June 21, 2006

Adoption of system of interim dividends: Yes

Unit share system: Yes (1 unit = 100 shares)

1. Non-consolidated results for Fiscal 2005 (From April 1, 2005 to March 31, 2006)

(1) Non-consolidated financial results

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

	Net Sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal 2005 (2006/3)	19,351	(0.2)	314	(-16.9)	456	(-7.5)
Fiscal 2004 (2005/3)	19,308	(-0.1)	378	(-60.0)	493	(-53.6)

	Net income		Net income per share, fully diluted	Return on shareholders' equity	Ordinary income rate on total capital	Ordinary income rate on net sales
	(Millions of yen)	%				
Fiscal 2005 (2006/3)	154	(214.6)	8.34	5.3	3.7	2.4
Fiscal 2004 (2005/3)	49	(-90.8)	2.65	1.6	4.1	2.6

(Notes) 1. Average number of outstanding shares during period:

Fiscal 2005: 18,503,783 shares Fiscal 2004: 18,503,918 shares

2. Changes in accounting methods : None

3. The percentages of net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Dividends

	Annual dividends per share			Dividends	Pay-out Ratio	Dividends on equity
	(Yen)	(Yen)	(Yen)			
Fiscal 2005 (2006/3)	10.00	5.00	5.00	185	119.9	6.2
Fiscal 2004 (2005/3)	6.00	3.00	3.00	111	226.3	3.9

(Notes) 1. The items of term year-end dividend money ended March 31, 2005 :

Ordinary dividend ¥3.00 Dividend in commemoration: —

2. The items of term year-end dividend money ended March 31, 2006 :

Ordinary dividend ¥5.00 Dividend in commemoration: —

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Fiscal 2005 (2006/3)	12,545	2,977	23.7	160.93
Fiscal 2004 (2005/3)	11,948	2,824	23.6	152.63

(Notes) 1. Number of outstanding shares at end of period :

As of March 31, 2006 : 18,503,783 shares As of March 31, 2005 : 18,503,783 shares

2. Number of treasury stock held by the Company :

As of March 31, 2006 : 217 shares As of March 31, 2005 : 217 shares

TAC CO.,LTD.

2. Forecasts for March 2007 term (From April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income	Net income	Annual dividends per share		
				Interim	Full year	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)	(Yen)	(Yen)
Interim	9,810	329	178	5.00		
Full year	19,600	717	407		5.00	10.00

(N.b.) Estimated net income per share for the year ending March 31, 2007 : 22.00 yen

The above estimate was made based on the information available as of the date of this release. Actual results may differ significantly from estimates due to a variety of factors.

Non-consolidated financial statements and other

(1) Non-consolidated balance sheet

(Thousand of yen)

Account	Term	Previous fiscal year (as of March 31, 2005)		Current fiscal year (as of March 31, 2006)		Increase (decrease)
		Amount	%	Amount	%	Amount
(Assets)						
I Current assets						
1	Cash and deposits	849,632		935,571		85,939
2	Accounts receivable-trade	1,458,620		1,667,976		209,356
3	Marketable securities	31,380		171,576		140,196
4	Merchandise	21,638		19,153		-2,484
5	Finished goods	376,840		483,124		106,283
6	Work in process	22,919		350		-22,569
7	Stored goods	469,726		508,980		39,254
8	Advances	11,831		10,367		-1,464
9	Prepaid expenses	407,531		404,386		-3,145
10	Deferred tax assets	74,918		59,765		-15,153
11	Accrued refunded corporation tax	164,057		—		-164,057
12	Other	58,424		78,880		20,455
	Allowance for doubtful accounts	-5,504		-1,354		4,149
	Total urrent assets	3,942,020	33.0	4,338,779	34.6	396,759
II Fixed assets						
1 Tangible fixed assets						
(1)	Building	439,454		444,456		5,001
(2)	Structures	14,205		16,773		2,567
(3)	Machinery and equipments	199,877		191,595		-8,281
(4)	Automotive equipments	6,112		5,320		-792
(5)	Equipment and fixtures	204,484		172,630		-31,854
	Total Tangible fixed assets	864,134	7.2	830,775	6.6	-33,359
2 Intangible fixed assets						
(1)	Software	328,340		323,144		-5,195
(2)	Software under construction	—		319,000		319,000
(3)	Other	64,744		24,154		-40,590
	Total intangible fixed assets	393,084	3.3	666,298	5.3	273,213
3 Investment and other assets						
(1)	Investment securities	1,526,114		1,578,082		51,968
(2)	Equity investment in related companies	10,000		10,000		—
(3)	Contribution to captital	5,730		5,630		-100
(4)	Unrecoverable or valueless claims	1,150		1,150		—
(5)	Long-term prepaid expenses	18,879		19,236		356
(6)	Deferred tax assets	63,542		122,608		59,066
(7)	Long-term time deposit	200,000		200,000		—
(8)	Fixed leasehold deposits	3,994,123		3,836,565		-157,558
(9)	Insurance reserve fund	931,195		937,228		6,032
	Allowance for doubtful accounts	-1,150		-1,150		—
	Total investment and other assets	6,749,585	56.0	6,709,351	53.5	-40,234
	Total fixed assets	8,006,805	67.0	8,206,425	65.4	199,620
	Total assets	11,948,825	100.0	12,545,205	100.0	596,379

(Thousand of yen)

Account	Term	Previous fiscal year (as of March 31, 2005)		Current fiscal year (as of March 31, 2006)		Increase (decrease)
		Amount	%	Amount	%	Amount
(Liabilities)						
I Current liabilities						
1	Accounts payable	406,533		453,692		47,159
2	Short-term borrowings	500,000		300,000		-200,000
3	Long-term borrowings	—		67,200		67,200
4	Accrued liabilities	420,137		347,161		-72,976
5	Accrued expenses	380,694		371,590		-9,104
6	Corporation and inhabitants taxes payable	—		92,207		92,207
7	Tuition advances	6,866,497		7,241,770		375,273
8	Deposits received	115,060		126,150		11,089
9	Reserve for loss on returned goods	244,424		282,644		38,220
10	Accrued bonuses	47,048		59,870		12,821
11	Other	4,332		8,328		3,996
	Total Current liabilities	8,984,729	75.2	9,350,616	74.6	365,886
II Long-term Liabilities						
1	Provisions for post-retirement benefits	—		76,800		76,800
2	Reserve for post-retirement benefits for directors and corporate auditors	139,916		139,916		—
	Total long-term liabilities	139,916	1.2	216,716	1.7	76,800
	Total liabilities	9,124,646	76.4	9,567,333	76.3	442,686
(Shareholders' equity)						
I Common stock						
		940,200	7.9	940,200	7.5	—
II Additional paid-in capital						
1	Capital reserve	790,547		790,547		—
	Total additional paid-in capital	790,547	6.6	790,547	6.3	—
III Retained earnings						
1	Legal reserves	19,978		19,978		—
2	Unappropriated retained earnings	1,309,421		1,315,703		6,282
	Total retained earnings	1,329,399	11.1	1,335,681	10.6	6,282
IV Difference on revaluation of other marketable securities						
		-235,823	-2.0	-88,413	-0.7	147,410
V Treasury Stock						
		-144	-0.0	-144	-0.0	—
	Total shareholders' equity	2,824,179	23.6	2,977,871	23.7	153,692
	Total liabilities and shareholders' equity	11,948,825	100.0	12,545,205	100.0	596,379

(2) Non-consolidated statement of income

(Thousand of yen)

Account	Term	Previous fiscal year April 1,2004 - March 31,2005		Current fiscal year April 1,2005 - March 31,2006		Increase (Decrease)
		Amount	%	Amount	%	Amount
I	Net sales	19,308,047	100.0	19,351,907	100.0	43,859
	1 Sales from personal education	14,467,597		14,279,762		
	2 Sales from corporate training	3,401,507		3,578,214		
	3 Sales from publishing & other	1,438,942		1,493,930		
II	Cost of sales	11,695,522	60.6	11,924,121	61.6	228,599
	1 Cost of personal education	9,162,121		9,375,302		
	2 Cost of corporate training	1,733,807		1,659,387		
	3 Cost of publishing & other	799,593		889,430		
	Gross profit	7,612,525	39.4	7,427,785	38.4	-184,739
	Reversal of allowance for loss on returned goods	195,495	1.0	244,424	1.3	48,928
	Transfer to reserve for loss on returned goods	244,424	1.2	282,644	1.5	38,220
	Gross profit – net	7,563,596	41.3	7,389,565	38.2	-174,030
III	Selling, general and administrative expenses	7,185,581	37.2	7,075,359	36.6	-110,221
	Operating income	378,014	2.0	314,205	1.6	-63,808
IV	Non-operating income	130,798	0.7	151,038	0.8	20,240
	1 Interest received	4,567		2,921		
	2 Interest on securities	97,527		107,760		
	3 Dividend received	17,827		25,077		
	4 Commision Charge	5,398		5,398		
	5 Other	5,476		9,880		
V	Non-operating expenses	15,360	0.1	8,853	0.0	-6,506
	1 Interest expenses	7,401		8,501		
	2 Loss of policy cancellation	4,777		—		
	3 Loss from sales of marketable securities	1,534		—		
	4 Other	1,647		335		
	Ordinary income	493,452	2.6	456,390	2.4	-37,061
VI	Extraordinary income	7,102	0.0	45,136	0.2	38,033
	1 Gain on sales of investment securities	2,000		41,181		
	2 Reversal of allowance for doubtful receivables	5,102		3,955		
VII	Extraordinary expenses	339,932	1.8	232,172	1.2	-107,759
	1 Losses on disposal or sale of fixed assets	35,239		76,622		
	2 Restoration expenses	43,778		130,543		
	3 Losses from sales of investment securities	18,643		—		
	4 Losses from revaluation of investment securities	2,897		1,392		
	5 Penalty for canceled contract	—		23,613		
	6 Adjustment for employees' retirement benefits	239,374		—		
	Net income before taxes	160,623	0.8	269,355	1.4	108,731
	Corporate, inhabitants and enterprise taxes	11,380	0.0	95,060	0.5	83,679
	Deferred income taxes	100,184	0.5	19,982	0.1	-80,202
	Net income	49,057	0.3	154,312	0.8	105,254
	Unappropriated retained earnings – carryforward	1,315,875		1,253,909		
	Interim dividend	55,511		92,518		
	Unappropriated retained earnings	1,309,421		1,315,703		6,282

(3) Non-consolidated statement of appropriation of retained earnings

(Thousand of yen)

Account	Term	Previous fiscal year April 1,2003 - March 31,2004		Current fiscal year April 1,2004 - March 31,2005		Increase (Decrease) Amount
		Amount		Amount		
I Unappropriated retained earnings			1,309,421		1,315,703	6,282
II Appropriation of retained earnings						
1 Cash dividend		55,511	55,511	92,518	92,518	37,007
III Appropriation of retained earnings carried forward			1,253,909		1,223,184	30,725

(Note) 1. On 6 December, 2004, TAC paid an interim dividend of ¥ 55,511 thousand (¥ 3 per share).

2. On 6 December, 2005, TAC paid an interim dividend of ¥ 92,518 thousand (¥ 5 per share).

Notes

(Non-consolidated balance sheet-related)

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen	Thousand of yen
1. Accumulated depreciation on tangible fixed assets	1,024,426	937,907
2. Shares of issuance and number of shares outstanding		
Number of authorized stock	37,000,000 shares	74,000,000 shares
Number of shares outstanding	18,504,000 shares	18,504,000 shares
Number of treasury stock	217 shares	217 shares

(Non-consolidated statement of income-related)

1. Outline of selling, general and administrative expenses

	Previous fiscal year April 1,2004- March 31,2005	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen	Thousand of yen
Advertising cost	1,558,836	1,448,722
Salary	1,894,405	1,897,796
Bonuses	440,090	366,596
Transfer to accrued bonuses	45,137	58,281
Transfer to employees' retirement benefits	29,491	—
Rent	841,797	920,463
Depreciation	131,071	129,985
Proportion of sales expense	25.6%	24.3%
Proportion of general and administrative expense	74.4%	75.7%

2. Outline of Losses on disposal or sale of fixed assets

Losses incurred from disposal of additions	25,651	40,004
Losses incurred from disposal of structures	4,823	8,677
Losses incurred from disposal of machinery	558	9,787
Losses incurred from disposal of equipment and fixtures	4,205	15,999
Other	—	2,153
Total	35,239	76,622

(Tax effect accounting)

1. Principal cause of deferred tax assets and deferred tax liabilities:

	Current fiscal year April 1,2005- March 31,2006
	Thousand of yen
Deferred tax assets:	
Accrued income tax	5,217
Accrued business office tax	16,154
Accrued bonus	10,128
Excess amount transferred to accrued bonus	24,361
Legal welfare expense incurred on above items	3,755
Transfer allowance for retirement benefits for directors and corporate auditors	56,932
Loss from revaluation of investment securities	28,279
Difference on revaluation of other marketable securities	61,181
Other deferred tax assets	80
Sub-total of deferred tax assets	206,091
Allowance account	-23,193
Sub-total of deferred tax assets	182,898
Deferred liabilities	
Difference on revaluation of other marketable securities	-525
Sub-total of deferred liabilities	-525
Net deferred tax assets	182,373
Current asset – deferred income taxes: ¥ 59,765 thousand	
Fixed asset – deferred income taxes: ¥ 122,608 thousand	

2. Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:

	%
Statutory effective tariff	40.69
(Adjusted)	
Entertainment expenses not qualifying for deduction	4.20
Per capita inhabitant tax	5.99
Exclusion from gross revenue of dividend received	-3.79
Amount of special tax credit granted by tax system to promote IT investment	-4.62
Other	0.24
Charge rate of income tax after adoption of tax effect accounting	42.71

Year-end dividend

(In the current period,) TAC has decided to pay an interim dividend of ¥ 5 which increased the annual dividend (the amount of dividend to be paid per year). For the year-end dividend, we are going to make a proposal at the 23th general shareholder's meeting to be held on June 21, 2006 for the payment of the ordinary dividend ¥ 5 per share.

(Per share information)

	Previous fiscal year April 1,2004 - March 31,2005		Current fiscal year April 1,2005 - March 31,2006	
	Interim	Year end	Interim	Year end
Net income per share	6.97	2.65	4.56	8.34
Dividend per share	3.00	3.00	5.00	5.00
Book value per share	166.17	152.63	160.73	160.93

Personnel change of board member (as of June 21, 2006)

New board member

Director : Atsushi Kondo (Presently Manager of accounting division)