



March 2007 Term - First Quarter Financial Results (Consolidated)

August 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 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 1st quarter results for the fiscal year ending March 2007

(From April 1, 2006 to June 30, 2006)

(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)	%
June 2006 1 st quarter	5,514	(0.8)	873	(35.5)	894	(36.8)
June 2005 1 st quarter	5,469	(-3.0)	644	(-30.0)	654	(-31.1)
March 2006 period	19,828		421		536	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
June 2006 1 st quarter	517	(39.8)	27.97		-	
June 2005 1 st quarter	370	(-26.3)	20.01		-	
March 2006 period	189		10.25		-	

(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	Net assets	Ratio of equity capital	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 2006 1 st quarter	13,500	3,466	25.7	187.32
June 2005 1 st quarter	12,696	3,314	26.1	179.13
March 2006 period	12,678	3,080	24.3	166.50

(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)
June 2006 1 st quarter	- 1,014	- 340	2,200	1,985
June 2005 1 st quarter	- 1,494	- 69	2,247	1,588
March 2006 period	932	- 494	- 203	1,139

[Reference] Consolidated forecasts for March 2007 term (From April 1, 2006 to March 31, 2007)

No adjustment was made to the data released on May 16, 2006 for the consolidated and non-consolidated financial results for the current fiscal year.

1. Operating results

(1) Overview of consolidated business results for the 1st quarter

Along with economic improvements, trends in the educational market for working people are shifting from qualifications for defensive purposes toward pursuits of higher skills and systematic expertise. In growing recognition of professionalism, the number of individual students is increasing, and the demand for corporate training, which remained weak for some time, is now showing signs of recovery. With a rapid downward trend in the birthrate, we are experiencing a rush toward "human investment" by generations of working people.

Some notable features of our group's quarterly financial record: 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 next year's exams of our core courses, 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 receivable 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 1st quarter

In the current quarter, sales on a cash basis (before adjustments for tuition advances) increased 5.4% over the same term last year. This is attributed to the continued recovery of our CPA courses, our key product, since the previous quarter and steady sales of LTA courses. Sales on an accrual basis (after adjustments for tuition advances) increased 0.8% over the same term last year, while the amount of sales transferred to tuition advances increased as much as 10.8% over the same term last year supported by favorable sales of CPA courses for new learners.

In the previous fiscal year, we opened Sapporo and Sendai Schools in April and opened Shibuya School in September, which reinforced our nationwide school network. There were no schools newly opened or closed in the current quarter. Each school is currently exerting effort toward raising the name recognition of the TAC brand in their respective region. And now that various national license exams have been concluded, our schools are in preparation for the upcoming season of student registrations.

In regards to learning media, correspondence courses using DVD launched in the previous year continued to show favorable results. Total sales of correspondence courses increased 33.8% over the same term last year. Meanwhile, we focused on reducing selling and administrative expenses, which resulted in a savings of ¥ 124 million.

As a result, sales for the first quarter increased 0.8% to ¥ 5,514 million and operating income for the first quarter increased 35.5% to ¥ 873 million. With interest on marketable securities of ¥ 22 million recorded as non-operating income, ordinary profit for the first quarter increased 36.8% over the same term last year to ¥ 894 million. Extraordinary items decreased of ¥ 74 million, net income for the first quarter increased 39.8% over the same term last year to ¥ 517 million.

Changes in 1st quarter operating results between last year and this year (April – June).

	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		

	1 st quarter of FY2006 (April – June)		
		%	Y-O-Y
Net sales before adjustment of tuition advances	¥ million 3,779		105.4
Adjustment of tuition advances	1,735		92.1
Net sales (after adjustment of tuition advances)	5,514	—	100.8
Gross profit	2,595	47.1	104.2
Operating income	873	15.8	135.5
Ordinary profit	894	16.2	136.8
Net income	517	9.4	139.8
Net income per share	Yen 27.97		

- (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

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

Segment information	1 st quarter of FY2005			1 st quarter of FY2006		
		Percentage	Y-O-Y		Percentage	Y-O-Y
	¥ million	%	%	¥ million	%	%
Personal education	4,208	76.9	94.9	4,252	77.1	101.0
Corporate training	915	16.7	102.8	1,027	18.6	112.3
Publishing & others	345	6.3	110.2	234	4.3	67.9
Total	5,469	100.0	97.0	5,514	100.0	100.8

Personal education

Recovery of CPA courses resulted in substantial increases in sales and profit

In the Personal education segment, sales and profit showed positive shifts in the current quarter supported by a recovery in sales of CPA courses since the previous quarter. In regards to schools newly opened in the previous fiscal year, Sapporo School, which opened in April 2005, was negatively affected by a decrease in sales of public officer courses, while sales at Sendai School, which opened in April 2005, and Shibuya School, which opened in September 2005, are both showing favorable growth. In regards to sales by learning media, correspondence courses using DVD's are still recording steady increases. As a result, sales for the three months ending June 30, 2006 increased 1.0% over the same term last year to ¥ 4,252 million. Operating profit increased 16.6% over the same term last year to ¥ 683 million.

	1 st quarter of FY2005 (April – June)		2 nd quarter of FY2005 (July–September)		3 rd quarter of FY2005 (October–December)		4th 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 4,208	29.5	94.9	¥ million 3,344	23.4	105.0	¥ million 3,030	21.2	97.6	¥ million 3,696	25.9	98.8	¥ million 14,279	100.0	98.7
Operating costs	3,622	86.1	102.4	3,776	112.9	107.0	3,516	116.1	102.8	3,137	84.9	91.0	14,053	98.4	100.9
Operating income	586	13.9	65.2	-431	-12.9	125.5	-486	-16.1	153.4	558	15.1	191.7	226	1.6	42.8

	1 st quarter of FY2006 (April – June)		
		%	Y-O-Y
Net sales	¥ million 4,252	—	101.0
Operating costs	3,568	83.9	98.5
Operating income	683	16.1	116.6

- (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

Corporate training programs show strong sales mainly through the Financial Services and Real Estate area. Sales of affiliated schools and educational contents remain stable

Demand for corporate training programs remained stable backed by heightening awareness of “investments in human resources” by Japanese companies. Sales in corporate training increased 10.3% over the same term last year, which includes IT specialist courses (+7.1% y/y), real estate transaction manager (Takken) courses (+130% y/y), FP courses (+14.8% y/y), securities analyst courses (+13.1% y/y), etc. Sales by affiliated schools and sales of educational contents such as educational materials increased 16.7% and 16.4%, respectively over the same term last year. Sales of in-university seminars decreased 2.3% over the same term last year. Sales of “Maho-jin” tax software, which experienced a decline in the previous fiscal year, recovered in the current quarter and increased 16.8% over the same term last year.

As a result, over the same term last year, sales for the three months ending June 30, 2006 increased 12.3% to ¥ 1,027 million and operating profit increased 20.2% to ¥ 344 million.

	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 915	25.6	102.8	¥ million 950	26.5	104.6	¥ million 911	25.5	106.2	¥ million 801	22.4	107.7	¥ million 3,578	100.0	105.2
Operating costs	628	68.7	89.1	664	69.9	88.9	633	69.5	95.7	699	87.4	104.7	2,626	73.4	94.4
Operating income	286	31.3	154.9	285	30.1	177.1	277	30.5	141.7	101	12.6	133.8	951	26.6	153.9

	1 st quarter of FY2006 (April – June)		
		%	Y-O-Y
Net sales	¥ million 1,027	—	112.3
Operating costs	683	66.5	108.7
Operating income	344	33.5	120.2

- (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

Publishing business showed significant growth backed by successful concentration on best-selling products. New Shinjuku Office opened as prior investment in

human-resources business by TPB.

In our publishing business, we adopted a policy of selecting highly sellable books such as textbooks for bookkeeping and registered real estate transaction manager (Takken) exams, etc. and concentrated on selling activities for these products in order to secure profits. As a result, operating profit increased as much as 130% over the same term last year in spite of a reduced number of shipments. In regards to our human-resources business, we are currently proceeding with development of new markets in the Shinjuku area. As a part of this strategy, the Shinjuku Office of TAC Profession Bank Co., Ltd. (TPB), our subsidiary, was opened in April 2006 to attract potential clients who take educational courses at TAC's Shinjuku School. This was done because we considered the current quarter the best time to make prior investments. As a result, sales remained almost unchanged from the same term last year and operating income broke even (before adjustment for consolidation).

As a result, sales in the publishing & others segment for the three months ending June 30, 2006 decreased 32.1% to ¥ 234 million and operating profit increased 73.4% to ¥ 140 million.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			4th 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

	1 st quarter of FY2006 (April – June)		
	¥ million	%	Y-O-Y
Net sales	234	—	67.9
Operating costs	94	40.2	35.6
Operating income	140	59.8	173.4

- (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

In the current fiscal year, we had concerns over the reputation and social status of certified public accountants due to accounting-related scandals involving certain emerging companies and the “suspension of business order” imposed on a major audit corporation. In spite of such adversity, the number of candidates for the revised CPA exam, which started in 2006, totalled 16,210. This number neared the peak that was reached 2 years ago. Further, in comparison to the previous year, the number of successful candidates on the multiple-choice exam increased by 1,521 from 3,510 to 5,031 and the pass rate increased from 23.0% to 31.0% (according to data released by the Certified Public Accountants and Auditing Oversight Board on July 5, 2006). It is presumed that the number of candidates increased in response to the favorable employment situation within audit corporations since 2004. These firms are actively recruiting successful candidates of the CPA exam in anticipation of internal control audits scheduled for introduction in FY2007. Most especially, major audit corporations became more aware of the shortage of CPA's and of the necessity to foster competent human resources. We are paying close attention to the test results of the part 2 exam (essay) to be released on November 20, 2006, including the number of successful candidates, pass rates, as well as the employment trend of these successful

candidates by major audit corporations.

The upward trend in sales of CPA courses that started in the previous quarter continued in the current quarter. As a result, sales on a cash basis (before adjustments for tuition advances) increased 36.6% over the same term last year. Sales on an accrual basis (after adjustments for tuition advances), however, were limited to 3.1% over the same term last year as an increased amount of sales were transferred to tuition advances. We suspended our campaign of low-priced courses of bookkeeping courses (2nd and 3rd grades) and revised prices. Sales of preparatory courses for bookkeeping exams increased 0.1% over the same term last year.

As a result, sales in the Finance and Accounting area for the three months ending June 30, 2006 increased 2.2% over the same term last year.

Management and Taxation

In preparatory courses for licensed tax accountants (LTA), the number of applications made right before the exam showed steady growth and sales increased 1.7% over the same term last year. As to preparatory courses for small and medium enterprise management consultant (SMEMC), after its testing system being revised in 2006 toward imposing less of a burden on its candidates by allowing credit for each subject, sales increased 21.0% over the previous fiscal year receiving wide support of working people.

As a result, sales in the Management and taxation area for the three months ending June 30, 2006 increased 4.5% over the same term last year.

Financial Services and Real Estate

In the real-estate area, cash-basis sales of real estate appraiser courses declined 24.5% over the same term last year negatively affected by substantial increases in the previous fiscal year. Sales on accrual basis, however, increased 6.5% over the same term last year due to substantial amounts of tuition advances reversed to recognize sales. The exam for real estate appraiser was also revised in 2006 to allow credit for each subject passed. We are paying close attention to the trend in the number of candidates after the announcement of test results. Sales of real estate transaction manager (Takken) courses increased 20.2% over the same term last year in response to revitalization in the real estate market. Meanwhile, sales of financial services-related courses such as securities analyst and financial planner (FP) courses increased 19.6% and 17.8%, respectively, over the same term last year supported by the recent expansion of the Japanese economy.

As a result, sales in the Financial Services and Real Estate area for the three months ending June 30, 2006 increased 11.8% over the same term last year.

Law and Labor

Sales of preparatory courses for public officer courses declined 24.3% over the same term last year. This downward trend is attributed to various social factors, including the civil service reform plan. Sales of preparatory courses for certified social insurance labor consultant exams declined 11.8% over the same term last year. The number of applicants for the exam declined after the end of a temporary boom. Sales of preparatory courses for administrative scrivener, also with a revised testing system in 2006, increased 16.1% over the same term last year. This increase is attributed to the fact that learners, who had prepared for the exam without the aid of attending educational courses, started to seek support from schools in order to prepare for the exam, which recently became more difficult.

As a result, sales for the three months ending June 30, 2006 decreased 16.1% over the same term last year.

IT and International Qualifications

Sales of preparatory courses for IT specialist examinations and CompTIA (the Computing Technology Industry Association) certifications showed no substantial changes over the same term last year and remained stable during the current quarter. As for US CPA courses, a major competitor specializing in preparatory courses for the US CPA exam went bankrupt in the current quarter. In response, we opened special courses on very short notice to support the continued learning of their students. Accordingly, sales on a cash basis increased over the same term last year. Sales on accrual basis, however, declined 22.7% over the same term last year due to an increased amount of sales being transferred to tuition advances.

As a result, sales in the IT and International area for the three months ending June 30, 2006 decreased 3.3% over the same term last year.

Other

Sales of "Maho-jin" tax software, which experienced declines in the same term last year, showed recovery in the current quarter and increased 16.8% over the same term last year. A Shinjuku office of TAC Profession Bank Co., Ltd. (TPB), our subsidiary, was opened in April 2006 in the same building that our Shinjuku School is located. Disadvantages arising from the division of sales staff into two offices were overcome by new demand in the Shinjuku area. Accordingly, we achieved the same sales level as that of the same term last year. In total, sales for the three months ending June 30, 2006 increased 11.1% over the same term last year.

Licenses by area	1 st quarter of FY2005 (April – June)		2 nd quarter of FY2005 (July–September)		3 rd quarter of FY2005 (October-December)		4th quarter of FY2005 (January-March)		Total for FY2005						
	¥ 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

Licenses by area	1 st quarter of FY2006 (April – June)		
	¥ million	%	Y-O-Y
Finance & Accounting	1,734	31.5	102.2
Management & Taxation	1,620	29.4	104.5
Financial Service & Real Estate	688	12.5	111.8
Law & Labor	799	14.5	83.9
IT & International	359	6.5	96.7
Others	311	5.6	111.0
Total	5,514	100.0	100.8

(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	Among the 1,308 people who passed part 2 of the certified public accountant exam for 2005, 788 were TAC's regular course students (*). – a proportion of 60.2% (*).
Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant	
Financial Services and Real Estate	Real estate appraiser, Registered real estate transaction manager, Condominium management consultant / Registered condominium administration manager, Securities Analyst, Financial Planner, DC planner, Business School	Among the 170 people who passed part 2 of the real estate appraiser exam for 2005, 108 were TAC's regular course students (*). Of the 322 TAC students taking preparatory courses for the certified financial planner exam (2 nd level) and AFP exams, 257 passed - a proportion of 80% in 2006
Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law related qualifications	
IT and International	IT specialist, 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.
Other	Tax software "Maho-jin", miscellaneous revenue (payments at front counter, etc.)	

(Note) "TAC's regular course" is a packaged course which includes all items necessary to pass exams in the target year, such as lectures, practice examination papers, national-level trial exams, special seminars to provide information regarding countermeasures for examiners, legal change and others. The study load of our regular courses is very heavy and it is virtually impossible for the students taking our regular courses to concurrently take preparatory courses from other schools. Accordingly, we consider students taking our regular courses as "students who learned exclusively at TAC". The proportion of TAC's regular course students refers to the proportion of students taking our regular courses over the total number of successful candidates.

(5) Number of students

The number of individual members increased in courses for licensed tax accountant, registered real estate transaction manager (Takken), financial planner and securities analyst and decreased in courses for bookkeeping, certified social insurance labor consultant and IT specialist. Accordingly, the total number of individual members decreased 2.2%, or 923, over the same term last year. Regarding the number of corporate members, those taking self-enlightenment courses via distant learning media increased. The number of corporate members, students in in-university seminars and affiliated schools decreased. As a result, the number of corporate members increased 1.4%, or 237 over the same term last year. In total, the number of students in the three months ending June 30, 2006 decreased 1.2% or 686 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
FY2005	135,205	45,598	180,803	+17,334	110.6
Total of 9 years	886,514	281,628	1,168,142	—	—
(% distribution)	(75.9%)	(24.1%)	(100.0%)	—	—
1st quarter of FY2006 (April - June)	40,883	17,627	58,510	-686	98.8
[Y-O-Y]	[97.8%]	[101.4%]	[98.8%]		
1st quarter of FY2005 (April-June)	41,806	17,390	59,196	+6,798	113.0
[Y-O-Y]	[112.8%]	[113.4%]	[113.0%]		

2. Financial position (consolidated)

(1) Financial position

Total assets as of June 30, 2006 increased by ¥ 803 million and net assets increased by ¥ 151 million over the same period last year. Notables include, cash and equivalents which were up by ¥ 397 million, intangible fixed assets which were up by ¥ 233 million, tuition advances which were up by ¥ 529 million, accrued income taxes which were up by ¥ 346 million, Tangible fixed assets which were down by ¥ 32 million, fixed leasehold deposits which were down by ¥ 74 million, reserve for loss on returned goods which were down by ¥ 112 million, accounts payable which were down by ¥ 99 million and long-term borrowings which were down by ¥ 67 million.

	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		

	1 st quarter of FY2006 (June 30, 2006)		
	¥ million	%	Y-O-Y
Total assets	13,500	100.0	106.3
Tuition advances	5,437	40.3	110.8
Net assets	3,466	25.7	104.6
Net assets per share	Yen 187.32		

(Note) In the current quarter, we began reporting net assets in accordance with "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5).

(2) Cash flow performance

Status and details of cash flows for each category during the current quarter are as follows:

Net cash used in operating activities in the current quarter was ¥ 1,014 million reflecting an increase in revenue by ¥ 479 million over the same term last year.

Net cash used in investing activities in the current quarter was ¥ 340 million, an increase of ¥ 270 million over the same term last year

Net cash provided by financing activities in the current quarter was ¥ 2,200 million, due to a reduction in expenses of ¥ 47 million over the same term last year.

As a result, the amount of increases in cash and cash equivalents was ¥ 161 million over the same term last year and cash and cash equivalents increased ¥ 396 million over the same term last year to ¥ 1,985 million. Such increases are attributed to an increase in net income before income taxes of ¥ 314 million due to a recovery in sales and successful cost reductions, an increase in the amount of tuition advances reversed to recognize sales of ¥ 154 million, a reduction of reserve for loss on returned goods of ¥ 150 million, and a reduction in payment of fixed leasehold deposits of ¥ 178 million.

3. Consolidated financial statements and other

(1) Consolidated balance sheet (summary)

(Millions of yen, %)

Account	Current 1st quarter ended Jun. 30, 2006	Previous 1st quarter ended Jun. 30, 2005	Increase (decrease)		Year ended March 31, 2006
	Amount	Amount	Amount	Y-O-Y	Amount
(Assets)					
I Current assets					
1 Cash and cash equivalents	1,995	1,597	397	124.9	1,027
2 Notes and accounts receivable	1,465	1,385	80	105.8	1,706
3 Marketable securities	49	31	17	157.3	171
4 Inventories	959	908	51	105.7	1,011
5 Other	662	723	-60	91.6	555
Allowances for doubtful accounts	-1	-5	3	25.5	-1
Total current assets	5,131	4,640	490	110.6	4,471
II Fixed assets					
1 Tangible fixed assets	809	842	-32	96.1	837
2 Intangible fixed assets	677	455	222	148.8	670
3 Investments and other assets	6,881	6,758	123	101.8	6,699
(1) Investment securities	1,637	1,635	2	100.1	1,578
(2) Fixed leasehold deposits	3,831	3,906	-74	98.1	3,836
(3) Insurance reserve fund	938	932	6	100.6	937
(4) Other	475	285	189	166.2	348
Allowances for doubtful accounts	-1	-1	—	—	-1
Total fixed assets	8,368	8,056	312	103.9	8,207
Total assets	13,500	12,696	803	106.3	12,678
(Liabilities)					
I Current Liabilities					
1 Accounts payable	408	358	49	113.9	453
2 Short-term borrowings	2,600	2,600	—	—	300
3 Current portion of long-term borrowings	67	67	—	—	67
4 Tuition advances	5,437	4,907	529	110.8	7,244
5 Other	1,321	1,182	139	111.8	1,315
Total current Liabilities	9,834	9,115	719	107.9	9,381
II Long-term liabilities					
1 Long-term liabilities	60	127	-67	47.2	76
2 Reserve for post-retirement benefits for directors and corporate auditors	139	139	—	—	139
Total long-term liabilities	199	267	-67	74.8	216
Total liabilities	10,034	9,382	651	106.9	9,597

科目	Current 1st quarter ended Jun. 30, 2006	Previous 1st quarter ended Jun. 30, 2005	Increase (decrease)		Year ended March 31, 2006
	Amount	Amount	Amount	Y-O-Y	Amount
(Minority interests)					
Minority interests	—	—	—	—	—
(Shareholders' equity)					
I Common stock	—	940	—	—	940
II Additional paid-in capital	—	790	—	—	790
III Retained earnings	—	1,711	—	—	1,438
IV Difference on revaluation of other marketable securities	—	-127	—	—	-88
V Treasury Stock	—	-0	—	—	-0
Total shareholders' equity	—	3,314	—	—	3,080
Total liabilities and shareholders' equity	—	12,696	—	—	12,678
(Net assets)					
I Owners' equity					
1 Paid-in Capital	940	—	—	—	—
2 Capital surplus	790	—	—	—	—
3 Earned surplus	1,863	—	—	—	—
4 Treasury Stock	-0	—	—	—	—
Total owners' equity	3,594	—	—	—	—
II Valuation and translation adjustments					
1 Valuation difference on available- for-sale securities	-128	—	—	—	—
Total Valuation and translation adjustments	-128	—	—	—	—
III Subscription rights to shares	—	—	—	—	—
IV Minority interests	—	—	—	—	—
Total Net assets	3,466	—	—	—	—
Total liabilities and net assets	13,500	—	—	—	—

(2) Consolidated statement of income (summary)

(Millions of yen, %)

Account	Current 1st quarter ended Jun. 30, 2006	Previous 1st quarter ended Jun. 30, 2005	Increase (decrease)		Year ended March 31, 2006
	Amount	Amount	Amount	Y-O-Y	Amount
I Sales revenues	5,514	5,469	45	100.8	19,828
II Cost of sales	3,148	3,056	91	103.0	12,122
Gross profit	2,366	2,412	-46	98.1	7,705
Reversal of allowance for loss on returned goods	282	244	38	115.6	244
Transfer to reserve for loss on returned goods	53	166	-112	32.3	282
Gross profit - net	2,595	2,491	104	104.2	7,667
III Selling, general and administrative expenses	1,722	1,846	-124	93.3	7,245
Operating income	873	644	228	135.5	421
IV Non-operating income	23	15	8	153.9	123
V Non-operating expenses	1	5	-3	33.9	8
Ordinary income	894	654	240	136.8	536
VI Extraordinary income	—	0	—	—	45
VII Extraordinary expenses	1	75	-74	1.8	232
Net income before income taxes	893	578	314	154.3	349
Corporate, inhabitants and enterprise taxes	351	151	199	232.0	142
Deferred income taxes	24	57	-32	42.7	16
Net income	517	370	147	139.8	189

(3) Consolidated Statement of Changes in Net Asset (summary)

First quarter of current fiscal year (April 1, 2006 - June 30, 2006)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments	Minority interests	Total Net assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities		
Balance at the end of previous period (As of March 31, 2006)	940	790	1,438	-0	3,169	-88	—	3,080
Changes of items during the period								
Issuance of new shares								
Dividends from surplus			-92		-92			-92
Net income			517		517			517
Net changes of items other than owners' equity						-39		-39
Total changes of items during the period	—	—	425	—	425	-39	—	385
Balance at the end of the current period (As of June 30, 2006)	940	790	1,863	-0	3,594	-128	—	3,466

(Note) In the current quarter, we reported our "Statement of Changes in Net Assets" in accordance with "Accounting Standard for Statement of Changes in Net Assets" (ASBJ Statement No. 6). The Statement of Changes in Net Assets is not presented retroactively for the three months ended June 30, 2005 and for FY2005 (year ended March 31, 2006).

(4) Consolidated statement of cash flow (summary)

(Millions of yen, %)

Account	Current 1st quarter ended Jun. 30, 2006	Previous 1st quarter ended Jun. 30, 2005	Year ended March 31, 2006
	Amount	Amount	Amount
Cash flows from operating activities			
1 Income before income taxes	893	578	349
2 Depreciation and amortization	80	84	362
3 Increase in tuition advances	-1,807	-1,961	375
4 Other	-71	-182	-349
Sub-total	-904	-1,481	737
5 Income taxes paid	-137	-31	-63
6 Other	26	18	259
Net cash provided by (used in) operating activities	-1,014	-1,494	932
Cash flows from investing activities			
1 Acquisitions of property and equipment	-16	-85	-331
2 Acquisitions of intangible fixed assets	-100	-71	-367
3 Payment for guaranteed deposits	3	87	148
4 Other	-227	-0	56
Net cash provided by (used in) investing activities	-340	-69	-494
Cash flows from financing activities			
1 Increase (decrease) in short-term borrowings	2,300	2,100	-200
2 Increase (decrease) in long-term borrowings	-16	194	144
3 Dividends paid	-82	-46	-147
Net cash provided by (used in) financing activities	2,200	2,247	-203
Exchange difference of cash and cash equivalents	0	0	0
Net increase in cash and cash equivalents	845	684	235
Cash and cash equivalents at the beginning of the year	1,139	904	904
Cash and cash equivalents at the end of the year	1,985	1,588	1,139

(5) Segment information

〔Segment information by type〕

First quarter of current fiscal year (April 1, 2006 - June 30, 2006)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	4,252	1,027	234	5,514	—	5,514
Operating expenses	3,568	683	94	4,346	295	4,641
Operating income	683	344	140	1,168	(295)	873

First quarter of previous fiscal year (April 1, 2005 - June 30, 2005)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	4,208	915	345	5,469	—	5,469
Operating expenses	3,622	628	264	4,515	309	4,825
Operating income	586	286	81	954	(309)	644



March 2007 Term - First Quarter Financial Results (Non-consolidated)

August 3, 2006

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

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

Representative director: Hiroaki Saito

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

Phone: 81-3-5276-8913

1. Notes to preparation of briefing of quarterly result

- ① Differences in accounting procedures used in previous consolidated fiscal year: Yes
 In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.
- ② Changes in accounting methods : None

2. Non-consolidated 1st quarter results for the fiscal year ending March 2007

(From April 1, 2006 to June 30, 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 profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 2006 1 st quarter	5,409	(0.8)	872	(40.3)	944	(43.8)
June 2005 1 st quarter	5,363	(-3.7)	621	(-31.9)	657	(-31.4)
March 2006 period	19,351		314		456	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
June 2006 1 st quarter	572	(49.9)	30.95		-	
June 2005 1 st quarter	382	(-25.5)	20.65		-	
March 2006 period	154		8.34		-	

(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	Net assets	Ratio of equity capital	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 2006 1 st quarter	13,434	3,418	25.4	184.73
June 2005 1 st quarter	12,632	3,258	25.8	176.11
March 2006 period	12,545	2,977	23.7	160.93

[Reference] Non-consolidated forecasts for March 2007 term (From April 1, 2006 to March 31, 2007)

No adjustment was made to the data released on May 16 2006 or the consolidated and non-consolidated financial results for the current fiscal year.