

March 2007 Term Interim Financial Results Report (Consolidated)

November 17, 2006

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

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

Representative director: Hiroaki Saito

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Phone: 81-3-5276-8913

Date of Board of Directors' meeting for approval of financial result: November 17, 2006

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

Percentage of stock held by parent company: 22.7%

Adaptation of U.S. accounting standards: No

1. Consolidated results for the interim period ended September 2006

(From April 1, 2006 to September 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)	%
September 2006 interim period	10,444	(3.0)	825	(169.7)	919	(101.3)
September 2005 interim period	10,139	(0.3)	306	(-38.5)	456	(-25.3)
Fiscal 2005 (2006/3)	19,828		421		631	

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
September 2006 interim period	529	(242.5)	28.63	—
September 2005 interim period	154	(-5.3)	8.36	—
Fiscal 2005 (2006/3)	249		13.50	—

- (Notes) 1. Gains or losses on investments through equity method accounting :
 September 2006 interim period: — million yen September 2005 interim period: — million yen
 Fiscal 2005 (2006/3): — million yen
2. Average number of outstanding shares during period (consolidated) :
 September 2006 interim period: 18,503,783 shares September 2005 interim period: 18,503,783 shares
 Fiscal 2005 (2006/3): 18,503,783 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	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
September 2006 interim period	15,836	3,538	22.3	191.22
September 2005 interim period	15,008	3,123	20.8	168.83
Fiscal 2005 (2006/3)	12,621	3,100	24.6	167.55

- (Notes) Number of outstanding shares at end of period (consolidated) :
 September 2005 interim period: 18,503,783 shares September 2004 interim period: 18,503,783 shares
 Fiscal 2005 (2006/3): 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)
September 2006 interim period	562	-432	1,919	3,188
September 2005 interim period	124	-420	2,035	2,643
Fiscal 2005 (2006/3)	932	-494	-203	1,139

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

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

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

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

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

	Net sales	Ordinary profit	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Full year	20,200	737	398

(Note) Estimated earnings per share for the year ending March 31, 2007 : 21.53 yen

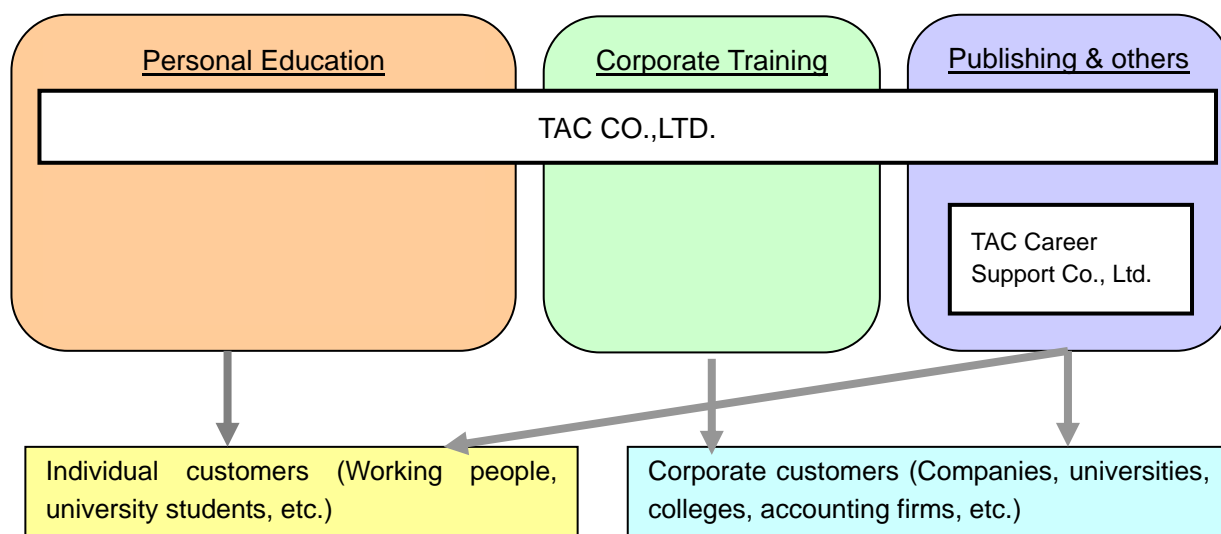
The above estimate was made based on the information available as of the date of this release. Actual results may differ significantly from estimates due to a variety of factors.

1. Group Information

(1) Operation of TAC Group

TAC Group is composed of **TAC CO., LTD.** ("TAC" or "the Company") and one subsidiary (**TAC Career Support Co., Ltd.**). TAC 's principle business is to develop professionals and operate in the education business with a central focus on educational programs for working people and for university students who seek to acquire licenses, specialized knowledge and skills required for their work. TAC Career Support Co., Ltd. deploys manpower placement and dispatching services and is included in the "Publishing and Other Segment" section of our corporate structure.

TAC has three business segments, which include "Personal education", "Corporate training" and "Publishing and other". Business operations of TAC Group and the roles of TAC and its subsidiary in these business segments are as illustrated below:



Personal education segment

TAC is engaged in providing educational services for qualification examinations including certified public accountant, licensed tax accountant, real estate appraiser, certified social insurance labor consultant, securities analyst, information technology specialist, U.S. certified public accountant, and others. We lead a great number of candidates to success. Based on the high marks achieved in the preparatory courses of the above license exams, TAC, which is known as "**The License School TAC**", provides premium personal education.

Preparatory courses for license exams are provided through various learning media such as "School Courses / Video-based personalized courses", "Distance learning courses using audiocassettes and DVD's", "Internet WEB courses" and "Audio download courses". Original textbooks prepared by TAC's experienced teachers are used in all of these courses. TAC's educational know-how, which has been accumulated over the years through its educational services covering the area of social sciences, is a valued asset. TAC also exerts extensive efforts in constructing sales networks and collaborations with universities and bookstores nationwide. (Total 357 shops at 255 universities and 174 shops at 52 affiliated bookstores as of September 30, 2006.)

Corporate training segment

TAC provides corporate training programs and self-enlightenment courses to companies, universities, colleges, accountancy firms, and other organizations to help students acquire licenses and specialized knowledge required for their work, as well as, offering educational materials and consulting services to colleges. In addition to these offerings, TAC actively provides educational services through affiliated

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schools nationwide, holds university seminars, started and operates TAC Business School, and sells "Mahojin" tax software. This extensive product line also includes educational courses for license exams related to information processing engineering and IT (Microsoft office specialist, Oracle Master, etc.). Currently, TAC actively promotes the diffusion of IT certifications, which have become the global standard, such as CompTIA (The Computing Technology Industry Association) which includes various suites of certification including A+, Network+, i-net+, Server+, Security+, CDIA+, and others. The objective is to fill the gap in IT skill between the US and Japan.

Publishing and other segment

(Publication business)

Making maximum use of an accumulation of knowledge for license exams and corporate training gained in the personal education and corporate training segments, TAC publishes a powerful lineup of books including those for self-development, introductory guides, examinations, business operations, and many others. Specifically, TAC publishes the "Secret of Success" series and "Past Questions" series under the brand name of "TAC Publishing" with an aim to diffusing its educational know-how through its publications. As of September 30, 2006, TAC Publishing published 499 books of which 179 are related to accounting and taxation licenses.

(Recruiting support business)

TAC Profession Bank Co., Ltd.'s unique and exclusive advantage is TAC's 180 thousand plus students who are striving to acquire licenses. TAC Profession Bank offers them various opportunities for an improved career and provides support to enhance their job-hunting experience. The accumulated number of registrants as of April 30, 2006 was 41,235, which includes 804 certified public accountants (including junior CPA's and successful candidates of the multiple choice exam) and 7,541 licensed tax accountants (including successful candidates passing only certain parts of the exam).

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(2) Our group's license courses

Educational services provided by TAC Group, categorized below, cover almost the entire field of social science:

License by area	Programs	Profile and pass rates
① 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% (*).
② Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant	
③ 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 340 TAC students taking preparatory courses for the certified financial planner exam (2 nd level) and AFP exams, 193 passed in 2006.
④ Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law related qualifications	
⑤ IT and International	IT specialist, U.S. certified public accountant, CompTIA (A+, i-Net+, Network+, Server+, CDIA+), IT related qualifications (Microsoft office specialist, Oracle master etc)	Provides preparatory courses to cover all IT specialist exams.
⑥ 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 changes 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.

2. Management Policy

(1) Basic management policy

TAC's management philosophy = "Developing professionals"

Japanese society is making the rapid transition from an industrial society to a knowledge society. In the knowledge society, professionals with expertise are needed in various areas and their appeal in society is widening.

The English word "profession" is derived from the word "profess" which means to declare oneself before God. In the Middle Ages in Europe, specialists such as priests, doctors, accountants, lawyers and teachers declared themselves before God in order to perform their obligations. Not only did they assume a responsibility to the society and its people through their profession, they were expected to have strict professional ethics. In Europe and the United States, universities assumed the role of developing professionals. In Japan, however, universities laid disproportionate emphasis on academics and have neglected developing professionals for important roles in practical business. On the behalf of universities, TAC has raised many professionals who take significant roles in modern society.

With a management philosophy of developing professionals, TAC is gaining widespread acceptance from our customers. With their strong support, we aim to take a dominant position in the educational market. We think that "growth in shareholder value", a basic proposition needed for a corporation, cannot be achieved without a strong customer support base.

(2) Basic policy for profit distribution

Our policy for profit distribution = Stable dividend

Of the various stakeholders in our company, we attach special importance to our stockholders and customers. Our basic policy for profit distribution is a stable dividend payment. To this end, we focus upon the achievement of an optimum balance between return of profits to shareholders and retained earnings devoted to future business strategies.

As the tone of the economic recovery becomes clearer in the current interim period, we will make further efforts in ensuring the profitability of our organization. We will also seek to attach even greater importance to returning excess profits to shareholders, which is to be determined based on a profit earning ratio on a consolidated basis.

(3) Policy of reducing investment unit

Our future task = Improving liquidity and securing a stable number of shareholders

TAC recognizes a more vitalized circulation of stocks and an increased number of individual shareholders as an important issue in our capital policy. Accordingly, on August 1, 2002, TAC reduced the minimum number of investment units from 1,000 shares to 100 shares. The number of shareholders as of September 30, 2006 was 9,937 of which individual shareholders account for 98.5%. We would like to express our gratitude for your assistance. We are determined to increase the liquidity of our stocks as well as secure a stable number of shareholders and expand the number of investors.

(4) Targeted performance indices

Target performance indicators = Our target is to regain a profit margin on sales of 5%

Our target performance indicators include the achievement of stable sales growth and an improved profit margin on sales. Our immediate goal is to regain a profit margin on sales of 5%.

(5) Mid and long-term management strategy

Improved shareholder value by way of educational business and human-resources business linkage

TAC Group, with its corporate philosophy of “developing professionals”, is engaged in the business of human-resource education for working people and university students through preparatory courses for license exams and corporate training. Many of our students invest in themselves in order to find jobs or improve their career. An increasing number of our individual members and our corporate customers are making use of our human-resource services, including manpower placement and dispatching. Accordingly, we set our mid and long-term management strategy at developing a strong linkage between our educational business and our human-resources business while simultaneously expanding both. Based on this strategy, we will achieve stable growth in sales, improve our profit margin on sales and enhance shareholder value.

(6) Issues requiring countermeasures

(Important issues of the current fiscal year)

① Measures in response to changes in the testing systems of various license exams

The testing systems of many license exams for which we provide educational services were changed during this fiscal year. These include certified public accountant, real estate appraiser, small and medium enterprise management consultant, administrative scrivener, and others. In general, these changes are imposing less of a burden on candidates. Such changes include simplification of the testing system, recognition of credit for each subject passed, exemptions for successful candidates on the multiple choice exam, reduction in the number of exam subjects, etc. According to the Nippon Keizai Shimbun on November 2, 2006, discussions are being held toward revising the testing system for the IT specialist exam.

In regards to educational courses for the certified public accountant exam, our flagship, we need to carefully examine trends in the number of clients and unit price per client after the introduction of the new system which involves exemption from the multiple choice exam and recognition of credit for each subject passed.

Meanwhile, the financial services agency announced that it had set a target to increase the number of successful candidates on the CPA exam from 2,000 to 3,000 per annum by 2018, while the number of successful candidates in 2005 was 1,308. The number of working people taking the CPA exam is expected to increase due to the relaxation of the testing system. It is important for us to carefully examine the trend in applicants for our educational courses before and after the introduction of these changes, as well as, to develop appropriate profit plans that reflect such changes. In the mid to long term, we see the changes in the testing system as an excellent opportunity to expand the license exam market. We aim to increase sales by boosting demand for introductory courses as well as by providing courses that are tailored to various levels/needs of students.

② Expanding our human-resources business through TAC Profession Bank

Growth in the human-resources business provided by TAC Profession Bank Co., Ltd. (“TPB”) is supported by the placement of professionals such as certified public accountants and licensed tax accountant and by dispatching students of our courses and successful candidates who have taken our courses. The dispatching business is receiving especially strong support from our corporate clients, many of whom have become regular customers. They appreciate the professional ability of our students in the fields of finance and accounting. Toward further growth in this area, we opened a Shinjuku office (Tokyo) in April 2006 and an Umeda office (Osaka) in October 2006, which will help us to take full advantage of the potential synergy with our courses. We will develop demand from companies and accounting firms in adjacent areas so that the business of TPB will further contribute to our consolidated business performance.

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③ Method of advertising using “performance achievements”

In October 2006, TAC and two other companies providing educational services for license exams received a warning from the Japan Fair Trade Commission regarding advertisements using data regarding successful candidates of license exams. We established an appropriate corporate framework to ensure compliance with laws and regulations, which involve revising “standards for advertisement” and establishing an “advertisement examination committee” as an internal monitor of advertising. TAC also participates in consultative committees involving various other schools to establish a guideline to ensure fair advertising.

We will publish advertisements according to a procedure agreed to by the said committee, which may limit usage of certain expressions regarding “our performance achievements” which clearly shows our advantage in the market of license qualifications. Accordingly, it is an important challenge to come up with advertisements that have a strong appeal to our customers as well as providing them with information regarding our performance achievements in a fair and effective manner.

(7) Parent company information

(Trade name of the parent company)

Parent company	Affiliation	Percentage of stock held by parent company (%)	Stock exchange on which the parent company's stock is traded
Hiro Express Co., Ltd.	Affiliated company of a listed company	22.70 (—)	N/A

(Note) The figure in parentheses indicates the percentage of indirect ownership in the percentage of voting rights held by the parent company.

(Position of listed company in the TAC group and relationship between the parent company and the other listed company)

Hiro Express Co., Ltd. manages the assets of Hiroaki Saito (representative director of TAC) and has one shareholder (Hiroaki Saito).

(Information regarding trade with the parent company)

Not applicable

3. Operating Results and Financial Conditions

(1) Consolidated operating results

① Overview of consolidated business results for the current interim period

The employment situation in Japan is improving along with the economic recovery. Although the number of employees in September 2006 decreased by 60,000 over the same month last year to 64.31 million, which decreased for the first time in 17 months, the number of totally-unemployed persons decreased by 50,000 over the same term last year to 2.8 million, which marked a decrease for ten consecutive months (Source: Preliminary report of labor survey released by Bureau of Statistics of Ministry of Internal Affairs and Communications on October 31, 2006). It appears that both the economic recovery and the improvement in the employment situation are having a gradual but positive influence on the learning motivation of potential candidates for license exams.

In the current consolidated interim period, sales on a cash basis (before adjustments of tuition advances) and an accrual basis (after adjustments of tuition advances) increased 2.7% and 3.0%, respectively, over the same term last year. Such increases are supported by courses for certified public accountant, our flagship, which gained momentum in the previous quarter (three months ending March 31, 2006) and marked sustained sales growth in the current period. Further, strong sales growth in other courses, including licensed tax accountant courses and courses in finance & real estate area supported the trend. In regards to our school network, Shibuya School which was opened in the previous interim period, enjoyed substantial growth, becoming a key school in the Tokyo metropolitan area. In regards to learning media, correspondence courses using DVD's, launched in the previous interim period, maintained favorable sales and correspondence course sales as a whole grew 15.0% over the same term last year. Sales by TAC Profession Bank Co., Ltd., which provides human resource services, increased 20.6% over the same term last year supported by favorable increases both in manpower placement and dispatching services.

As a result, net sales of TAC group in the current interim period increased 3.0% over the same term last year to ¥ 10,444 million. In regards to costs, outsourcing costs including costs for copying DVD's, increased 0.1% over the same term last year due to favorable sales in correspondence courses using DVD's and broadband web courses. Increases in rent expense, however, were limited to 1.3% over the same term last year by making effective use of the space currently rented without taking on any additional area (or without implementing substantial reorganization of the current school network). We also made considerable efforts in controlling costs. Over the same term last year, personnel costs, including instructors' fees which are recorded as cost of sales, decreased by 2.4%, and through careful media selection, advertising costs decreased by 28.3%. In total, cost of sales increased 1.4%, or ¥ 87 million over the same term last year and selling, general and administrative expenses decreased 6.8% or ¥ 261 million over the same term last year, resulting in an increase in operating profit of 169.7% to ¥ 825 million. Ordinary income increased 101.3% over the same term last year to ¥ 919 million, which includes interest on marketable securities (¥ 100 million) recorded as non-operating income and interest expense (¥ 5 million) recorded as non-operating expense. In the current interim period, there was no change in the school network which resulted in a reduction of extraordinary losses including losses on disposal or sale of fixed assets and restoration expenses of ¥ 51 million and ¥ 105 million, respectively. As a result, net income for the current interim period was ¥ 529 million, an increase of 242.5% compared to the same term last year.

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

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year's exams of our key 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 quarters. 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, profit margin on sales tends to be minimized in spite of substantial amounts of 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.

Changes in fiscal operating results between last year and this year.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)			FY2005 (Ending March 31, 2006)		
	¥ 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	10,700		102.2	20,190		104.6
Adjustment of tuition advances	1,883		109.2	-2,444		117.2	-560		156.0	-362		-99.5
Net sales (after adjustment of tuition advances)	5,469	27.6	97.0	4,670	23.6	104.4	10,139	51.2	100.3	19,828	100.0	100.8
Gross profit	2,491	45.5	90.5	1,662	35.6	110.3	4,153	41.0	97.5	7,667	38.7	98.6
Operating income	636	11.6	83.7	-330	-7.1	81.1	306	3.0	61.5	421	2.1	91.7
Ordinary profit	744	13.6	70.3	-287	-6.2	103.4	456	4.5	74.7	631	3.2	113.1
Net income	402	7.4	83.7	-248	-5.3	78.3	154	1.5	94.7	249	1.3	307.9
Net income per share	Yen 21.77			Yen -13.41			Yen 8.36			Yen 13.50		

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,779		105.4	7,214		101.4	10,994		102.7
Adjustment of tuition advances	1,735		92.1	-2,285		93.5	-549		98.1
Net sales (after adjustment of tuition advances)	5,514	—	100.8	4,929	—	105.5	10,444	—	103.0
Gross profit	2,595	47.1	104.2	1,815	36.8	109.2	4,410	42.2	106.2
Operating income	873	15.8	137.3	-48	-1.0	—	825	7.9	269.7
Ordinary profit	825	15.0	110.9	94	1.9	—	919	8.8	201.3
Net income	478	8.7	118.9	50	1.0	—	529	5.1	342.5
Net income per share	Yen 25.88			Yen 2.75			Yen 28.63		

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

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② Segment-related information

Sales results of our group by segment are as follows.

Segment information by type of business	Previous interim fiscal year			Current interim fiscal year		
		Percentage	Y-O-Y		Percentage	Y-O-Y
	¥ million	%	%	¥ million	%	%
Personal education	7,553	74.5	99.1	7,670	73.4	101.5
Corporate training	1,865	18.4	103.7	2,076	19.8	111.3
Publishing & others	730	7.2	105.1	707	6.8	96.8
Total	10,150	100.0	100.3	10,454	100.0	103.0

Personal education

SMEMC and Takken showed favorable increases, followed by bookkeeping and LTA

In the Personal education segment, preparatory courses for small and medium enterprise management consultant (SMEMC), which had a testing system revision to introduce recognition of credit for each subject passed, marked favorable growth. There are some courses that showed growth that reflected the recent strong fundamentals of the Japanese economy. These include Takken course, which benefited from stimulation in the real-estate sector. Bookkeeping and licensed tax accountant courses marked stable increases. Meanwhile, educational courses for public officers and certified social insurance labor consultant continued to show sluggish growth causing concern about the extent of shrinkage in the market. In regards to sales by learning media, although sales of classroom courses increased by only 2.5% over the same term last year, correspondence courses using DVD's and broadband web courses are still recording steady increases of 15.0% over the same term last year. As a result, sales for the current interim period increased 1.5% over the same term last year to ¥7,670 million. Operating profit increased 355.8% over the same term last year to ¥ 706 million.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)			FY2005 (Ending March 31, 2006)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,208	29.5	94.9	3,344	23.4	105.0	7,553	52.9	99.1	14,279	100.0	98.7
Operating costs	3,622	86.1	102.4	3,776	112.9	107.0	7,398	97.9	104.7	14,053	98.4	100.9
Operating income	586	13.9	65.2	-431	-12.9	—	154	2.1	27.9	226	1.6	42.8

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,252	—	101.0	3,418	—	102.2	7,670	—	101.5
Operating costs	3,568	83.9	98.5	3,395	99.3	89.9	6,964	90.8	94.1
Operating income	683	16.1	116.6	22	0.7	—	706	9.2	455.8

- (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

Corporate training programs continued to show strong sales due to companies making active investments in developing human resources

Demand for corporate training programs remained stable backed by heightening awareness of “investments in human resources” to cope with a future shortfall in human resources. While FP courses and securities analyst courses marked favorable increases, IT specialist courses remained steady. Sales by affiliated schools increased 15.4% over the same term last year and

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sales of in-university seminars decreased 9.6% over the same term last year. Sales of “Maho-jin” tax software showed favorable growth of 16.1% over the same term last year. As a result, sales in this segment for the current interim period increased 11.3% to ¥ 2,076 million and operating profit decreased 0.5% to ¥ 569 million.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)			FY2005 (Ending March 31, 2006)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	915	25.6	102.8	950	26.5	104.6	1,865	52.1	103.7	3,578	100.0	105.2
Operating costs	628	68.7	89.1	664	69.9	88.9	1,293	69.3	89.0	2,626	73.4	94.4
Operating income	286	31.3	154.9	285	30.1	177.1	572	30.7	165.3	951	26.6	153.9

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,027	—	112.3	1,048	—	110.3	2,076	—	111.3
Operating costs	683	66.5	108.7	823	78.5	123.9	1,506	72.6	116.5
Operating income	344	33.5	120.2	225	21.5	78.8	569	27.4	99.5

- (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

Publishing business concentrating on best-selling products and changing contents tailored to revised accounting standards. New Shinjuku and Umeda Offices opened as prior investment in TPB human-resource business.

In our publishing business, we adopted a policy of concentrating on selling highly marketable books, such as textbooks for bookkeeping and registered real estate transaction manager (Takken) exams, etc. in order to secure profits. To this end, we revised our plan for new publications. In the three months ended September 30, 2006, substantial costs were incurred to publish books covering company law and revised accounting standard, as well as, in making revisions to current editions, all of which are expected to be profitable in the next period and beyond. Shinjuku and Umeda offices of TAC Profession Bank Co., Ltd. (TPB) were opened in April and October 2006, respectively. This will increase the visibility of TPB among our students. TPB is engaged in aggressive sales activities in the area of manpower placement, which produces high profit margins. This includes placing effective advertisements right after the completion of various license exams. As a result, sales of TPB increased 20.6% and non-consolidated operating profit of TPB (before adjustment for consolidation) maintained the same level as the previous interim period. As a result, sales in the Publishing & Other segment for the current interim period decreased 3.2% to ¥ 770 million and operating profit decreased 17.5% to ¥ 136 million.

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	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)			FY2005 (Ending March 31, 2006)		
	¥ 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	730	36.8	105.1	1,988	100.0	110.3
Operating costs	264	76.6	99.6	300	78.0	115.4	564	77.3	107.4	1,590	80.0	114.5
Operating income	81	23.4	168.4	84	22.0	70.0	166	22.7	98.1	398	20.0	96.1

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	234	—	67.9	472	—	122.8	707	—	96.8
Operating costs	94	40.2	35.6	476	100.7	158.7	570	80.6	101.0
Operating income	140	59.8	173.4	-3	-0.7	—	136	19.4	82.5

- (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.

③ Sales results by license area

Licenses by area	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			Interim of FY2005 (April – September)			FY2005 (Ending March 31, 2006)		
	¥ 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	3,204	50.8	103.3	6,302	31.8	100.3
Management & Taxation	1,550	29.2	98.5	1,107	20.8	99.3	2,657	50.0	98.8	5,315	26.8	102.1
Financial Service & Real Estate	615	24.1	102.9	685	26.9	107.9	1,301	51.0	105.5	2,554	12.9	111.6
Law & Labor	953	31.5	92.4	620	20.5	92.8	1,574	52.0	92.5	3,026	15.3	93.9
IT & International	371	25.9	99.3	427	29.7	101.7	799	55.6	100.6	1,437	7.2	96.7
Others	280	23.5	94.5	322	27.0	108.6	602	50.5	101.5	1,191	6.0	101.0
Total	5,469	27.6	97.0	4,670	23.6	104.4	10,139	51.2	100.3	19,828	100.0	100.8

Licenses by area	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,734	31.5	102.2	1,513	30.6	100.4	3,247	31.1	101.3
Management & Taxation	1,620	29.4	104.5	1,202	24.4	108.6	2,823	27.0	106.2
Financial Service & Real Estate	688	12.5	111.8	754	15.3	110.0	1,443	13.8	110.9
Law & Labor	799	14.5	83.9	640	13.0	103.1	1,439	13.8	91.5
IT & International	359	6.5	96.7	441	9.0	103.3	801	7.7	100.3
Others	311	5.6	111.0	378	7.7	117.3	689	6.6	114.4
Total	5,514	100.0	100.8	4,929	100.0	105.5	10,444	100.0	103.0

- (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.

Finance and Accounting

In the current interim period, we continued to have concerns over the reputation and social status of certified public accountants due to accounting-related scandals. In anticipation of internal control audits scheduled for introduction in FY2007, the employment situation within audit corporations made a change for the better in 2004. According to Nippon Keizai Shimbun on September 16, 2006, the number of new recruits expected to gain employment in major audit corporations was 2,100, which exceeded the number of successful candidates of the exam in the previous year (1,308). The number of applicants for the certified public accountant exam under the new testing system, which started this year, was 16,210 of which 5,031 passed the multiple-choice exam and the pass rate was 31.0%. In the previous year, the number of successful candidates on the multiple-choice exam was 3,510 and the pass rate was 23.0% (according to data released by the Certified Public Accountants and Auditing Oversight Board on July 5, 2006). As can be seen, the number of successful candidates and pass rates increased substantially. 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 number of successful candidates who are allowed credit for each subject passed.

Sales of our CPA courses showed a recovery for two consecutive quarters (three months ended in March 31 and June 30, 2006). Sales on a cash basis (before adjustments of tuition advances) for the current interim period, however, decreased 0.9% over the same term last year, which is attributed to a declining number of applicants for advanced courses due to substantial increases in the number of successful candidates on the multiple-choice exam. As for bookkeeping courses (2nd and 3rd grades), we revised the pricing structure and focused on attracting more customers through our campaign of low-priced courses. This resulted in a sales increase of 5.6% over the same term last year. As a result, sales in the Finance and Accounting area for the current interim period increased 1.3 % over the same term last year.

Management and Taxation

In preparatory courses for licensed tax accountants (LTA), sales increased 2.3% over the same term last year. Such growth was supported by steady increases in applicants for 3-year package plans, and regular courses and package plans including bookkeeping and financial accounting as those passing these subjects are exempted from corresponding subjects on the CPA exam. As to preparatory courses for small and medium enterprise management consultant (SMECM), we suspended some of the courses in the previous interim period while its testing system underwent revisions, but re-started full-fledged operations in the current period resulting in sales increase of 23.8% over the same term last year. As a result, sales in the Management and Taxation area for the current interim period increased 6.2% compared to the same term last year.

Financial Services and Real Estate

In the real estate area, cash-basis sales of real estate appraiser courses declined 13.5% over the same term last year, negatively affected by substantial increases in the previous fiscal year. Sales on an accrual basis, however, increased 6.6% over the same term last year due to substantial amounts of tuition advances reversed to recognize sales. The new real estate appraiser exam, which was also revised in 2006, turned out to be very difficult with the number of successful candidates being only 94 out of all the candidates on the multiple-choice exam and essay exam which were 4,605 and 912, respectively. (Last year, the number of candidates for part 2 exam was 2,282 out of which 170 passed.) Accordingly we need to pay close attention to the trend in the number of candidates retaking the exam, those exempted from exam subjects, and new learners. Sales of real estate transaction manager (Takken) courses increased 19.8% over the same term last year. Sales of corporate training programs in financial services area showed favorable results receiving strong support from finance companies and securities companies. These include securities analyst courses (+30.9% y/o/y) and financial planners courses (+7.6% y/o/y). As a result, sales in the Financial Services and Real Estate area for the current interim period increased 10.9% over the same term last year.

Law and Labor

Sales of preparatory courses for public officer courses declined 14.5% 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 showed consecutive declines and decreased 8.7% over the same term last year. This is due to the number of applicants for the exam declining in 2005. Sales of preparatory courses for administrative scrivener, also with a revised testing system in 2006, increased 12.8% 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 courses, began seeking support from schools in order to prepare for the exam, which recently became more difficult. As a result, sales in the Law and Labor area for the current interim period decreased 8.5 % compared to the same term last year.

IT and International Qualifications

Sales of preparatory courses for IT courses seem to have bottomed out and increased 2.6% over the same term last year. CompTIA (the Computing Technology Industry Association) certifications and other IT-related courses showed increases over the same term last year because we were temporarily unable to provide preparatory courses as the necessary PC classrooms were unavailable during a reorganization of schools in the Tokyo Metropolitan Area in the previous period. As for US CPA courses, a major competitor specializing in preparatory courses for the US CPA exam went bankrupt. In response, we opened special courses to support the continued learning of their students. Accordingly, sales on a cash basis increased 13.2% over the same term last year. Sales on accrual basis, however, declined 15.5% over the same term last year due to an increased amount of sales being transferred to tuition advances. Consequently, sales in the IT and International area for the current interim period increased 0.3% over the same term last year.

Other

Sales of "Maho-jin" tax software showed steady growth in the current interim period and increased 10.7% 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. TPB marked favorable sales growth of 20.6% over the same term last year supported mainly by manpower placement of license holders of the US CPA and licensed tax accountant, etc. Currently TPB maintains steady growth with 3 offices including the Umeda office newly opened in October 2006. In total, sales increased 14.4% over the same term last year.

④ Number of schools and capacity

TAC has 16 schools nationwide, mainly in the metropolitan area, that provide classroom courses. In the current interim period, we did not open or close any schools. Instead, we increased the number of classrooms by changing the layout of rooms in the existing rented space. We exerted considerable effort toward the recovery of sales of classroom courses, which includes the opening of study rooms in the Suidobashi area responding to requests from students. In regards to TAC Profession Bank (TPB), in addition to headquarters located in Yaesu, Shinjuku and Umeda offices were opened in April and October 2006, respectively and currently TPB is vigorously engaged in sales operations from these 3 offices.

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(1 tsubo = 3.3 m²)

Term Location of branches	Previous interim fiscal year (as of September 30, 2005)				Current interim fiscal year (as of September 30, 2006)			
	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	635	39	347	9	634	39
Sendai	327 (New)	9	581	36	327	9	589	36
Suidobashi (notes)	2,884	23	2,751	65	3,240	30	3,285	88
Shibuya	1,700 (New)	30	3,148	119	1,700	32	3,135	115
Shinjuku	1,468	24	2,938	96	1,468	24	2,929	99
Ikebukuro	1,259	24	2,773	117	1,257	25	2,816	107
Yaesu	1,049	18	1,791	123	1,049	19	1,718	123
Machida	497	12	1,026	46	497	12	1,010	44
Yokohama	1,017	20	2,089	80	1,017	22	2,062	100
Omiya	530	14	1,052	61	530	14	1,052	61
Nagoya	963	23	2,125	90	963	23	2,101	89
Kyoto	693	16	1,384	68	693	17	1,394	34
Umeda	1,305	25	2,527	93	1,293	22	2,338	92
Nanba	586	15	1,081	65	586	15	1,004	65
Kobe	569	15	1,298	42	569	16	1,274	42
Fukuoka	404	11	461	39	404	11	574	39
Total	15,605	288	27,660	1,179	15,947	300	27,915	1,173

(Notes) Suidobashi includes Suidobashi School and Tokyo Headquarters (Tokyo Head Office).

⑤ Number of students

The number of individual members increased in courses for Takken and small and medium enterprise management consultant (SMEMC) (+8.0% and +16.0% y/o/y, respectively) and decreased in courses for certified public accountant, certified social insurance labor consultant and public officers. In CPA courses, we attracted a substantial number of students in the previous period by deploying sales campaigns for courses tailored to the new testing system. This resulted in a substantial decline in the number of students in the current interim period of 14.7% y/o/y. However, the said campaign succeeded in drawing customers to regular courses resulting in an increase in the unit price per client. Accordingly, the total number of individual members decreased 2.0%, or 1,767, over the same term last year. Regarding the number of corporate members, those taking self-enlightenment courses via distant learning media, including financial planner courses and educational programs consigned by local governments, increased. As a result, the number of corporate members increased 0.6%, or 162 over the same term last year. In total, the number of students in the current interim period decreased 1.4% or 1,605 over the same term last year.

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	Individual members	Corporate members	Total	Increases from the same term last year	Y - O - Y
FY1997	43,599	15,791	59,390	—	—
FY1998	66,661	17,932	84,593	+25,203	142.4
FY1999	83,066	21,528	104,594	+20,001	123.6
FY2000	93,651	28,747	122,398	+17,804	117.0
FY2001	105,217	36,542	141,759	+19,361	115.8
FY2002	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 (Percentage distribution)	886,514 (75.9%)	281,628 (24.1%)	1,168,142 (100.0%)	— —	— —
Current interim fiscal year [Y-O-Y]	85,553 [98.0%]	28,511 [100.6%]	114,064 [98.6%]	- 1,605	98.6
Previous interim fiscal year [Y-O-Y]	87,320 [112.1%]	28,349 [111.9%]	115,669 [112.1%]	+12,477	112.1

(2) Financial conditions (consolidated)

① Financial position

Total assets as of September 30, 2006 increased by ¥ 828 million and net assets increased by ¥ 414 million over the same period last year. Notables include: cash and equivalents up by ¥ 596 million, accounts receivable up by ¥ 319 million and fixed leasehold deposits down by ¥ 299 million. Notables in liabilities and net assets include: tuition advances up by ¥ 367 million, corporate tax payable up by ¥ 339 million and accounts payable down by ¥ 234 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	12,737	100.0	98.8	15,008	100.0	102.0	14,436	100.0	107.0	12,621	100.0	104.0
Tuition advances	4,907	38.5	89.7	7,472	49.8	97.6	8,005	55.5	99.3	7,244	57.4	105.5
Shareholders' equity	3,361	26.4	97.7	3,123	20.8	99.9	2,898	20.1	110.4	3,100	24.6	103.2
Book value per share	Yen 181.66			Yen 168.83			Yen 156.66			Yen 167.55		

	1 st quarter of FY2006 (June 30, 2006)			2 nd quarter of FY2006 (September 30, 2006)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total assets	13,414	100.0	105.3	15,836	100.0	105.5
Tuition advances	5,437	40.5	110.8	7,840	49.5	104.9
Net assets	3,487	26.0	103.8	3,538	22.3	113.3
Net assets per share	Yen 188.50			Yen 191.22		

(Note) In the three months ended June 30 2006, we began reporting net assets in accordance with "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5).

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② Cash flow performance

Cash and cash equivalents (hereafter referred to as “cash”) increased ¥ 545 million from the end of the same term last year to ¥ 3,188 million.

(Cash flows from operating activities)

Net cash provided by operating activities for the current interim period was ¥ 562 million. Factors contributing to cash flows provided by operating activities included favorable results in net income before taxes for the current interim period of ¥ 908 million, a ¥ 185 million decrease in inventories (+101 million y/o/y) and an increase in other payables of ¥ 109 million (+¥ 115 million y/o/y).

(Cash flows from investing activities)

Net cash used in investing activities for the current interim period was ¥ 432 million. Investment-related cash paid includes ¥ 124 million for intangible fixed assets and ¥ 127 million to purchase investment securities.

(Cash flow from financing activities)

Net cash provided by financing activities in the current interim period was ¥ 1,919 million. This includes short-term borrowing of ¥ 2,045 million to procure operating capital. ¥ 91 million was used for dividend payments.

③ Cash flow indicator

	Fiscal 2004 (2005/3)		Fiscal 2005 (2006/3)		Fiscal 2006 (2007/3)
	Interim	Interim	Interim	Year end	Interim
Shareholders' equity ratio	21.2%	24.8%	20.8%	24.6%	22.3%
Shareholders' equity ratio based on market price	89.5%	83.1%	95.3%	95.4%	70.2%
Redemption period	—yrs.	—yrs.	10.4yrs.	0.5yrs.	2.2yrs.
Interest coverage ratio	—	—	26.3	108.0	95.8

(Note) 1. Each indicator is calculated using values included in the consolidated financial statements.

Shareholders' equity ratio : Shareholders' equity / Total assets

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

Redemption period at end of interim fiscal year : Interest-bearing debt / (Cash flow from operating activities * 2)

Redemption period at end of fiscal year : Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities / Interest

2. Aggregate market value of corporate stock is calculated by multiplying closing stock price at the end of interim period by total number of outstanding shares at the end of interim period excluding treasury stock.
3. Interest-bearing debt refers to all debt reported in the consolidated balance sheet which bears interest.
4. Cash flow from operating activities is based on the relevant section of the consolidated statement of cash flow. Interest payment is based on the amount of interest payment reported on the consolidated statement of cash flow.
5. Negative figures of redemption period and interest coverage ratio are attached as “-“.

④ Business risks

The following risks may influence the TAC Group's management results and financial condition. Note that items referring to the future reflect the TAC Group's forecasts and assumptions as of September 30, 2006.

(a) Rent Increases

It is our strategic policy not to own any real property and to only rent facilities including schools located in the Tokyo Metropolitan Area. It has been reported that rent levels are expected to rise mainly in this area. This may affect the profit of our group. We will proceed with negotiations with the owners of the premises to optimize utilization efficiency as well as focusing on achievement of an ideal balance between classroom courses and correspondence courses.

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(b) Trends in governmental tuition assistance program

The governmental tuition assistance program is supervised by the Health, Labor and Welfare Ministry, which aims at supporting workers in development of their individual ability in order to stabilize present employment and to promote their re-employment. Those who meet the qualification requirement of social insurance contributions for the assistance program prepay the total amount of tuition. Upon completion of their courses, they are reimbursed a certain percentage of the tuition by the unemployment office ("Hello-work") if they meet attendance and other requirements.

The governmental tuition assistance program was changed in May 2003. Under the revised program, the qualification requirement for the program was reduced from five years of social insurance contributions to three years. As well, the amount of assistance was lowered from 80% of tuition to 40% (20% for those with a contribution period from three years to less than five years). The maximum amount was lowered from ¥ 300,000 to ¥ 200,000 (¥ 100,000 for those with a contribution period from three years to less than five years). Due to this revision, sales of TAC group grew rapidly until April 2003 spawned by the incentive to take advantage of the program prior to its revision. After this, we remained under the negative influence of such temporary sales increases. Because of problems in financial resources, the government has instituted an ongoing effort to narrow the number of qualified courses. This includes implementing reduction measures such as eliminating 2 courses per 1 newly opened course. Accordingly, the total number of qualified courses for the assistance program is expected to decline gradually.

(c) Measures for "Privacy Law"

The "Privacy Law", which imposes certain obligations on companies that collect private information, was implemented gradually starting in April 2005. Not only our individual members but also our corporate members show considerable concern over this issue. We recognize it as an urgent issue in terms of maintaining an appropriate compliance system. TAC Co., Ltd. and TAC Profession Bank Co., Ltd., our subsidiary, acquired the Privacy Mark certified by the Japan Information Processing Development Corporation (JIPDEC). We will implement thorough measures under a chief administrator in charge of privacy protection to protect personal information. Such measures include maintaining stringent security measures to prevent outflow of information and by providing continuous education to our employees. Should any divulcation of private information occur, it would harm the social confidence we have built over many years. This could seriously affect our business.

(3) Annual forecast to March, 2007

Sales of introductory courses for certified public accountant showed favorable results and sales in the financial services and real-estate areas grew steadily. Sales and profits of corporate training programs continued to increase along with the economic recovery. The profit ratio in the publishing segment increased due to a successful shift in our sales policy. In regards to costs, outsourcing costs showed slight increases responding to strong growth in correspondence courses using DVD's, which was compensated by controlling other costs such as a reduction in advertising, etc. In total, operating results for the current interim period exceeded the level originally forecasted.

The results of the certified public accountant exam are scheduled for release on November 20. Starting this year, the new testing system was introduced in which credits are allowed for each subject passed. If a large number of candidates earn credits permitted under this newly introduced testing system, it is expected to contribute to further growth in new learners as major audit corporations look to employ successful candidates who passed some exam subjects. The unit price per customer, however, is anticipated to be lower if the average number of subjects that one candidate passed is larger than we expected. Accordingly, we should carefully examine the status of applications for the CPA courses before making forecasts for the fiscal year ended March 31, 2007.

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Regarding courses for public officers and certified social insurance labor consultant, it is expected that a tough market environment will continue in the second interim period. In the human resources business, assumed by TAC Profession Bank Co., Ltd., we opened 2 new offices in April and October 2006 as prior investments. We expect that these investments will contribute to our consolidated business results in the second interim period and beyond. After confirming the progress made in our business segments, we will re-examine our business forecasts for the fiscal year ended March 31, 2006.

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4. Consolidated interim financial statements and other

(1) Consolidated balance sheet

(Thousand of yen)

Account	Term	Previous interim fiscal year (as of September 30, 2005)		Current interim fiscal year (as of September 30, 2006)		Previous fiscal year (ended March 31, 2006)	
		Amount	%	Amount	%	Amount	%
(Assets)							
I Current assets							
1 Cash and cash equivalents		2,652,574		3,248,891		1,027,685	
2 Notes and accounts receivable		2,479,909		2,799,177		1,706,486	
3 Marketable securities		31,320		144,587		171,576	
4 Short-term loan		22,447		—		15,772	
5 Inventories		807,255		826,409		1,011,609	
6 Deferred income taxes		71,387		97,626		65,316	
7 Other		524,161		492,423		474,372	
Allowances for doubtful accounts		△9,342		△2,524		△1,572	
Total current assets		6,579,713	43.8	7,606,591	48.0	4,471,246	35.4
II Fixed assets							
1 Tangible fixed assets		915,250	6.1	772,221	4.9	837,466	6.7
2 Intangible fixed assets		515,282	3.5	664,211	4.2	670,549	5.3
3 Investments and other assets							
(1) Investment securities		1,650,719		1,640,320		1,578,082	
(2) Fixed leasehold deposits		4,132,158		3,832,212		3,836,865	
(3) Insurance reserve fund		934,202		935,959		937,228	
(4)Deferred income taxes		59,163		63,362		64,887	
(5)Long-term time deposit		200,000		300,000		200,000	
(6)Other		22,659		22,605		26,016	
Allowances for doubtful accounts		△1,150		△1,150		△1,150	
Total Investments and other assets		6,997,753	46.6	6,793,311	42.9	6,641,930	52.6
Total Fixed assets		8,428,286	56.2	8,229,744	52.0	8,149,946	64.6
Total assets		15,008,000	100.0	15,836,336	100.0	12,621,192	100.0
(Liabilities)							
I Current Liabilities							
1 Accounts payable		394,350		356,896		453,810	
2 Short-term borrowings		2,412,500		2,345,000		300,000	
3 Current portion of long-term borrowings		67,200		67,200		67,200	
4 Accrued liability		619,170		385,065		356,875	
5 Corporation and inhabitants taxes		—		339,921		44,840	
6 Tuition advances		7,472,699		7,840,452		7,244,513	
7 Reserve for loss on returned goods		142,937		140,729		282,644	
8 Accrued bonuses		54,483		56,791		64,920	
9 Other		470,401		582,879		489,344	
Total current liabilities		11,633,742	77.5	12,114,937	76.5	9,304,149	73.7
II Long-term liabilities							
1 Long-term liabilities		110,400		43,200		76,800	
2 Reserve for post-retirement benefits for directors and corporate auditors		139,916		139,916		139,916	
Total long-term liabilities		250,316	1.7	183,116	1.2	216,716	1.7
Total liabilities		11,884,059	79.2	12,298,054	77.7	9,520,866	75.4
(Minority interests)							
Minority interests		—	—	—	—	—	—
(Shareholders' equity)							
I Common stock							
Common stock		940,200	6.4	940,200	6.3	940,200	7.8
II Additional paid-in capital							
Additional paid-in capital		790,547	5.3	790,547	5.3	790,547	6.6
III Retained earnings							
Retained earnings		1,505,058	10.2	1,432,239	9.5	1,397,062	11.6
IV Difference on revaluation of other marketable securities							
Difference on revaluation of other marketable securities		-120,698	-0.8	-114,803	-0.8	-235,823	-2.0
V Treasury Stock							
Treasury Stock		-74	-0.0	-144	-0.0	-144	-0.0
Total shareholders' equity		3,115,033	21.1	3,048,039	20.3	2,891,841	24.0
Total liabilities and shareholders' equity		14,789,685	100.0	15,005,974	100.0	12,040,998	100.0

TAC CO.,LTD.

Account	Term	Previous interim fiscal year (as of September 30, 2005)		Current interim fiscal year (as of September 30, 2006)		Previous fiscal year (ended March 31, 2006)	
		Amount	%	Amount	%	Amount	%
(Shareholders' equity)							
I	Common stock	940,200	6.3	—	—	940,200	7.4
II	Additional paid-in capital	790,547	5.3	—	—	790,547	6.3
III	Retained earnings	1,371,468	9.1	—	—	1,374,001	10.9
IV	Difference on revaluation of other marketable securities	21,870	0.1	—	—	△4,278	△0.0
V	Treasury Stock	△144	△0.0	—	—	△144	△0.0
	Total shareholders' equity	3,123,941	20.8	—	—	3,100,326	24.6
	Total liabilities and shareholders' equity	15,008,000	100.0	—	—	12,621,192	100.0
(Net assets)							
I	Owners' equity						
1	Paid-in capital	—	—	940,200	5.9	—	—
2	Capital surplus	—	—	790,547	5.0	—	—
3	Earned surplus	—	—	1,811,316	11.4	—	—
4	Treasury Stock	—	—	△144	△0.0	—	—
	Total owners' equity	—	—	3,541,920	22.3	—	—
II	Valuation and translation adjustments						
1	Valuation difference on available for sale securities	—	—	△3,638	—	—	—
	Total valuation and translation adjustments	—	—	△3,638	△0.0	—	—
	Total net assets	—	—	3,538,281	22.3	—	—
	Total liabilities and net assets	—	—	15,836,336	100.0	—	—

TAC CO.,LTD.

(2) Consolidated statement of income

(Thousand of yen)

Account	Term	Previous interim fiscal year April 1,2005 – September 30, 2005		Current interim fiscal year April 1,2006 – September 30, 2006		Previous fiscal year April 1,2005 - March 31,2006	
		Amount	%	Amount	%	Amount	%
I	Sales revenues	10,139,843	100.0	10,444,282	100.0	19,828,237	100.0
II	Cost of sales	6,088,094	60.0	6,175,445	59.1	12,122,626	61.1
	Gross profit	4,051,748	40.0	4,268,836	40.9	7,705,611	38.9
	Reversal of allowance for loss on returned goods	244,424	2.4	282,644	2.7	244,424	1.2
	Transfer to reserve for loss on returned goods	142,937	1.4	140,729	1.3	282,644	1.4
	Gross profit - net	4,153,234	41.0	4,410,751	42.2	7,667,390	38.7
III	Selling, general and administrative expenses	3,847,170	37.9	3,585,229	34.3	7,246,323	36.5
	Operating income	306,064	3.0	825,521	7.9	421,066	2.1
IV	Non-operating income	155,559	1.5	100,141	1.0	219,776	1.1
	1 Interest income on deposits	1,323		4,198		2,922	
	2 Interest on securities	16,459		19,089		33,307	
	3 Profit of investment securities	129,807		71,609		170,589	
	4 Other	7,968		5,243		12,956	
V	Non-operating expenses	4,626	0.0	5,802	0.1	8,853	0.0
	1 Interest expenses	4,289		5,415		8,518	
	3 Other	336		386		335	
	Ordinary income	456,998	4.5	919,860	8.8	631,989	3.2
VI	Extraordinary income	—	—	—	—	45,136	0.2
	1 Gains from sale of investment securities	—		—		41,181	
	2 Reversal of allowance for doubtful receivables	—		—		3,955	
VII	Extraordinary expenses	193,611	1.9	11,184	0.1	232,444	1.1
	1 Losses on disposal or sale of fixed assets	60,015		8,273		76,894	
	2 Restoration expenses	108,590		2,911		130,543	
	3 Loss from revaluation of investment securities	1,392		—		1,392	
	4 Penalty for canceled contract	23,613		—		23,613	
	Net income before income taxes	263,387	2.6	908,676	8.7	444,681	2.2
	Corporate, inhabitants and enterprise taxes	103,454	1.0	410,068	3.9	178,272	0.9
	Deferred income taxes	5,249	0.0	△31,225	-0.3	16,673	0.1
	Net income	154,682	1.5	529,833	5.1	249,735	1.3

TAC CO.,LTD.

(3) Consolidated statement of retained earnings

(Thousand of yen)

Account	Term	Previous interim fiscal year April 1,2005 – September 30, 2005		Previous 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		1,272,296		1,272,296
II	Increase in retained earnings				
1	Net income	154,682	154,682	249,735	249,735
III	Decrease in retained earnings				
1	Cash Dividends	55,511	55,511	148,030	148,030
IV	Retained earnings at the end of year		1,371,468		1,374,001

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

Current interim fiscal year (April 1, 2006 - September 30, 2006)

(Thousand 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)	940,200	790,547	1,374,001	-144	3,104,605	-4,278	—	3,100,326
Changes of items during the period								
Issuance of new shares								
Dividends from surplus(*)			-92,518		-92,518			-92,518
Net income			529,833		529,833			529,833
Net changes of items other than owners' equity						640		640
Total changes of items during the period	—	—	437,314	—	437,314	640	—	437,955
Balance at the end of the current period (As of June 30, 2006)	940,200	790,547	1,811,316	-144	3,541,920	-3,638	—	3,538,281

(*) Disposition of profits at annual meeting of stockholders held on June 21, 2006.

(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).

TAC CO.,LTD.

(5) Consolidated statements of cash flow

(Thousand of yen)

Account	Term	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 - March 31,2006
		Amount	Amount	Amount
I Cash flows from operating activities				
1 Income before income taxes		263,387	908,676	444,681
2 Depreciation and amortization		170,994	163,015	362,386
3 Profit of investment securities		-129,807	-71,609	-170,589
3 Decrease (increase) in allowance for doubtful accounts		3,642	952	-4,127
4 Decrease (increase) in allowance for employees' bonuses		5,245	-8,129	15,682
5 Decrease (increase) in allowance for returned goods		-101,486	-141,914	38,220
8 Interest and dividend income		-17,860	-23,288	-36,306
9 Interest paid		4,289	5,415	8,518
10 Loss on sales and disposal of property and equipment		58,686	8,273	76,894
11 Increase (decrease) in accounts receivable		-987,553	-1,092,690	-214,131
12 Decrease (increase) in inventories		83,870	185,200	-120,483
13 Decrease (increase) in other receivable		-68,090	3,322	-17,520
14 Decrease (increase) in accounts payable		-12,203	-96,913	47,256
15 Increase in tuition advances		603,402	595,938	375,217
16 Increase in other payable		75,019	190,706	-38,164
17 Other		3,270	1,052	-30,479
Sub-total		-45,194	628,006	737,054
18 Interest and dividend received		46,385	58,893	104,190
19 Interest paid		-4,737	-5,866	-8,640
20 Income taxes refund		163,449	—	163,449
21 Income taxes paid		-35,482	-118,893	-63,304
Net cash provided by operating activities		124,421	562,140	932,750
II Cash flows from investing activities				
1 Increase (decrease) in time deposits		—	-150,000	-15
2 Payment for purchase of marketable securities		—	—	10,052
3 Proceeds from sales of marketable securities		—	—	10,052
4 Acquisitions of property and equipment		-131,963	-39,916	-331,841
5 Proceeds from sales of property and equipment		1,893	—	1,827
6 Purchases of intangible fixed assets		-150,632	-124,511	-367,154
7 Purchases of investment securities		-529	-127,477	-100,110
8 Proceeds from sales of investment securities		464	338	142,035
10 Payment for guaranteed deposits		-333,417	-1,285	-474,396
11 Collection of guaranteed deposits		195,133	3,740	622,593
13 Collection of loans		2,010	2,100	8,685
14 Payment for insurance reserve fund		-3,006	-2,627	-6,032
15 Other		—	7,008	100
Net cash provided by (used in) investing activities		-420,048	-432,630	-494,258
III Cash flows from financing activities				
1 Increase (decrease) in short-term borrowings		1,912,500	2,045,000	-200,000
2 Borrowing of long-term debt		200,000	—	200,000
3 Repayment of long-term debt		-22,400	-33,600	-56,000
5 Dividends paid		-55,028	-91,792	-147,117
Net cash provided by (used in) financing activities		2,035,071	1,919,607	-203,117
IV Exchange difference of cash and cash equivalents		37	3	14
V Net increase (decrease) in cash and cash equivalents		1,739,481	2,049,121	235,388
VI Net increase (decrease) in cash and cash equivalents		904,197	1,139,586	904,197
VII Cash and cash equivalents at the end of the year		2,643,679	3,188,707	1,139,586

TAC CO.,LTD.

(6) Assumptions underlying preparation of consolidated financial statements

1. Item relating to scope of consolidation

Consolidated subsidiary is TAC Profession Bank Co., Ltd. only and there is no non-consolidated subsidiary.

2. Item relating to the fiscal years etc. of consolidated subsidiaries

Interim fiscal year end of the consolidated subsidiary coincides with the consolidated interim fiscal year end.

3. Items related to accounting standards

(1) Standards and methods of valuation for important assets

① Marketable and investment securities

Other securities

Other securities whose current value can be estimated ... Stated at market value at the interim fiscal year end. (Unrealized gains and losses on other securities are included in shareholders' equity, net of income taxes. Sales cost is calculated by the moving-average method.)

Other securities whose current value cannot be estimated ... Stated at cost computed by the moving-average method.

For capital investments in investment partnership (investment enterprise limited liability association) and similar associations (deemed securities as per Article 2, Section 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used for consolidated balance sheet and the amount corresponding to the ownership percentage of profit (loss) items is used for consolidated statement of income, based on the most recent financial statement available as of the reporting date stipulated in the partnership contract.

② Inventories

Merchandise, finished goods and raw materials ... Valued at cost, using the gross average method

Work in process ... Value at cost, using the specific identification method

Stored goods ... Value at cost, using the last purchase price method

(2) Major depreciable assets and methods of depreciation

① Tangible fixed assets ... Depreciation is computed using the straight-line method.

Principal estimated useful lives are 15 years for buildings and 3 years to 5 years for equipment and furniture. Cost of petty sum depreciable assets whose cost is ¥ 100,000 or more and less than ¥ 200,000 are amortized using the straight-line method over the estimated useful lives of 3 years.

② Intangible fixed assets ... Costs of computer software developed or obtained for internal use are amortized using the straight-line method over the estimated useful lives of 5 years. Costs of other intangible fixed assets are amortized using the straight-line method.

(3) Standards for important allowance

① Allowance for doubtful accounts

An allowance for loan losses is provided as detailed below. For claims to general debtors, an allowance is provided based on historical loan losses experience. For specific claims to debtors who are likely to become bankrupt or legally or virtually bankrupt, an allowance is provided for the amount of claims expected to be uncollectible, which is estimated depending on the collectibility of individual claims.

② Allowance for loss on returned goods

A reserve for loss caused by returns of publications is provided based on estimated amounts of the future returns attributed to the current interim fiscal year.

③ Allowance for accrued bonuses

A reserve for employee's bonuses is provided for the payment of employees' bonuses based on estimated amounts of the future payments attributed to the current interim fiscal year.

④ Allowance for post-retirement benefits for directors and corporate auditors

On April 26, 2004, the Board approved elimination of the post-retirement benefits plan for directors on June 22, 2004. Retirement benefits for directors were calculated based on the period of service until the date of the elimination. The amount already set aside for the post-retirement benefits plan for directors will be paid when the relevant director retires from the position.

(4) Accounting for significant lease transactions

Transactions under finance lease agreement are accounted for as transaction under ordinary rental transactions, except for those lease transactions which transfer ownership of leased property to the lessee.

TAC CO.,LTD.

(5) Accounting for consumption taxes

The company recognized consumption taxes and local consumption taxes as a separate account.

4. Scope of funds in the consolidated statement of cash flow

"Funds"(cash and cash equivalents) in the context of the interim consolidated cash flow statements comprise cash on hand, freely withdrawable deposits, and short-term investments maturing in less than three months from the date of their acquisitions, which must be also be easily converted to cash and subject to minimal risk of price fluctuations.

(7) Significant change in important items for preparation of interim consolidated financial statements

1. Notes to accounting standards related to presentation of net assets in balance sheet

From this interim accounting period, the "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No.5, December 9, 2005) and "Guidance on Accounting Standards for the Presentation of Net Assets in the Balance Sheet and Implementation" (ASBJ Guidance No.8, December 9, 2005) are being applied. The amount corresponding to the figure for the conventional total assets was ¥ 3,538,281 thousand. Due to the changes in the Regulations of Interim Consolidated Financial Statements, Net Assets section of September 30, 2006 Balance Sheet is presented as per revised Regulations of Interim Consolidated Financial Statements.

Change in presentation

(Consolidated interim balance sheet)

"Short-term loan" (balance as of the end of the current interim period was ¥ 13,672 thousand) which was independently classified in the previous interim period is included in "other" of current assets in the current interim period as the proportion of short-term loan as of the end of the current interim period was below 5% of total amount of assets.

Notes

(Consolidated balance sheet-related)

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
1. Accumulated depreciation on tangible fixed assets	894,886	1,010,571	940,468

(Consolidated statement of income-related)

1. Outline of selling, general and administrative expenses

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Advertising cost	836,955	600,246	1,479,192
Reserve for Allowance for doubtful accounts	3,836	1,278	—
Salary	992,518	1,021,687	1,974,181
Transfer to accrued bonuses	52,652	54,992	63,331
Transfer to employees' retirement benefits	486,472	468,870	937,832
Rent	836,955	600,246	1,479,192

TAC CO.,LTD.

(Consolidated statement of changed in net assets-related)

Current interim fiscal year (April 1, 2006 - September 30, 2006)

1. Types and total number of outstanding shares and types and total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increased during the current interim fiscal year	Number of shares decreased during the current interim fiscal year	Number of shares at the end of current fiscal year
Outstanding shares				
Common stock	18,503,783	—	—	18,503,783
Total	18,503,783	—	—	18,503,783
Treasury stock				
Common stock	217	—	—	217
Total	217	—	—	217

2. Dividend related

(1) Dividend paid

Resolution	Stock type	Dividend paid (Thousand of Yen)	Dividend per share (Yen)	Record date	Effect date
June 21, 2006 Shareholders' Meeting	Common stock	92,518	5	March 31, 2006	June 21, 2006

(2) Dividends with a record date falling within the current interim period that become effective after the end of the current interim period

Resolution	Stock type	Dividend paid (Thousand of Yen)	Dividend resource	Dividend per share (Yen)	Record date	Effect date
November 17, 2006 Board of directors' Meeting	Common stock	92,518	Earned surplus	5	September 30, 2006	December 8, 2006

(Consolidated Statement of cash flow-related)

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

	Previous interim fiscal year April 1, 2005 – September 30, 2005	Current interim fiscal year April 1, 2006 – September 30, 2006	Previous fiscal year April 1, 2005 – March 31, 2006
			Thousand of yen
Cash and deposit accounts	2,652,574	3,248,891	1,027,685
Fixed term deposit whose deposited period exceeds 3 months	-30,032	-80,048	-30,048
Marketable securities account	21,136	19,863	171,576
Marketable securities other than MMF, etc.	—	—	-29,628
Cash and Cash equivalents	2,643,679	3,188,707	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	7,553,065	1,865,592	721,185	10,139,843	—	10,139,843
(2) Inter-segment transactions and eliminations	446	—	9,756	10,202	(10,202)	—
Total	7,553,512	1,865,592	730,941	10,150,045	(10,202)	10,139,843
Operating expenses	7,398,603	1,293,255	564,914	9,256,773	577,004	9,833,778
Operating income	154,908	572,336	166,026	893,271	(587,207)	306,064

Current interim fiscal year (April 1,2006 - September 30, 2006)

(Thousands of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	7,670,470	2,076,254	697,557	10,444,282	—	10,444,282
(2) Inter-segment transactions and eliminations	51	—	10,102	10,153	(10,153)	—
Total	7,670,521	2,076,254	707,660	10,454,435	(10,153)	10,444,282
Operating expenses	6,964,446	1,506,516	570,703	9,041,666	577,093	9,618,760
Operating income	706,075	569,737	136,956	1,412,769	(587,247)	825,521

Year ended March 2004 (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	1,137,385	19,407,170
Operating income	226,699	951,592	398,685	1,576,977	(1,155,910)	421,066

- (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, accounting 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. Major portion of sales expenses that cannot be eliminated or allocated represents expenses incurred at administrative section of headquarter including general affairs department, etc.

2. Segment information by location of business

Not applicable as there is no consolidated subsidiary or important overseas branch which is located in country or region outside Japan during the current interim fiscal year, the previous interim fiscal year or the previous fiscal year.

3. Overseas sales

Not applicable as there is no sales overseas during the current interim fiscal year, the previous interim fiscal year or the previous fiscal year.

TAC CO.,LTD.

(Marketable and investment securities)

Previous interim fiscal year (ended September 30, 2005)

1. Other securities - Redemption schedule of other securities whose current value can be estimated (Thousands of yen)

Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
(1) Shares	2,129	15,884	13,754
(2) Bonds			
Corporate bonds	—	—	—
Others	909,924	1,021,111	111,186
(3)Others	201,267	207,656	6,388
Total	1,113,321	1,244,651	131,329

2. Major investment securities without market prices (Thousands of yen)

Type	Stated value on consolidated balance sheet
Other securities	
Unlisted stocks	17,000
MMF	19,776
Corporate bonds (Yen currency)	100,000
Investment in anonymous association	300,000

Current interim fiscal year (ended September 30, 2006)

1. Other securities - Redemption schedule of other securities whose current value can be estimated (Thousands of yen)

Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
(1) Shares	—	—	—
(2) Bonds			
Corporate bonds	337,912	324,007	-13,905
Others	896,403	937,897	41,493
(3)Others	190,757	186,140	-4,617
Total	1,425,073	1,448,044	22,970

2. Major investment securities without market prices (Thousands of yen)

Type	Stated value on consolidated balance sheet
Other securities	
Unlisted stocks	17,000
MMF	19,862
Investment in anonymous association	300,000

Previous fiscal Year ended March 2006

1. Other securities - Redemption schedule of other securities whose current value can be estimated (Thousands of yen)

Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
(1) Shares	—	—	—
(2) Bonds			
Corporate bonds	202,570	203,477	907
Others	808,440	896,387	87,946
(3)Others	190,787	190,846	59
Total	1,201,797	1,290,710	88,912

2. Major investment securities without market prices (Thousands of yen)

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

(Note) In the current fiscal year, we recognized ¥ 1,392 thousand of loss by applying impairment accounting on investment securities (investment securities without fair value). If the fair value of fixed assets as of the end of fiscal year falls by 50% or more from their book value, we book a loss for the entire amount of decrease. If the fair value of fixed assets as of the end of fiscal year falls by 30 – 50%, amount of impairment loss shall be determined after examining the significance and recoverability of the impairment of the relevant assets.

TAC CO.,LTD.

(Lease transaction)

Description omitted as it is disclosed on EDINET.

(Derivative transaction)

Description omitted as it is disclosed on EDINET.

March 2007 Term Interim Financial Results Report (Non-consolidated)

November 17, 2006

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

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

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: November 17, 2006

Date of commencement of dividend payment: December 8, 2005

Adoption of system of interim dividends: Yes

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

1. Non-consolidated results for the interim period ended September 2006

(From April 1, 2006 to September 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)	%
September 2006 interim period	10,162	2.6	765	211.3	911	115.4
September 2005 interim period	9,906	-0.5	246	-46.9	423	-28.7
Fiscal 2005 (2006/3)	19,351		313		552	

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
September 2005 interim period	545	267.7	29.50
September 2004 interim period	148	-7.4	8.02
Fiscal 2004 (2005/3)	214		11.58

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

September 2006 interim period: 18,503,783 shares September 2005 interim period: 18,503,783 shares

March 2006 period: 18,503,783 shares

2. Changes in accounting methods : None

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

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
September 2006 interim period	15,742	3,451	21.9	186.51
September 2005 interim period	14,934	3,050	20.4	164.83
Fiscal 2005 (2006/3)	12,487	2,997	24.0	161.98

(Notes) 1. Number of outstanding shares at end of period : September 2006 interim period: 18,503,783 shares

September 2005 interim period: 18,503,783 shares March 2006 period: 18,503,783 shares

2. Number of treasury stocks at end of period : September 2006 interim period: 217 shares

September 2005 interim period: 217 shares March 2006 period: 217 shares

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

	Net sales	Ordinary profit	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Full year	19,600	717	407

(Note) Estimated earnings per share (full year) : 22.00 yen

3.Dividends per share

	Interim period (Yen)	Term end (Yen)	Total (Yen)
Fiscal 2005 (2006/3)	5.00	5.00	10.00
Fiscal 2006 (actual)	5.00	—	10.00
Fiscal 2006 (forecast)	—	5.00	

Above forecast are forward-looking statement that are based on information currently available and may contain potential risks and uncertainties. Accordingly, readers are asked to be aware that the Company's actual results may differ materially from any projections presented in this report due to various important factors.

TAC CO.,LTD.

Non-consolidated interim financial statements and other

(1) Non-consolidated balance sheet

(Thousand of yen)

Account	Term	Previous interim fiscal year (as of September 30, 2005)		Current interim fiscal year (as of September 30, 2006)		Previous fiscal year (ended March 31, 2006)	
		Amount	%	Amount	%	Amount	%
(Assets)							
I Current assets							
1 Cash and cash equivalents		2,589,626		3,222,637		935,571	
2 Notes and accounts receivable		2,449,753		2,746,890		1,667,976	
3 Marketable securities		31,320		144,587		171,576	
4 Short-term loan		22,447		—		15,772	
5 Inventories		807,255		826,154		1,011,609	
6 Deferred income taxes		67,906		92,968		59,765	
7 Other		549,736		500,478		477,862	
Allowances for doubtful accounts		-9,166		-2,218		-1,354	
Total current assets		6,580,881	43.6	7,531,498	47.8	4,338,779	34.7
II Fixed assets							
1 Tangible fixed assets		908,271	6.1	760,321	4.9	830,775	6.7
2 Intangible fixed assets		510,224	3.4	648,111	4.1	666,298	5.3
3 Investments and other assets							
(1) Investment securities		1,650,719		1,640,320		1,578,082	
(2) Long-term time deposits		200,000		300,000		200,000	
(3) Fixed leasehold deposits		4,131,858		3,831,912		3,836,565	
(4) Insurance reserve fund		934,202		935,959		937,228	
(5) Deferred income taxes		59,163		63,362		64,887	
(6) Other		32,659		32,580		36,016	
Allowances for doubtful accounts		-1,150		-1,150		-1,150	
Total Investments and other assets		7,007,453	46.9	6,802,986	43.2	6,651,630	53.3
Total Fixed assets		8,245,949	56.4	8,211,418	52.2	8,148,704	65.3
Total assets		14,934,831	100.0	15,742,917	100.0	12,487,484	100.0

TAC CO.,LTD.

(Thousand of yen)

Account	Term	Previous interim fiscal year (as of September 30, 2005)		Current interim fiscal year (as of September 30, 2006)		Previous fiscal year (ended March 31, 2006)	
		Amount	%	Amount	%	Amount	%
(Liabilities)			%		%		%
I Current Liabilities							
1 Accounts payable		394,329		356,875		453,692	
2 Short-term borrowings		2,412,500		2,345,000		300,000	
3 Current portion of long-term borrowings		67,200		67,200		67,200	
4 Accrued liability		613,772		379,048		347,161	
5 Corporation and inhabitants taxes payable		—		316,982		15,091	
6 Tuition advances		7,470,228		7,837,353		7,241,770	
7 Reserve for loss on returned goods		142,937		140,729		282,644	
8 Accrued bonuses		51,600		52,703		59,870	
9 Other		481,931		612,740		506,069	
Total current liabilities		11,634,499	77.9	12,108,633	76.9	9,273,500	74.3
II Long-term liabilities							
1 Long-term liabilities		110,400		43,200		76,800	
2 Reserve for post-retirement benefits for directors and corporate auditors		139,916		139,916		139,916	
Total long-term liabilities		250,316	1.7	183,116	1.2	216,716	1.7
Total liabilities		11,884,816	79.6	12,291,750	78.1	9,490,217	76.0
(Shareholders' equity)							
I Common stock		940,200	6.3	—	—	940,200	7.5
II Additional paid-in capital							
1.Capital reserve		790,547		—		790,547	
Total additional paid-in capital		790,547	5.3	—	—	790,547	6.3
III Retained earnings							
1.Legal reserves		19,978		—		19,978	
2.Unappropriated retained earnings, end of fiscal period		1,277,563		—		1,250,964	
Total retained earnings		1,297,541	8.7	—	—	1,270,942	10.2
IV Difference on revaluation of other marketable securities		21,870	0.1	—	—	-4,278	-0.0
V Treasury Stock		-144	-0.0	—	—	-144	-0.0
Total shareholders' equity		3,050,014	20.4	—	—	2,997,266	24.0
Total liabilities and shareholders' equity		14,934,831	100.0	—	—	12,487,484	100.0
(Net assets)							
I Owners' equity							
1.Paid-in capital		—	—	940,200	6.0	—	—
2.Capital surplus							
(1) Capital legal reserve		—	—	790,547		—	—
Total capital surplus				790,547	5.0		
3.Earned surplus							
(1) Earned legal reserve		—	—	19,978		—	—
(2) Other earned surplus							
Earned surplus brought forward		—	—	1,704,223		—	—
Total earned surplus		—	—	1,724,201	10.9	—	—
4.Treasury Stock		—	—	-144	-0.0	—	—
Total owners' equity		—	—	3,454,805	21.9	—	—
II Valuation and translation adjustments							
1.Valuation difference on available for sale securities		—	—	-3,638		—	—
Total valuation and translation adjustments		—	—	-3,638	-0.0	—	—
Total net assets		—	—	3,451,167	21.9	—	—
Total liabilities and net assets		—	—	15,742,917	100.0	—	—

TAC CO.,LTD.

(2) Non-consolidated statement of income

(Thousand of yen)

Account	Term	Previous interim fiscal year April 1,2005 – September 30, 2005		Current interim fiscal year April 1,2006 – September 30, 2006		Previous fiscal year April 1,2005 - March 31,2006	
		Amount	%	Amount	%	Amount	%
I	Sales revenues	9,906,578	100.0	10,162,575	100.0	19,351,907	100.0
II	Cost of sales	5,998,356	60.5	6,076,862	59.8	11,924,121	61.6
	Gross profit	3,908,221	39.5	4,085,712	40.2	7,427,785	38.4
	Reversal of allowance for loss on returned goods	244,424	2.5	282,644	2.8	244,424	1.3
	Transfer to reserve for loss on returned goods	142,937	1.5	140,729	1.4	282,644	1.5
	Gross profit - net	4,009,708	40.5	4,227,627	41.6	7,389,565	38.2
III	Selling, general and administrative expenses	3,763,659	38.0	3,461,701	34.1	7,075,840	36.6
	Operating income	246,049	2.5	765,926	7.5	313,725	1.6
IV	Non-operating income	181,759	1.8	151,441	1.5	247,175	1.3
V	Non-operating expenses	4,626	0.0	5,802	0.0	8,853	0.0
	Ordinary income	423,182	4.3	911,565	9.0	552,046	2.9
VI	Extraordinary income	—	—	—	—	45,136	0.2
VII	Extraordinary expenses	193,339	2.0	11,072	0.1	232,172	1.2
	Net income before income taxes	229,843	2.3	900,492	8.9	365,011	1.9
	Corporate, inhabitants and enterprise taxes	74,936	0.8	386,831	3.8	130,690	0.7
	Deferred income taxes	6,487	0.0	-32,118	-0.3	19,982	0.1
	Net income	148,418	1.5	545,778	5.4	214,338	1.1
	Retained earnings brought forward from previous period	1,129,144		—		1,129,144	
	Interim dividend	—		—		92,518	
	Unappropriated retained earnings	1,277,563		—		1,250,964	

TAC CO.,LTD.

(3) Consolidated Statement of Changes in Net Asset

Current interim fiscal year (April 1, 2006 - September 30, 2006)

(Thousand of yen)

	Owners' equity						Valuation and translation adjustments	Total Net assets
	Paid-in Capital	Capital Surplus	Earned surplus		Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities	
		Capital legal reserve	Earned legal surplus	Other earned surplus				
				Earned surplus brought forward				
Balance at the end of previous period (As of March 31, 2006)	940,200	790,547	19,978	1,250,964	-144	3,104,605	-4,278	2,997,266
Changes of items during the period								
Dividends from surplus(*)				-92,518		-92,518		-92,518
Net income				545,778		545,778		545,778
Net changes of items other than owners' equity							640	640
Total changes of items during the period	—	—	—	453,259	—	453,259	640	453,900
Balance at the end of the current period (As of June 30, 2006)	940,200	790,547	19,978	1,704,223	-144	3,454,805	-3,638	3,451,167

(*) Disposition of profits at annual meeting of stockholders held on June 21, 2006.

TAC CO.,LTD.

(4) Assumptions underlying preparation of non-consolidated interim financial statements

Items related to accounting standards

1. Standards and methods of valuation for assets

① Marketable and investment securities

Shares in subsidiaries and affiliated company...valued at cost using the moving average method

Other securities

Quoted securities...The market value method is applied, based on the market value as of the interim fiscal year end. The entire positive or negative valuation difference with the purchase price is booked directly as shareholders' equity, and the cost of securities sold is calculated using the moving average method.

Unquoted securities...Valued at cost using the moving average method

For capital investments in investment partnership (investment enterprise limited liability association) and similar associations (deemed securities as per Article 2, Section 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used for consolidated balance sheet and the amount corresponding to the ownership percentage of profit (loss) items is used for consolidated statement of income, based on the most recent financial statement available as of the reporting date stipulated in the partnership contract.

② Inventories

Merchandise, finished goods and primary material...Valued at cost using the gross average method

Work in process...Valued at cost, using the specific identification method

Stored goods...Valued at cost, using the last purchase price method

2. Major depreciable assets and methods of depreciation

① Tangible fixed assets...Declining balance method

Principal estimated useful lives are 15 years for buildings and 3 years to 5 years for equipment and furniture. Cost of petty sum depreciable assets whose cost is ¥ 100,000 or more and less than ¥ 200,000 are amortized using the straight-line method over the estimated useful lives of 3 years.

② Intangible fixed assets...Straight-line method

Costs of computer software developed or obtained for internal use are amortized using the straight-line method over the estimated useful lives of 5 years. Costs of other intangible fixed assets are amortized using the straight-line method.

3. Standards for allowance

① Allowance for doubtful accounts

An allowance for loan losses is provided as detailed below. For claims to general debtors, an allowance is provided based on historical loan losses experience. For specific claims to debtors who are likely to become bankrupt or legally or virtually bankrupt, an allowance is provided for the amount of claims expected to be uncollectible, which is estimated depending on the collectibility of individual claims.

② Allowance for loss on returned goods

A reserve for loss caused by returns of publications is provided based on estimated amounts of the future returns attributed to the current interim fiscal year.

③ Reserve for bonuses

A reserve for employee's bonuses is provided for the payment of employees' bonuses based on estimated amounts of the future payments attributed to the current interim fiscal year.

④ Reserve for post-retirement benefits for directors and corporate auditors

A reserve for directors' retirement bonuses is provided, required amount as of the end of the current fiscal year of which is determined based on "Policy of directors' retirement bonuses".

4. Accounting for significant lease transactions

Transactions under finance lease agreement is accounted for as transaction under ordinary rental transactions, except for those lease transactions which transfer ownership of leased property to the lessee.

5. Accounting for consumption taxes

The company recognized consumption taxes and local consumption taxes as a separate account.

(5) Significant change in important items for preparation of interim consolidated financial statements

1. Notes to accounting standards related to presentation of net assets in balance sheet

From this interim accounting period, the "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No.5, December 9, 2005) and "Guidance on Accounting Standards for the Presentation of Net Assets in the Balance Sheet and Implementation" (ASBJ Guidance No.8, December 9, 2005) are being applied. The amount corresponding to the figure for the conventional total assets was ¥ 3,451,167 thousand. Due to the changes in the Regulations of Interim Consolidated Financial Statements, Net Assets section of September 30, 2006 Balance Sheet is presented as per revised Regulations of Interim Financial Statements.

TAC CO.,LTD.

Change in presentation

(Interim balance sheet)

“Short-term loan” (balance as of the end of the current interim period was ¥ 13,672 thousand) which was independently classified in the previous interim period is included in “other” of current assets in the current interim period as the proportion of short-term loan as of the end of the current interim period was below 5% of total amount of assets.

Notes

(Non-consolidated balance sheet-related)

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
1. Accumulated depreciation on tangible fixed assets	893,063	1,007,090	937,907

(Non-consolidated statement of income-related)

1. Outline of non-operating income

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Interest received	1,323	4,298	2,921
Interest on securities	16,459	19,089	33,307
Dividend received	25,077	50,000	25,077
Profit of investment securities	129,807	71,609	170,589

2. Outline of non-operating expenses

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Interests paid	4,289	5,415	8,518

3. Outline of extraordinary income

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Gain on sales of investment securities	—	—	41,181

4. Outline of extraordinary expenses

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Losses on disposal or sale of fixed assets	59,743	8,161	76,622
Restoration expenses	108,590	2,911	130,543
Loss from revaluation of investment securities	1,392	—	1,392
Penalty for canceled contract	23,613	—	23,613

5. Amounts of depreciation

	Previous interim fiscal year April 1,2005 – September 30, 2005	Current interim fiscal year April 1,2006 – September 30, 2006	Previous fiscal year April 1,2005 – March 31,2006
			Thousand of yen
Tangible fixed assets	107,385	97,494	233,770
Intangible fixed assets	62,254	62,673	125,611

TAC CO.,LTD.

(Non-consolidated statement of changed in net assets-related)

Current interim fiscal year (April 1, 2006 - September 30, 2006)

Total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increased during the current interim fiscal year	Number of shares decreased during the current interim fiscal year	Number of shares at the end of current fiscal year
Common stock	217	—	—	217
Total	217	—	—	217

(Marketable securities related)

There is no stock of subsidiary whose current value can be estimated.

(Lease transaction)

Description omitted as it is disclosed on EDINET.