

Interim Financial Results for FY2006 — Overview —



November 22, 2006

TAC Co., Ltd.

(Code: 4319)

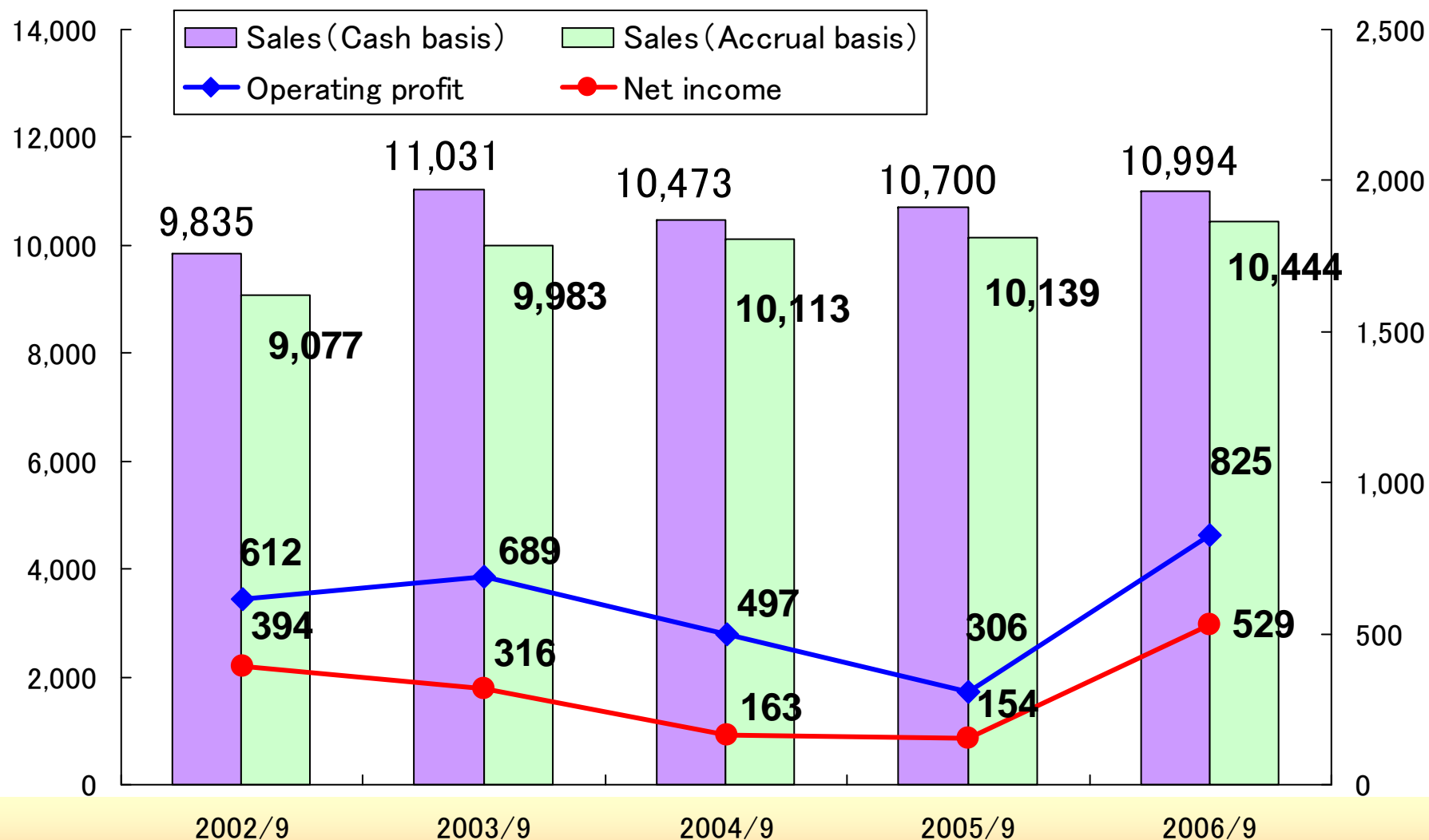
I . Financial Highlights





Sales and profit (consolidated) **TAC**

(Yen in millions)



(Note) Above figures are those obtained after correcting financial data of previous years. Gain/loss from marketable securities is recorded as non-operating income/expenses.



Financial highlights (comparative)

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(Yen in millions)

TAC

	2005/9(Actual)			2006/9(Actual)			
	Amount	%	Y-O-Y	Amount	%	Difference	Y-O-Y
Net sales before adjustment of tuition advances	10,700	105.5%	102.2%	10,994	105.3%	293	102.7%
Adjustment of tuition advances	-560	-5.5%	156.0%	-550	-5.3%	10	98.1%
Net Sales (after adjustment of tuition advances)	10,139	100.0%	100.3%	10,444	100.0%	304	103.0%
Costs of Sales	6,088	60.0%	102.9%	6,175	59.1%	87	101.4%
Rent	1,592	15.7%	97.9%	1,613	15.5%	20	101.3%
Employment costs	1,883	18.6%	105.5%	1,845	17.7%	-38	98.0%
Subcontract costs	1,111	11.0%	110.9%	1,112	10.7%	1	100.1%
Gross profit – net	4,153	41.0%	97.5%	4,410	42.2%	257	106.2%
SG & A expenses	3,847	37.9%	102.2%	3,585	34.3%	-261	93.2%
Rent	486	4.8%	116.2%	468	4.5%	-17	96.4%
Employment costs	1,516	15.0%	100.4%	1,615	15.5%	99	106.5%
Advertising costs	836	8.3%	100.1%	600	5.7%	-236	71.7%
Operating income	306	3.0%	61.5%	825	7.9%	519	269.7%
Ordinary income	456	4.5%	74.7%	919	8.8%	462	201.3%
Net income	154	1.5%	94.8%	529	5.1%	375	342.5%
Net income per share	8.36 Yen			28.63 Yen			



Financial highlights (forecast:actual)

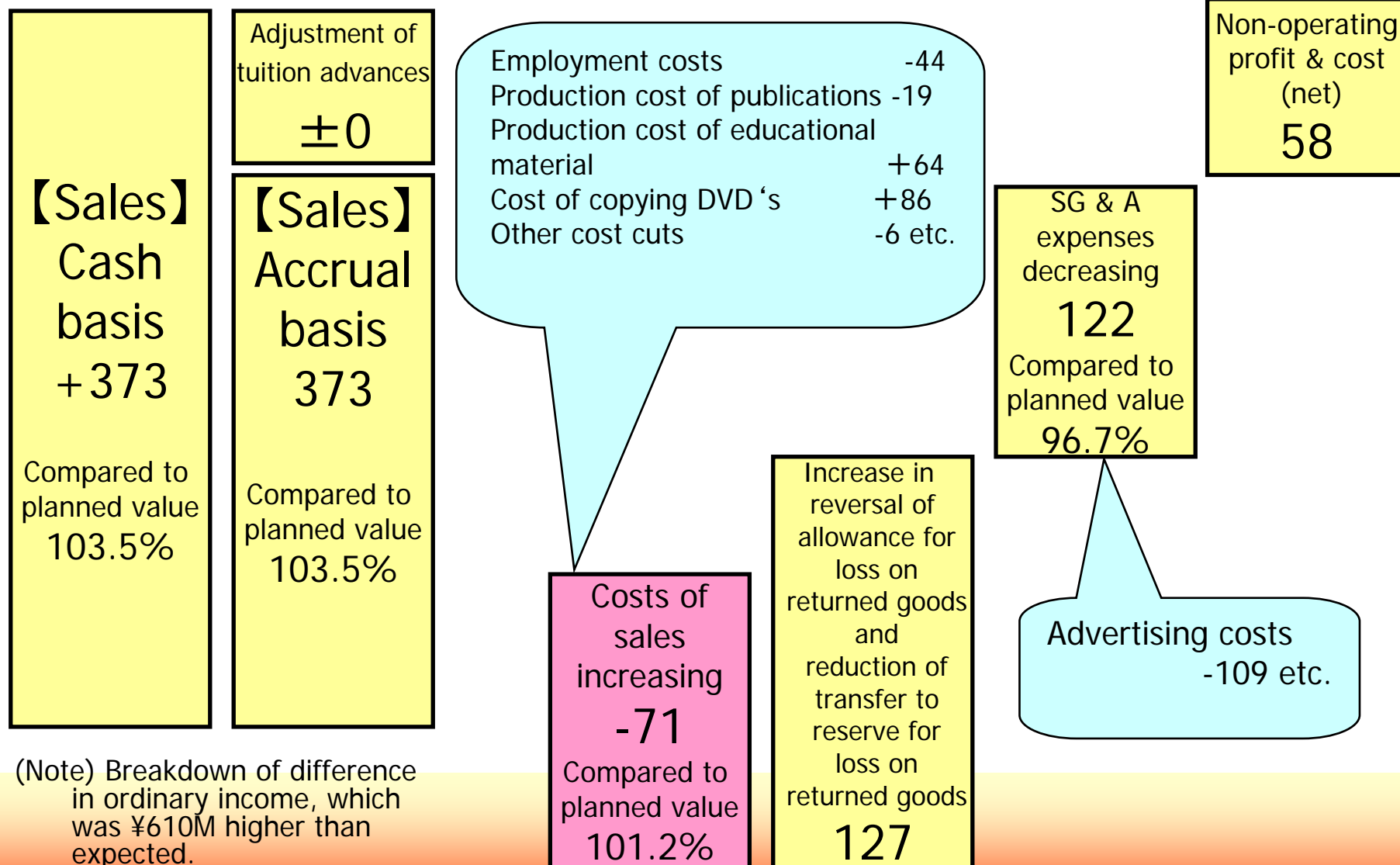
(Yen in millions) **TAC**

	2006/9 (Forecast)		2006/9 (Actual)			
	Amount	%	Amount	%	Difference	Comparison
Net sales before adjustment of tuition advances	10,621	105.5%	10,994	105.3%	373	103.5%
Adjustment of tuition advances	-550	-5.5%	-550	-5.6%	-0	100.0%
Net Sales (after adjustment of tuition advances)	10,071	100.0%	10,444	100.0%	373	103.7%
Costs of Sales	6,089	60.5%	6,175	59.1%	71	101.2%
Rent	1,658	16.5%	1,613	15.5%	3	100.2%
Employment costs	1,874	18.6%	1,845	17.7%	-44	97.7%
Subcontract costs	956	9.5%	1,112	10.7%	139	114.4%
Gross profit – net	3,982	39.5%	4,410	42.2%	428	110.8%
SG & A expenses	3,707	36.8%	3,585	34.3%	-122	96.7%
Rent	406	4.0%	468	4.5%	18	104.0%
Employment costs	1,534	15.2%	1,615	15.5%	85	105.6%
Advertising costs	690	6.9%	600	5.7%	-109	84.5%
Operating income	274	2.7%	825	7.9%	551	300.7%
Ordinary income	309	3.1%	919	8.8%	610	297.3%
Net income	146	1.4%	529	5.1%	383	362.7%
Net income per share	7.90 Yen		28.63 Yen			



Substantial increase in ordinary income

(Yen in millions)

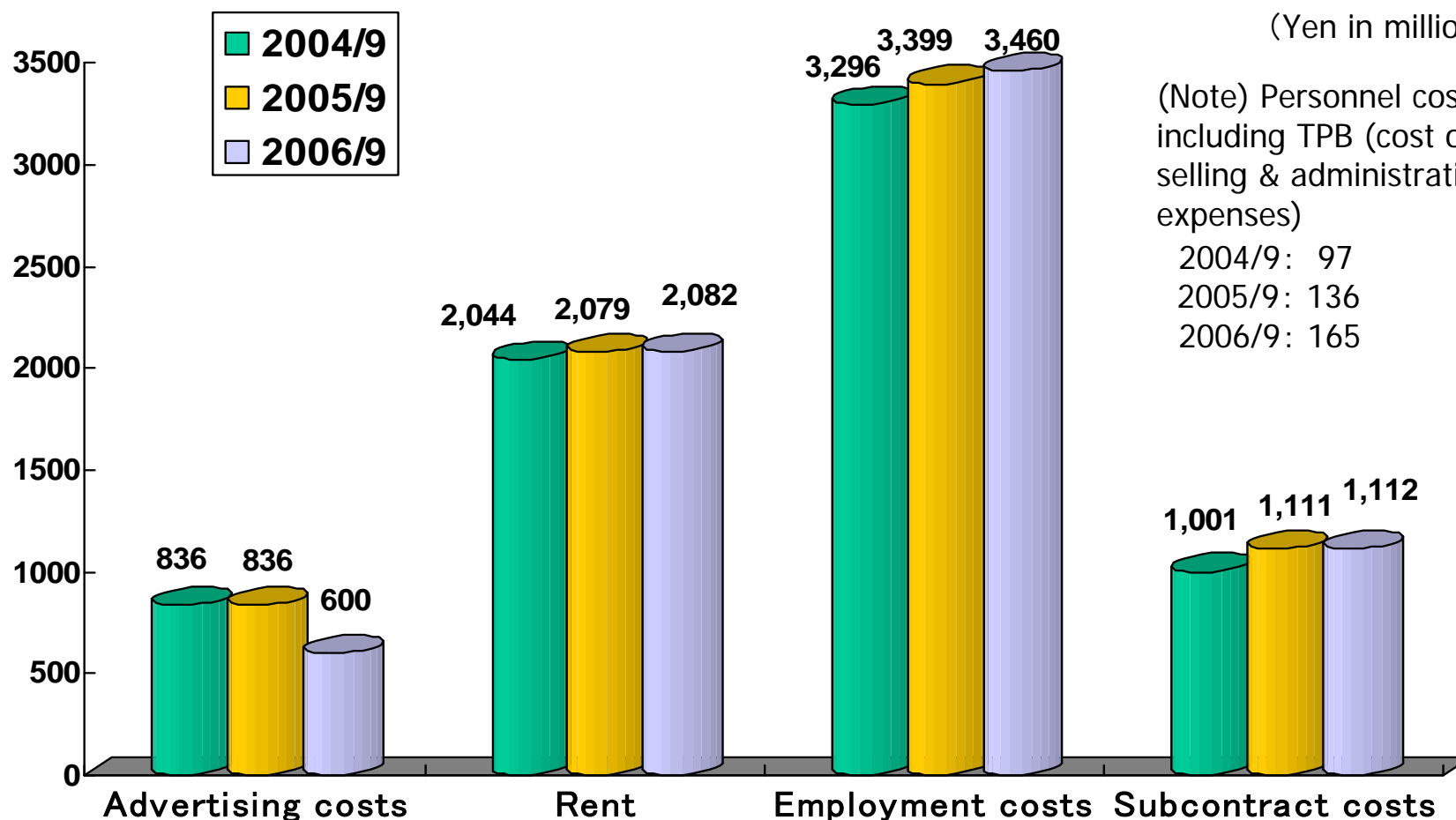
TAC

(Note) Breakdown of difference in ordinary income, which was ¥610M higher than expected.



Major operating expenses

TAC



% of sales	8.3%	8.3%	5.7%	20.2%	20.5%	19.9%	32.6%	33.5%	33.1%	9.9%	11.0%	10.7%
Change	100.1%	71.7%		101.7%	100.1%		103.1%	101.8%		110.9%	100.1%	
% of sales cost	0.0%			79.5%	76.6%	77.5%	54.2%	55.4%	53.3%	100.0%		

II . Highlights of license areas





Definition of licenses by area

Licenses area	Programs
① Finance and Accounting	Certified public accountant, Bookkeeper, Construction industry accountant
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, Financial planner, DC planner(*1), Securities analyst(including CFA(*2), Securities broker), Business school
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 (System administrator, Fundamental IT engineer, Software design and development engineer, etc: Total of 14 qualifications), U.S. CPA, CompTIA(*3), IT related qualifications
⑥ Other	"Maho-jin" tax software(*4), Personnel business, Miscellaneous revenue, etc.

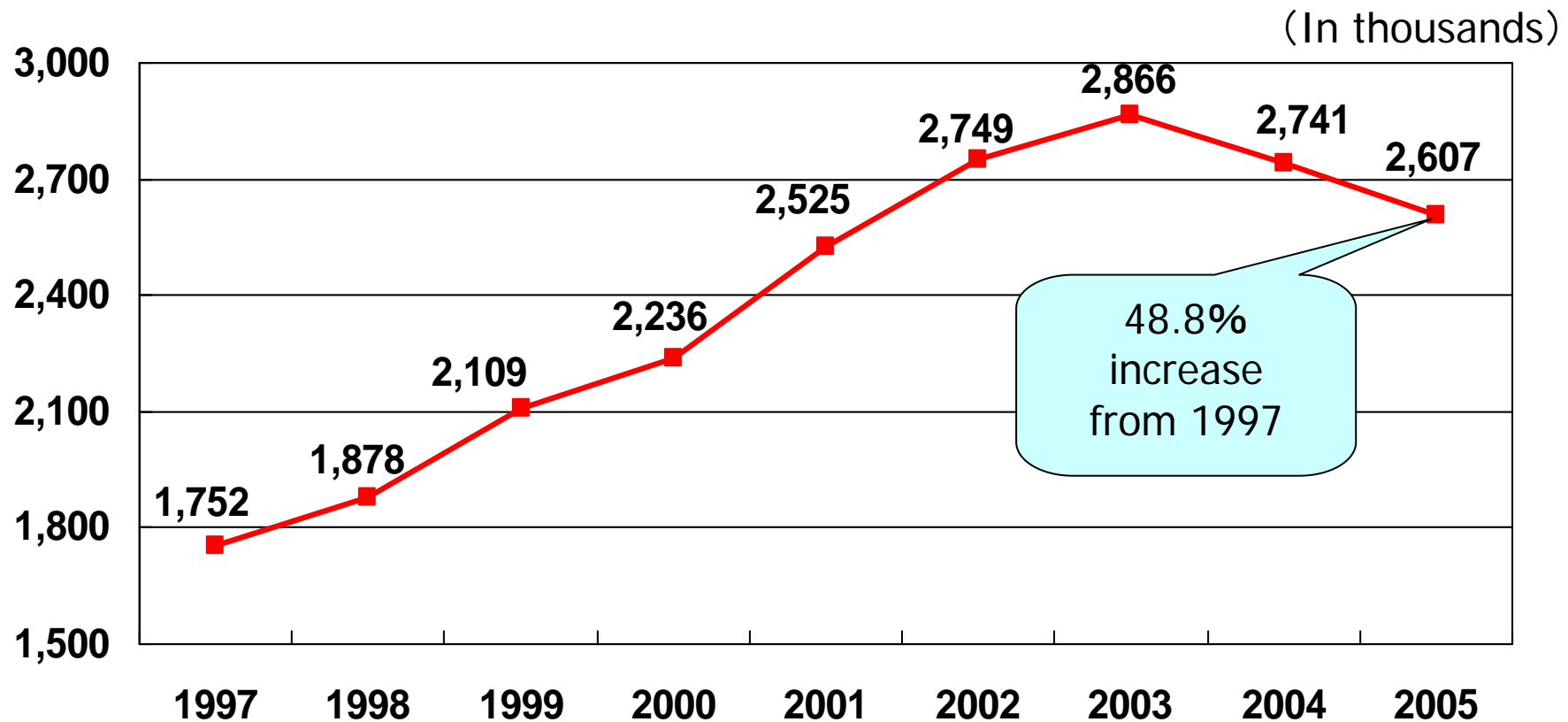
(*1) DC: Defined Contribution (*2) CFA: Chartered Financial Analyst

(*3) CompTIA: Computing Technology Industry Association

(*4) Maho-jin: A tax software developed by Hand Corporation (Osaka, Japan)



Number of applicants for exams in 2005



(Notes) Totals only include exams for which TAC offers courses.

Number amended for decreases in discontinued "Public officer (3rd class, local & lower)".

Market trend in 2005(In thousands): Registered real estate transaction manager +10, CPA -1, Bookkeeper -1.1, Certified social insurance labor consultant -4, Public officer(2nd class etc.) -1.7, IT specialist -36



Number of applicants for exams

(Officially released figures for 2006)



License area	Licenses	1999	2000	2001	2002	2003	2004	2005	2006	Between '99-' 05
Finance & Accounting	Bookkeeper	530,069	502,726	490,681	520,643	545,649	546,198	535,228		101.0%
	Construction industry accountant	76,509	76,339	67,225	58,272	50,815	44,812	37,363	31,499	48.8%
	CPA	10,265	11,058	12,073	13,389	14,978	16,310	15,322	16,210	149.3%
Mgt & Taxation	Licensed tax accountant	63,295	63,221	61,591	63,820	66,468	67,347	67,858		107.2%
	Small & medium ent. mgt. consultant	11,409	11,925	10,025	12,447	14,692	15,131	13,476	16,595	118.1%
Financial Services & Real Estate	Real estate appraiser	2,616	2,621	2,505	2,481	2,503	2,300	2,282	4,605	87.2%
	Registered real estate transaction manager	222,913	210,465	204,629	209,672	210,182	216,830	226,665	240,278	101.7%
	Condominium mgt. consultant			109,514	62,124	43,912	36,307	30,615		28.0%
	Registered condominium administration manager			64,537	39,981	31,558	28,642	26,960		41.8%
	Securities analyst	21,771	23,181	22,510	21,357	19,277	15,324	14,275	18,253	65.6%
	FP	63,551	79,489	79,168	22,544	20,317	18,381	17,602		27.7%
	Certification of financial planning				105,595	258,572	259,538	254,276		240.8%
	DC planner			17,491	43,296	32,464	13,052	11,529		65.9%
Law & Labor	Certified social insurance labor consultant	45,455	50,689	54,203	58,322	64,122	65,215	61,251	59,839	134.8%
	Administrative scrivener	40,208	51,919	71,366	78,826	96,042	93,923	89,276		222.0%
	Public officer(2nd class etc.)	101,986	108,678	102,118	108,819	109,963	120,240	114,163		111.9%
	Public officer (local & higher)	66,318	64,121	62,141	63,386	68,396	67,342	57,754		87.1%
	Public officer(3 rd , local)	83,426	74,575	91,562	113,239	109,434	96,036	62,639		75.1%
	Japan biz. law exam	17,324	20,085	23,544	27,962	33,998	39,094	40,747		235.2%
IT	IT specialist	704,969	784,912	788,443	803,109	772,334	699,928	664,014	578,807	94.2%
	Microsoft (MOUS)	47,800	100,200	189,900	275,100	301,200	279,700	265,900		556.3%
Total		2,109,884	2,236,145	2,525,226	2,749,069	2,866,876	2,741,600	2,609,195		123.7%



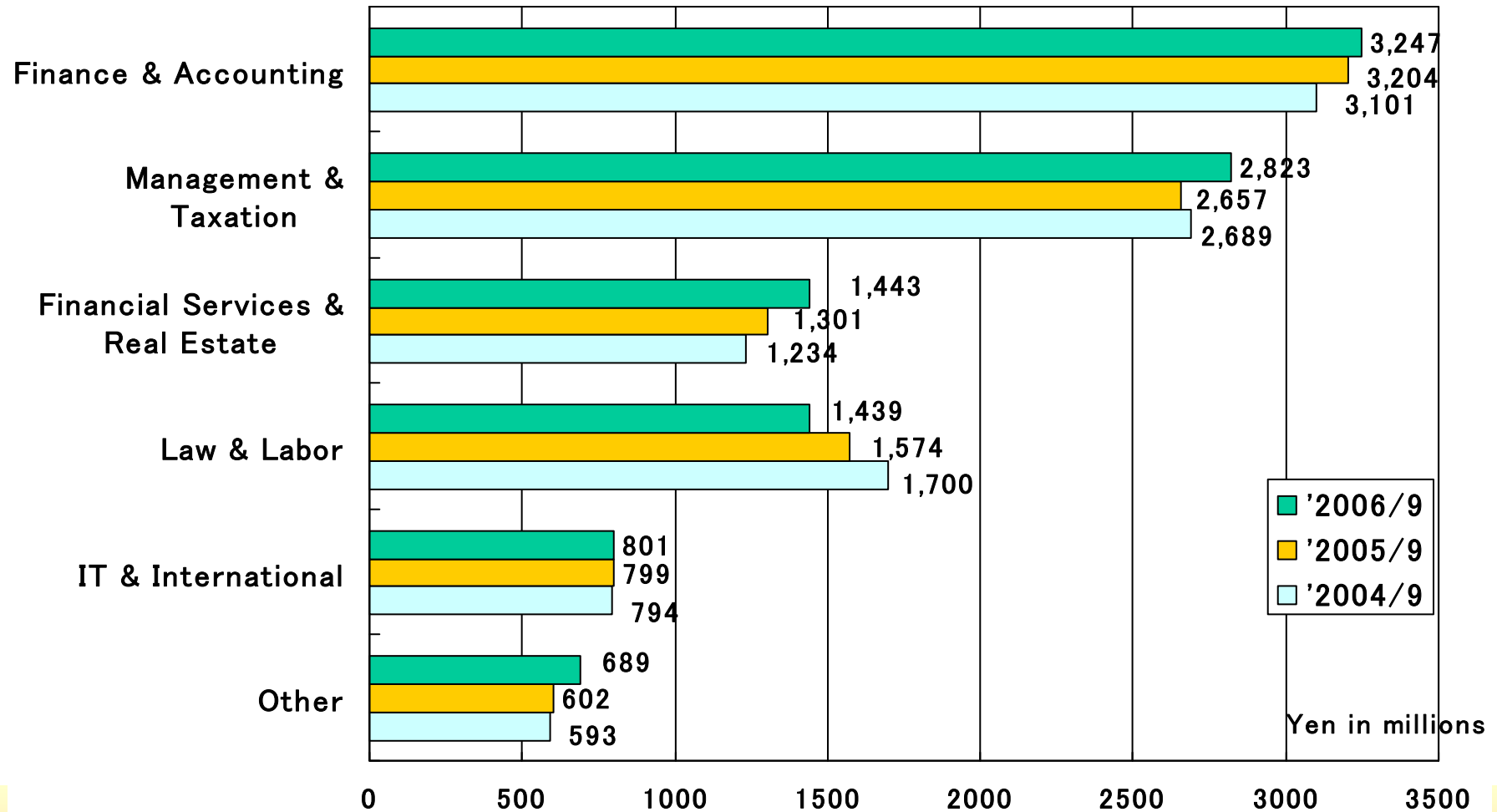
Sales by license area

(Yen in thousands)

License by area	2004/9			2005/9			Comment
	Sales	Y-O-Y	%	Sales	Y-O-Y	%	
① Finance & Accounting	3,204,484	103.3%	31.6%	3,247,715	101.3%	31.1%	Bookkeeping increased 5.6% after re-start of low-price campaign. CPA decreased 0.9% on cash basis due to decrease in advanced courses. CPA decrease on accrual basis was 0.5%.
② Management & Taxation	2,657,779	98.8%	26.2%	2,823,358	106.2%	27.0%	LTA showed firm performance with 2.3% growth. SMEMC increased 23.8% with full-fledged start of courses tailored to the new testing system which was postponed in the previous year.
③ Financial Services & Real Estate	1,301,855	105.5%	12.8%	1,443,127	110.9%	13.8%	Real estate appraiser increased 6.6% on accrual basis but decreased 13.5% on cash basis due to backlash from favorable performance in the same term last year. Securities analyst increased 30.9% due to favorable sales of securities broker course. FP increased 7.6%.
④ Law & Labor	1,574,073	92.5%	15.5%	1,439,585	91.5%	13.8%	Public officer and certified social insurance labor consultant in difficult situations with decreases of 14.5% and 8.7%, respectively. Administrative scrivener increased 12.8%.
⑤ IT & International	799,034	100.6%	7.9%	801,105	100.3%	7.7%	USCPA decreased 15.5% on accrual basis but increased 13.2% on cash basis. IT specialist showed an increase following 1Q.
⑥ Other	602,616	101.5%	6.0%	689,390	114.4%	6.6%	Mahojin increased 16.1% and manpower staffing business (TAC Profession Bank) increased 20.6% with powerful performance in manpower placement.
Total	10,139,843	100.3%	100.0%	10,444,282	103.0%	100.0%	

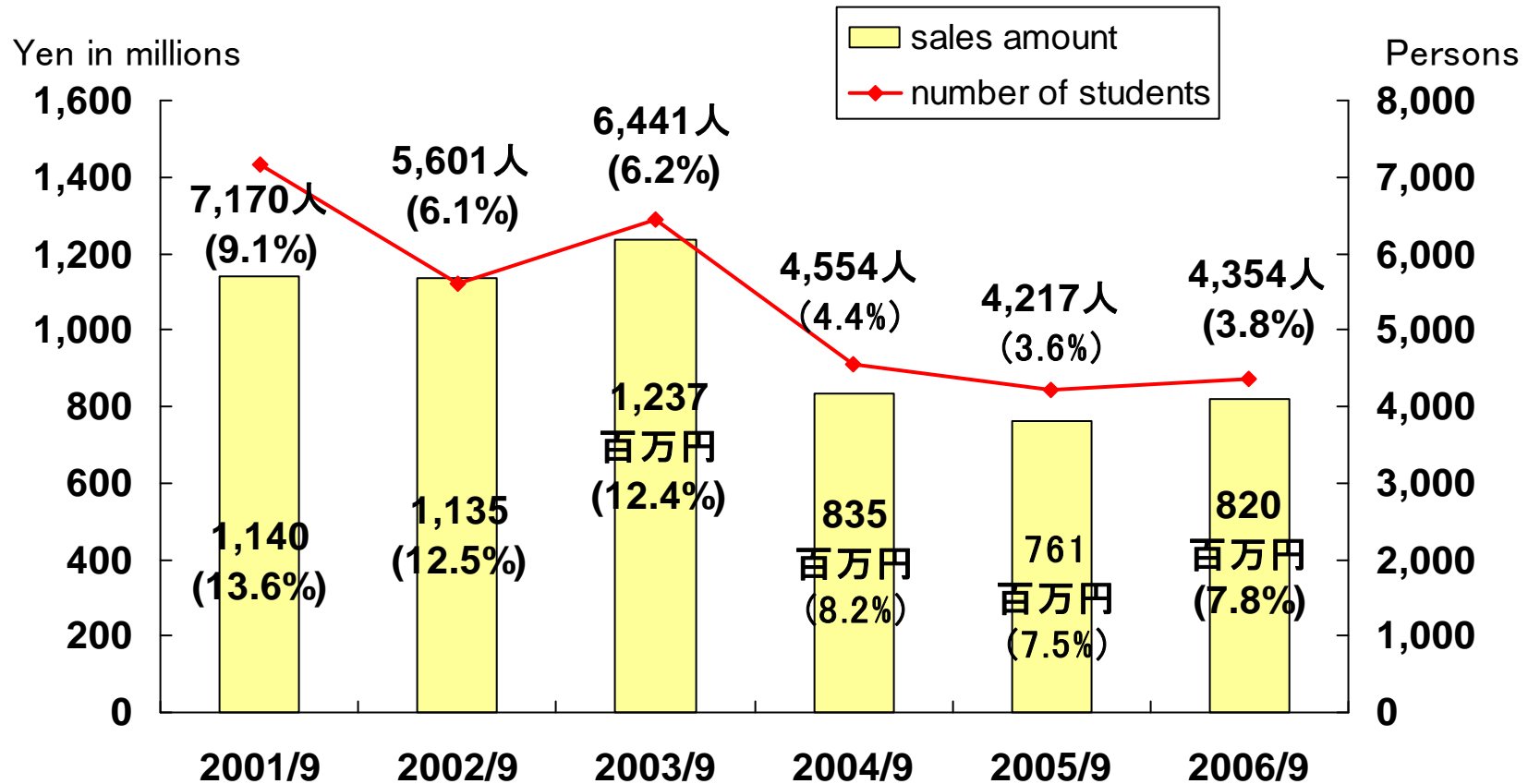


Sales growth by license area





Impact of governmental tuition assistance (GTA) program



(Note) Figures in parentheses; (*)Proportion of number of students; (**)Proportion of sales;

Number of users and amount of sales increased mainly in accounting-related courses. Correspondence courses, a driving force, increased 41%.

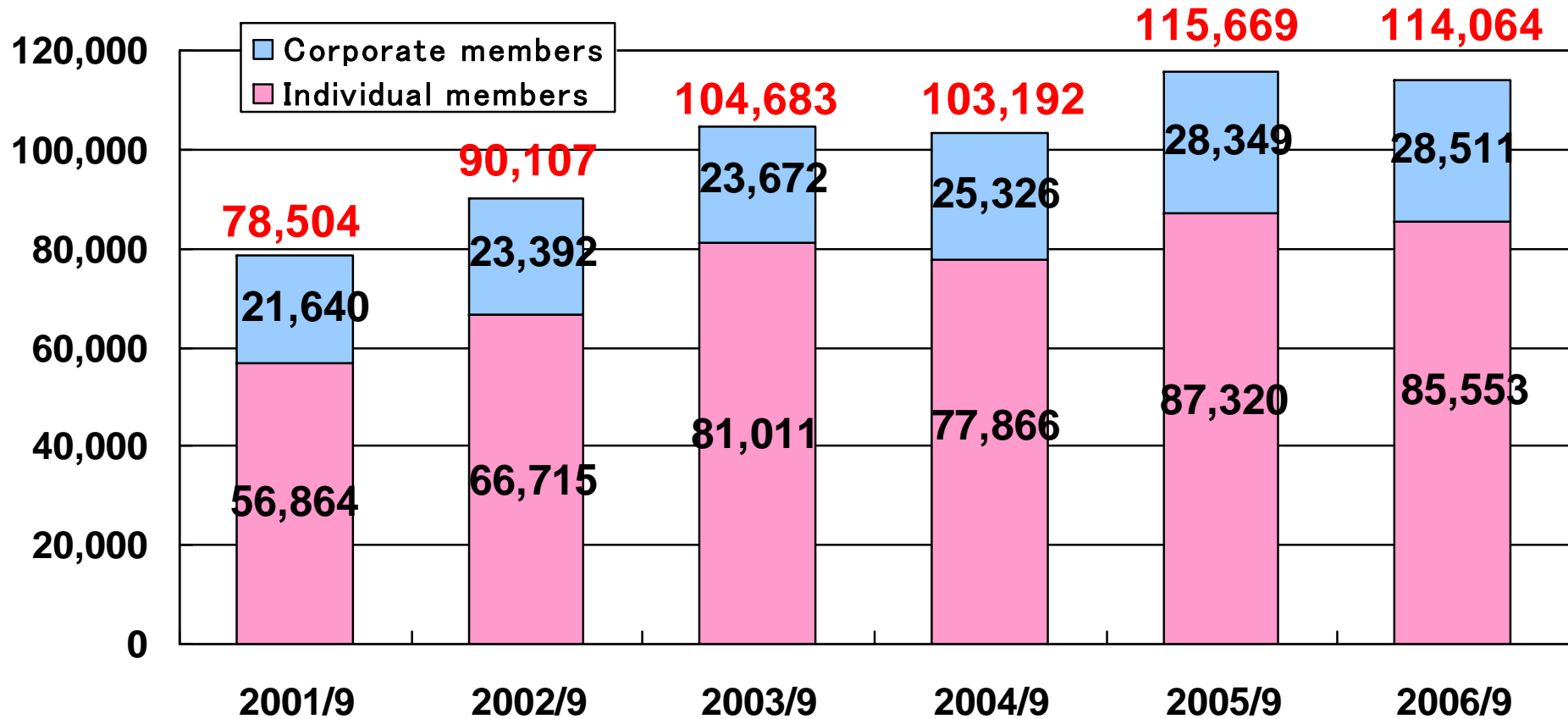
Market trend of working people:

CPA +59.6%, U.S.CPA +50.4%, Licensed tax accountant +13.8%, Securities analyst +17.3%, Number of courses experiencing a positive shift increased. IT specialist -14.8%.



Number of students

(persons)







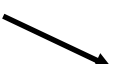
Change	109.0%	114.8%	116.2%	98.6%	112.1%	98.6%
-Individual	115.7%	117.3%	121.4%	96.1%	112.1%	98.0%
-Corporate	94.6%	108.1%	101.2%	107.0%	111.9%	100.6%
% of Individual members	72.4%	74.0%	77.4%	75.5%	75.5%	75.0%



Number of students by license area

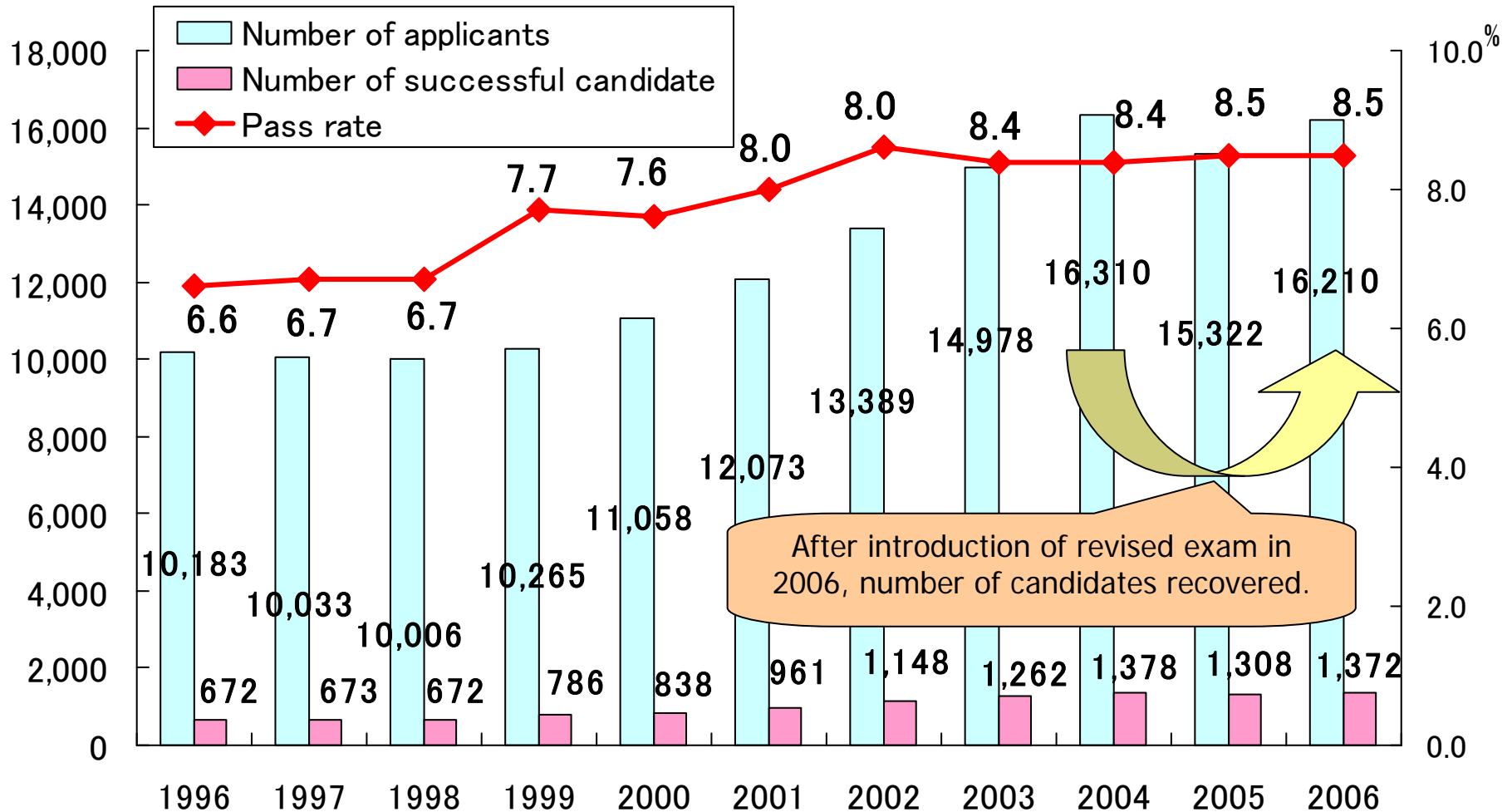


(persons)

License by area	2006/9	Y-O-Y	%	Comment	
① Finance & Accounting	29,706	93.7%	26.0%	Bookkeeping increased only 0.5% due to suspension of low-price campaign. CPA courses decreased by as much as 14.1%, which can be attributed to expedited applications for courses tailored to the new testing system in the same term last year and a delay in applications for advanced courses in the current period as candidates await exam results.	
② Management & Taxation	28,212	106.5%	24.7%	LTA showed firm growth of 2.6%. SMEMC increased 16.5% with the start of courses for the new testing system which was passed up in the previous year.	
③ Financial Services & Real Estate	22,495	112.2%	19.7%	Real estate appraiser decreased 9.1% due to backlash from favorable performance in the same term last year. Takken increased 16.8% with corresponding corporate training courses and in-university seminars which showed favorable results. FP increased 12.4%. Securities analyst increased 42.8% due to favorable sales of securities broker course.	
④ Law & Labor	20,926	88.3%	18.3%	Certified social insurance labor consultant and public officers decreased 16.3% and 7.4%, respectively. Administrative scrivener decreased 8.5% due slow down in growth of individual members.	
⑤ IT & International	12,725	92.7%	11.2%	In-university seminar of USCPA decreased 13.5%. IT specialist decreased 7.8%.	
Total	114,064	98.6%	100.0%		



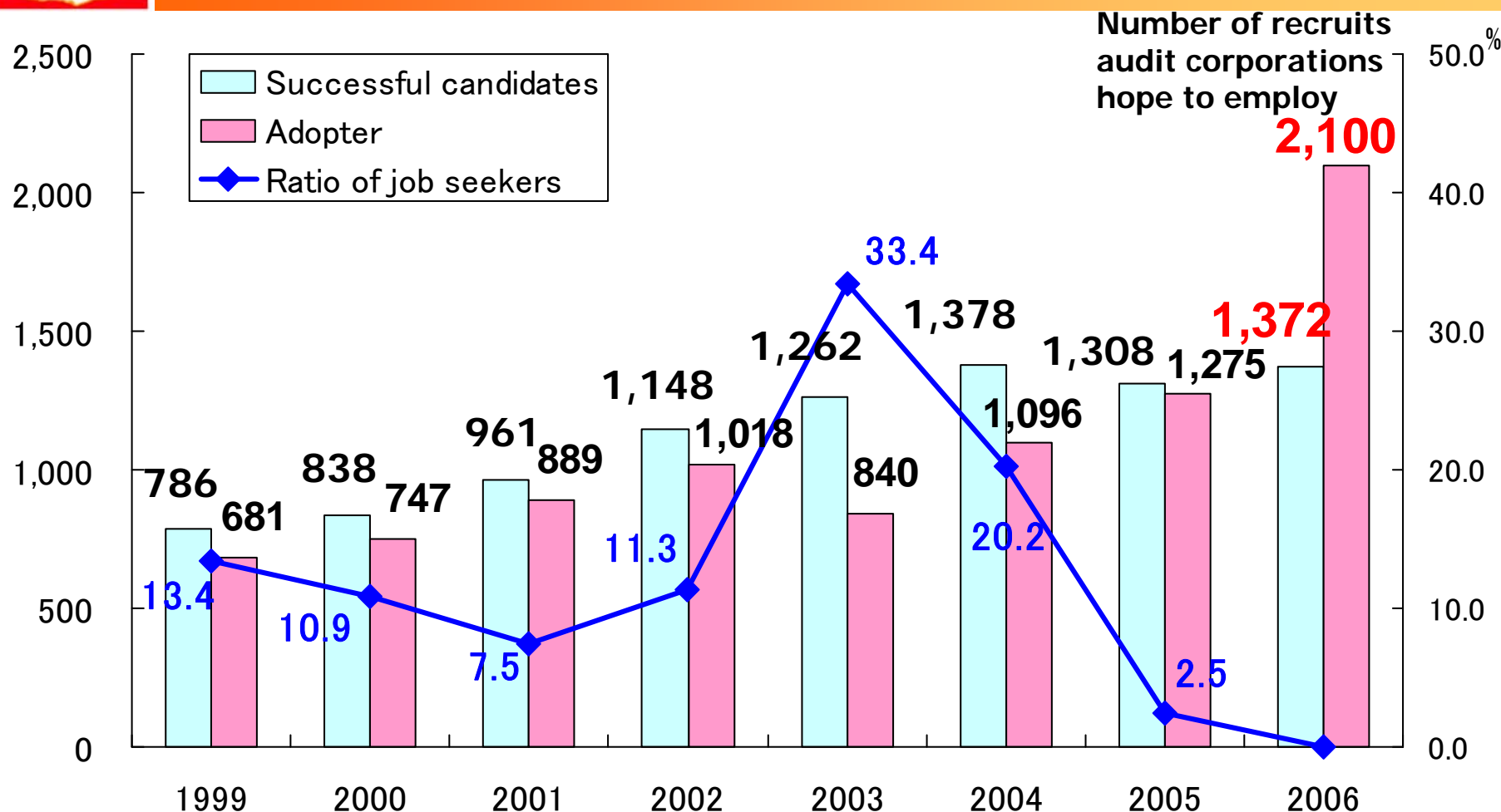
Number of applicants for CPA exams



Number of candidates and successful candidates (for 2006, excluding successful candidates of the part 2 exam of the former testing system) is close to the record high marked in 2004. (Test results announced on November 20, 2006 by CPAAOB.)



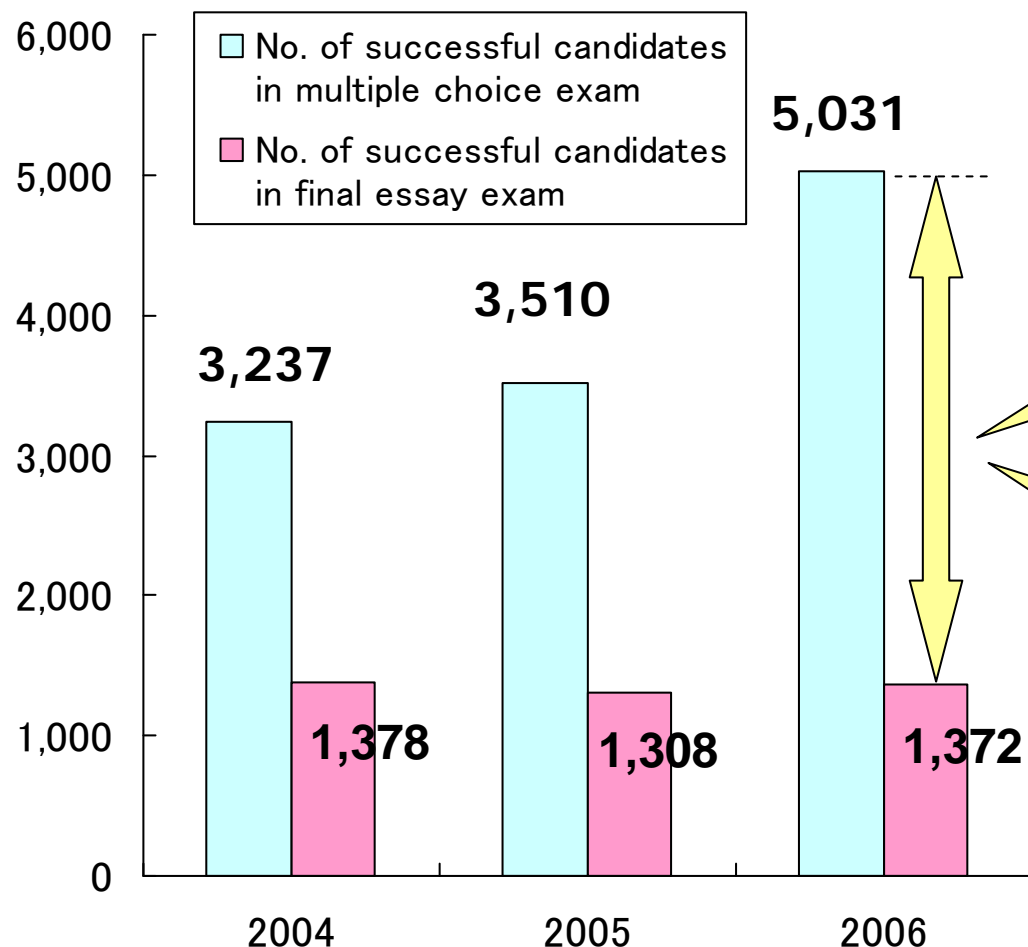
Favorable employment situation for successful candidates expected to continue in 2006



Number of recruits that the 5 major audit corporations hope to employ exceeds 2,100 for 2006. (Including those passing some exam subjects only, according to Nippon Keizai Shimbun on September 16.) It is expected that employment of successful candidates passing all exam subjects will be completely covered. Major audit corporations continue to be highly motivated to employ recruits, including those passing only some sections, as a result of enhanced measures in internal control audits.



CPA exam...Outlook of 6 months ending 3/31/2007 and next fiscal year



Point 1
Those exempted from multiple choice exam will accumulate, forming a new customer segment.

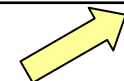
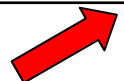

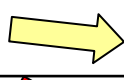


Point 2
No. of those passing some of exam subjects was only 1,293. No. of those passing more than one exam subject was only 198.

With the number of candidates passing some of the exam subjects and passing more than one exam subject, which was lower than forecast, it is expected that a decrease in the unit price per customer in advanced courses for candidates taking the exam again in the second half of FY 2006 and FY 2007 will be minimized.



III. Highlights by segment

Summary by segment for interim FY 2006

	Sales growth	OP margin growth
Personal education		
Corporate training		
Publishing & other		



Segment information

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TAC

(Yen in millions)

	2005/9			2006/9			Year-on-year		
	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income
Personal education	7,553	7,398	154 (2.1%)	7,670	6,964	706 (9.2%)	177 (+ 1.6%)	-434 (-5.1%)	551 (+ 355.8%)
Corporate training	1,865	1,293	572 (30.7%)	2,076	1,506	569 (27.4%)	210 (+11.3%)	213 (+16.5%)	-2 (-0.5%)
Publishing & other	730	564	166 (22.7%)	707	570	136 (19.4%)	- 23 (-3.3%)	5 (+1.0%)	-29 (-7.5%)
Eliminations	-10	577	-587	-10	577	-587	— (—)	0 (+0.0%)	-0 (-0.0%)
Total	10,139	9,833	306 (3.0%)	10,444	9,618	825 (7.9%)	304 (+3.0%)	-215 (-2.2%)	519 (+ 169.7%)

(Note) (%) in the "Operating income" column is operating income percentage, (%) in the "Year-on-year" column are comparisons with the previous fiscal year.

Sales in publishing business : 2005/9 ¥ 487million, 2006/9 ¥415 million (-14.7%)

Sales in personnel business : 2005/9 ¥233 million, 2006/9 ¥281 million (+20.6%)

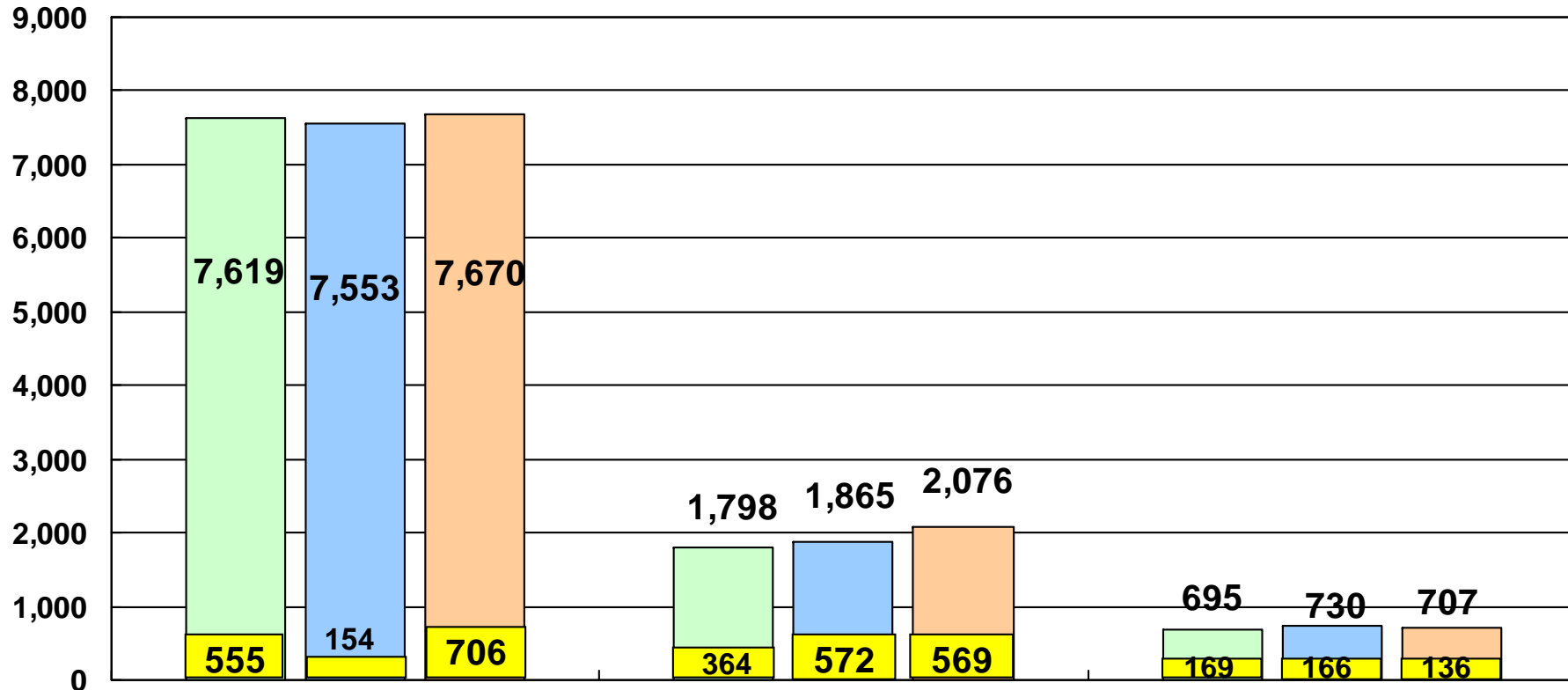
※After elimination of intercompany transactions



Sales by segment

(Yen in millions)

■ 2004/9
 ■ 2005/9
 ■ 2006/9
 ■ Operating income



	2004/9	2005/9	2006/9	2004/9	2005/9	2006/9	2004/9	2005/9	2006/9
Change	100.0%	99.1%	101.6%	102.4%	103.7%	111.3%	113.9%	105.1%	96.7%
Percentage	75.3%	74.5%	73.4%	17.8%	18.4%	19.8%	6.9%	7.2%	6.8%
OP margin	7.3%	2.1%	9.2%	19.3%	30.7%	27.4%	24.4%	22.7%	19.4%



Personal education: Location strategy Capacity of schools remained unchanged during the current interim period

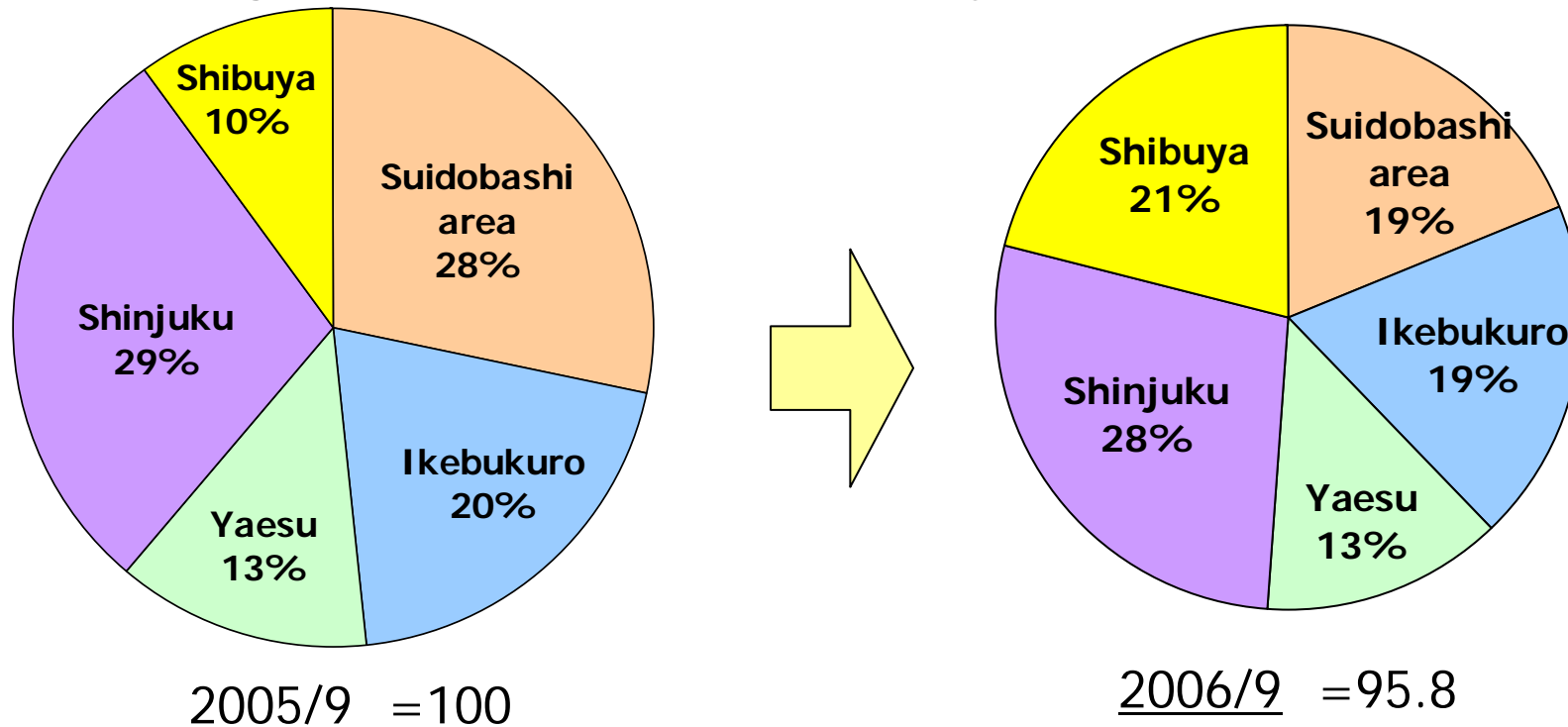
Schools	Tsubo	Tsubo (Y-O-Y)	# of Seats	Seats (Y-O-Y)	Timing
Sapporo	347	—	634	-1	
Sendai	327	—	589	8	
Suidobashi (Tokyo)	3,240	356	3,285	534	Space newly rented in November 2005 at building in front of Suidobashi station
Shinjuku(Tokyo)	1,468	—	2,929	-9	
Shibuya(Tokyo)	1,700	—	3,135	-13	
Ikebukuro(Tokyo)	1,257	-2	2,816	43	
Yaesu(Tokyo)	1,049	—	1,718	-73	
Yokohama	1,017	—	2,062	-27	
Machida(Tokyo)	497	—	1,010	-16	
Omiya	530	—	1,052	—	
Nagoya	963	—	2,101	-24	
Kyoto	693	—	1,394	10	
Osaka(Umeda)	1,293	-11	2,338	-189	Part of rented area partially changed in April 2006.
Osaka((namba)	586	—	1,004	-77	
Kobe	569	—	1,274	-24	
Fukuoka	404	—	574	113	
Total	15,947	342 (102.1%)	27,915	255 (100.9%)	* Number of classrooms increased by 12 to 300.



In Tokyo Metropolitan Area



Changes in sales proportions in Tokyo Metropolitan Area



- Sales by schools in the Tokyo metropolitan area decreased 4.2% due to a market shift to correspondence courses.
- Suidobashi area decreased 36.9% Y/O/Y due to cannibalization by Shibuya school where full-fledged operations began in the current interim period with all courses operated by TAC now being offered. (Sales of Shibuya school doubled.) No substantial change in share of Ikebukuro, Yaesu and Shinjuku schools.

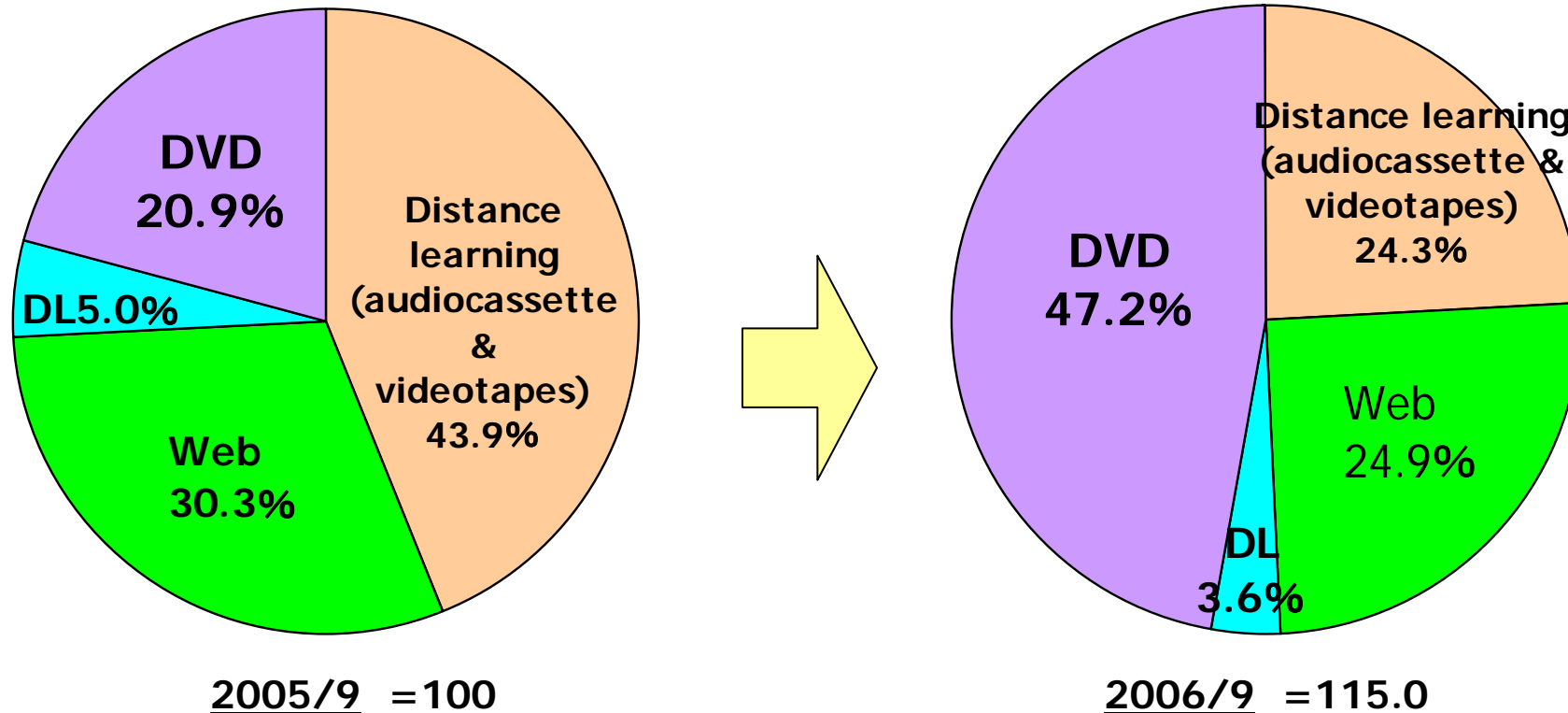


Personal education:

Media strategy ~ Correspondence courses using DVD account for approximately 50% of sales



Changes in percentage of sales in distance education








- Corresponding courses as a whole showed favorable results with a 15.0% increase Y/O/Y. (Classroom courses increased 2.5%.)
- Growth in correspondence courses using DVD overwhelmed other learning media and now accounts for 47.2% of total sales. (49.0% of total sales in 1Q.) Share of correspondence courses using audiocassette & videotapes accounts for 24.3% of total sales. (33.0% of total sales in 1Q.)



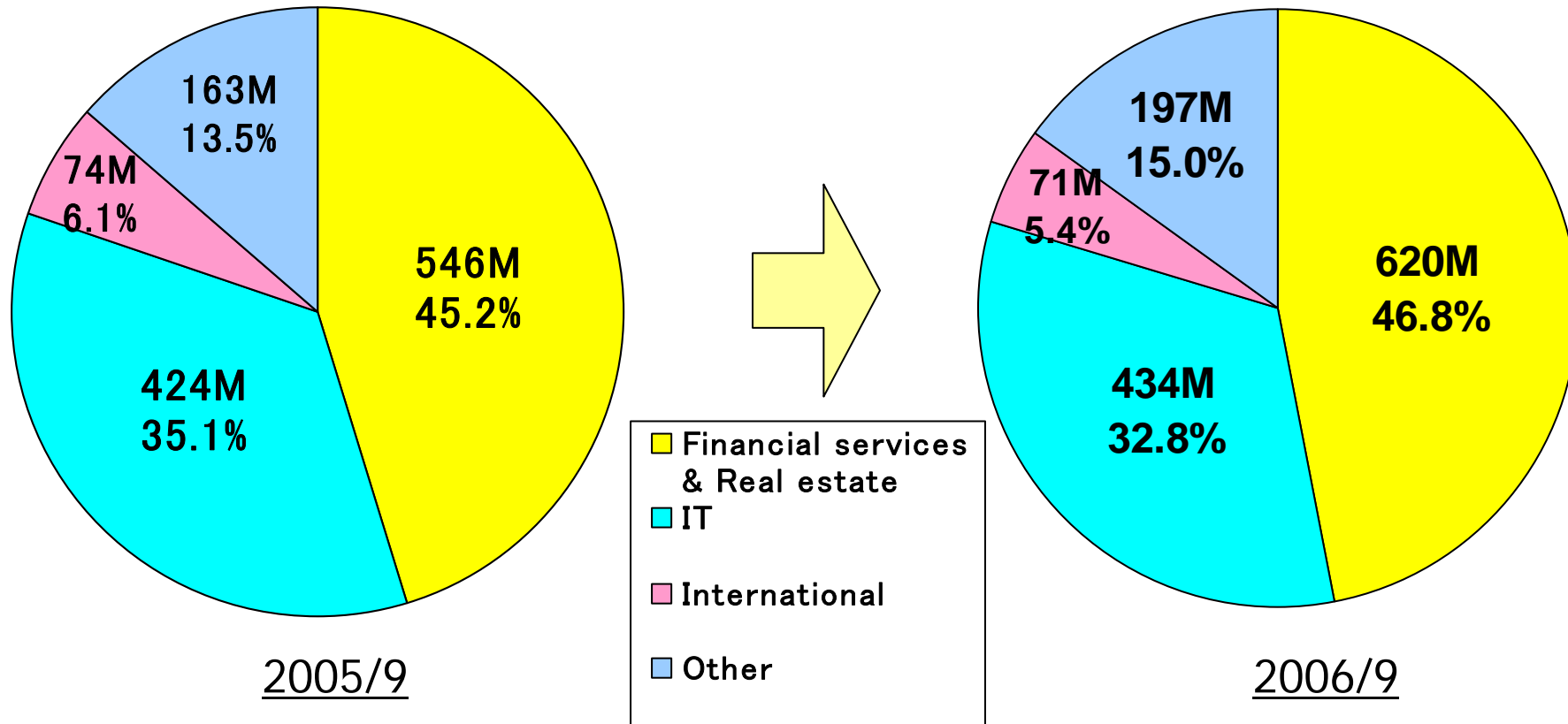
Corporate training: Descriptions

(Yen in thousands)

Contents	Sales	Y-O-Y	%	Overview of interim for FY2007	
Corporate Training	1,324,823	109.6%	63.8%	Favorable results, including Takken which doubled, securities analyst which increased 23.3% and IT specialist which increased 2.4% Y/O/Y. By area, finance & real-estate increased by ¥ 73M and IT specialist increased by ¥ 10M.	
Provision of educational materials	50,897	123.8%	2.5%	Educational material for CompTIA increased by ¥ 95M. Stable growth marked in other areas as well.	
Affiliated schools	223,736	115.6%	10.7%	Management & taxation increased 25.1% and finance & real-estate increased 15.8%. Other areas also showed slight increases. However, public officers decreased 14.5%.	
In-university seminars	171,778	90.3%	8.3%	Decreases in all areas including management & taxation (-43.4%) and IT specialist (-29.4%). Range of reduction increased over 1Q.	
Tax software "Maho-jin" & other	305,017	131.5%	14.7%	Mahojin increased 16.1%. Training programs consigned by local governments showed favorable growth of 77.7%.	
Total	2,076,254	111.3%	100.0%		



Corporate training: Trends



- Sales in corporate training enjoyed continued growth with an increased 9.6% Y/O/Y.
- Showed upward momentum with Takken, which almost doubled, and FP, securities analyst and IT specialist courses, which increased 4.9%, 23.3% and 2.4%, respectively. Although courses in management & taxation area showed unfavorable results, sales increased by ¥ 73M in finance-related courses and sales in total increased by ¥ 116M.



Corporate training:

Trends in affiliated schools **TAC**

Morioka, Maebashi, Utsunomiya, Kanazawa, Toyama, Himeji, Takamatsu, Tokushima, Okayama, Fukuyama, Hiroshima, Kumamoto, Nagasaki, Saga, Miyazaki, Kagoshima, Okinawa

Total 17 schools

(Yen in thousands)

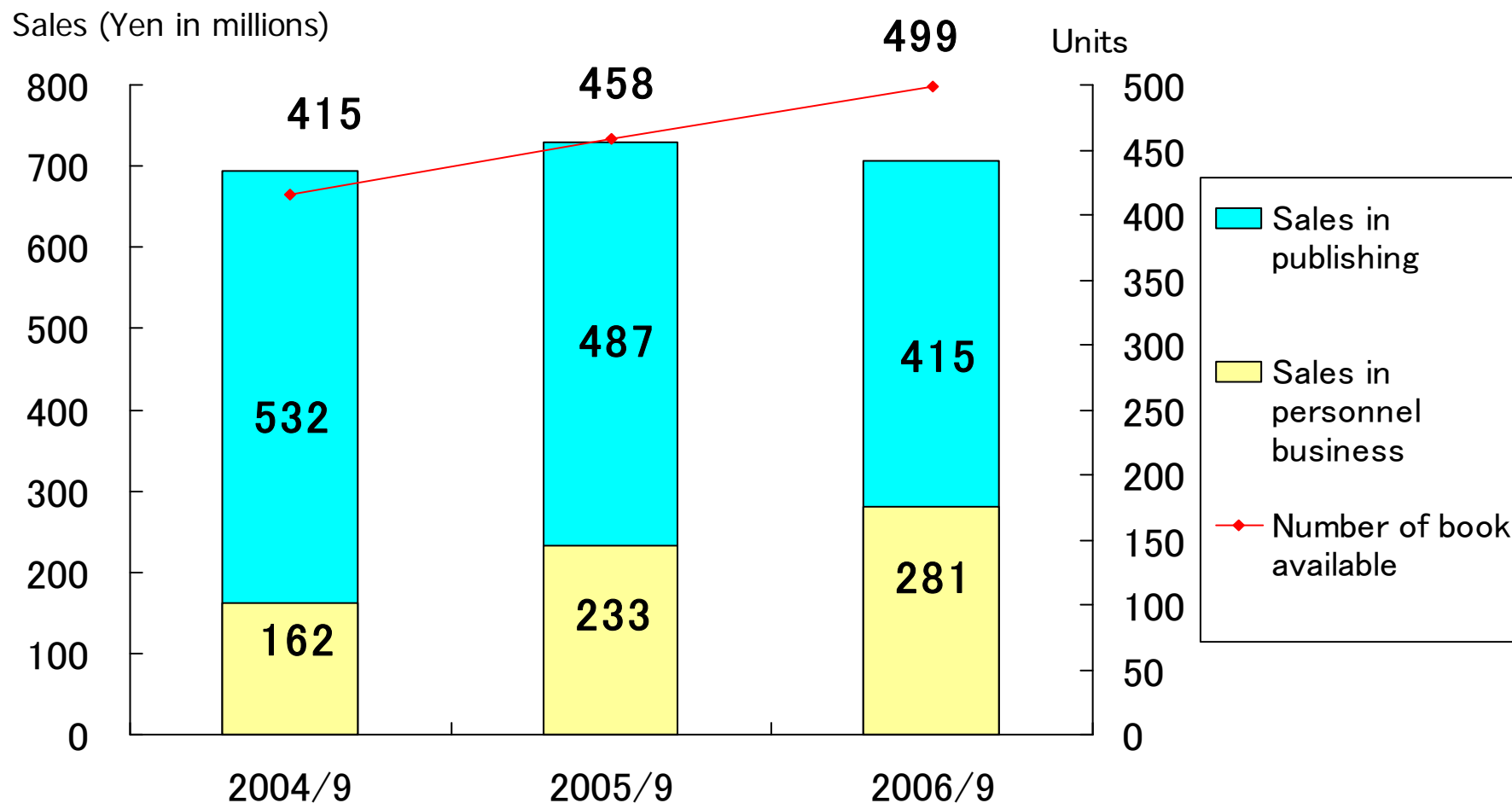
Licenses by area	# of students 2006/9	# of students (Y-O-Y)	Sales 2006/9	Sales (Y-O-Y)	% of sales
① Finance & Accounting	1,356	94.9%	43,988	118.1%	19.7%
② Management & Taxation	2,107	125.1%	101,164	126.6%	45.2%
③ Financial Services & Real Estate	460	103.1%	26,486	115.8%	11.8%
④ Law & Labor	1,541	70.1%	49,436	97.6%	22.1%
⑤ IT & International	94	106.8%	2,659	94.1%	1.2%
Total	5,558	95.1%	223,733	115.6%	100.0%

• Positive growth : CPA, Bookkeeping, LTA, REA, Financial planner, Securities analyst

• Negative growth: Real estate sales person, Public officer



Breakdown of sales & number of books available **TAC**

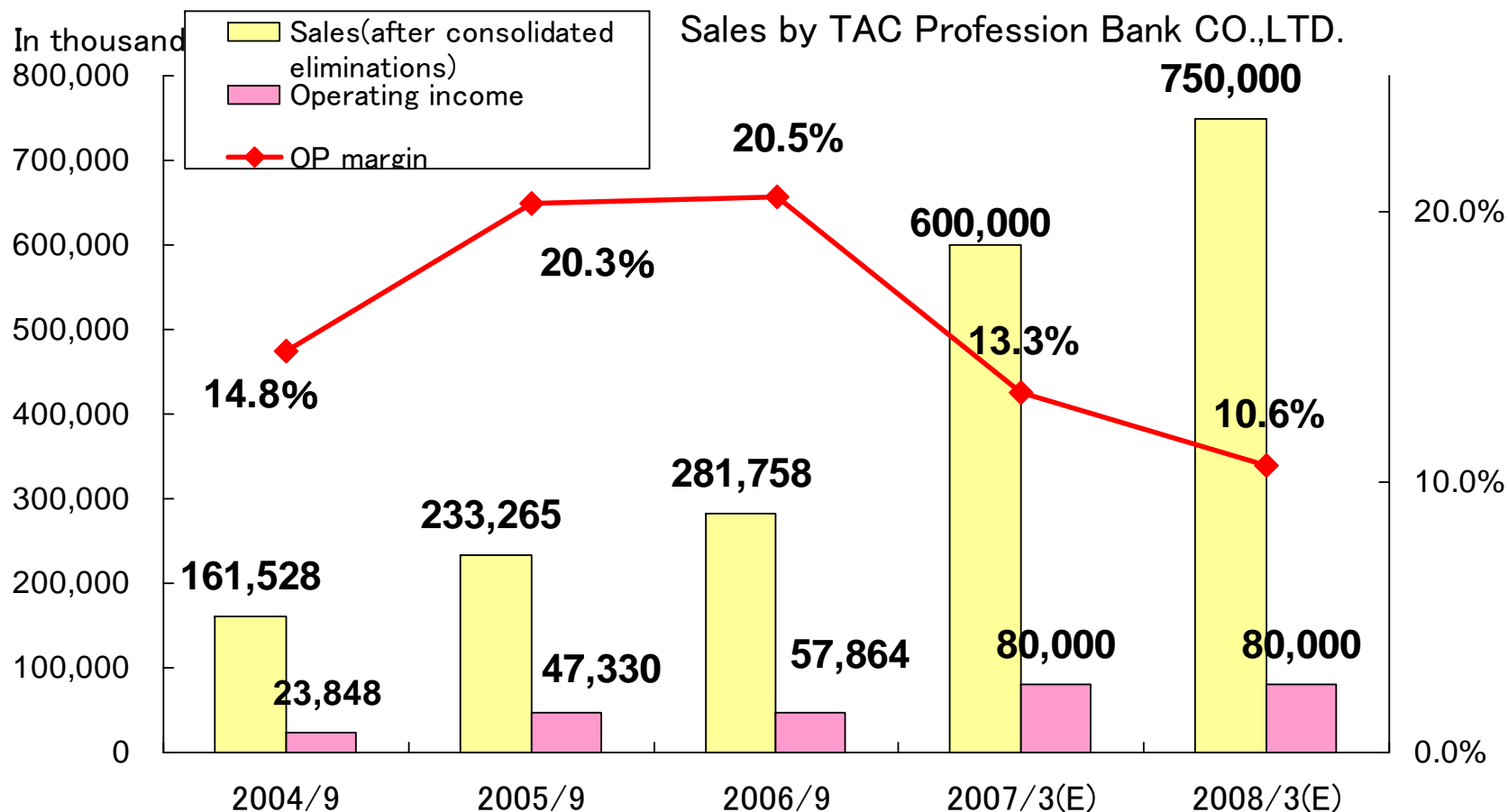


- Publishing business, which decreased 14.7%, is in a phase of planning review in order to ensure profits by attaching importance to sellable products.
- Manpower staffing business continued high growth of 20.6% Y/O/Y.



Publishing & other: Growth in TAC Profession Bank Sales

TAC



• In addition to the existing Yaesu office, a Shinjuku office was opened in April 2006 and an Umeda office was opened in October 2006. Operations are underway within these three offices.

• A strategy of publishing ads in newspapers after major exams have been completed in order to attract public attention was a substantial success. The number of contracts in the manpower placement segment, which enjoys large profit margins, increased in LTA, CPA (including junior CPA's and those passing some exam subjects) and US CPA, etc. This covered job advertisements and manpower dispatch.

IV. Forecast for FY2006





Progress to date for FY2006

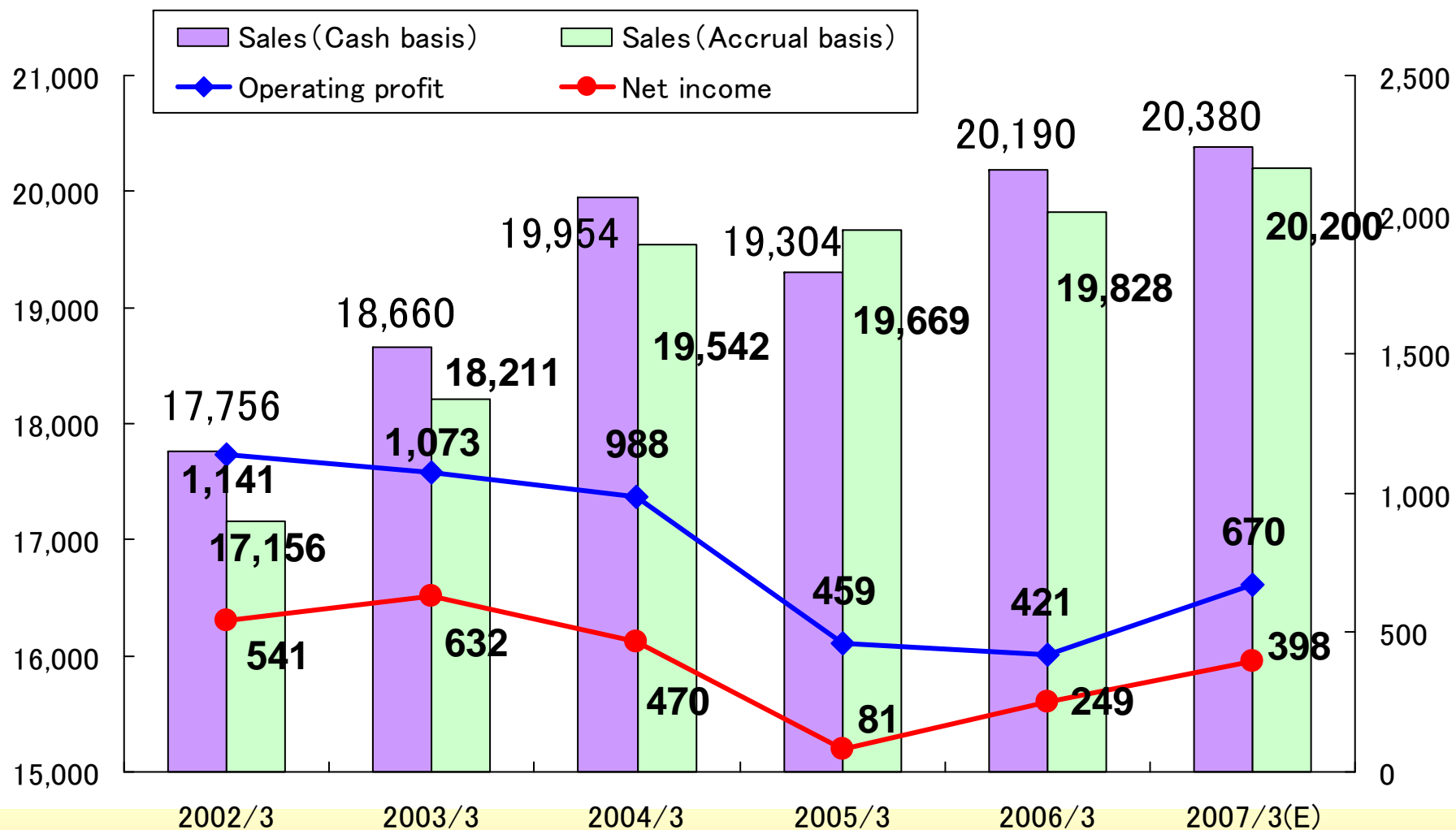
(Yen in millions) **TAC**

(Consolidated)	FY2006 (Forecast)		2006/9 (progress to date for FY2006)			
	Amount	%	Amount	%	Difference	Progress
Net sales before adjustment of tuition advances	20,380	100.9%	10,994	105.3%	9,385	53.9%
Adjustment of tuition advances	-180	-0.9%	-550	-5.3%	370	305.7%
Net Sales (after adjustment of tuition advances)	20,200	100.0%	10,444	100.0%	9,755	51.7%
Costs of Sales	12,305	60.9%	6,175	59.1%	6,129	50.2%
Rent	3,317	16.4%	1,613	15.5%	1,704	48.6%
Employment costs	3,769	18.7%	1,845	17.7%	1,923	49.0%
Subcontract costs	2,330	11.5%	1,112	10.7%	1,218	47.7%
Gross profit – net	7,895	39.1%	4,410	42.2%	3,484	55.9%
SG & A expenses	7,225	35.8%	3,585	34.3%	3,639	49.6%
Rent	828	4.1%	468	4.5%	359	56.6%
Employment costs	3,080	15.3%	1,615	15.5%	1,464	52.5%
Advertising costs	1,243	6.2%	600	5.7%	643	48.3%
Operating income	670	3.3%	825	7.9%	-155	123.2%
Ordinary income	737	3.7%	919	8.8%	-182	124.8%
Net income	398	2.0%	529	5.1%	-131	133.0%
Net income per share	21.53 Yen		28.63 Yen			



Forecast for FY2006

(Yen in millions)



(Note) Above figures are those obtained after correcting financial data of previous years, in which figures gain/loss from marketable securities is recorded as non-operating income/expenses.



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