

March 2007 Term - Third Quarter Financial Results (Consolidated)

February 1, 2007

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

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

Representative director: Hiroaki Saito

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

Phone: 81-3-5276-8913

1. Notes to preparation of briefing of quarterly results

(1) Differences in accounting procedures used in previous consolidated fiscal year: Yes

In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.

(2) Changes in accounting methods : None

(3) Changes in scope of consolidation and in application of the equity method : None

2. Consolidated third quarter results for the fiscal year ending March 2007

(From April 1, 2006 to December 31, 2006)

(1) Consolidated financial results

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

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 2006 3 rd quarter	15,250	(3.4)	709	(17,765.6)	859	(289.5)
December 2005 3 rd quarter	14,745	(0.7)	3	(-97.9)	220	(2.7-)
March 2006 period	19,828		421		631	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
December 2006 3 rd quarter	448	(2,991.4)	24.21		—	
December 2005 3 rd quarter	14	(—)	0.78		—	
March 2006 period	249		13.50		—	

(Notes) The percentages shown next to net sales, operating income, ordinary profit and net income represent year-on-year changes

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 2006 3 rd quarter	15,089	3,366	22.3	181.94
December 2005 3 rd quarter	14,436	2,898	20.1	156.66
March 2006 period	12,621	3,100	24.6	167.55

(3) Consolidated statement of cash flow

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
December 2006 3 rd quarter	1,743	-780	895	2,998
December 2005 3 rd quarter	856	-477	1,097	2,379
March 2006 period	932	-494	-203	1,139

[Reference] 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)
March 2007 period	20,280	1,200	690

(Note) Estimated earnings per share for the year ending March 31, 2007 : 37.31 yen

Earnings forecasts for the current period are based on the following presumptions.

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Although net sales for the 9 months ended December 31, 2006, greatly exceeded forecasts in courses for certified public accountant, licensed tax accountant, registered real estate transaction manager, etc, steep declines were experienced in courses for public officers, certified social insurance labor consultant, real estate appraiser, etc. Accordingly, net sales for the year ended March 31, 2007 were revised upward by 0.4% or ¥ 80 million to ¥ 20,280 million from the original forecast of ¥ 20,200 million.

In regards to operating costs, outsourcing costs are expected to increase in response to strong growth in correspondence courses using DVD's. Advertising costs, however, continue a downward trend due to careful selection up to the current quarter. Although we plan to begin placing advertisements for educational courses in the next quarter in anticipation of the back-to-school season, we expect that advertising costs for the year ended March 31, 2007 will be substantially lower from originally planned.

As a result, we revised ordinary profit from the ¥ 737 million originally planned to ¥ 1,200 million, an increase of 62.8% or ¥ 463 million. As well, net income was revised from the ¥ 398 million originally planned to ¥ 690 million, an increase of 73.3% or ¥ 291 million.

(Notes) The forecast results presented above are based on information available as of the date of this earnings report. Please note that actual results may vary significantly from projected forecasts.

Amounts of less than one million yen are rounded downward in the above charts.

1. Operating results

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

In the education market for working people, license qualifications related to finance and real estate, such as licensed tax accountant, registered real estate transaction manager, etc. showed substantial growth in response to recent economic improvements. The employment situation within companies is changing for the better as potential for an economic recovery becomes foreseeable. In the past, our educational courses have shown considerable growth during depressed economic periods. However, there are courses that enjoy improved sales under favorable economic conditions as well. These include courses for certified public accountants, our flagship. Such areas have drawn new customers during these more favorable economic times. Further, the corporate training segment and human resources business are leading forces in our improved business results.

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

(2) Operating results for the third quarter

In the three months ended December 31, 2006, the number of applications for educational courses in "finance & accounting", "management & taxation", and "financial services & real estate" showed significant growth. Sales on a cash basis (before adjustments for tuition advances) increased 2.2%, or ¥ 346 million, over the same term last year. However, the amount of adjustments for tuition advances decreased 14.6%, or by ¥ 158 million. As a result, sales on an accrual basis (after adjustments for tuition advances) increased 3.4% or by ¥ 504 million to ¥ 15,250 million. Operations-related expenses decreased by ¥ 200 million over the same term last year. These include personnel costs (+1.5%, or ¥ 75 million – mainly instructors' fee) and outsourcing costs (+5.3% or ¥ 91 million). The substantial increase in outsourcing costs is attributed to favorable growth in correspondence courses that use costly DVD media. Advertisement costs, however, were reduced by 28.0% or by ¥ 332 million over the same term last year, which contributed to an overall reduction in operating expenses. As a result, operating income for the nine months ended December 31, 2006 was ¥ 709 million. With non-operating income of ¥ 160 million including investment income and interest on marketable securities and non-operating expenses of ¥ 10 million, including interest expenses, ordinary profit for the nine months ended December 31, 2006 increased 280% over the same term last year to ¥ 859 million. In the nine months ended December 31, 2006, extraordinary losses, which include restoration costs of ¥ 17 million and losses from the sale and retirement of fixed assets of ¥ 8 million were recorded. In total, net income for the nine months ended December 31, 2006 was ¥ 448 million, a substantial improvement from the ¥ 14 million recorded in the same term last year.

Changes in third quarter operating results between last year and this year (April – December).

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	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October–December)			9-month Total for FY2005 (April–December)			Total for FY2005		
	million	%	Y-O-Y	million	%	Y-O-Y	million	%	Y-O-Y	million	%	Y-O-Y	million	%	Y-O-Y
Net sales before adjustment of tuition advances	¥ 3,585		91.6	¥ 7,115		108.5	¥ 5,127		104.0	¥ 15,828		102.8	¥ 20,190		104.6
Adjustment of tuition advances	1,883		109.2	-2,444		117.2	-522		127.7	-1,082		141.0	-362		-99.5
Net sales (after adjustment of tuition advances)	5,469	27.6	97.0	4,670	23.6	104.4	4,605	23.2	101.9	14,745	74.4	100.7	19,828	100.0	100.8
Gross profit	2,491	45.5	90.5	1,662	35.6	110.3	1,530	33.2	101.2	5,684	38.5	98.4	7,667	38.7	98.6
Operating income	636	11.6	70.3	-330	-7.1	81.1	-302	-6.6	97.5	3	0.0	2.1	421	2.1	91.7
Ordinary profit	744	13.6	83.7	-287	-6.2	103.4	-236	-5.1	61.4	220	1.5	97.3	631	3.2	113.1
Net income	402	7.4	83.9	-248	-5.3	78.3	-140	-3.0	30.4	14	0.1	—	249	1.3	307.9
Net income per share	Yen 21.77			Yen -13.41			Yen -7.58			Yen 0.78			Yen 13.50		

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October–December)			Total 9 months for FY2006 (April–December)		
	million	%	Y-O-Y	million	%	Y-O-Y	million	%	Y-O-Y	million	%	Y-O-Y
Net sales before adjustment of tuition advances	¥ 3,779		105.4	¥ 7,214		101.4	¥ 5,179		101.0	¥ 16,175		102.2
Adjustment of tuition advances	1,735		92.1	-2,285		93.5	-372		71.4	-924		85.4
Net sales (after adjustment of tuition advances)	5,514	—	100.8	4,929	—	105.5	4,806	—	104.4	15,250	—	103.4
Gross profit	2,595	47.1	104.2	1,815	36.8	109.2	1,696	35.3	104.8	6,032	39.6	106.1
Operating income	873	15.8	137.3	-48	-1.0	—	-116	-2.4	—	709	4.7	17,865.6
Ordinary profit	825	15.0	110.9	94	1.9	—	-60	-1.3	—	859	5.6	389.5
Net income	478	8.7	118.9	50	1.0	—	-81	-1.7	—	448	2.9	3,091.4
Net income per share	Yen 25.88			Yen 2.75			Yen -4.42			Yen 24.21		

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

(3) Segment information

Personal education

Profit increased by more than ¥ 800 million due to sales recovery and reduction in operating costs

In the Personal education segment, sales of educational courses related to finance and real-estate marked favorable growth supported by economic improvements and a recovery in the number of applicants for courses for the CPA exam, for which the first test under the revised testing system was held. Meanwhile, sales in public officer and certified social insurance labor consultant courses declined due to a scaling-down in the market. Sales in real estate appraiser courses marked sharp declines responding to a sudden decrease in the exam pass rate. In regards to sales by learning media, although sales of classroom courses decreased 3.0% over the same term last year, correspondence courses using DVD's and broadband web courses increased 11.3% over the same term last year. As a result, sales for the nine months ended December 31, 2006 in this segment were ¥ 10,842 million, an increase of

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2.4% over the same term last year. Operating profit was ¥ 485 million, compared to an operating loss of ¥ 331 million in the same term last year.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October-December)			9-month Total for FY2005 (April-December)			Total for FY2005		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,208	29.5	94.9	3,344	23.4	105.0	3,030	21.2	97.6	10,583	74.1	98.7	14,279	100.0	98.7
Operating costs	3,622	86.1	102.4	3,776	112.9	107.0	3,516	116.1	102.8	10,915	103.1	104.1	14,053	98.4	100.9
Operating income	586	13.9	65.2	-431	-	125.5	-486	-16.1	153.4	-331	-3.1	-138.9	226	1.6	42.8

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October-December)			Total 9 months for FY2006 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,252	—	101.0	3,418	—	102.2	3,171	—	104.7	10,842	—	102.4
Operating costs	3,568	83.9	98.5	3,395	99.3	89.9	3,392	106.9	96.5	10,356	95.5	94.9
Operating income	683	16.1	116.6	22	0.7	—	-220	-6.9	—	485	4.5	—

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

Corporate training

Corporate training programs continued to show strong sales due to companies motivation toward developing human resources

Demand for corporate training programs remained stable as companies reported favorable results backed by the economic recovery. Over the same term last year, sales in bookkeeping, securities analyst and registered real estate transaction manager increased 15.1%, 20.8% and 102.2%, respectively. Sales in the corporate training segment as a whole increased 7.9% over the same term last year. There is a tendency, however, for companies to prefer classroom training to correspondence courses that have a greater profit margin for us. Due to this, profit margins declined. Sales of educational contents, such as educational materials, increased 16.6% and sales of in-university seminars increased 5.5%. Sales by affiliated schools increased 11.9%. Sales of Maho-jin tax software increased 14.5%. As a result, sales in this segment for the nine months ended December 31, 2006 increased 9.5% over the same term last year to ¥ 3,040 million and operating income decreased 1.0% over the same term last year to ¥ 841 million.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October-December)			9-month Total for FY2005 (April-December)			Total for FY2005		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	915	25.6	102.8	950	26.5	104.6	911	25.5	106.2	2,777	77.6	104.5	3,578	100.0	105.2
Operating costs	628	68.7	89.1	664	69.9	88.9	633	69.5	95.7	1,926	69.4	91.1	2,626	73.4	94.4
Operating income	286	31.3	154.9	285	30.1	177.1	277	30.5	141.7	850	30.6	156.7	951	26.6	153.9

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	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October-December)			Total 9 months for FY2006 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,027	—	112.3	1,048	—	110.3	964	—	105.8	3,040	—	109.5
Operating costs	683	66.5	108.7	823	78.5	123.9	692	71.8	109.3	2,198	72.3	114.1
Operating income	344	33.5	120.2	225	21.5	78.8	272	28.2	97.9	841	27.7	99.0

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

Publishing and other

Human resources business sales were favorable in manpower placement, dispatching and job advertisements. Sales in publishing business declined due to a delay in publishing schedules.

In our publishing business, we had scheduling delays due to the enactment of new company law and revised accounting standard, etc. Also, we adopted a policy of gradually concentrating on selling highly marketable books in anticipation of lower of cost or market reporting methods becoming obligatory. As a result, publishing business sales decreased 11.2% over the same term last year. Our human resources business increased its sales by 27.3% over the same term last year supported by strong results in all three of its operating areas - manpower dispatching, manpower placement and job advertisements. As a result, sales in the publishing & other segment for the nine months ended December 31, 2006 decreased 1.2% to ¥ 1,382 million and operating income decreased 36.9% to ¥ 200 million.

	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October-December)			9-month Total for FY2005 (April-December)			Total for FY2005		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	345	17.4	110.2	385	19.4	101.0	668	33.6	119.6	1,399	70.4	111.6	1,988	100.0	110.3
Operating costs	264	76.6	99.6	300	77.9	115.4	517	77.4	112.9	1,082	77.4	110.0	1,590	80.0	114.5
Operating income	81	23.4	168.4	84	22.1	70.1	150	22.6	149.9	316	22.6	117.4	398	20.0	96.1

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October-December)			Total 9 months for FY2006 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	234	—	67.9	472	—	122.8	674	—	101.0	1,382	—	98.8
Operating costs	94	40.2	35.6	476	100.7	158.7	611	90.6	118.2	1,182	85.5	109.2
Operating income	140	59.8	173.4	-3	-0.7	—	63	9.4	41.8	200	14.5	63.1

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

(4) Sales results by license area

Finance and Accounting

After the country experienced a series of accounting-related scandals, the employment situation within audit corporations heated up in anticipation of the implementation of internal control audit standards set for FY2007. The number of applicants for the certified public accountant exam under the new testing system, which started in 2006 was 16,210 of which 5,031 passed the multiple-choice exam – a pass rate of 31.0%. (In the previous year, 3,510 passed – a pass rate of 23.0%.) On the essay exam, 1,372 passed - a pass rate of 8.5%. (In the previous year, 1,308 passed - a pass rate of 8.5%.) According to Nippon Keizai Shimbun on December 6, 2006, the number of new recruits that major audit corporation seek to employ was 1,734. It has been reported that some of the audit corporations hastily arranged to employ successful candidates of the multiple-choice exam. We expect that such a favorable employment environment will continue for some time. Under the new testing system, credits are allowed for each subject passed on the essay exam. However, the number of candidates for whom such credits were permitted was 1,293 and the number of candidates permitted with credits of more than one subject was 198, which was far smaller than we had expected. Reduction in the unit price per customer for advanced courses to those making a second attempt was not as serious as we had anticipated

As a result, for the nine months ended December 31, 2006, sales of preparatory courses for the CPA exam on a cash basis (before adjustments for tuition advances) and on an accrual basis (after adjustments for tuition advances) increased 4.4% and 5.4%, respectively, over the same term last year. As for bookkeeping courses (2nd and 3rd grades), we deployed a campaign of low-priced courses for a term that was shorter than previous years in order to attract new learners. As a result, sales in bookkeeping courses for the nine months ended December 31, 2006 increased 5.4% over the same term last year.

Accordingly, sales in the Finance and Accounting area for the nine months ended December 31, 2006 increased 5.4% over the same term last year.

Management and Taxation

In preparatory courses for licensed tax accountants (LTA), sales showed substantial growth supported by steady increases in applications for 3-year package plans. In December, a part of the LTA course that was planned for release in January was actually started ahead of schedule. This contributed to attracting customers earlier than expected. As a result, sales increased 2.7% over the same term last year. As to preparatory courses for small and medium enterprise management consultant (SMEMC), sales on a cash basis remained almost unchanged from the same term last year, which is attributed to a declining number of applicants for advanced courses. Sales on an accrual basis, however, increased 13.4% over the same term last year due to tuition advances being reversed to recognize sales.

As a result, sales in the Management and Taxation area for the nine months ending December 31, 2006 increased 4.8% over the same term last year.

Financial Services and Real Estate

In the real estate area, the new real estate appraiser exam implemented under a revised testing system turned out to be more difficult than anticipated. The number of successful candidates on the essay exam was only 94 out of a total 4,605 that wrote the multiple-choice and essay exams. The final pass rate was as low as 2.0%. (In the previous year, the final pass rate was 7.4%.) Affected by this, the number of applicants for courses for new learners and for those making a second attempt decreased in the current three-month period. As a result, sales on a cash basis decreased 22.7% over the same term last year. Sales on an accrual basis, however, increased 0.8% over the same term last year due to tuition advances, which had remained stable before the announcement of the exam results, being reversed in the current quarter to recognize sales. Sales of real estate transaction manager (Takken) courses showed remarkable growth of 21% over the same term last year. Sales of corporate training programs in the financial services area showed favorable results receiving strong support from finance and securities companies. These

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include securities analyst courses (+ 25.4% y/o/y) and financial planners courses (+2.9% y/o/y).

As a result, sales in the Financial Services and Real Estate area for the nine months ending December 31, 2006 increased 8.6% over the same term last year.

Law and Labor

Sales of preparatory courses for public officer courses declined 21.5% over the same term last year. This downward trend is attributed to various social factors, including the civil service reform plan (reduction in number of public officers) and employment of new recruits employed by private companies making a favorable turn. Sales of preparatory courses for certified social insurance labor consultant exams decreased 9.4% over the same term last year. This is due to consecutive declines in the number of applicants for the exam. Sales of preparatory courses for administrative scrivener, also with a revised testing system, increased 26.7% over the same term last year. This increase is attributed to the fact that learners, who had previously prepared for the exam without the aid of attending courses, began seeking support from schools in order to prepare for the now more difficult exam.

As a result, sales for the nine months ending December 31, 2006 decreased 10.6% over the same term last year.

IT and International Qualifications

Sales of preparatory courses for IT courses decreased 3.5% over the same term last year. It has been reported in the media that revisions in the testing system of IT specialist qualifications are under consideration. This requires close attention toward the trend in applications subsequent to the revision. According to Nippon Keizai Shimbun on November 2, 2006, the current pass-fail test may be changed to a system that provides certification according to skill levels. Sales of CompTIA (the Computing Technology Industry Association) certifications which is a de-facto standard in the IT industry in the US and other IT-related courses increased 9.0% over the same term last year. 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 as well as attracting new learners. Accordingly, sales on a cash basis increased 23.8% over the same term last year. Sales on an accrual basis, however, declined 2.6% over the same term last year due to a substantial amount of sales being transferred to tuition advances.

As a result, sales for the nine months ended December 31, 2006 decreased 1.7% over the same term last year.

Other

In regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, a Shinjuku office and an Umeda office were opened in April and October of 2006, respectively. These two offices are located in the same building where schools are located. This has increased the visibility of TPB among our students. With favorable sales in TPB's three business pillars of manpower dispatching, manpower placement and job advertisements, sales increased 27.3% over the same term last year. Sales of "Maho-jin" tax software showed stable growth of 10.2% over the same term last year. Miscellaneous revenue (payment at the front counter for purchasing stationery, locker fees, etc.) declined 4.8%.

In total, sales for the nine months ended December 31, 2006 increased 17.5% over the same term last year

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Licenses by area	1 st quarter of FY2005 (April – June)			2 nd quarter of FY2005 (July–September)			3 rd quarter of FY2005 (October-December)			9-month Total for FY2005 (April-December)			Total for FY2005		
	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %
Finance & Accounting	1,697	26.9	96.3	1,507	23.9	112.6	1,450	23.0	95.0	4,654	73.9	100.6	6,302	31.8	100.3
Management & Taxation	1,550	29.2	98.5	1,107	20.8	99.3	1,153	21.7	105.7	3,811	71.7	100.8	5,315	26.8	102.1
Financial Service & Real Estate	615	24.1	102.9	685	26.9	107.9	672	26.3	117.3	1,973	77.3	109.2	2,554	12.9	111.6
Law & Labor	953	31.5	92.4	620	20.5	92.8	682	22.6	103.5	2,256	74.6	95.6	3,026	15.3	93.9
IT & International	371	25.9	99.3	427	29.7	101.7	340	23.6	97.4	1,139	79.2	99.6	1,437	7.2	96.7
Others	280	23.5	94.5	322	27.0	108.6	306	25.8	95.5	909	76.3	99.4	1,191	6.0	101.0
Total	5,469	27.6	97.0	4,670	23.6	104.4	4,605	23.2	101.9	14,745	74.4	100.7	19,828	100.0	100.8

Licenses by area	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October-December)			Total 9 months for FY2006 (April-December)		
	¥ million	%	Y-O-Y %	¥ 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	1,658	34.5	114.4	4,906	32.2	105.4
Management & Taxation	1,620	29.4	104.5	1,202	24.4	108.6	1,171	24.4	101.5	3,995	26.2	104.8
Financial Service & Real Estate	688	12.5	111.8	754	15.3	110.0	700	14.6	104.2	2,143	14.1	108.6
Law & Labor	799	14.5	83.9	640	13.0	103.1	578	12.0	84.7	2,017	13.2	89.4
IT & International	359	6.5	96.7	441	9.0	103.3	318	6.6	93.5	1,119	7.3	98.3
Others	311	5.6	111.0	378	7.7	117.3	378	7.9	123.5	1,068	7.0	117.5
Total	5,514	100.0	100.8	4,929	100.0	105.5	4,806	100.0	104.4	15,250	100.0	103.4

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

License by area	Programs	Profile and pass rates
① Finance and Accounting	Certified public accountant, Bookkeeper, Construction Industry accountant	Among the 1,732 people who passed part 2 of the certified public accountant exam for 2006, 633 were TAC's regular course students (*). – a proportion of 46.1% (*).
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 (*).
④ Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law related qualifications	

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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) Proportion: Proportion of students who took TAC's preparatory courses (students in regular courses and single subject courses and students taking trial exams) out of all successful candidates nationwide. This is generally used as an indicator to measure performance in the education industry. The number of TAC students who passed exams includes those who also attend courses in other schools. Accordingly, the sum of the proportion of TAC students and students of other schools may exceed 100%.

(5) Number of students

The number of individual members increased in courses for real estate transaction manager (Takken) and licensed tax accountant. However, it was difficult to attract clients in courses for certified social insurance labor consultant and public officer. In addition, the scaling-down of low-priced courses for bookkeeping courses had a negative effect on the number of students. Accordingly, the total number of individual members decreased 1.5% or 1,643 over the same term last year. Regarding the number of corporate members, those taking educational programs consigned by local governments showed a remarkable increase but those taking self-enlightenment courses via distant learning media and in-university seminars declined. As a result, the number of corporate members remained unchanged from the same term last year. In total, the number of students in nine months ended December 31, 2006 decreased 1.1% or 1,679 over the same term last year.

	Individual members	Corporate members	Total	Increases over the same term last year	% Change from the same term last year
FY 1997	43,599	15,791	59,390	—	—
FY 1998	66,661	17,932	84,593	+25,203	142.4
FY 1999	83,066	21,528	104,594	+20,001	123.6
FY 2000	93,651	28,747	122,398	+17,804	117.0
FY 2001	105,217	36,542	141,759	+19,361	115.8
FY 2002	114,244	33,433	147,677	+5,918	104.2
FY2003	123,909	39,550	163,459	+15,782	110.7
FY2004	120,962	42,507	163,469	+10	100.0
FY2005	135,205	45,598	180,803	+17,334	110.6
Total of 9 years	886,514	281,628	1,168,142	—	—
(% distribution)	(76.1%)	(23.9%)	(100.0%)	—	—
3 rd quarter of FY2006 (April - December) [Y-O-Y]	110,610 [98.5%]	40,071 [99.9%]	150,681 [98.1%]	-1,679	98.1
3 rd quarter of FY2005 (April-December) [Y-O-Y]	112,253 [111.2%]	40,107 [110.3%]	152,360 [111.0%]	+15,039	111.0

2. Financial position (consolidated)

(1) Financial position

Total assets as of December 31, 2006 increased by ¥ 653 million and shareholders' equity increased by ¥ 467 million over the same term last year. Notable increases include cash and equivalents of ¥ 819 million, marketable securities of ¥ 215 million, investment securities of ¥ 81 million, long-term deposits of ¥ 100 million, corporate tax payable of ¥ 210 million, and tuition advances of ¥ 215 million. Decreases include inventories of ¥ 106 million, tangible fixed assets of ¥ 129 million, fixed leasehold deposits of ¥ 96 million and short-term borrowings of ¥ 153 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)			3 rd quarter of FY2006 (December 31, 2006)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total assets	13,414	100.0	105.3	15,836	100.0	105.5	15,089	100.0	104.5
Tuition advances	5,437	40.5	110.8	7,840	49.5	104.9	8,220	54.5	102.7
Net assets	3,487	26.0	103.8	3,538	22.3	113.3	3,366	22.3	116.1
Net assets per share	Yen 188.50			Yen 191.22			Yen 181.94		

(2) Cash flow performance

Net cash provided by operating activities for the nine months ended December 31, 2006 was ¥ 1,743 million, an increase of ¥ 887 million over the same term last year. Factors affecting cash flows provided by operating activities include net income before taxes for the current quarter of ¥ 832 million (+¥ 850 million y/o/y), a decrease in accounts receivable (+¥ 230 million y/o/y), and a decrease in inventories (¥ +227 million y/o/y), as well as increases in tuition advances (-¥ 160 million y/o/y) and payment of corporate tax (-¥ 162 million).

Net cash used in investing activities in the nine months ended December 31, 2006 was ¥ 780 million, an increase of ¥ 302 million over the same term last year. Factors related to investment activities includes ¥ 43 million received for return of fixed leasehold deposits (net of payment of fixed leasehold deposits) which declined by ¥ 65 million y/o/y, payment of ¥ 63 million for acquisitions of property and equipment (¥ -230 million y/o/y), etc.

Net cash provided by financing activities in the nine months ended December 31, 2006 was ¥ 895 million, a decline of ¥ 201 million y/o/y. This includes short-term borrowing of ¥ 1,127 million (+¥ 46 million y/o/y). We had no proceeds from long-term debt, from which we procured funds of ¥ 200 million in the same term last year.

As a result, cash and cash equivalents increased by ¥ 618 million over the same term last year to ¥ 2,998 million.

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3. Consolidated financial statements and other

(1) Consolidated balance sheet (summary)

(Millions of yen, %)

Account	Dec. 31, 2006	Dec. 31, 2005	Increase (decrease)		March. 31, 2006
	Amount	Amount	Amount	Y-O-Y	Amount
(Assets)					
I Current assets					
1 Cash and cash equivalents	3,208	2,388	819	134.3	1,027
2 Notes and accounts receivable	1,932	1,949	-16	99.1	1,706
3 Marketable securities	247	31	215	779.8	171
4 Inventories	874	980	-106	89.1	1,011
5 Other	563	807	-243	69.8	576
Allowances for doubtful accounts	-1	-7	5	24.7	-1
Total current assets	6,824	6,150	673	111.0	4,471
II Fixed assets					
1 Tangible fixed assets	743	873	-129	85.2	837
2 Intangible fixed assets	639	610	28	104.7	670
3 Investments and other assets	6,882	6,801	80	101.2	6,641
(1) Investment securities	1,776	1,694	81	104.8	1,578
(2) Fixed leasehold deposits	3,787	3,883	-96	97.5	3,836
(3) Insurance reserve fund	936	935	1	100.1	937
(4) Other	382	288	94	132.7	290
Allowances for doubtful accounts	-1	-1	—	—	-1
Total fixed assets	8,265	8,285	-19	99.8	8,149
Total assets	15,089	14,436	653	104.5	12,621
(Liabilities)					
I Current Liabilities					
1 Accounts payable	446	432	14	103.3	453
2 Short-term borrowings	1,427	1,581	-153	90.3	300
3 Current portion of long-term borrowings	67	67	—	—	67
4 Tuition advances	8,220	8,005	215	102.7	7,244
5 Other	1,395	1,217	177	114.6	1,238
Total current liabilities	11,557	11,303	253	102.2	9,304
II Long-term liabilities					
1 Long-term liabilities	26	93	-67	28.2	76
2 Other	139	139	—	—	139
Total long-term liabilities	166	233	-67	71.2	216
Total liabilities	11,723	11,537	185	101.6	9,520
(Minority interests)					
Minority interests	—	—	—	—	—
(Shareholders' equity)					
I Common stock	—	940	—	—	940
II Additional paid-in capital	—	790	—	—	790
III Retained earnings	—	1,138	—	—	1,374
IV Difference on revaluation of other marketable securities	—	29	—	—	-4
V Treasury Stock	—	-0	—	—	-0
Total shareholders' equity	—	2,898	—	—	3,100
Total liabilities and shareholders' equity	—	14,436	—	—	12,621

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Account	Dec. 31 , 2006	Dec. 31 , 2005	Increase (decrease)		March. 31 , 2006
	Amount	Amount	Amount	Y-O-Y	Amount
(Net assets)					
I Owners' equity					
1 Paid-in capital	940	—	—	—	—
2 Capital surplus	790	—	—	—	—
3 Earned surplus	1,637	—	—	—	—
4 Treasury Stock	△0	—	—	—	—
Total owners' equity	3,367	—	—	—	—
II Valuation and translation adjustments					
1 Valuation difference on available for sale securities	-0	—	—	—	—
Total valuation and translation adjustments	-0	—	—	—	—
Total net assets	3,366	—	—	—	—
Total liabilities and net assets	15,089	—	—	—	—

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(2) Consolidated statement of income (summary)

(Millions of yen, %)

Account	9 months ended Dec. 31		Increase (decrease)		Year ended March 31, 2006
	2006	2005	Amount	Y-O-Y	Amount
I Sales revenues	15,250	14,745	504	103.4	19,828
II Cost of sales	9,285	9,075	209	102.3	12,122
Gross profit	5,965	5,670	294	105.2	7,705
Reversal of allowance for loss on returned goods	282	244	38	115.6	244
Transfer to reserve for loss on returned goods	215	230	-15	93.3	282
Gross profit - net	6,032	5,684	348	106.1	7,667
III Selling, general and administrative expenses	5,323	5,680	-356	93.7	7,246
Operating income	709	3	705	17,865.6	421
IV Non-operating income	160	223	-63	71.6	219
V Non-operating expenses	10	7	3	142.4	8
Ordinary income	859	220	638	389.5	631
VI Extraordinary income	—	—	—	—	45
VII Extraordinary expenses	26	238	-212	11.1	232
Net income before income taxes	832	△18	850	—	444
Corporate, inhabitants and enterprise taxes	352	52	300	672.6	178
Deferred income taxes	31	△85	117	—	16
Net income	448	14	433	3,091.4	249

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(3) 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	Total Net assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2006)	940	790	1,374	-	3,104	-4	3,100
Changes of items during the period							
Issuance of new shares							
Dividends from surplus(*)			-185		-185		-185
Net income			448		448		448
Net changes of items other than owners' equity						3	3
Total changes of items during the period	—	—	263	—	263	3	266
Balance at the end of the current period (As of December 31, 2006)	940	790	1,637	-0	3,367	-0	3,366

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

2. Dividend from surplus includes payment of interim dividend of ¥ 92 million for the six months ended September 30, 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).

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(4) Consolidated statement of cash flow (summary)

(Millions of yen, %)

Account	9 months ended Dec. 31		Year ended March 31, 2006
	2006	2005	
I Cash flows from operating activities			
1 Income before income taxes	832	-18	444
2 Depreciation and amortization	246	267	362
3 Increase in tuition advances	976	1,136	375
4 Other	-173	-702	-445
Sub-total	1,882	684	737
4 Income taxes paid	-202	-39	-63
5 Income taxes refund	—	163	163
6 Other	63	47	95
Net cash provided by operating activities	1,743	856	932
II Cash flows from investing activities			
1 Acquisitions of property and equipment	-63	-294	-331
2 Acquisitions of intangible fixed assets	-139	-293	-367
3 Increase (decrease) in guaranteed deposits	43	109	148
4 Other	-620	0	56
Net cash provided by (used in) investing activities	-780	-477	-494
III Cash flows from financing activities			
1 Increase (decrease) in short-term borrowings	1,127	1,081	-200
2 Proceeds from long-term debt	—	200	200
3 Repayment of long-term debt	-50	-39	-56
4 Dividends paid	-181	-144	-147
Net cash provided by (used in) financing activities	895	1,097	-203
IV Exchange difference of cash and cash equivalents	0	0	0
V Net increase (decrease) in cash and cash equivalents	1,858	1,475	235
VI Cash and cash equivalents at the beginning of the year	1,139	904	904
VII Cash and cash equivalents at the end of the year	2,998	2,379	1,139

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(4) Segment information

[Segment information by type]

Third quarter of current fiscal year (April 1, 2006 - December 31, 2006)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,842	3,040	1,382	15,265	(14)	15,250
Operating expenses	10,356	2,198	1,182	13,737	803	14,541
Operating income	485	841	200	1,527	(818)	709

Third quarter of previous fiscal year (April 1, 2005 - December 31, 2005)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,583	2,777	1,399	14,759	(14)	14,745
Operating expenses	10,915	1,926	1,082	13,924	817	14,741
Operating income	(331)	850	316	835	(831)	3

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

February 1, 2007

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

Location of headquarters(prefecture):Tokyo

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

Representative director: Hiroaki Saito

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

Phone: 81-3-5276-8913

1. Notes to preparation of briefing of quarterly result

- ① Differences in accounting procedures used in previous consolidated fiscal year: Yes

In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.

- ② Changes in accounting methods : None

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

(From April 1, 2006 to December 31, 2006)

(1) Non-consolidated financial results

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

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 2006 3 rd quarter	14,797	(2.8)	611	(-)	813	(391.6)
December 2005 3 rd quarter	14,393	(0.1)	-77	(-)	165	(-9.2)
March 2006 period	19,351		313		552	

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
December 2006 3 rd quarter	441	(-)	23.88		—	
December 2005 3 rd quarter	-3	(-)	-0.21		—	
March 2006 period	214		11.58		—	

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

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 2006 3 rd quarter	14,991	3,257	21.7	176.04
December 2005 3 rd quarter	14,366	2,812	19.6	152.01
March 2006 period	12,487	2,997	24.0	161.98

[Reference] 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)
March 2007 period	19,690	1,160	666

(Note) Estimated earnings per share for the year ending March 31, 2007 : 36.03 yen

Non-consolidated earnings forecast of the current period is based on the same presumptions as those for consolidated forecast. Please refer to p. 1.