



March 2008 Term – Interim Financial Results Report

November 15, 2007

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

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(Yen in millions, with fractional amounts rounded down to the nearest million yen)

1. Consolidated results for the interim period ended September 2007

(From April 1, 2007 to September 30, 2007)

(1) Consolidated financial results

(% indicates changes from prior interim fiscal year)

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
September 2007 interim period	10,745	(2.9)	1,232	(49.3)	1,551	(68.7)
September 2006 interim period	10,444	(3.0)	825	(169.7)	919	(101.3)
Fiscal 2006 (2007/3)	20,553	(3.7)	1,173	(178.6)	1,333	(111.0)

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
September 2007 interim period	894	(68.8)	48.33	—
September 2006 interim period	529	(242.5)	28.63	—
Fiscal 2006 (2007/3)	742	(197.2)	40.11	—

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

September 2007 interim period: — million yen

September 2006 interim period: — million yen

Fiscal 2006 (2007/3): — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
September 2007 interim period	16,171	4,426	27.4	239.20
September 2006 interim period	15,836	3,538	22.3	191.22
Fiscal 2006 (2007/3)	13,727	3,659	26.7	197.76

(Notes) Equity Capital

September 2007 interim period: 4,426 Million yen September 2006 interim period: 3,538 Million yen

Fiscal 2006 (2007/3): 3,659 million yen

(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 2007 interim period	—5	—215	1,342	2,953
September 2006 interim period	562	—432	1,919	3,188
Fiscal 2006 (2007/3)	1,804	—561	—551	1,831

2. Status of Dividends

	Dividend Per Share		
	Interim	Year-end	Annual
	(Yen)	(Yen)	(Yen)
Fiscal 2006 (2007/3)	5.00	7.00	12.00
Fiscal 2007 (2008/3)	8.00		16.00
Fiscal 2007 (2008/3)		8.00	

3. Consolidated forecasts for March 2008 term (From April 1, 2007 to March 31, 2008)

(% indicates changes from prior fiscal year - annual)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Full year	21,050	2.4	1,566	33.5	1,927	44.6	1,100	48.2	59.45

4. Others

- (1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): No
- (2) Changes in accounting policies, procedures or method of presentation, etc. related to preparation of consolidated interim financial statements
(Items listed in "Changes to assumptions underlying preparation of consolidated financial statements")
- (2)-1 Changes due to changes in accounting standard: Yes
- (2)-2 Other changes: Yes

Note: Refer to page 21, "Changes to assumptions underlying preparation of consolidated interim financial statements")

- (3) Number of shares issued (common stock)

- (3)-1 Number of shares issued (including treasury stocks)

September 2007 interim period: 18,504,000 shares September 2006 interim period: 18,504,000 shares
Fiscal 2006 (2007/3): 18,504,000 shares

- (3)-2 Number of treasury shares

September 2007 interim period: 217 shares September 2006 interim period: 217 shares
Fiscal 2006 (2007/3): 217 shares

Note: Refer to page 26, "Amounts per share" for the basis of calculation of consolidated net income per share

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the interim period ended September 2007

(From April 1, 2007 to September 30, 2007)

- (1) Non-Consolidated Business Results

(% indicates changes from prior interim fiscal year)

	Net Sales		Operating income		Ordinary profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
September 2007 interim period	10,394	2.3	1,185	54.7	1,555	70.6
September 2006 interim period	10,162	2.6	765	211.3	911	115.4
Fiscal 2006 (2007/3)	19,941	3.0	1,059	237.6	1,271	130.4

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
September 2007 interim period	917	68.1	49.58
September 2006 interim period	545	267.7	29.50
Fiscal 2006 (2007/3)	726	239.2	39.29

(2) Non-Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
September 2007 interim period	16,064	4,330	27.0	234.04
September 2006 interim period	15,742	3,451	21.9	186.51
Fiscal 2006 (2007/3)	13,571	3,540	26.1	191.36

(Notes) Equity Capital

September 2007 interim period: 4,330 Million yen September 2006 interim period: 3,451 Million yen

Fiscal 2006 (2007/3): 3,540 million yen

2. Consolidated forecasts for March 2008 term (From April 1, 2007 to March 31, 2008)

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	(Yen)
Full year	20,315	1.9	1,475	39.3	1,887	47.6	1,080	48.6	58.37

(Note) 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. Consolidated operating results

(1) Operating results

① Overview of consolidated business results for the current interim period.

Economic expansion had a considerable effect upon our business results for the current interim period. Sales in our “Corporate training” segment showed a steady increase of 5.0% over the same term last year, and the sales of TAC Profession Bank Co., Ltd., our subsidiary offering human-resource services, recorded a dramatic increase of 24.6% mainly in the area of manpower dispatching. This served as a driving force in the total growth of our consolidated business operations. In our “Personal education” segment, despite weaknesses in certified public accountant and licensed tax accountant courses, sales of bookkeeping and US certified public accountant courses showed substantial growth supported by working people undertaking studies. This implies a growing number of accounting professionals for the future. Meanwhile, public officer and certified social insurance labor consultant courses finally overcame sluggish results and returned to profitability on a cash basis before adjustment of tuition advances. Sales in real estate transaction manager (Takken) courses, which are vulnerable to the economic climate, and IT specialist courses both showed firm growth. In regards to our school network, Tachikawa and Hiyoshi Schools were opened in June 2007 and Hiroshima School, which had been an affiliate, came under our direct control in September. Total sales of correspondence courses showed a slight decline of 0.3% and total sales of classroom courses decreased 3.9% over the same term last year. We assume this is attributed to limitations on working people’s time to attend classes as a result of the recent upturn in business activity.

In regards to operating expenses, we succeeded in reducing our cost to sales ratio by 1.4 points over the same term last year through a reduction in outsourcing costs for copying DVD’s, etc. We also reduced advertising costs by 16.8%, or ¥ 100 million, labor costs by 3.7% (¥ 60 million) and agency commissions by 31.7% (¥ 43 million).

As a result, consolidated net sales for the current interim period year increased 2.9% to ¥ 10,745 million over the same term last year. Consolidated operating profit increased 49.3% to ¥ 1,232 million. Ordinary income increased 68.7% to ¥ 1,515 million, resulting from non-operating profit of ¥ 325 million, including dividend revenue and interest on marketable securities and non-operating expenses of ¥ 6 million, including interest expenses. An extraordinary loss of ¥ 30 million was posted, which included restoration costs and a loss from the sale and retirement of fixed assets. As a result, net income for the current interim period was ¥ 894 million, an increase of 68.8% over the same term last year. In the current interim period, consolidated operating profit, consolidated ordinary income and consolidated net income all hit record figures.

Some notable features of our group’s quarterly financial record: License examinations covered by our educational courses concentrate on the three months ended September 30 (the second quarter) and ended December 31 (the third quarter). Applications for preparatory courses for next year’s exams for 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 for all the courses that we offer begin. As a result, in the second and the third quarters profit margin on sales tends to be minimized in spite of substantial cash sales and accounts receivable. 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 this year and last:

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)			FY2006 (Ending March 31, 2007)		
	¥ 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	10,994		102.7	20,601		102.0
Adjustment of tuition advances	1,735		92.1	-2,285		93.5	-550		98.1	-48		13.4
Net sales (after adjustment of tuition advances)	5,514	26.8	100.8	4,929	24.0	105.5	10,444	50.8	103.0	20,553	100.0	103.7
Gross profit	2,595	47.1	104.2	1,815	36.8	109.2	4,410	42.2	106.2	8,160	39.7	106.4
Operating income	873	15.8	137.3	-48	-1.0	14.6	825	7.9	269.7	1,173	5.7	278.6
Ordinary profit	825	15.0	110.9	94	1.9	-32.7	919	8.8	201.3	1,333	6.5	211.0
Net income	478	8.7	118.9	50	1.0	-20.5	529	5.1	342.5	742	3.6	297.2
Net income per share	Yen 25.88			Yen 2.75			Yen 28.63			Yen 40.11		

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			Interim of FY2007 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,805		100.7	7,321		101.5	11,127		101.2
Adjustment of tuition advances	1,973		113.7	-2,355		103.1	-382		69.5
Net sales (after adjustment of tuition advances)	5,778	—	104.8	4,966	—	100.8	10,745	—	102.9
Gross profit	2,667	46.2	102.8	1,957	39.4	107.8	4,625	43.0	104.9
Operating income	989	17.1	113.2	243	4.9	—	1,232	11.5	149.3
Ordinary profit	1,078	18.7	130.6	473	9.5	503.2	1,551	14.4	168.7
Net income	619	10.7	129.3	275	5.5	540.6	894	8.3	168.8
Net income per share	Yen 33.46			Yen 14.88			Yen 48.33		

(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.

② Segment-related information

Sales results of our group according to segment are as follows:

Segment information	Previous interim period			Current interim period		
	¥ million	Percentage	Y-O-Y	¥ million	Percentage	Y-O-Y
Personal education	7,670	73.4	101.5	7,626	71.0	99.4
Corporate training	2,076	19.8	111.3	2,180	20.3	105.0
Publishing & others	707	6.8	96.8	946	8.8	133.7
Total	10,454	100.0	103.0	10,752	100.0	102.9

Personal education

Public officer and certified social insurance labor consultant courses recovered and bookkeeping courses showed a sharp increase. CIA courses had a good start

In the Personal education segment, the number of individual members was 85,147, a decline of 0.5% over the same term last year. Though certified public accountant and licensed tax accountant courses, our flagship, are currently experiencing difficulties, public officers and certified social insurance labor consultant courses finally overcame slow growth and sales on cash basis before adjustment of tuition advances substantially exceeded that of the same term last year. Sales of bookkeeping and US certified public accountant courses showed

considerable growth supported by working people. The newly launched certified internal auditor (CIA) courses had a favorable start responding to a heightening awareness over corporate internal control concerns. As a result, sales for the current interim period decreased 0.6% over the same term last year to ¥ 7,626 million.

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)			FY2006 (Ending March 31, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,252	29.2	101.0	3,418	23.5	102.2	7,670	52.7	101.5	14,553	100.0	101.9
Operating costs	3,568	83.9	98.5	3,395	99.3	89.9	6,964	90.8	94.1	13,583	93.3	96.7
Operating income	683	16.1	116.6	22	0.7	—	706	9.2	455.8	969	6.7	427.7

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			Interim of FY2007 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,260	—	100.2	3,365	—	98.5	7,626	—	99.4
Operating costs	3,329	78.1	93.3	3,416	101.5	100.6	6,745	88.5	96.9
Operating income	931	21.9	136.2	-50	-1.5	—	880	11.5	124.7

- (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

Continued increases in corporate training for IT specialist courses and finance-related courses. Increase in number of students resulting in major increases in both sales and profit.

Sales in corporate training showed stable growth as companies reported favorable business results backed by the economic recovery and in turn increased their training budgets. Courses exhibiting substantial growth include IT specialist courses (+10.0% y/o/y), training programs in finance and real estate areas provided as a part of our business school courses (+4.2% y/o/y) and training programs for bookkeeping exams (+36.5% y/o/y), resulting in overall growth of 7.6% in corporate training programs over the same term last year. Sales of in-university seminars, sales of educational contents and materials, and sales by affiliated schools showed stable increases of 7.3%, 2.1%, and 2.0% y/o/y, respectively. Though sales of Maho-jin tax software increased 7.5% y/o/y, sales of educational programs consigned by local governments decreased 24.4% y/o/y. The number of students in the corporate training segment increased 11.9% or 3,384 over the same term last year, to 31,895 due to a substantial increase in the number of students in correspondence courses and in affiliated schools. As a result, sales for the current interim period increased 5.0% over the same term last year to ¥ 2,180 million.

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)			FY2006 (Ending March 31, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,027	26.6	112.3	1,048	27.2	110.3	2,076	53.8	111.3	3,858	100.0	107.8
Operating costs	683	66.5	108.7	823	78.5	123.9	1,506	72.6	116.5	2,826	73.3	107.6
Operating income	344	33.5	120.2	225	21.5	78.8	569	27.4	99.5	1,031	26.7	108.4

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			Interim of FY2007 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,091	—	106.2	1,088	—	103.8	2,180	—	105.0
Operating costs	742	68.1	108.7	687	63.2	83.5	1,430	65.6	94.9
Operating income	348	31.9	101.2	401	36.8	178.1	749	34.4	131.6

- (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 showing good form with sales growth of 41% y/o/y. Manpower business increased 27% mainly in personnel dispatching.

In our publishing business, we experienced scheduling delays for bookkeeping and accounting-related books due to the enactment of new company law and revised accounting standards in the previous period. In the current interim period, however, publishing schedules were smooth from the start, resulting in a sales increase of 41.4% over the same term last year. Our human resources business (TAC Profession Bank Co., Ltd. or “TPB”) recorded favorable sales growth in the area of manpower dispatching and job advertising. Meanwhile, the manpower placement, in which we support job applicants with accounting skills acquired through preparation for CPA / LTA exams and successful candidates from the CPA / LTA exams, including those passing the CPA multiple-choice exam and those permitted with conditional credit, showed sluggish growth as competition among companies to secure new recruits heated up. Sales of TPB, however, maintain high standing with 24.6% growth (after adjustment for consolidation) over the same term last year. In total, sales increased 33.7% over the same term last year to ¥ 946 million.

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)			FY2006 (Ending March 31, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	234	10.9	67.9	472	21.9	122.8	707	32.7	96.8	2,161	100.0	108.7
Operating costs	94	40.2	35.6	476	100.7	158.7	570	80.6	101.0	1,852	85.7	116.5
Operating income	140	59.8	173.4	-3	-0.7	—	136	19.4	82.5	308	14.3	77.4

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			Interim of FY2007 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	430	—	183.2	516	—	109.2	946	—	133.7
Operating costs	434	100.9	460.0	342	66.4	71.9	776	82.1	136.1
Operating income	-3	-0.9	—	173	33.6	—	169	17.9	123.9

- (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 FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			Interim of FY2006 (April – September)			FY2006 (Ending March 31, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,734	25.7	102.2	1,513	22.4	100.4	3,247	48.1	101.3	6,751	32.9	107.1
Management & Taxation	1,620	29.3	104.5	1,202	21.7	108.6	2,823	51.0	106.2	5,536	26.9	104.2
Financial Service & Real Estate	688	25.5	111.8	754	27.9	110.0	1,443	53.4	110.9	2,699	13.1	105.7
Law & Labor	799	29.7	83.9	640	23.7	103.1	1,439	53.4	91.5	2,696	13.1	89.1
IT & International	359	24.5	96.7	441	30.0	103.3	801	54.5	100.3	1,469	7.2	102.2
Others	311	22.3	111.0	378	27.0	117.3	689	49.3	114.4	1,399	6.8	117.4
Total	5,514	26.8	100.8	4,929	24.0	105.5	10,444	50.8	103.0	20,553	100.0	103.7

Licenses by area	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			Interim of FY2007 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,857	32.1	107.1	1,523	30.7	100.7	3,381	31.5	104.1
Management & Taxation	1,643	28.4	101.4	1,150	23.2	95.7	2,794	26.0	99.0
Financial Service & Real Estate	698	12.1	101.4	727	14.6	96.4	1,425	13.3	98.8
Law & Labor	777	13.4	97.2	681	13.7	106.4	1,458	13.5	101.3
IT & International	414	7.2	115.1	466	9.4	105.7	880	8.2	109.9
Others	388	6.8	124.7	417	8.4	110.5	805	7.5	116.9
Total	5,778	100.0	104.8	4,966	100.0	100.8	10,745	100.0	102.9

(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 & Accounting

There is a growing expectation toward the social role of CPA's and audit firms as a result of a series of recent accounting-related scandals. A shortage in CPA's has accelerated as audit firms prepare to respond to the FY 2008 introduction of internal control audits and quarterly reporting in accordance with the Japanese SOX Act. According to a release by the CPAAOB (Certified Public Accountants and Auditing Oversight Board) on June 28, 2007, the number of applicants for the certified public accountant exam in 2007 was its highest ever at 18,140 (+11.9%, or +1,930 over the previous year) of which 6,241 (+24.1% or +1,210 over the previous year) passed the multiple-choice exam, resulting in pass rate of 34.4% (pass rate of MC exam was 31.0% in the previous year). Results for essay exams are scheduled for release on 19 November 2007.

Major audit corporations are still wanting for new recruits and they are eager to employ successful candidates of the multiple-choice exam and candidates permitted with credits on the essay exam. As well, they have suggested increases in starting salaries. As a result, advanced courses for those making a second attempt on the exams did not get off to a strong start.

Sales in courses for new learners declined as a result of several factors, which include a deteriorating image of the CPA profession due to recent accounting scandals, heightening social responsibility, low recognition of pay increases, expansion in the hiring of new recruits by private companies in light of recent economic growth, etc. As a result, sales of certified public accountant courses on a cash basis (before adjustment for tuition advances)

for the current interim period decreased 8.7% over the same term last year. Sales on an accrual basis (after adjustment for tuition advances) increased 2.1% over the same term last year as the amount tuition advances reversed in the current interim period exceeded that for the same term last year.

As for bookkeeping courses, we experienced stable sales mainly in the publishing and personal education segments backed by favorable sales in accounting-related books for business people resulting in an increase of 8.5% over the same term last year. In total, sales increased 4.1% over the same term last year to ¥ 946 million.

Management & Taxation

In licensed tax accountant (LTA) preparatory courses, though the number of students for single subject courses showed solid increases, that of regular courses and package plans remained low, resulting in a decline in sales on cash basis of 2.7% over the same term last year. Sales on an accrual basis increased 1.7% over the same term last year due to reversals of tuition advances. As for small and medium enterprise management consultant (SMEMC), sales declined 11.1% over the same term last year as the number of applicants making a second attempt showed sluggish growth due to the substantial number of candidates permitted with conditional credit under the revised testing system. As a result, sales in the M&T area for current interim period declined 1.0% over the same term last year.

Financial Services & Real Estate

In the area of real estate, sales in real estate appraiser courses remained stagnant resulting in a sales decline of 28.6% over the same term last year. This is attributed to the new real estate appraiser exam, which turned out to be more difficult than anticipated. Though the number of successful candidates on the essay exam increased to 120 out of 3,519 applicants this year, the pass rate was still low at 3.4% (2.0% or 94 in the previous year). However, sales of real estate transaction manager (Takken) courses showed remarkable growth of 13.3% over the same term last year backed by expansion in the real estate market.

In regards to the financial services area, though sales of financial planner courses showed a decline and sales of securities analyst courses marked an increase, both were only slight. Sales of Business School courses increased as much as 23.2% over the same term last year due to favorable growth in corporate training programs among private companies. As a result, sales in these areas for the current interim period decreased 1.2% over the same term last year.

Law & Labor

As for sales of preparatory courses for certified social insurance labor consultant exams, which remained sluggish until the previous fiscal year, the number of applicants was positive in the current interim period due to a heightening social awareness of pension issues. The resulting increase in sales on a cash basis was 19.4% over the same term last year. Sales on accrual basis declined 2.7% over the same term last year due to a low level of reversals of tuition advances in the current interim period. Sales of preparatory courses for public officer courses finally bottomed out and the number of applicants showed an increase resulting in a sales increase of 8.1% over the same term last year. Though the testing system for administrative scrivener was revised to reduce the burden on candidates, testing levels remained difficult resulting in a decline in sales of 10.0% over the same term last year. As a result, sales in these areas for the current interim period increased 1.3% over the same term last year.

IT & International

Despite consecutive declines in the number of candidates for IT specialist qualifications, sales of IT courses increased 3.7% over the same term last year due to stable growth in our corporate training programs. As human resources sought by companies preparing for implementation of J-SOX and professional skills acquired through US CPA courses have many things in common, sales increased as much as 43.2% over the same term last year. Newly launched certified internal auditor (CIA) courses, receiving strong support from those responsible for internal control and internal audit-related operations in corporations, had a favorable start. Sales of courses for 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 showed slight declines. As a result, sales in these areas for the current interim period increased 9.9% over the same term last year.

Others

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, a Shinjuku office and an Umeda office were opened in the previous year. This has increased the visibility of TPB among our students, contributing to favorable sales increases in the current interim period. Though TPB's operation recorded sales growth in the area of manpower dispatching and job advertising, the manpower placement business, in which we support job applicants with accounting skills acquired skill through preparation for the exam, showed sluggish growth as competition among companies to secure new recruits heated up. In spite of this, TPB achieved sales growth of 24.6% (after adjustment for consolidation) over the same term last year. Sales of "Maho-jin" tax software showed stable growth of 7.5% over the same term last year. Miscellaneous revenue (payment at the front counter for purchasing stationery, locker fees, etc.) increased 6.2% over the same term last year. Shipment of TACBOOK (not directly related to the five business segments above) showed a substantial increase over the previous year. In total, sales increased 16.9% over the same term last year.

④ Number of schools and capacity

TAC has 19 schools nationwide (September 30, 2007) that provide personal education and corporate training. In the current interim period, we opened Tachikawa and Hiyoshi Schools in June in order to improve our competitiveness in outlying areas where certain prestigious universities are located. In September, Hiroshima School, which had been an affiliate, came under our direct control. As a result, total classroom capacity as of September 30, 2007 was 15,958 tsubo's, an increase of 0.1% over the same term last year.

(1 tsubo = 3.3 m²)

Term Location of branches	Previous interim period (as of September 30, 2006)				Current interim period (as of September 30, 2007)			
	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	9	634	39	347	9	640	39
Sendai	327	9	589	36	327	9	584	36
Suidobashi (notes)	3,240	30	3,285	88	2,926 (Reduced)	25	2,736	88
Shibuya	1,700	32	3,135	115	1,700	32	3,151	115
Shinjuku	1,468	24	2,929	99	1,468	24	2,938	99
Ikebukuro	1,257	25	2,816	107	1,257	25	2,816	107
Yaesu	1,049	19	1,718	123	1,049	19	1,817	123
Machida	497	12	1,010	44	390 (Partially returned)	10	675	46
Yokohama	1,017	22	2,062	100	1,017	22	2,050	100
Tachikawa	—	—	—	—	311 (New)	12	542	31
Hiyoshi	—	—	—	—	82 (New)	2	53	35
Omiya	530	14	1,052	61	451 (Partially returned)	13	800	53
Nagoya	963	23	2,101	89	851 (Partially returned)	20	1,788	89
Kyoto	693	17	1,394	34	693	17	1,389	68
Umeda	1,293	22	2,338	92	1,293	22	2,285	91
Nanba	586	15	1,004	65	586	15	1,004	65
Kobe	569	16	1,274	42	569	16	1,280	42
Hiroshima	—	—	—	—	229 (Managed directly)	8	246	43
Fukuoka	404	11	574	39	404	11	649	39
Total	15,947	300	27,915	1,173	15,958	311	27,443	1,309

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

⑤ Number of students

In the current interim period, the number of individual students decreased 0.5%, or 406 over the same term last year to 85,147. The number of corporate students increased 11.9%, or 3,384 over the same term last year to 31,895. This was due to a substantial increase in correspondence courses for corporate training programs and in the number of students in in-university seminars. As a result, the total number of students showed an increase of 2.6%, or 2,978, to 117,042. The accumulated number of students for the past 10 years exceeded 1,340,000.

	Individual members	Corporate members	Total	Increases from the same term last year	Changes from the same term last year
					%
FY 1997	43,599	15,791	59,390	—	—
FY 1998	66,661	17,932	84,593	+25,203	142.4
FY 1999	83,066	21,528	104,594	+20,001	123.6
FY 2000	93,651	28,747	122,398	+17,804	117.0
FY 2001	105,217	36,542	141,759	+19,361	115.8
FY 2002	114,244	33,433	147,677	+ 5,918	104.2
FY 2003	123,909	39,550	163,459	+15,782	110.7
FY 2004	120,962	42,507	163,469	+ 10	100.0
FY2005	135,205	45,598	180,803	+17,334	110.6
FY2006	132,755	47,780	180,535	- 268	99.9
Total of 10 years (Percentage distribution)	1,019,269 (75.6%)	329,408 (24.4%)	1,348,677 (100.0%)	— —	— —
Current interim period [Y-O-Y]	85,147 [99.5%]	31,895 [111.9%]	117,042 [102.6%]		
Previous interim period [Y-O-Y]	85,553 [98.0%]	28,511 [100.6%]	114,064 [98.6%]		

⑥ Annual forecast to March, 2008

In the current interim period, we experienced difficulty in attracting students for certified public accountant courses. Though the number of students in advanced courses to those making a second attempt was unchanged, the number of applicants for courses for new learners experienced a downward trend. Even supposing the results of the most recent CPA exam scheduled for release on November 19, 2007 imply a favorable situation with increases in the number of successful candidates and the pass rate, it is likely to take some time for such positive information to penetrate the market. Accordingly, we feel it necessary to be conservative in our forecast for the next interim period.

CPA AOB (Certified Public Accountants and Auditing Oversight Board), which implements the CPA exam, released a plan for improvements on October 25, 2007. This includes “multiple choice exam questions shifting to more basic knowledge testing starting in 2008”, “changes in exam schedules from the current 2 days in two weeks to one day”, “implementation of multiple choice exams twice a year starting in 2010”, etc. Due to these measures, it is anticipated that the number of CPA exam candidates will increase in the mid to long-term to meet urgent demand by audit corporations.

We made an upward revision in our forecasts for several courses, including public officer, which showed sales shifting in a positive direction. In the publishing segment, we made a downward revision as we prepare for the revising of textbooks for bookkeeping exams - a strong seller. As for our human resources business, manpower placement, which is normally highly profitable, did not perform well in the unprecedented tight labor market. We expect, however, that it will make a substantial contribution to our consolidated results in the next interim period, mainly through manpower dispatching.

Completion and start of operation of a next-generation main system, which had been scheduled in the current

fiscal year was delayed to the next fiscal year, resulting in the upward revision in expenses in the current fiscal year.

In summary, we forecast that net sales of TAC Group during the March 2009 term will be ¥ 21,050 million (+0.5% or +¥ 100 million over the original forecast); operating profit will be ¥ 1,566 million (+49.2% or +¥ 516 million); ordinary profit will be ¥ 1,927 million (+69.8% or +¥ 792 million); and net income for the March 2009 term will be ¥ 110 million (+71.2% or +¥ 457 million).

(2) Financial Condition

① Financial position of current interim period

Shareholders' equity as of September 30, 2007 increased by ¥ 887 million, total liabilities decreased by ¥ 552 million and total assets increased by ¥ 335 million over the same term last year. Notable increases include, accounts receivable and notes receivable of ¥ 428 million, investment securities of ¥ 234 million and long-term deposits of ¥ 200 million. Decreases include cash and equivalents of ¥ 286 million, short-term borrowings of ¥ 840 million and tuition advances of ¥ 127 million.

	1 st quarter of FY2006 (April – June)			2 nd quarter of FY2006 (July–September)			3 rd quarter of FY2006 (October–December)			4 th quarter of FY2006 (January–March)		
	¥ million	%	Y-O-Y	¥ million	%	%	¥ million	%	%	¥ million	%	v
Total assets	13,414	100.0	105.3	15,836	100.0	105.5	15,089	100.0	104.5	13,727	100.0	108.8
Tuition advances	5,437	40.5	110.8	7,840	49.5	104.9	8,220	54.5	102.7	7,294	53.1	100.7
Net assets	3,487	26.0	103.8	3,538	22.3	113.3	3,366	22.3	116.1	3,659	26.7	118.0
Net assets per share	Yen 188.50			Yen 191.22			Yen 181.94			Yen 197.76		

	1 st quarter of FY2007 (June 30, 2007)			2 nd quarter of FY2007 (September 30, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total assets	13,778	100.0	102.7	16,171	100.0	102.1
Tuition advances	5,242	38.1	96.4	7,713	47.7	98.4
Net assets	4,150	30.1	119.0	4,426	27.4	125.1
Net assets per share	Yen 224.32			Yen 239.20		

② Cash flow performance

Cash and cash equivalents (hereafter referred to as “cash”) decreased ¥ 235 million from same term last year to ¥ 2,953 million. Status and details of cash flows for each category are as follows:

(Cash flows from operating activities)

Net cash used in operating activities for the current interim period was ¥ 5 million, a decrease of ¥ 567 million over the same term last year (in which we had cash inflows of ¥ 562 million). Factors contributing to the results of cash flows from operations included an increase in net income before income taxes of ¥ 612 million y/o/y, a ¥ 1,259 million decrease in accounts receivable (a ¥ 1,092 million decrease recorded in the previous interim period), a ¥ 418 million increase in tuition advances (a ¥ 595 million increase recorded in the previous interim period), and a ¥ 138 million decrease in other items (a ¥ 195 million increase recorded in the previous interim period). ¥ 591 million was paid in income tax while ¥ 118 million was paid in the previous interim period.

(Cash flows from investing activities)

Net cash used in investing activities for the current interim period year was ¥ 215 million, a decrease of ¥ 217 million over the previous interim period. ¥ 350 million was received in proceeds from sales of investment

securities (an increase of ¥ 349 million y/o/y). Investment-related cash paid includes ¥ 200 million for purchases of investment securities (an increase of ¥ 72 million y/o/y) and ¥ 38 million for payment of guaranteed deposits (an increase of ¥ 37 million y/o/y).

(Cash flow from financing activities)

Net cash provided by financing activities in the current interim period was ¥ 1,342 million, a decrease of ¥ 576 million over the same term last year when there was an inflow of ¥ 1,919 million. This includes a ¥ 540 million decrease in short-term borrowings. ¥ 128 million was used for dividend payments.

Cash flow indicators used by TAC group are as follows:

	Interim fiscal 2006 (2006/9)	Interim fiscal 2007 (2007/9)
Shareholders' equity ratio	22.3%	27.4%
Shareholders' equity ratio based on market price	70.2%	43.9%
Redemption period	2.2 yrs.	—
Interest coverage ratio	95.8	—

Shareholders' equity ratio : Shareholders' equity / Total assets

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

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

Interest coverage ratio : Cash flow from operating activities / Interest

* Each indicator is calculated using values included in the consolidated financial statements.

* Aggregate market value of corporate stock is calculated by multiplying closing stock price at the term-end by total number outstanding shares at the term-end.

* Cash flow from operating activities is based on the relevant section of the consolidated statement of cash flow. Interest-bearing debt refers to all debt reported in the consolidated balance sheet which bears interest. Interest payment is based on the amount of interest payment reported on the consolidated statement of cash flow.

(3) Basic policy for profit distribution and dividend payment for the current fiscal year.

Our policy for profit distribution = A dividend payout ratio at 30% (consolidated)

Of the various stakeholders in our company, we attach special importance to our shareholders and customers. Our basic policy for profit distribution includes achievement of an optimum balance between return of profits to shareholders and retained earnings devoted to future business strategies. As a basic policy of return of profits to shareholders, TAC sets a dividend payout ratio at 30% on a consolidated basis.

In the current interim period, we enhanced profitability through cost controls supplemented by strong results in our corporate training and publishing businesses. As we have upwardly revised profit forecasts, we in turn revised the annual dividend forecast from ¥ 10 to ¥ 16. This includes dividends of ¥ 8 for the interim period and ¥ 8 at year-end.

	FY 2005	FY 2006	FY 2007
Interim dividends per share	5 Yen	5 Yen	8 Yen (dividend increased 3 Yen)
Full year dividends per share	5 Yen	7 Yen	8 Yen (dividend increase 3 Yen)
Total (Annual dividend per share)	10 Yen	12 Yen	16 Yen (dividend increase 6 Yen)
Net income per share	13.50 Yen	40.11 Yen	59.45 Yen
Dividend payout ratio (Consolidated)	74.1%	29.9%	26.9%

(4) Business risk

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, 2007.

The following risks may influence TAC Group's results and financial condition. Note that items referring to

the future reflect TAC Group's forecasts and assumptions as of March 31, 2007.

(a) 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.

In October 2007, the governmental tuition assistance program underwent another revision. Under the revised program, the qualification requirement for the program was changed to three years of social insurance contributions, with a provision that only 1 year of social insurance contributions is required for first-time users. Also, the amount of assistance was changed to 20% with a maximum amount of ¥ 100,000. By September, we had temporary sales spike spawned by the incentive to take advantage of the program before its revision. Though we expect this event will not be as dramatic as that which we experienced in the 2003, it remains difficult to forecast the extent of the impact on our business. Further, due to limited financial resources, the government has instituted a continuing 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.

Due to limited 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.

(b) 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 the importance 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 all personal information. Such measures include maintaining stringent security measures to prevent outflow of information and by providing continuous education to our employees. Should any divulgence of private information occur, it would harm the social confidence we have built over the years. This could seriously affect our business.

(c) Effect of currency rate fluctuation

For management of surplus funds, we have foreign-currency bond accounted for as a compound instrument of ¥ 1,326 million as of September 30, 2007. The aforementioned financial instrument is measured at market value in accordance with "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan, June 15, 2007, Corporate Accounting Standard No. 10). Changes in market value and foreign currency translation gain / loss as well as interest income are recorded as non-operating profit/loss. Accordingly, depending on the currency rate, ordinary income may fluctuate substantially due to profit / loss from investment securities which is recorded as non-operating profit / loss.

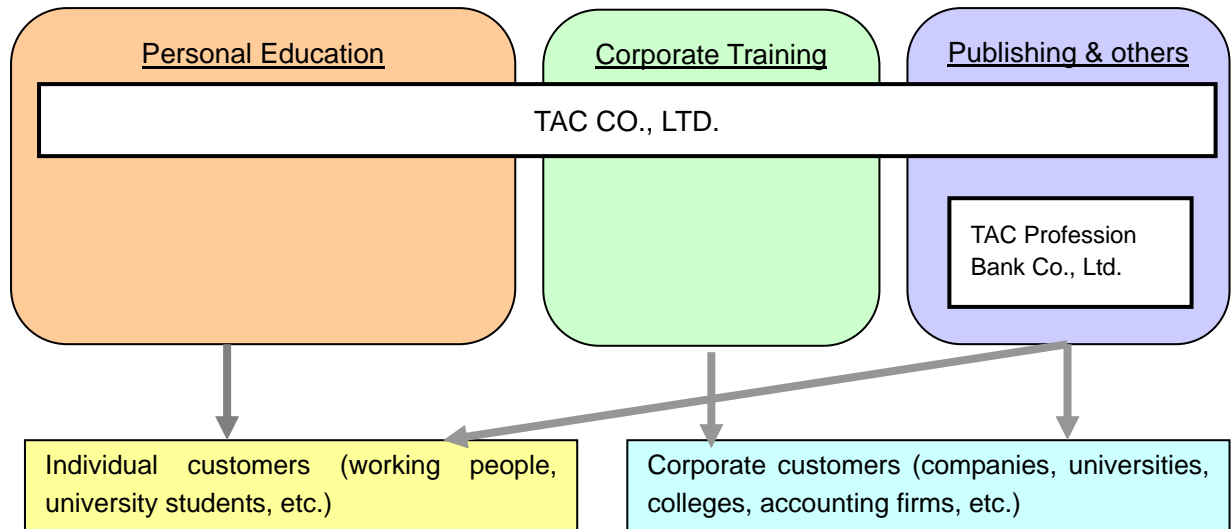
(d) Trends in business regulations aimed at protecting consumers

Educational courses that we provide are subject to the Consumer Contracts Law and the courses of our PC school are subject to the Act on Specified Commercial Transactions. Recently, Supreme Court decisions were rendered against English language schools concerning cancellation and return of payments to customers. There has also been heightening concern over the bankruptcies of certain English language schools and measures to protect tuition payments made by students. Though we will stay abreast of and consider such trends, TAC's business model could be significantly affected by changes in these laws and regulations.

2. Group Information

(1) Operation of TAC Group

TAC Group is composed of **TAC CO., LTD.** ("TAC" or "the Company") and one subsidiary (**TAC Profession Bank Co., Ltd.**). TAC's main business is to develop professionals and operate in the education industry with a central focus on programs for working people and university students who seek to acquire licenses and specialized knowledge and skills required in their jobs. TAC Profession Bank 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 illustrated below:



Personal education segment

TAC is engaged in providing educational services for qualification examinations, which include 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 for 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. These include "School Courses / DVD-based personalized courses", "Distance learning courses using audiocassettes and DVDs", "Internet WEB courses" and "Internet audio download courses". Original textbooks prepared by TAC's experienced teachers are used in all of these courses. Our educational know-how, which has accumulated over the years through educational services and experience, is a valued asset. TAC also exerts extensive efforts in constructing sales networks and collaborations with universities and bookstores nationwide. (Total 356 shops at 259 universities and 167 shops at 56 affiliated bookstores as of September 30, 2007.)

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. In addition to offering educational materials and consulting services to colleges, TAC actively promotes educational services through affiliated schools nationwide, holds university seminars and also opened TAC Business School. Other offerings include 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). This includes various suites of certification including A+, Network+, i-net+, Server+, Security+, and others. The objective is to fill the gap in IT skills between the US and Japan. TAC also sells "Mahojin" tax

software.

Publishing and other segment

(Publishing 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 books, and many others. More specifically, TAC publishes the "Secret of Success" series and "Past Questions" series under the brand name of "TAC Publishing" with an aim of spreading its educational know-how through its publications. As of March 31, 2005, TAC Publishing published 534 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 our 180 thousand plus students who are striving to acquire licenses. TAC Profession Bank Co., Ltd. offers them various opportunities for an improved career and provides support to enhance their job-hunting experience.

(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	Out of 1,372 successful candidates on the CPA exam in 2006 (excluding those exempted from multiple choice exam which includes successful candidates on the part 2 exam under the former testing system), 633 took TAC's regular preparatory courses (*) for the relevant year.
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	Out of 94 successful candidates on the real estate appraiser exam, 54 took TAC's regular preparatory courses (*) for the relevant year.
④ Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law-related qualifications	
⑤ IT & International	IT specialist (system administrator exam, fundamental IT engineer exam, software design and development engineer exam etc; total 13 exams) U.S. certified public accountant, CompTIA(A+, i-Net+, Network+, Server+), IT-related qualifications (Microsoft office specialist, Oracle master etc) Certified internal auditor (CIA)	
⑥ Other	Tax software "Maho-jin", miscellaneous revenue (payment 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.

3. 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 behalf of universities, TAC has trained 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) Targeted performance indices

Target performance indicators - Our target is a profit margin on sales of 8%

Our target performance indicators include the achievement of stable sales growth and an improved profit margin on sales. In the current fiscal year, we achieved our immediate goal of a profit margin on sales of 5%. Accordingly, we have set our next target at a profit margin on sales of 8%.

(3) 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 careers. 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.

(4) Issues requiring countermeasures

(Important issues for the current fiscal year)

Certified public accountant-related

On October 25, 2007, the CPAAOB (Certified Public Accountants and Auditing Oversight Board) released a plan to improve the certified public accountant exam. This includes "changing of exam schedules from the current 2 days in two weeks to one day", "multiple choice exam questions shifting to testing more basic knowledge", "scope of the essay exam being narrower than the multiple-choice exam", "offering the multiple choice exam twice a year starting in 2010", etc. Due to these measures, it is anticipated that the number of candidates for the CPA exam will increase as the burden on exam takers decreases and accessibility increases. We will appeal to university students regarding the social responsibility and significance of certified public accountants in order to increase the number of candidates as well as attract as many students as possible to our CPA courses.

We will also promote our manpower placement business through TAC Profession Bank Co., Ltd. (TPB) to help those with accounting skills acquired skill through preparation for CPA exam find employment or make a career

change.

In 2006, TAC launched “TAC Career Support Center” for those taking CPA courses. This provides consultation services to CPA exam candidates (whether to continue studying for the exam or to find employment) and training programs (how to use PC's, business etiquette, etc.). This will help candidates gain a sense of security so that they can concentrate on studying. We also aim to achieve optimum synergy between our human resource placement business assumed by TAC Profession Bank Co., Ltd. and our personal education business.

4. Consolidated interim financial statements and other

(1) Consolidated balance sheet

(Thousand of yen)

Account	Term	Previous interim fiscal year (as of September 30, 2006)		Current interim fiscal year (as of September 30, 2007)		Previous fiscal year (ended March 31, 2007)	
		Amount	%	Amount	%	Amount	%
(Assets)							
I Current assets							
1 Cash and cash equivalents		3,248,891		2,962,741		1,840,841	
2 Notes and accounts receivable		2,799,177		3,227,297		1,967,832	
3 Marketable securities		144,587		119,839		216,403	
4 Inventories		826,409		780,169		909,148	
5 Deferred income taxes		97,626		107,324		149,880	
6 Other		492,423		472,568		454,506	
Allowances for doubtful accounts		-2,524		-1,284		-911	
Total current assets		7,606,591	48.0	7,668,656	47.4	5,537,700	40.3
II Fixed assets							
1 Tangible fixed assets		772,221	4.9	701,240	4.3	695,561	5.1
2 Intangible fixed assets		664,211	4.2	594,593	3.7	641,045	4.7
3 Investments and other assets							
(1) Investment securities		1,640,320		1,875,089		1,750,044	
(2) Deferred income taxes		63,362		57,930		57,069	
(3) Long-term time deposit		300,000		500,000		300,000	
(4) Fixed leasehold deposits		3,832,212		3,818,259		3,790,158	
(5) Insurance reserve fund		935,959		935,800		937,828	
(6) Other		22,605		21,043		19,342	
Allowances for doubtful accounts		-1,150		-1,150		-1,150	
Total Investments and other assets		6,793,311	42.9	7,206,974	44.6	6,853,293	49.9
Total Fixed assets		8,229,744	52.0	8,502,808	52.6	8,189,900	59.7
Total assets		15,836,336	100.0	16,171,464	100.0	13,727,601	100.0
(Liabilities)							
I Current Liabilities							
1 Accounts payable		356,896		410,652		598,691	
2 Short-term borrowings		2,345,000		1,505,000		—	
3 Current portion of long-term borrowings		67,200		43,200		67,200	
4 Accrued liability		385,065		542,177		—	
5 Corporation and inhabitants taxes		339,921		500,908		503,152	
6 Tuition advances		7,840,452		7,713,155		7,294,755	
7 Reserve for loss on returned goods		140,729		226,673		304,939	
8 Accrued bonuses		56,791		53,716		61,430	
9 Other		582,879		610,018		1,088,700	
Total current liabilities		12,114,937	76.5	11,605,502	71.8	9,918,868	72.2
II Long-term liabilities							
1 Long-term liabilities		43,200		—		9,600	
2 Reserve for post-retirement benefits for directors and corporate auditors		139,916		—		—	
3 Post-retirement benefits payable for directors and corporate directors		—		139,916		139,916	
Total long-term liabilities		183,116	1.2	139,916	0.8	149,516	1.1
Total liabilities		12,298,054	77.7	11,745,418	72.6	10,068,385	73.3

Account	Term	Previous interim fiscal year (as of September 30, 2006)		Current interim fiscal year (as of September 30, 2007)		Previous fiscal year (ended March 31, 2007)	
		Amount	%	Amount	%	Amount	%
(Net assets)							
I Owners' equity							
1 Paid-in capital		940,200	5.9	940,200	5.8	940,200	6.8
2 Capital surplus		790,547	5.0	790,547	4.9	790,547	5.8
3 Earned surplus		1,811,316	11.4	2,696,068	16.7	1,931,236	14.1
4 Treasury Stock		-144	-0.0	-144	-0.0	-144	-0.0
Total owners' equity		3,541,920	22.3	4,426,672	27.4	3,661,839	26.7
II Valuation and translation adjustments							
1 Valuation difference on available for sale securities		-3,638		-626		-2,623	
Total valuation and translation adjustments		-3,638	-0.0	-626	-0.0	-2,623	-0.0
Total net assets		3,538,281	22.3	4,426,045	27.4	3,659,216	26.7
Total liabilities and net assets		15,836,336	100.0	16,171,464	100.0	13,727,601	100.0

(2) Consolidated statement of income

(Yen in thousands)

Account	Term	Previous interim fiscal year April 1,2006 – September 30, 2006		Current interim fiscal year April 1,2007 – September 30, 2007		Previous fiscal year April 1,2006 – March 31,2007	
		Amount	%	Amount	%	Amount	%
I	Sales revenues	10,444,282	100.0	10,745,391	100.0	20,553,400	100.0
II	Cost of sales	6,175,445	59.1	6,198,574	57.7	12,371,054	60.2
	Gross profit	4,268,836	40.9	4,546,816	42.3	8,182,346	39.8
	Reversal of allowance for loss on returned goods	282,644	2.7	304,939	2.8	282,644	1.4
	Transfer to reserve for loss on returned goods	140,729	1.3	226,673	2.1	304,939	1.5
	Gross profit - net	4,410,751	42.2	4,625,082	43.0	8,160,052	39.7
III	Selling, general and administrative expenses	3,585,229	34.3	3,392,520	31.5	6,986,922	34.0
	Operating income	825,521	7.9	1,232,561	11.5	1,173,129	5.7
IV	Non-operating income	100,141	1.0	325,784	3.0	172,859	0.8
	1 Interest income on deposits	23,287		12,635		40,823	
	2 Interest on securities	—		288,952		—	
	3 Profit of investment securities	71,609		19,765		124,566	
	4 Other	5,243		4,429		7,468	
V	Non-operating expenses	5,802	0.1	6,992	0.1	12,488	0.0
	1 Interest expenses	5,415		6,404		11,044	
	3 Other	386		588		1,443	
	Ordinary income	919,860	8.8	1,551,352	14.4	1,333,500	6.5
VI	Extraordinary expenses	11,184	0.1	30,561	0.3	27,806	0.1
	1 Losses on disposal or sale of fixed assets	8,273		18,675		10,221	
	2 Restoration expenses	2,911		11,886		17,585	
	Net income before income taxes	908,676	8.7	1,520,791	14.2	1,305,693	6.4
	Corporate, inhabitants and enterprise taxes	410,068	3.9	586,107	5.5	641,445	3.1
	Deferred income taxes	-31,225	-0.3	40,324	0.4	-78,023	-0.4
	Net income	529,833	5.1	894,359	8.3	742,271	3.6

(3) Consolidated Statement of Changes in Net Asset

Previous 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)	940,200	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 September 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.

Current interim fiscal year (April 1, 2007 - September 30, 2007)

(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, 2007)	940,200	790,547	1,931,236	-144	3,661,839	-2,623	3,659,216
Changes of items during the period							
Issuance of new shares							
Dividends from surplus(*)			-129,526		-129,526		-129,526
Net income			894,359		894,359		894,359
Net changes of items other than owners' equity						1,997	1,997
Total changes of items during the period	—	—	764,832	—	764,832	1,997	766,829
Balance at the end of the current period (As of September 30, 2007)	940,200	790,547	2,696,068	-144	4,426,672	-626	4,426,045

(*) Disposition of profits at annual meeting of stockholders held on June 20, 2007.

Previous fiscal year (April 1, 2006 - March 31, 2007)

(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)	940,200	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
Dividends from surplus			-92,518		-92,518		-92,518
Net income			742,271		742,271		742,271
Net changes of items other than owners' equity						1,655	1,655
Total changes of items during the period	—	—	557,234	—	557,234	1,655	558,889
Balance at the end of the current period (As of March 31, 2007)	940,200	790,547	1,811,316	-144	3,661,839	-2,623	3,659,216

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

(4) Consolidated statements of cash flow

(Thousand of yen)

Account	Term	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 - March 31,2007
		Amount	Amount	Amount
I Cash flows from operating activities				
1 Income before income taxes		908,676	1,520,791	1,305,693
2 Depreciation and amortization		163,015	141,824	330,317
3 Decrease (increase) in allowance for doubtful accounts		952	373	-661
4 Decrease (increase) in allowance for employees' bonuses		-8,129	-7,713	-3,490
5 Decrease (increase) in allowance for returned goods		-141,914	-78,265	22,294
6 Interest and dividend income		-23,288	-301,588	-40,823
7 Profit of investment securities		-71,609	-19,765	-124,566
8 Interest paid		5,415	6,404	11,044
9 Loss on sales and disposal of property and equipment		8,273	18,675	10,221
10 Increase (decrease) in accounts receivable		-1,092,690	-1,259,465	-261,345
11 Decrease (increase) in inventories		185,200	128,979	-102,460
12 Decrease (increase) in accounts payable		-96,913	-188,039	144,881
13 Increase in tuition advances		595,938	418,400	50,241
14 Other		195,080	-138,007	332,275
Sub-total		628,006	242,602	1,878,543
15 Interest and dividend received		58,893	345,493	125,602
16 Interest paid		-5,866	-2,689	-10,969
17 Income taxes paid		-118,893	-591,069	-188,323
Net cash provided by operating activities		562,140	-5,662	1,804,853
II Cash flows from investing activities				
1 Increase (decrease) in time deposits		-150,000	-200,000	-100,006
2 Proceeds from sales of marketable securities		—	—	29,555
3 Acquisitions of property and equipment		-39,916	-78,218	-68,320
4 Purchases of intangible fixed assets		-124,511	-62,507	-142,636
5 Purchases of investment securities		-127,477	-200,362	-427,794
6 Proceeds from sales of investment securities		338	350,134	100,338
7 Payment for guaranteed deposits		-1,285	-38,474	-35,711
8 Collection of guaranteed deposits		3,740	9,764	74,055
9 Collection of loans		2,100	2,400	—
10 Payment for insurance reserve fund		-2,627	-1,868	-4,495
11 Proceeds from insurance reserve fund		—	3,896	7,008
12 Other		7,008	—	6,172
Net cash provided by (used in) investing activities		-432,630	-215,235	-561,836
III Cash flows from financing activities				
1 Increase (decrease) in short-term borrowings		2,045,000	1,505,000	-300,000
2 Repayment of long-term debt		-33,600	-33,600	-67,200
3 Dividends paid		-91,792	-128,689	-184,328
Net cash provided by (used in) financing activities		1,919,607	1,342,710	-551,528
IV Exchange difference of cash and cash equivalents		3	133	9
V Net increase (decrease) in cash and cash equivalents		2,049,121	1,121,946	691,498
VI Net increase (decrease) in cash and cash equivalents		1,139,586	1,831,084	1,139,586
VII Cash and cash equivalents at the end of the year		3,188,707	2,953,030	1,831,084

(5) 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

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

The derivatives, which are embedded in hybrid financial instruments and cannot be accounted separately from the host contracts, are measured at market value and their valuation gains (losses) are recorded as non-operating gains (losses).

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.

(Change in accounting principle)

Commencing in the six months ended September 30, 2007, for those tangible fixed assets that were acquired on or after April 1, 2007, TAC changed the depreciation method in accordance with the applicable provisions of the revised Japanese Income Tax Code, Law No. 6 and Ordinance No. 83 to Partly Revise Japanese (Corporate) Income Tax Code, both promulgated on March 30, 2007.

The effects of this change on the consolidated statement of income for the six months ended September 30, 2007 were immaterial.

(Additional information)

Commencing in the six months ended September 30, 2007, tangible fixed assets that were acquired before April 1, 2007 will continue to be depreciated under pre-revised rules until the remaining value of the assets reaches 5% of acquisition cost, after which the remaining value will be depreciated evenly over five years until the asset amount reaches JPY 1.

The effects of this change on the consolidated statement of income for the six months ended September 30, 2007 were immaterial.

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 allowances

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 experienced. 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) Accounting for significant lease transactions

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

(5) Others

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.

Notes

(Consolidated balance sheet-related)

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
1. Accumulated depreciation on tangible fixed assets	1,010,571	1,163,908	1,087,121

(Consolidated statement of income-related)

1. Outline of selling, general and administrative expenses

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
Advertising cost	600,246	499,689	1,124,015
Reserve for Allowance for doubtful accounts	1,278	373	—
Salary	1,021,687	1,027,578	2,029,592
Transfer to accrued bonuses	54,992	51,170	58,929
Rent	468,870	465,031	933,704

(Consolidated statement of change in net assets-related)

Current interim fiscal year (April 1,2006-March 31,2007)

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 increase during the current fiscal year	Number of shares decrease during the current fiscal year	Number of shares at the end of current fiscal year
Outstanding shares				
Common stock	18,504,000	—	—	18,504,000
Total	18,504,000	—	—	18,504,000
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 20, 2007 Shareholders' Meeting	Common stock	129,526	7	March 31, 2007	June 21, 2007

(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 8, 2007 Board of directors' Meeting	Common stock	148,030	Earned surplus	8	September 30,2007	December 7, 2007

(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 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
	Thousand of yen		
Cash and deposit accounts	3,248,891	2,962,741	1,840,841
Fixed term deposit whose deposited period exceeds 3 months	-80,048	-30,054	-30,054
Marketable securities account	144,587	119,839	216,403
Marketable securities other than MMF, etc.	-124,724	-99,496	-196,106
Cash and Cash equivalents	3,188,707	2,953,030	1,831,084

(Segment information)

1. Segment information by business division

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

(Yen in thousands)

	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

Current interim fiscal year (April 1,2007 - September 30,2007)

(Yen in thousands)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	7,625,505	2,180,081	939,804	10,745,391	—	10,745,391
(2) Inter-segment transactions and eliminations	887	—	6,645	7,532	(7,532)	—
Total	7,626,392	2,180,081	946,449	10,752,923	(7,532)	10,745,391
Operating expenses	6,745,732	1,430,404	776,712	8,952,849	559,980	9,512,829
Operating income	880,659	749,676	169,737	1,800,074	(567,512)	1,232,561

Previous fiscal year (April 1,2006 - March 31,2007)

(Yen in thousands)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	14,552,194	3,858,043	2,143,162	20,553,400	—	20,553,400
(2) Inter-segment transactions and eliminations	809	—	18,037	18,846	(18,846)	—
Total	14,553,003	3,858,043	2,161,199	20,572,247	(18,846)	20,553,400
Operating expenses	13,583,305	2,826,872	1,852,571	18,262,750	1,117,521	19,380,271
Operating income	969,698	1,031,171	308,628	2,309,497	(1,136,368)	1,173,129

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

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

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

3. Amounts of operating expenses for the previous consolidated interim fiscal year and the current consolidated fiscal year are ¥ 577,093 thousand and ¥ 559,980 thousand respectively, which cannot be eliminated or allocated represents expenses incurred at the administrative section of headquarters, including the 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 were no sales overseas during the current interim fiscal year, the previous interim fiscal year or the previous fiscal year.

(Marketable and investment securities)

Previous 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

Current interim fiscal year (ended September 30, 2007)

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	332,188	337,192	5,004
Others	1,094,201	1,059,649	-34,552
(3)Others	161,092	160,744	-347
Total	1,587,481	1,557,585	-29,896

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

Type	Stated value on consolidated balance sheet
Other securities	
Unlisted stocks	17,000
MMF	19,941
Investment in anonymous association	400,000

Previous fiscal year (ended March 31, 2007)

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	331,714	-6,198
Others	896,732	940,312	43,569
(3)Others	161,091	157,124	-3,968
Total	1,395,736	1,429,150	33,414

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

Type	Stated value on consolidated balance sheet
Other securities	
Unlisted stocks	17,000
MMF	19,896
Investment in anonymous association	500,000

(Lease transaction)

Current interim fiscal year (April 1,2007 - September 30,2007)

1. Capital lease assets

(1) Equivalent to acquisition cost, accumulated depreciation and net book value

	Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)
Equipment and furniture	124,113	74,020	50,092
Total	124,113	74,020	50,092

(Note) Acquisition cost is computed including interest expense thereon as the proportion of present value of future rental expenses in the ending balance of tangible fixed assets.

(2) Lease obligations, etc.

Lease obligations

Due within one year	18,042 Thousand of yen
Due after one year	32,050
Total	50,092

(3) Lease payments, Reversal of impaired lease assets, Depreciation and impairment loss

Lease payments	12,853 Thousand
Depreciation	12,853 Thousand

(4) Calculation method of depreciation equivalent

Depreciation equivalent is computed on a straight-line method over the lease period without residual value.

2. Operating leases

The future lease payments for operating leases

Due within one year	932,692 Thousand
Due after one year	1,944,808
Total	2,927,500

(Derivatives)

Current interim fiscal year (April 1,2007 - September 30,2007)

1. Matters concerning status of derivatives

(1) Detail of transaction

Derivatives, which are embedded in hybrid financial instruments, are used.

(2) Policy concerning derivatives

For hybrid financial instruments, it is our policy not to be engaged in high risk, speculative transactions.

(3) Purpose of derivatives

Hybrid financial instruments are used to manage surplus funds.

(4) Detail of risks related to derivatives

Hybrid financial instruments are exposed to foreign currency risk, interest volatility risk and risk that redemption price falls below principal amount due to fluctuations in foreign exchange rates.

(5) Risk management system concerning derivatives

We do not anticipate non-performance by the counterparties of the derivatives, all of whom are financial institutions with high credit ratings. These transactions are managed by the Accounting Group with the approval of the operating manager in accordance with "Investment Securities Management Guideline" which provides authority for transactions and maximum amounts of transaction.

In using derivatives, which are embedded in hybrid financial instruments for management of surplus funds, it is our policy not to be engaged in high risk, speculative transactions. Hybrid financial instruments are exposed to foreign currency risk, interest volatility risk and risk that redemption price falls below principal amount due to fluctuations in foreign exchange rates.

2. Market value of transactions

Market value of the derivatives is as follows:

(Yen in thousands)

Type	For the current consolidated interim fiscal year			
	Contract amount	Contract amount that exceeds one year	Market value	Valuation gain (loss)
Transactions other than market transactions Hybrid financial instruments	1,326,389	1,326,389	1,297,345	-29,044
Total	1,326,389	1,326,389	1,297,345	-29,044

Note 1. Market value is based on information provided by financial institutions.

2. Derivatives, which are embedded in hybrid financial instruments and whose market value cannot be measured separately from the host contracts, are measured at market value and their valuation gains (losses) recorded as non-operating gains (losses).

3. Contract amount and other values are based on book value of the relevant hybrid financial instruments, etc. at the beginning of the current fiscal year.

(Per share information)

Previous interim fiscal year		Current interim fiscal year	
book value per share	¥ 191.22	book value per share	¥ 239.20
Net income per share	¥ 28.63	Net income per share	¥ 48.33
Net income per share (diluted) has not been presented as there are no such potential shares to be issued.		Net income per share (diluted) has not been presented as there are no such potential shares to be issued	

(Important subsequent event)

None.

5. Non-consolidated financial statements and other

(1) Non-consolidated balance sheet

(Yen in thousands)

Account	Term	Previous interim fiscal year (as of September 30, 2006)		Current interim fiscal year (as of September 30, 2007)		Previous fiscal year (ended March 31, 2007)	
		Amount	%	Amount	%	Amount	%
(Assets)							
I Current assets							
1 Cash and cash equivalents		3,222,637		2,930,058		1,766,272	
2 Notes and accounts receivable		2,746,890		3,175,232		1,909,683	
3 Marketable securities		144,587		119,839		216,403	
4 Inventories		826,154		779,238		908,676	
5 Deferred income taxes		92,968		102,733		142,064	
6 Other		500,478		473,513		477,530	
Allowances for doubtful accounts		-2,218		-959		-578	
Total current assets		7,531,498	47.8	7,579,656	47.2	5,402,430	39.8
II Fixed assets							
1 Tangible fixed assets		760,321	4.9	686,585	4.3	679,840	5.0
2 Intangible fixed assets		648,111	4.1	581,750	3.6	626,138	4.6
3 Investments and other assets							
(1) Investment securities		1,640,320		1,875,089		1,750,044	
(2) Deferred income taxes		63,362		57,930		57,069	
(3) Long-term time deposits		300,000		500,000		300,000	
(4) Fixed leasehold deposits		3,831,912		3,817,959		3,789,858	
(5) Insurance reserve fund		935,959		935,800		937,828	
(6) Other		32,580		31,043		29,342	
Allowances for doubtful accounts		-1,150		-1,150		-1,150	
Total Investments and other assets		6,802,986	43.2	7,216,674	44.9	6,862,993	50.6
Total Fixed assets		8,211,418	52.2	8,485,010	52.8	8,168,971	60.2
Total assets		15,742,917	100.0	16,064,666	100.0	13,571,402	100.0

(Thousand of yen)

Account	Term	Previous interim fiscal year (as of September 30, 2006)		Current interim fiscal year (as of September 30, 2007)		Previous fiscal year (ended March 31, 2007)	
		Amount	%	Amount	%	Amount	%
(Liabilities)							
I Current Liabilities							
1	Accounts payable	356,875		410,453		598,633	
2	Short-term borrowings	2,345,000		1,505,000		—	
3	Current portion of long-term borrowings	67,200		43,200		67,200	
4	Accrued liability	379,048		532,794		395,407	
5	Corporation and inhabitants taxes payable	316,982		484,742		478,074	
6	Tuition advances	7,837,353		7,709,047		7,291,619	
7	Reserve for loss on returned goods	140,729		226,673		304,939	
8	Accrued bonuses	52,703		49,597		56,778	
9	Other	612,740		632,529		688,359	
	Total current liabilities	12,108,633	76.9	11,594,037	72.1	9,881,012	72.8
II Long-term liabilities							
1	Long-term liabilities	43,200		—		9,600	
2	Reserve for post-retirement benefits for directors and corporate auditors	139,916		—		—	
3	Post-retirement benefits payable for directors and corporate directors	—		139,916		139,916	
	Total long-term liabilities	183,116	1.2	139,916	0.9	149,516	1.1
	Total liabilities	12,291,750	78.1	11,733,954	73.0	10,030,529	73.9
(Net assets)							
I Owners' equity							
1.	Paid-in capital	940,200	6.0	940,200	5.9	940,200	6.9
2.	Capital surplus						
(1)	Capital legal reserve	790,547		790,547		790,547	
	Total capital surplus	790,547	5.0	790,547	4.9	790,547	5.8
3.	Earned surplus						
(1)	Earned legal reserve	19,978		19,978		19,978	
(2)	Other earned surplus						
	Earned surplus brought forward	1,704,223		2,580,757		1,729,914	
	Total earned surplus	1,724,201	10.9	2,600,735	16.2	1,812,892	13.4
4.	Treasury Stock	-144	-0.0	-144	-0.0	-144	-0.0
	Total owners' equity	3,454,805	21.9	4,331,338	27.0	3,543,496	26.1
II Valuation and translation adjustments							
1.	Valuation difference on available for sale securities	-3,638		-626		-2,623	
	Total valuation and translation adjustments	-3,638	-0.0	-626	-0.0	-2,623	-0.0
	Total net assets	3,451,167	21.9	4,330,712	27.0	3,540,873	26.1
	Total liabilities and net assets	15,742,917	100.0	16,064,666	100.0	13,571,402	100.0

(2) Non-consolidated statement of income

(Yen in thousands)

Account	Term	Previous interim fiscal year April 1,2006 – September 30, 2006		Current interim fiscal year April 1,2007 – September 30, 2007		Previous fiscal year April 1,2006 - March 31,2007	
		Amount	%	Amount	%	Amount	%
I	Sales revenues	10,162,575	100.0	10,394,364	100.0	19,941,780	100.0
II	Cost of sales	6,076,862	59.8	6,039,398	58.1	12,141,802	60.9
	Gross profit	4,085,712	40.2	4,354,965	41.9	7,799,977	39.1
	Reversal of allowance for loss on returned goods	282,644	2.8	304,939	2.9	282,644	1.4
	Transfer to reserve for loss on returned goods	140,729	1.4	226,673	2.2	304,939	1.5
	Gross profit - net	4,227,627	41.6	4,433,231	42.7	7,777,682	39.0
III	Selling, general and administrative expenses	3,461,701	34.1	3,248,077	31.2	6,718,445	33.7
	Operating income	765,926	7.5	1,185,153	11.4	1,059,237	5.3
IV	Non-operating income	151,441	1.5	376,929	3.6	225,182	1.1
V	Non-operating expenses	5,802	0.0	6,992	0.1	12,488	0.0
	Ordinary income	911,565	9.0	1,555,090	15.0	1,271,931	6.4
VI	Extraordinary expenses	11,072	0.1	30,460	0.3	27,694	0.2
	Net income before income taxes	900,492	8.9	1,524,629	14.7	1,244,236	6.2
	Corporate, inhabitants and enterprise taxes	386,831	3.8	570,160	5.5	593,006	3.0
	Deferred income taxes	-32,118	-0.3	37,100	0.4	-75,758	-0.4
	Net income	545,778	5.4	917,368	8.8	726,988	3.6

(3) Non-consolidated Statement of Changes in Net Asset

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

(Thousand of yen)

	Owners' equity					
	Paid-in Capital	Capital Surplus	Earned surplus		Treasury stock	Total owners' equity
		Capital legal reserve	Earned legal surplus	Other earned surplus		
Balance at the end of previous period (As of March 31, 2006)	940,200	790,547	19,978	1,250,964	-144	3,001,545
Changes of items during the period						
Issuance of new shares Dividends from surplus(*)				-92,518		-92,518
Net income				545,778		545,778
Net changes of items other than owners' equity						
Total changes of items during the period	—	—	—	453,259	—	453,259
Balance at the end of previous period (As of - September 30, 2006)	940,200	790,547	19,978	1,704,223	-144	3,454,805

	Valuation and translation adjustments	Total Net assets
	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2006)	-4,278	2,997,266
Changes of items during the period		
Issuance of new shares Dividends from surplus(*)		-92,518
Net income		545,778
Net changes of items other than owners' equity	640	640
Total changes of items during the period	640	453,900
Balance at the end of previous period (As of - September 30, 2006)	-3,638	3,451,167

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

Current interim fiscal year (April 1, 2007 - September 30, 2007)

(Thousand of yen)

	Owners' equity					Treasury stock	Total owners' equity
	Paid-in Capital	Capital Surplus	Earned surplus				
		Capital legal reserve	Earned legal surplus	Other earned surplus Earned surplus brought forward			
Balance at the end of previous period (As of March 31, 2007)	940,200	790,547	19,978	1,792,914	-144	3,543,496	
Changes of items during the period							
Issuance of new shares Dividends from surplus(*)				-129,526		-129,526	
Net income				917,368		917,368	
Net changes of items other than owners' equity							
Total changes of items during the period	—	—	—	787,842	—	787,842	
Balance at the end of previous period (As of - September 30, 2007)	940,200	790,547	19,978	2,580,757	-144	4,331,338	

	Valuation and translation adjustments	Total Net assets
	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2007)	-2,623	3,540,873
Changes of items during the period		
Issuance of new shares Dividends from surplus(*)		-129,526
Net income		917,368
Net changes of items other than owners' equity	1,997	1,997
Total changes of items during the period	1,997	789,839
Balance at the end of previous period (As of - September 30, 2007)	-626	4,330,712

(*) Disposition of profits at annual meeting of stockholders held on June 20, 2007.

Previous fiscal year (April 1, 2006 - March 31, 2007)

(Thousand of yen)

	Owners' equity					
	Paid-in Capital	Capital Surplus	Earned surplus		Treasury stock	Total owners' equity
		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	3,001,545
Changes of items during the period						
Issuance of new shares Dividends from surplus(*)				-92,518		-92,518
Issuance of new shares Dividends from surplus				-92,518		-92,518
Net income				726,988		726,988
Net changes of items other than owners' equity						
Total changes of items during the period	—	—	—	541,950	—	541,950
Balance at the end of previous period (As of - March 31, 2007)	940,200	790,547	19,978	1,792,914	-144	3,543,496

	Valuation and translation adjustments	Total Net assets
	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2006)	-4,278	2,997,266
Changes of items during the period		
Issuance of new shares Dividends from surplus(*)		-92,518
Issuance of new shares Dividends from surplus		-92,518
Net income		726,988
Net changes of items other than owners' equity	1,655	1,655
Total changes of items during the period	1,655	543,606
Balance at the end of previous period (As of - March 31, 2007)	-2,623	3,540,873

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

(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

The derivatives, which are embedded in hybrid financial instruments and cannot be accounted separately from the host contracts, are measured at market value and their valuation gains (losses) are recorded as non-operating gains (losses).

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 and finished goods...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.

(Change in accounting principle)

Commencing in the six months ended September 30, 2007, for those tangible fixed assets that were acquired on or after April 1, 2007, TAC changed the depreciation method in accordance with the applicable provisions of the revised Japanese Income Tax Code, Law No. 6 and Ordinance No. 83 to Partly Revise Japanese (Corporate) Income Tax Code, both promulgated on March 30, 2007.

The effects of this change on the consolidated statement of income for the six months ended September 30, 2007 were immaterial.

(Additional information)

Commencing in the six months ended September 30, 2007, tangible fixed assets that were acquired before April 1, 2007 will continue to be depreciated under pre-revised rules until the remaining value of the assets reaches 5% of acquisition cost, after which the remaining value will be depreciated evenly over five years until asset amount reaches JPY 1.

The effects of this change on the consolidated statement of income for the six months ended September 30, 2007 were immaterial.

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. Accounting for significant lease transactions

Transactions under finance lease agreement are accounted for as ordinary rental transactions, except for those lease transactions that 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.

Notes

(Non-consolidated balance sheet-related)

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
1. Accumulated depreciation on tangible fixed assets	1,007,090	1,157,830	1,081,609

(Non-consolidated statement of income-related)

1. Outline of non-operating income

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
Interest received	4,298	11,212	8,733
Interest on securities	19,089	1,369	32,173
Dividend received	50,000	338,952	50,000
Profit of investment securities	71,609	19,765	124,566

2. Outline of non-operating expenses

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
Interests paid	5,415	6,404	11,044

3. Outline of extraordinary expenses

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
Losses on disposal or sale of fixed assets	8,161	18,574	10,109
Restoration expenses	2,911	11,886	17,585

4. Amounts of depreciation

	Previous interim fiscal year April 1,2006 – September 30, 2006	Current interim fiscal year April 1,2007 – September 30, 2007	Previous fiscal year April 1,2006 – March 31,2007
			Thousand of yen
Tangible fixed assets	97,494	80,807	198,888
Intangible fixed assets	62,673	57,097	124,486

(Non-consolidated statement of change in net assets)

Previous 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 increase during the current interim fiscal year	Number of shares decrease during the current interim fiscal year	Number of shares at the end of current interim fiscal year
Common stock	217	—	—	217
Total	217	—	—	217

Current interim fiscal year (April 1, 2007 - September 30, 2007)

Total number of treasury stock (Number of shares)

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

Previous fiscal year (April 1, 2006 - March 31, 2007)

Total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increase during the current fiscal year	Number of shares decrease during the current 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)

Current interim fiscal year (April 1, 2007 - September 30, 2007)

1. Capital lease assets

(1) Equivalent to acquisition cost, accumulated depreciation and net book value

	Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)
Equipment and furniture	124,113	74,020	50,092
Total	124,113	74,020	50,092

(Note) Acquisition cost is computed including interest expense thereon as the proportion of present value of future rental expenses in the ending balance of tangible fixed assets.

(2) Lease obligations, etc.

Lease obligations

Due within one year 18,042 Thousand

Due after one year 32,050

Total 50,092

(3) Lease payments, Reversal of impaired lease assets, Depreciation and impairment loss

Lease payments 12,853 Thousand

Depreciation 12,853 Thousand

(4) Calculation method of depreciation equivalent

Depreciation equivalent is computed on a straight-line method over the lease period without residual value.

2. Operating leases

The future lease payments for operating leases

Due within one year	932,692 Thousand
<u>Due after one year</u>	<u>1,944,808</u>
Total	2,927,500