

FY2007 Business Overview (3rd quarter)



1 February, 2008

TAC Co., Ltd.

(Code No. 4319)

I . Summary of Financial Results

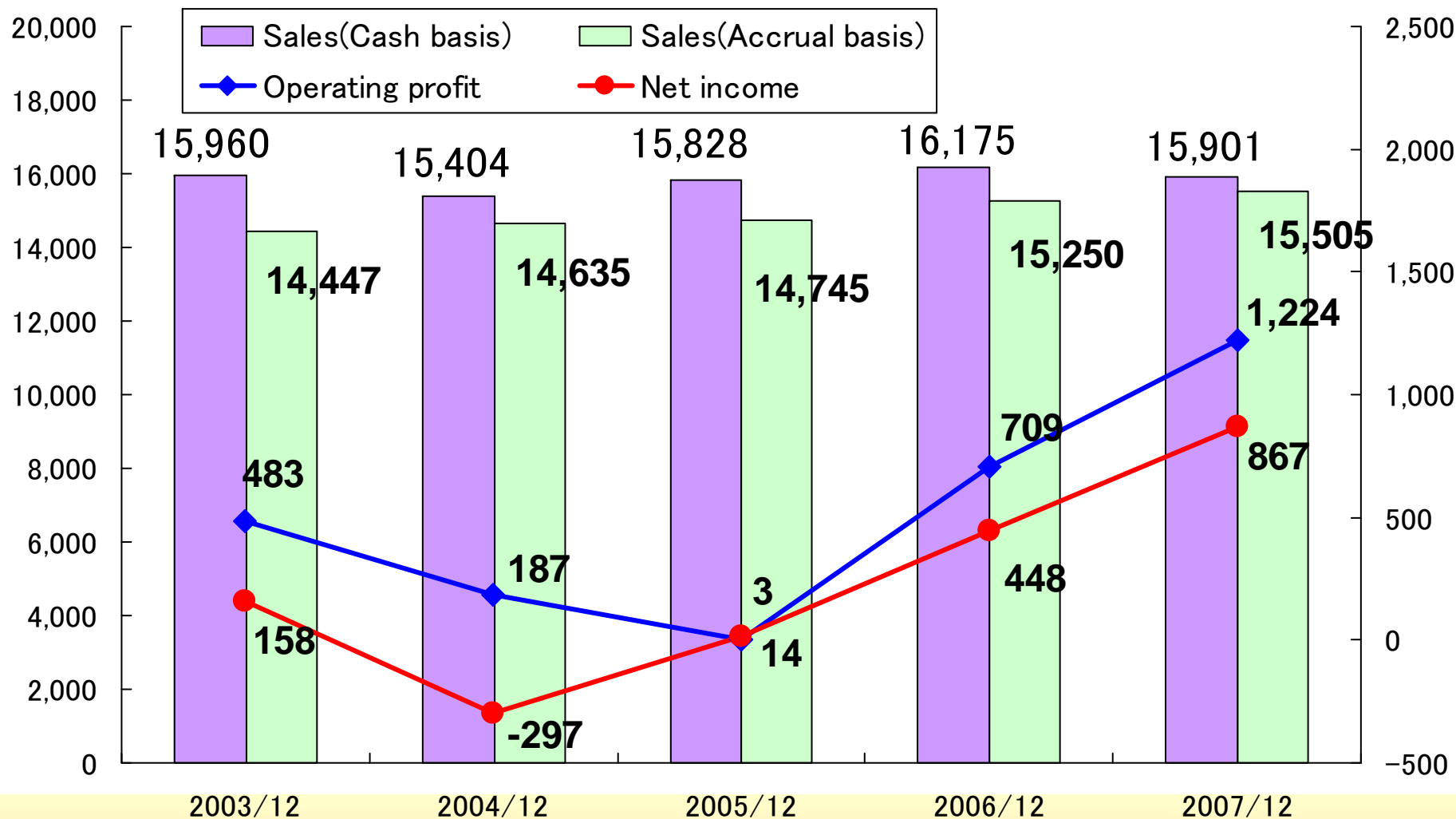




Sales and profit (consolidated)

TAC

(Yen in millions)





Financial highlights (comparative) **TAC**

(Yen in millions)

	2006/12 (Actual)			2007/12 (Actual)			
	Amount	%	Y-O-Y	Amount	%	Difference	Y-O-Y
Net sales before adjustment of tuition advances	16,175	106.1%	102.2%	15,901	102.6%	-273	98.3%
Adjustment of tuition advances	-924	-6.1%	85.4%	-396	-2.6%	527	42.9%
Net Sales (after adjustment of tuition advances)	15,250	100.0%	103.4%	15,505	100.0%	254	101.7%
Costs of Sales	9,285	60.9%	102.3%	9,177	59.2%	-107	98.8%
Rent	2,416	15.8%	101.1%	2,380	15.4%	-35	98.5%
Employment costs	2,756	18.1%	98.4%	2,915	18.8%	158	105.7%
Subcontract costs	1,833	12.0%	105.3%	1,755	11.3%	-77	95.7%
Gross profit – net	6,032	39.6%	106.1%	6,402	41.3%	369	106.1%
SG & A expenses	5,323	34.9%	93.7%	5,177	33.4%	-145	97.3%
Rent	704	4.6%	98.0%	707	4.6%	2	100.4%
Employment costs	2,381	15.6%	105.4%	2,354	15.2%	-26	98.9%
Advertising costs	854	5.6%	72.0%	752	4.9%	-102	88.0%
Operating income	709	4.7%	17,865.6%	1,224	7.9%	515	172.7%
Ordinary income	859	5.6%	389.5%	1,554	10.0%	695	181.0%
Net income	448	2.9 %	3,091.4%	867	5.6%	419	193.5%
Net income per share	24.21 Yen			46.86 Yen			



Financial highlights (forecast:actual) **TAC**

(Yen in millions)

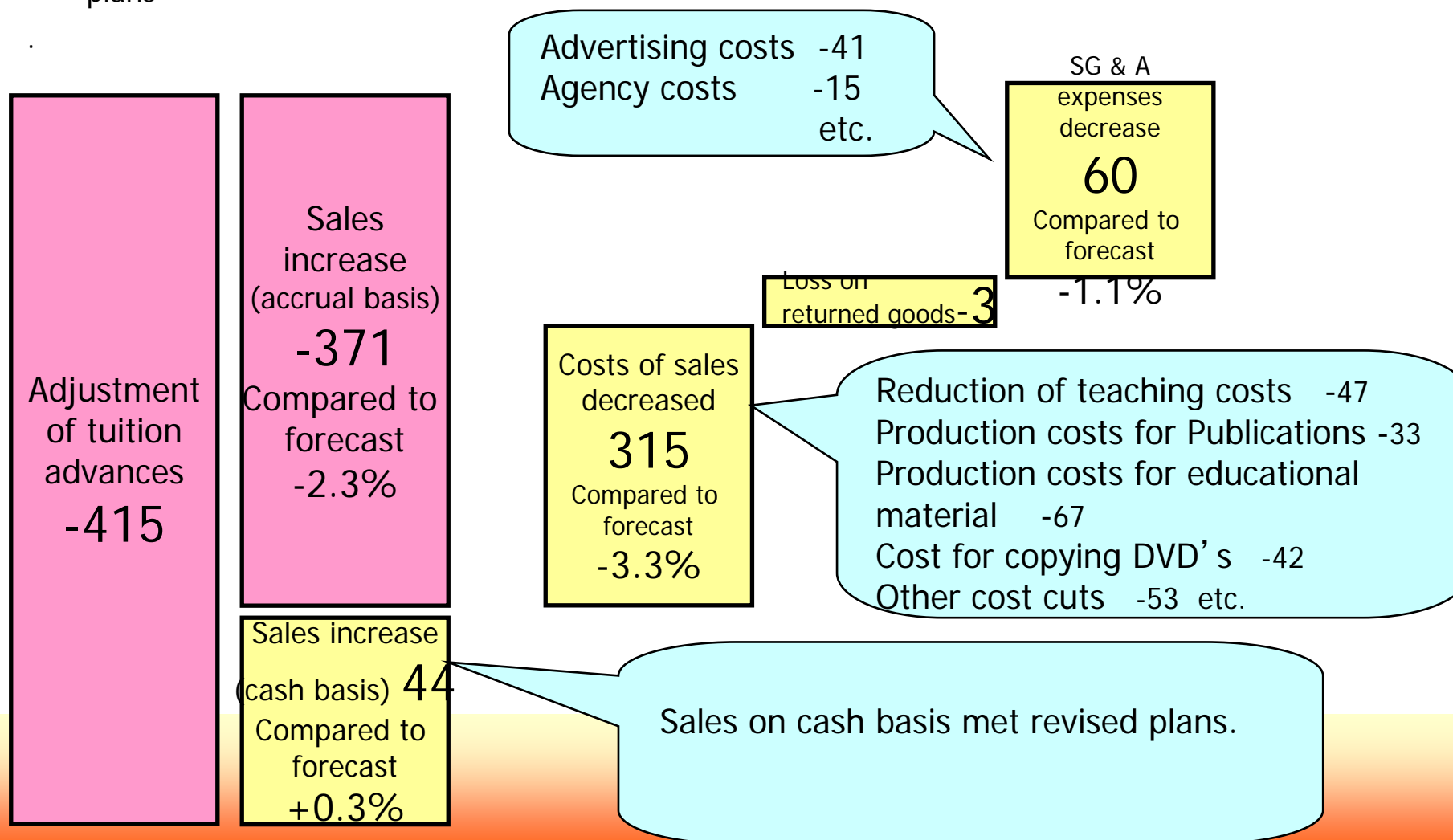
	2007/12 (forecast)		2007/12 (Actual)			
	Amount	%	Amount	%	Difference	Comparison
Net sales before adjustment of tuition advances	15,857	99.9%	15,901	102.6%	44	100.3%
Adjustment of tuition advances	18	1.1%	-396	-2.6%	-415	—%
Net Sales (after adjustment of tuition advances)	15,876	100.0%	15,505	100.0%	-371	97.7%
Costs of Sales	9,493	59.8%	9,177	59.2%	-315	96.7%
Rent	2,379	15.0%	2,380	15.4%	1	100.0%
Employment costs	2,962	18.7%	2,915	18.8%	-47	98.4%
Subcontract costs	1,904	12.0%	1,755	11.3%	-149	92.2%
Gross profit – net	6,461	40.7%	6,402	41.3%	-59	99.1%
SG & A expenses	5,237	33.0%	5,177	33.4%	-60	98.9%
Rent	717	4.5%	707	4.6%	-10	98.6%
Employment costs	2,348	14.8%	2,354	15.2%	5	100.3%
Advertising costs	793	5.0%	752	4.9%	-41	94.8%
Operating income	1,223	7.7%	1,224	7.9%	0	100.1%
Ordinary income	1,528	9.6%	1,554	10.0%	26	101.8%
Net income	863	5.4%	867	5.6%	4	100.5%
Net income per share	46.64 Yen		46.86 Yen			



Operating profit met planned levels. **TAC**

(Yen in millions)

(Note) Breakdown of differences in operating profit, which met revised plans

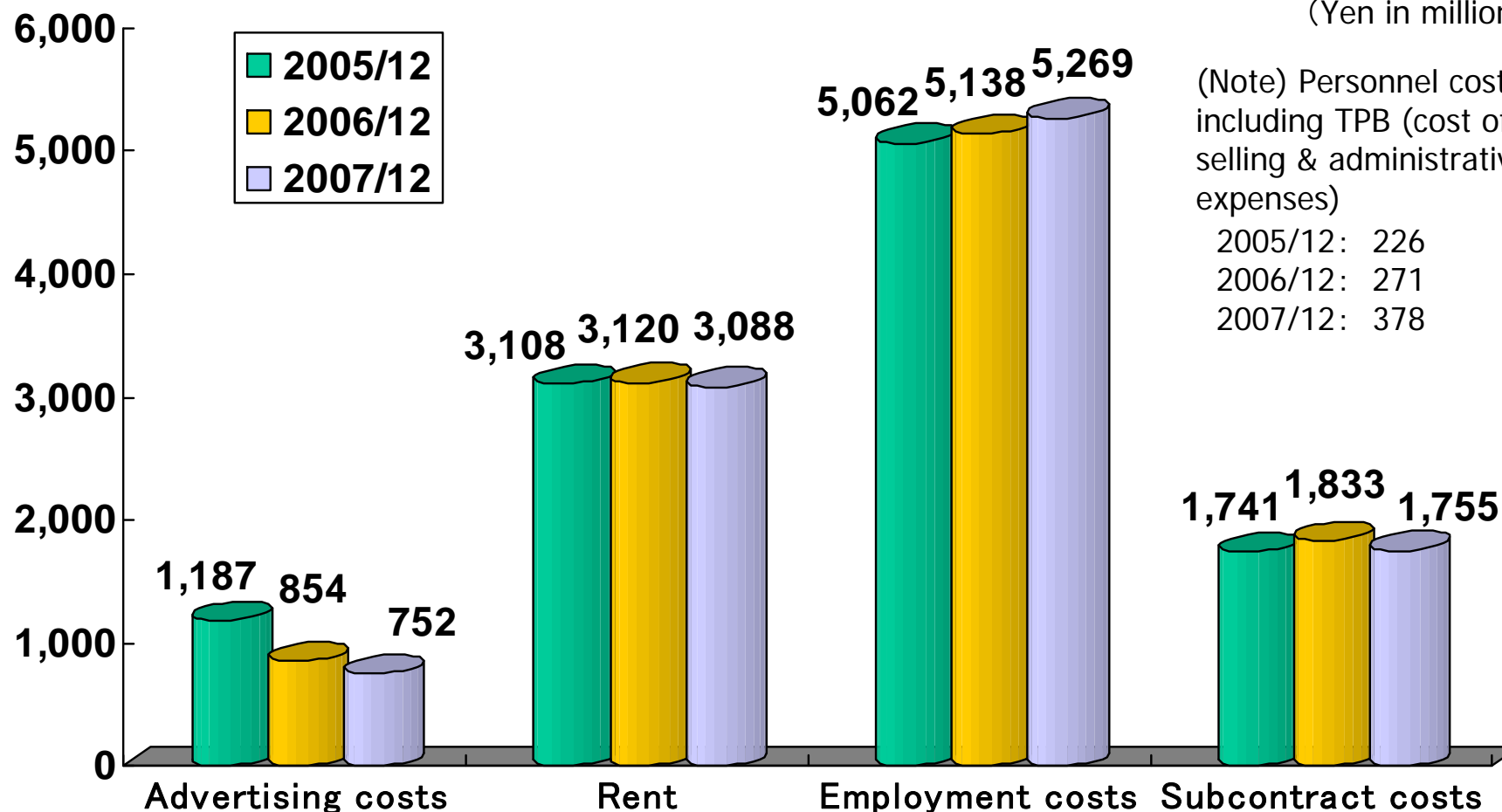




Major operating expenses

TAC

(Yen in millions)



(Note) Personnel costs including TPB (cost of selling & administrative expenses)

2005/12: 226
2006/12: 271
2007/12: 378

% of sales	8.1%	5.6%	4.9%	21.1%	20.5%	19.9%	34.3%	33.7%	34.0%	11.8%	12.0%	11.3%
Y-O-Y	72.0%	88.0%		100.4%	99.0%		101.5%	102.6%		105.3%	95.7%	
% of sales cost	0.0%			76.9%	77.4%	77.1%	55.4%	53.7%	55.3%	100.0%		

II . Highlights of license areas





Definition of licenses by area

Licenses area	Programs
① Finance and Accounting	Certified public accountant, Bookkeeper, Certification Exam for Business Accounting , Construction industry accountant
② Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant
③ Financial Services and Real Estate	Real estate appraiser, Registered real estate transaction manager, Condominium management consultant / Registered condominium administration manager, Financial planner, DC planner(*1), Securities analyst(including CFA(*2), Securities broker), Business school
④ Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law-related qualifications, Registered customs specialist
⑤ IT and International	IT specialist (System administrator, Fundamental IT engineer, Software design and development engineer, etc: Total of 14 qualifications), U.S. CPA, CompTIA(*3), IT related qualifications, Certified Internal Auditor(CIA)
⑥ Other	"Maho-jin" tax software(*4), Personnel business, Miscellaneous revenue, etc.

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

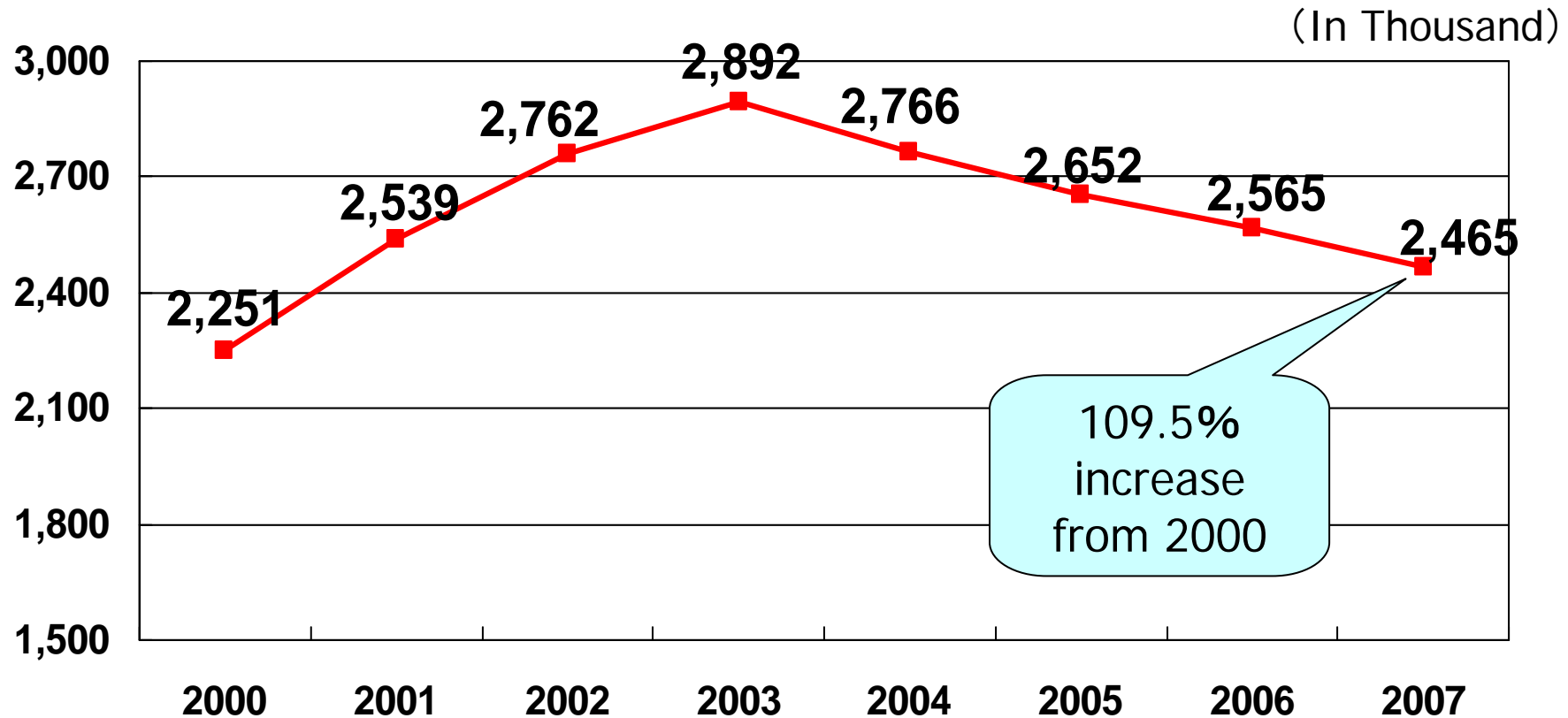
(*3) CompTIA: Computing Technology Industry Association

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

CIA: Started in September, 2007. Registered Customs Specialist and Certification Exam for Business Accounting: Started in January, 2008



Number of applicants for exams in 2007



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

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

Market trend in 2007(In thousands): Bookkeeper +12, CPA+1.9, Registered real estate transaction manager +20, Certified social insurance labor consultant -1.2, Public officer(2nd class etc.) -10, IT specialist -31



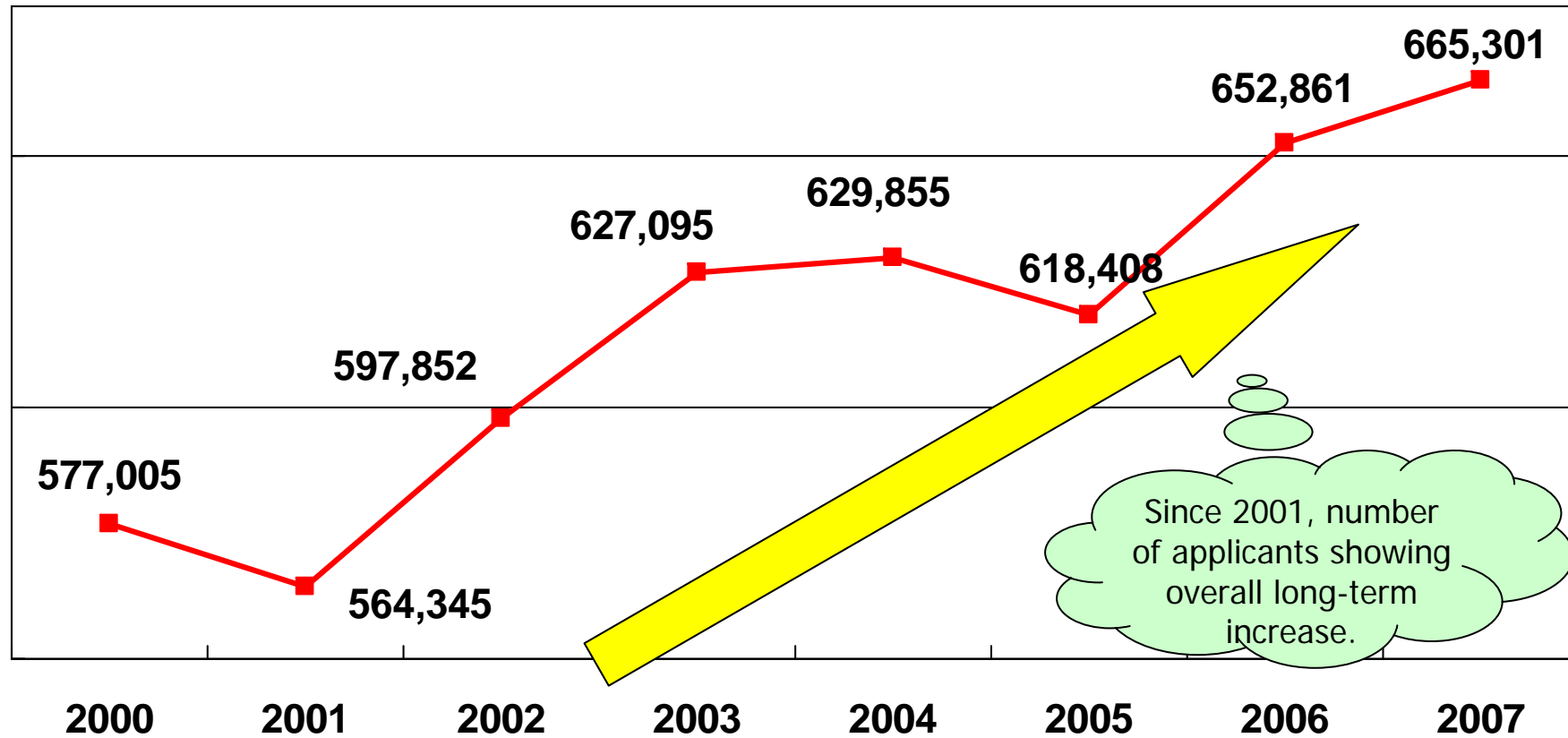
Number of applicants for exams

* Newly launched Registered Custom Specialist course added.

area	Licenses	2000	2001	2002	2003	2004	2005	2006	2007	'00-'07
Finance & Accounting	Bookkeeper	502,726	490,681	520,643	545,649	546,198	535,228	570,466	582,375	115.8%
	Const. industry accountant	76,339	67,225	58,272	50,815	44,812	37,363	31,499	39,026	51.1%
	CPA	11,058	12,073	13,389	14,978	16,310	15,322	16,311	18,220	164.8%
Mgt & Taxation	Licensed tax accountant	63,221	61,591	63,820	66,468	67,347	67,858	66,084	64,706	102.3%
	Small & med. ent. mgt. Consultant	11,925	10,025	12,447	14,692	15,131	13,476	16,595	16,845	141.3%
Financial Services & Real Estate	Real estate appraiser	2,621	2,505	2,481	2,503	2,300	2,282	4,605	3,519	134.3%
	Registered real estate transaction manager	210,465	204,629	209,672	210,182	216,830	226,665	240,278	260,633	123.8%
	Condominium mgt. consultant		109,514	62,124	43,912	36,307	30,615	25,284	23,093	21.1%
	Registered condominium administration manager		64,537	39,981	31,558	28,642	26,960	24,779	23,790	36.9%
	Securities analyst	23,181	22,510	21,357	19,277	15,324	14,275	18,253	22,926	98.9%
	FP	79,489	79,168	67,229	20,317	18,331	17,602	15,319	7,196	9.1%
	Certification of financial planning			105,595	270,449	271,231	266,361	276,664	183,244	173.5%
DC planner		17,491	43,296	32,464	13,052	12,728	10,659	10,997	62.9%	
Law & Labor	Certified social insurance labor consultant	50,689	54,203	58,322	64,122	65,215	61,251	59,839	58,542	115.5%
	Administrative scrivener	51,919	71,366	78,826	96,042	93,923	89,276	88,163	81,710	157.4%
	Public officer(2nd class etc.)	108,678	102,118	108,819	109,963	120,240	114,163	90,549	80,079	73.7%
	Public officer (local & higher)	64,062	62,141	63,386	68,396	67,342	74,012	60,874	59,370	92.7%
	Public officer(3rd, local)	74,575	91,562	113,239	109,434	96,036	62,639	63,001	44,466	59.6%
	Japan business law exam	20,085	23,544	27,962	33,998	39,094	40,747	40,820	38,782	193.1%
通関士	14,981	13,886	13,467	13,556	13,691	13,268	13,141	13,727	91.6%	
IT	IT specialist	784,912	788,443	803,109	772,334	699,928	664,014	608,210	576,893	73.5%
	Microsoft (MOUS)	100,200	189,900	275,100	301,200	279,700	265,900	223,800	254,900	254.4%
Total		2,251,126	2,539,112	2,762,536	2,892,309	2,766,984	2,652,005	2,565,193	2,465,039	109.5%



Market growth for accounting-related qualifications



Number of candidates in our flagship qualifications (CPA, LTA and Bookkeeping)

Stable growth of 1.9% in 2007.

Other than the three qualifications above, applicants for CIA (Certified Internal Auditors) qualification doubled over the previous year. TAC launched CIA courses in the current FY.



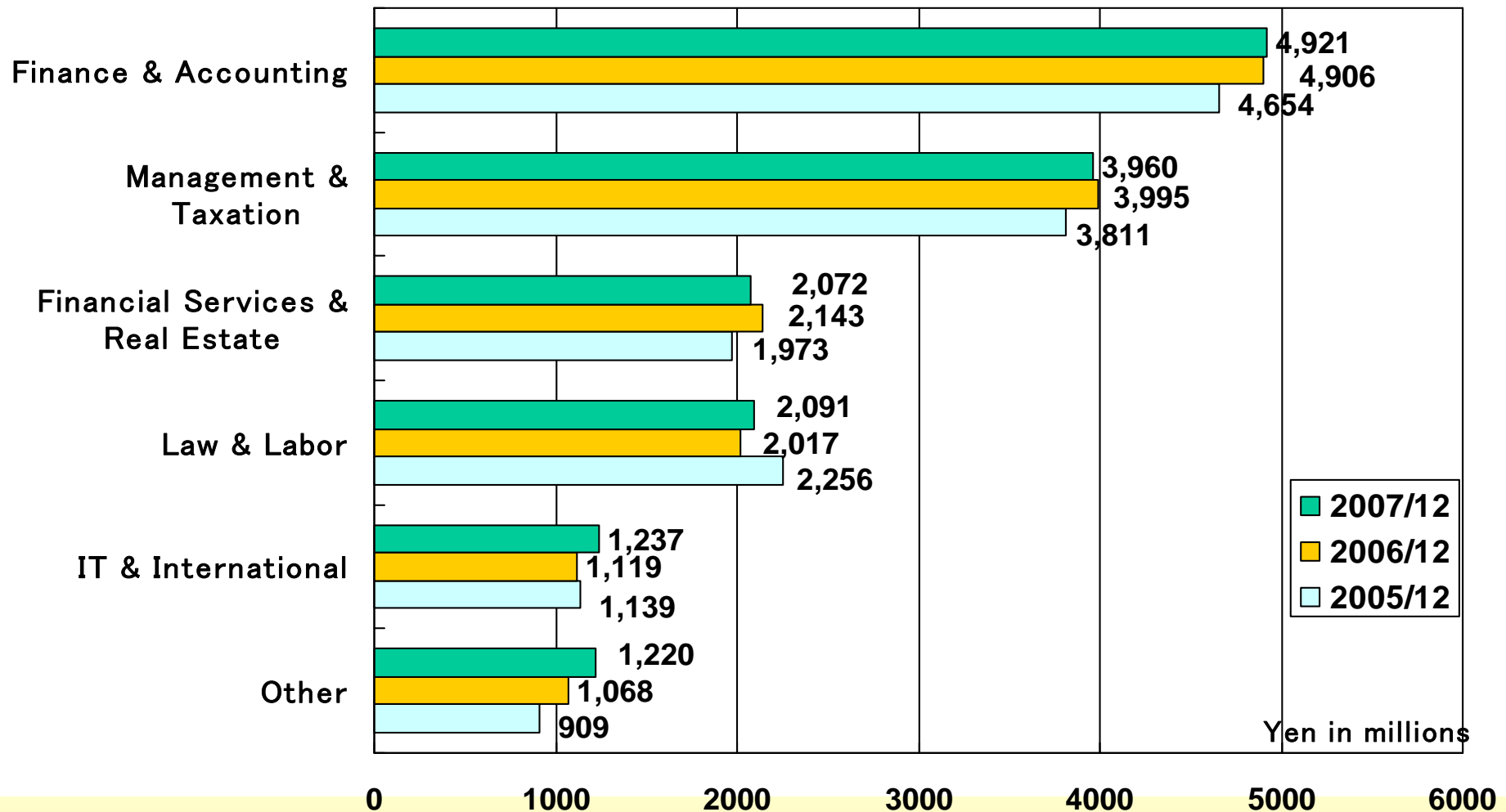
Sales by license area

(Yen in thousands) **TAC**

License by area	2006/12			2007/12			Comment
	Sales	Y-O-Y	%	Sales	Y-O-Y	%	
① Finance & Accounting	4,906,649	105.4%	32.2%	4,921,832	100.3%	31.7%	CPA remained stagnant (-9.3% on cash basis). Bookkeeping recorded favorable growth (+1.5%).
② Management & Taxation	3,995,031	104.8%	26.2%	3,960,939	99.1%	25.5%	LTA decreased 7.4% on cash basis due to delays in start of course. SMEMC decreased 8.7% due to sluggish growth in courses for those making a second attempt.
③ Financial Services & Real Estate	2,143,502	108.6%	14.1%	2,072,774	96.7%	13.4%	REA decreased 28.6% and Takken increased 11.1%. Securities analyst decreased 1.3% and FP decreased 4.7%. Business school courses increased 24.3%.
④ Law & Labor	2,017,726	89.4%	13.2%	2,091,253	103.6%	13.5%	Public officer and Certified social insurance labor consultant showed continued growth of 11.9% and 7.5%, respectively. Administrative scrivener decreased 8.1%.
⑤ IT & International	1,119,262	98.3%	7.3%	1,237,620	110.6%	8.0%	IT specialist course showed stable growth of 4.2%. US CPA increased by 24.3%. CIA made a favorable start.
⑥ Other	1,068,208	117.5%	7.0%	1,220,607	114.3%	7.9%	Maho-jin increased 8.7%. Manpower business recorded sustained growth of 21.4%.
Total	15,250,380	103.4%	100.0%	15,505,027	101.7%	100.0%	

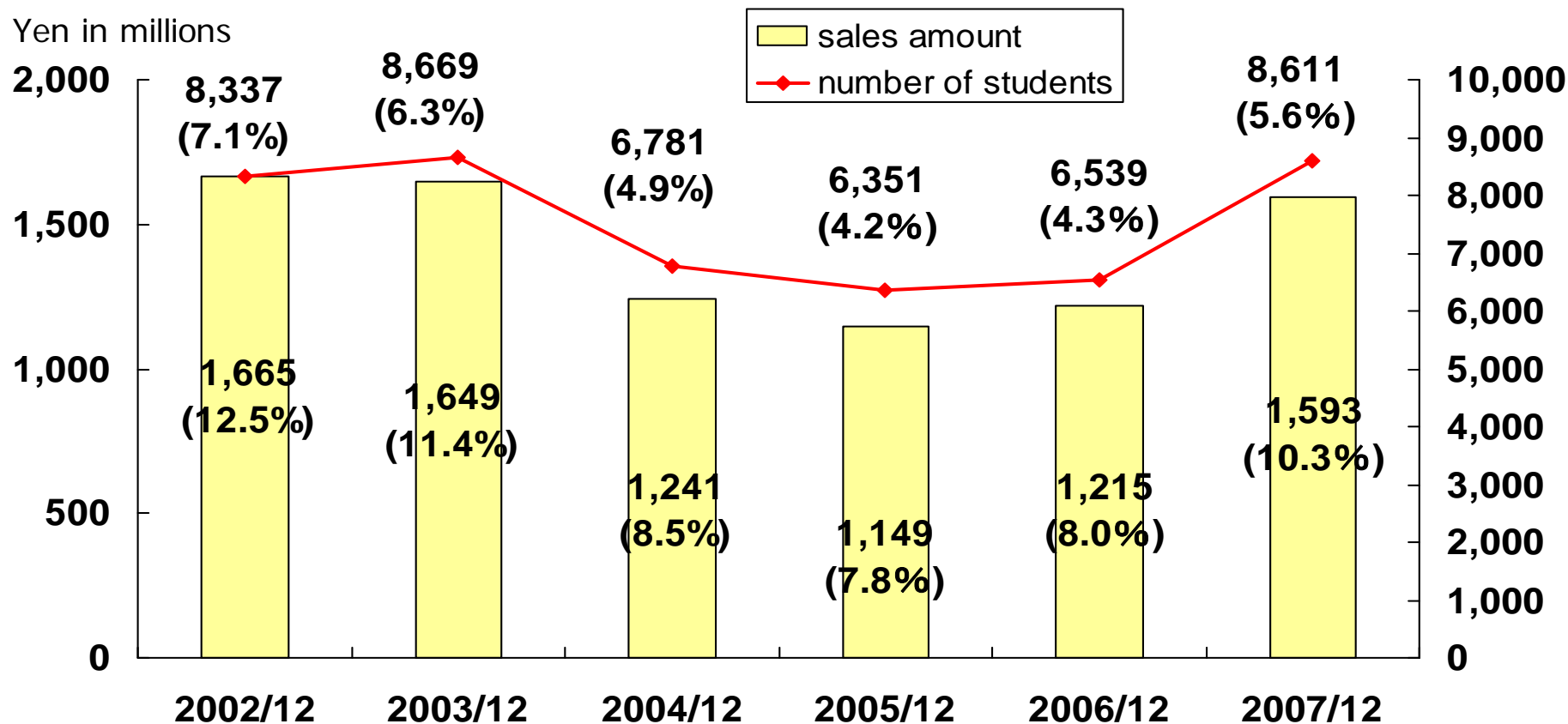


Sales growth by license area





Impact of government tuition assistance (GTA) program



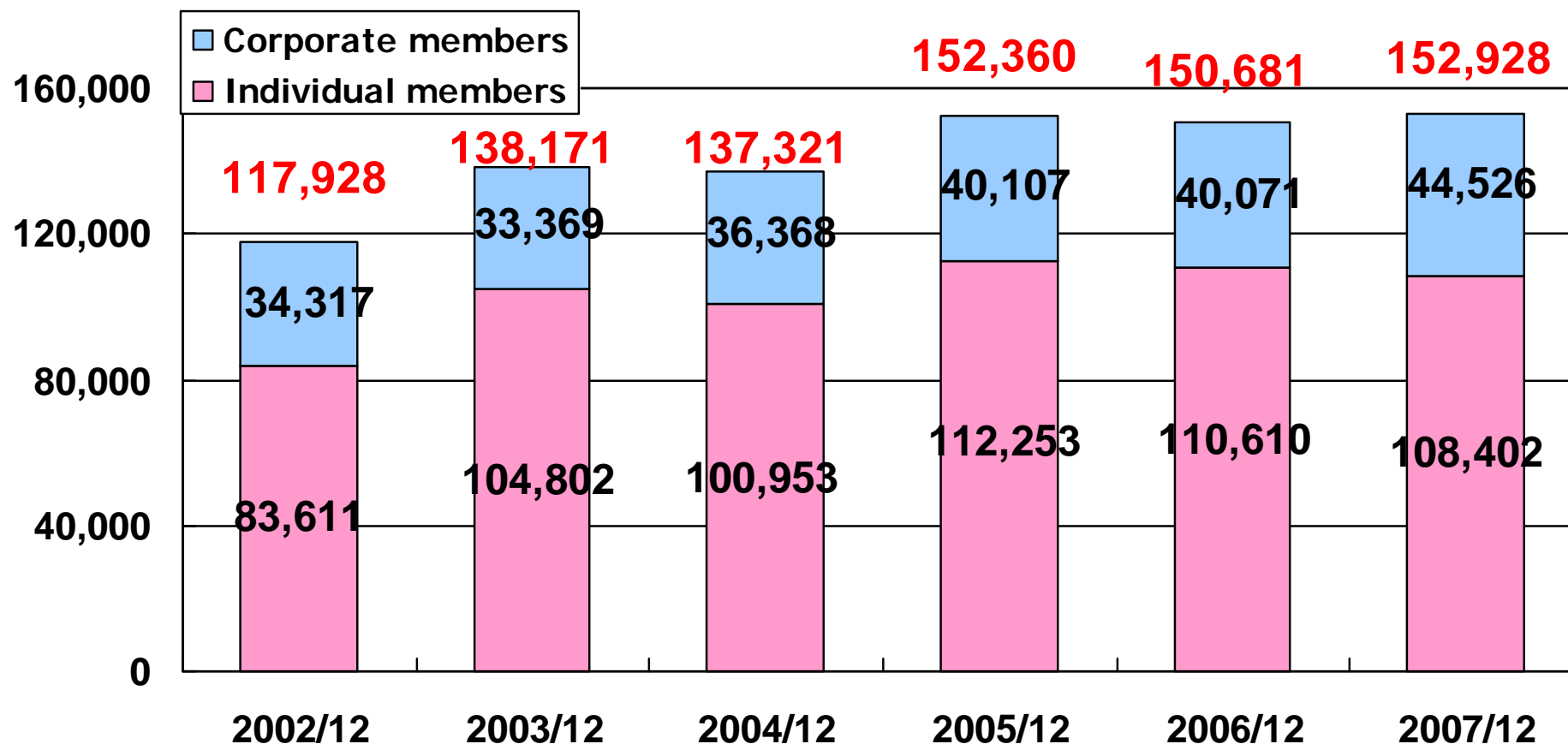
(Note) Figures in parentheses; (*)Proportion of number of students; (**)Proportion of sales;

Accounting-related courses marked substantial growth. (Bookkeeping +80.2%, CPA +21.6%, LTA +52.3%, US CPA +60.6%, etc.) Correspondence courses grew 42.9% and GTA-related sales increased 31.1%.

GTA-related sales of CPA courses in December (right after the announcement of test results) experienced a sharp increase of 65.0%.



Number of students








Change	108.0%	117.2%	99.4%	111.0%	98.9%	101.5%
-Individual	113.8%	125.3%	96.3%	111.2%	98.5%	98.0%
-Corporate	96.2%	97.2%	109.0%	110.3%	99.9%	111.1%
% of Individual members	70.9%	75.8%	73.5%	73.7%	73.4%	70.9%



Number of students by license area

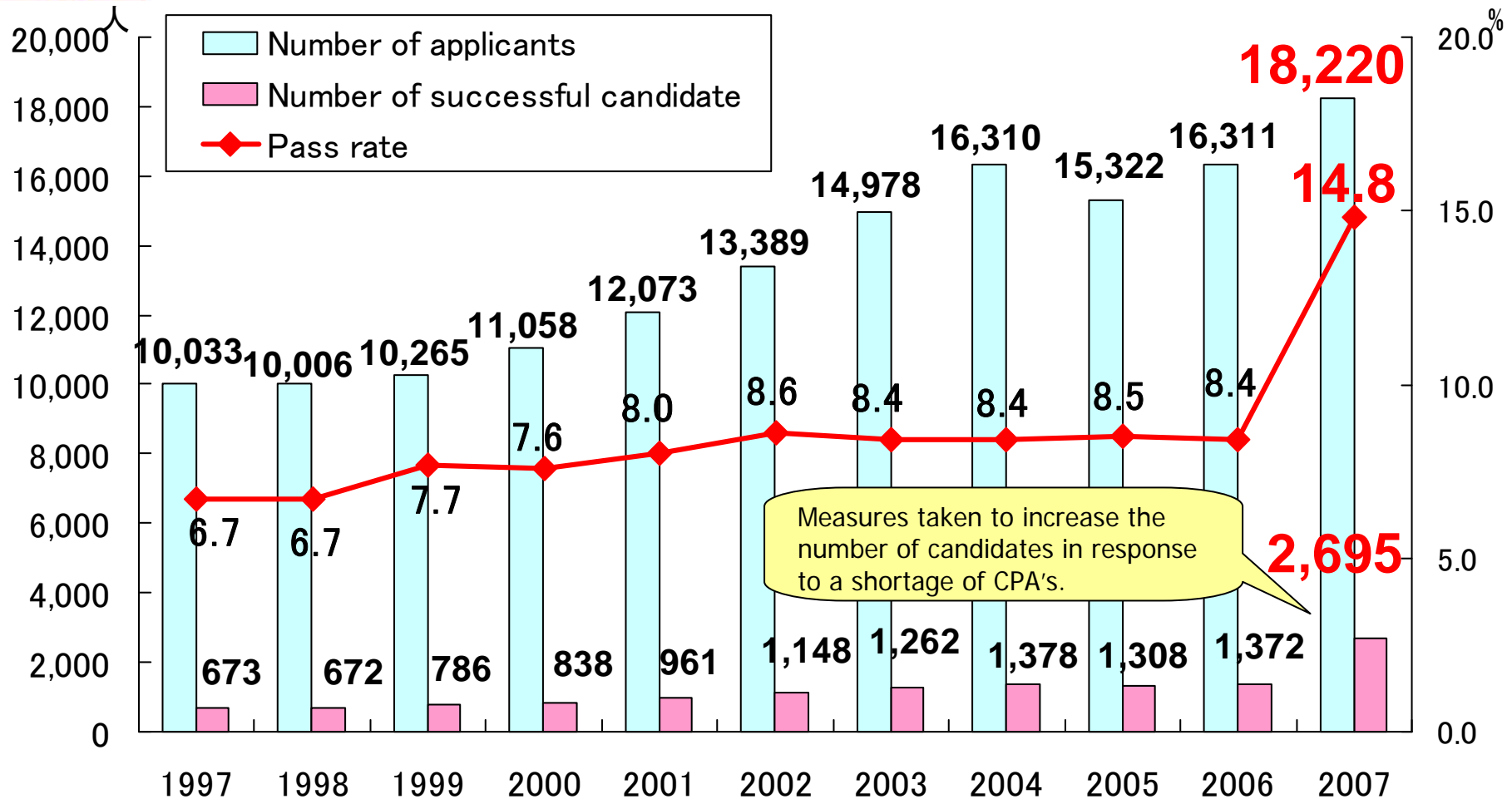


License by area	2007/12	Y-O-Y	%	Comment
① Finance & Accounting	41,049	102.0%	26.8%	Bookkeeping courses increased 6.8% mainly in corporate training programs. CPA decreased 4.4% due to the substantial number of successful exam candidates, which resulted in a decrease in sales of advanced courses. 
② Management & Taxation	33,611	101.1%	22.0%	LTA decreased 5.0% due to a delay in the announcement of test results. Causing course starts to be delayed to the 4 th Q. SMEMB increased 2.1%. 
③ Financial Services & Real Estate	33,116	104.5%	21.6%	Real estate appraiser unchanged. Takken marked continued growth of 24.2%. FP decreased 11.6%. Securities analyst declined 2.7%. 
④ Law & Labor	25,483	94.1%	16.7%	Certified social insurance labor consultant decreased 4.0%. Administrative scrivener decreased 5.0%. Public officers decreased 7.8%. 
⑤ IT & International	19,669	106.7%	12.9%	IT specialist courses unchanged. US CPA increased by 56.5%. CIA made a favorable start. 
Total	152,928	101.5%	100.0%	



Number of applicants for CPA exam

TAC

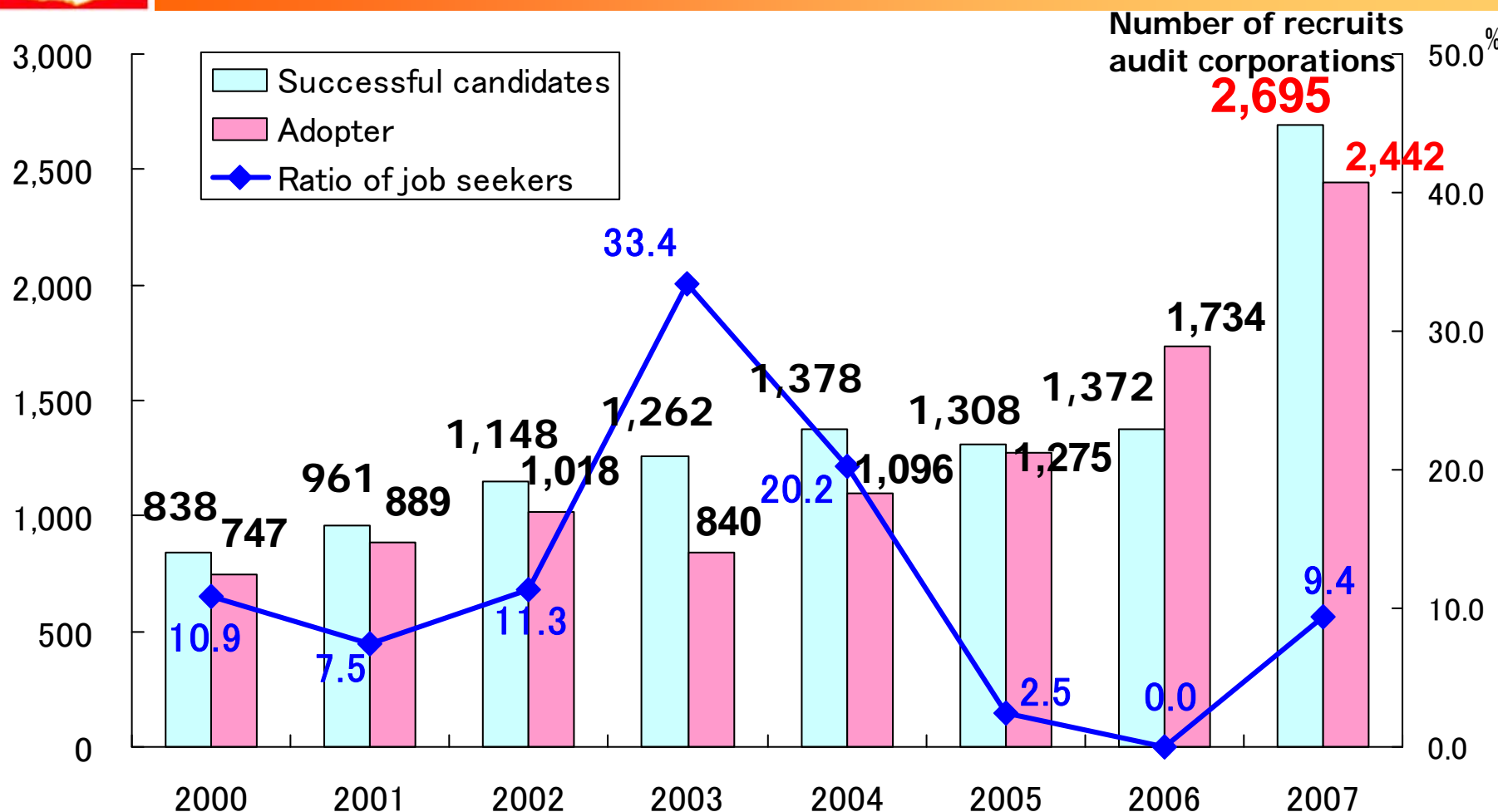


Measures taken to increase the number of candidates in response to a shortage of CPA's.

Number of candidates for 2007 hit a record high of 18,220. 2,695 passed the essay exam, increasing the pass rate to 14.8% (excluding successful candidates on the former part 2 CPA exam), according to CPAAOB on 2007.11.19. **This dramatic increase is believed to indicate a sense of crisis.**



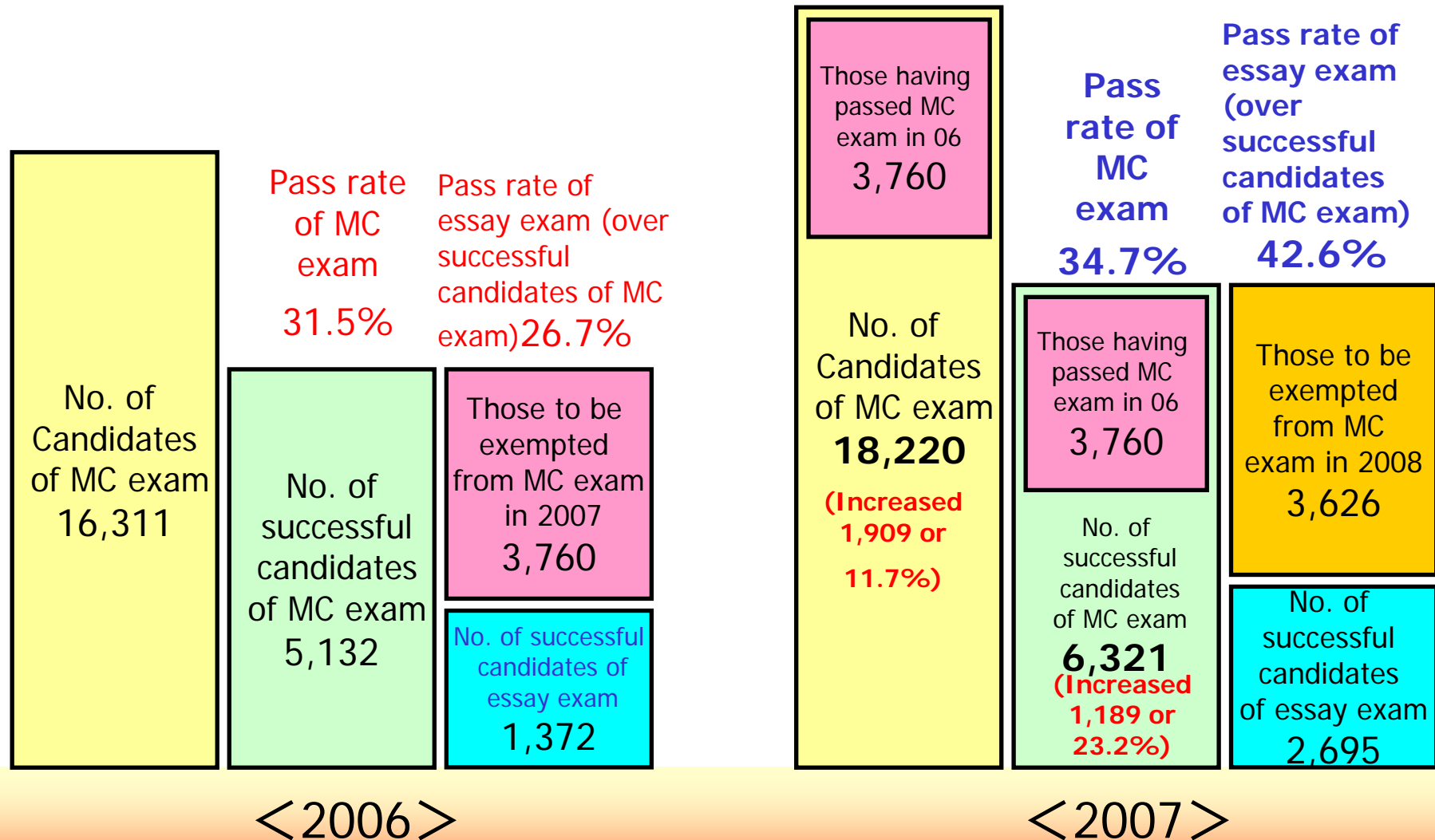
Favorable employment situation for successful candidates expected to continue in 2007



According to Nippon Keizai Shimbun Newspaper on Dec. 1, the number of new recruits to the 4 major audit corporations reached 2,442 (including those with temporary credit). It is expected that such firms will continue to hire a substantial number of new recruits in FY2008 to cope with the enforcement of internal control standards.

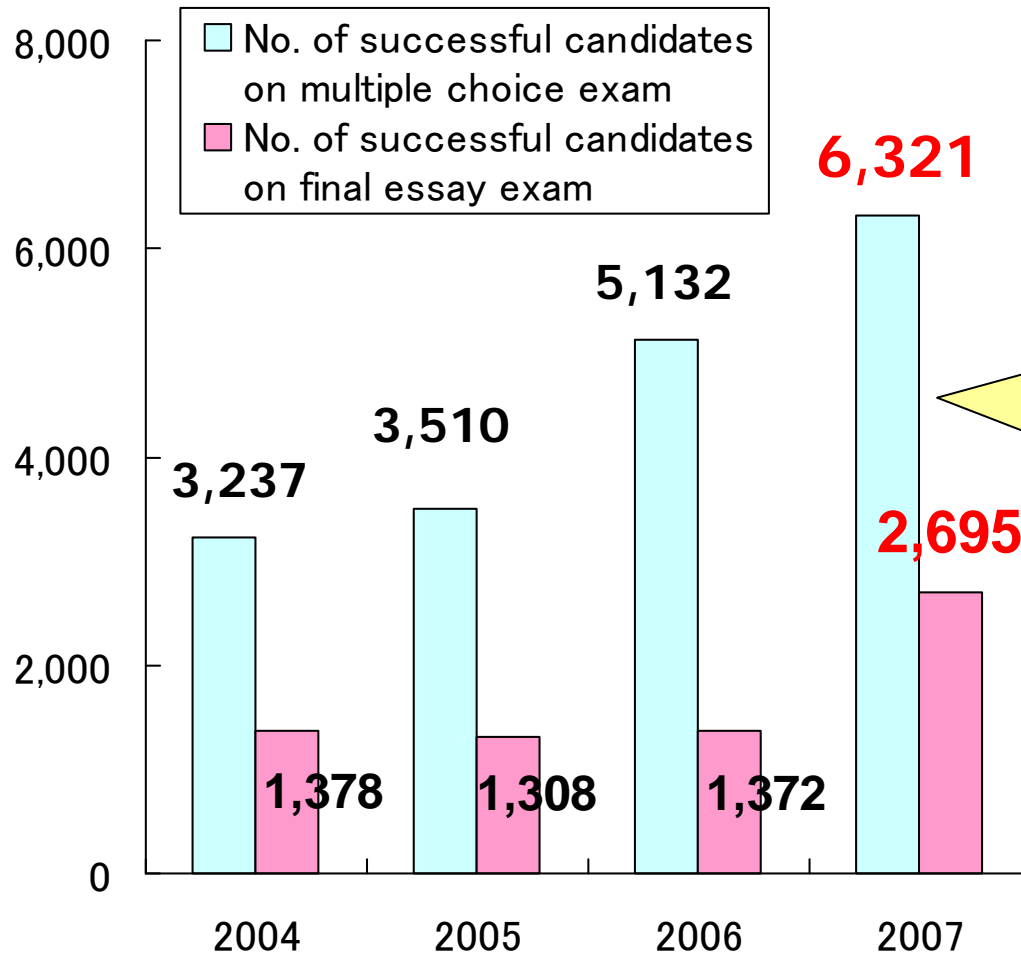


Trend in revised CPA exam





CPA exam...outlook for next fiscal year



Point.

Number of candidates exempted from MC exam was 3,626 (3,760 in the previous year).

Due to the substantial number of successful candidates, the number of applicants for advanced courses is expected to decrease in the next FY. The total number of students is expected to be regained through courses for new learners after 2008.



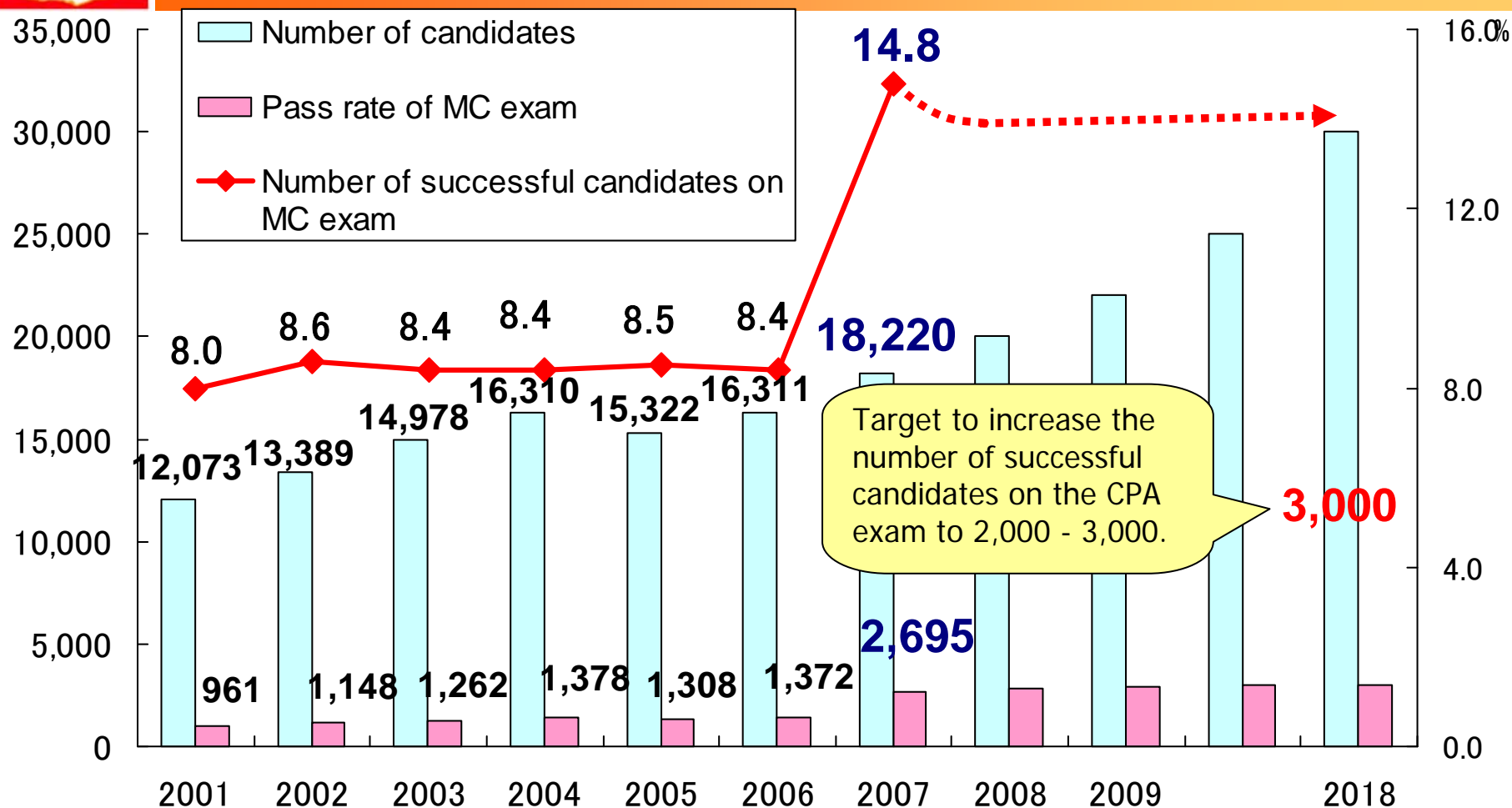
Measures to improve CPA exam after 2008

	Multiple choice exam	Essay exam
2008~	<ul style="list-style-type: none">• Questions on multiple choice exam to focus on more basic knowledge selected from broader a range of topics (questions and answer choices simplified)• Change of exam schedule from current 2 days over two weeks to one day (Reduction of test time to improve convenience for candidates)	<ul style="list-style-type: none">• Scope of essay exam to be narrower than that of multiple-choice exam• Reference to statutes and accounting standards allowed for accounting, audit, and tax law exams.• Implemented on 3 weekdays → Held on Saturday, Sunday and Friday or Monday in order to improve convenience to candidates• Increase in number of committee members (members who grade exams only, etc.)
2010~	<ul style="list-style-type: none">• Multiple choice exam to be held twice a year	<ul style="list-style-type: none">• Essay exam to be held once a year
Other	<ul style="list-style-type: none">• Pooling system of exam questions to be continuously examined.	<ul style="list-style-type: none">• Introduction of computerized testing similar to US CPA and increase in frequency of exams to be continuously examined.

Anticipating a need for the total number of CPA's to increase to 50,000 by 2018, the financial services agency set a target to increase the number of successful candidates on the CPA exam to 2,000 - 3,000 per annum by 2018 (according to "Enhancement and reinforcement of audit systems by CPA's" released by FSA on 2002.) (According to CPAAOB on 2007.10.25.)



Long-term view of CPA exam **TAC**

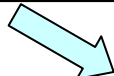







Anticipating a need for the total number of CPA's to increase to 50,000 by 2018, the number of successful candidates to be increased to 2,000 – 3,000 per annum by 2018 (according to “Enhancement and reinforcement of audit systems by CPA's” released by FSA on 2002.) Current number of CPA's is 18,000 and it is expected that there will be approx. 3,000 successful candidates every year.



III. Highlights by segment

Summary by segment for 3rd quarter

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





Segment information

(Yen in millions)

	2006/12			2007/12			Year-on-year		
	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income
Personal education	10,842	10,356	485 (4.5%)	10,771	10,033	737 (6.8%)	-70 (-0.7%)	-322 (-3.1%)	251 (+51.8%)
Corporate training	3,040	2,198	841 (27.7%)	3,167	2,120	1,046 (33.0%)	126 (+4.2%)	-77 (-3.5%)	204 (+24.3%)
Publishing & other	1,382	1,182	200 (14.5%)	1,580	1,269	311 (19.7%)	198 (+14.4%)	87 (+7.4%)	111 (+55.6%)
Eliminations	-14	803	-818	-14	856	-870	-0 (-4.4%)	52 (+6.5%)	-51 (+6.3%)
Total	15,250	14,541	709 (4.7%)	15,505	14,280	1,224 (7.9%)	254 (+1.7%)	-260 (-1.8%)	515 (+72.7%)

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

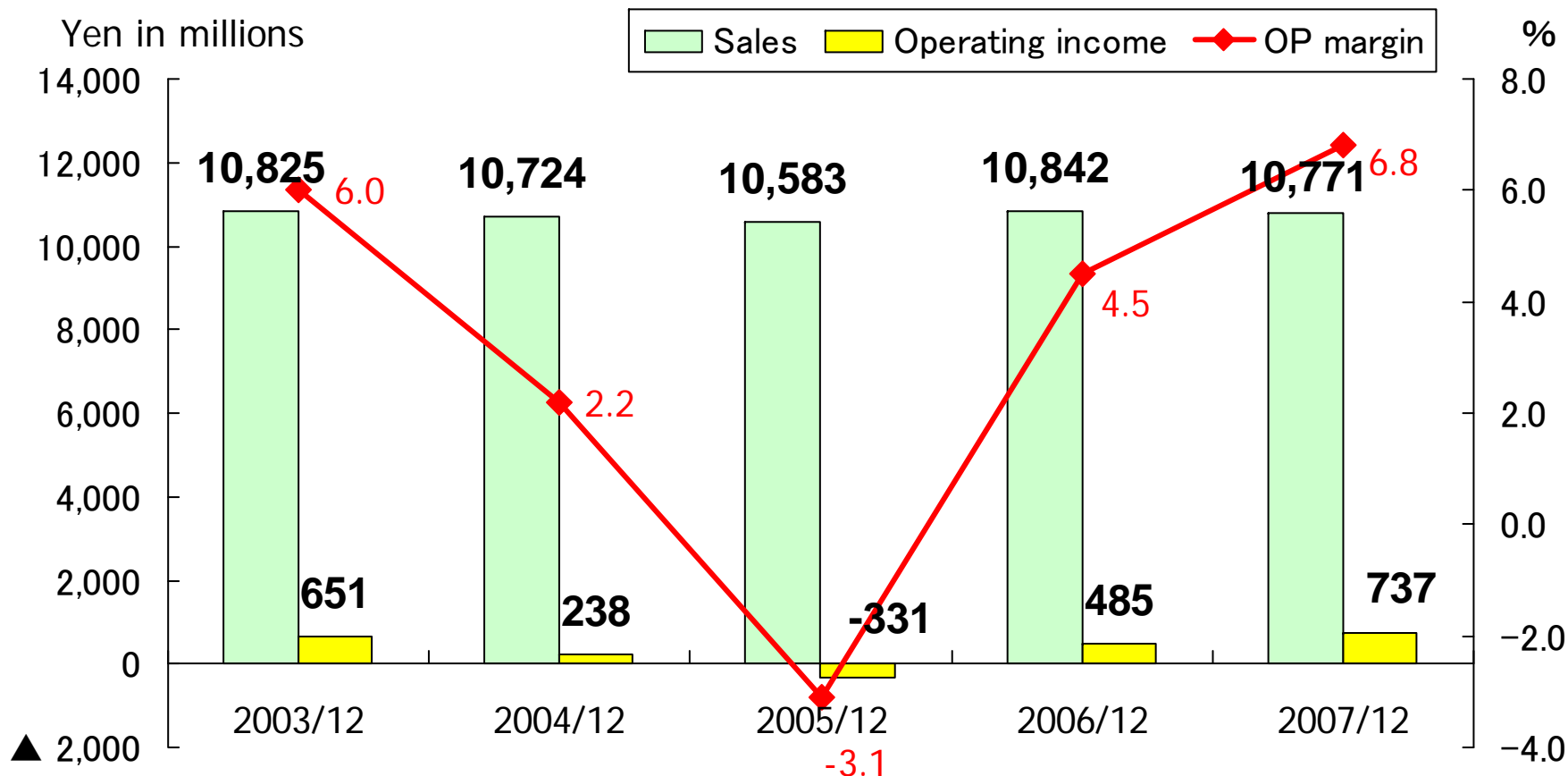
Sales in publishing business : 2006/12 915 million, 2007/12 1,017 million (+11.2%)

Sales in personnel business : 2006/12 452 million, 2007/12 549 million (+21.4%)

※After elimination of intercompany transactions



Trend in Personal Education



Rate of increase in sales	108.0%	99.1%	98.7%	102.4%	99.3%
Proportion over total sales	74.9%	73.3%	71.8%	71.1%	69.5%

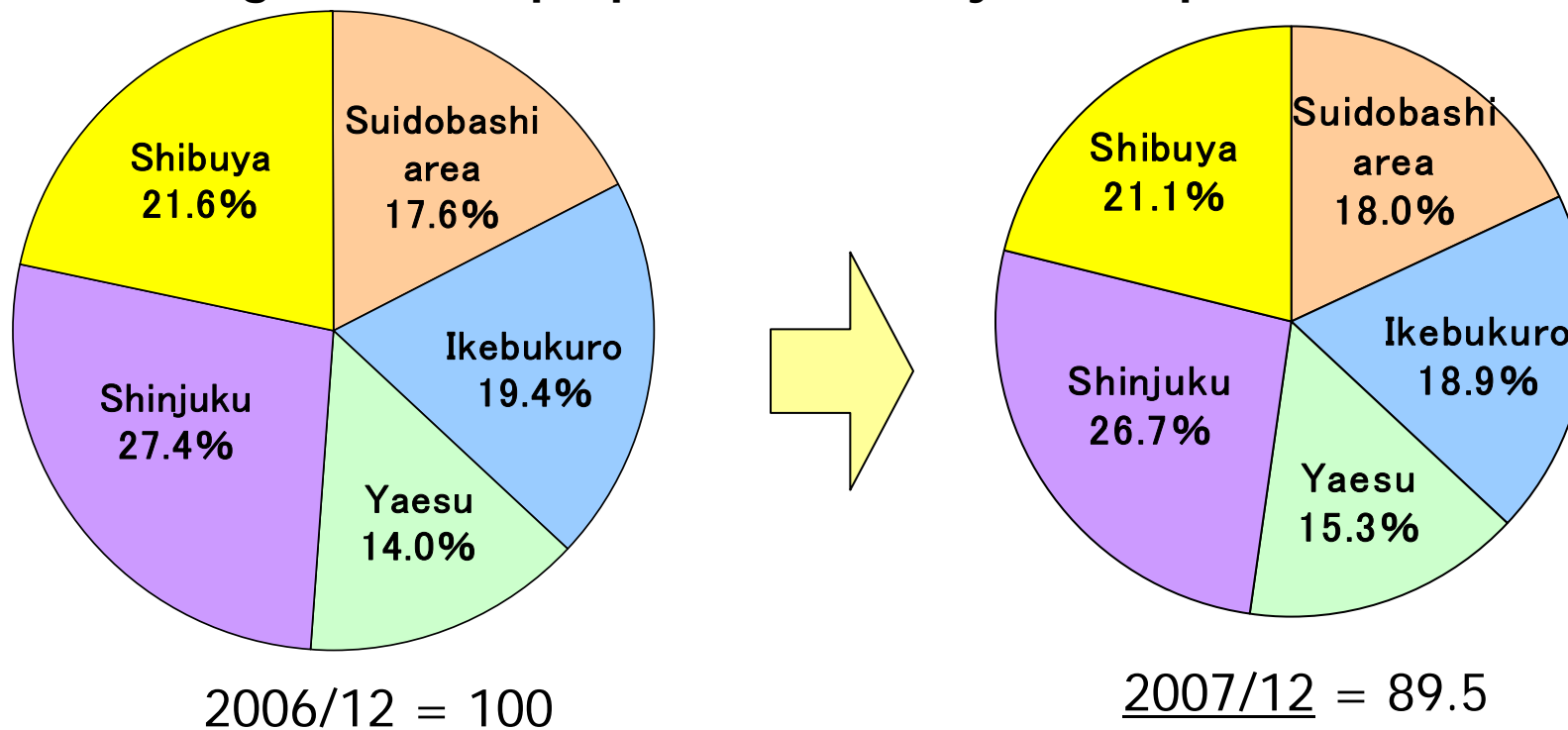
Sales of CPA and LTA courses remained low resulting in sales decline of ¥ 70M but operating profit showed continued growth due to successful cost control.



In Tokyo Metropolitan Area



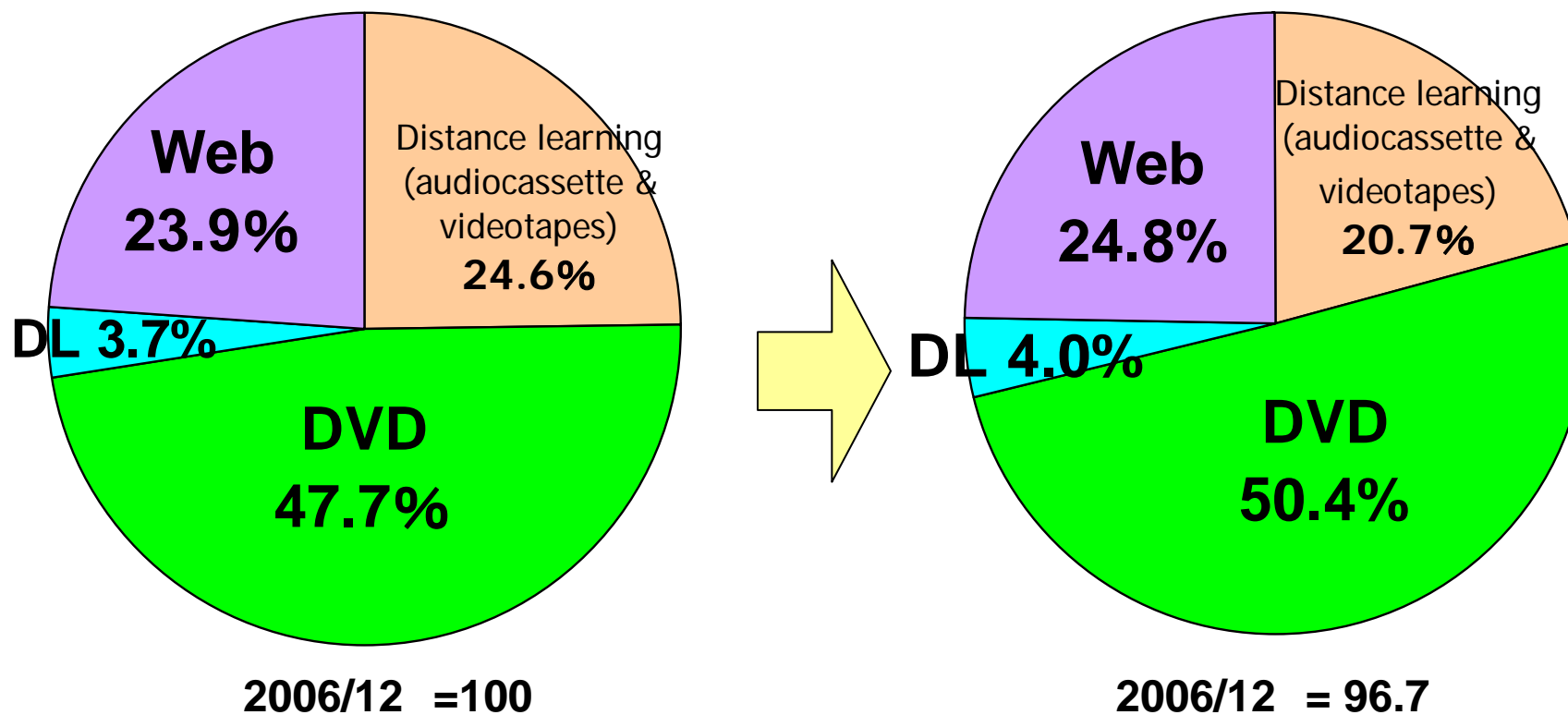
Changes in sales proportions in Tokyo Metropolitan Area



- Sales in the Tokyo Met area remained stagnant with a decline of 10.5%.
- Yaesu school remained almost unchanged (-2.0%) supported by a convenient location near Tokyo station becoming more prosperous.



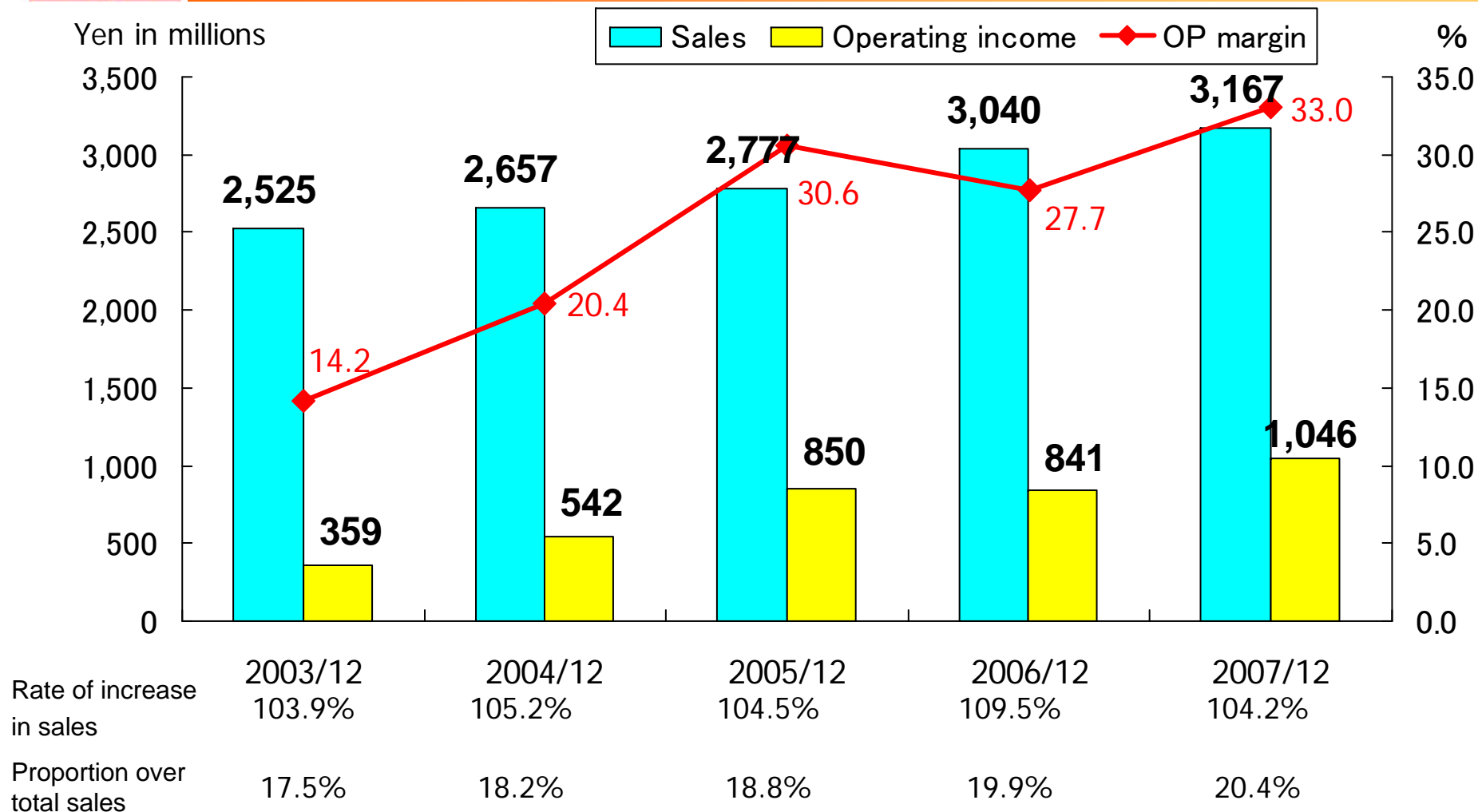
Changes in percentage of sales in distance education



- Correspondence courses in total lost their momentum and decreased 3.3%. (Classroom courses declined 6.5%.)
- Growth rate was 2.2% for DVD courses and 4.6% for download courses, indicating the growing demand of mobile learning.
- Correspondence courses using audiocassettes and videos showed a sharp decline of 18.7%.



Trend in corporate training business **TAC**









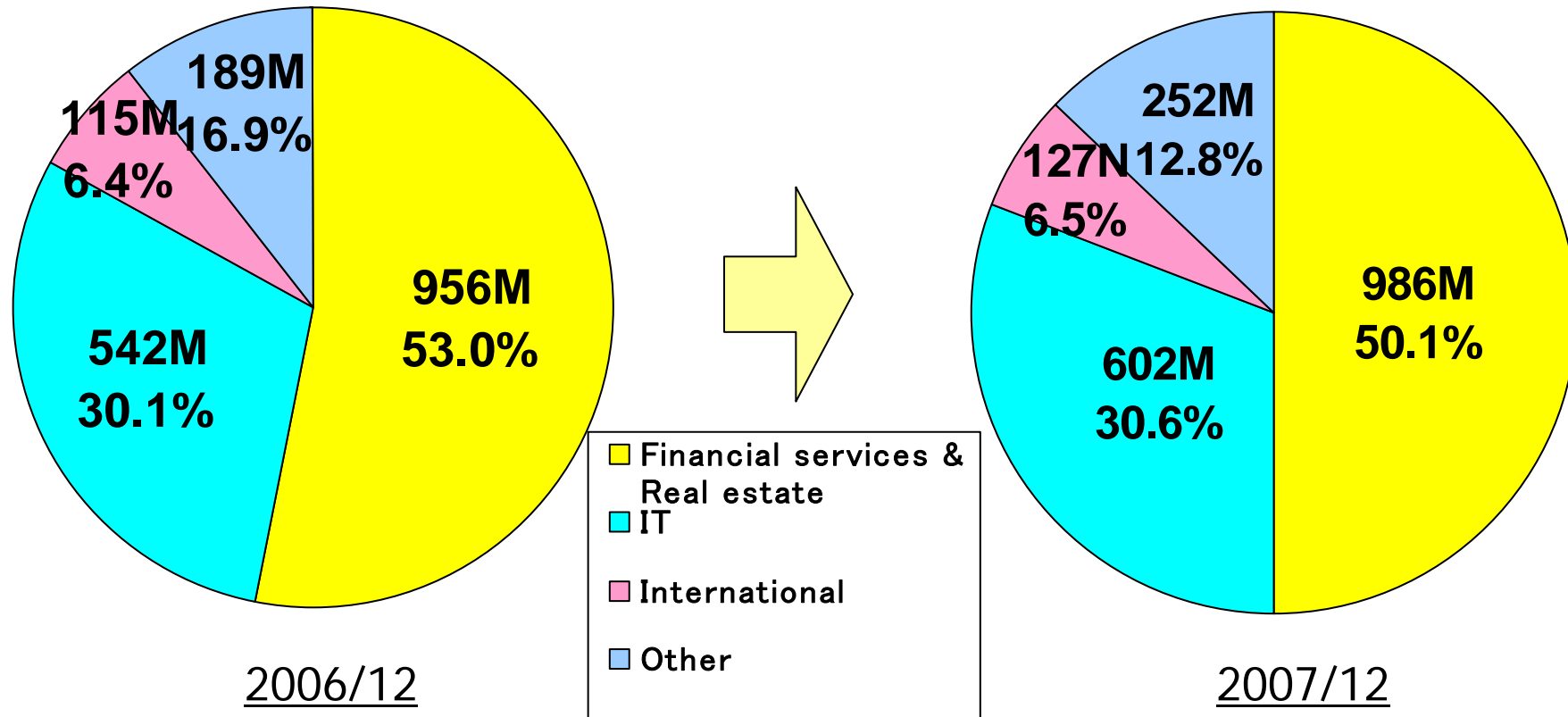
Demand for corporate training programs has marked growth for five consecutive years. Operating profit margin showed further growth supported by successful cost control. Operating profit for 3Q has already exceeded that for all of FY2007 (¥ 1,031M).



Corporate training: Descriptions

(Yen in thousands)

Contents	Sales	Y-O-Y	%	Overview of 3 rd quarter
Corporate Training	1,969,431	109.2%	62.2%	Training programs grew 41.3% in finance and accounting areas and 55.8% in management and taxation areas. Business school courses increased 24.2%. IT specialist courses increased 11.0%. 
Provision of educational materials	175,317	104.0%	5.5%	Bookkeeping courses and public officer courses increased 11.8% and 36.0%, respectively. IT specialist courses declined 4.0% due to a shift to corporate training programs.  
Affiliated schools	319,615	95.5%	10.1%	Declined due to Hiroshima School coming under our direct control. 
In-university seminars	260,332	90.4%	8.2%	FP and IT specialist courses declined 17.2% and 17.4%, respectively. Takken and public officers increased 30.3% and 25.2%, respectively. 
Tax software "Maho-jin" & other	442,306	99.4%	14.0%	Maho-jin tax software marked 8.7% growth. Sales of educational programs consigned by local government declined 18.9%. 
Total	3,167,002	104.0%	100.0%	In spite of sales a decline in affiliated schools and in-university seminars, sales showed growth supported by corporate training programs (+¥16,500M) which accounts for 60% of this segment.



- Sales of corporate training programs marked substantial growth of 9.2% y/o/y.
- Training programs grew 41.3% in finance and accounting areas and 55.8% in management and taxation areas. Business school courses increased 24.2%. IT specialist courses increased 11.0%.



Corporate training:

Trends in affiliated schools **TAC**

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

Total - 16 schools

(Yen in thousands)

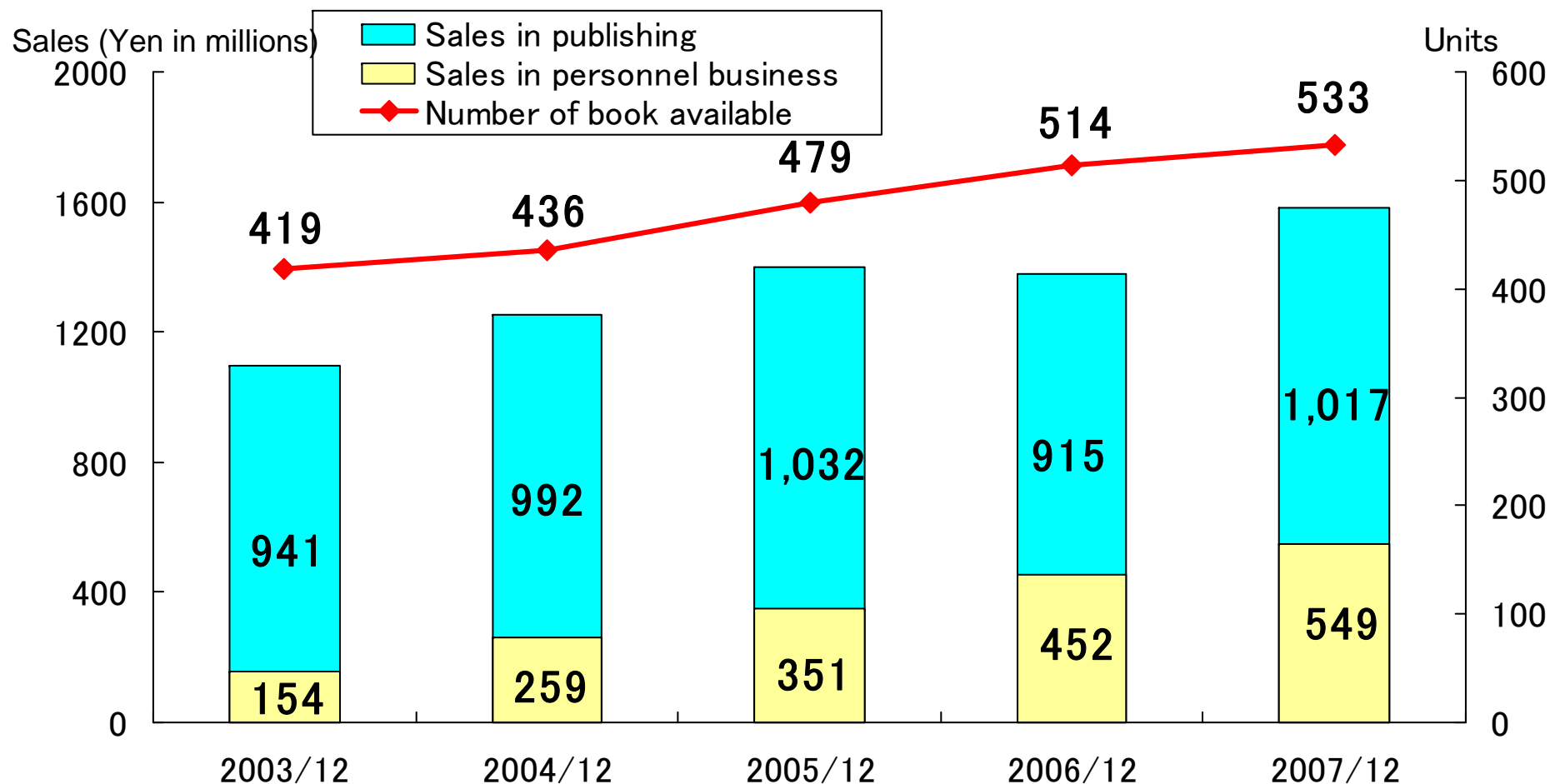
Licenses by area	# of students 2007/12	# of students (Y-O-Y)	Sales 2007/12	Sales (Y-O-Y)	% of sales
① Finance & Accounting	1,893	91.8%	62,988	95.2%	19.7%
② Management & Taxation	2,360	86.4%	131,017	96.9%	41.0%
③ Financial Services & Real Estate	631	101.8%	33,151	87.6%	10.5%
④ Law & Labor	2,232	88.9%	87,710	96.8%	27.5%
⑤ IT & International	133	100.0%	4,191	110.5%	1.3%
Total	7,249	90.0%	319,615	95.5%	100.0%

Number of students and sales declined due to Hiroshima School coming under our direct control.

- Positive growth : Real estate sales person
- Negative growth: REA, FP, Certified social insurance labor consultant, Public officer



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

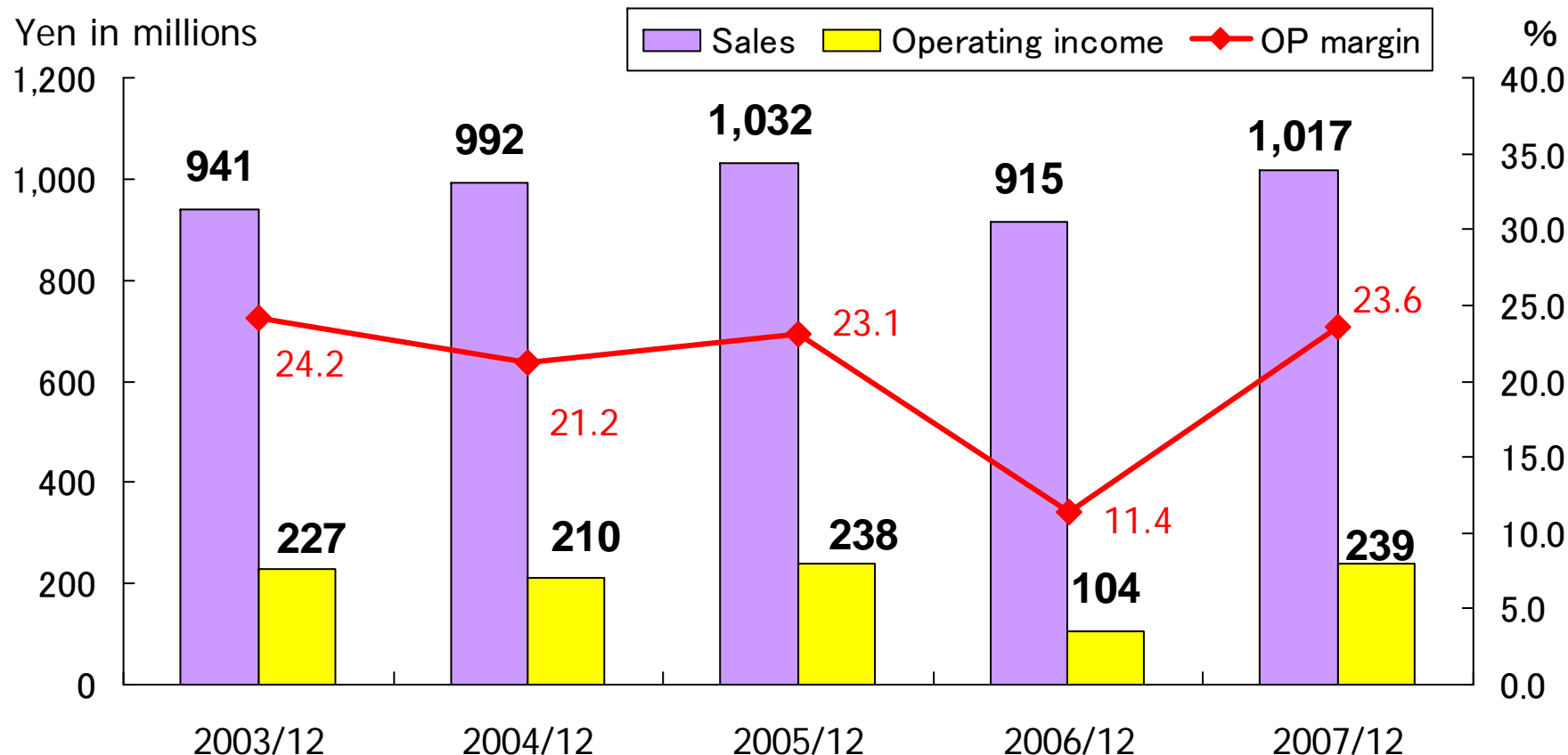


- Publishing business. Shift to revised editions under way for bookkeeping exam textbooks.
- Manpower dispatching marked substantial growth supported by Shinjuku and Umeda offices opening in the previous year.
- In total, revenue increased 14.4% and income increased 55.6% in this segment, which covers publishing and manpower businesses.



Trend in publishing business

TAC



Rate of increase in sales

2003/12	2004/12	2005/12	2006/12	2007/12
128.6%	105.7%	103.8%	88.6%	111.2%

Proportion over total sales

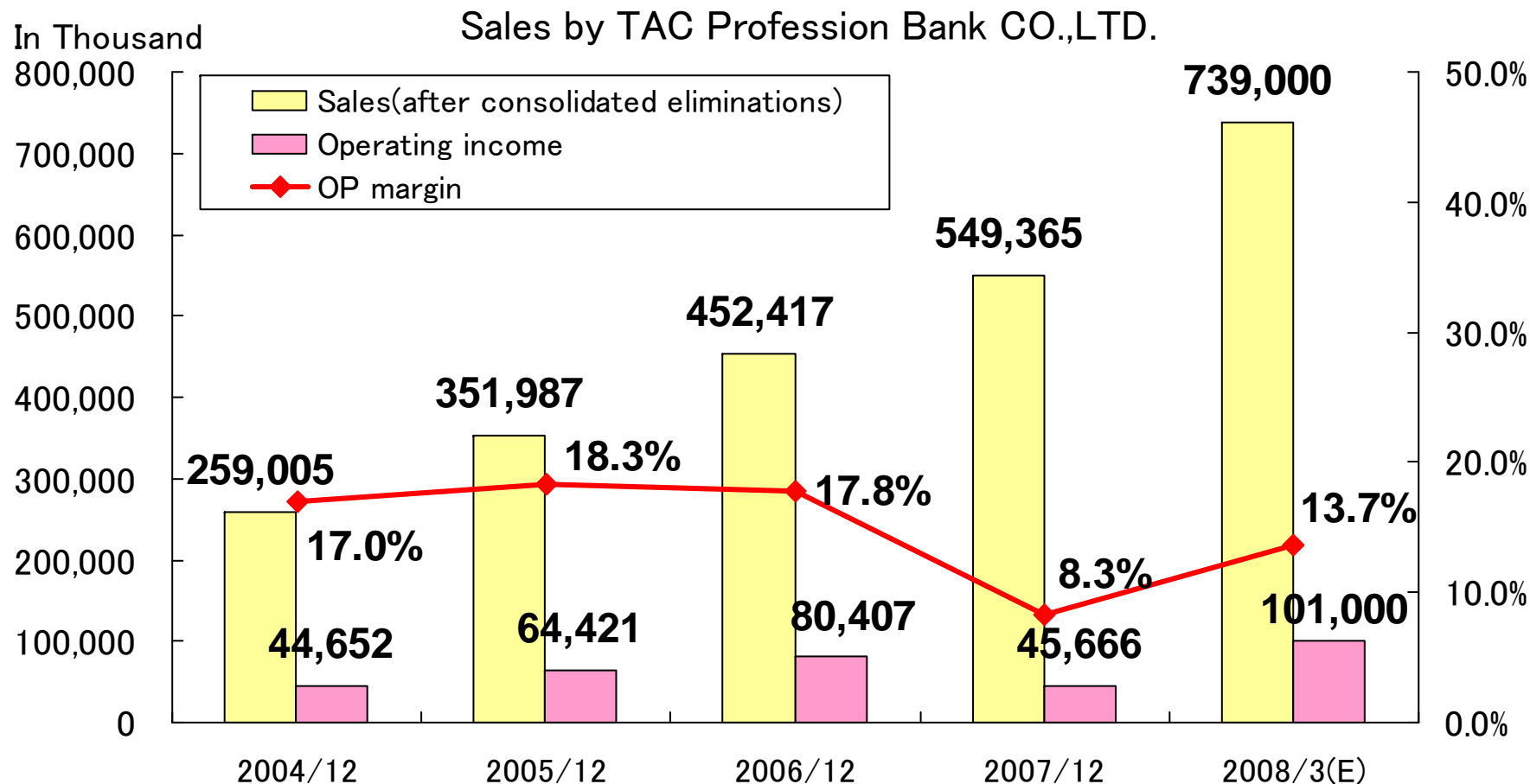
2003/12	2004/12	2005/12	2006/12	2007/12
6.5%	6.8%	7.0%	6.0%	6.6%

New editions of bookkeeping exams textbooks are selling well. Sales and profit showed a dramatic recovery.

(Note) Operating income after reversal of and transfer to reserve for loss on returned goods



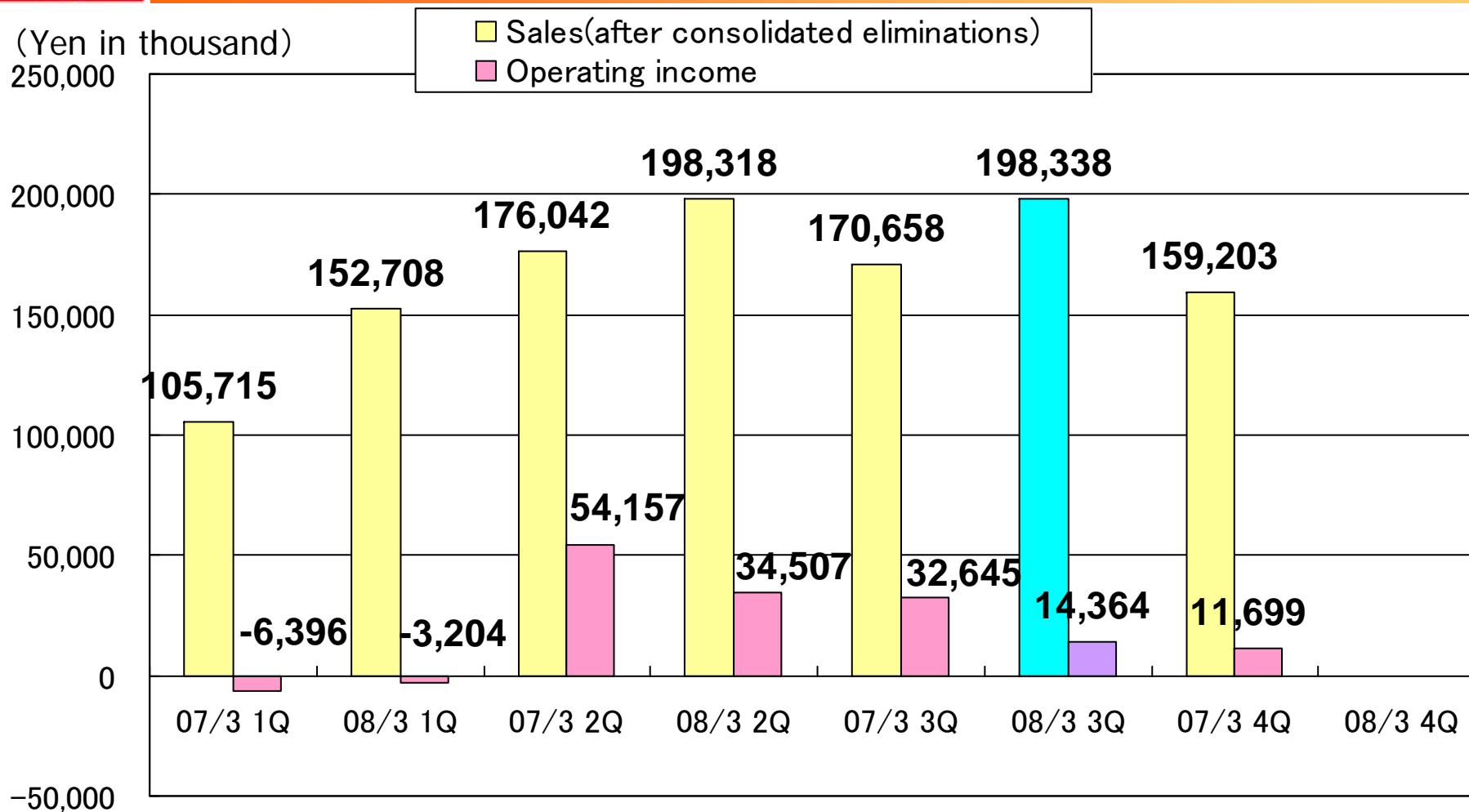
Growth in TAC Profession Bank Sales **TAC**



- Substantial growth of 21.4% was marked, supported by Shinjuku and Umeda offices opening in the previous year.
- Business growth supported by manpower dispatching and job advertisements in spite of low returns in manpower placement.



Publishing & other: Quarterly trend of TPB



Though revenue increased 21.4% mainly in manpower dispatching and job advertisement, manpower placement, which is highly profitable, experienced difficulty. As a result, rent and personnel expenses incurred in opening the new offices were not compensated for by sales growth.

IV. Forecast for FY2007





Progress to date for FY2007

(Yen in millions)

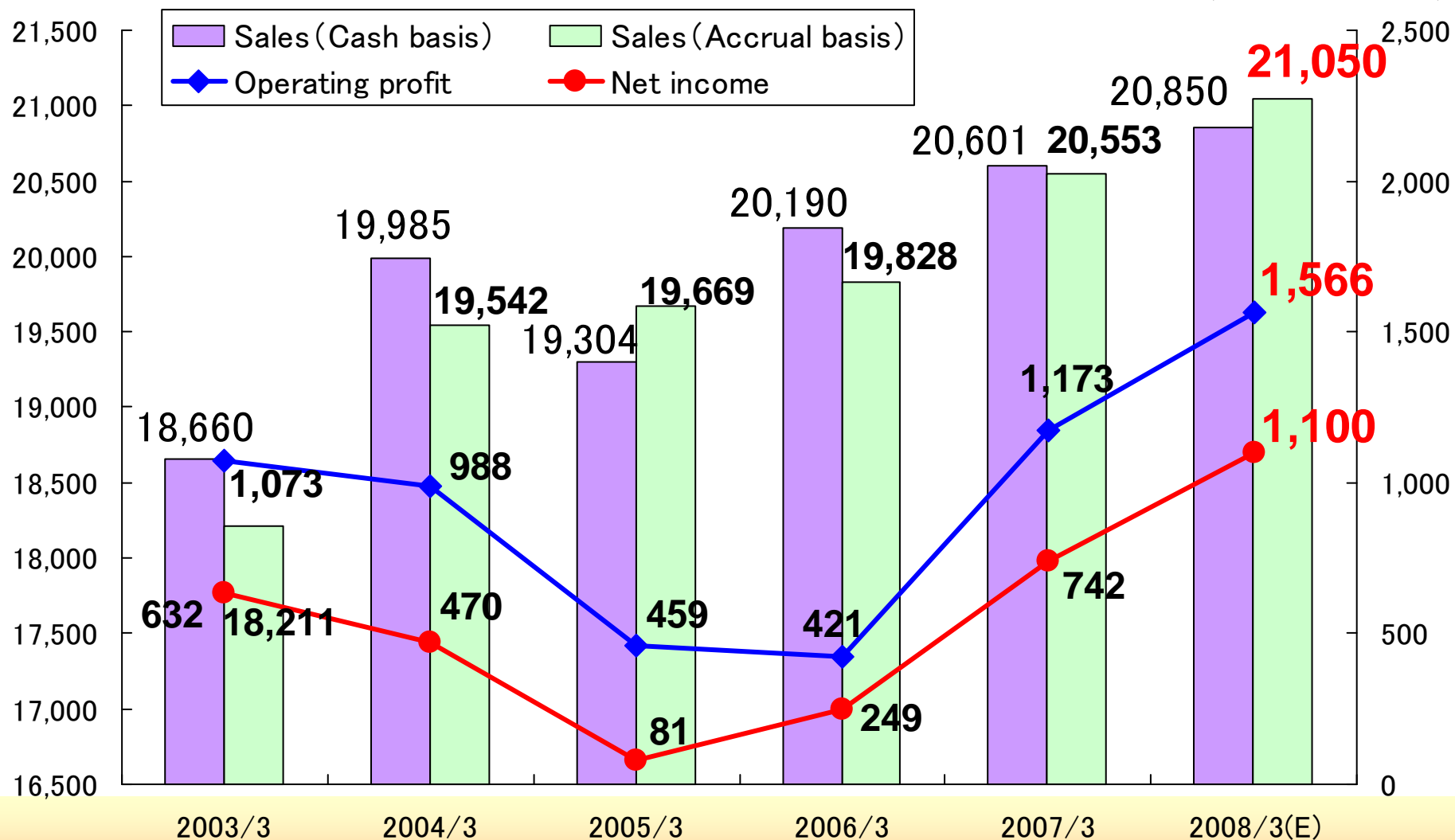
TAC

(Consolidated)	FY2007 (Revised)		2007/12 (progress to date for FY2007)		
	Amount	%	3Q	%	Progress
Net sales before adjustment of tuition advances	20,850	99.1%	15,901	102.6%	76.3%
Adjustment of tuition advances	200	0.9%	-396	-2.6%	—%
Net Sales (after adjustment of tuition advances)	21,050	100.0%	15,505	100.0%	73.7%
Costs of Sales	12,563	59.7%	9,177	59.2%	73.0%
Rent	3,049	14.5%	2,380	15.4%	78.1%
Employment costs	3,841	18.3%	2,915	18.8%	75.9%
Subcontract costs	2,639	12.5%	1,755	11.3%	66.5%
Gross profit – net	8,565	40.7%	6,402	41.3%	74.7%
SG & A expenses	6,998	33.3%	5,177	33.4%	74.0%
Rent	974	4.6%	707	4.6%	72.6%
Employment costs	3,124	14.8%	2,354	15.2%	75.3%
Advertising costs	1,129	5.4%	752	4.9%	66.6%
Operating income	1,566	7.4%	1,224	7.9%	78.2%
Ordinary income	1,927	9.2%	1,554	10.0%	80.6%
Net income	1,100	5.2%	867	5.6%	78.8%
Net income per share	59.45 Yen		46.86 Yen		



Forecast for FY2007

(Yen in millions)



There is no revision to the FY2007 consolidated forecast announced on November 15, 2007.



TAC



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