

FY2008 Business Overview (1st quarter)



30 July, 2008

TAC Co., Ltd.

(Code No. 4319)

I . Summary of Financial Results

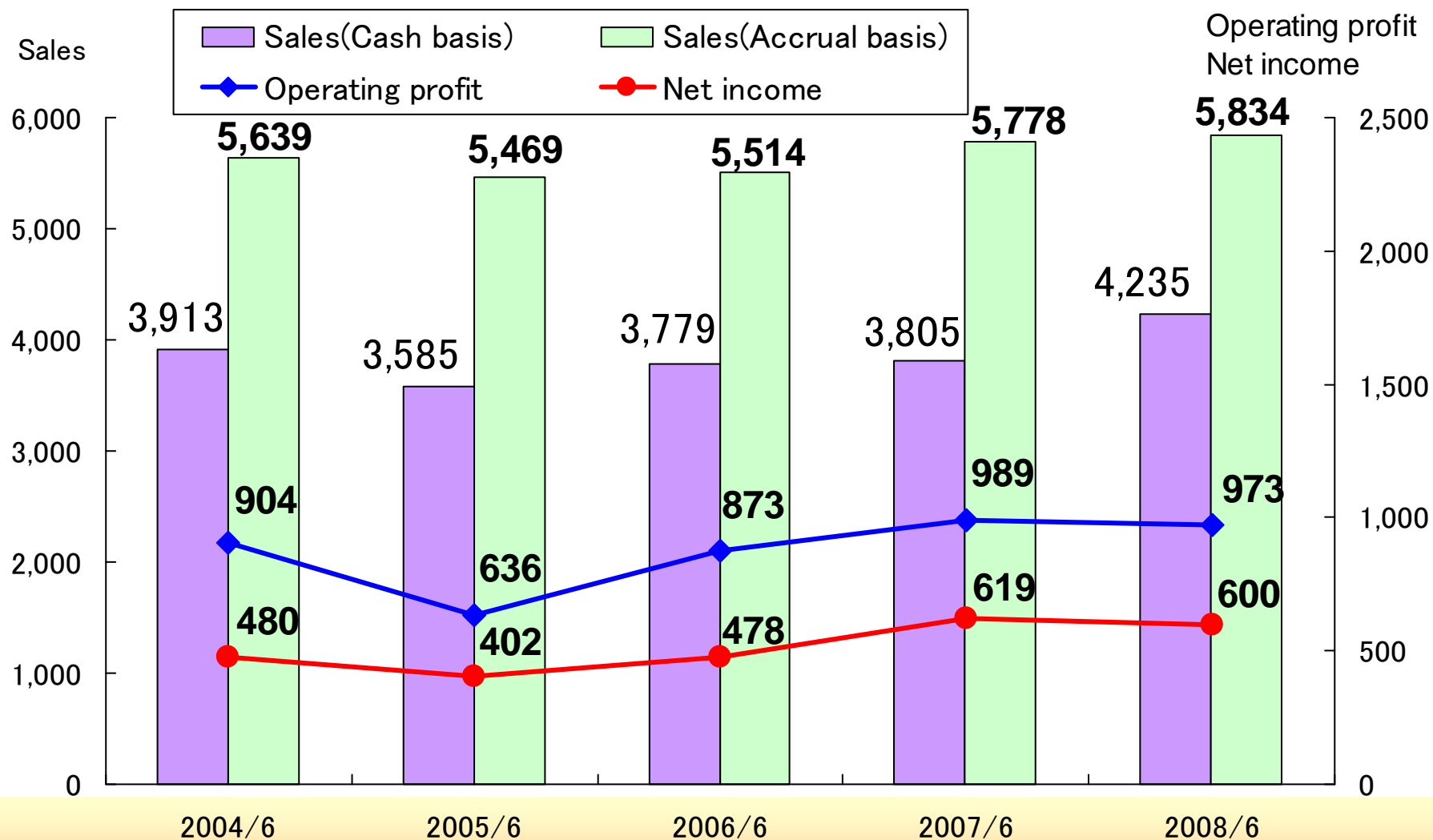




Sales and profit (consolidated)

TAC

(Yen in millions)





Financial highlights (comparative) **TAC**

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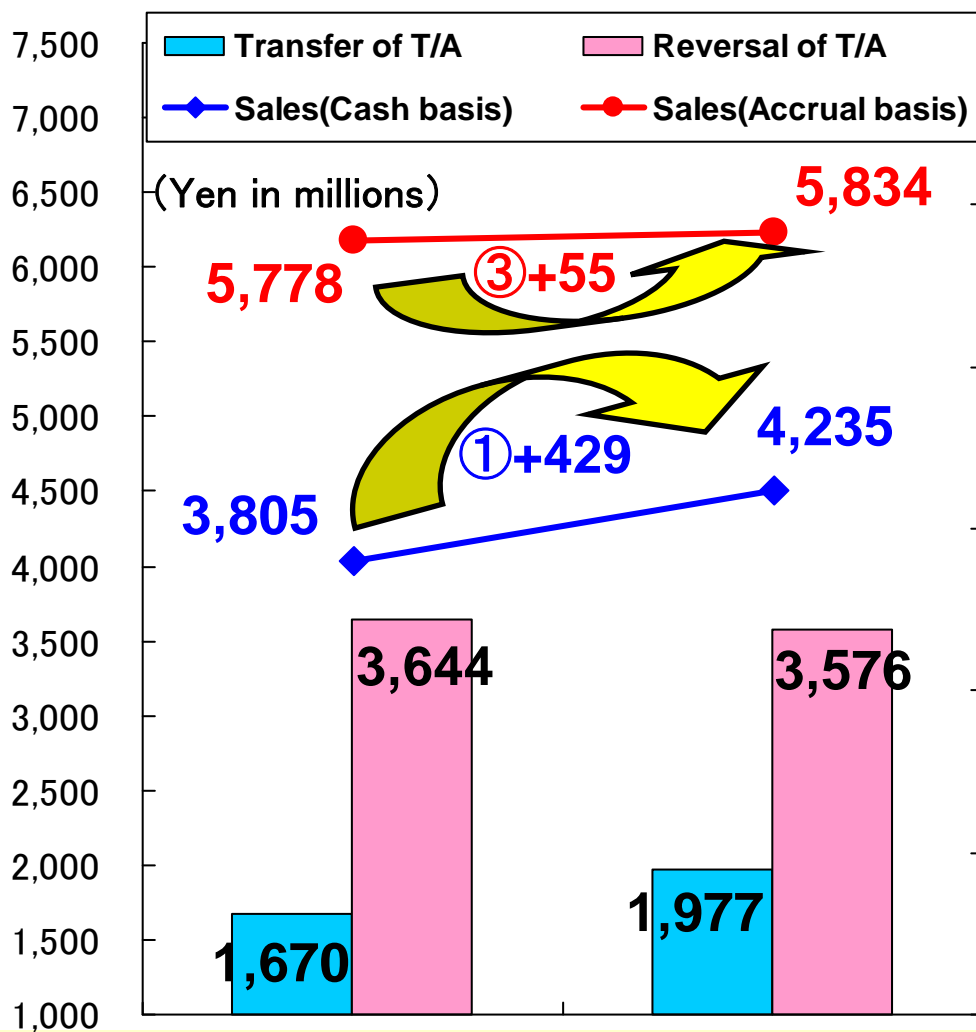
(Yen in millions)

	2007/6 (Actual)			2008/6 (Actual)			
	Amount	%	Y-O-Y	Amount	%	Difference	Y-O-Y
Net sales before adjustment of tuition advances	3,805	65.9%	100.7%	4,235	72.6%	429	111.3%
Adjustment of tuition advances	1,973	34.1%	113.7%	1,598	27.4%	-374	81.0%
Net Sales (after adjustment of tuition advances)	5,778	100.0%	104.8%	5,834	100.0%	55	101.0%
Costs of Sales	3,116	53.9%	99.0%	3,154	54.1%	37	101.2%
Rent	792	13.7%	97.9%	795	13.6%	3	100.5%
Employment costs	961	16.6%	100.5%	1,025	17.6%	64	106.7%
Subcontract costs	549	9.5%	100.0%	527	9.0%	-22	95.9%
Gross profit – net	2,667	46.2%	102.8%	2,773	47.5%	106	104.0%
SG & A expenses	1,678	29.0%	97.5%	1,800	30.9%	122	107.3%
Rent	230	4.0%	99.6%	237	4.1%	6	103.0%
Employment costs	770	13.3%	100.0%	839	14.4%	68	108.9%
Advertising costs	241	4.2%	88.9%	261	4.5%	20	108.3%
Operating income	989	17.1%	113.2%	973	16.7%	-16	98.4%
Ordinary income	1,078	18.7%	130.6%	1,061	18.2%	-16	98.5%
Net income	619	10.7%	129.3%	600	10.3%	-18	97.0%
Net income per share	33.46 Yen			32.50 Yen			



1st quarter (08.04.01-08.06.30) Relation between transfer/reversal of tuition advances and sales

TAC



- ① Sales on cash basis: ¥ 4,235M (+11.3% or ¥ 429M y/o/y)
➤ Favorable sales of CPA and public officers in the current quarter
- ② Amt of adjustment of tuition advances -¥ 374M
Reversal of T/A → 3,576 (-1.9% or -67)
Transfer of T/A → 1,977 (+18.4% or +306)
➤ Sales of CPA on cash basis remained stagnant in the previous year and made little contribution to accumulation of T/A resulting in decline in reversal of T/A
➤ Sales recovery in 1Q resulted in increase in transfer of T/A
- ③ Sales on accrual basis: 5,834 (+1.0% or +55)



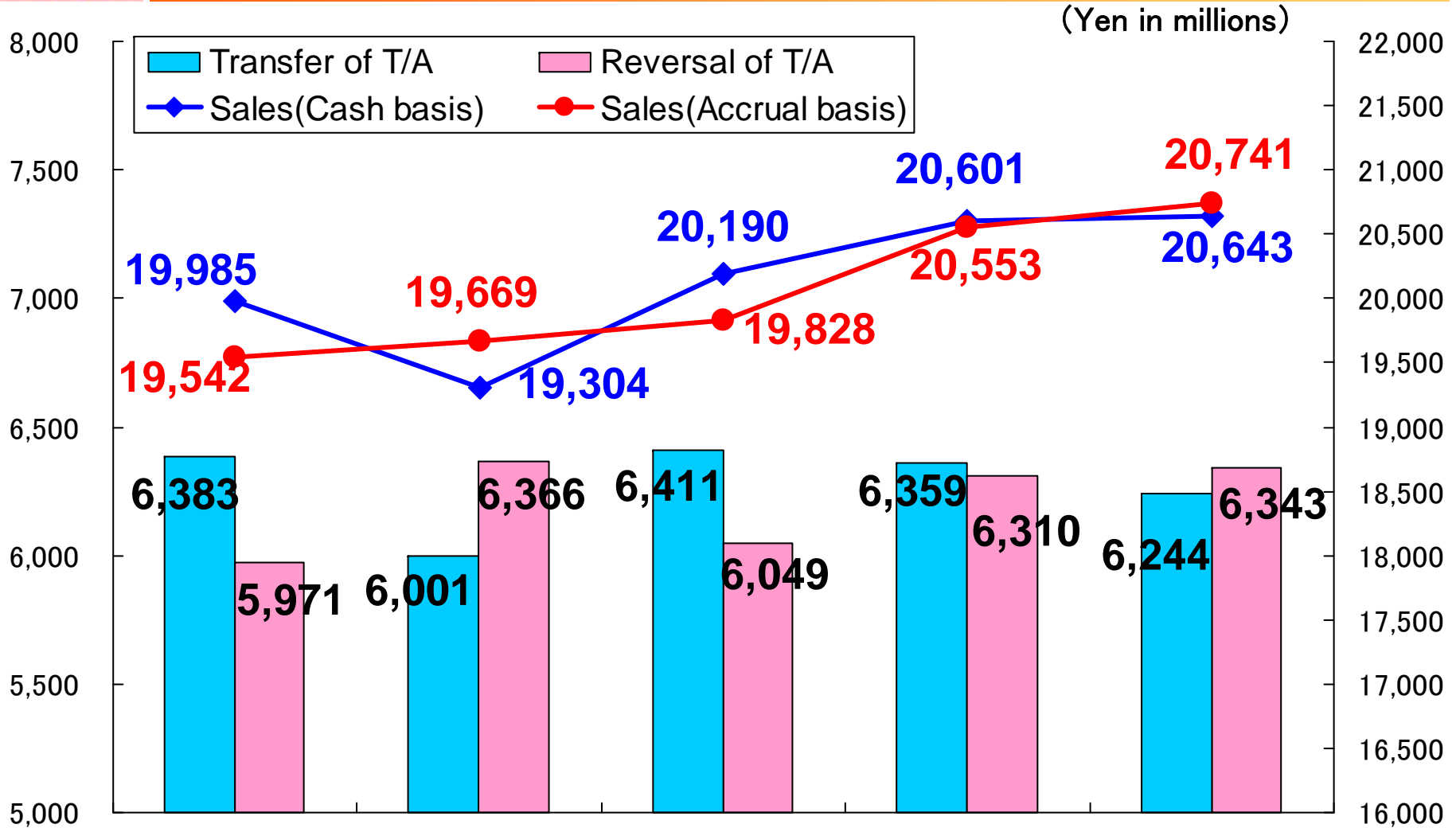
Sales on cash basis	+429
Adjustment of T/A	-374
Sales on cash basis	+55

Adjustment of tuition advances	2007/6	② -374	2008/6
	+1,973	➔	+1,598



Relation between transfer/reversal of tuition advance and sales

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Adjustment of tuition advances

2004/3

-411

2005/3

+364

2006/3

-362

2007/3

-48

2008/3

+98



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

(Yen in millions)

	2008/6 (forecast)		2008/6 (Actual)			
	Amount	%	Amount	%	Difference	Comparison
Net sales before adjustment of tuition advances	4,067	70.5%	4,235	72.6%	168	104.1%
Adjustment of tuition advances	1,700	29.5%	1,598	27.4%	-101	94.0%
Net Sales (after adjustment of tuition advances)	5,767	100.0%	5,834	100.0%	66	101.2%
Costs of Sales	3,346	58.0%	3,154	54.1%	-192	94.3%
Rent	798	13.8%	795	13.6%	-2	99.7%
Employment costs	1,100	19.1%	1,025	17.6%	-75	93.1%
Subcontract costs	582	10.1%	527	9.0%	-55	90.5%
Gross profit – net	2,420	42.0%	2,773	47.5%	353	114.6%
SG & A expenses	1,829	31.7%	1,800	30.9%	-28	98.5%
Rent	242	4.2%	237	4.1%	-4	98.0%
Employment costs	846	14.7%	839	14.4%	-6	99.2%
Advertising costs	295	5.1%	261	4.5%	-34	88.5%
Operating income	591	10.3%	973	16.7%	381	164.5%
Ordinary income	616	10.7%	1,061	18.2%	445	172.3%
Net income	331	5.8%	600	10.3%	268	181.1%
Net income per share	17.92 Yen		32.50 Yen			



Substantial increase in operating income compared to budgets

(Yen in millions)

Reduction of teaching costs	-75
Production costs for publications	-20
Cost for copying DVD 's	-28
Outsourcing costs	+16
Depreciation	+22 etc.

Costs of sales decreased
192
Compared to forecast
94.3%

SG & A expenses decrease
28
Compared to forecast
98.5%

Advertising costs	-34
Bad debt expense	+20
Outsourcing costs	-11
Supplies expense	-10
etc.	

Sales increase (cash basis)
168
Compared to forecast
104.1%

Sales increase (accrual basis)
66
Compared to forecast
101.2%

Adjustment of tuition advances
-101
Compared to forecast
94.0%

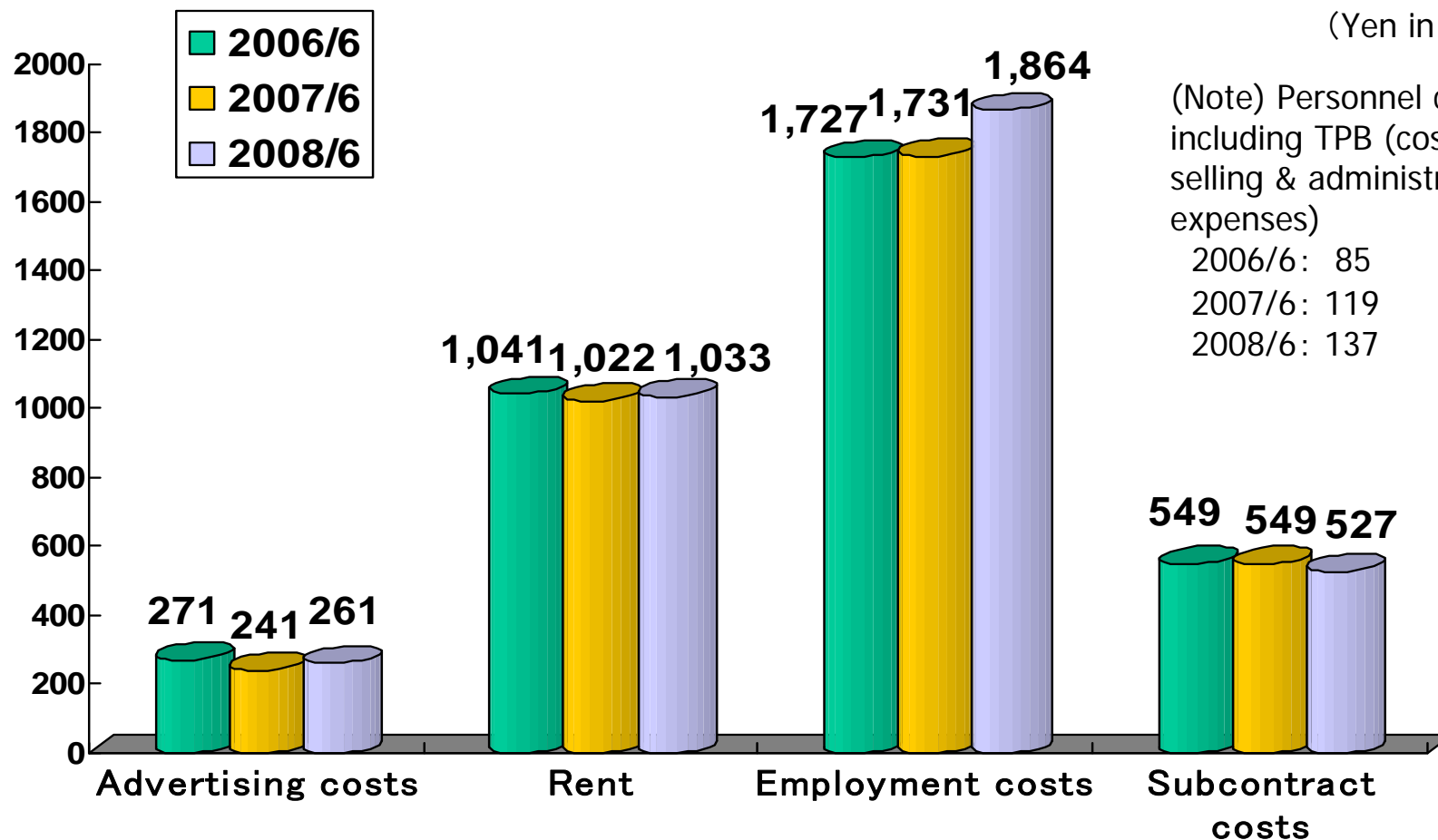
(Note) Breakdown of ¥ 381M increase in operating income over forecast.

Though pushed down due to increase in transfer of T/A, sales on an accrual basis showed a substantial increase supported by continued and effective cost reduction, such as cost of goods (-192) and sales and administrative exp. (-28).



Major operating expenses

TAC



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

2006/6: 85

2007/6: 119

2008/6: 137

% of sales	4.9%	4.2%	4.5%	18.9%	17.7%	17.7%	31.3%	30.0%	32.0%	10.0%	9.5%	9.0%
Y-O-Y	88.9%	108.3%		98.2%	101.1%		100.3%	107.7%		100.0%	95.9%	
% of sales cost	0.0%			77.7%	77.4%	77.0%	55.4%	55.5%	55.0%	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, Intellectual property management skills test
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, Care worker , etc.

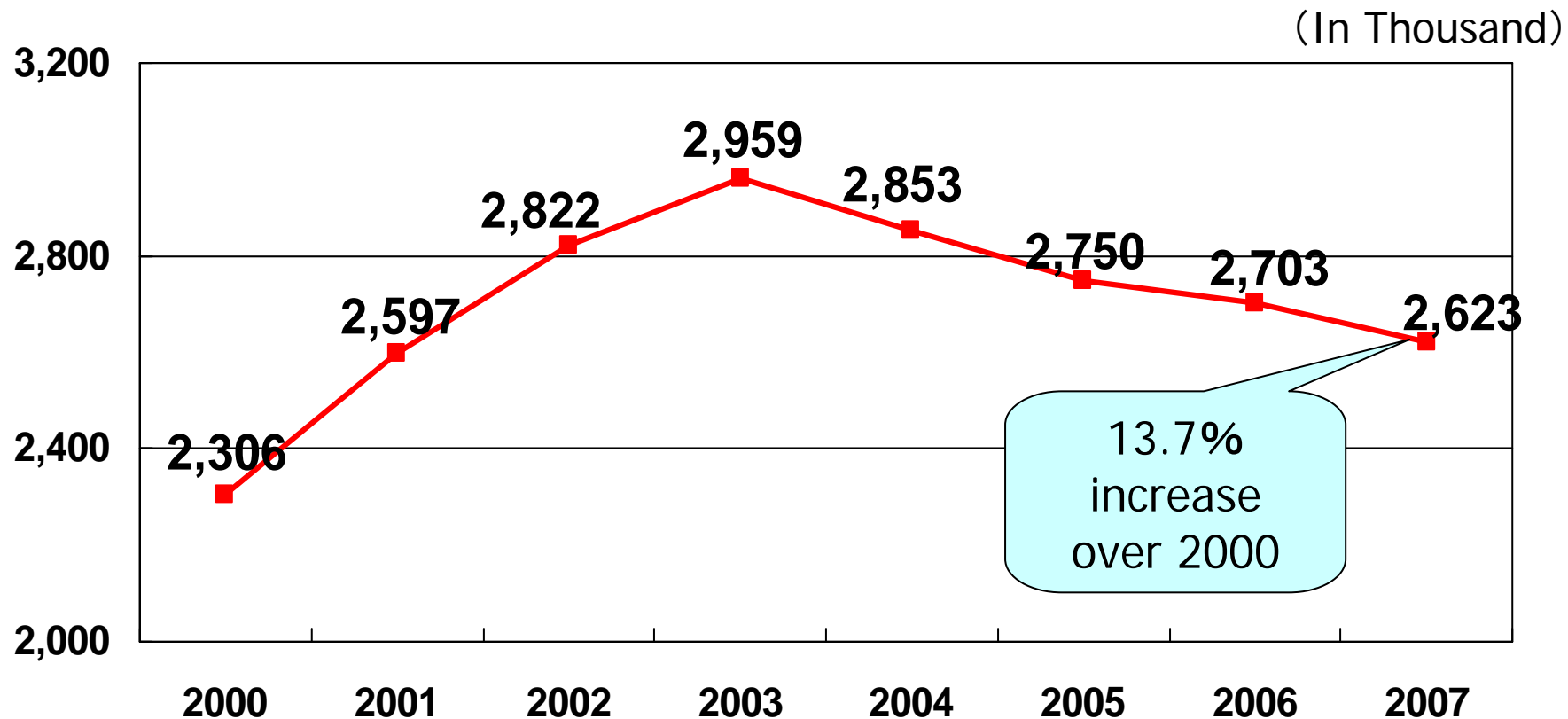
(*1) DC: Defined Contribution (*2) CFA: Chartered Financial Analyst (*3) CompTIA: Computing Technology Industry Association

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

CIA: Started in September, 2007. Certification Exam for Business Accounting: Started in January, 2008. Registered Customs Specialist: Started in February, 2008. Intellectual Property Management Skills Test: Started in May, 2008. Care worker: Started in June, 2008.



Number of applicants for exams in 2007



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

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, Intellectual Property Management Skills Test +4, Care worker +16, IT specialist -31

We will further develop qualification areas with high growth potential.



Number of applicants for exams

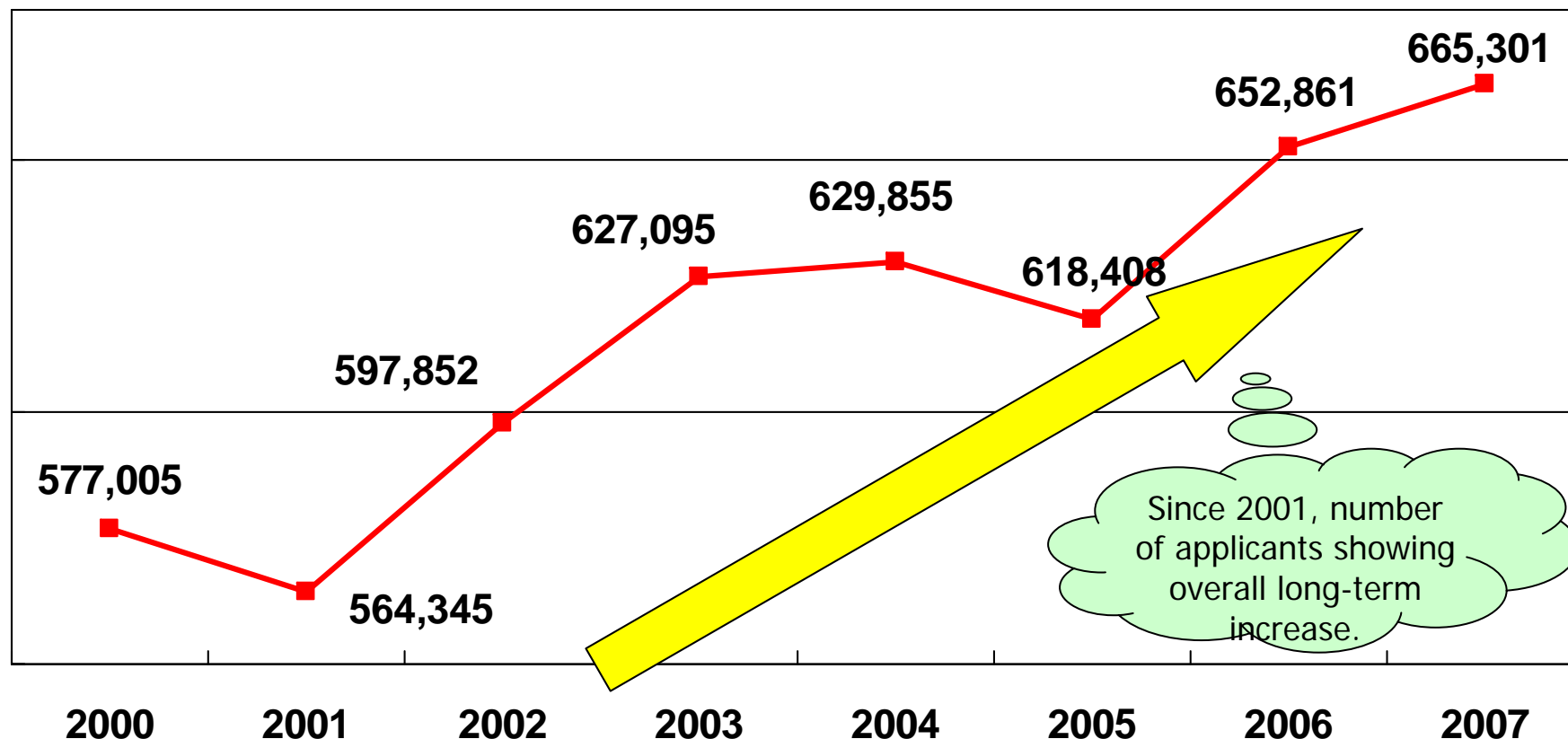


* Newly launched Registered Custom Specialist, Intellectual property mgt. Care worker course added.

area	Licenses	2000	2001	2002	2003	2004	2005	2006	2007	'00-' 07
Fin. & Acc	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 & Tax	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	172,824	290,766	289,562	283,963	291,983	190,440	239.6%
	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(3 rd , 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%
	Registered Customs Specialist	14,981	13,886	13,467	13,556	13,691	13,268	13,141	13,727	91.6%
	Intellectual Property Mgt					5,924	7,520	8,619	12,883	217.4%
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%
Other	Care worker	55,853	58,517	59,943	67,363	81,008	90,602	130,034	145,946	261.3%
Total		2,306,979	2,597,629	2,822,479	2,959,672	2,853,916	2,750,127	2,703,846	2,623,868	113.7%



Market growth for accounting-related qualifications



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

Candidates for accounting-related qualifications showed steady growth of 1.9% in 2007. Other than the 3 qualifications above, TAC launched CIA (certified internal auditors) courses, which marked strong growth backed by reinforcement of internal control standards. (Number of candidates doubled y/o/y.) TAC secured an order for training programs from the Tokyo Stock Exchange Regulator.



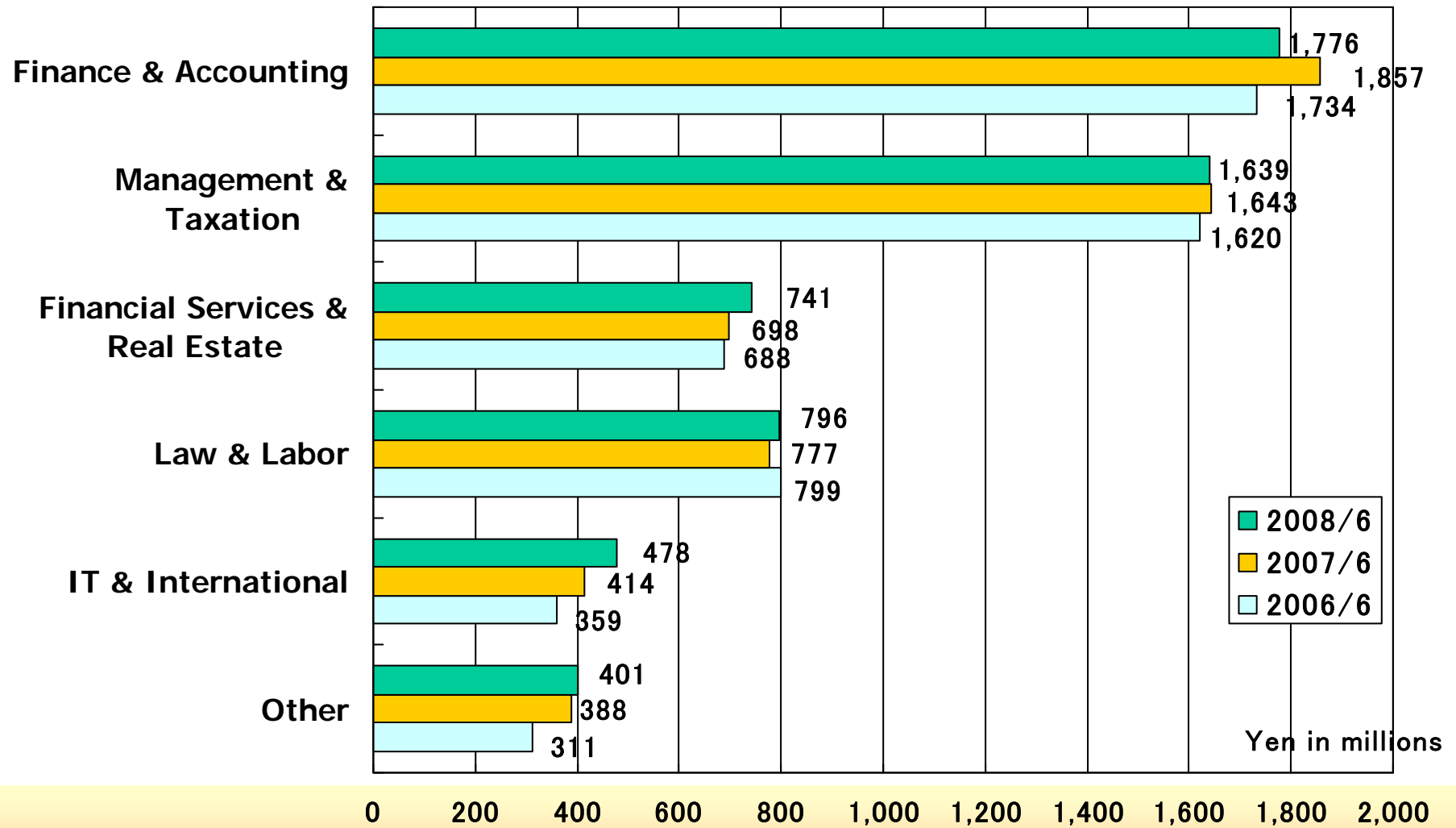
Sales by license area

(Yen in thousands) **TAC**

License by area	2007/6			2008/6			Comment
	Sales	Y-O-Y	%	Sales	Y-O-Y	%	
① Finance & Accounting	1,857,805	107.1%	32.1%	1,776,193	95.6%	30.4%	Bookkeeping declined 7.6% and CPA declined 2.9%. But sale on cash basis in the current quarter increased 23.6%.
② Management & Taxation	1,643,510	101.4%	28.4%	1,639,526	99.8%	28.1%	LTA declined 1.0% (+4.6% on cash basis). SMEMC increased 4.0% on accrual basis and 25.8% on cash basis.
③ Financial Services & Real Estate	698,109	101.4%	12.1%	741,638	106.2%	12.7%	Real estate appraiser declined 19.0%. Takken increased 17.1%. Securities analyst increased 29.4%. FP declined 1.6%. Business school increased 23.4%.
④ Law & Labor	777,207	97.2%	13.4%	796,672	102.5%	13.7%	Public officers declined 1.9% on accrual basis but increased 27.7% on cash basis. Certified social insurance labor consultant increased 5.0%. Administrative scrivener declined 2.9%. The Japan Business Law Examination declined 8.1%. Customs specialist and intellectual property management skills courses contributed to income increase.
⑤ IT & International	414,048	115.1%	7.2%	478,356	115.5%	8.2%	IT Specialist increased 5.1%. US CPA increased 3.7% (+18.9% on cash basis). IT-related courses and CompTIA increased 28.9%.
⑥ Other	388,221	124.7%	6.8%	401,773	103.5%	6.9%	Maho-jin increased 15.6%. Manpower business decreased 4.9%. Miscellaneous revenue increased 5.6%.
Total	5,778,902	104.8%	100.0%	5,834,161	101.0%	100.0%	

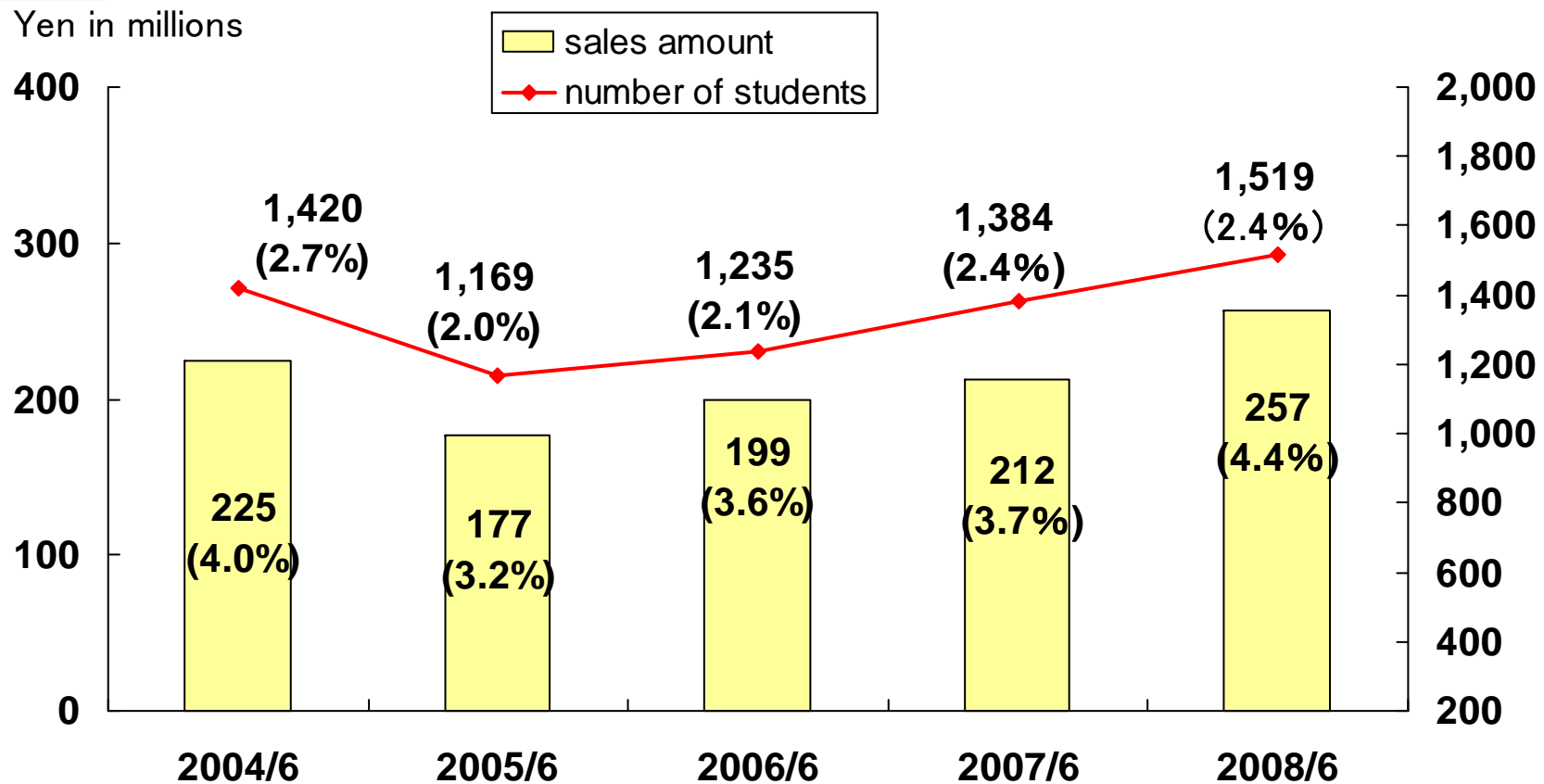


Sales growth by license area





Impact of government tuition assistance (GTA) program



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

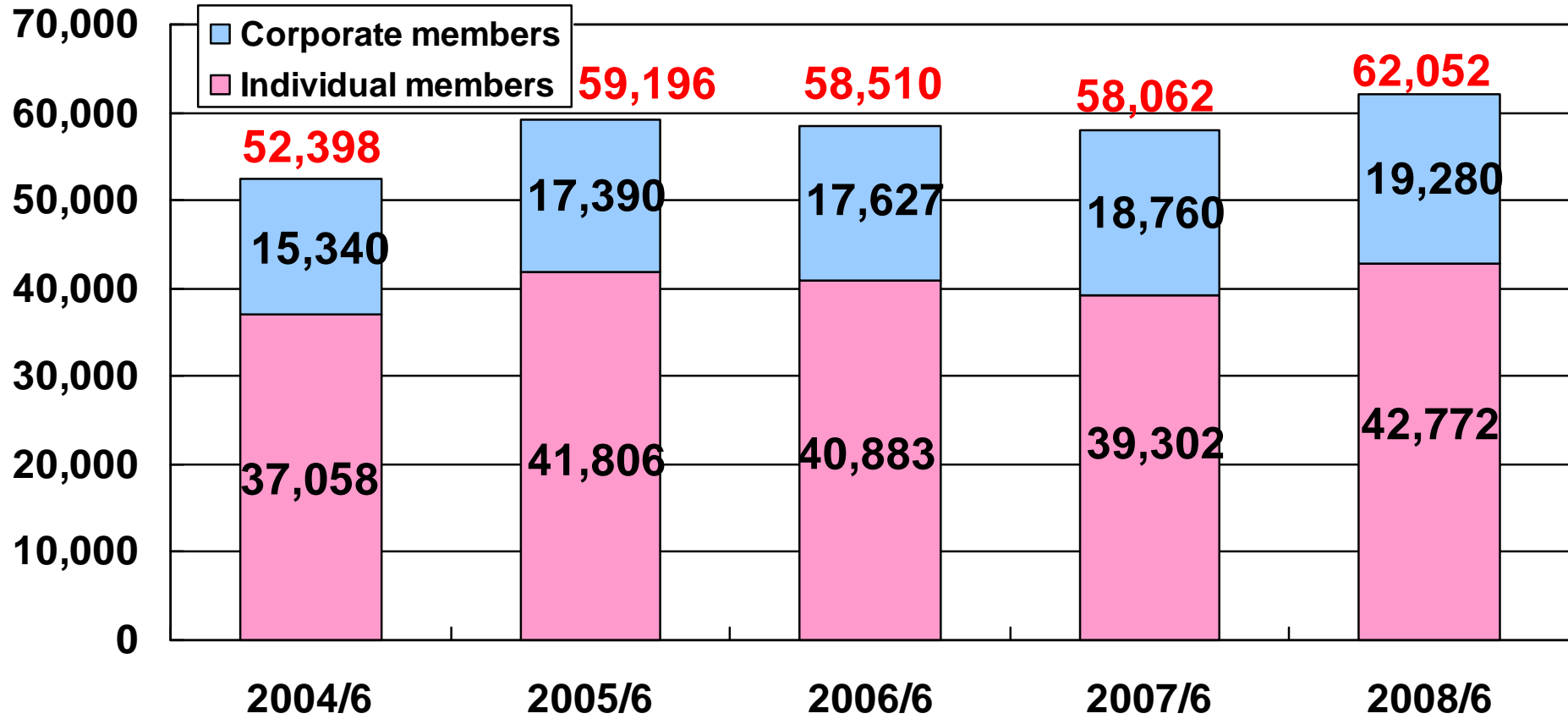
Number of users and GTA-related sales increased for 3 consecutive years. Classroom courses increased 25.7% and correspondence courses increased 15.1%.

Market trend for working people :

Finance & accounting-related courses and management & taxation-related courses attracted many working people. Bookkeeping +7.9%, CPA +13.1%, LTA +51.3%, SMEMC +233.0%, Takken +20.4%, USCPA +62.5%, etc.



Number of students








Change	102.8%	113.0%	98.8%	99.2%	106.9%
-Individual	97.7%	112.8%	97.8%	96.1%	108.8%
-Corporate	117.7%	113.4%	101.4%	106.4%	102.8%
% of Individual members	70.7%	70.6%	69.9%	67.7%	68.9%



Number of students by license area

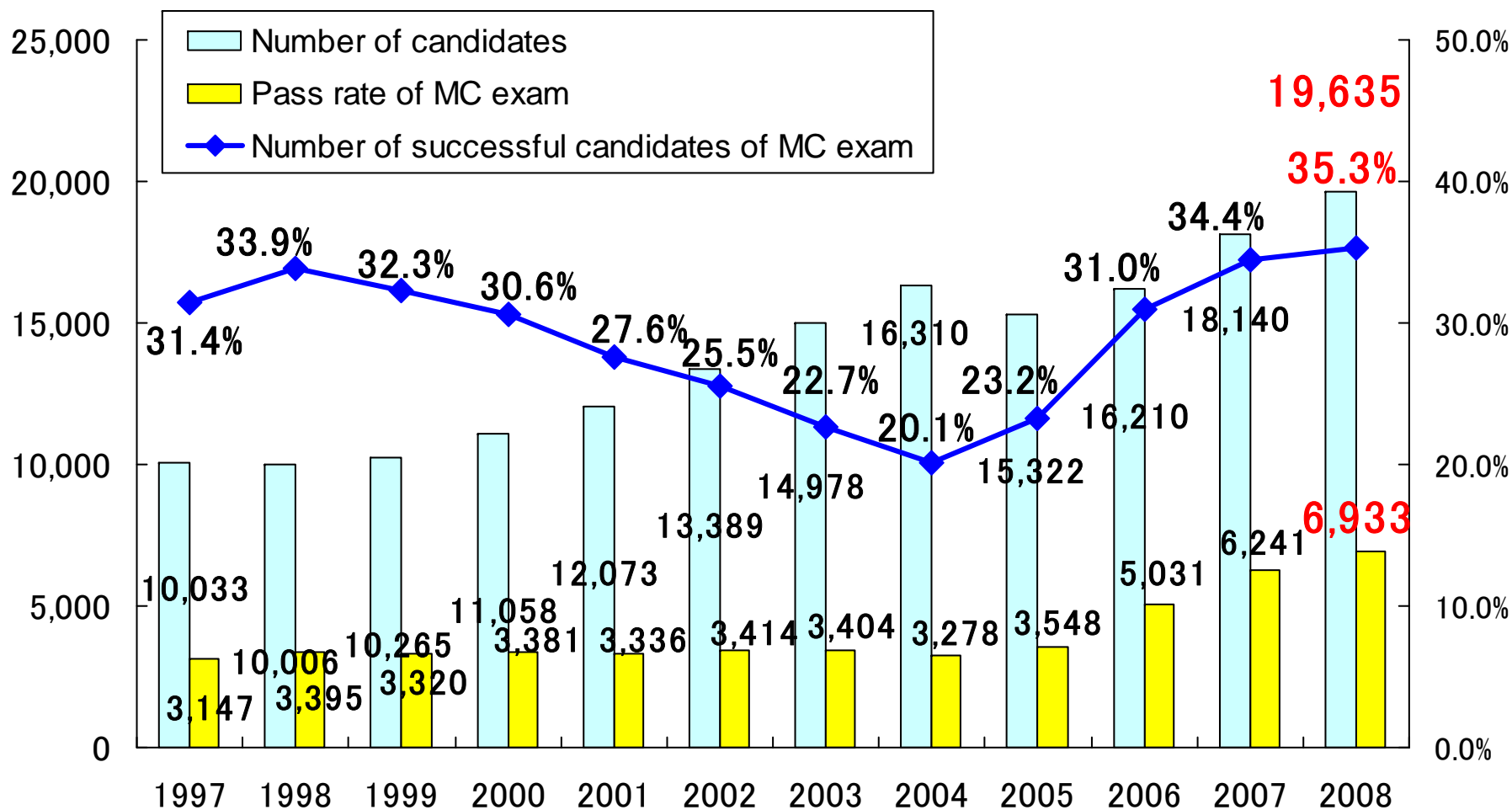


License by area	2008/6	Y-O-Y	%	Comment	
① Finance & Accounting	15,750	114.9%	25.4%	Bookkeeping increased 4.4% supported by in-university seminars. Substantial increase of CPA of 38.3%.	
② Management & Taxation	14,061	107.7%	22.7%	LTA made a slow start and declined 1.7%. SMEMC recovered and increased 19.1%.	
③ Financial Services & Real Estate	11,200	100.5%	18.0%	Real estate appraiser decreased 18.2%. Takken showed continuous growth of 13.2%. FP declined 15.2%. Securities analyst declined 8.4% due to slowdown in in-university seminars.	
④ Law & Labor	13,794	109.4%	22.5%	Certified social insurance labor consultant increased 5.2%. Administrative scrivener declined 17.5%. Public officers increased as much as 10.2%.	
⑤ IT & International	7,067	96.0%	11.4%	IT specialist courses declined 13.4%. US CPA declined 16.1%.	
Total	62,052	106.9%	100.0%		





Results of 2008 CPA exam (multiple choice)

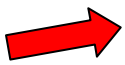







Number of candidates hit a record high of 19,635 (+1.495 y/o/y, including those exempted from MC exam). Number of successful candidates (including those exempted from MC exam of 3,418) of MC exam was 6,933 according to a release by the CPAAOB (Certified Public Accountants and Auditing Oversight Board) on June 27, 2008.



III. Highlights by segment

Summary by segment for 1st quarter of FY2008

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





Segment information

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TAC

(Yen in millions)

	2007/6			2008/6			Year-on-year		
	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income	Sales	Operating costs	Operating income
Personal education	4,260	3,329	931 (21.9%)	4,280	3,459	820 (19.2%)	20 (+0.5%)	130 (+3.9%)	-110 (-11.9%)
Corporate training	1,091	742	348 (31.9%)	1,202	829	372 (31.0%)	111 (+10.2%)	86 (+11.7%)	24 (+7.0%)
Publishing & other	430	434	-3 (-%)	354	287	66 (18.9%)	-75 (-17.6%)	-146 (-33.7%)	+70 (-%)
Eliminations	-3	283	-286	-3	283	-287	0 (+8.8%)	0 (+0.1%)	0 (+0.2%)
Total	5,778	4,789	989 (17.1%)	5,834	4,861	973 (-16.7%)	55 (+1.0%)	71 (+1.5%)	-16 (-1.6%)

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

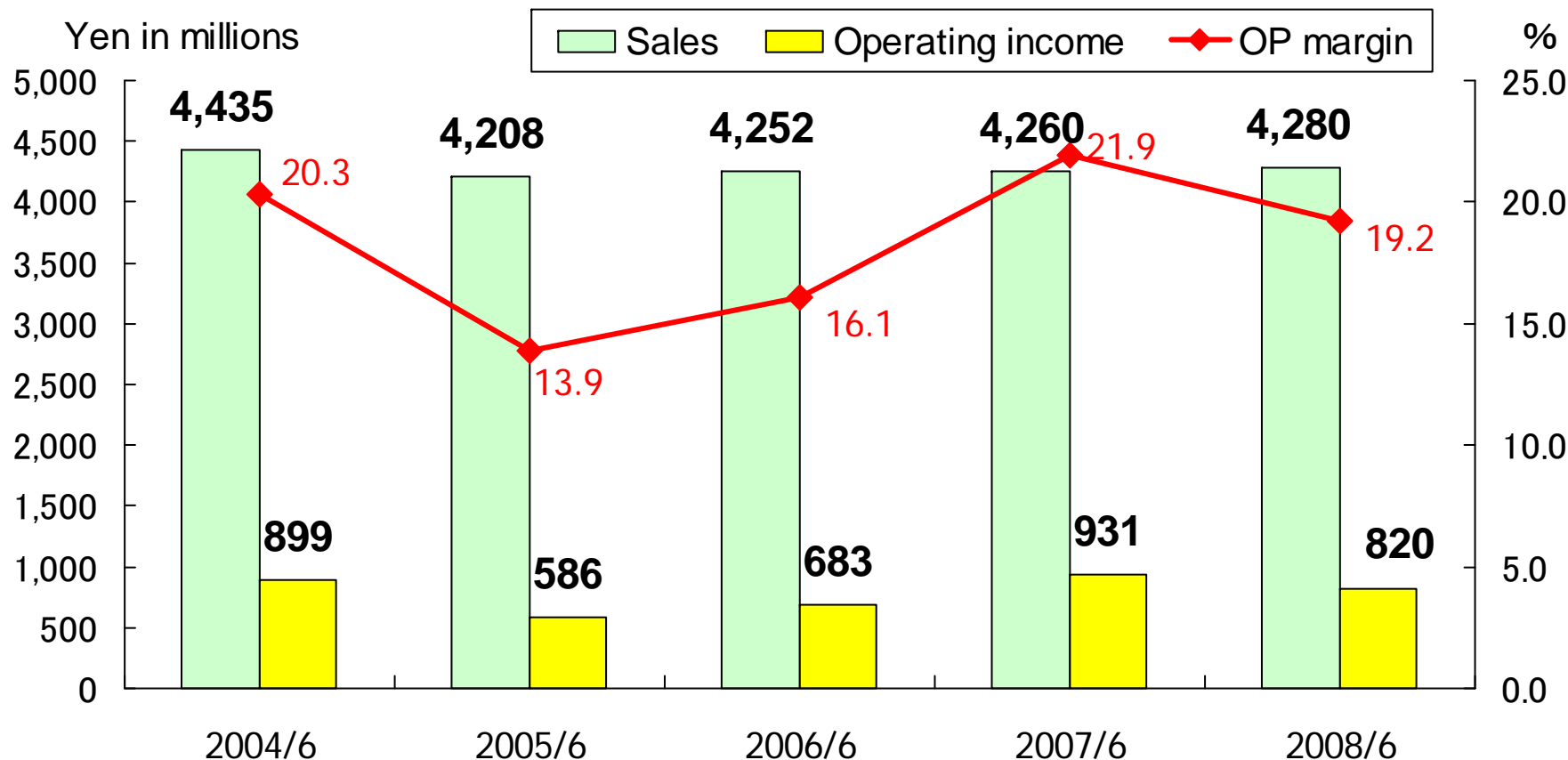
Sales in publishing business : 2007/6 274 million, 2008/6 205 million(74.8%)

Sales in personnel business : 2007/6 158 million, 2008/6 150 million (94.9%)

※Before elimination of intercompany transactions



Trend in Personal Education



Rate of increase in sales	103.3%	94.9%	101.0%	100.2%	100.5%
Proportion over total sales	78.6%	76.9%	77.1%	73.7%	73.4%

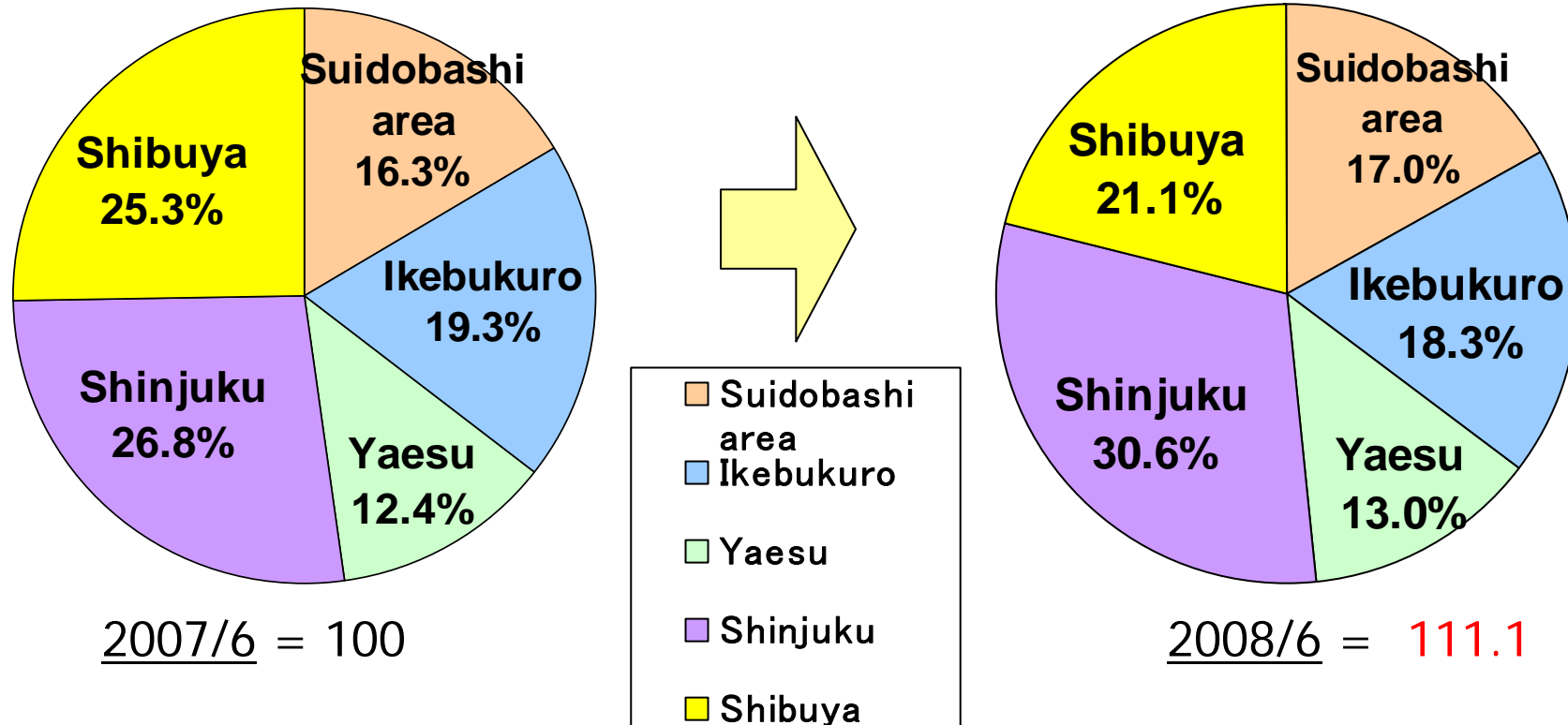
CPA courses increased mainly through university students. Public officers showed further growth but increase in sales on accrual basis remained ¥4,280M due to adjustment of tuition advances.



In Tokyo Metropolitan Area



Changes in sales proportions in Tokyo Metropolitan Area



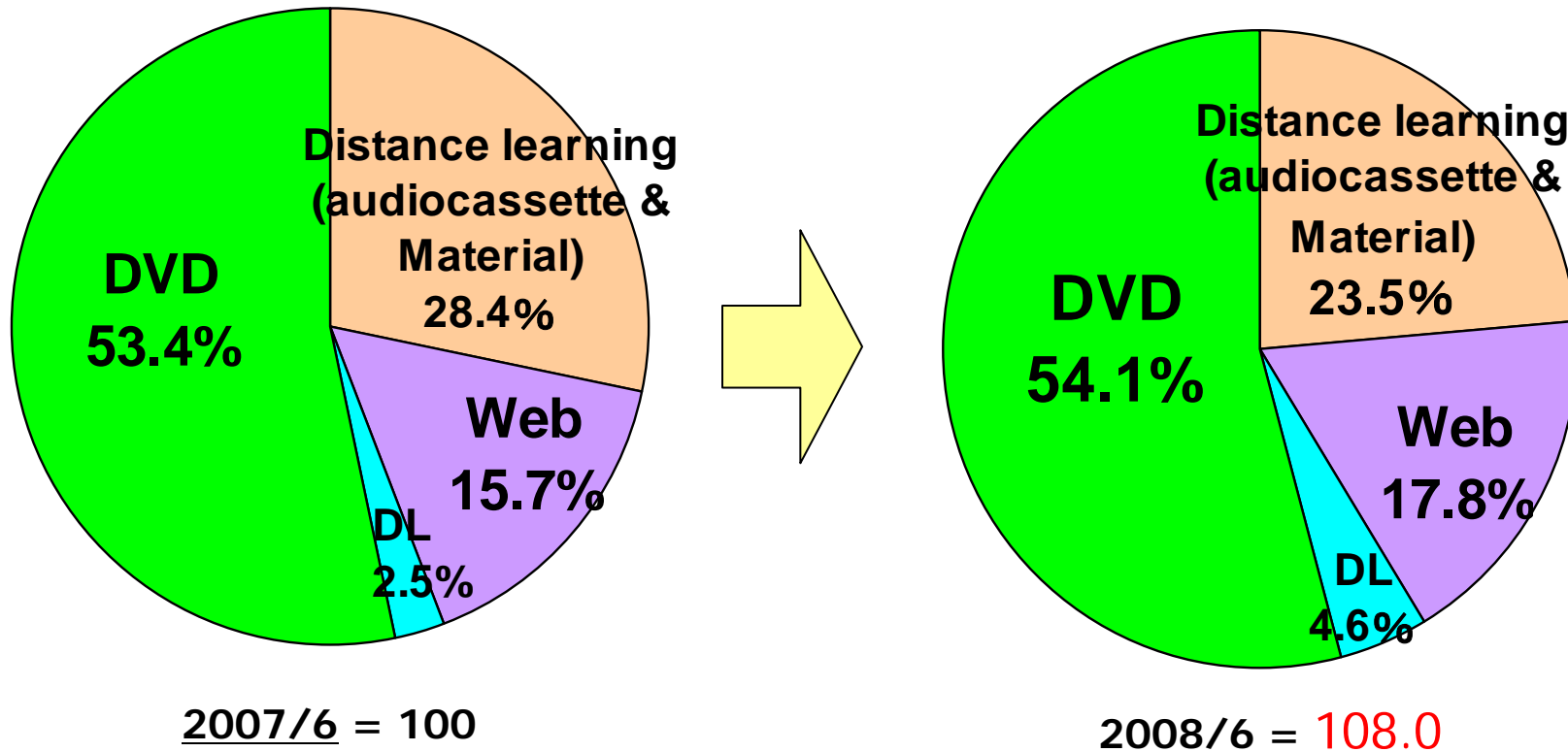
- Schools in the Tokyo Metropolitan Area increased 11.1% y/o/y.
- Shinjuku School showed substantial increase. Other schools also showed sales growth, excluding Shibuya School.
- Tachikawa and Hiyoshi Schools established in June 2007 showed stable growth.



Media strategy ~Correspondence courses show signs of recovery at +8%



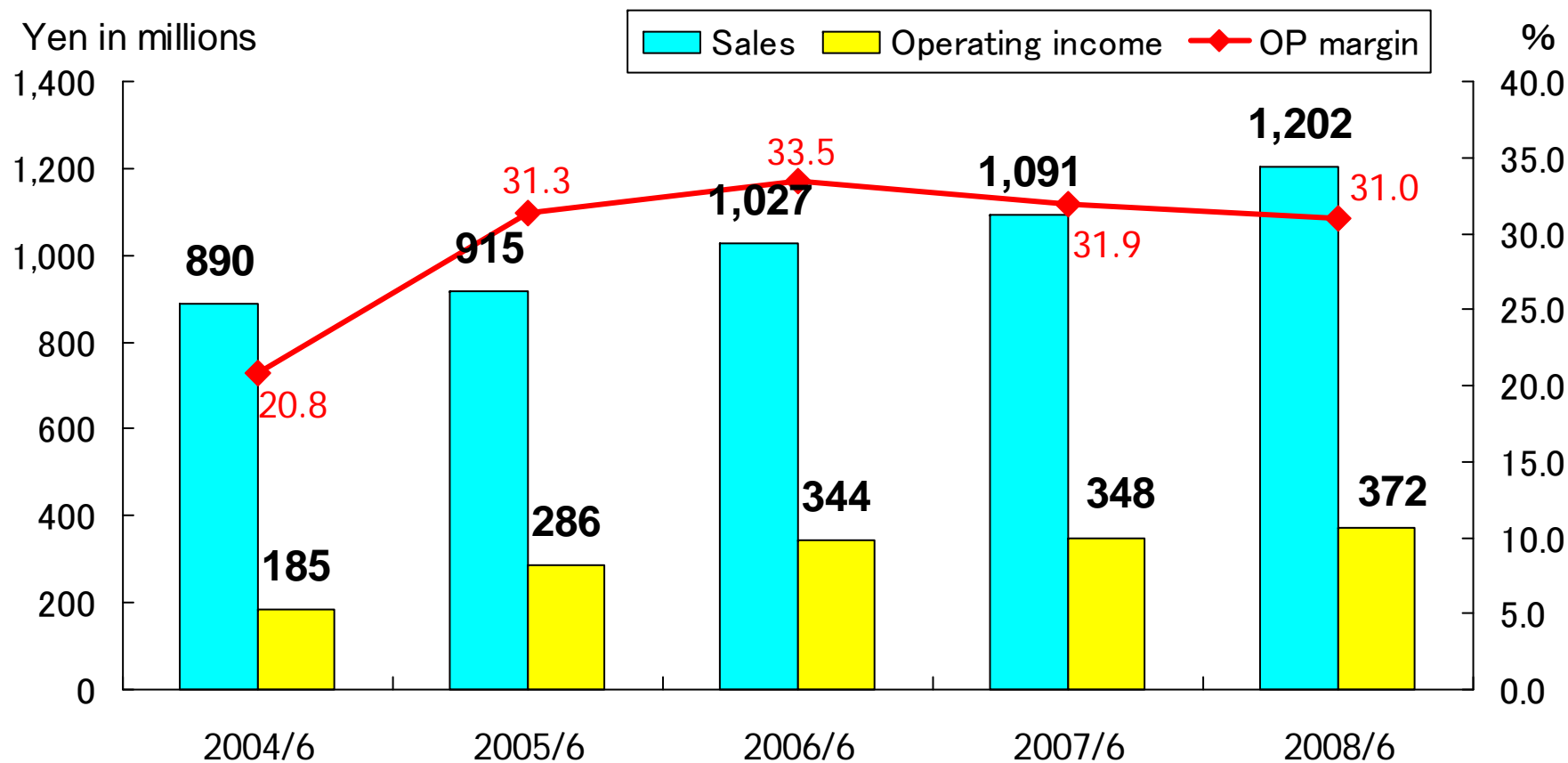
Changes in percentage of sales in distance education



- Classroom courses showed a substantial increase of 17.5% y/o/y. Correspondence courses in total increased 8.0% showing signs of recovery.
- Audio cassette and textbook courses declined 10.7% and DVD courses increased 9.5%, download courses doubled, Web-based courses increased 22.4%, indicating a shift from audit cassette to new media.



Trend in corporate training business **TAC**









Rate of increase of sales	87.8%	102.8%	112.3%	106.2%	110.2%
Proportion over total sales	15.8%	16.7%	18.6%	18.9%	20.6%

- Strong demand in corporate training programs results in increased profit and income for 4 consecutive years.
- Growth rate of income (+10.2%) and profit (+7.0%) accelerated over the same term last year

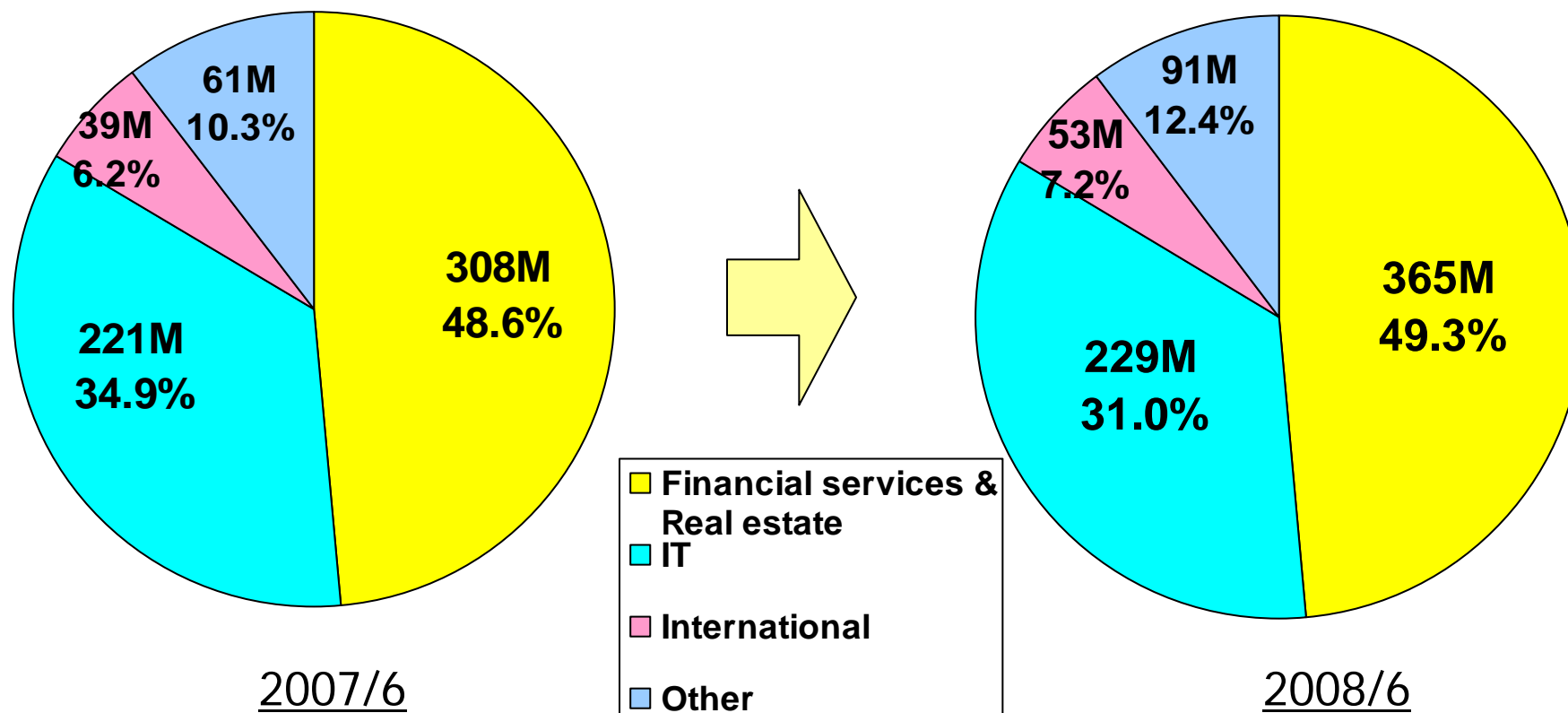


Corporate training: Descriptions

Contents	Sales	Y-O-Y	%	Overview of FY2007 1Q
Corporate Training	740,769	117.0%	61.6%	Favorable increases in various courses. Bookkeeping-related programs increased 46.2%. Takken increased 94.7%. Securities analyst increased 32.4%. Business School programs increased 21.4%. CompTiA increased 36.2%. 
Provision of educational materials	81,470	96.0%	6.8%	Takken and FP showed strong growth. Management & taxation and finance & accounting declined. In total sales declined 4.0%. 
Affiliated schools	95,411	90.4%	7.9%	Public officers increased 16.9%. IT specialist increased 3.7%. But total sales declined 9.6% due to Hiroshima School coming under our direct control. 
In-university seminars	92,874	94.4%	7.7%	Bookkeeping and public officers remained unchanged. Slight decline in some courses including LTA. In total sales decreased 5.6%. 
Tax software "Maho-jin" & other	192,004	113.5%	16.0%	Maho-jin tax software increased 15.6%. Training programs consigned by local governments increased 4.6%. 
Total	1,202,529	110.2%	100.0%	Efforts in manpower development of companies continues. Sales of corporate training programs exceeded ¥ 100M which accounts for 2/3 of corporate segment, leading overall growth in this segment. 



Corporate training: Trends



- Sales of corporate training programs increased 10.2% y/o/y.
- Finance and real-estate related programs, our flagships, showed stable growth. Business school courses increased 21.4%, securities analyst increased 32.4%, Takken increased 94.7%.



Corporate training:

Trends at affiliated schools

TAC

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

Total 14 schools

(Yen in thousands)

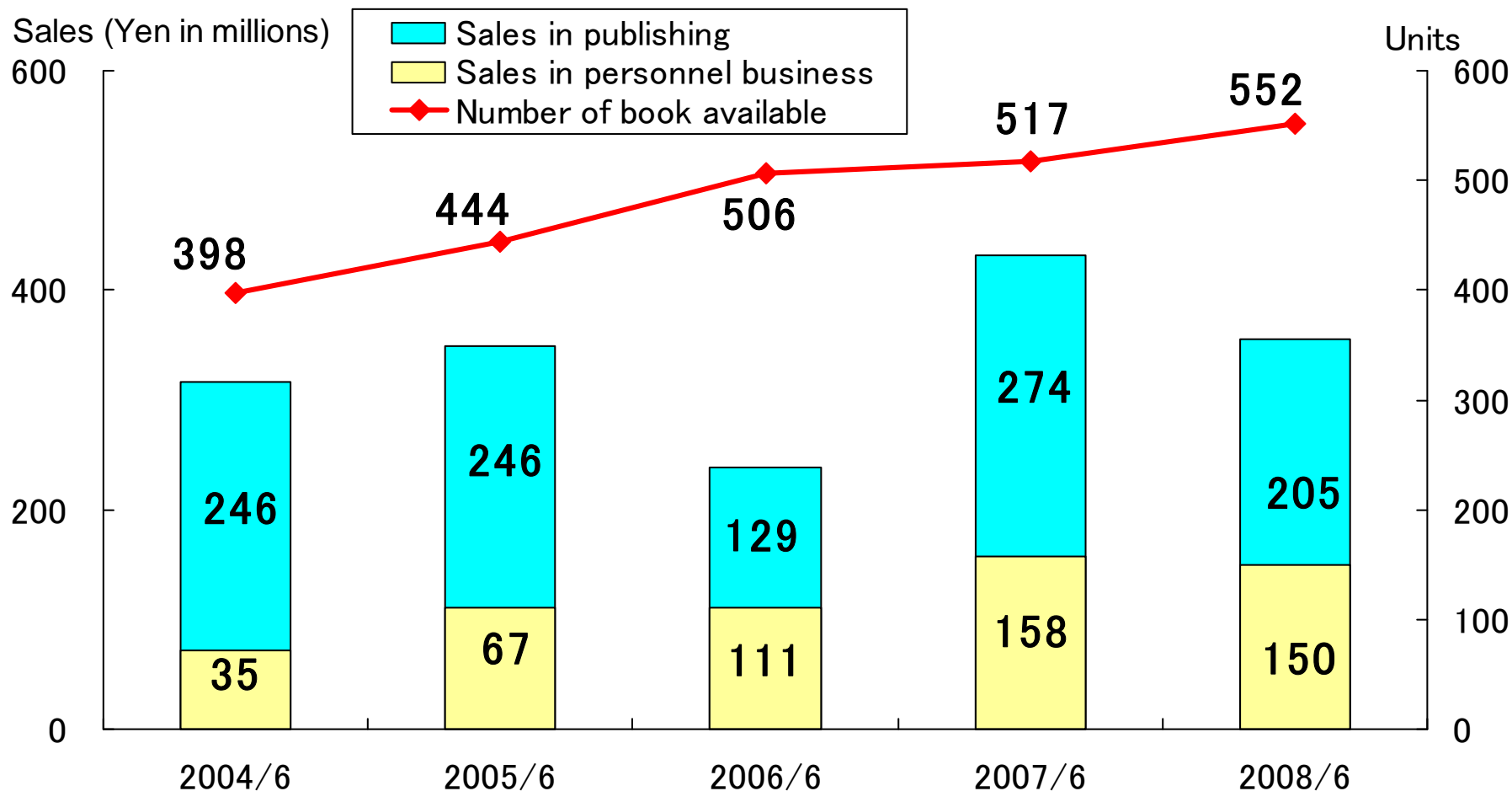
Licenses by area	# of students 2008/6	# of students (Y-O-Y)	Sales 2008/6	Sales (Y-O-Y)	% of sales
①Finance & Accounting	485	83.2%	19,324	80.9%	20.2%
②Management & Taxation	510	99.6%	35,551	92.6%	37.3%
③Financial Services & Real Estate	280	93.3%	10,565	72.1%	11.1%
④Law & Labor	764	93.2%	28,465	106.1%	29.8%
⑤IT & International	67	111.7%	1,503	94.9%	1.6%
Total	2,106	92.6%	95,411	90.4%	100.0%

- Sales declined in each area due to Hiroshima School coming under our direct control. Public officer courses receive strong support also in local cities.
- Contracts with Nagasaki and Saga Schools were cancelled due to poor performance and application for courses was suspended.



Publishing & other:

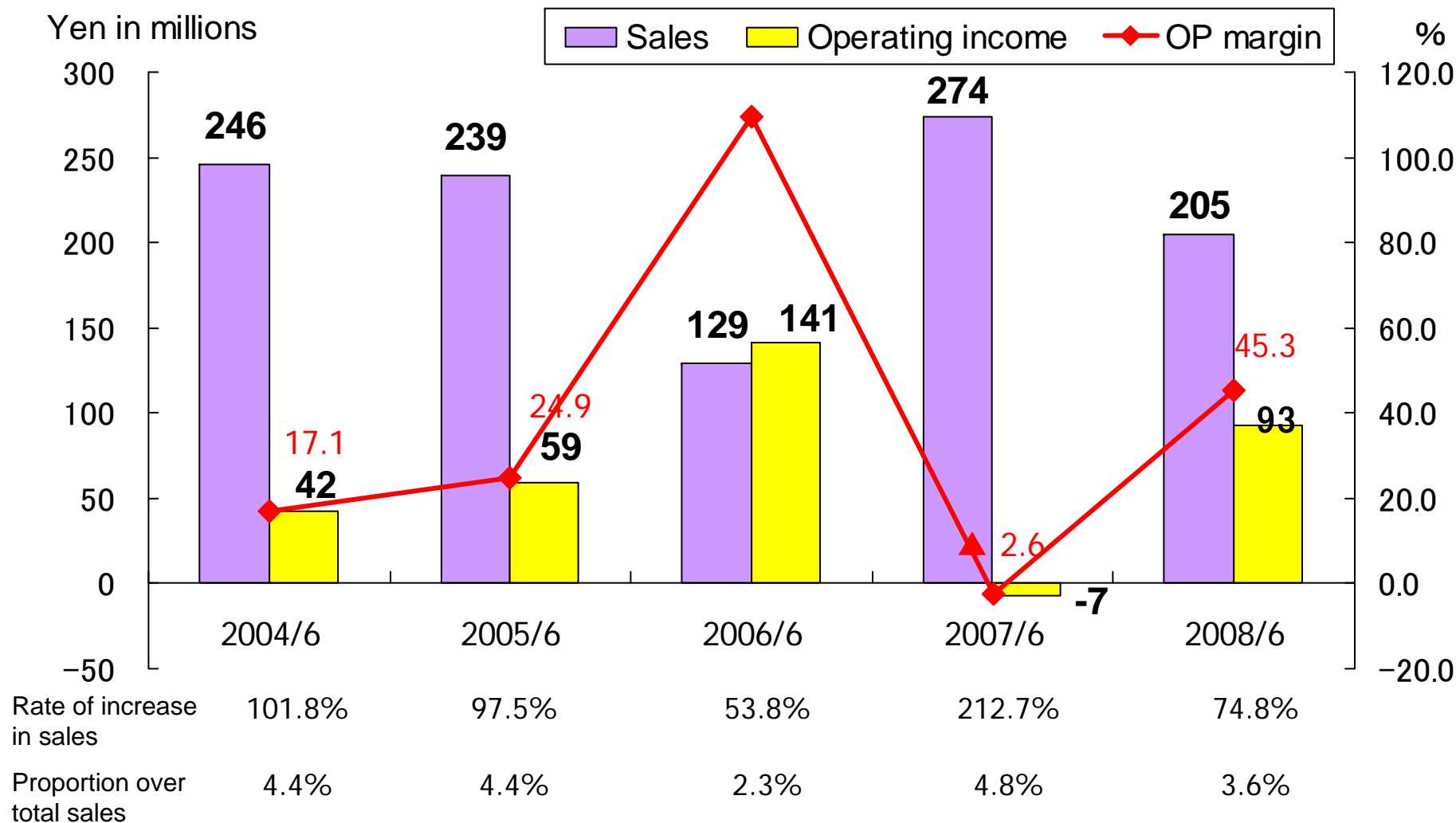
Breakdown of sales & number of books available **TAC**



- Sales in publishing segment declined 25.2% due to return of books caused by an increase in shipments in the previous year. Profit increased, however, as reversal of allowance for loss on returned goods exceeded the decline in sales.
- In spite of stable growth in manpower dispatching, sales in manpower business declined due to sluggish growth in manpower placement.



Publishing & other: Trend in publishing business



Allowance for loss on returned goods (reversal of +¥94M net) pushed up profit.

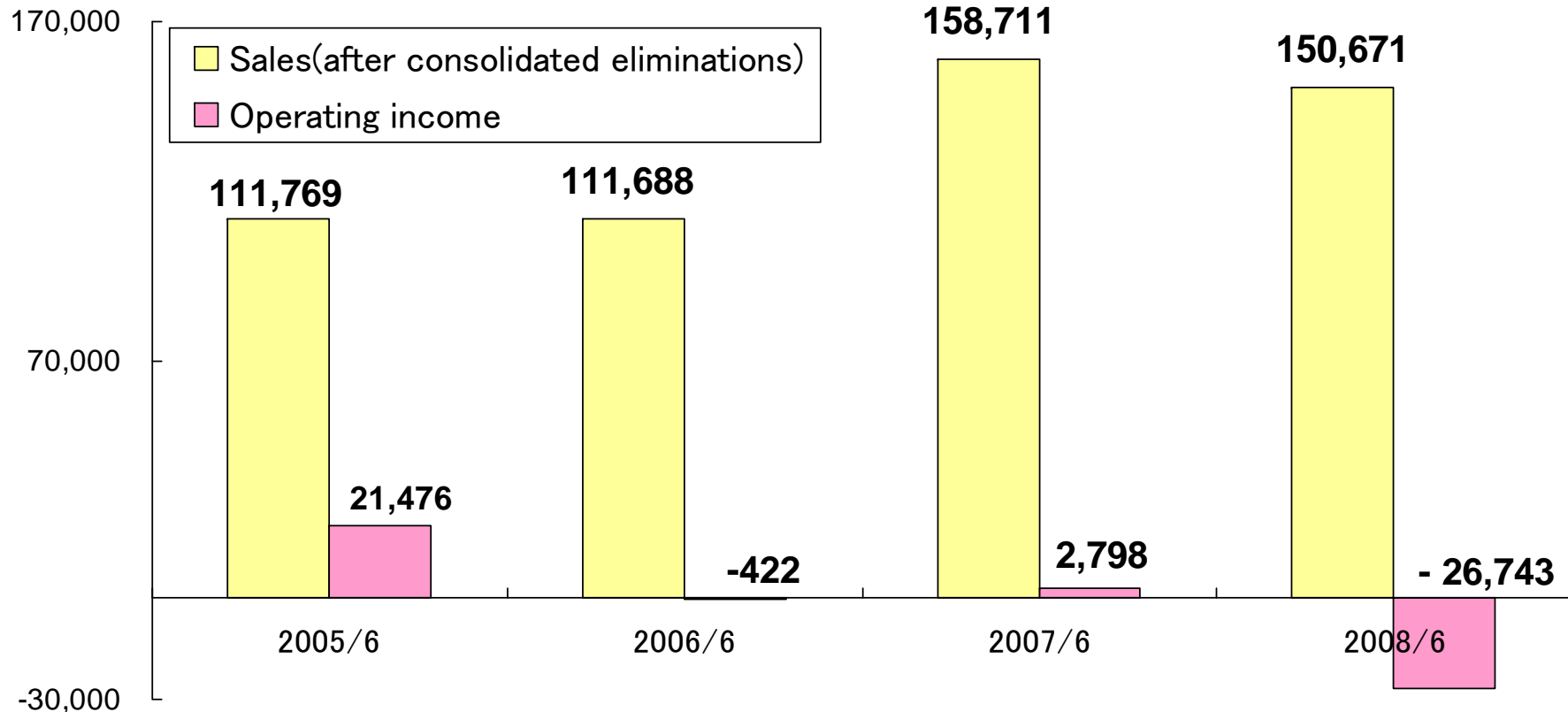
(Note) Operating income after reversal of and transfer to reserve for loss on returned goods



Publishing & other: Growth in TAC Profession Bank Sales **TAC**

Yen in thousands

Sales by TAC Profession Bank CO.,LTD.



- Manpower placement showed negative figures in 1Q as it is the term right before license qualifications begin. Negative results attributed to business centered in manpower dispatching and prior investment of office space. It is expected that profitability will increase after completion of license exams when employment seminars are held and proportion of revenue through manpower placement will increase. (TPB business showed negative figures in 1Q due to a slowdown in manpower placement.)



Interim Forecast for FY2008

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TAC

(Yen in millions)

(Consolidated)	2008/6 (Actual)		2008/9 (Forecast)	
	Amount	%	Amount	%
Net sales before adjustment of tuition advances	4,235	72.6%	11,886	110.2%
Adjustment of tuition advances	1,598	27.4%	-1,100	-10.2%
Net sales (after adjustment of tuition advances)	5,834	100.0%	10,786	100.0%
Costs of Sales	3,154	54.1%	6,473	60.0%
Gross profit – net	2,773	47.5%	4,313	40.0%
SG & A expenses	1,800	30.9%	3,689	34.2%
Operating income	973	16.7%	624	5.8%
Ordinary income	1,061	18.2%	675	6.3%
Net income	600	10.3%	469	4.4%
Net income per share	32.50 Yen		25.72 Yen	

(Note) Many of our educational services, including preparatory courses for license qualifications, start in the 2nd quarter after national license qualifications exams, resulting in increases in cash-basis sales (before adjustment of tuition advances) in the 2nd quarter. Sales on an accrual basis (after adjustment of tuition advances), however, tend to decline due to sales being transferred to tuition advances. Accordingly, operating income, ordinary income, net income, etc. tend to decline compared to the 1st quarter.



TAC



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