



March 2009 Term - First Quarter Financial Results (Consolidated)

July 30, 2008

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 1st quarter results for the fiscal year ending March 2009

(From April 1, 2008 to June 30, 2008)

(1) Consolidated financial results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
June 2008 1 st quarter	5,834	—	973	—	1,061	—	600	—
June 2007 1 st quarter	5,778	(4.8)	989	(13.2)	1,078	(30.6)	619	(29.3)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
June 2008 1 st quarter	32.50	—
June 2007 1 st quarter	33.46	—

(2) Consolidated financial position

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
June 2008 1 st quarter	14,059	4,231	30.0	230.22
Fiscal 2007 (2008/3)	13,380	3,819	28.5	206.40

(Notes) Equity Capital Fiscal 2008 (2009/3) 4,223 Million yen Fiscal 2007 (2008/3) 3,808 Million yen

2. Status of Dividends

Date of record	Dividend Per Share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
Fiscal 2007 (2008/3)	(Yen) —	(Yen) 8.00	(Yen) —	(Yen) 8.00	(Yen) 16.00
Fiscal 2008 (2009/3)	—	—	—	—	—
Fiscal 2008 (2009/3)	—	8.00	—	8.00	16.00

(Note) Revision of dividend forecasts in the current quarter: None

3. Consolidated forecasts for March 2009 term (From April 1, 2008 to March 31, 2009)

(% indicates changes from prior fiscal year for annual and from interim period of prior fiscal year for the interim period)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
Interim	10,786	—	624	—	675	—	469	—	25.72
Full year	21,678	4.5	1,251	17.0	1,359	10.4	776	74.9	42.56

(Note) Revision of consolidated financial results forecasts: None

4. Others

- (1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): None
- (2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, procedures or method of presentation, etc. related to preparation of consolidated financial statements
(Items listed in “Changes to assumptions underlying preparation of consolidated financial statements”)
- (3)-1 Changes due to changes in accounting standard : Yes
- (3)-2 Other changes : None
- (Note) As to details, see “4. Others” of [Qualitative Information and Financial Statements] on p. 9.

(4) Numbers of shares issued (common stock)

① Number of shares issued at the fiscal year end (including treasury stocks)	June 2008 1 st quarter	18,504,000 shares	Fiscal Year 2007	18,504,000 shares
② Number of treasury shares at the fiscal year end	June 2008 1 st quarter	122,017 shares	Fiscal Year 2007	217 shares
③ Yearly average number of shares (1st quarter ended Jun. 30)	June 2008 1 st quarter	18,480,606 shares	June 2007 1 st quarter	18,503,783 shares

Effective from the fiscal year ending March 31, 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

As many of the license qualification covered by our educational service are implemented in July and August, financial results forecasts need to be made after checking the application status of educational courses for the following year, which are to be started in and after August. Accordingly, no revision is made to the consolidated financial results forecasts released on May 14, 2008.

Notwithstanding 4. (4) above, net income per share for the six months ended September 30, 2008 and for consolidated forecasts for the March 2009 term is computed excluding 269,117 treasury shares (acquisition completed on July 23, 2008 - resolved at board meeting on May 14, 2008).

The above forecasts are based on information currently available. Company’s actual result may differ materially from any projections presented in this report due to various important factors.

【Qualitative Information, Financial Statements, etc.】

1. Qualitative information related to consolidated operating results

(1) Quarterly overview

In the business of supporting acquisition of license qualifications, tuition fees are paid by the student upon application for a particular course. This constitutes sales on a cash basis. Upon payment, the entire amount of tuition received is credited to tuition advances (liability) and reduced to recognize sales on an accrual basis in the relevant accounting periods in which the service is provided to the student. While sales recorded in the income statement are sales on an accrual basis, for business management purposes we attach great importance to growth in sales on a cash basis

In the current quarter, the number of students showed stable growth, mainly from universities. Sales of certified public accountant courses on a cash basis (before adjustment of tuition advances) increased 23.6% over the same term last year, showing clear signs of recovery. Public officer courses, which proved popular throughout the previous year, continued to show strong sales on a cash basis with 27.7% growth over the same term last year. Total sales on cash basis increased 11.3% or ¥ 429 million to ¥ 4,235 million. As such growth was mainly led by classroom courses, which increased 17.5% over the same term last year on cash basis, sales related to our school network also increased. In correspondence courses, Web courses and download courses showed substantial growth in spite of sluggish growth in DVD courses, resulting in an increase of 8.0% over the same term last year. Though we made every effort to control costs, instructors' fee and consignment expense increased 6.7% and 2.9%, respectively, and outsourcing costs related to production of educational materials and publications decreased 4.1%. As to sales expenses and general and administrative expenses, advertising costs increased by approximately ¥ 20 million due to ads in newspapers to promote sales in courses such as the US CPA and CIA. However sales increases in these areas exceeded the increase in advertising costs.

As a result, total sales for the first quarter increased 1.0% to ¥ 5,834 million and operating income decreased 1.6% to ¥ 973 million. Ordinary income decreased 1.5% over the same term last year to ¥ 1,061 million, which includes interest on marketable securities of ¥ 83 million posted as non-operating income as a result of moderation of excessive yen appreciation in the previous period. Net income for the current quarter increased 3.0% over the previous year to ¥ 600 million.

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.

The amount of tuition advances reversed in the current quarter decreased 1.9% or ¥ 67 million over the same term last year to ¥ 3,576 million and the amount of tuition advances transferred increased 18.4% or ¥ 306 million to ¥ 1,977 million. This is attributed to the amount of tuition advances reversed in the previous period which was lower than the same term last year due to lower sales in the previous year and an increase in sales on cash basis (CPA courses, etc.) in the current period resulting in substantial increase in the amount of tuition advances transferred.

Changes in 1st quarter operating results between last year and this year (April – June).

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			3 rd quarter of FY2007 (October–December)			4 th quarter of FY2007 (January–March)			Total for FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,805		100.7	7,321		101.5	4,774		92.2	4,741		107.1	20,643		100.2
Adjustment of tuition advances	1,973		113.7	-2,355		103.1	-14		3.9	495		56.6	98		-
Net sales (after adjustment of tuition advances)	5,778	27.9	104.8	4,966	23.9	100.8	4,759	23.0	99.0	5,236	25.2	98.8	20,741	100.0	100.9
Gross profit	2,667	46.2	102.8	1,957	39.4	107.8	1,777	37.3	109.6	1,610	30.7	75.7	8,012	38.6	98.2
Operating income	989	17.1	113.2	243	4.9	-	-7	-0.2	6.8	-155	-3.0	-	1,069	5.2	91.2
Ordinary profit	1,078	18.7	130.6	473	9.5	503.2	3	0.1	-	-324	-6.2	-	1,230	5.9	92.3
Net income	619	10.7	129.3	275	5.5	540.6	-27	-0.6	33.3	-423	△8.1	-	443	2.1	59.8
Net income per share	Yen 33.46			Yen 14.88			Yen -1.47			Yen -22.88			Yen 23.98		

	1 st quarter of FY2008 (April – June)		
	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	4,235		111.3
Adjustment of tuition advances	1,598		81.0
Net sales (after adjustment of tuition advances)	5,834	-	101.0
Gross profit	2,773	47.5	104.0
Operating income	973	16.7	98.4
Ordinary profit	1,061	18.2	98.5
Net income	600	10.3	97.0
Net income per share	Yen 32.50		

- (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 information

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

Segment information	1st quarter of FY2007			1st quarter of FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Personal Education	4,260	73.7	100.2	4,280	73.3	100.5
Corporate Training	1,091	18.9	106.2	1,202	20.6	110.2
Publishing & Other	430	7.4	183.2	354	6.1	82.4
Total	5,781	100.0	104.8	5,837	100.0	101.0

Personal education

Long awaited recovery of CPA courses. Continued growth in public officer courses.

In the Personal education segment, the number of individual members increased 8.8% over the same term last year to 42,772. In response to a substantial number of candidates passing the 2007 exam, the number of applications for certified public accountant courses increased, mainly from university students. Public officer courses showed further growth. Other than this, licensed tax accountant courses and small and medium enterprise management consultant (SMEMC), etc. also showed signs of recovery and contributed to stable increases in sales on a cash basis. Increase in sales on an accrual basis remained at approximately ¥ 20 million due to an increase in transfer of tuition advances. As a result, sales for the current quarter increased 0.5% over the same term last year to ¥ 4,280 million.

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			3 rd quarter of FY2007 (October-December)			4 th quarter of FY2007 (January-March)			Total for FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,260	29.6	100.2	3,365	23.4	98.5	3,145	21.9	99.2	3,600	25.1	97.0	14,372	100.0	98.8
Operating costs	3,329	78.1	93.3	3,416	101.5	100.6	3,288	104.5	96.9	3,447	95.7	106.8	13,481	93.8	99.2
Operating income	931	21.9	136.2	-50	-1.5	-	-143	-4.5	65.0	153	4.3	31.7	890	6.2	91.9

	1 st quarter of FY2008 (April – June)		
	¥ million	%	Y-O-Y
Net sales	4,280	-	100.5
Operating costs	3,459	80.8	103.9
Operating income	820	19.2	88.1

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

Corporate training

Sustained growth in corporate training programs resulting in sales increase of 10% and continued growth in operating profit

Sales in corporate training, which are not negatively affected by corporate sentiment, received strong support from companies actively investing in the development of human resources. Sales of corporate training programs increased 17.0% over the same term last year, which include training programs in finance and accounting areas (+46.2%), securities analyst courses (32.4%) and business school programs (+21.4%). As for IT-related programs, IT specialist and CompTIA courses maintained growth of 3.9% and 36.2% respectively over the same term last year. Sales by affiliated schools declined 9.6% over the same term last year due to the Hiroshima School coming under our direct control in August 2007. Sales of educational contents to colleges decreased 4.0%, sales of in-university seminars decreased 5.6% and sales of Maho-jin tax software increased 13.5%, over the same term last year. As a result, sales for the current quarter in this segment increased 10.2% over the same term last year to ¥ 1,202 million.

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			3 rd quarter of FY2007 (October–December)			4 th quarter of FY2007 (January–March)			Total for FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,091	27.1	106.2	1,088	27.1	103.8	986	24.6	102.3	852	21.2	104.2	4,019	100.0	104.2
Operating costs	742	68.1	108.7	687	63.2	83.5	690	70.0	99.8	675	79.3	107.6	2,796	69.6	98.9
Operating income	348	31.9	101.2	401	36.8	178.1	296	30.0	108.9	176	20.7	93.1	1,222	30.4	118.5

	1 st quarter of FY2008 (April – June)		
	¥ million	%	Y-O-Y
Net sales	1,202	-	110.2
Operating costs	829	69.0	111.7
Operating income	372	31.0	107.0

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

Publishing and other

Publishing segment opened with a decline in income due to book returns. Manpower business of TPB showed favorable operations in manpower dispatching in spite of manpower placement remaining stagnant.

Sales in our publishing business decreased 25.2% over the same term last year due to a substantial quantity of returned books in the current quarter, which was caused by an increase in book shipments in the previous year. Profit increased, however, as reversal of allowance for loss on returned goods exceeded the decline in sales. Sales in our manpower business declined 5.1% over the same term last year due to sluggish sales in manpower placement, which remained stagnant despite favorable operations in dispatching. In total, sales in this segment for the current quarter declined 17.6% over the same term last year to ¥ 354 million.

	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			3 rd quarter of FY2007 (October–December)			4 th quarter of FY2007 (January–March)			Total for FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	430	18.2	183.2	516	21.8	109.2	634	26.8	94.0	787	33.2	101.1	2,368	100.0	109.6
Operating costs	434	100.9	460.0	342	66.4	71.9	492	77.7	80.6	966	122.6	144.1	2,235	94.4	120.7
Operating income	-3	-0.9	-	173	33.6	-	141	22.3	224.3	-178	-22.6	-	132	5.6	43.0

	1 st quarter of FY2008 (April – June)		
	¥ million	%	Y-O-Y
Net sales	354	-	82.4
Operating costs	287	81.1	66.3
Operating income	66	18.9	-

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

3 . Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

(3) Sales results by license area

Licenses by area	1 st quarter of FY2007 (April – June)			2 nd quarter of FY2007 (July–September)			3 rd quarter of FY2007 (October-December)			4 th quarter of FY2007 (January-March)			Total for FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,857	28.4	107.1	1,523	23.3	100.7	1,540	23.5	92.9	1,620	24.8	87.8	6,542	31.5	96.9
Management & Taxation	1,643	30.1	101.4	1,150	21.1	95.7	1,166	21.4	99.6	1,502	27.5	97.5	5,463	26.3	98.7
Financial Service & Real Estate	698	26.7	101.4	727	27.9	96.4	647	24.8	92.4	538	20.6	96.7	2,611	12.6	96.7
Law & Labor	777	27.2	97.2	681	23.9	106.4	632	22.2	109.5	762	26.7	112.4	2,853	13.8	105.8
IT & International	414	24.5	115.1	466	27.6	105.7	357	21.1	112.3	452	26.8	129.2	1,689	8.2	115.0
Others	388	24.5	124.7	417	26.4	110.5	414	26.2	109.5	361	22.8	109.1	1,581	7.6	113.1
Total	5,778	27.9	104.8	4,966	23.9	100.8	4,759	23.0	99.0	5,236	25.2	98.8	20,741	100.0	100.9

Licenses by area	1 st quarter of FY2008 (April – June)		
	¥ million	%	Y-O-Y
Finance & Accounting	1,776	30.4	95.6
Management & Taxation	1,639	28.1	99.8
Financial Service & Real Estate	741	12.7	106.2
Law & Labor	796	13.7	102.5
IT & International	478	8.2	115.5
Others	401	6.9	103.5
Total	5,834	100.0	101.0

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

Finance and Accounting

Internal control audits and quarterly reporting began in the current year (FY2008). The number of applicants for the CPA exam in 2007 was 18,220 (this excludes the number of successful candidates of the part II exam under the former testing system) of which 14.8% or 2,695 passed. Though the number of candidates taking the exam and successful candidates showed a substantial increase over 2006, the shortage of CPA's has not been overcome and the number of successful candidates is expected to remain high in 2008. The number of applicants for the CPA exam in 2008 was 19,736 (this excludes the number of successful candidates of the part II exam under the former testing system), an increase of 1,516 over the previous year, of which 21.7% or 3,515 passed the multiple-choice exam. The number of successful candidates increased 29.8% or 806 and the pass rate was 21.7% (18.5% in the previous year.) according to a release by the CPAAOB (Certified Public Accountants and Auditing Oversight Board) on June 27, 2008.

Sales of certified public accountant courses started to show a gradual recovery in the previous fourth quarter (three months ended in March 31, 2007). In the current quarter, sales in regular courses (1 year) increased mainly through university student registrations and returned to its recovery tract. Sales on a cash basis (before adjustment of tuition advances) for the current quarter increased 23.6% over the same term last year. Sales on an accrual basis (after adjustment of tuition advances), however, declined 2.9% over the same term last year. This is attributed to tuition advances received in the previous year, which remained low, resulted in most sales on cash basis in the current quarter being charged to transfer of tuition advances. We have experienced similar situations in the past, where increases in sales on a cash basis are restrained by adjustments of tuition advances in the recovery stage of sales on a cash basis. Accordingly, this has already been incorporated into our business planning. Compared to forecasts, sales on a cash basis comprising all segments remain above the planned level by approximately 10%. Meanwhile, there is ongoing competition with other schools to attract the increasing number of university students in outlying areas where certain prestigious universities are located. We expanded the Hiyoshi School to effectively respond to this competition in June.

As for bookkeeping courses, sales showed stable growth in both the personal education and corporate training segments. The publishing segment, however, showed sluggish growth resulting in sales for the current quarter to decrease 7.6% over the same term last year. In total, sales decreased 4.4% over the same term last year.

Management and Taxation

Overcoming difficulties in the previous year, licensed tax accountant courses showed stable growth in regular courses and package plans, resulting in an increase in sales on cash basis for the current quarter of 4.6% over the same term last year. Sales on accrual basis for the current quarter, however, declined 1.0% over the same term last year due to adjustment of tuition advances.

The number of students of small and medium enterprise management consultant (SMEMC) showed signs of recovery in the current quarter. The number of candidates for the open mock examination exceeded 3,500, which was a record high. Sales on a cash basis for the current quarter increased 25.8% (+4.0% on an accrual basis) over the same term last year. As a result, sales decreased 0.2% over the same term last year.

Financial Services and Real Estate

In the area of real estate, sales of real estate appraiser courses for the current quarter declined 19.0% over the same term last year due to a decline in the number of candidates for the qualification and the number of successful candidates on the multiple-choice exam. Sales of real estate transaction manager (Takken) courses, in spite of the impact of deterioration in the real estate industry, continued to show favorable growth of 17.1% over the same term last year.

As to financial planner (FP) courses, though sales in the personal training segment showed a sharp decline of 23.4%, sales in the corporate training segment including training programs and educational materials showed steady growth resulting in an overall decline of only 1.6% over the same term last year. Sales of securities analyst courses for the current quarter sustained a firm increase of 29.4% over the same term last year. Sales of Business School courses continued to show substantial growth at 23.4% over the previous year backed by favorable sales in corporate training programs. As a result, sales increased 6.2% over the same term last year.

Law and Labor

In regards to public officer courses, demand had been stagnant due to the civil service reform plan and improvements in the general employment situation for new recruits, however, this negative trend finally bottomed out and the sales began to improve. Stable sales of public officer courses, which started in the previous year, continued in the current quarter. As a result, sales of public officer courses in the current quarter increased as much as 27.7% over the same term last year. Sales on an accrual basis for the current quarter declined 1.9% due to adjustments of tuition advances. Sales of certified social insurance labor consultant overcame stagnation and remained stable with an increase of 5.0% over the same term last year. Sales of administrative scrivener courses remained low with a decline of 2.9% over the same term last year. Registered customs specialist courses and intellectual property management skills courses experienced favorable operations, although sales volumes were low. As a result, total sales in these areas increased 2.5% over the same term last year.

IT and International Qualifications

Revisions to the testing systems for IT specialist qualifications are scheduled for implementation in 2009, so the number of individual members remained sluggish. Sales, however, increased 5.1% over the same term last year supported by our advantage in corporate training programs. CompTIA (the Computing Technology Industry Association) certifications, which are a de-facto standard in the IT industry in the US, showed stable growth supported by increases in corporate training. As a result, sales in IT-related courses increased 28.9% over the same term last year.

Sales on a cash basis for US CPA courses remained strong with an increase of 18.9% over the same term last year. The state of Maine relaxed its educational requirement to those holding bachelor's degree, which provided greater access to candidates. This is believed to be a major contributing factor to the sales increase. Certified internal auditor (CIA) courses, which were launched in September 2007, received strong support from those responsible for internal control and internal audit-related operations in corporations who were pressed to respond to the recent implementation of J-SOX. We received substantial inquiries for corporate training programs. Though data for the previous year is not available, sales were better than expected. As a result, sales in this area increased 15.5% over the same term last year.

Other

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, manpower dispatching operations enjoyed steady performance mainly related to human resources equipped with bookkeeping and accounting skills. The manpower placement business, however, continued to face difficulties due to a shortage in successful candidates on the multiple-choice exam (CPA) and those with accounting skills acquired through preparation for CPA exam who seek employment in public companies. Sales of TPB declined 5.1% (after adjustment for consolidation) over the same term last year. Sales of "Maho-jin" tax software maintained stable growth of 15.6% over the same term last year. Various measures are being taken to identify customers' needs for the newly launched careworker courses. Further, miscellaneous revenue increased 5.6% over the same term last year due to an increase in students taking classroom courses including certified public accountant and public officer courses. In total, sales increased 3.5% over the same term last year.

Educational services provided by TAC Group, categorized below, cover almost the entire field of social science:

License by area	Programs	Profile and pass rates
(A) Finance and Accounting	Certified public accountant, Bookkeeper, Construction Industry accountant, Certification test for accounting	Out of 2,695 successful candidates on the CPA exam in 2007 (excluding those exempted from multiple-choice exam which include successful candidates of the part 2 exam under the former testing system), 1,320 took TAC's regular preparatory courses (*) for the relevant year.
(B) Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant	
(C) 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 120 successful candidates on the real estate appraiser exam in 2007, 88 took TAC's regular preparatory courses (*) for the relevant year.
(D) Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law-related qualifications, Registered custom specialist, Intellectual property management skills	
(E) 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)	
(F) Other	Tax software "Maho-jin", miscellaneous revenue (payment at front counter, etc.), Careworker	

(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.

(4) Number of students

The number of individual members increased 8.8% or 3,470 to 42,772 over the same term last year, supported by a recovery in certified public accountant courses and continued growth in public officer courses, etc. The number of corporate students increased 2.8%, or 520 over the previous fiscal year to 19,280. These results were supported by a substantial increase of in-university seminars in spite of decreases in correspondence courses for corporate training programs and declines in affiliated-schools after Hiroshima School came under our direct control. As a result, the total number of students increased 6.9%, or 3,990 over the same term last year to 62,052. The rate of increase improved substantially (1.0%) compared to that of the previous year.

	Individual members	Corporate members	Total	Increase from the same term last year	Change over the same term last year %
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
FY2004	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
FY2007	131,513	50,879	182,392	+ 1,857	101.0
Total of 10 years (Distribution %)	1,107,183 (75.2%)	364,496 (24.8%)	1,471,679 (100.0%)	- -	- -
1st quarter of FY2008 (April - June) [Y-O-Y]	42,772 [108.8%]	19,280 [102.8%]	62,052 [106.9%]	+ 3,990	106.9
1st quarter of FY2007 (April - June) [Y-O-Y]	39,302 [96.1%]	18,760 [106.4%]	58,062 [99.2%]	- 448	99.2

2. Qualitative Information Related to Consolidated Operating Results

(1) Financial position

Total assets as of June 30, 2008 increased by ¥ 280 million and shareholders' equity increased by ¥ 81 million over the previous fiscal year. Notable increases include cash and deposits of ¥ 803 million, investment securities of ¥ 141 million, deferred income taxes of ¥ 329 million, tuition advances of ¥ 283 million and allowance for losses on disposal of returned goods of ¥ 102 million. Decreases include inventories of ¥ 421 million, accounts payable of ¥ 92 million and intangible fixed assets of ¥ 369 million.

	1 st quarter of FY2007 (April – June)		2 nd quarter of FY2007 (July–September)		3 rd quarter of FY2007 (October–December)		4 th quarter of FY2007 (January–March)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Total assets	13,778	100.0	16,171	100.0	14,287	100.0	13,380	100.0
Tuition advances	5,242	38.1	7,713	47.7	7,714	54.0	7,190	53.7
Total Shareholders' Equity	4,150	30.1	4,426	27.4	4,247	29.7	3,819	28.5
Shareholders' Equity Per Share	Yen 224.32		Yen 239.20		Yen 229.56		Yen 206.40	

	1 st quarter of FY2008 (April – June)	
	¥ million	%
Total assets	14,059	100.0
Tuition advances	5,526	39.3
Total Shareholders' Equity	4,231	30.1
Shareholders' Equity Per Share	Yen 230.22	

(2) Cash flow performance

Status and details of cash flows for each category during the current quarter are as follows:

Net cash used in operating activities in the current quarter was ¥ 1,215 million reflecting a decrease in expenses of ¥ 562 million over the same term last year. Net cash used in investing activities in the current quarter was ¥ 40 million, reflecting a decrease in expenses of ¥ 174 million over the same term last year. Net cash provided by financing activities in the current quarter was ¥ 1,915 million, due to an increase in revenue of ¥ 48 million over the same term last year. As a result, cash and cash equivalents increased by ¥ 784 million over the same term last year and total cash flow increased ¥ 943 million to ¥ 2,648 million. Such increases are attributed to a ¥ 388 increase in tuition advances, a ¥ 115 million decrease in accounts payable, a ¥ 218 million decrease in corporate tax, a ¥ 100 million increase in cash through short-term borrowings.

3. Qualitative Information Related to Consolidated forecasts

As many of the license qualification covered by our educational service are implemented in July and August, financial result forecasts need to be made after checking the application status of educational courses for the following year, which are to be started in and after August. Accordingly, no revisions have been made to the consolidated financial results forecasts released on May 14, 2008.

Net income per share for six months ended June 30, 2008 and for consolidated forecasts for March 2009 term are computed excluding 269,117 treasury shares (acquisition was completed on July 23, 2008 - resolved at board meeting on May 14, 2008).

4. Others

- (1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): None
- (2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, procedures or method of presentation, etc. related to preparation of consolidated financial statements
 - Changes in Accounting Standards
 - (3)-1 Starting in this consolidated fiscal year, we have applied the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan, Statement No. 12) and “Implementation Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Guidance No. 14). In addition, quarterly consolidated financial reports are prepared in conformity with the “Rules for Presentation of Quarterly Consolidated Financial Statements.”
 - (3)-2 Finance lease transactions, which do not transfer the ownership of the leased property to the lessee, were formerly accounted for as ordinary operating leases. However, with application of ASBJ Statement No.13 “Accounting Standard for Lease Transactions” and ASBJ Guidance No.16 “Guidance on Accounting Standard for Lease Transactions”, TAC decided upon early adoption of the accounting standard and the guidance above from the first quarter of FY2008, and accounted for these as general sales transactions. There is no effect from such changes on operating profit, ordinary profit and net income before income taxes for the current quarter.

5. Consolidated financial statements and other

Effective from the fiscal year ending March 31, 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

(1) Consolidated balance sheet (summary)

(Yen in Millions)

	Current 1st quarter ended Jun. 30, 2008	FY 2007 ended Mar. 31 2008
Assets		
Current assets		
Cash and cash equivalents	2,517	1,859
Notes and accounts receivable	1,817	1,902
Marketable securities	360	360
Merchandise	19	18
Finished goods	233	249
Work in process	4	0
Stores	222	268
Prepaid expenses	511	377
Others	355	354
Allowances for doubtful accounts	-1	-1
Total current assets	6,041	5,390
Fixed assets		
Tangible fixed assets	589	612
Intangible fixed assets	241	247
Investments and other assets		
Investment securities	1,727	1,656
Deferred income taxes	198	202
Long-term time deposits	500	500
Insurance reserve fund	938	937
Fixed leasehold deposits	3,796	3,788
Other	66	65
Allowances for doubtful accounts	-40	-19
Total	7,186	7,130
Total fixed assets	8,017	7,990
Total assets	14,059	13,380

(Yen in Millions)

	Current 1st quarter ended Jun. 30, 2008	FY 2007 ended Mar. 31 2008
Liabilities		
Current liabilities		
Accounts payable	400	439
Short-term borrowings	2,100	—
Current portion of long-term borrowings	—	9
Accrued amount payable	343	373
Accrued expenses	391	496
Corporation and inhabitants taxes payable	313	284
Tuition advances	5,526	7,190
Accrued bonuses	21	60
Reserve for loss on returned goods	227	322
Allowance for loss on disposal of returned goods	102	128
Other	261	116
Total current liabilities	9,687	9,421
Long-term liabilities		
Post-retirement benefits payable for directors and corporate directors	139	139
Other	0	—
Total long-term liabilities	140	139
Total liabilities	9,827	9,561
Net assets		
Owner's equity		
Paid-in Capital	940	940
Capital surplus	790	790
Earned surplus	2,549	2,097
Treasury stock	-44	-0
Total owner's equity	4,235	3,828
Valuation and translation adjustments		
Difference on revaluation of other marketable securities	-12	-19
Total valuation and translation adjustments	-12	-19
Minority interests	8	10
Total net assets	4,231	3,819
Total liabilities and net assets	14,059	13,380

(2) Consolidated statement of income (summary)

(Yen in Millions)

	Current 1st quarter ended Jun. 30, 2008
Sales revenues	5,834
Cost of sales	3,154
Gross profit	2,679
Reversal of allowance for loss on returned goods	322
Transfer to reserve for loss on returned goods	227
Gross profit - net	2,773
Selling, general and administrative expenses	1,800
Operating income	973
Non-operating income	
Profit from investment securities	83
Other	7
Total Non-operating income	90
Non-operating expenses	
Interest expenses	1
Other	0
Total Non-operating expenses	2
Ordinary income	1,061
Extraordinary income	
Gain on sales of fixed assets	0
Total Extraordinary income	0
Net income before income taxes	1,061
Corporate, inhabitants and enterprise taxes	379
Deferred income taxes	82
Total Corporate, inhabitants and enterprise taxes	462
Minority interests	-1
Net income	600

(3) Consolidated statement of cash flow (summary)

(Yen in Millions)

	Current 1st quarter ended Jun. 30, 2008
Cash flows from operating activities	
Income before income taxes	1,061
Depreciation and amortization	60
Increase (decrease) in allowance for doubtful accounts	20
Increase (decrease) in allowance for employees' bonuses	-39
Increase in allowance for returned goods	-94
Increase (decrease) in allowance for loss on disposal of returned goods	-26
Interest and dividend income	-6
Interest paid	1
Loss(gain) on valuation of investment securities	-83
Increase (decrease) in accounts receivable	85
Increase (decrease) in inventories	56
Increase (decrease) in accounts payable	-38
Increase (decrease) in tuition advances	-1,663
Other	-241
Sub-total	-907
Interest and dividend received	33
Interest paid	-1
Income taxes paid	-340
Net cash provided by operating activities	-1,215

(Yen in Millions)

Current 1st quarter ended Jun. 30, 2008	
Cash flows from investing activities	
Acquisitions of property and equipment	-5
Purchases of intangible fixed assets	-26
Payment for guaranteed deposits	-7
Other	-0
Net cash provided by (used in) investing activities	-40
Cash flows from financing activities	
Increase in short-term borrowings	2,100
Repayment of long-term debt	-9
Payment to acquire treasury shares	-44
Dividends paid	-130
Net cash provided by (used in) financing activities	1,915
Exchange difference of cash and cash equivalents	-0
Net increase in cash and cash equivalents	658
Cash and cash equivalents at the beginning of the year	1,990
Cash and cash equivalents at the end of the year	2,648

(4) Going concern assumption

None

(5) Segment information

(A) Segment information by type

First quarter of current fiscal year (April 1, 2008- June 30, 2008)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) External customers	4,280	1,202	351	5,834	—	5,834
(2) Inter-segment transactions and eliminations	0	—	3	3	(3)	—
Total	4,280	1,202	354	5,837	(3)	5,834
Operating income	820	372	66	1,260	(287)	973

(Notes) (A) - 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.

(A) - 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 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 aimed at the diffusion of educational know-how obtained through personal education and corporate training, sales of books at front counter and manpower placement and dispatching business.

(A) - 3 Operating expenses from the 1st quarter of the current fiscal year of ¥ 287,744 thousand that cannot be eliminated or allocated represent expenses incurred at the administrative section of headquarters, including the general affairs department, etc.

(B) Information by geographic area

There are no items to report as the Company does not have consolidated subsidiaries or branches located in countries or regions outside of Japan.

(C) Overseas sales information

There are no items to report as the Company does not have overseas sales

(6) Change in equity

None

Recommended reading

(1) Consolidated statement of income (summary)

First quarter of previous fiscal year (April 1, 2007- June 30, 2007)

(Yen in Millions)

Account	Previous 1st quarter ended Jun. 30, 2007
	Amount
Sales revenues	5,778
Cost of sales	3,116
Gross profit	2,661
Reversal of allowance for loss on returned goods	304
Transfer to reserve for loss on returned goods	298
Gross profit - net	2,667
Selling, general and administrative expenses	1,678
Operating income	989
Non-operating income	90
Non-operating expenses	1
Ordinary income	1,078
Extraordinary expenses	18
Net income before income taxes	1,059
Tax expense	440
Net income	619

(2) Consolidated statement of cash flow (summary)

First quarter of previous fiscal year (April 1, 2007- June 30, 2007)

(Yen in Millions)

Account	Previous 1st quarter ended Jun. 30, 2007
	Amount
I Cash flows from operating activities	
1 Income before income taxes	1,059
2 Depreciation and amortization	69
3 Increase (decrease) in tuition advances	-2,051
4 Loss(gain) on valuation of investment securities	-84
5 Other	-242
Sub-total	-1,250
6 Income taxes paid	-559
7 Other	31
Net cash provided by operating activities	-1,778
II Cash flows from investing activities	
1 Acquisitions of property and equipment	-14
2 Purchases of intangible fixed assets	-38
3 Increase (decrease) in guaranteed deposits	-11
4 Other	-149
Net cash provided by (used in) investing activities	-214
III Cash flows from financing activities	
1 Increase (decrease) in short-term borrowings	2,000
2 Decrease in long-term debt	-16
3 Dividends paid	-116
Net cash provided by (used in) financing activities	1,866
IV Exchange difference of cash and cash equivalents	0
V Net increase in cash and cash equivalents	-126
VI Cash and cash equivalents at the beginning of the year	1,831
VII Cash and cash equivalents at the end of the year	1,704

(3) Segment information

(Segment information by type)

First quarter of previous fiscal year (April 1, 2007- June 30, 2007)

(Yen in Millions)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	4,260	1,091	430	5,781	-3	5,778
Operating expenses	3,329	742	434	4,506	283	4,789
Operating income	931	348	-3	1,275	-286	989