



March 2009 Term - Interim period Financial Results (Consolidated)

October 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 2nd quarter results for the fiscal year ending March 2009

(From April 1, 2008 to September 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)	%
September 2008 interim period	10,844	—	1,164	—	1,232	—	712	—
September 2007 interim period	10,745	(2.9)	1,232	(49.3)	1,551	(68.7)	894	(68.8)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
September 2008 interim period	38.82	—
September 2007 interim period	48.33	—

(2) Consolidated financial position

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
September 2008 interim period	17,808	4,281	24.0	234.41
Fiscal 2007 (2008/3)	13,380	3,819	28.5	205.85

(Notes) Equity Capital September 2008 interim period 4,274 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)	—	9.00	—	—	—
Fiscal 2008 (2009/3) Forecast	—	—	—	8.00	17.00

(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 - annual)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
Full year	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
	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 : Yes

(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 interim period	18,504,000 shares	Fiscal Year 2007	18,504,000 shares
② Number of treasury shares at the fiscal year end	June 2008 interim period	269,117 shares	Fiscal Year 2007	217 shares
③ Yearly average number of shares (1st quarter ended Jun. 30)	June 2008 interim period	18,365,336 shares	June 2007 interim period	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.”

Announcement of test results of certified public accountant and licensed tax accountant courses, our flagship, is scheduled on November 18, 2008 and December 12, 2008, respectively. Accordingly, financial results forecasts need to be made after checking the application status of educational courses after the said announcement. Accordingly, no revision is made to the consolidated financial results forecasts released 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

(Note) In this section, “Qualitative information related to consolidated operating results”, increase/decrease over the same term last year (in % or in amount) is included as a reference.

(1) Interim 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 interim period, certified public accountant and public officer courses continued to show stable growth. In response to a substantial number of candidates passing the 2007 exam, sales of certified public accountant courses on a cash basis (before adjustment of tuition advances) increased 7.7% over the same term last year, with the increasing number of registrations of new learners. Licensed tax accountant courses, however, marked sluggish growth with its sales on cash basis, which declined 8.0% over the same term last year. Meanwhile, sales on cash basis of public officer courses increased 18.9% over the same term last year and continued to record strong growth.

Total sales on cash basis increased 2.4% or ¥ 264 million to ¥ 11,392 million. Such growth was mainly led by classroom courses with sales on cash basis increasing 2.7% over the same term last year. In correspondence courses, though Web courses and download courses showed substantial growth, sales increased 0.2% over the same term last year due to sluggish growth in DVD courses.

Despite control efforts, costs began showing an upward tendency. Though cost of sales remained almost unchanged, instructors' fee increased 6.4% due to sales increases in classroom courses and other expenses including consignment expense and printing costs, which increased 3.1% over the same term last year. Regardless of an increased cost in manufacturing of ¥ 178 million, increases in cost of sales were absorbed by temporary factors such as a reduction in beginning inventory balances due to application of revaluation losses in the previous fiscal year and an excess of reversal of allowance for loss as of the end of the current interim period. Sales expenses and general and administrative expenses increased ¥ 237 million mainly in personnel costs.

As a result, consolidated net sales for the current interim period increased 0.9% to ¥10,844 million over the same term last year and consolidated operating income decreased 5.6% over the previous year to ¥1,164 million. As to non-operating income/loss, reactionary declines in private investment in REIT which yielded redemption profits in the same term last year, profit in investment securities of ¥ 104 million and arrangement fees of ¥ 57 million related to loan payable upon introduction of safeguarding and trust system for advance payment were recorded. In total, net income for the current interim period was ¥1,232 million, a decline of 20.5% over the same term last year. Net income for the current quarter was ¥ 712 million, a decline of 20.3% over the same term last year.

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 0.8% or ¥ 40 million over the same term last year to ¥ 5,332 million and the amount of tuition advances transferred increased 2.2% or ¥ 124 million to ¥ 5,879 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 a cash basis (CPA courses, etc.) in the current period resulting in a substantial increase in the amount of tuition advances transferred.

Changes in 2nd quarter operating results between last year and this year (April – September).

	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)			2 nd quarter of FY2008 (July–September)			Interim of FY2008 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales before adjustment of tuition advances	4,235		111.3	7,156		97.7	11,392		102.4
Adjustment of tuition advances	1,598		81.0	-2,145		91.1	-547		143.1
Net sales (after adjustment of tuition advances)	5,834	-	101.0	5,010	-	100.9	10,844	-	100.9
Gross profit	2,773	47.5	104.0	2,020	40.3	103.2	4,794	44.2	103.7
Operating income	973	16.7	98.4	191	3.8	78.5	1,164	10.7	94.4
Ordinary profit	1,061	18.2	98.5	171	3.4	36.1	1,232	11.4	79.5
Net income	600	10.3	97.0	112	2.2	40.9	712	6.6	79.7
Net income per share	Yen 32.50			Yen 6.16			Yen 38.82		

- (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	Interim period of FY2007			Interim period of FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Personal Education	7,626	70.9	99.4	7,700	71.0	101.0
Corporate Training	2,180	20.3	105.0	2,359	21.7	108.2
Publishing & Other	946	8.8	133.7	794	7.3	84.0
Total	10,752	100.0	102.9	10,854	100.0	100.9

Personal education**Continued growth in CPA and public officers courses**

In the Personal education segment, the number of individual members increased 0.8% over the same term last year to 85,861. In response to a substantial number of candidates passing the 2007 exam, sales of certified public accountant courses increased mainly through university student registrations. Public officer courses also showed stable growth. Meanwhile, applications for licensed tax accountant courses showed a sharp decline after its exam implementation in August. Other preparatory courses including small and medium enterprise management consultant (SMEMC), US certified public accountant and certified internal auditor (CIA), etc. supported mainly by working people, showed remarkable growth exceeding 10% over the same term last year. As a result, sales for the current interim period increased 1.0% over the same term last year to ¥ 7,700 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)			2 nd quarter of FY2008 (July–September)			Interim of FY2008 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,280	-	100.5	3,420	-	101.6	7,700	-	101.0
Operating costs	3,459	80.8	103.9	3,435	100.4	100.6	6,895	89.5	102.2
Operating income	820	19.2	88.1	-15	-0.4	29.9	805	10.5	91.5

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

Corporate training**Sustained growth in corporate training programs resulting in sales increase of 11% and continued growth in operating profit**

Sales in corporate training increased 11.5% over the same term last year in spite of rapid deterioration in economic conditions. Especially, our flagship courses in this segment recorded stable growth, including finance and real estate courses which increased 16.2% over the same term last year supported by securities analyst and

business school courses, IT specialist courses which increased 5.1% over the same term last year and CompTIA courses which increased 30.3% over the same term last year. Other than those, sales of educational contents including educational materials increased 13.9% over the same term last year, sales of educational programs consigned by local governments increased 9.8% over the same term last year and sales of Maho-jin tax software increased 15.2% over the same term last year. Sales by affiliated schools declined 12.9% over the same term last year due to the Hiroshima School coming under our direct control in the previous consolidated period. Sales of in-university seminars decreased 2.4% over the same term last year. As a result, sales for the current interim period in this segment increased 8.2% over the same term last year to ¥ 2,359 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	%	
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)			2 nd quarter of FY2008 (July–September)			Interim of FY2008 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,202	-	110.2	1,157	-	106.3	2,359	-	108.2
Operating costs	829	69.0	111.7	723	62.5	105.2	1,553	65.8	108.6
Operating income	372	31.0	107.0	433	37.5	108.1	806	34.2	107.6

- (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

Decline in income due to book returns in the previous quarter. Manpower business of TPB declined both in manpower placement and dispatching

Sales in our publishing business for the current interim period decreased 20.4% over the same term last year due to a substantial quantity of returned books in the previous 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 9.5% over the same term last year due to sluggish sales in manpower placement as well as in manpower dispatching which took a downward turn in the current quarter. In total, sales in this segment for the current interim period declined 16.0% over the same term last year to ¥ 794 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	%	
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)			2 nd quarter of FY2008 (July–September)			Interim of FY2008 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	354	-	82.4	440	-	85.3	794	-	84.0
Operating costs	287	81.1	66.3	377	85.9	110.3	665	83.8	85.7
Operating income	66	18.9	-	62	14.1	35.8	129	16.2	76.0

- (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.

(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)			2 nd quarter of FY2008 (July–September)			Interim of FY2008 (April – September)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,776	30.4	95.6	1,458	29.1	95.7	3,234	29.8	95.7
Management & Taxation	1,639	28.1	99.8	1,112	22.2	96.7	2,751	25.4	98.5
Financial Service & Real Estate	741	12.7	106.2	785	15.7	108.0	1,527	14.1	107.1
Law & Labor	796	13.7	102.5	695	13.9	102.1	1,491	13.8	102.3
IT & International	478	8.2	115.5	544	10.8	116.6	1,022	9.4	116.1
Others	401	6.9	103.5	415	8.3	99.6	817	7.5	101.5
Total	5,834	100.0	101.0	5,010	100.0	100.9	10,844	100.0	100.9

- (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

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. As a consequence, 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 (+29.8% or +806 over the previous year) passed the multiple-choice exam. The pass rate was 21.7%, while that of previous year was 18.5%. As the hiring situation in major audit firms is still considered tight, a favorable employment situation for successful candidates by audit corporations is expected to continue after the announcement of test results scheduled in November 18, 2008.

In the previous quarter, sales in regular courses (1 year) increased mainly through university student registrations and returned to a recovery tract, which continues in the current quarter. As a result, sales on a cash basis (before adjustment of tuition advances) for the current interim period showed an increase of 7.7% 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. Compared to forecasts, sales on an accrual basis remain above the planned level by approximately 2%. Meanwhile, in order to attract the increasing number of university students, we expanded the Hiyoshi School in July and are going to open the Waseda School in November to effectively respond to the competition.

As for bookkeeping courses, sales growth peaked. Sales declined 5% in personal education and corporate training segments and the publishing segment decreased 7.4% due to the return of books. In total, sales decreased 4.3% over the same term last year.

Management and Taxation

In spite of favorable results in the previous quarter, applications for licensed tax accountant courses showed a decline after its exam implementation in August resulted in a decline in sales on cash basis of 8.0% over the same term last year. Sales of small and medium enterprise management consultant (SMEMC) continued to show stable growth, which started in the previous quarter resulting in a sales increase of 11.5% over the same term last year. As a result, sales decreased 1.5% 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 interim period declined 5.2% over the same term last year due to a decline in the number of candidates for the qualification. Sales of real estate transaction manager (Takken) courses, in spite of the impact of the deterioration in the real estate industry, continued to show favorable growth in the current interim period of 4.9% over the same term last year.

As to financial planner (FP) courses, sales showed a decline of 7.6% due to sluggish growth in the personal education segment. Sales of securities analyst courses continued to show remarkable growth by as much as 35.6% over the same term last year. Sales of Business School courses continued to show substantial growth at 45.2% over the previous year backed by favorable sales in corporate training programs. As a result, sales increased 7.1% over the same term last year.

Law and Labor

Public officer courses, which began to improve in the previous year, are expected to show strong increases in the current year due to the difficult employment situation in private companies. Sales of public officer courses in the current interim period increased 18.9% over the same term last year. As to certified social insurance labor consultant, though we experienced rapid growth spawned by the incentive to take advantage of the governmental tuition assistance program prior to its revision in October 2007, was not as much as what we had expected resulting in a marginal negative impact. Sales for the current interim period declined only 0.4% over the same term last year. Sales of administrative scrivener courses remained low with a decline of 9.0% over the same term last year. Registered customs specialist courses started in the previous fiscal year and intellectual property management skills courses started in the current fiscal year, experienced gradual growth. As a result, total sales in these areas increased 2.3% over the same term last year.

IT and International Qualifications

Though a declining trend was observed in the number of application of individual members anticipating revisions to the testing systems for IT specialist qualifications, sales increased 3.8% 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 as much as 41.4% over the same term last year.

Sales on a cash basis for US CPA courses remained strong with an increase of 17.1% 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 started in September, 2007 received strong support from those responsible for internal control and internal audit-related operations in corporations. As a result, sales in this area increased 16.1% over the same term last year.

Other

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, the manpower placement business 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 the CPA exam who seek employment in public companies. The manpower dispatching business, which marked remarkable growth until the previous quarter, began showing sluggish growth. As a result, sales of TPB declined 9.5% (after adjustment for consolidation) over the same term last year. Sales of "Maho-jin" tax software maintained stable growth of 15.2% over the same term last year. Various measures are being taken to take out effective advertisement for the newly launched careworker courses. In total, sales increased 1.5% over the same term last year.

(4) Number of schools and capacity

TAC has 19 schools nationwide (as of September 30, 2008) that provide personal education and corporate training. In the current interim period, applicants for certified public accountant courses showed a strong increase in response to a substantial number of candidates passing the 2007 exam. In order to attract the increasing number of students from prestigious universities under ongoing competition with other license schools, we will open the Waseda School in an area near Waseda University in November 2008. As a result, total classroom capacity as of September 30, 2008 was 16,028 tsubo's, an increase of 0.4% over the previous fiscal year.

(1 tsubo = 3.3 m²)

Term Location of branches	Previous interim period (as of September 30, 2007)				Current interim period (as of September 30, 2008)			
	Area(tsubo)	Number of classroo ms	Number of seats	Number of video booths	Area(tsubo)	Number of classrooms	Number of seats	Number of video booths
Sapporo	347	9	640	39	347	9	640	39
Sendai	327	9	584	36	327	9	584	36
Suidobashi (notes)	2,926	25	2,736	88	2,822 (Reduced)	25	2,736	88
Shibuya	1,700	32	3,151	115	1,700	32	3,135	115
Shinjuku	1,468	24	2,938	99	1,468	24	2,895	99
Waseda	-	-	-	-	128 (New)	3	111	24
Ikebukuro	1,257	25	2,816	107	1,257	25	2,811	107
Yaesu	1,049	19	1,817	123	1,049	19	1,839	123
Machida	390 (Partially returned)	10	675	46	390	10	675	46
Yokohama	1,017	22	2,050	100	1,017	22	2,049	100
Tachikawa	311 (New)	12	542	31	311	12	541	31
Hiyoshi	82 (New)	2	53	35	119 (Plus)	2	113	35
Omiya	451 (Partially returned)	13	800	53	451	13	803	53
Nagoya	851 (Partially returned)	20	1,788	89	851	20	1,787	89
Kyoto	693	17	1,359	68	693	17	1,380	68
Umeda	1,293	22	2,285	91	1,293	22	2,259	91
Nanba	586	15	1,004	65	586	15	1,011	65
Kobe	569	16	1,280	42	576	16	1,260	42
Hiroshima	229 (Managed directly)	8	246	43	229	8	245	43
Fukuoka	404	11	649	39	404	11	655	39
Total	15,958	311	27,443	1,309	16,028	314	27,527	1,333

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

(5) Number of students

In the interim period, the number of students in certified public accountant courses and public officer courses showed increases of 8.9% and 25.9%, respectively, over the same term last year. Licensed tax accountant courses, however, declined 5.7% over the same term last year. As a result, the number of individual members increased 0.8% or 714 to 85,861 over the same term last year. The number of corporate students increased 2.5%, or 794 over the previous fiscal year to 32,689. These results were supported by a substantial increase of in-university seminars, which increased 17.8% over the same term last year in spite of decreases in correspondence courses for corporate training programs and declines in affiliated-schools after Hiroshima School coming under our direct control. As a result, the total number of students increased 1.3%, or 1,508 over the same term last year to 118,550.

	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%)	- -	- -
Current interim period FY2008 (April - September) [Y-O-Y]	85,861 [100.8%]	32,689 [102.5%]	118,550 [101.3%]	+ 1,508	101.3
Previous interim period FY2007 (April - September) [Y-O-Y]	85,147 [99.5%]	31,895 [111.9%]	117,042 [102.6%]	+ 2,978	102.6

2. Qualitative information related to consolidated operating results

(1) Financial position

Total assets as of September 30, 2008 increased by ¥ 1,637 million and shareholders' equity decreased by ¥ 144 million over the same term last year. Notable increases include beneficiary right in safeguarding and trust system for advanced payments of ¥ 3,342 million, short-term borrowings (including current portion of long-term borrowings to be repaid within a year) of ¥ 431 million and long-term borrowings of ¥ 1,500 million. Deferred tax assets (long and short term) increased ¥ 289 million. Decreases include cash and deposits of ¥ 975 million, accounts receivable of ¥ 232 million, product of ¥ 180 million and investment securities of ¥ 154 million. Stockholders' equity decreased ¥ 133 million as a result of acquisitions in treasury stock of approximately ¥ 100 million and enhancement of return to stockholders, which includes an increase in the year-end dividend for the year ended March 31, 2008.

	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	%	Y-O-Y %	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %
Total assets	13,778	100.0	102.7	16,171	100.0	102.1	14,287	100.0	94.7	13,380	100.0	97.5
Tuition advances	5,242	38.1	96.4	7,713	47.7	98.4	7,714	54.0	93.8	7,190	53.7	98.6
Total Shareholders' Equity	4,150	30.1	119.0	4,426	27.4	125.1	4,247	29.7	126.2	3,819	28.5	104.4
Shareholders' Equity Per Share	Yen 224.32			Yen 239.20			Yen 229.56			Yen 205.85		

	1 st quarter of FY2008 (April – June)			2 nd quarter of FY2008 (July–September)		
	¥ million	%	Y-O-Y %	¥ million	%	Y-O-Y %
Total assets	14,059	100.0	102.0	17,808	100.0	110.1
Tuition advances	5,526	39.3	105.4	7,782	43.7	100.9
Total Shareholders' Equity	4,231	30.1	102.0	4,281	24.0	96.7
Shareholders' Equity Per Share	Yen 229.75			Yen 234.41		

(2) Cash flow performance

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

Net cash used in operating activities in the current interim period was ¥ 3,224 million, a decrease of ¥ 3,218 million over the same term last year.

Factors contributing to such changes in cash flows in operations included an increase in tuition advances of ¥ 173 million, an increase in beneficiary right in safeguarding and trust system for advance payment of ¥ 3,342 million, a decrease in accounts receivable of ¥ 167 million, increase in accounts payable of ¥ 117 million and decrease in income before income taxes of ¥ 288 million.

Net cash provided by investing activities in the current interim period was ¥ 130 million, an increase of ¥ 345 million over the same term last year. Investment-related cash included purchase of investment securities which declined ¥ 199 million over the same term last year and proceeds from sales of investment securities which declined ¥ 349 million over the same term last year, time deposits which declined ¥ 200 million over the same term last year and cash provided by sales of marketable securities which increased ¥ 200 million over the same term last year.

Net cash provided by financing activities in the current interim period was ¥ 3,222 million, an increase of ¥ 1,879 million over the same term last year, due to an increase in revenue from long-term borrowings of ¥ 2,000 million

and an increase in payment of ¥ 100 million for the acquisition of treasury stock.

As a result, cash and cash equivalents decreased ¥ 835 million over the same term last year to ¥ 2,118 million.

3. Qualitative Information Related to Consolidated forecasts

No revisions have been made to the consolidated financial results forecasts released on May 14, 2008. In the current interim period, though we had favorable sales of certified public accountant courses and public officer courses, licensed tax accountant courses marked sluggish growth. We have to wait for the announcement of results of certified public accountant and licensed tax accountant, which are scheduled for November 18, 2008 and December 12, 2008, respectively to assess the trend in applications for educational courses.

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 interim period.

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 interim period ended September 30, 2008	FY 2007 ended March 31, 2008
Assets		
Current assets		
Cash and cash equivalents	1,987	1,859
Notes and accounts receivable	2,995	1,902
Marketable securities	160	360
Merchandise	19	18
Finished goods	201	249
Work in process	4	0
Stores	289	268
Prepaid expenses	399	377
Beneficiary right in safeguarding and trust system for advance payment	3,342	—
Others	297	354
Allowances for doubtful accounts	-1	-1
Total current assets	9,697	5,390
Fixed assets		
Tangible fixed assets	652	612
Intangible fixed assets	275	247
Investments and other assets		
Investment securities	1,720	1,656
Deferred income taxes	202	202
Long-term time deposits	500	500
Insurance reserve fund	935	937
Fixed leasehold deposits	3,801	3,788
Other	65	65
Allowances for doubtful accounts	-42	-19
Total	7,182	7,130
Total fixed assets	8,111	7,990
Total assets	17,808	13,380

(Yen in Millions)

	Current interim period ended September 30, 2008	FY 2007 ended March 31, 2008
Liabilities		
Current liabilities		
Accounts payable	368	439
Short-term borrowings	1,580	—
Current portion of long-term borrowings	400	9
Accrued amount payable	437	373
Accrued expenses	442	496
Corporation and inhabitants taxes payable	396	284
Tuition advances	7,782	7,190
Accrued bonuses	60	60
Reserve for loss on returned goods	178	322
Allowance for loss on disposal of returned goods	84	128
Other	156	116
Total current liabilities	11,887	9,421
Long-term liabilities		
Long-term liabilities	1,500	—
Post-retirement benefits payable for directors and corporate directors	139	139
Other	0	—
Total long-term liabilities	1,640	139
Total liabilities	13,527	9,561
Net assets		
Owner's equity		
Paid-in Capital	940	940
Capital surplus	790	790
Earned surplus	2,662	2,097
Treasury stock	-100	-0
Total owner's equity	4,293	3,828
Valuation and translation adjustments		
Difference on revaluation of other marketable securities	-18	-19
Total valuation and translation adjustments	-18	-19
Minority interests	6	10
Total net assets	4,281	3,819
Total liabilities and net assets	17,808	13,380

(2) Consolidated statement of income (summary)

(Yen in Millions)

	Current interim period ended September 30, 2008
Sales revenues	10,844
Cost of sales	6,194
Gross profit	4,650
Reversal of allowance for loss on returned goods	322
Transfer to reserve for loss on returned goods	178
Gross profit - net	4,794
Selling, general and administrative expenses	3,630
Operating income	1,164
Non-operating income	
Profit from investment securities	104
Other	31
Total Non-operating income	136
Non-operating expenses	
Interest expenses	10
Other	57
Total Non-operating expenses	67
Ordinary income	1,232
Extraordinary income	
Gain on sales of fixed assets	0
Total Extraordinary income	0
Net income before income taxes	1,232
Corporate, inhabitants and enterprise taxes	463
Deferred income taxes	59
Total Corporate, inhabitants and enterprise taxes	523
Minority interests	-3
Net income	712

(3) Consolidated statement of cash flow (summary)

(Yen in Millions)

	Current interim period ended September 30, 2008
<hr/>	
Cash flows from operating activities	
Income before income taxes	1,232
Depreciation and amortization	123
Increase (decrease) in allowance for doubtful accounts	22
Increase (decrease) in allowance for employees' bonuses	-0
Increase in allowance for returned goods	-143
Increase (decrease) in allowance for loss on disposal of returned goods	-44
Interest and dividend income	-26
Interest paid	10
Loss(gain) on valuation of investment securities	-104
Increase (decrease) in accounts receivable	-1,092
Increase (decrease) in inventories	21
Increase (decrease) in accounts payable	-70
Increase (decrease) in tuition advances	591
Increase (decrease) in beneficiary right in safeguarding and trust system for advance payment	-3,342
Other	-109
Sub-total	<hr/> -2,932 <hr/>
Interest and dividend received	71
Interest paid	-9
Income taxes paid	-353
Net cash provided by operating activities	<hr/> -3,224 <hr/>

(Yen in Millions)

	Current interim period ended September 30, 2008
Cash flows from investing activities	
Proceeds from sales of marketable securities	200
Acquisitions of property and equipment	-32
Purchases of intangible fixed assets	-26
Payment for guaranteed deposits	-13
Other	1
Net cash provided by (used in) investing activities	130
Cash flows from financing activities	
Increase in short-term borrowings	1,580
Proceeds from long-term debt	2,000
Repayment of long-term debt	-109
Payment to acquire treasury shares	-100
Dividends paid	-147
Net cash provided by (used in) financing activities	3,222
Exchange difference of cash and cash equivalents	-0
Net increase in cash and cash equivalents	127
Cash and cash equivalents at the beginning of the year	1,990
Cash and cash equivalents at the end of the interim period	2,118

(4) Going concern assumption

None

(5) Segment information

(A) Segment information by type

Interim period of current fiscal year (April 1, 2008- September 30, 2008)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) External customers	7,699	2,359	785	10,844	—	10,844
(2) Inter-segment transactions and eliminations	1	—	8	9	(9)	—
Total	7,700	2,359	794	10,854	(9)	10,844
Operating income	805	806	129	1,740	(576)	1,164

(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 interim period of the current fiscal year of ¥ 578,077 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)

Interim period of previous fiscal year (April 1, 2007- September 30, 2007)

(Yen in Millions)

Account	Previous interim period ended September 30, 2007	
	Amount	
Sales revenues		10,745
Cost of sales		6,198
Gross profit		4,546
Reversal of allowance for loss on returned goods		304
Transfer to reserve for loss on returned goods		226
Gross profit - net		4,625
Selling, general and administrative expenses		3,392
Operating income		1,232
Non-operating income		
Interest income on deposits	12	
Interest on securities	288	
Profit of investment securities	19	
Other	4	325
Non-operating expenses		
Interest expenses	6	
Other	0	6
Ordinary income		1,551
Extraordinary expenses		
Losses on disposal or sale of fixed assets	18	
Restoration expenses	11	30
Net income before income taxes		1,520
Corporate, inhabitants and enterprise taxes	586	
Deferred income taxes	40	626
Net income		894

(2) Consolidated statement of cash flow (summary)

Interim period of previous fiscal year (April 1, 2007- September 30, 2007)

(Yen in Millions)

Account	Previous interim period ended September 30, 2007
	Amount
I Cash flows from operating activities	
1 Income before income taxes	1,520
2 Depreciation and amortization	141
3 Decrease (increase) in allowance for doubtful accounts	0
4 Decrease (increase) in allowance for employees' bonuses	-7
5 Decrease (increase) in allowance for returned goods	-78
6 Interest and dividend income	-301
7 Profit of investment securities	-19
8 Interest paid	6
9 Loss on sales and disposal of property and equipment	18
10 Increase (decrease) in accounts receivable	-1259
11 Decrease (increase) in inventories	128
12 Decrease (increase) in accounts payable	-188
13 Increase (decrease) in tuition advances	418
14 Other	-138
Sub-total	242
15 Interest and dividend received	345
16 Interest paid	-2
17 Income taxes paid	-591
Net cash provided by operating activities	-5
II Cash flows from investing activities	
1 Increase (decrease) in time deposits	-200
2 Acquisitions of property and equipment	-78
3 Purchases of intangible fixed assets	-62
4 Purchases of investment securities	-200
5 Proceeds from sales of investment securities	350
6 Payment for guaranteed deposits	-38
7 Collection of guaranteed deposits	9
8 Collection of loans	2
9 Payment for insurance reserve fund	-1
10 Proceeds from insurance reserve fund	3
Net cash provided by (used in) investing activities	-215

	Previous interim period ended September 30, 2007
III Cash flows from financing activities	
1 Increase (decrease) in short-term borrowings	1,505
2 Decrease in long-term debt	-33
3 Dividends paid	-128
Net cash provided by (used in) financing activities	1,342
IV Exchange difference of cash and cash equivalents	0
V Net increase in cash and cash equivalents	-1,121
VI Cash and cash equivalents at the beginning of the year	1,831
VII Cash and cash equivalents at the end of the year	2,953

(3) Segment information by type

Interim period of current fiscal year (April 1, 2007- September 30, 2007)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) External customers	7,625	2,180	939	10,745	—	10,745
(2) Inter-segment transactions and eliminations	0	—	6	7	(7)	—
Total	7,626	2,180	946	10,752	(7)	10,745
Operating expenses	6,745	1,430	776	8,952	559	9,512
Operating income	880	749	169	1,800	(567)	1,232

(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 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