



## March 2009 Term - Third Quarter Financial Results (Consolidated)

January 30, 2009

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 3rd quarter results for the fiscal year ending March 2009

(From April 1, 2008 to December 31, 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)	%
December 2008 3rd quarter	15,733	—	978	—	972	—	523	—
December 2007 3rd quarter	15,505	(1.7)	1,224	(72.7)	1,554	(81.0)	867	(93.5)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
December 2008 3rd quarter	28.57	—
December 2007 3rd quarter	46.86	—

#### (2) Consolidated financial position

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
December 2008 3rd quarter	17,231	3,895	22.6	213.33
Fiscal 2007 (2008/3)	13,380	3,819	28.5	205.85

Notes) Equity Capital December 2008 3rd quarter 3,889 Million yen Fiscal 2007 (2008/3) 3,808 Million yen

## 2. Status of Dividends

Date of record	Dividend Per Share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> 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
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
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

No revision was made to the consolidated financial results forecasts released on May 14, 2008. As to details, please refer to “3. Qualitative Information Related to Consolidated forecasts”.

The revision of forecasted consolidated results is based on the information available at this time and involves potential risks and uncertainties. Actual results may materially differ from those contained in the forecast as a result of various factors.

#### 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)	December 2008 3rd quarter	18,504,000 shares	Fiscal Year 2007	18,504,000 shares
(2) Number of treasury shares at the fiscal year end	December 2008 3rd quarter	269,117 shares	Fiscal Year 2007	217 shares
(3) Yearly average number of shares (3rd quarter ended Dec. 31)	December 2008 3rd quarter	18,321,693 shares	December 2007 3rd 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) has been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

## **【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) 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, preparatory courses for Certified Public Accountant, Public Officer and Small and Medium Enterprise Management Consultant (SMEMC) continue to show favorable growth. In response to a substantial number of candidates passing the 2007 exam followed by the 2008 exam, sales of Certified Public Accountant courses on a cash basis (before adjustment of tuition advances) increased 9.1% over the same term last year, with an increased number of registrations by new learners. Licensed Tax Accountant courses, which experienced a sharp drop in the previous quarter, began to show improved sales on a cash basis in December, right after the announcement of test results. Though LTA sales declined 6.1% over the same term last year, the degree of decline was smaller than that of the previous quarter. Due to the difficult employment situation for university students caused by rapid economic deterioration, sales of Public Officer courses on a cash basis remained favorable with an increase of 17.9% over the same term last year. Total sales on a cash basis of TAC as a whole increased 4.9% or ¥ 782 million over the same term last year to ¥ 16,686 million. Such a substantial increase in sales was led mainly by an increase in classroom courses, where sales on a cash basis grew 5.8% over the same term last year, making a substantial contribution to improved profitability. Sales on a cash basis for correspondence courses increased 3.5% over the same term last year, mainly in web and download courses. In spite of the remarkable growth in sales, a substantial portion (¥555 million) of sales on a cash basis is charged to adjustment of tuition advances. So, consolidated sales on an accrual basis for the current quarter remained at ¥ 15,733 million, which was an increase of 1.5% or ¥ 226 million over the same term last year. Tuition advance transfers will be reversed in the 4th quarter and in the next fiscal year so to be recognized as sales.

Costs continue to show gradual increases. As to cost of sales, personnel costs, such as instructors' fees, increased 5.0% over the same term last year due to favorable sales in classroom courses. Other expenses, including consignment expense and printing costs, increased 3.8% over the same term last year. Regardless of an increased cost in manufacturing of ¥ 320 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 losses as of the end of the current quarter. Sales expenses and general and administrative expenses increased ¥ 304 million, mainly due to personnel costs.

As a result, consolidated net sales for the current quarter increased 1.5 % to ¥15,733 million over the same term last year and consolidated operating income decreased 20.1 % over the same term last year to ¥978 million. A total ¥ 76 million was recorded as non-operating income/loss, as there were no redemption profits yielded from private investment in REIT and profit in investment securities declined to ¥ 38 million due to appreciation of the yen. As for non-operating expenses, arrangement fees of ¥ 56 million were recorded in relation to loans payable upon introduction of a safeguarding and trust system for advance payments. As a result, consolidated net sales for the nine months ended December 31, 2008 were ¥ 972 million, a decline of 37.5% over the same term last year. Net income for the nine months ended December 31, 2008 was ¥ 523 million, a decline of 39.6% 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 1.1% or ¥ 66 million over the same term last year to ¥ 5,885 million and the amount of tuition advances transferred increased 7.7% or ¥ 489 million to ¥ 6,838 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 3rd quarter operating results between last year and this year (April – December).

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October-December)			4 <sup>th</sup> 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (October–December)			9-month Total for FY2008 (April – December)		
	¥ million	%	Y-O-Y	¥ 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	5,294		110.9	16,686		104.9
Adjustment of tuition advances	1,598		81.0	-2,145		91.1	-405		-	-953		240.2
Net sales (after adjustment of tuition advances)	5,834	-	101.0	5,010	-	100.9	4,888	-	102.7	15,733	-	101.5
Gross profit	2,773	47.5	104.0	2,020	40.3	103.2	1,666	34.1	93.8	6,461	41.1	100.9
Operating income	973	16.7	98.4	191	3.8	78.5	-185	-3.8	-	978	6.2	79.9
Ordinary profit	1,061	18.2	98.5	171	3.4	36.1	-260	-5.3	-	972	6.2	62.5
Net income	600	10.3	97.0	112	2.2	40.9	-189	-3.9	695.8	523	3.3	60.4
Net income per share	Yen 32.50			Yen 6.16			Yen -10.39			Yen 28.57		

(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 (before deduction of inter-segment transactions) are as follows:

Segment information	3rd quarter of FY2007			3rd quarter of FY2008		
	¥ in million	%	Y-O-Y	¥ in million	%	Y-O-Y
Personal Education	10,771	69.4	99.3	10,851	68.9	100.7
Corporate Training	3,167	20.4	104.2	3,395	21.6	107.2
Publishing & Other	1,580	10.2	114.4	1,500	9.5	94.9
Total	15,519	100.0	101.7	15,747	100.0	101.5

### Personal education

#### Continued growth in CPA and Public Officer courses

In the Personal education segment, the number of individual members increased 1.7 % over the same term last year to 110,291. In response to a substantial number of candidates passing the 2008 exam, sales of Certified Public Accountant courses increased mainly through university student registrations. Public Officer courses also showed stable growth as university students shifted toward seeking civil service jobs rather than finding employment at private corporations due to the serious economic conditions. Sales of Licensed Tax Accountant courses are beginning to pick up gradually after the announcement of test results. The degree of sales decline is smaller than that of the previous quarter. 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, which exceeded 10% over the same term last year. This was in response to heightening needs to acquire license qualifications.

As a result, sales for the nine months ended December 31, 2008 increased 0.7% over the same term last year to ¥ 10,851 million.

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			4 <sup>th</sup> 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (October–December)			9-month Total for FY2008 (April – December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,280	-	100.5	3,420	-	101.6	3,150	-	100.2	10,851	-	100.7
Operating costs	3,459	80.8	103.9	3,435	100.4	100.6	3,394	107.8	103.2	10,289	94.8	102.6
Operating income	820	19.2	88.1	-15	-0.4	29.9	-244	-7.8	170.7	561	5.2	76.1

- (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

#### Continued growth in corporate training programs resulting in sales increase of 9.2%

Sales in corporate training increased 9.2%, or ¥ 180 million 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 Business School courses, which increased 23.0% over the same term last year, IT Specialist courses which increased 10.2% over the same term last year and CompTIA courses which increased 12.7% over the same term last year. In addition, sales of educational contents including educational materials increased 15.0% over the same term last year, sales of educational programs consigned by local governments increased 28.2% over the same term last year and sales of Maho-jin tax software increased 5.0% over the same term last year. Sales by affiliated schools declined 10.2% 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 recovered and increased 1.6% over the same term last year. As a result, sales for the nine months ended December 31, 2008 increased 7.2% over the same term last year to ¥ 3,395 million.

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			4 <sup>th</sup> 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (April – December)			9-month Total for FY2008 (April – December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,202	-	110.2	1,157	-	106.3	1,035	-	105.0	3,395	-	107.2
Operating costs	829	69.0	111.7	723	62.5	105.2	754	72.9	109.3	2,308	68.0	108.8
Operating income	372	31.0	107.0	433	37.5	108.1	280	27.1	94.8	1,087	32.0	103.9

- (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.

### Publishing and other

#### Publishing segment recovered to the level of the previous year. Manpower business of TPB declined both in manpower placement and dispatching

Sales in our publishing business, which declined in the first interim period due to returned books, recovered to the level of the previous year as shipment of textbooks showed good form for the current quarter. Sales in our manpower business assumed by TAC Profession Bank (TPB), our subsidiary, declined 14.5% (before adjustment for consolidation) over the same term last year due to sluggish sales in manpower dispatching which started to decline in the previous quarter as well as in job advertising and manpower placement which remained stagnant under deterioration of economic conditions. In total, sales for the nine months ended December 31, 2008 declined 5.1% over the same term last year to ¥ 1,500 million.

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			4 <sup>th</sup> 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (July–December)			9-month Total for FY2008 (April – December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	354	-	82.4	440	-	85.3	706	-	111.4	1,500	-	94.9
Operating costs	287	81.1	66.3	377	85.9	110.3	642	91.0	130.4	1,308	87.2	103.1
Operating income	66	18.9	-	62	14.1	35.8	63	9.0	44.9	192	12.8	61.8

- (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 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October-December)			4 <sup>th</sup> 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 Services & 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (October-December)			9-month Total for FY2008 (April – December)		
	¥ million	%	Y-O-Y	¥ 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	1,622	33.2	105.3	4,856	30.9	98.7
Management & Taxation	1,639	28.1	99.8	1,112	22.2	96.7	1,091	22.3	93.5	3,842	24.4	97.0
Financial Services & Real Estate	741	12.7	106.2	785	15.7	108.0	639	13.1	98.7	2,166	13.8	104.5
Law & Labor	796	13.7	102.5	695	13.9	102.1	685	14.0	108.4	2,177	13.8	104.1
IT & International	478	8.2	115.5	544	10.8	116.6	428	8.8	119.9	1,450	9.2	117.2
Others	401	6.9	103.5	415	8.3	99.6	421	8.6	101.7	1,239	7.9	101.6
Total	5,834	100.0	101.0	5,010	100.0	100.9	4,888	100.0	102.7	15,733	100.0	101.5

(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 2008 was 19,736 (+1,516 over the previous year. This excludes the number of successful candidates of the part II exam under the former testing system) of which 15.3% or 3,024 passed. Following last year, the trend in the substantial number of candidates passing the exam continues. Accordingly, a sense of crisis in finding adequate human resources shared by audit corporations was alleviated and there are some successful candidates who had difficulty in finding employment in audit corporations in 2008.

Responding to the substantial number of candidates passing 2007 exam, sales in regular courses (1 year) have continually increased since the 1st quarter, mainly through university student registrations. This recovery tract continued in the current quarter. 1.5-year regular course (long term) and 1.5-year regular course scheduled to be started in autumn, aiming at passing 2010 exam, are tailored to the new testing system started in December, 2009 under which the essay exam is held twice a year. These courses are receiving strong support from students. As a result, sales on a cash basis (before adjustment of tuition advances) for the nine months ended December 31, 2008 showed a substantial increase of 9.1% over the same term last year. In spite of this remarkable growth in sales, a substantial portion of sales on cash basis is charged to adjustment of tuition

advances and sales on an accrual basis (after adjustment of tuition advances) for the current quarter declined 1.4% over the same term last year. Meanwhile, in order to attract an increasing number of university students, we expanded the Hiyoshi School in July 2008 and opened the Waseda School in November toward further sales expansion.

As for bookkeeping courses, sales growth, which slowed slightly in the 2nd quarter, showed stable recovery from autumn onward mainly through registrations in personal education. Sales on cash basis for the nine months ended December 31, 2008 increased 0.6% over the same term last year. As a result, sales for the nine months ended December 31, 2008 decreased 1.3% over the same term last year.

### Management and Taxation

In Licensed Tax Accountant courses, the number of registrations remained stagnant for several months after the exam in August. Sales on a cash basis, however, picked up upon the start of new preparatory courses after the announcement of exam results in December. The rate of sales decline improved by 2 points to 6.1% over the same term last year. The current situation, however, does allow for optimism and we need to pay close attention until January, when all the preparatory courses will have started. Small and Medium Enterprise Management Consultant (SMEMC) recorded substantial growth in response to heightening needs of working people to acquire license qualifications. Sales of SMEMC on a cash basis increased 16.5% over the same term last year. Preparatory courses for the IPO Practical Skills Examination were launched in November. As a result, sales for the nine months ended December 31, 2008 decreased 3.0% over the same term last year.

### Financial Services and Real Estate

In spite of a sharp decline of the financial and real estate markets, there has been a nominal effect on our educational course sales. In the area of real estate, sales of Real Estate Appraiser courses for the current quarter declined 6.9% over the same term last year due to an overall decrease in the number of candidates for the qualification. Sales of Real Estate Transaction Manager (Takken) courses increased 4.1% over the same term last year supported by increased learning motivation by working people who face a system under which training courses are required for registration.

Though sales of Financial Planner (FP) courses decreased 3.7% due to sluggish growth in the personal education segment, the rate of decline was alleviated from the previous quarter. Though sales growth of Securities Analyst courses slowed slightly, sales in the corporate training segment remained strong and sales increased 17.1% over the same term last year. Sales of Business School courses continued to show substantial growth at 24.4% over the same term last year backed by favorable sales in corporate training programs continuing from previous year. As a result, sales for the nine months ended December 31, 2008 increased 4.5% over the same term last year.

### Law and Labor

As to Public Officer courses, which started to improve in the previous year, the number of university student registrations showed a rapid increase due to the difficult employment situation among private companies suffering in the economic slowdown. Sales on a cash basis for the nine months ended December 31, 2008 increased 17.9% over the same term last year. In Certified Social Insurance Labor Consultant courses, 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, the growth was not what we had expected. This resulted in only a marginal negative impact. Sales on a cash basis for the nine months ended December 31, 2008 declined only 0.5% over the same term last year. Sales of Administrative Scrivener courses had experienced stagnation with sales on a cash basis for six months ended October 30, 2007 declining 4.8% over the same term the previous year. It has now returned to a recovery tract supported by an increased number of registrations in the 3rd quarter after completion of exams. Accordingly, sales for nine months ended December 31, 2008 increased 7.8% over the same term last year. Newly launched Registered Customs Specialist courses and Intellectual Property Management Skills courses marked favorable growth. As a result, total sales for the nine months ended December 31, 2008 in these areas increased 4.1% over the same term last year.

**IT and International Qualifications**

IT Specialist courses marked strong sales mainly supported by preparatory courses for the “IT Passport Exam” to be stated in spring 2009. A sense of hesitation among learners prior to the revision of testing system is gradually fading. Concurrently, sales of corporate training programs remained stable resulting in an increase in sales on a cash basis of 9.1% over the same term last year. 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 resulting in sales increase of 24.9% over the same term last year. Sales on a cash basis for US CPA courses remained strong with an increase of 25.7% 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 are in their second year of operation, received strong support from those responsible for internal control and internal audit-related operations in corporations. CIA experienced a doubling in sales. As a result, sales for the nine months ended December 31, 2008 in this area increased 17.2% over the same term last year.

**Other**

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, the manpower placement business for successful candidates of the 2008 CPA exam having difficulty finding employment in audit corporations has not begun full-fledged operations. The manpower dispatching business experienced a downward shift in the 2nd quarter. As a result, sales of TPB as a whole declined 14.5% (before adjustment for consolidation) over the same term last year. Sales of “Maho-jin” tax software maintained stable growth of 5.0% over the same term last year. Various measures are being taken to bring out effective advertisement for the newly launched Careworker courses. In total, sales for the nine months ended December 31, 2008 increased 1.6% 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, <b>IPO Practical Examination</b>	
(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),BATIC	
(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

In the current quarter, the number of students in Certified Public Accountant courses, Public Officer courses and Small and Medium Enterprise Management Consultant (SMEMC) showed increases of 7.8%, 10.0% and 13.2%, respectively, over the same term last year. Licensed Tax accountant courses, however, declined 4.5% over the same term last year due to a decline in the number of registrations in the 2nd quarter. As a result, the number of individual members increased 1.7% or 1,889 to 110,291 over the same term last year. The number of corporate students, in spite of strong increases in correspondence courses for corporate training programs of 5.9% over the same term last year, decreased 2.5% or 1,130 to 43,396. This is attributed to Hiroshima school coming under our direct control resulting in a decline in students in affiliated schools and in-university seminars which declined 20% over the same term last year. As a result, the total number of students increased 0.5%, or 759 over the same term last year to 153,687.

	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 for 10 years	1,107,183	364,496	1,471,679	-	-
(Distribution %)	( 75.2% )	( 24.8% )	( 100.0% )	-	-
3rd quarter of FY2008 (April - December) [ Y-O-Y ]	110,291 [101.7%]	43,396 [97.5%]	153,687 [100.5%]	+ 759	100.5
3rd quarter of FY2007 (April - December) [ Y-O-Y ]	108,402 [98.0%]	44,526 [111.1%]	152,928 [101.5%]	+ 2,247	101.5

## 2. Qualitative information related to consolidated operating results

### (1) Financial position

Total assets as of December 31, 2008 increased by ¥ 2,943 million and shareholders' equity decreased by ¥ 351 million over the same term last year. Notable increases include beneficiary rights in safeguarding and trust system for advanced payments of ¥ 4,014 million, short-term borrowings (including current portion of long-term borrowings to be repaid within one year) of ¥ 1,431 million and long-term borrowings of ¥ 1,400 million. Deferred tax assets (long and short term) increased ¥ 300 million. Decreases include cash and deposits of ¥ 535 million, inventory due to application of revaluation losses of ¥ 278 million, investment securities of ¥ 463 million. Stockholders' equity decreased ¥ 311 million as a result of acquisitions in treasury stock of approximately ¥ 100 million and enhancement of return to stockholders, which includes the year-end dividend for the year ended March 31, 2008 and a continued increase in the interim dividend for the year ended March 31, 2009.

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October-December)			4 <sup>th</sup> 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 <sup>st</sup> quarter of FY2008 (April – June)			2 <sup>nd</sup> quarter of FY2008 (July–September)			3 <sup>rd</sup> quarter of FY2008 (October-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total Assets	14,059	100.0	102.0	17,808	100.0	110.1	17,231	100.0	120.6
Tuition Advances	5,526	39.3	105.4	7,782	43.7	100.9	8,195	47.6	106.2
Total Shareholders' Equity	4,231	30.1	102.0	4,281	24.0	96.7	3,895	22.6	91.7
Shareholders' Equity Per Share	Yen 229.75			Yen 234.41			Yen 213.33		

### (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 ¥ 2,961 million, a decrease of ¥ 3,911 million over the same term last year. Factors contributing to such changes in cash flows in operations included an increase in tuition advances of ¥ 585 million, an increase in beneficiary rights in safeguarding and trust system for advance payment of ¥ 4,014 million, an increase in accounts receivable of ¥ 337 million, an increase in accounts payable of ¥ 173 million and a decrease in income before income taxes of ¥ 528 million.

Net cash used by investing activities in the current quarter was ¥ 71 million, a decrease of ¥ 453 million over the same term last year. Investment-related cash included proceeds from sales of marketable securities which increased ¥ 100 million over the same term last year, acquisition of tangible fixed asset which increased ¥ 31 million over the same term last year and acquisition of intangible fixed asset which increased 42 million over the same term last year.

Net cash provided by financing activities in the current quarter was ¥ 2,703 million, an increase of ¥ 2,763 million over the same term last year, which includes revenue from short-term borrowings and long-term borrowings which increased ¥ 1,057 million and ¥ 2 billion, respectively due to introduction of safeguarding and trust system for advance payment and an increase in payment of ¥ 100 million for the acquisition of treasury stock.

As a result, cash and cash equivalents decreased ¥ 535 million over the same term last year to ¥ 1,661 million.

### 3. Qualitative Information Related to Consolidated forecasts

As to the consolidated financial results forecasts for the year ended March 31, 2009, we have been paying close attention to the situation of registrations in Licensed Tax Accountant courses after the announcement of test results on December 12, 2008. In December, the number of registrations showed favorable growth due to a campaign for early registration. In January, however, reaction dropped. Total sales from December through January are expected to be less than those of the same period last year. In addition, the manpower business assumed by TAC Profession Bank fell more than we had expected. Meanwhile, new courses will be started in February to March for Certified Public Accountant and Public Officers courses. Sales on a cash basis for these courses will not have an immediate effect on sales on accrual basis for the current consolidated year. Accordingly, no revisions have been made to the consolidated financial results forecasts released 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 interim period.

**5. Consolidated financial statements and other****(1) Consolidated balance sheet (summary)**

(Yen in Millions)

	Current 3rd quarter ended December 31, 2008	FY 2007 ended March 31, 2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,530	1,859
Notes and accounts receivable	2,125	1,902
Marketable securities	160	360
Merchandise	20	18
Finished goods	329	249
Work in process	2	0
Stores	280	268
Prepaid expenses	434	377
Beneficiary right in safeguarding and trust system for advance payment	4,014	—
Others	308	354
Allowances for doubtful accounts	-1	-1
<b>Total current assets</b>	<b>9,205</b>	<b>5,390</b>
Fixed assets		
Tangible fixed assets	649	612
Intangible fixed assets	284	247
Investments and other assets		
Investment securities	1,598	1,656
Deferred income taxes	225	202
Long-term time deposits	500	500
Insurance reserve fund	936	937
Fixed leasehold deposits	3,809	3,788
Other	63	65
Allowances for doubtful accounts	-42	-19
<b>Total</b>	<b>7,091</b>	<b>7,130</b>
<b>Total fixed assets</b>	<b>8,025</b>	<b>7,990</b>
<b>Total assets</b>	<b>17,231</b>	<b>13,380</b>

(Yen in Millions)

	Current 3rd quarter ended December 31, 2008	FY 2007 ended March 31, 2008
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	434	439
Short-term borrowings	1,320	—
Current portion of long-term borrowings	400	9
Accrued amounts payable	338	373
Accrued expenses	488	496
Corporation and inhabitants taxes payable	0	284
Tuition advances	8,195	7,190
Accrued bonuses	26	60
Reserve for loss on returned goods	271	322
Allowance for loss on disposal of returned goods	96	128
Other	223	116
<b>Total current liabilities</b>	<b>11,795</b>	<b>9,421</b>
<b>Long-term liabilities</b>		
Long-term liabilities	1,400	—
Post-retirement benefits payable for directors and corporate directors	139	139
Other	0	—
<b>Total long-term liabilities</b>	<b>1,540</b>	<b>139</b>
<b>Total liabilities</b>	<b>13,335</b>	<b>9,561</b>
<b>Net assets</b>		
<b>Owner's equity</b>		
Paid-in Capital	940	940
Capital surplus	790	790
Earned surplus	2,308	2,097
Treasury stock	-100	-0
<b>Total owner's equity</b>	<b>3,939</b>	<b>3,828</b>
<b>Valuation and translation adjustments</b>		
Difference on revaluation of other marketable securities	-49	-19
<b>Total valuation and translation adjustments</b>	<b>-49</b>	<b>-19</b>
Minority interests	5	10
<b>Total net assets</b>	<b>3,895</b>	<b>3,819</b>
<b>Total liabilities and net assets</b>	<b>17,231</b>	<b>13,380</b>

**(2) Consolidated statement of income (summary)**

(Yen in Millions)

	Current 3rd quarter ended December 31, 2008
Sales revenues	15,733
Cost of sales	9,323
Gross profit	6,410
Reversal of allowance for loss on returned goods	322
Transfer to reserve for loss on returned goods	271
Gross profit - net	6,461
Selling, general and administrative expenses	5,482
Operating income	978
Non-operating income	
Interest on securities	17
Profit from investment securities	38
Other	21
Total Non-operating income	76
Non-operating expenses	
Interest expenses	25
Commissions paid	56
Other	1
Total Non-operating expenses	83
Ordinary income	972
Extraordinary income	
Gain on sales of fixed assets	0
Total Extraordinary income	0
Extraordinary expenses	
Losses on disposal of fixed assets	0
Restoration expenses	2
Total Extraordinary expenses	3
Net income before income taxes	969
Corporate, inhabitants and enterprise taxes	337
Deferred income taxes	112
Total Corporate, inhabitants and enterprise taxes	449
Minority interests	-4
Net income	523

**(3) Consolidated statement of cash flow (summary)**

(Yen in Millions)

	Current 3rd quarter ended December 31, 2008
<hr/>	
Cash flows from operating activities	
Income before income taxes	969
Depreciation and amortization	194
Increase (decrease) in allowance for doubtful accounts	22
Increase (decrease) in allowance for employees' bonuses	-34
Increase in allowance for returned goods	-50
Increase (decrease) in allowance for loss on disposal of returned goods	-32
Interest and dividend income	-33
Interest paid	25
Loss (gain) on valuation of investment securities	-38
Increase (decrease) in accounts receivable	-222
Increase (decrease) in inventories	-96
Increase (decrease) in accounts payable	-4
Increase (decrease) in tuition advances	1,005
Increase (decrease) in beneficiary right in safeguarding and trust system for advance payment	-4,014
Other	-34
Sub-total	<hr/> -2,344 <hr/>
Interest and dividend received	93
Interest paid	-25
Income taxes paid	<hr/> -686 <hr/>
Net cash provided by operating activities	<hr/> -2,961 <hr/>

(Yen in Millions)

Current 3rd quarter ended December 31, 2008	
<b>Cash flows from investing activities</b>	
Proceeds from sales of marketable securities	200
Acquisitions of property and equipment	-129
Purchases of intangible fixed assets	-121
Payment for guaranteed deposits	-23
Collection of guaranteed deposits	2
Other	0
Net cash provided by (used in) investing activities	-71
<b>Cash flows from financing activities</b>	
Increase in short-term borrowings	1,320
Proceeds from long-term debt	2,000
Repayment of long-term debt	-209
Payment to acquire treasury shares	-100
Dividends paid	-306
Net cash provided by (used in) financing activities	2,703
Exchange difference of cash and cash equivalents	1
Net increase in cash and cash equivalents	-328
Cash and cash equivalents at the beginning of the year	1,990
Cash and cash equivalents at the end of the interim period	1,661

**(4) Going concern assumption**

None

**(5) Segment information**

(A) Segment information by type

3rd quarter of current fiscal year (April 1, 2008- December 31, 2008)

(Yen in Millions)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) External customers	10,849	3,395	1,488	15,733	—	15,733
(2) Inter-segment transactions and eliminations	1	—	12	13	( 13)	—
Total	10,851	3,395	1,500	15,747	( 13)	15,733
Operating income	561	1,087	192	1,841	( 862)	978

(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 3rd quarter of the current fiscal year of ¥ 864,225 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- December 31, 2007)

(Yen in Millions)

Account	Previous 3rd quarter ended December 31, 2008		
	Amount		%
Sales revenues		15,505	100.0
Cost of sales		9,177	59.2
Gross profit		6,327	40.8
Reversal of allowance for loss on returned goods		304	2.0
Transfer to reserve for loss on returned goods		230	1.5
Gross profit - net		6,402	41.3
Selling, general and administrative expenses		5,177	33.4
Operating income		1,224	7.9
Non-operating income			
Interest income on deposits	23		
Interest on securities	288		
Profit of investment securities	19		
Other	7	339	2.2
Non-operating expenses			
Interest expenses	7		
Other	1	9	0.1
Ordinary income		1,554	10.0
Extraordinary expenses			
Losses on disposal or sale of fixed assets	28		
Restoration expenses	11		
Bad debt expense	16	57	0.4
Net income before income taxes		1,497	9.6
Corporate, inhabitants and enterprise taxes	545		
Deferred income taxes	85	630	4.0
Net income		867	5.6

## (2) Consolidated statement of cash flow (summary)

3rd quarter of previous fiscal year (April 1, 2007- September 30, 2007)

(Yen in Millions)

Account	Previous 3rd quarter ended December 31, 2007
	Amount
<b>I Cash flows from operating activities</b>	
1 Income before income taxes	1,497
2 Depreciation and amortization	214
3 Decrease (increase) in allowance for doubtful accounts	17
4 Decrease (increase) in allowance for employees' bonuses	-35
5 Decrease (increase) in allowance for returned goods	-74
6 Interest and dividend income	-314
7 Profit of investment securities	-19
8 Interest paid	7
9 Loss on sales and disposal of property and equipment	28
10 Increase (decrease) in accounts receivable	114
11 Decrease (increase) in inventories	-1
12 Decrease (increase) in accounts payable	-177
13 Increase (decrease) in tuition advances	420
14 Other	-191
Sub-total	1,485
15 Interest and dividend received	368
16 Interest paid	-7
17 Income taxes paid	-897
Net cash provided by operating activities	949
<b>II Cash flows from investing activities</b>	
1 Increase (decrease) in time deposits	-200
2 Acquisitions of property and equipment	-97
3 Purchases of intangible fixed assets	-78
4 Purchases of investment securities	-849
5 Proceeds from sales of investment securities	690
6 Increase (decrease) for guaranteed deposits	0
7 other	10
Net cash provided by (used in) investing activities	-524

	Previous 3rd quarter ended December 31, 2007
<b>III Cash flows from financing activities</b>	
1 Increase (decrease) in short-term borrowings	262
2 Decrease in long-term debt	-50
3 Dividends paid	-272
Net cash provided by (used in) financing activities	-60
<b>IV Exchange difference of cash and cash equivalents</b>	0
<b>V Net increase in cash and cash equivalents</b>	365
<b>VI Cash and cash equivalents at the beginning of the year</b>	1,831
<b>VII Cash and cash equivalents at the end of the year</b>	2,196

## (3) Segment information by type

3rd quarter of current fiscal year (April 1, 2007- December 31, 2007)

(Yen in Millions)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
<b>Sales and operating income</b>						
Sales						
(1) External customers	10,769	3,167	1,568	15,505	—	15,505
(2) Inter-segment transactions and eliminations	1	—	12	14	( 14)	—
Total	10,771	3,167	1,580	15,519	( 14)	15,505
Operating expenses	10,033	2,120	1,269	13,424	856	14,280
Operating income	737	1,046	311	2,094	( 870)	1,224

(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