



## March 2009 Term - Financial Results Report

May 14, 2009

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

URL <http://www.tac-school.co.jp>

Representative director: Hiroaki Saito

Please address all communications to: Kazuhiro Araya, Executive director, Administrative Headquarters

Phone: 81-3-5276-8913

Date of Board of Directors' meeting for approval of financial result: May 14, 2009

Date of Shareholders' meeting: June 19, 2009

Date of commencement of dividend payment: June 22, 2009

Scheduled date of filing Yukashoken-Hokokusho: June 22, 2009

(Yen in millions, with fractional amounts rounded down to the nearest million yen)

### 1. Consolidated results for the fiscal year ending March 2008

(From April 1, 2008 to March 31, 2009)

#### (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)	%
Fiscal 2008 (2009/3)	21,092	1.7	1,330	24.4	1,352	9.9	669	50.8
Fiscal 2007 (2008/3)	20,741	0.9	1,069	-8.8	1,230	-7.7	443	-40.2

	Net income per share	Net income per share - fully diluted	Ratio of Net Income to Shareholders' Equity	Ratio of Pre-tax Net Income to Total Asset	Ratio of Operating Income to Sales
	(Yen)	(Yen)	%	%	%
Fiscal 2008 (2009/3)	36.58	—	17.1	8.9	6.3
Fiscal 2007 (2008/3)	23.98	—	11.9	9.1	5.2

(Notes) Gains or losses on investments through use of equity method of accounting:  
 Fiscal 2008 : — million yen      Fiscal 2007 : — million yen

#### (2) Consolidated financial position

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
Fiscal 2008 (2009/3)	17,091	4,062	23.7	222.45
Fiscal 2007 (2008/3)	13,380	3,819	28.5	205.85

(Notes) Equity Capital Fiscal 2008 (2009/3) 4,056 Million yen      Fiscal 2007(2008/3) 3,808 Million yen

#### (3) Consolidated statement of cash flow

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Fiscal 2008 (2009/3)	-2,868	-199	2,428	1,350
Fiscal 2007 (2008/3)	1,052	-559	-331	1,990

**2. Status of dividends**

Date of record	Dividend Per Share			Total Amount of Dividends (Annual)	Payout Ratio (consolidated)	Ratio of Dividend to Shareholders' Equity (consolidated)
	Interim	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen in millions)	%	%
Fiscal 2007 (2008/3)	8.00	8.00	16.00	296	66.7	7.9
Fiscal 2008 (2009/3)	9.00	8.00	17.00	309	46.5	7.9
Fiscal 2009 (2010/3)	8.50	8.50	17.00		—	

**3. Consolidated forecasts for March 2010 term (From April 1, 2009 to March 31, 2010)**

(Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the six months period represent the change from the same period of the previous year.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	yen
Six months	11,100	2.4	760	-34.7	770	-37.5	400	-43.9	21.86
Full year	21,800	3.4	1,380	3.7	1,400	3.5	740	10.6	40.44

**4. Others**

- (1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): No  
(2) 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")

(2)-1 Changes due to changes in accounting standard: Yes

(2)-2 Other changes: No

Note: Refer to page 27, "Changes to assumptions underlying preparation of consolidated financial statements")

- (3) Number of shares issued (common stock)

(3)-1 Number of shares issued at the fiscal year end (including treasury stocks) FY08 18,504,000 shares FY07 18,504,000 shares

(3)-2 Number of treasury shares at the fiscal year end FY08 269,117 shares FY07 217 shares

Note: Refer to page 38, "Amounts per share" for the basis of calculation of consolidated net income per share

(Reference) Summary of Non-consolidated results

**1. Non-consolidated results for the fiscal year ended March 31, 2009**

- (1) Non-consolidated business 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)	%
Fiscal 2008 (2009/3)	20,478	2.2	1,369	37.0	1,424	17.4	723	59.6
Fiscal 2007 (2008/3)	20,030	0.4	1,000	-5.6	1,213	-4.6	453	-37.6

	Net income per share	Net income per share - fully diluted
	(Yen)	(Yen)
Fiscal 2008 (2009/3)	39.56	—
Fiscal 2007 (2008/3)	24.52	—

## (2) Non-consolidated financial condition

	Total assets	Net assets	Capital-to-asset-ratio	Net asset per share
	(Yen in millions)	(Yen in millions)	%	(Yen)
Fiscal 2008 (2009/3)	17,016	4,002	23.5	219.50
Fiscal 2007 (2008/3)	13,242	3,700	27.9	199.99

(Note) Equity capital Fiscal 2008 (2009/3) 4,002 Million yen Fiscal 2007 (2008/3) 3,700 Million yen

**2. Non-consolidated forecasts for March 2010 term (From April 1, 2009 to March 31, 2010)**

(Percent indications show percentage of change from corresponding figures for the previous period.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	(Yen)
Interim	10,800	2.7	770	-35.1	780	-39.4	410	-45.8	22.40
Full year	21,200	3.5	1,360	-0.7	1,380	-3.2	730	0.8	39.89

## 1. Consolidated operating results

### (1) Operating results

#### (A) Overview of consolidated results for fiscal 2008

In the current consolidated fiscal year, despite a sharp downturn in the market place due to the shock of the Lehman failure, net sales, consolidated operating income and consolidated ordinary income set new record highs supported by stable sales growth in corporate training segments. This increase in profit was also led by preparatory courses for Certified Public Accountant and Public Officers, as well as Small and Medium Enterprise Management Consultant (SMEMC) and US Certified Public Accountant courses.

In response to a substantial number of candidates passing the exam since 2007, sales of Certified Public Accountant courses on a cash basis (before adjustment of tuition advances) increased 7.8% over the previous year with an increased number of registrations by new learners. Due to the difficult employment situation for university students caused by the rapid economic deterioration, sales of Public Officer courses on a cash basis remained favorable with an increase of 13.0% over the previous year. Sales on a cash basis of classroom courses, which remained favorable not only in these two courses but also in other courses, increased 5.3% over the previous year, making a substantial contribution to improved profitability. Sales of correspondence courses also marked stable growth mainly in DVD courses and download courses and increased 3.9% over the previous year.

Meanwhile, Licensed Tax Accountant courses and manpower business did not show remarkable results in the current year. Sales of preparatory courses for Licensed Tax Accountant on a cash basis decreased 7.2% over the previous year due to the lengthening of preparation period for the exam and a shift of candidates to Certified Public Accountant courses. Sales of TAC Profession Bank Co., Ltd. decreased 15.8% over the previous year as a result of a reduction in employment needs of non-regular employees from public companies and accounting firms.

Though sales on a cash basis increased by ¥ 908 million over the previous year, sales on an accrual basis (sales recorded on the income statement) increased by only ¥ 350 million. This is because a substantial portion of sales on a cash basis is charged to adjustment of tuition advances. In the current fiscal year, the amount charged to adjustment of tuition advances increased by ¥ 557 million. Tuition advance transfers will be reversed in and after the next fiscal year so to be recognized as sales.

Costs showed modest increases in response to increases in sales on a cash basis. As to cost of sales, personnel costs, such as instructors' fees, increased 3.7% over the previous year due to favorable sales in classroom courses. Other expenses, including consignment expense and printing costs, increased 3.5% over the previous year. Regardless of an increased cost in manufacturing of ¥ 345 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, reversal of reserve for loss on returned goods and an increase of ending inventory balance. As a result, cost of sales decreased 2.1%, or ¥ 261 million over the previous year. Sales expenses and general and administrative expenses increased ¥ 318 million, mainly due to personnel costs.

As a result, consolidated net sales for the current consolidated fiscal year increased 1.7% over the previous year to ¥21,092 million and consolidated operating income increased 24.4% over the previous year to ¥1,330 million. A total ¥ 106 million was recorded as non-operating income, which includes profit on investment securities of ¥ 67 million resulting from a mitigation in the appreciation of the yen at the year-end. As for non-operating expenses, ¥ 84 million was recorded which include arrangement fees of ¥ 56 million in relation to loans payable upon introduction of a safeguarding and trust system for advanced payments and interest expenses of ¥ 27 million. As a result, consolidated ordinary income for the current year was ¥ 1,352 million, an increase of 9.9% over the previous year. Extraordinary losses of ¥ 32 million were recorded, which include loss on impairment incurred upon the move of the Tachikawa school (nonmovable fixture and amortization of guarantee deposits, etc.). In total, net income for the current year was ¥669 million, an increase of 50.8% over the previous 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 of 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 of all the courses that we offer begin. In the second and the third quarters, profit margin on sales tends to be minimized in spite of substantial amounts of cash sales and accounts receivable. This is because tuition advances are 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 year decreased 1.3% or ¥ 79 million over the previous year to ¥ 6,264 million and the amount of tuition advances transferred increased 7.7% or ¥ 478 million to ¥ 6,723 million. This is attributed to the amount of tuition advances reversed in the previous period which was lower than a year earlier due to lower sales in the previous year and an increase in sales on a cash basis (CPA courses, Public Officer courses, etc.) in the current period resulting in a substantial increase in the amount of tuition advances transferred.

Changes in fiscal operating results between this year and last:

	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)			4 <sup>th</sup> quarter of FY2008 (January-March)			Total for FY2008		
	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	4,235		111.3	7,156		97.7	5,294		110.9	4,864		102.6	21,551		104.4
Adjustment of tuition advances	1,598		81.0	-2,145		91.1	-405		2,805.4	494		99.7	-459		-464.6
Net sales (after adjustment of tuition advances)	5,834	27.7	101.0	5,010	23.7	100.8	4,888	23.2	102.7	5,358	25.4	102.3	21,092	100.0	101.7
Gross profit	2,773	47.5	104.0	2,020	40.3	103.2	1,666	34.1	93.8	2,130	39.8	132.3	8,591	40.7	107.2
Operating income	973	16.7	98.4	191	3.8	78.5	-185	-3.8	2,337.8	351	6.6	—	1,330	6.3	124.4
Ordinary profit	1,061	18.2	98.5	171	3.4	36.1	-260	-5.3	—	380	7.1	—	1,352	6.4	109.9
Net income	600	10.3	97.0	112	2.2	40.9	-189	-3.9	695.8	145	2.7	—	669	3.2	150.8
Net income per share	Yen 32.50			Yen 6.16			Yen -10.39			Yen 8.00			Yen 36.58		

- (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.

## (B) Segment-related information

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

Segment information	Previous fiscal year			Current fiscal year		
	¥ million	Percentage	Y-O-Y	¥ million	Percentage	Y-O-Y
Personal education	14,372	69.3	98.8	14,557	69.0	101.3
Corporate training	4,019	19.3	104.2	4,259	20.2	106.0
Publishing & others	2,368	11.4	109.6	2,292	10.8	96.8
Total	20,759	100.0	100.9	21,109	100.0	101.7

### Personal education

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

In the Personal education segment, the number of individual members increased 2.4 % over the previous year to 134,683. In response to a substantial number of candidates passing exams in 2008, sales of Certified Public Accountant courses increased mainly through university student registrations. Sales on a cash basis of CPA courses (before adjustment of tuition advances) increased 7.8% over the previous year. Sales of Public Officer courses also increased 13.0% over the previous year as university students shifted toward seeking civil service jobs rather than finding employment at private corporations due to the serious economic conditions. Meanwhile, sales of preparatory courses for Licensed Tax Accountant on a cash basis decreased 7.2% over the previous year due to a lengthening of the preparation period for the exam and a shift of candidates to Certified Public Accountant courses. Other preparatory courses including Bookkeeping, Small and Medium Enterprise Management Consultant (SMEMC), Administrative Scriveners, US Certified Public Accountant and Certified Internal Auditor (CIA), etc. supported mainly by working people, showed remarkable growth, which exceeded 10% over the previous year. This was in response to heightening needs to acquire license qualifications. As a result, sales for the current fiscal year increased 1.3 % over the previous year to ¥ 14,557 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)			4 <sup>th</sup> quarter of FY2008 (January–March)			Total for FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,280	29.4	100.5	3,420	23.5	101.6	3,150	21.6	100.2	3,706	25.5	102.9	14,557	100.0	101.3
Operating costs	3,459	80.8	103.9	3,435	100.4	100.6	3,394	107.8	103.2	3,378	91.2	98.0	13,668	93.9	101.4
Operating income	820	19.2	88.1	-15	-0.4	29.9	-244	-7.8	170.7	327	8.8	213.5	888	6.1	99.7

- (Notes)
1. Percentage of quarterly net sales stated as a proportion of total net sales.
  2. Percentages of operating costs and operating income for each quarter are a proportion of the net sales of the relevant quarter.
  3. Operating costs that cannot be allocated are excluded from the calculation of operating costs and operating income.

### Corporate training

#### Sales and income showed continued growth supported by corporate training programs

In the Corporate Training segment, sales of corporate training programs increased 6.9%, or ¥ 177 million over the previous year in spite of the rapid deterioration in economic conditions. Especially, our flagship courses in this segment recorded stable growth, including Business School courses, which increased 15.7% over the previous year, IT Specialist courses which increased 11.7% over the previous year and Bookkeeping courses which increased 13.1% over the previous year. In addition, sales of educational contents including educational materials increased 13.7% over the previous year, sales of educational programs consigned by local governments increased 27.8% over the previous year and sales of Maho-jin tax software increased 2.1% over the previous year. Sales by affiliated schools declined 7.5% over the previous year due to the Hiroshima School coming under our direct control in the previous consolidated period. Sales of in-university seminars increased 4.1% over the previous year. As a result, sales for the current consolidated fiscal year increased 6.0% over the previous year to ¥ 4,259 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 (October–December)			4 <sup>th</sup> quarter of FY2008 (January–March)			Total for FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,202	28.2	110.2	1,157	27.2	106.3	1,035	24.3	105.0	863	20.3	101.4	4,259	100.0	106.0
Operating costs	829	69.0	111.7	723	62.5	105.2	754	72.9	109.3	621	71.9	91.9	2,929	68.8	104.7

Operating income	372	31.0	107.0	433	37.5	108.1	280	27.1	94.8	242	28.1	137.6	1,329	31.2	108.8
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- (Notes)
1. Percentage of quarterly net sales stated as a proportion of total net sales.
  2. Percentages of operating costs and operating income for each quarter are a proportion of the net sales of the relevant quarter.
  3. Operating costs that cannot be allocated are excluded from the calculation of operating costs and operating income.

### Publishing and other

#### Publishing segment maintained increased revenue. 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, increased 2.3% over the previous year as shipment of textbooks showed good form for the second interim period, and especially for the fourth quarter. Sales in our manpower business assumed by TAC Profession Bank (TPB), our subsidiary, declined 15.8% (before adjustment for consolidation) over the previous year due to sluggish sales in manpower dispatching, manpower placement and job advertising, which remained stagnant since the second quarter due to the deterioration in economic conditions. In total, sales for the current consolidated fiscal year declined 3.2% over the previous year to ¥ 2,292 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 (October-December)			4 <sup>th</sup> quarter of FY2008 (January-March)			Total for FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	354	15.5	82.4	440	19.2	85.3	706	30.8	111.4	791	34.5	100.5	2,292	100.0	96.8
Operating costs	287	81.8	66.3	377	85.9	110.3	642	91.0	130.4	657	83.1	68.1	1,966	85.8	88.0
Operating income	66	18.9	—	62	14.1	35.8	63	9.0	44.9	133	16.9	—	326	14.2	245.6

- (Notes)
1. Percentage of quarterly net sales stated as a proportion of total net sales.
  2. Percentages of operating costs and operating income for each quarter are a proportion of the net sales of the relevant quarter.
  3. Operating costs that cannot be allocated are excluded from the calculation of operating costs and operating income.

### (C) 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 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 <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)			4 <sup>th</sup> quarter of FY2008 (January-March)			Total for FY2008		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,776	26.9	95.6	1,458	22.1	95.7	1,622	24.6	105.3	1,743	26.4	107.6	6,599	31.3	100.9
Management & Taxation	1,639	31.0	99.8	1,112	21.0	96.7	1,091	20.6	93.5	1,446	27.3	96.3	5,289	25.1	96.8
Financial Service & Real Estate	741	27.4	106.2	785	29.0	108.0	639	23.6	98.7	541	20.0	100.5	2,707	12.8	103.7
Law & Labor	796	26.7	102.5	695	23.3	102.1	685	23.0	108.4	807	27.1	106.0	2,985	14.2	104.6
IT & International	478	24.6	115.5	544	28.0	116.6	428	22.0	119.9	492	25.4	109.0	1,943	9.2	115.0
Others	401	25.6	103.5	415	26.5	99.6	421	26.9	101.7	327	20.9	90.6	1,566	7.4	99.1
Total	5,834	27.7	101.0	5,010	23.8	100.9	4,888	23.2	102.7	5,358	25.4	102.3	21,092	100.0	101.7

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

### Finance & 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. The tendency of increasing numbers of successful candidates since 2007 continues. As a result, the number of applicants for 2009 exam increased by 707 to 20,443. Meanwhile, 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 first quarter, mainly through university student registrations. This recovery tract continued throughout the year. 1.5-year regular course (long term) and 1.5-year regular course which started in autumn, aimed 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 received strong support from students. 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 a result, sales on a cash basis (before adjustment of tuition advances) for current consolidated fiscal year showed a substantial increase of 7.8% over the previous year. In spite of this remarkable growth in sales, a considerable portion of sales on a cash basis was charged to adjustment of tuition advances and sales on an accrual basis (after adjustment of tuition advances) for the current year declined 0.6% over the previous year.

### Management & Taxation

In Licensed Tax Accountant courses, the number of registrations dropped sharply after the exam in August. Though it picked up upon the start of new preparatory courses after the announcement of exam results in December, sales in total remained stagnant and for the current year declined 5.9% over the previous year. 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 15.6% over the previous year. Preparatory courses for the IPO Practical Skills Examination were launched in November. As a result, sales for the current consolidated fiscal year decreased 3.2% over the previous year.

### Financial Service & Real Estate

In spite of a sharp decline in 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 year declined 4.2% over the previous year due to an overall decrease in the number of candidates for the qualification. Sales of Real Estate Transaction Manager (Takken) courses, which showed signs of decline in the fourth quarter, increased 1.4% over the previous year supported by favorable sales in the first interim period.

Sales of Financial Planner (FP) courses remained stagnant throughout the year mainly in personal education segment and decreased 6.0% over the previous year.

Though sales growth of Securities Analyst courses slowed slightly, sales in the corporate training segment remained strong and sales increased 17.2% over the previous year. Business School courses continued to show substantial growth at 19.9% over the previous year backed by favorable sales in corporate training programs continuing from previous year. The Insurance Skills Test implemented by Life Underwriter Academy (LUAC), which became our new subsidiary at the end of the previous fiscal year, was launched. As a result, sales for the current consolidated fiscal year increased 3.7% over the previous year.

### Law & Labor

As to Public Officer courses, which started to improve in the previous consolidated 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 current year increased 13.0% over the previous year.

Sales of Certified Social Insurance Labor Consultant courses for the current year, in response to the growing interest among working people due to economic slowdown, increased 1.1% over the previous year. The number of registrations for Administrative Scrivener courses started to show a sharp increase after the exam in the third quarter with sales on a cash basis for the current year increasing 14.9% over the previous year. However, sales on accrual basis for the current fiscal year declined 2.3% over the previous year as sales in the first interim period slowed and tuition advances remained stagnant. Newly launched Registered Customs Specialist courses and Intellectual Property Management Skills courses marked favorable growth. As a result, total sales for the current fiscal year in these areas increased 4.6% over the previous year.

### IT & International

IT Specialist courses marked strong sales mainly supported by preparatory courses for the "IT Passport Exam" started in spring 2009. Concurrently, sales of corporate training programs remained stable resulting in a substantial increase in sales of 14.1% over the previous year. CompTIA (the Computing Technology Industry Association) certifications, which are a de-facto standard in the IT industry in the US, in spite of slight slowdown in the second half of the year, showed stable growth supported by increases in corporate training resulting in a sales increase of 1.3% over the previous year.

Sales on a cash basis for US CPA courses remained strong with an increase of 24.7% over the previous 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. Sales on cash basis of CIA courses increased 30.3% over the previous year. As a result, sales for the current fiscal year increased 15.0% over the previous year.

### Others

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, the manpower placement business remained sluggish. The manpower dispatching business, which showed a relatively stable performance at the beginning of the year experienced a downward shift in the second quarter. As a result, sales of TPB as a whole declined 15.8% (before adjustment for consolidation) over the previous year. Sales of "Maho-jin" tax software maintained stable growth of 2.1% over the previous year. Various measures are being taken to bring out effective advertisement for the newly launched Careworker courses. In total, sales for the current fiscal year decreased 0.9% over the previous year.

**(D) Number of students**

In the current consolidated fiscal year, the number of students in Certified Public Accountant courses, Public Officer courses and Small and Medium Enterprise Management Consultant (SMEMC) showed increases of 5.9%, 14.1% and 16.9%, respectively, over the previous year. Licensed Tax accountant courses, however, declined 5.0% over the previous year due to a decline in the number of registrations in the second quarter. As a result, the number of individual members increased 2.4% or 3,170 to 134,683 over the previous year. The number of corporate students, in spite of strong increases in correspondence courses for corporate training programs of 9.4% over the previous year, increased 1.4% or 724 to 51,603. This is attributed to Hiroshima school coming under our direct control resulting in a decline in students in affiliated schools by 6.2% over the previous year and in-university seminars, which declined 12.3% over the previous year. As a result, the total number of students increased 2.1%, or 3,894 over the previous year to 186,286.

	Individual members	Corporate members	Total	Increase from the same term last year	Change over the same term last year %
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
<b>FY2008</b>	<b>134,683</b>	<b>51,603</b>	<b>186,286</b>	<b>+ 3,894</b>	<b>102.1</b>
Total for 10 years	1,175,205	398,167	1,573,372	—	—
(Distribution %)	(74.7%)	(25.3%)	(100.0%)	—	—

**(E) Annual forecast to March, 2010**

Though it is expected that the economy will show gradual recovery in the next consolidated fiscal year, it will take some time before the corporate performance shows a full-fledged recovery. While many companies are struggling to preserve their employment, working people are in a difficult situation where they have to reconsider stability and growth potential of their own companies, whether they are permanent employees or temporary workers. Due to these circumstances, we assume that there are heightening needs to acquire license qualifications among working people. Annual forecasts by segment are as shown below:

In the Personal education segment, it is worthy of note that sales of Certified Public Accountant courses marked remarkable recovery and Public Officer courses showed substantial growth in the current year. As sales of educational courses supported by working people started to show active movement in the second interim period, it is expected that such positive trends will continue in the next fiscal year. We expect that Small and Medium Enterprise Management Consultant (SMEMC), Administrative Scrivener, US Certified Public Accountant courses, etc. will mark stable growth. As the severe employment situation continues among private companies, university students seeking jobs have become more stability-oriented and focus more attention on public officers. As a result, Public Officers courses are expected to show further growth in the next fiscal year. In the Certified Public Accountant exam, a substantial number, exceeding 3,000 candidates, passed the exam. While it is expected that major audit corporations will reduce employment in autumn of 2009, we are paying close attention to whether the said trend of successful candidates will continue. If the number remains high, the balance of supply and demand will be lost. The number of registrations of new learners will be seriously affected unless appropriate assistance to find jobs in private companies is provided to the successful candidates having trouble finding jobs at audit corporations.

Our corporate training business sustained favorable growth in the current consolidated fiscal year in spite of the rapid deterioration of the economy and achieved increased income and profit for 5 consecutive years. For the

next interim period, we received substantial inquiries for corporate training programs and sales marked stable growth but many of our customers are still uncertain of the second interim period. In the wave of economic boom and recession, however, major Japanese companies are fully aware of the importance of investing in human resource and it is widely recognized among the companies that it would have serious consequences to them if they temporarily froze investment in human resource. They would not be able to take advantage of future business opportunities due to a lack of human talent. We will appeal to such companies that employees with high added value will enhance their competitiveness.

In the publishing segment, it is our motto that we need to continuously stimulate the needs of those studying for license qualifications. Those interested in license qualifications can readily buy our textbooks at bookstores. Therefore, our publishing segment plays a significant role in attracting potential customers to our personal education business. We are supporting editors who are capable of creating publications that give clear explanations of technical contents in an easy and comprehensive manner, providing great learning effect to the user.

Our human resources business assumed by TAC Profession Bank Co., Ltd. has fallen rapidly in the current consolidated fiscal year and it is imperative to get its business back into shape. The manpower dispatching business to accounting firms declined as the performance of their clients remained stagnant. It is necessary for TPB to develop an integrated business strategy such as diversified sources of profit and effective combination of job advertisement and manpower placement in order to take full advantage of every business opportunity.

In regards to costs, each school has basically enough space, except for the periods right before the license qualifications. But if an increase in the number of students continues, it is likely that we will have to consider expanding the space for classrooms. If we can procure leased property at lower lease fees, taking advantage of flagging real estate market, it will benefit our future business development. We will also strive to reduce printing and delivery cost of educational material, etc. and pass on such the benefit to our students. Enhanced services to our students will lead to strengthening our competitiveness over other competitors.

In summary, we forecast that net sales of TAC Group for the term ending March 2010 will increase 3.4% or ¥ 707 million to ¥ 21,800 million; operating profit will increase 3.7% or ¥ 49 million to ¥ 1,380 million; ordinary profit will increase 3.5% or ¥ 47 million to ¥ 1,400 million; and net income will increase 10.6% or ¥ 70 million to ¥ 740 million over the current fiscal year.

## (2) Financial Condition

### (A) Financial position of current fiscal year

Total net assets as of March 31, 2009 increased by ¥ 3,710 million and shareholders' equity increased by ¥ 242 million over the previous fiscal year. Notable increases include beneficiary rights in safeguarding and trust system for advanced payments of ¥ 4,132 million, short-term borrowings (including current portion of long-term borrowings to be repaid within one year) of ¥ 1,540 million and long-term borrowings of ¥ 1,300 million. Deferred tax assets (long and short term) increased ¥ 300 million. Tuition advances increased ¥ 485 million as registrations in personal education showed steady growth. Decreases include cash and deposits of ¥ 500 million and marketable securities of ¥339 million. In spite of a decrease in shareholders' equity due to 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, stockholders' equity increased ¥ 257 million as retained earnings increased resulting from an increase in net income for the current year..

	1 <sup>st</sup> quarter of FY2007 (June 30, 2007)			2 <sup>nd</sup> quarter of FY2007 (September 30, 2007)			3 <sup>rd</sup> quarter of FY2007 (December 31, 2007)			4 <sup>th</sup> quarter of FY2007 (March 31, 2008)		
	¥ 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
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

Book value per share	Yen		Yen		Yen		Yen	
	224.32		239.20		229.56		205.85	

	1 <sup>st</sup> quarter of FY2008 (June 30, 2008)			2 <sup>nd</sup> quarter of FY2008 (September 30, 2008)			3 <sup>rd</sup> quarter of FY2008 (December 31, 2008)			4 <sup>th</sup> quarter of FY2008 (March 31, 2009)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total assets	14,058	100.0	102.0	17,808	100.0	110.1	17,231	100.0	120.6	17,091	100.0	127.7
Tuition advances	5,526	39.3	105.4	7,782	43.7	100.9	8,195	47.6	106.2	7,676	44.9	106.8
Shareholders' equity	4,223	30.0	101.7	4,274	24.0	96.6	3,889	22.6	91.6	4,056	23.7	106.5
Book value per share	Yen			Yen			Yen			Yen		
	229.75			234.41			213.33			222.45		

### (B) Cash flow performance

Cash and cash equivalents (hereafter referred to as "cash") decreased ¥ 639 million from the previous consolidated fiscal year to ¥ 1,350 million.

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

#### (Cash flows from operating activities)

Net cash used in operating activities in the current year was ¥ 2,868 million, a decrease of ¥ 3,920 million over the previous fiscal year. Factors contributing to such changes in cash flows in operations included an increase in beneficiary rights in safeguarding and trust system for advance payment of ¥ 4,132 million, an increase in income before income taxes of ¥ 1,320 million and an increase in tuition advances of ¥ 485 million.

#### (Cash flows from investing activities)

Net cash used by investing activities in the current year was ¥ 199 million, an increase of ¥ 359 million over the previous fiscal year. Investment-related cash included proceeds from sales and redemption of marketable securities (+¥200 million), acquisition of tangible fixed asset (-¥209 million) and acquisition of intangible fixed asset (+¥130 million).

#### (Cash flow from financing activities)

Net cash provided by financing activities in the current year was ¥ 2,428 million, an increase of ¥ 2,760 million over the previous fiscal year, which includes revenue from short-term borrowings (+¥ 1,150 million) and long-term borrowings (+¥ 2 billion ) applied as working capital due to the introduction of safeguarding and trust system for advance payment and payment of ¥ 100 million for the acquisition of treasury stock. ¥ 310 million was used for dividend payments.

Cash flow indicators used by TAC group are as follows:

	FY2007	FY2008
Shareholders' equity ratio	28.5%	23.7%
Shareholders' equity ratio based on market price	50.2%	45.7%
Redemption period	0.0 year	-1.0 year
Interest coverage ratio	109.0	106.3

Shareholders' equity ratio : Shareholders' equity / Total assets

Shareholders' equity ratio based on market price: Aggregate market value of corporate stock / Total assets

Redemption period : Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio : Cash flow from operating activities / Interest

\* Each indicator is calculated using values included in the consolidated financial statements.

\* Aggregate market value of corporate stock is calculated by multiplying closing stock price at the term-end by total number outstanding shares at the term-end.

\* Cash flow from operating activities is based on the relevant section of the consolidated statement of cash flow. Interest-bearing debt refers to all debt reported in the consolidated balance sheet which bears interest. Interest payment is based on the amount of interest payment reported on the consolidated statement of cash flow.

## (2) Basic policy for profit distribution and dividend payment for the current fiscal year and next fiscal year.

### **Our policy for profit distribution = Proactive approach to promote return to stockholders with minimum dividend payout ratio of 30% (consolidated)**

Of the various stakeholders in our company, we attach special importance to our shareholders and customers. Our basic policy for profit distribution includes achievement of an optimum balance between return of profits to shareholders and retained earnings devoted to future business strategies. As a basic policy of return of profits to shareholders, TAC sets a minimum dividend payout ratio of 30% on a consolidated basis. We also acquire treasury stock as appropriate to promote return to stockholders.

In the current consolidated fiscal year, we recorded favorable results in the first interim period and increased the interim period form ¥ 8 to ¥ 9. On an annual basis, however, profit remained where we expected in the initial forecast. Accordingly, TAC has decided to maintain an annual dividend of ¥ 8 as announced in the initial forecast.

In regards to the dividend for the next consolidated fiscal year, we have set the dividend for the current fiscal year of ¥ 17 as the lower limit. We will take proactive measures to promote return to shareholders by way of dividend increase if the business results exceed what we have planned. We will also emphasize improved capital efficiency.

	FY2005	FY 2006	FY 2007	FY 2008
Interim dividends per share	5 Yen	5 Yen	8 Yen	9 Yen
Full year dividends per share	5 Yen	7 Yen	8 Yen	8 Yen
Total (Annual dividend per share)	10Yen	12 Yen	16 Yen	17 Yen
Net income per share	13.50Yen	40.11 Yen	23.98 Yen	36.58 Yen
Dividend payout ratio (Consolidated)	74.1%	29.9%	66.7%	46.5%

## (4) Business risk

The following risks may influence TAC Group's management results and financial condition. Note that items referring to the future reflect the TAC Group's forecasts and assumptions as of March 31, 2009.

### (A) Trends in governmental tuition assistance program

The governmental tuition assistance program is supervised by the Health, Labor and Welfare Ministry, which aims to support workers in development of their individual ability in order to stabilize present employment or to promote their re-employment. Those who meet the qualification requirement of social insurance contributions for the assistance program pre-pay the total amount of tuition. Upon completion of their courses, they are reimbursed a certain percentage of the tuition by the unemployment office ("Hello-work") if they meet attendance and other requirements.

The governmental tuition assistance program is changed once every few years. Under the current program, the qualification requirement for the program is three years of social insurance contributions, but only 1 year of social insurance contributions for first-time users. The amount of assistance will be 20% of tuition, with the maximum amount set at ¥ 100,000. Due to the change in the program, it is possible that sales will mark rapid growth spawned by the incentive to take advantage of the program prior to its revision. A negative impact on the earnings may occur due to these temporary increases. However, it is

difficult to forecast the extent of the impact at this point.

Tendency to limit the courses qualified to receive the governmental tuition assistance has been mitigated in the worsening economic conditions. It is expected that our business will be highly affected in the mid to long-term by future changes to the program.

**(B) Tuition advances**

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 students. In general, the balance of tuition advances increases as sales on a cash basis increase, which causes the amount of sales on an accrual basis after the next accounting period to increase due to increases in the amount of tuition advances reversed. In contrast, the balance of tuition advances decreases as sales on a cash basis decrease, which causes the amount of sales on an accrual basis after the next accounting period to decrease due to a decrease in the amount of tuition advances reversed. At the turning point from a decreasing trend to an increasing trend on cash-basis sales, the decreasing effect on accrual-basis sales, as described above, tends to be amplified.

**(C) “Specific Commercial Transaction Law” and “Consumer Contracts Law”**

In 2007, major English language schools, which are subject to Specific Commercial Transaction Law fell into bankruptcy and Supreme Court decisions were rendered concerning cancellation and return of payments to customers. Our business of supporting acquisition of license qualifications is not subject to Specific Commercial Transaction Law (Specific Continuous Service Offers) except for certain courses such as our PC school.

However, a wide range of businesses are subject to this law and policies to protect consumers are being increasingly reinforced, including a plan to establish a consumer agency. TAC accepts cancellation of courses with refunds if there is a justifiable reason. We also introduced a safeguarding and trust system for advance payments in August 2008 so that students can receive our educational services with a sense of security. In this system, an amount equivalent to 50% of tuition advances, which remain unearned at the end of every month, is entrusted to the subsequent month. Should TAC be put into a difficult situation where it is unable to continue its business, the trust asset is returned to each student through an agent of the beneficiary. The remaining 50% of tuition advances paid by the students may not be returned to them depending on the arrangements with other creditors.

TAC’s business model could be significantly affected by changes in these laws and regulations.

**(D) Measures toward “Privacy Law”**

The “Privacy Law”, which imposes certain obligations on companies that collect private information, was implemented gradually starting in April 2005. Not only our individual members but also our corporate members show considerable concern over this issue. We recognize it as an urgent issue in terms of maintaining an appropriate compliance system. TAC Co., Ltd. and TAC Profession Bank Co., Ltd., our subsidiary, acquired the Privacy Mark certified by the Japan Information Processing Development Corporation (JIPDEC). We have implemented thorough measures under a chief administrator in charge of privacy protection of personal information. Such measures include maintaining stringent security measures to prevent outflow of information and by providing continuous education to our employees. Should any divulgence of private information occur, it would harm the social confidence we have built over the years. This could seriously affect our business.

**(E) Effect of currency rate fluctuations**

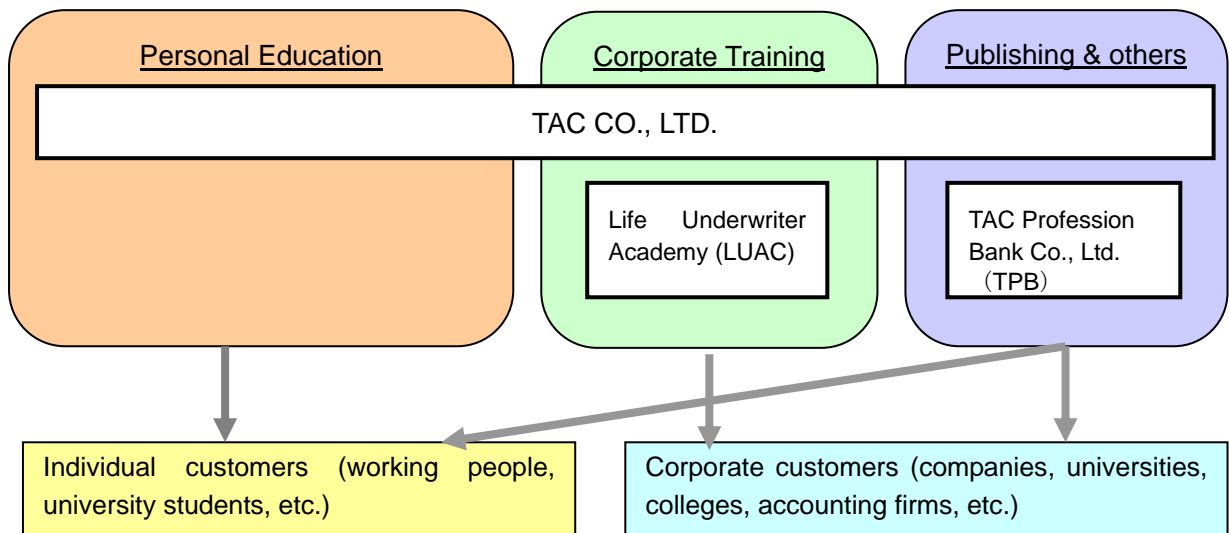
For management of surplus funds, as of March 31, 2008, we have a foreign-currency bond accounted for as a compound instrument worth ¥ 960 million. This financial instrument is measured at market value in accordance with “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan, August 11, 2006, Corporate Accounting Standard No. 10). Changes in market value and/or foreign currency translation gains/losses as well as interest income are recorded as non-operating profit/loss. Accordingly, depending on currency rates, ordinary income may fluctuate substantially due to profit/loss from investment securities, which is recorded as non-operating profit / loss.



## 2. Group Information

### (1) Operations of TAC Group

TAC Group is composed of TAC CO., LTD. ("TAC" or "the Company") and two subsidiaries (TAC Profession Bank Co., Ltd. and the Life Underwriter Academy (LUAC)). TAC's main business is to develop professionals and operate in the education industry with a central focus on programs for working people and university students who seek to acquire licenses and specialized knowledge and skills required in their jobs. TAC Profession Bank Co., Ltd. deploys manpower placement and dispatching services and is included in the "Publishing and Other Segment" of our corporate structure. LUAC was established in February 2008 and deploys corporate training specialized in insurance-related programs. It is included in the "Corporate Training Segment". TAC has three business segments, which include "Personal education", "Corporate training" and "Publishing and other". Business operations of TAC Group and the roles of TAC and its subsidiary in these business segments are as illustrated below:



#### Personal education segment

TAC is engaged in providing educational services for qualification examinations, which include Certified Public accountant, Licensed Tax Accountant, Real Estate Appraiser, Certified Social Insurance Labor Consultant, Securities Analyst, Information Technology Specialist, U.S. Certified Public Accountant, and others. We lead a great number of candidates to success. Based on the high marks achieved in the preparatory courses for the above license exams, TAC, which is known as "The License School TAC", provides premium personal education.

Preparatory courses for license exams are provided through various learning media. These include "School Courses / DVD-based personalized courses", "Distance learning courses using audiocassettes and DVDs", "Internet WEB courses" and "Internet audio download courses". Original textbooks prepared by TAC's experienced teachers are used in all of these courses. Our educational know-how, which has accumulated over the years through educational services and experience, is a valued asset. TAC also exerts extensive efforts in constructing sales networks and collaborations with universities and bookstores nationwide. (A total 350 shops at 253 universities and 147 shops at 46 affiliated bookstores as of March 31, 2009.)

#### Corporate training segment

TAC provides corporate training programs and self-enlightenment courses to companies, universities, colleges, accountancy firms, and other organizations to help students acquire licenses and specialized knowledge required for their work. In addition to offering educational materials and consulting services to colleges, TAC actively promotes educational services through affiliated schools nationwide, holds university seminars and also operates TAC Business School. Other offerings include educational courses for license exams related to information processing engineering and IT (Microsoft office specialist, Oracle Master, etc.). Currently, TAC actively promotes

the diffusion of IT certifications that are the global standard, such as CompTIA (The Computing Technology Industry Association), which includes various suites of certification including A+, Network+, i-net+, Server+, Security+, and others. The objective is to fill the gap in IT skills between the US and Japan. TAC also sells "Mahojin" tax software.

### Publishing and other segment

( Publishing business )

Making maximum use of an accumulation of knowledge for license exams and corporate training gained in the personal education and corporate training segments, TAC publishes a powerful lineup of books including those for self-development, introductory guides, examinations, business books, and many others. More specifically, TAC publishes the "Secret of Success" series and "Past Questions" series under the brand name of "TAC Publishing" with an aim of spreading its educational know-how through its publications. As of March 31, 2008, TAC Publishing published 417 books of which 157 are related to accounting and taxation licenses.

( Recruiting support business )

TAC Profession Bank Co., Ltd.'s unique and exclusive advantage is TAC's 180 thousand plus students who are striving to acquire licenses. TAC Profession Bank Co., Ltd. offers them various opportunities for an improved career and provides support to enhance their job-hunting experience.

## (2) Our group's license courses

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, <b>Certification test for accounting</b>	Out of 2,695 successful candidates on the CPA exam in 2007 (excluding those exempted from multiple choice exam which include successful candidates of part 2 exam under the former testing system), 1,320 took TAC's regular preparatory courses (*) for the relevant year.
(B) Management and Taxation	Licensed Tax Accountant, Small and Medium Enterprise Management Consultant	
(C) Financial Services and Real Estate	Real Estate Appraiser, Registered Real Estate Transaction Manager, Condominium Management Consultant / Registered Condominium Administration Manager, Securities Analyst, Financial Planner, DC planner, Business School	Out of 120 successful candidates on the real estate appraiser exam in 2007, 88 took TAC's regular preparatory courses (*) for the relevant year.
(D) Law and Labor	Certified Social Insurance Labor Consultant, Administrative Scrivener, Public Officer, The Japan Business Law Examination, Law-related qualifications, <b>Registered Specialist, Intellectual Property Management Skills</b>	
(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), <b>Certified Internal Auditor(CIA)</b>	
(F) Other	Tax software "Maho-jin", miscellaneous revenue (payment at front counter, etc.), <b>Care worker</b>	

(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.

### 3. Management Policy

#### (1) Basic management policy

##### **TAC's management philosophy = "Developing professionals"**

Japanese society is making the rapid transition from an industrial society to a knowledge society. In the knowledge society, professionals with expertise are needed in various areas and their appeal in society is widening.

The English word "profession" is derived from the word "profess" which means to declare oneself before God. In the Middle Ages in Europe, specialists such as priests, doctors, accountants, lawyers and teachers declared themselves before God in order to perform their obligations. Not only did they assume a responsibility to a society and its people through their profession, they were expected to have strict professional ethics. In Europe and the United States, universities assumed the role of developing professionals. In Japan, however, universities laid disproportionate emphasis on academics and have neglected developing professionals for important roles in practical business. On behalf of universities, TAC has trained many professionals who take significant roles in modern society.

With a management philosophy of developing professionals, TAC is gaining widespread acceptance from our customers. With their strong support, we aim to take a dominant position in the educational market. We think that "growth in shareholder value", a basic proposition needed for a corporation, cannot be achieved without a strong customer support base.

#### (2) Targeted performance indices

##### **Target performance indicators = Profit margin on sales of 8%**

Our target performance indicators include the achievement of stable sales growth and an improved profit margin on sales. In the current fiscal year, our profit margin rose to 6.3% as personal education and corporate training segments marked favorable results. Taking advantage of heightening needs to acquire license qualifications and promoting more efficient cost control, we aim at achieving a profit margin of 8%.

#### (3) Mid and long-term management strategy

##### **Improved shareholder value by way of educational business and human-resources business linkage**

TAC Group, with its corporate philosophy of "developing professionals", is engaged in the business of human-resource education for working people and university students through preparatory courses for license exams and corporate training. Many of our students invest in themselves in order to find jobs or improve their career. An increasing number of our individual members and our corporate customers are making use of our human-resource services, including manpower placement and dispatching. Accordingly, we set our mid and long-term management strategy at developing a strong linkage between our educational business and our human-resources business while simultaneously expanding both. Based on this strategy, we will achieve stable growth in sales, improve our profit margin on sales and enhance shareholder value.

#### (4) Issues requiring countermeasures

##### **(Important issues for the current fiscal year)**

##### **(A) Turnaround of Licensed Tax Accountant courses**

Preparatory courses for Licensed Tax Accountant were in a very difficult situation in the current consolidated fiscal year. Sales on a cash basis declined 7.2% over the previous year. With the deterioration of the economy, it is certain that there are heightening needs among working people to acquire license qualifications. However, the situation surrounding the LTA courses, such as a substantial number of candidates taking Certified Public Accountants passing the exam, increasingly creating a tough management situation for LTA's in private practice, etc. warrants no optimism. We will find the cause of these difficulties with the LTA courses and reinforce the group structure of the division including marketing power so that declining sales will recover.

##### **(B) Manpower business**

Sales of TAC Profession Bank Co., Ltd. (TPB), our subsidiary, decreased 15.8% over the previous year in the current economic downturn. TPB, though not a large company, has a unique advantage of being able to provide an abundance of manpower in the area of bookkeeping and accounting. As of October 31, 2008, we increased TPB's board members to strengthen its management system. We also revised its organization system so that it can experience a synergetic effect within its 3 business areas, including manpower placement, manpower dispatching and job advertisement.

(c) Development of courses for further growth

For further growth of TAC Group, we are developing new educational courses. We expect that Certified Internal Auditor (CIA) courses launched in the previous year will show further growth. CIA courses showed stable growth along with the introduction of a internal control reporting system and were designated as a course qualified to receive the governmental tuition assistance in April 2009. Intellectual Property Management Skills courses in its second year also marked stable growth. Among the existing courses, US Certified Public Accountant (USCPA) courses achieved outstanding growth, with their sales increasing 21.1% and 17.1% in the previous year and in the current year, respectively. We believe that such substantial growth is attributed to heightening needs in anticipation of the era of IFRS (international financial reporting standards). Life Underwriter Academy (LUAC), which aims at promoting insurance-related qualifications, has not made a substantive contribution to our business. We will expeditiously find measures to achieve its full-fledged operation as the financial market stabilizes.

## 4. Consolidated financial statements and other

## (1) Consolidated balance sheet

	(Yen in Thousands)	
	Previous fiscal year (as of March 31, 2008)	Current fiscal year (as of March 31, 2009)
(Assets)		
Current assets		
Cash and cash equivalents	1,859,653	1,359,494
Notes and accounts receivable	1,902,605	2,112,708
Marketable securities	360,436	20,938
Inventories	536,434	—
Merchandise and Finished goods	—	375,634
Work in process	—	969
Stores	—	264,814
Deferred income taxes	312,340	311,968
Beneficiary right in safeguarding and trust system for advance payment	—	4,132,124
Other	420,101	417,572
Allowances for doubtful accounts	-1,116	-1,348
Total current assets	5,390,455	8,994,879
Fixed assets		
Tangible fixed assets		
Building and structures	408,369	373,038
Machinery and vehicle	95,431	65,824
Equipment and furniture	108,992	207,576
Total Tangible fixed assets	612,793	646,439
Intangible fixed assets	247,358	276,755
Investments and other assets		
Investment securities	1,656,059	1,646,955
Fixed leasehold deposits	3,788,270	3,831,548
Insurance reserve fund	937,668	937,297
Deferred income taxes	202,752	236,804
Long-term time deposit	500,000	500,000
Other	65,337	63,223
Allowances for doubtful accounts	-19,896	-42,102
Total Investments and other assets	7,130,193	7,173,726
Total Fixed assets	7,990,345	8,096,921
Total assets	13,380,801	17,091,800

(Yen in Thousands)

	Previous fiscal year (as of March 31, 2008)	Current fiscal year (as of March 31, 2009)
<b>(Liabilities)</b>		
<b>Current Liabilities</b>		
Accounts payable	439,192	444,546
Short-term borrowings	—	1,150,000
Long-term borrowings	9,600	400,000
Corporation and inhabitants taxes payable	284,841	290,309
Tuition advances	7,190,350	7,676,335
Reserve for loss on returned goods	322,042	371,574
Allowance for loss on disposal of returned goods	128,661	123,481
Accrued bonuses	60,669	62,328
Other	986,264	1,070,797
<b>Total current liabilities</b>	<b>9,421,622</b>	<b>11,589,373</b>
<b>Long-term liabilities</b>		
Long-term borrowings	—	1,300,000
Post-retirement benefits payable for directors and corporate directors	139,916	139,916
Other	—	303
<b>Total long-term liabilities</b>	<b>139,916</b>	<b>1,440,220</b>
<b>Total liabilities</b>	<b>9,561,539</b>	<b>13,029,593</b>
<b>(Net assets)</b>		
<b>Owners' equity</b>		
Common stock	940,200	940,200
Additional paid-in capital	790,547	790,547
Retained earnings	2,097,477	2,454,682
Treasury stock	-144	-100,114
<b>Total owners' equity</b>	<b>3,828,080</b>	<b>4,085,315</b>
<b>Valuation and translation adjustments</b>		
Difference on revaluation of other marketable securities	-19,136	-28,932
<b>Total valuation and translation adjustments</b>	<b>-19,136</b>	<b>-28,932</b>
Minority interests	10,318	5,823
<b>Total net assets</b>	<b>3,819,262</b>	<b>4,062,207</b>
<b>Total liabilities and net assets</b>	<b>13,380,801</b>	<b>17,091,800</b>

(2) Consolidated statement of income

(Yen in Thousands)

	Previous fiscal year April 1,2007- March 31,2008	Current fiscal year April 1,2008- March 31,2009
Sales revenues	20,741,979	21,092,258
Cost of sales	12,712,274	12,450,956
Gross profit	8,029,705	8,641,302
Reversal of allowance for loss on returned goods	304,939	322,042
Transfer to reserve for loss on returned goods	322,042	371,574
Gross profit - net	8,012,601	8,591,770
Selling, general and administrative Expenses	6,942,985	7,261,625
Operating income	1,069,615	1,330,145
Non-operating income		
Interest income on deposits	36,653	16,336
Dividend received	291,911	17,771
Profit of investment securities	—	67,201
Other	5,666	5,650
Total Non-operating income	334,232	106,960
Non-operating expenses		
Interest expenses	9,684	27,152
Commissions paid	—	56,772
Loss of investment securities	156,840	—
Other	6,714	542
Total Non-operating expenses	173,239	84,467
Ordinary income	1,230,608	1,352,638
Extraordinary income		
Gain on sales of fixed assets	—	156
Total Extraordinary income	—	156
Extraordinary expenses		
Losses on disposal or sale of fixed assets	28,317	6,898
Restoration expenses	11,886	2,700
Loss on impairment	325,995	22,794
Total extraordinary expenses	366,199	32,393
Net income before income taxes	864,409	1,320,401
Corporate, inhabitants and enterprise taxes	718,316	682,506
Deferred income taxes	-296,673	-26,960
Total Corporate, inhabitants and enterprise taxes	421,643	655,546
Minority interests	1,031	-4,494
Net income	443,797	669,349

( 3 ) Consolidated statement of changes in net asset

(Yen in Thousands)

	Previous fiscal year April 1,2007- March 31,2008	Current fiscal year April 1,2008- March 31,2009
Owners' equity		
Common stock		
Balance at the end of previous period	940,200	940,200
Balance at the end of current period	940,200	940,200
Additional paid-in capital		
Balance at the end of previous period	790,547	790,547
Balance at the end of previous period	790,547	790,547
Retained earnings		
Balance at the end of previous period	1,931,236	2,097,477
Changes of items during the period		
Issuance of new shares Dividends from surplus	-277,556	-312,144
Net income	443,797	669,349
Total changes of items during the period	166,241	357,205
Balance at the end of previous period	2,097,477	2,454,682
Treasury stock		
Balance at the end of previous period	-144	-144
Changes of items during the period		
Acquisition of treasury stock	—	-99,970
Total changes of items during the period	—	-99,970
Balance at the end of previous period	-144	-100,114
Total owners' equity		
Balance at the end of previous period	3,661,839	3,828,080
Changes of items during the period		
Issuance of new shares Dividends from surplus	-277,556	-312,144
Net income	443,797	669,349
Acquisition of treasury stock	—	-99,970
Total changes of items during the period	166,241	257,235
Balance at the end of previous period	3,828,080	4,085,315
Valuation and translation adjustments		
Difference on revaluation of other marketable securities		
Balance at the end of previous period	-2,623	-19,136
Changes of items during the period		
Net changes of items other than owners' equity	-16,513	-9,795
Total changes of items during the period	-16,513	-9,795
Balance at the end of previous period	-19,136	-28,932
Minority interests		
Balance at the end of previous period	—	10,318
Changes of items during the period		

Net changes of items other than owners' equity	10,318	-4,494
Total changes of items during the period	10,318	-4,494
Balance at the end of previous period	10,318	5,832
<b>Total Net assets</b>		
Balance at the end of previous period	3,659,216	3,819,262
Changes of items during the period		
Issuance of new shares Dividends from surplus(*)	-277,556	-312,144
Net income	443,797	669,349
Acquisition of treasury stock	—	-99,970
Net changes of items other than owners' equity	-6,195	-14,290
Total changes of items during the period	160,045	242,944
Balance at the end of previous period	3,819,262	4,062,207

(4) Consolidated statements of cash flow

(Yen in Thousands)

	Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
<b>Cash flows from operating activities</b>		
Income before income taxes	864,409	1,320,401
Depreciation and amortization	286,887	272,897
Loss on impairment	325,995	22,794
Increase (decrease) in allowance for doubtful accounts	18,951	22,438
Increase (decrease) in allowance for employees' bonuses	-760	1,659
Increase in allowance for returned goods	17,103	49,531
Increase (decrease) in allowance for loss on disposal of returned goods	128,661	-5,180
Interest and dividend income	-328,565	-34,108
Interest paid	9,684	27,152
Loss on sales and disposal of property and equipment	28,317	6,898
Negative figure represents gain on sales	156,840	-67,201
Increase (decrease) in accounts receivable	65,226	-210,103
Increase (decrease) in inventories	372,714	-104,984
Increase (decrease) in other receivable	-22,942	5,353
Increase (decrease) in accounts payable	-159,499	485,985
Increase (decrease) in tuition advances	-104,404	485,985
Increase (decrease) in Beneficiary right in safeguarding and trust system for advance payment	-	-4,132,124
Increase (decrease) in other liabilities	-30,451	73,850
Other	-21,269	1,275
Sub-total	1,606,898	-2,263,536
Interest and dividend received	392,059	112,396
Interest paid	-9,654	-26,975
Income taxes paid	-937,236	-690,471
Net cash provided by operating activities	1,052,066	-2,868,587
<b>Cash flows from investing activities</b>		
Increase (decrease) in time deposits	-200,012	-
Purchases of marketable securities	-200,000	-
Proceeds from sales of marketable securities	100,000	200,000
Acquisitions of property and equipment	-100,781	-209,437
Purchases of intangible fixed assets	-109,462	-130,610
Purchases of investment securities	-850,041	-791
Proceeds from sales of investment securities	790,314	1,347
Payment for guaranteed deposits	-39,492	-79,460
Collection of guaranteed deposits	40,627	19,418
Payment for insurance reserve fund	-3,737	-3,524
Collection of insurance reserve fund	3,896	3,896
Other	9,600	-666
Net cash provided by (used in) investing activities	-559,088	-199,828
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	-	1,150,000
Proceeds from log-term borrowings	-	2,000,000
Repayment of long-term debt	-67,200	-309,600
Proceeds from stock issuance to minority shareholders	11,350	-
Payment for acquisition of treasury stock	-	-100,781
Dividends paid	-275,912	-310,647
Net cash provided by (used in) financing activities	-331,762	2,428,971
Exchange difference of cash and cash equivalents	-2,277	-287
Net increase in cash and cash equivalents	158,938	-639,732
Cash and cash equivalents at the beginning of the year	1,831,084	1,990,022
Cash and cash equivalents at the end of the year	1,990,022	1,350,289

**Note for the Going-Concern Assumption**

There are no corresponding items.

**Assumptions underlying preparation of consolidated financial statements**

	Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year <u>April 1,2008- March 31,2009</u>
1.Item relating to scope of consolidation	Consolidated subsidiaries are TAC Profession Bank Co., Ltd. and Life Underwriter Academy Co., Ltd. There is no non-consolidated subsidiary. (Life Underwriter Academy Co., Ltd. was established in the current consolidated fiscal year and became a subsidiary.)	Consolidated subsidiaries are TAC Profession Bank Co., Ltd. and Life Underwriter Academy Co., Ltd. There is no non-consolidated subsidiary.
2.Item relating to the fiscal years, etc. of consolidated subsidiaries	The fiscal year end of Life Underwriter Academy Co., Ltd. (LUAC) is December 31. LUAC is consolidated after compiling provisional account settlement as of the date of consolidated settlement of accounts.	Same as left
3.Items related to accounting standards (1) Standards and methods of valuation for important assets	<p>(A) Marketable and investment securities Other securities Other securities whose current value can be estimated ... Stated at market value at the interim fiscal year end. (Unrealized gains and losses on other securities are included in shareholders' equity, net of income taxes. Sales cost is calculated by the moving-average method.) Other securities whose current value cannot be estimated ... Stated at cost computed by the moving-average method. Derivatives, which are embedded in hybrid financial instruments and cannot be accounted separately from the host contracts, are measured at market value and their valuation gains (losses) are recorded as non-operating gains (losses). For capital investments in investment partnership (investment enterprise limited liability association) and similar associations (deemed securities as per Article 2, Section 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used for the consolidated balance sheet and the amount corresponding to the ownership percentage of profit (loss) items is used for the consolidated statement of income, based on the most recent financial statement available as of the reporting date stipulated in the partnership contract.</p> <p>(B)Inventories Merchandise, finished goods and raw materials ... Valued at cost, using the gross average method Work in process ... Valued at cost, using the specific identification method Stored goods ... Valued at cost, using the</p>	<p>(A) Marketable and investment securities Other securities Other securities whose current value can be estimated Same as left</p> <p>Other securities whose current value cannot be estimated Same as left</p> <p>(B)Derivative Fair value method (C) Inventories Same as left</p>

<p>(2) Major depreciable assets and methods of depreciation</p>	<p>last purchase price method</p> <p>(Changes in accounting policies)  Responding to the early adoption of "Accounting Standard for Measurement of Inventories" (Accounting Standard Board of Japan Statement No. 9, released on July 5, 2006), which allows for adoptions of a consolidated fiscal year starting before March 31, we started adoption thereof in the current consolidated fiscal year.  Such early adoption resulted in a decline in gross profit (net), operating income, ordinary income and net income before taxes by ¥ 312,416 thousand.  As we prepared for the early adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period was compiled in accordance with the procedure prior to adoption of the said standard.  Accordingly, gross profit (net), operating income, ordinary income and net income before taxes is higher than the figure which would be obtained if standard were adopted early by ¥ 282,770 thousand.  Impact on segment information is stated in the relevant section.</p> <p>(A) Tangible fixed assets  Depreciation is computed using the straight-line method.  Principal estimated useful lives are 15 years for buildings and 3 years to 5 years for equipment and furniture. Cost of petty sum depreciable assets whose cost is ¥ 100,000 or more and less than ¥ 200,000 are amortized using the straight-line method over the estimated useful lives of 3 years.</p> <p>(Change in accounting principle)  Commencing in the current consolidated fiscal year, for those tangible fixed assets that were acquired on or after April 1, 2007, TAC changed the depreciation method in accordance with the applicable provisions of the revised Japanese Income Tax Code, Law No. 6 and Ordinance No. 83 to Partly Revise Japanese (Corporate) Income Tax Code, both promulgated on March 30, 2007.  The effects of this change on the consolidated statement of income for the current consolidated fiscal year were immaterial.  Impact on segment information is stated in the relevant section.</p> <p>(Additional information)  Commencing in the current consolidated fiscal year, tangible fixed assets that were acquired before April 1, 2007 will continue to be depreciated under pre-revised rules until the remaining value of the assets</p>	<p>(A) Tangible fixed assets (Excluding leased assets)</p> <p>Same as left</p>
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<p>(3) Standards for important allowance</p>	<p>reaches 5% of acquisition cost, after which the remaining value will be depreciated evenly over five years until asset amount reaches JPY 1.</p> <p>The effects of this change on the consolidated statement of income for the current consolidated fiscal year were immaterial.</p> <p>Impact on segment information is stated in the relevant section.</p>	
	<p>(B) Intangible fixed assets Costs of computer software developed or obtained for internal use are amortized using the straight-line method over the estimated useful lives of 5 years. Costs of other intangible fixed assets are amortized using the straight-line method.</p>	<p>(B) Intangible fixed assets (Excluding leased assets) Same as left</p>
	<p>(A) Allowance for doubtful accounts An allowance for loan losses is provided as detailed below. For claims to general debtors, an allowance is provided based on historical loan losses experience. For specific claims to debtors who are likely to become bankrupt or legally or virtually bankrupt, an allowance is provided for the amount of claims expected to be uncollectible, which is estimated depending on the collectibility of individual claims.</p>	<p>(A) Allowance for doubtful accounts Same as left</p>
	<p>(B) Allowance for loss on returned goods A reserve for loss caused by returns of publications is provided based on estimated amounts of the future returns attributed to the current fiscal year.</p>	<p>(B) Allowance for loss on returned goods Same as left</p>
	<p>(C) Allowance for loss on disposal of returned publication To be prepared for loss on disposal of returned publication, amount of estimated loss on disposal of returned publication for the current fiscal year is provided.</p>	<p>(C) Allowance for loss on disposal of returned publication Same as left</p>
	<p>(Changes in accounting policies) In the past, loss on disposal of returned publication was processed as cost of sales in the year it was returned. In the current fiscal year, we started to provide for allowance for loss on disposal of returned goods, which represents the amount thought to be adequate to cover estimated loss on disposal of returned publication, determined based on the past rate of return and disposal. We decided on this change after examining losses on disposal of returned goods in the future upon early adoption of "Accounting Standard for Measurement of Inventories" (Accounting Standard Board of Japan Statement No. 9, released on July 5, 2006). In the publishing industry, which is inseparable from return of publications, most of our publications get revised annually and publications, which are returned after completion of license examinations, are abandoned in the</p>	

	<p>following fiscal year. To cope with such industry practice, we provided for loss on disposal of returned goods in order to compute profit and loss in a fairer manner.</p> <p>Such early adoption resulted in decline of gross profit (net), operating income, ordinary income and net income before taxes by ¥ 128,661 thousand.</p> <p>As we prepared for the early adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period were complied in accordance with the procedure prior to adoption of the said standard.</p> <p>Accordingly, gross profit (net), operating income, ordinary income and net income before taxes is higher than the figure which would be obtained if standard were adopted early by ¥ 131,980 thousand.</p> <p>Impact on segment information is stated in the relevant section.</p> <p>(D) Allowance for accrued bonuses A reserve for employee's bonuses is held for the payment of employees' bonuses based on estimated amounts of the future payments attributed to the current fiscal year.</p>	<p>(D) Allowance for accrued bonuses Same as left</p>
<p>(4) Accounting for significant lease transactions</p>	<p>Transactions under finance lease agreements are accounted for as transactions under ordinary rental transactions, except for those lease transactions that transfer ownership of the leased property to the lessee.</p>	<p>Finance lease transactions not involving transfer of ownership commencing on March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.</p>
<p>(5) Method of important hedge accounting</p>		<p>(A) Hedge accounting methods Special methods are used for interest rate swaps as they meet required conditions.</p> <p>(B) Hedge methods and hedge targets Methods and targets of transactions on which hedge accounting was applied in the current consolidated fiscal year are as follows: Hedge methods: Interest rate swaps Hedge targets: Interest on borrowings</p> <p>(C) Hedge policy Hedge accounting is adopted to reduce the risks of interest-rate risk within the limit of the relevant borrowing.</p> <p>(D)Methods for evaluating the effectiveness of hedges We omit verification of interest rate swaps for which special method is used. Accounting for consumption taxes</p>
<p>(6) Others</p>	<p>Accounting for consumption taxes The company recognized consumption taxes and local consumption taxes as a separate account</p>	<p>Same left</p>
<p>4.Valuation of asset and liabilities of consolidated subsidiaries</p>	<p>All assets and liabilities of consolidated subsidiaries are recorded based on market value at the start of consolidation.</p>	<p>Same left</p>

5.Scope of “Cash and cash equivalents” in consolidated statements of cash flows	“Cash and cash equivalents” in the consolidated statements of cash flows includes cash on hand, readily available deposits, and short-term investments with original maturities of not exceeding three months, which are highly liquid and virtually risk-free with respect to change of value.	Same left
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Changes in Assumptions underlying preparation of consolidated financial statements

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
	<p>(Accounting standards for lease transactions)</p> <p>Beginning with the current fiscal year, TAC has undertaken the application of the “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, issued by the First Subcommittee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007) and “Implementation Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, issued by the Accounting Practice Committee of the Japan Institute of Certified Public Accountants on January 18, 1994, and revised on March 30, 2007). Under these standards, the accounting treatment for finance lease transactions not involving transfer of ownership has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions.</p> <p>Finance lease transactions not involving transfer of ownership commencing on March 31, 2008 are continuously accounted for based on methods applicable to ordinary rental transactions.</p> <p>This change did not effect on operating income and net income before income taxes.</p>

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
	<p>(Consolidated balance sheet)</p> <p>Upon introduction of “Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements” (Cabinet Office Ordinance No. 50 of August 7, 2008), items classified as “Inventories” in the previous consolidated fiscal year are classified as “Merchandise and finished goods”, “Work in process” and “Raw materials and stored goods” in the current consolidated fiscal year. “Merchandise and finished goods”, “Work in process” and “Raw materials and stored goods” included in “Inventories” in the previous consolidated fiscal year are ¥ 267,811 thousand, ¥ 500 thousand and ¥ 268,122 thousand, respectively.</p>

**Notes**

(Consolidated statement of income-related)

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
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<p>※1 Reduced book amount relating to inventories of ¥ 312,416 thousand and transfer to reserve for loss on returned goods of ¥ 128,661 thousand are included in cost of sales.</p>	<p>※1 Reduced book amount relating to inventories of ¥ 11,385 thousand (after offsetting with reversal) and transfer to reserve for loss on returned goods of ¥ 5,180 thousand (after offsetting with reversal) are included in cost of sales.</p>																				
<p>※2 Outline of selling, general and administrative expenses are as follows</p>	<p>※2 Outline of selling, general and administrative expenses are as follows</p>																				
<table border="1"> <tbody> <tr> <td>Advertising cost</td> <td>1,019,977</td> </tr> <tr> <td>Salary</td> <td>2,079,452</td> </tr> <tr> <td>Transfer to accrued bonuses</td> <td>57,878</td> </tr> <tr> <td>Rent</td> <td>945,268</td> </tr> <tr> <td>Business commission expenses</td> <td>370,815</td> </tr> </tbody> </table>	Advertising cost	1,019,977	Salary	2,079,452	Transfer to accrued bonuses	57,878	Rent	945,268	Business commission expenses	370,815	<table border="1"> <tbody> <tr> <td>Advertising cost</td> <td>1,047,554</td> </tr> <tr> <td>Salary</td> <td>2,211,392</td> </tr> <tr> <td>Transfer to accrued bonuses</td> <td>60,137</td> </tr> <tr> <td>Rent</td> <td>960,578</td> </tr> <tr> <td>Business commission expenses</td> <td>400,148</td> </tr> </tbody> </table>	Advertising cost	1,047,554	Salary	2,211,392	Transfer to accrued bonuses	60,137	Rent	960,578	Business commission expenses	400,148
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<p>※3</p>	<p>※3 Outline of Gain on sale of fixed assets are as follows</p>																				
<p>※4 Outline of Losses on disposal or sale of fixed Assets are as follows</p>	<table border="1"> <tbody> <tr> <td>Gain on sale of Machinery and vehicle</td> <td>156</td> </tr> <tr> <td>Total</td> <td>156</td> </tr> </tbody> </table>	Gain on sale of Machinery and vehicle	156	Total	156																
Gain on sale of Machinery and vehicle	156																				
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<table border="1"> <tbody> <tr> <td>Loss on disposal of software</td> <td>18,339</td> </tr> <tr> <td>Losses incurred from disposal of additions</td> <td>5,815</td> </tr> <tr> <td>Losses incurred from disposal of structures</td> <td>300</td> </tr> <tr> <td>Losses incurred from disposal of equipment and fixtures</td> <td>3,801</td> </tr> <tr> <td>Other</td> <td>60</td> </tr> <tr> <td>Total</td> <td>28,317</td> </tr> </tbody> </table>	Loss on disposal of software	18,339	Losses incurred from disposal of additions	5,815	Losses incurred from disposal of structures	300	Losses incurred from disposal of equipment and fixtures	3,801	Other	60	Total	28,317	<p>※4 Outline of Losses on disposal or sale of fixed Assets are as follows</p> <table border="1"> <tbody> <tr> <td>Losses incurred from disposal of equipment and fixtures</td> <td>6,875</td> </tr> <tr> <td>Losses incurred from disposal of machinery</td> <td>23</td> </tr> <tr> <td>Total</td> <td>6,898</td> </tr> </tbody> </table>	Losses incurred from disposal of equipment and fixtures	6,875	Losses incurred from disposal of machinery	23	Total	6,898		
Loss on disposal of software	18,339																				
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<p>※5 Outline of loss on impairment are as follows (1) TAC recognized an impairment loss by asset group in the current fiscal year, which is indicated below</p>	<p>※5 Outline of loss on impairment are as follows (1) TAC recognized an impairment loss by asset group in the current fiscal year, which is indicated below</p>																				
<table border="1"> <thead> <tr> <th>Location</th> <th>Usage of assets</th> <th>Type</th> <th>Amount (in thousand)</th> </tr> </thead> <tbody> <tr> <td>Headquarter</td> <td>Main systems</td> <td>Software development in progress</td> <td>325,995</td> </tr> </tbody> </table>	Location	Usage of assets	Type	Amount (in thousand)	Headquarter	Main systems	Software development in progress	325,995	<table border="1"> <thead> <tr> <th>Location</th> <th>Usage of assets</th> <th>Type</th> <th>Amount (in thousand)</th> </tr> </thead> <tbody> <tr> <td>Kanto area (Tachikawa city)</td> <td>Business property</td> <td>Building and structures</td> <td>6,030</td> </tr> <tr> <td>Kanto area (Tachikawa city)</td> <td>Business property</td> <td>Fixed leasehold deposits</td> <td>16,764</td> </tr> </tbody> </table>	Location	Usage of assets	Type	Amount (in thousand)	Kanto area (Tachikawa city)	Business property	Building and structures	6,030	Kanto area (Tachikawa city)	Business property	Fixed leasehold deposits	16,764
Location	Usage of assets	Type	Amount (in thousand)																		
Headquarter	Main systems	Software development in progress	325,995																		
Location	Usage of assets	Type	Amount (in thousand)																		
Kanto area (Tachikawa city)	Business property	Building and structures	6,030																		
Kanto area (Tachikawa city)	Business property	Fixed leasehold deposits	16,764																		
<p>(2) Background of recognition of impairment of loss We recorded the amount required for renewal of our main system (member administration) as software development in progress (asset). We notified the subcontractor, however, to suspend commission of development on May 7, 2008. Accordingly, total book value of software in progress is recognized as impairment loss, which is included in extraordinary losses.</p>	<p>(2) Background of recognition of impairment of loss Upon decision to move the Tachikawa School, TAC reduced the value of "accounts of building and structure of Tachikawa School which became unusable but are nonmovable" and "guaranteed deposits which became partially uncollectible due to cancellation prior to the maturity of lease agreement" to the collectible value. The said decrease in value is accounted for as loss on impairment in extraordinary expenses.</p>																				
<p>(3) Method of grouping assets TAC Co., Ltd. and its subsidiary group assets based on business classification of the smallest cash flow generating units. Basically, we use our schools as basic units, except that "area" is used in the Tokyo metropolitan area and Kinki region. Individual valuation is made for idle real estate.</p>	<p>(3) Method of grouping assets TAC Co., Ltd. and its subsidiary group assets based on business classification of the smallest cash flow generating units. Basically, we use our schools as basic units, except that "area" is used in the Tokyo metropolitan area and Kinki region. Individual valuation is made for idle real estate.</p>																				
<p>(4) Computation of recoverable amounts The amounts recoverable from asset groups of TAC and its consolidated subsidiaries were estimated at the net disposable price.</p>	<p>(4) Computation of recoverable amounts The amounts recoverable from asset groups of TAC and its consolidated subsidiaries were estimated at the net disposable price.</p>																				

**(Consolidated statement of changed in net assets-related)**

Previous fiscal year (April 1,2007-March 31,2008)

## 1. Types and total number of outstanding shares and types and total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increase during the current fiscal year	Number of shares decrease during the current fiscal year	Number of shares at the end of current fiscal year
Outstanding shares				
Common stock	18,504,000	—	—	18,504,000
Total	18,504,000	—	—	18,504,000
Treasury stock				
Common stock	217	—	—	217
Total	217	—	—	217

## 2. Stock acquisition rights and stock acquisition rights held by an issuing company

None

## 3. Dividend-related

## (1) Dividend paid

Resolution	Stock type	Dividend paid (Thousands of Yen)	Dividend per share (Yen)	Record date	Effect date
June 20, 2007 Shareholders' Meeting	Common stock	129,526	7	March 31, 2007	June 21, 2007
November 8, 2007 Board of directors' Meeting	Common stock	148,030	8	September 30,2007	December 7, 2007

## (2) Dividends with a record date falling within the current interim period that become effective after the end of the period

Current interim period resolution	Stock type	Dividend paid (Thousands of Yen)	Dividend per share (Yen)	Record date	Effect date
June 19, 2008 Shareholders' Meeting	Common stock	148,030	8	March 31, 2008	June 20, 2008

Current fiscal year (April 1,2007-March 31,2008)

## 1. Types and total number of outstanding shares and types and total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increase during the current fiscal year	Number of shares decrease during the current fiscal year	Number of shares at the end of current fiscal year
Outstanding shares				
Common stock	18,504,000	—	—	18,504,000
Total	18,504,000	—	—	18,504,000
Treasury stock				
Common stock	217	268,900	—	269,117
Total	217	268,900	—	269,117

(Note) Increase of common stock (268,900 shares) included in treasury stock is due to acquisition of treasury stock as a result of resolution of board of directors.

## 2. Stock acquisition rights and stock acquisition rights held by an issuing company

None

## 3. Dividend-related

## (1) Dividend paid

Resolution	Stock type	Dividend paid (Thousands of Yen)	Dividend per share (Yen)	Record date	Effect date
June 19, 2008 Shareholders' Meeting	Common stock	148,030	8	March 31, 2008	June 20, 2008
October 14, 2008 Board of directors' Meeting	Common stock	164,113	9	September 30, 2008	December 5, 2007

## (2) Dividends with a record date falling within the current interim period that become effective after the end of the period

current interim period Resolution	Stock type	Dividend paid (Thousands of Yen)	Dividend per share (Yen)	Record date	Effect date
June 19, 2009 Shareholders' Meeting	Common stock	145,879	8	March 31, 2009	June 22, 2008

## (Consolidated statement of cash flow-related)

Previous fiscal year April 1, 2007 - March 31, 2008		Current fiscal year April 1, 2008 - March 31, 2009	
※Relationship between balance of cash and cash equivalents as of term end and balance sheet items		※Relationship between balance of cash and cash equivalents as of term end and balance sheet items	
(Yen in thousands)		(Yen in thousands)	
Cash and deposit accounts	1,859,653	Cash and deposit accounts	1,359,494
Fixed term deposit whose deposited period exceeds 3 months	-30,067	Fixed term deposit whose deposited period exceeds 3 months	-30,143
Marketable securities account	360,436	Marketable securities account	20,938
Marketable securities other than MMF, etc.	-200,000	Cash and Cash equivalents	1,350,289
Cash and Cash equivalents	1,990,022		

## (Lease transactions)

Previous fiscal year April 1, 2007 - March 31, 2008				Current fiscal year April 1, 2008 - March 31, 2009			
1. Capital lease assets				1. Capital lease assets			
(1) Equivalent to acquisition cost, accumulated depreciation and net book value				Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions. Details are as shown below:			
	Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)	(1) Equivalent to acquisition cost, accumulated depreciation and net book value			
Equipment and furniture	91,734	51,370	40,364		Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)
Total	91,734	51,370	40,364	Equipment and furniture	158,020	83,859	74,160
(Note) The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.				Total	158,020	83,859	74,160
(2) Lease obligations, etc.				(Note) The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.			
Lease obligations				(2) Lease obligations, etc.			
Due within one year 16,561 Thousands of yen				Lease obligations			
Due after one year 23,802				Due within one year 40,093 Thousands of yen			
Total 40,364				Due after one year 34,067			
(3) Lease payments, Reversal of impaired lease assets, depreciation and impairment loss				Total 74,160			
Lease payments 20,361 Thousands of yen				(3) Lease payments, Reversal of impaired lease assets, depreciation and impairment loss			
Depreciation 20,361 Thousands of yen				Lease payments 41,675 Thousands of yen			
(4) Calculation method of depreciation equivalent				Depreciation 41,675 Thousands of yen			
Depreciation equivalent is computed on a straight-line method over the lease period without residual value.				(4) Calculation method of depreciation equivalent			
(Loss due to impairment)				Depreciation equivalent is computed on a straight-line method over the lease period without residual value.			
There is no loss due to impairment allocated to leased asset.				(Loss due to impairment)			
2. Operating leases				There is no loss due to impairment allocated to leased asset.			
The future lease payments for operating leases				Due within one year 740,155 Thousands of yen			
Due within one year 740,155 Thousands of yen				Due after one year 1,687,302			
Due after one year 1,687,302				Total 2,427,458			
Total 2,427,458							

	2. Operating leases The future lease payments for operating leases
	Due within one year 610,324 Thousands of yen
	Due after one year 1,076,978
	<u>Total</u> 1,687,302

## (Marketable and investment securities)

Previous fiscal year (April 1,2007 - March 31,2008)

## 1. Other marketable securities with market value

(Yen in thousands)

	Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
Market value exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	—	—	—
	Others	—	—	—
	(3) Others	100,000	100,760	760
	Sub-total	100,000	100,760	760
Market value not exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	—	—	—
	Others	1,194,201	960,725	-233,476
	(3) Others	260,615	227,574	-33,041
	Sub-total	1,454,817	1,188,299	-266,517
Total		1,554,817	1,289,059	-265,757

## 2. Marketable securities without market price and value

(Yen in thousands)

Type	Stated value on consolidated balance sheet
Other marketable securities	
Unlisted stocks	17,000
Investment in anonymous association	350,000
Corporate bonds	200,000
MMF	19,977
MRF	140,458

## 3. Other marketable securities with expiration period and depreciation amount of bonds in purpose of ownership by expiration period scheduled after consolidated settlement date

(Yen in thousands)

Type	Within one year	One year to five years	Five years to ten years	Over ten years
(1) Bonds				
Corporate bonds	200,000	—	—	—
Other	—	—	—	960,725
(2) Other				
Investment trust	—	100,760	—	—
Total	200,000	100,760	—	960,725

Current fiscal year (April 1,2008 - March 31,2009)

## 1. Other marketable securities with market value

(Yen in thousands)

	Type	Cost of acquisition	Stated value on consolidated balance sheet	Gains or losses on valuation
Market value exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	—	—	—
	Others	—	—	—
	(3) Others	114,992	130,702	15,709
	Sub-total	114,992	130,702	15,709
Market value not exceeding amount stated on the consolidated balance sheet	(1) Shares	—	—	—
	(2) Bonds			
	Corporate bonds	—	—	—
	Others	1,299,000	1,012,611	-286,388
	(3) Others	186,572	141,651	-44,920
	Sub-total	1,485,572	1,154,262	-331,309
Total		1,600,565	1,284,965	-315,599

## 2. Marketable securities without market price and value

(Yen in thousands)

Type	Stated value on consolidated balance sheet
Other marketable securities	
Unlisted stocks	17,000
Investment in anonymous association	344,989
MMF	20,039
MRF	899

## 3. Other marketable securities with expiration period and depreciation amount of bonds in purpose of ownership by expiration period scheduled after consolidated settlement date

(Yen in thousands)

Type	Within one year	One year to five years	Five years to ten years	Over ten years
(1) Bonds				
Corporate bonds	—	—	—	—
Other	—	—	—	1,012,611
(2) Other				
Investment trust	—	161,849	—	5,436
Other	—	100,000	—	244,989
Total	—	261,849	—	1,263,037

## (Derivatives)

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
1. Matters concerning status of the derivatives	1. Matters concerning status of the derivatives
(1) Detail of transaction	(1) Detail of transaction
Derivatives, which are embedded in hybrid financial instruments, are used.	Derivatives, which are embedded in hybrid financial instruments, are used. To reduce interest volatility risk in fund procurement, we use interest rate swaps.
(2) Policy concerning the derivatives	(2) Policy concerning the derivatives
For hybrid financial instruments, it is our policy not to be engaged in highly speculative transactions involving high risk.	

<p>(3) Purpose of the derivatives</p> <p>Hybrid financial instruments are used to manage surplus funds.</p> <p>(4) Detail of risks related to the derivatives</p> <p>Hybrid financial instruments are exposed to foreign currency risk, interest volatility risk and risk that redemption price falls below principal amount due to fluctuations in foreign exchange rates.</p> <p>(5) Risk management system concerning the derivatives</p> <p>We do not anticipate non-performance by the counterparties of the derivatives, all of whom are financial institutions with high credit ratings. These transactions are managed by the Accounting Group with the approval of the operating manager in accordance with "Investment Securities Management Guideline" which provides authority for transactions and maximum amounts for transactions.</p> <p>In using derivatives, which are embedded in hybrid financial instruments, for management of surplus funds, it is our policy not to be engaged in highly speculative transactions involving high risk. The hybrid financial instruments are exposed to foreign currency risk, interest volatility risk and risk that redemption price falls below principal amount due to fluctuations in foreign exchange rates.</p>	<p>(3) Purpose of the derivatives</p> <p>We use a compound instrument to manage surplus funds and to reduce interest volatility risk due to rise of interest rate of borrowings in the future financial markets. We adopt hedge accounting using derivatives. Hedge accounting methods. Special methods are used for interest rate swaps as they meet required conditions.</p> <p>Hedge methods and hedge targets</p> <p>Hedge methods: Interest rate swaps</p> <p>Hedge targets: Interest on borrowings</p> <p>Hedge policy</p> <p>TAC enters into interest rate swaps to reduce the risks of interest-rate risk within the limit of the relevant borrowing. Methods for evaluating the effectiveness of hedges. We omit verification of interest rate swaps for which special method is used.</p> <p>(4) Detail of risks related to the derivatives</p> <p>Hybrid financial instruments are exposed to foreign currency risk, interest volatility risk and risk that redemption price falls below principal amount due to fluctuations in foreign exchange rates.</p> <p>Interest rate swaps are exposed to interest volatility risk in market interest rate.</p> <p>(5) Risk management system concerning the derivatives</p> <p>Same as left</p>
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## 2. Market value of transactions

Market value of the derivatives is as follows: Derivatives related to interest rate are not presented as hedge accounting is applied

(Yen in thousands)

Type	For the previous consolidated fiscal year				For the current consolidated fiscal year			
	Contract amount	Contract amount that exceeds one year	Market value	Valuation gain (loss)	Contract amount	Contract amount that exceeds one year	Market value	Valuation gain (loss)
Transactions other than market transactions Hybrid financial instruments	1,194,201	1,194,201	960,725	-233,476	960,725	960,725	1,012,611	51,885
Total	1,194,201	1,194,201	960,725	-233,476	960,725	960,725	1,012,611	51,885

## (Notes)

	Previous fiscal year	Current fiscal year
1. Computation of market value	Market value is based on information provided by financial institutions.	Same as left
2. Valuation gain (loss)	Derivatives, which are embedded in hybrid financial instruments and whose market value cannot be measured separately from the host contracts, are measured at market value and their valuation gains (losses) recorded as non-operating gains (losses).	Same as left
3. Contract amount	Contract amount and other values are based on book value of the relevant hybrid financial instruments, etc. at the beginning of the current fiscal year.	Same as left

## (Tax effect accounting)

Previous fiscal year April 1, 2007- March 31, 2008	Current fiscal year April 1, 2008- March 31, 2009
1. Principal cause of deferred tax assets and deferred tax liabilities: (April 1, 2007-March 31, 2008)	1. Principal cause of deferred tax assets and deferred tax liabilities: (April 1, 2008-March 31, 2009)
Add: Deferred tax assets: Yen in thousands	Add: Deferred tax assets: Yen in thousands
Add: Accrued business office 5,534	Add: Accrued business office 5,530
Add: Accrued income tax 36,189	Add: Accrued income tax 29,488
Add: Accrued bonus 56,856	Add: Accrued bonus 56,152
Add: Excess amount 24,751	Add: Excess amount transferred 25,457
Add: Legal welfare expense 9,464	Add: Legal welfare expense 9,460
Add: Allowance for doubtful 8,164	Add: Allowance for doubtful 17,206
Add: Allowance for loss on disposal of returned goods 52,352	Add: Allowance for loss on disposal of returned goods 50,244
Add: Revaluation loss on inventories 127,122	Add: Revaluation loss on inventories 122,489
Add: Loss on impairment 132,647	Add: Loss on impairment 143,372
Add: Post-retirement benefits payable for directors and corporate directors 56,932	Add: Post-retirement benefits payable for directors and corporate directors 56,932
Add: Loss from revaluation 28,279	Add: Loss from revaluation 79,031
Add: Difference on revaluation 13,444	Add: Difference on revaluation 20,127
Add: Other deferred tax assets 1,407	Add: Net operating loss of subsidiaries carried forward 14,931
Sub-total of deferred tax 553,146	Add: Other deferred tax assets 1,983
Allowance account -37,738	Sub-total of deferred tax 632,144
Sub-total of deferred tax 515,408	Allowance account -83,356
Deferred liabilities	Sub-total of deferred tax 515,408
Difference on revaluation -315	Deferred liabilities
Sub-total of deferred -315	Difference on revaluation -280
Net deferred tax assets 515,092	Sub-total of deferred -280
	Net deferred tax assets 548,772
	Net deferred tax assets 548,772
2. Principal items that caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:	2. Principal items that caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:
%	%
Statutory effective tariff (Adjusted) 40.69	Statutory effective tariff (Adjusted) 40.69
Entertainment expenses not qualifying for deduction 1.28	Entertainment expenses not qualifying for deduction 0.80
Per capita inhabitant tax 2.05	Per capita inhabitant tax 1.39
Allowance for doubtful accounts 0.94	Allowance for doubtful accounts 1.30
Loss from revaluation of investment securities 3.43	Loss from revaluation of investment securities 5.98
Other 0.39	Other -0.51
Charge rate of income tax after adoption of tax effect accounting 48.78	Charge rate of income tax after adoption of tax effect accounting 49.65
	Charge rate of income tax after adoption of tax effect accounting 49.65

(Segment information)

Previous fiscal year (April 1,2007-March 31,2008)

(Yen in thousands)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	14,370,353	4,019,064	2,352,562	20,741,979	—	20,741,979
(2) Inter-segment transactions and eliminations	1,876	—	15,888	17,765	( 17,765)	—
Total	14,372,229	4,019,064	2,368,450	20,759,745	( 17,765)	20,741,979
Operating expenses	13,481,298	2,796,781	2,235,590	18,513,670	1,158,693	19,672,364
Operating income	890,931	1,222,283	132,859	2,246,074	(1,176,458)	1,069,615
II Asset, depreciation and capital expenditure						
Assets	6,457,827	1,100,968	1,659,445	9,218,242	4,162,558	13,380,801
Depreciation	219,895	13,067	16,775	249,738	37,148	286,887
Loss on impairment	—	—	—	—	325,995	325,995
Capital expenditure	135,457	13,179	5,460	154,097	37,549	191,647

(Notes)

1. As stated in "3. Items related to accounting standards" of "Assumption underlying preparation of consolidated financial statements", we started early adoption of the "Accounting Standard for Measurement of Inventories" in the current consolidated fiscal year. Due to this change, operating income declined ¥ 127,907 thousand for personal education segment, ¥ 27,470 thousand for corporate training segment and ¥ 157,037 thousand for publishing and other segment.

As we prepared for the early adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period was complied in accordance with the procedure prior to adoption of the said standard. Accordingly, operating income for the current interim period increased ¥ 73,164 thousand for personal education segment, ¥ 15,222 thousand for corporate training segment and ¥ 194,383 thousand for publishing and other segment.

2. As stated in "3. Items related to accounting standards" of "Assumption underlying preparation of consolidated financial statements", in the current fiscal year, we started to provide for allowance for loss on disposal of returned goods, which represents the amount thought to be adequate to cover estimated loss on disposal of returned publication, determined based on past rate of return and disposal. Accordingly, operating income decreased 128,661 thousand for publishing and other segment.

As we prepared for the adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period was complied in accordance with the procedure prior to adoption of the said standard. Accordingly, operating income for the current interim period increased ¥ 131,980 thousand for publishing and other segment.

3. As stated in "3. Items related to accounting standards" of "Assumption underlying preparation of consolidated financial statements", commencing in the current fiscal year, for those tangible fixed assets that were acquired on or after April 1, 2007, TAC changed the depreciation method in accordance with the applicable provisions of the revised Japanese Income Tax Code. The effects of this change on the segment information in the consolidated statement of income for the current fiscal year were immaterial.

4. Commencing in the current fiscal year, tangible fixed assets that were acquired before April 1, 2007 will continue to be depreciated under pre-revised rules until the remaining value of the assets reaches 5% of acquisition cost, after which the remaining value will be depreciated evenly over five years until the asset amount reaches JPY 1. The effects of this change on the segment information in consolidated statement of income for the current fiscal year were immaterial. The effects of this change on the profit / loss of segments in consolidated statement of income for the current fiscal year were immaterial.

Current fiscal year (April 1,2008-March 31,2009)

(Yen in thousands)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
I Sales and operating income						
Sales						
(1) External customers	15,554,838	4,259,176	2,278,243	21,092,258	—	21,092,258
(2) Inter-segment transactions and eliminations	2,487	—	14,279	16,767	( 16,767)	—
Total	14,557,326	4,259,176	2,292,522	21,109,025	( 16,767)	21,092,258
Operating expenses	13,668,739	2,929,310	1,966,230	18,564,280	1,197,832	19,762,113
Operating income	888,587	1,329,866	326,291	2,544,745	(1,214,599)	1,330,145
II Asset, depreciation and capital expenditure						
Assets	10,238,418	1,119,801	1,863,997	13,222,126	3,869,584	17,091,800
Depreciation	206,699	16,112	15,795	238,607	34,290	272,897
Loss on impairment	22,794	—	—	22,794	—	22,794
Capital expenditure	250,653	12,074	13,160	275,888	70,606	346,494

(Notes)

- 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.
- 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 to 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 with an aim to diffusing its educational know-how obtained through personal education and corporate training, sale of books at front counter and manpower placement and dispatching business.
- Amounts of operating expenses for the previous consolidated fiscal year and for the current consolidated fiscal year are ¥ 1,178,858 thousand and ¥ 1,216,999 thousand respectively, which cannot be eliminated or allocated represents expenses incurred at the administrative section of headquarters, including the general affairs department, etc.
- Amounts of corporate assets included in "Elimination" for the previous consolidated fiscal year and for the current consolidated fiscal year are ¥ 4,162,558 thousand and ¥ 3,870,654 thousand respectively, which include surplus funds of the parent company (cash and marketable securities), long-term investment fund (investment securities) and assets related to administration 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.

(Related party transactions)

Previous fiscal year (April 1, 2008-March 31, 2009)

None.

Current fiscal year (April 1, 2008-March 31, 2009)

None.

(Per share information)

Previous fiscal year April 1, 2007- March 31, 2008		Current fiscal year April 1, 2008- March 31, 2009	
Book value per share	¥ 206.40	Book value per share	¥ 222.45
Net income per share	¥ 23.98	Net income per share	¥ 36.58
Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.		Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.	

(Note) Basis of calculations of net income per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2007- March 31, 2008	Current fiscal year April 1, 2008- March 31, 2009
Net income	443,797	669,349
Amount not attributable to common stockholders (thousands of yen)	—	—
Amount attributable to common stock (thousands of yen)	443,797	669,349
Average number of shares outstanding during the year (thousands of shares)	18,503	18,300

(Important subsequent event)

Previous fiscal year (April 1, 2007-March 31, 2008)

The Board of Directors of TAC Co. Ltd., meeting on May 14, 2008, resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Japanese Company Law as applied mutatis mutandis to Article 165:3 of the law.

(1) Reason for acquisition of treasury shares

To enhance return to shareholders as well as practicing management that emphasizes improved capital efficiency

(2) Details of acquisition

- a. Class of shares to be acquired: Common stock
- b. Number of shares to be acquired: 300,000 shares (maximum)  
(Percentage of treasury stock in total outstanding shares excluding treasury shares: 1.6%)
- c. Total acquisition price: ¥ 100 million (maximum)
- d. Acquisition period: From May 19, 2008 to September 26, 2008
- e. Acquisition method: Market buying

Current fiscal year (April 1, 2008-March 31, 2009)

None

## Non-consolidated financial statements and other

### (1) Non-consolidated balance sheet

(Yen in thousands)

	Previous fiscal year (as of March 31, 2008)	Current fiscal year (as of March 31, 2009)
<b>(Assets)</b>		
Current assets		
Cash and deposits	1,793,619	1,341,756
Accounts receivable-trade	1,840,015	2,064,980
Marketable securities	360,436	20,938
Merchandise	18,732	—
Finished goods	249,079	—
Merchandise and finished goods	—	375,634

	Previous fiscal year (as of March 31, 2008)	Current fiscal year (as of March 31, 2009)
Work in process	500	969
Stored goods	267,935	—
Stored goods and materials	—	261,505
Prepaid expenses	376,872	371,949
Deferred tax assets	305,575	291,549
Beneficiary right in safeguarding and trust system for advance payment	—	4,132,124
Other	45,405	66,371
Allowance for doubtful accounts	-739	-1,056
<b>Total current assets</b>	<b>5,257,432</b>	<b>8,926,723</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Building	386,191	351,217
Structures	11,467	10,019
Machinery and equipments	89,254	60,859
Automotive equipments	6,177	4,965
Equipment and fixtures	105,734	204,881
<b>Total Tangible fixed assets</b>	<b>598,825</b>	<b>631,943</b>
<b>Intangible fixed assets</b>		
Software	213,127	239,110
Other	23,235	25,407
<b>Total intangible fixed assets</b>	<b>236,363</b>	<b>264,518</b>
<b>Investment and other assets</b>		
Investment securities	1,656,059	1,646,955
Equity investment in related companies	20,000	20,000
Contribution to capital	2,264	2,264
Unrecoverable or valueless claims	53,056	55,465
Long-term prepaid expenses	10,016	5,485
Deferred tax assets	202,752	236,804
Long-term time deposit	500,000	500,000
Fixed leasehold deposits	3,787,970	3,831,248
Insurance reserve fund	937,868	937,297
Allowance for doubtful accounts	-19,896	-42,102
<b>Total investment and other assets</b>	<b>7,149,893</b>	<b>7,193,417</b>
<b>Total fixed assets</b>	<b>7,985,083</b>	<b>8,089,878</b>
<b>Total assets</b>	<b>13,242,515</b>	<b>17,016,602</b>

(Yen in thousands)

	Previous fiscal year (as of March 31, 2008)	Current fiscal year (as of March 31, 2009)
<b>(Liabilities)</b>		
Current liabilities		
Accounts payable	438,835	444,388
Short-term borrowings	-	1,150,000
Long-term borrowings	9,600	400,000
Accrued liabilities	357,871	420,631
Accrued expenses	446,346	454,086
Corporation and inhabitants taxes payable	281,459	290,129
Tuition advances	7,188,094	7,674,187
Deposits received	164,056	178,875
Reserve for loss on returned goods	322,042	371,574
Allowance for loss on disposal of returned goods	128,661	123,481
Accrued bonuses	55,864	55,245
Other	9,257	11,294
Total Current liabilities	9,402,090	11,573,894
Long-term Liabilities		
Long-term borrowings	-	1,300,000
Post-retirement benefits payable for directors and corporate directors	139,916	139,916
Other	-	270
Total long-term liabilities	139,916	1,440,187
Total liabilities	9,542,007	13,014,081
<b>(Net assets)</b>		
Owners' equity		
Common stock	940,200	940,200
Additional paid-in capital		
Capital legal reserve	790,547	790,547
Total capital surplus	790,547	790,547
Retained earnings		
Earned legal reserve	19,978	19,978
Other earned surplus		
Earned surplus	1,969,063	2,380,841
Total earned surplus	1,989,041	2,400,819
Treasury Stock	-144	-100,114
Total owners' equity	3,719,644	4,031,452
Valuation and translation adjustments		
Difference on revaluation of other marketable securities	-19,136	-28,932
Total valuation and translation adjustments	-19,136	-28,932
Total net assets	3,700,508	4,002,520
Total liabilities and net assets	13,242,515	17,016,602

(2) Non-consolidated statement of income

(Yen in thousands)

	Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
<b>Sales</b>		
Sales from personal education	14,372,229	14,557,326
Sales from corporate training	4,018,898	4,243,510
Sales from publishing & other	1,639,105	1,677,475
Net sales	20,030,233	20,478,312
<b>Cost of sales</b>		
Cost of personal education	9,339,055	9,419,999
Cost of corporate training	1,809,680	1,844,688
Cost of publishing & other	1,226,090	872,866
Total cost of sales	12,374,826	12,137,554
Gross profit	7,655,406	8,340,578
Reversal of allowance for loss on returned goods	304,939	322,042
Transfer to reserve for loss on returned goods	322,042	371,574
Gross profit – net	7,638,303	8,291,227
Selling, general and administrative expenses	6,638,274	6,921,571
Operating income	1,000,028	1,369,655
<b>Non-operating income</b>		
Interest received	32,317	14,675
Interest on securities	4,244	1,593
Dividend received	341,911	47,771
Profit of investment securities	–	67,201
Other	8,066	7,900
Total non-operating income	386,540	139,144
<b>Non-operating expenses</b>		
Interest expenses	9,684	26,695
Loss of investment securities	156,840	-
Fee payment	-	56,772
Other	6,714	415
Total non-operating expenses	173,239	83,883
Ordinary income	1,213,329	1,424,916
<b>Extraordinary income</b>		
Losses on disposal or sale of fixed Assets	–	156
Total extraordinary income	-	156
<b>Extraordinary expenses</b>		
Losses on disposal or sale of fixed assets	28,216	6,898
Restoration expenses	11,886	2,700
Loss on impairment	325,995	22,794
Total extraordinary expenses	366,098	32,393
Net income before taxes	847,230	1,392,679
Corporate, inhabitants and enterprise taxes	691,249	682,062
Deferred income taxes	-297,724	-13,305
Total Corporate, inhabitants and enterprise taxes	393,525	668,757
Net income	453,705	723,922

## Statement of cost of Personal Education segment

	Previous fiscal year April 1,2007 - March 31,2008			Current fiscal year April 1,2008- March 31,2009		
	Amount(thousand yen)		%	Amount(thousand yen)		%
I Personnel costs		2,885,111	30.9		3,037,985	32.3
II Expenses						
1 Subcontract cost	1,319,905			1,302,659		
2 Rent	2,975,720			2,971,231		
3 Outsourcing cost	746,953			761,334		
4 Other	1,283,457	6,326,036	67.7	1,352,702	6,387,927	67.8
III Reduced book amount relating to inventories(※1)		127,907	1.4		-5,913	-0.1
Cost of Personal education segment for the current year		9,339,055	100.0		9,419,999	100.0

## Statement of cost of Corporate Training segment

	Previous fiscal year April 1,2007 - March 31,2008			Current fiscal year April 1,2008- March 31,2009		
	Amount(thousand yen)		%	Amount(thousand yen)		%
I Purchase of merchandise		168,774	9.3		171,446	9.3
II Personnel costs		546,260	30.2		541,188	29.3
III Expenses						
1 Subcontract cost	282,116			273,196		
2 Outsourcing cost	372,447			452,638		
3 Other	412,609	1,067,174	59.0	406,764	1,132,599	61.4
IV Reduced book amount relating to inventories(※1)		27,470	1.5		-546	-0.0
Cost of Corporate training segment for the current year		1,809,680	100.0		1,844,688	100.0

## Statement of cost of Publishing and Other segment

	Previous fiscal year April 1,2007 - March 31,2008			Current fiscal year April 1,2008- March 31,2009		
	Amount(thousand yen)		%	Amount(thousand yen)		%
I Beginning balance of products and merchandis		464,901	37.9		424,849	48.7
II Purchase of merchandise		59,880	4.9		52,208	6.0
III Cost of products manufactured						
1 Subcontract cost		766,421	62.5		794,656	91.0
2 Personnel costs		153,849	12.6		179,874	20.6
3 Expenses						
(1) Outsourcing cost	70,969			95,192		
(2) Other	5,539	76,508	6.2	13,473	108,666	12.4
Total cost of sales		996,780	81.3		1,083,196	124.0
Beginning balance of work in process		8,057	0.7		500	0.1
Total		1,004,838	82.0		1,083,696	124.1
Ending balance of inventories of work in process		500	0.0		969	0.1
Cost of products manufactured		1,004,337	82.0		1,082,727	124.0
IV Transfer of other accounts(※3)		163,879	13.4		149,065	17.1
V Ending balance of products and merchandise		424,849	34.7		527,746	60.4
VI Reduced book amount relating to inventories(※1)		157,037	12.8		-4,925	-0.6
VII Transfer of allowance for loss on disposal of returned goods(※2)		128,661	10.5		-5,180	-0.6
Cost of Publishing and other segment for the current year		1,226,090	100.0		872,866	100.0

Previous fiscal year		Current fiscal year	
Method of cost accounting Job order cost accounting is used.		Method of cost accounting	
※1		※1 Reduced book amount (net amount) as a result of decline of profitability relating to inventories held for the purpose of ordinary sales.	
※2		※2 Amount of estimated loss on disposal of returned publication for the current fiscal year (net amount) to be prepared for loss on disposal of returned publication	
※3 Breakdown of transfer of other accounts		※3 Breakdown of transfer of other accounts	
Transfer to cost of Personal education segment	86,079	Transfer to cost of Personal education segment	89,071
Transfer to cost of Corporate training segment	64,700	Transfer to cost of Corporate training segment	45,670
Transfer to selling, general and administrative expenses (including advertising cost)	13,099	Transfer to selling, general and administrative expenses (including advertising cost)	14,324
<hr/>		<hr/>	
Total	163,879	Total	149,065

## (3) Non-consolidated statement of changes in net asset

	Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
Owners' equity		
Paid-in Capital		
Balance at the end of previous period	940,200	940,200
Balance at the end of current period	940,200	940,200
Capital Surplus		
Capital legal reserve		
Balance at the end of previous period	790,547	790,547
Balance at the end of current period	790,547	790,547
Total Capital Surplus		
Balance at the end of previous period	790,547	790,547
Balance at the end of current period	790,547	790,547
Earned surplus		
Earned legal surplus		
Balance at the end of previous period	19,978	19,978
Balance at the end of current period	19,978	19,978
Other earned surplus		
Earned surplus brought forward		
Balance at the end of previous period	1,792,914	1,969,063
Changes of items during the period		
Issuance of new shares Dividends from surplus	-277,556	-312,144
Net income	453,705	723,922
Total changes of items during the period	176,148	411,777
Balance at the end of current period	1,969,063	2,380,841
Total earned surplus		
Balance at the end of previous period		
Changes of items during the period		
Issuance of new shares Dividends from surplus	-277,556	-312,144
Net income	453,705	723,922
Total changes of items during the period	176,148	411,777
Balance at the end of current period	1,989,041	2,400,819
Treasury stocks		
Balance at the end of previous period	-144	-144
Changes of items during the period		
Acquisition of treasury stocks	-	-99,970
Total changes of items during the period	-	-99,970
Balance at the end of current period	-144	-100,114
Total owner's equity		
Balance at the end of previous period	1,792,914	
Changes of items during the period		
Issuance of new shares Dividends from surplus	-277,556	-312,144
Net income	453,705	723,922
Acquisition of treasury stocks	-	-99,970
Total changes of items during the period	176,148	311,807
Balance at the end of current period	3,719,644	4,031,452
Valuation and translation adjustments		
Valuation difference on available-for sale securities		
Balance at the end of previous period	-2,623	-19,136
Changes of items during the period		
Net changes of items other than owners' equity	-16,513	-9,795
Total changes of items during the period	-16,513	-9,795
Balance at the end of current period	-19,136	-28,932
Total Valuation and translation adjustments		
Balance at the end of previous period	-2,623	-19,136
Changes of items during the period		
Net changes of items other than owners' equity	-16,513	-9,795
Total changes of items during the period	-16,513	-9,795
Balance at the end of current period	-19,136	-28,932

Total net assets			
Balance at the end of previous period	3,540,873		3,700,508
Changes of items during the period			
Issuance of new shares Dividends from surplus	-277,556		-312,144
Net income	453,705		723,922
Acquisition of treasury stocks	-		-99,970
Net changes of items other than owners' equity	-16,513		-9,795
Total changes of items during the period	<u>159,635</u>		<u>302,011</u>
Balance at the end of current period	<u>3,700,508</u>		<u>4,002,520</u>

Note for the Going-Concern Assumption

There are no corresponding items.

	Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
1. Standards and methods of valuation for securities	<p>(A)Shares in subsidiaries and affiliated company...valued at cost using the moving average method</p> <p>(B) Other securities</p> <p>Quoted securities...The market value method is applied, based on the market value as of the interim fiscal year end. The entire positive or negative valuation difference with the purchase price is booked directly as shareholders' equity, and the cost of securities sold is calculated using the moving average method.</p> <p>Derivatives, which are embedded in hybrid financial instruments and cannot be accounted separately from the host contracts, are measured at market value and their valuation gains (losses) are recorded as non-operating gains (losses).</p> <p>Unquoted securities...Valued at cost using the moving average method</p> <p>For capital investments in investment partnership (investment enterprise limited liability association) and similar associations (deemed securities as per Article 2, Section 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used for consolidated balance sheet and the amount corresponding to the ownership percentage of profit (loss) items is used for consolidated statement of income, based on the most recent financial statement available as of the reporting date stipulated in the partnership contract.</p>	<p>Same as left</p> <p>Same as left</p>
2. Standards and methods of valuation for derivatives		Derivative
3. Standards and methods of valuation for inventories	<p>Merchandise and finished goods ... Valued at cost using the gross average method</p> <p>Work in process...Valued at cost, using the specific identification method</p> <p>Stored goods...Valued at cost, using the last purchase price method</p> <p>(Changes in accounting policies)</p> <p>Responding to the early adoption of "Accounting Standard for Measurement of Inventories" (Accounting Standard Board of Japan Statement No. 9, released on July 5, 2006), which allows for adoptions of a consolidated fiscal year starting before March 31, we started adoption thereof in the current consolidated fiscal year.</p>	Fair value method

	<p>Such early adoption resulted in a decline in gross profit (net), operating income, ordinary income and net income before taxes by ¥ 312,416 thousand.</p> <p>As we prepared for the early adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period was complied in accordance with the procedure prior to adoption of the said standard.</p> <p>Accordingly, gross profit (net), operating income, ordinary income and net income before taxes is higher than the figure which would be obtained if standard were adopted early by ¥ 282,770 thousand.</p> <p>Impact on segment information is stated in the relevant section.</p>	
4 Major depreciable assets and methods of depreciation	<p>(A) Tangible fixed assets</p> <p>Depreciation is computed using the straight-line method.</p> <p>Principal estimated useful lives are 15 years for buildings and 3 years to 5 years for equipment and furniture. Cost of petty sum depreciable assets whose cost is ¥ 100,000 or more and less than ¥ 200,000 are amortized using the straight-line method over the estimated useful lives of 3 years.</p> <p>(Change in accounting principle)</p> <p>Commencing in the current consolidated fiscal year, for those tangible fixed assets that were acquired on or after April 1, 2007, TAC changed the depreciation method in accordance with the applicable provisions of the revised Japanese Income Tax Code, Law No. 6 and Ordinance No. 83 to Partly Revise Japanese (Corporate) Income Tax Code, both promulgated on March 30, 2007.</p> <p>The effects of this change on the consolidated statement of income for the current consolidated fiscal year were immaterial.</p> <p>Impact on segment information is stated in the relevant section.</p> <p>(Additional information)</p> <p>Commencing in the current consolidated fiscal year, tangible fixed assets that were acquired before April 1, 2007 will continue to be depreciated under pre-revised rules until the remaining value of the assets reaches 5% of acquisition cost, after which the remaining value will be depreciated evenly over five years until asset amount reaches JPY 1.</p> <p>The effects of this change on the</p>	Same as left

	<p>consolidated statement of income for the current consolidated fiscal year were immaterial. Impact on segment information is stated in the relevant section.</p> <p>(B) Intangible fixed assets Costs of computer software developed or obtained for internal use are amortized using the straight-line method over the estimated useful lives of 5 years. Costs of other intangible fixed assets are amortized using the straight-line method.</p>	<p>Same as left</p>
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5 Standards for important allowance	<p>(A) Allowance for doubtful accounts An allowance for loan losses is provided as detailed below. For claims to general debtors, an allowance is provided based on historical loan losses experience. For specific claims to debtors who are likely to become bankrupt or legally or virtually bankrupt, an allowance is provided for the amount of claims expected to be uncollectible, which is estimated depending on the collectibility of individual claims.</p> <p>(B) Allowance for loss on returned goods A reserve for loss caused by returns of publications is provided based on estimated amounts of the future returns attributed to the current fiscal year.</p> <p>(C) Allowance for loss on disposal of returned publication To be prepared for loss on disposal of returned publication, amount of estimated loss on disposal of returned publication for the current fiscal year is provided.</p> <p>(Changes in accounting policies) In the past, loss on disposal of returned publication was processed as cost of sales in the year it was returned. In the current fiscal year, we started to provide for allowance for loss on disposal of returned goods, which represents the amount thought to be adequate to cover estimated loss on disposal of returned publication, determined based on the past rate of return and disposal. We decided on this change after examining losses on disposal of returned goods in the future upon early adoption of "Accounting Standard for Measurement of Inventories" (Accounting Standard Board of Japan Statement No. 9, released on July 5, 2006). In the publishing industry, which is inseparable from return of publications, most of our publications get revised annually and publications, which are returned after completion of license examinations, are abandoned in the following fiscal year. To cope with such industry practice, we provided for loss on disposal of returned goods in order to compute profit and loss in a fairer manner. Such early adoption resulted in decline of gross profit (net), operating income, ordinary income and net income before taxes by ¥ 128,661 thousand. As we prepared for the early adoption of the standard in the latter half of the current fiscal year, settlement of accounts for the interim period were</p>	<p>Same as left</p> <p>Same as left</p> <p>Same as left</p>
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6 Accounting for significant lease transactions	Transactions under finance lease agreements are accounted for as transactions under ordinary rental transactions, except for those lease transactions that transfer ownership of the leased property to the lessee.	Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.
7 Hedge accounting methods		<p>Hedge accounting methods</p> <p>Special methods are used for interest rate swaps as they meet required conditions.</p> <p>Hedge methods and hedge targets</p> <p>Hedge methods: Interest rate swaps</p> <p>Hedge targets: Interest on borrowings</p> <p>Hedge policy</p> <p>TAC enters into interest rate swaps to reduce the risks of interest-rate risk within the limit of the relevant borrowing.</p> <p>Methods for evaluating the effectiveness of hedges</p> <p>We omit verification of interest rate swaps for which special method is used.</p>
8 Others	<p>Accounting for consumption taxes</p> <p>The company recognized consumption taxes and local consumption taxes as a separate account</p>	Same as left

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
	<p>(Accounting standards for lease transactions)</p> <p>Beginning with the current fiscal year, TAC has undertaken the application of the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, issued by the First Subcommittee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007) and "Implementation Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16, issued by the Accounting Practice Committee of the Japan Institute of Certified Public Accountants on January 18, 1994, and revised on March 30, 2007). Under these standards, the accounting treatment for finance lease transactions not involving transfer of ownership has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are continuously accounted for based on methods applicable to ordinary rental transactions.</p> <p>This change did not effect on operating income and net income before income taxes.</p>

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009
	<p>Upon introduction of "Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements" (Cabinet Office Ordinance No. 50 of August 7, 2008), items classified as "Merchandise" and "Finished goods" in the previous</p>

	consolidated fiscal year are classified as “Merchandise and finished goods” in the current consolidated fiscal year. “Merchandise” and “Finished goods” in the current consolidated fiscal year are ¥ 18,062 thousand and ¥ 357,571 thousand, respectively.
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## Notes

(Non-consolidated statement of income-related)

Previous fiscal year April 1,2007 - March 31,2008	Current fiscal year April 1,2008- March 31,2009																																				
<p>※1 Reduced book amount relating to inventories of ¥ 312,416 thousand and transfer to reserve for loss on returned goods of ¥ 128,661 thousand are included in cost of sales.</p>	<p>※1 Reduced book amount relating to inventories of ¥ 11,385 thousand net amount and transfer to reserve for loss on returned goods of ¥ 5,180 thousand net amount are included in cost of sales.</p>																																				
<p>※2 Outline of selling, general and administrative expenses are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Advertising cost</td> <td style="text-align: right;">991,315</td> </tr> <tr> <td>Salary</td> <td style="text-align: right;">1,938,401</td> </tr> <tr> <td>Bonuses</td> <td style="text-align: right;">411,097</td> </tr> <tr> <td>Transfer to accrued bonuses</td> <td style="text-align: right;">53,074</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">906,180</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">114,937</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Proportion of sales expense</td> <td style="text-align: right;">17.8%</td> </tr> <tr> <td>Proportion of general and administrative expense</td> <td style="text-align: right;">82.2%</td> </tr> </table>	Advertising cost	991,315	Salary	1,938,401	Bonuses	411,097	Transfer to accrued bonuses	53,074	Rent	906,180	Depreciation	114,937			Proportion of sales expense	17.8%	Proportion of general and administrative expense	82.2%	<p>※2 Outline of selling, general and administrative expenses are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Advertising cost</td> <td style="text-align: right;">1,016,866</td> </tr> <tr> <td>Salary</td> <td style="text-align: right;">2,073,638</td> </tr> <tr> <td>Bonuses</td> <td style="text-align: right;">420,773</td> </tr> <tr> <td>Transfer to accrued bonuses</td> <td style="text-align: right;">533,054</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">912,783</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">104,810</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Proportion of sales expense</td> <td style="text-align: right;">17.8%</td> </tr> <tr> <td>Proportion of general and administrative expense</td> <td style="text-align: right;">82.2%</td> </tr> </table>	Advertising cost	1,016,866	Salary	2,073,638	Bonuses	420,773	Transfer to accrued bonuses	533,054	Rent	912,783	Depreciation	104,810			Proportion of sales expense	17.8%	Proportion of general and administrative expense	82.2%
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<p>※5 Outline of Losses on disposal or sale of fixed Assets are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Loss on disposal of software</td> <td style="text-align: right;">18,339</td> </tr> <tr> <td>Losses incurred from disposal of additions</td> <td style="text-align: right;">5,815</td> </tr> <tr> <td>Losses incurred from disposal of structures</td> <td style="text-align: right;">300</td> </tr> <tr> <td>Losses incurred from disposal of equipment and fixtures</td> <td style="text-align: right;">3,700</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">60</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">28,317</td> </tr> </table>	Loss on disposal of software	18,339	Losses incurred from disposal of additions	5,815	Losses incurred from disposal of structures	300	Losses incurred from disposal of equipment and fixtures	3,700	Other	60			Total	28,317	<p>※5 Outline of Losses on disposal or sale of fixed Assets are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Losses incurred from disposal of equipment and fixtures</td> <td style="text-align: right;">6,875</td> </tr> <tr> <td>Losses incurred from disposal of machinery</td> <td style="text-align: right;">23</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">6,898</td> </tr> </table>	Losses incurred from disposal of equipment and fixtures	6,875	Losses incurred from disposal of machinery	23			Total	6,898														
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<p>(2)Background of recognition of impairment of loss We recorded the amount required for renewal of our main system (member administration) as software development in progress (asset). We notified the subcontractor, however, to suspend commission of development on May 7, 2008. Accordingly, total book value of software in progress is recognized as impairment loss, which is included in extraordinary losses.</p> <p>(3) Method of grouping assets TAC Co., Ltd. and its subsidiary group assets based on business classification of the smallest cash flow generating units. Basically, we use our schools as basic units, except that “area” is used in the Tokyo metropolitan area and Kinki region. Individual valuation is made for idle real estate.</p> <p>(4) Computation of recoverable amounts The amounts recoverable from asset groups of TAC and its consolidated subsidiaries were estimated at the net disposable price.</p>	<p>(2) Background of recognition of impairment of loss Upon decision of move of Tachikawa School, TAC reduced the value of “accounts of building and structure of Tachikawa School which became unusable but are nonmovable” and “guaranteed deposits which became partially uncollectible due to cancellation prior to the maturity of lease agreement” to the collectible value. The said decrease in value is accounted for as loss on impairment in extraordinary expenses.</p> <p>(3) Method of grouping assets TAC Co., Ltd. and its subsidiary group assets based on business classification of the smallest cash flow generating units. Basically, we use our schools as basic units, except that “area”is used in the Tokyo metropolitan area and Kinki region. Individual valuation is made for idle real estate.</p> <p>(4) Computation of recoverable amounts The amounts recoverable from asset groups of TAC and its consolidated subsidiaries were estimated at the net disposable price.</p>
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## (Non-consolidated statement of changed in net assets-related)

Previous fiscal year (April 1, 2007 - March 31, 2008)

## Total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of current fiscal year
Common stock	217	—	—	217
Total	217	—	—	217

Current fiscal year (April 1, 2008 - March 31, 2009)

## Total number of treasury stock (Number of shares)

	Number of shares at the end of previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of current fiscal year
Common stock	217	268,900	—	269,117
Total	217	268,900	—	269,117

Previous fiscal year April 1,2007 - March 31,2008				Current fiscal year April 1,2008- March 31,2009			
1. Capital lease assets				1. Capital lease assets			
(1) Equivalent to acquisition cost, accumulated depreciation and net book value				(1) Equivalent to acquisition cost, accumulated depreciation and net book value			
	Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)		Equivalent to acquisition cost (Yen in thousands)	Less: accumulated depreciation (Yen in thousands)	Net book value (Yen in thousands)
Equipment and furniture	91,734	51,370	40,364	Equipment and furniture	158,020	83,859	74,160
Total	91,734	51,370	40,364	Total	158,020	83,859	74,160
(Note) The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.				(Note) The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.			
(2) Lease obligations, etc.				(2) Lease obligations, etc.			
Lease obligations				Lease obligations			
Due within one year 16,561 Thousands of yen				Due within one year 40,093 Thousands of yen			
Due after one year 23,802							

<p>Total 40,364</p> <p>(3) Lease payments, Reversal of impaired lease assets, depreciation and impairment loss</p> <p style="padding-left: 20px;">Lease payments 20,361 Thousands of yen</p> <p style="padding-left: 20px;">Depreciation 20,361 Thousands of yen</p> <p>(4) Calculation method of depreciation equivalent</p> <p style="padding-left: 20px;">Depreciation equivalent is computed on a straight-line method over the lease period without residual value.</p> <p>(Loss due to impairment)</p> <p>There is no loss due to impairment allocated to leased asset.</p> <p>2. Operating leases</p> <p style="padding-left: 20px;">The future lease payments for operating leases</p> <p style="padding-left: 40px;">Due within one year 740,155 Thousands of yen</p> <p style="padding-left: 40px;">Due after one year 1,687,302</p> <hr style="width: 50%; margin-left: 40px;"/> <p style="padding-left: 40px;">Total 2,427,458</p>	<p style="text-align: right;">Due after one year 34,067</p> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">Total 74,160</p> <p>(3) Lease payments, Reversal of impaired lease assets, depreciation and impairment loss</p> <p style="padding-left: 20px;">Lease payments 41,675 Thousands of yen</p> <p style="padding-left: 20px;">Depreciation 41,675 Thousands of yen</p> <p>(4) Calculation method of depreciation equivalent</p> <p style="padding-left: 20px;">Depreciation equivalent is computed on a straight-line method over the lease period without residual value.</p> <p>(Loss due to impairment)</p> <p>There is no loss due to impairment allocated to leased asset.</p> <p>2. Operating leases</p> <p style="padding-left: 20px;">The future lease payments for operating leases</p> <p style="padding-left: 40px;">Due within one year 610,324 Thousands of yen</p> <p style="padding-left: 40px;">Due after one year 1,076,978</p> <hr style="width: 50%; margin-left: 40px;"/> <p style="padding-left: 40px;">Total 1,687,302</p>
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Previous fiscal year March 31, 2008	Current fiscal year March 31, 2009																																																																																																																		
<p>1. Principal cause of deferred tax assets and deferred tax liabilities: (April 1, 2007-March 31, 2008)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Add: Deferred tax assets:</td> <td style="text-align: right;">Yen in thousands</td> </tr> <tr> <td>Add: Accrued business office</td> <td style="text-align: right;">5,383</td> </tr> <tr> <td>Add: Accrued income tax</td> <td style="text-align: right;">35,890</td> </tr> <tr> <td>Add: Accrued bonus</td> <td style="text-align: right;">52,218</td> </tr> <tr> <td>Add: Excess amount</td> <td style="text-align: right;">22,731</td> </tr> <tr> <td>Add: Legal welfare expense</td> <td style="text-align: right;">8,808</td> </tr> <tr> <td>Add: Allowance for doubtful</td> <td style="text-align: right;">8,164</td> </tr> <tr> <td>Add: Allowance for loss on disposal of returned goods</td> <td style="text-align: right;">52,352</td> </tr> <tr> <td>Add: Revaluation loss on inventories</td> <td style="text-align: right;">127,122</td> </tr> <tr> <td>Add: Loss on impairment</td> <td style="text-align: right;">132,647</td> </tr> <tr> <td>Add: Post-retirement benefits payable for directors</td> <td style="text-align: right;">56,932</td> </tr> <tr> <td>Add: Loss from revaluation</td> <td style="text-align: right;">28,279</td> </tr> <tr> <td>Add: Difference on</td> <td style="text-align: right;">13,444</td> </tr> <tr> <td>Add: Other deferred tax</td> <td style="text-align: right;">1,407</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred tax</td> <td style="text-align: right; border-top: 1px solid black;">546,382</td> </tr> <tr> <td>Allowance account</td> <td style="text-align: right;">-37,738</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred tax</td> <td style="text-align: right; border-top: 1px solid black;">508,643</td> </tr> <tr> <td>Deferred liabilities</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Difference on</td> <td style="text-align: right;">-315</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred</td> <td style="text-align: right; border-top: 1px solid black;">-315</td> </tr> <tr> <td style="border-top: 1px solid black;">Net deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">508,328</td> </tr> </table> <p>2. Principal items that caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">%</td> </tr> <tr> <td>Statutory effective tariff (Adjusted)</td> <td style="text-align: right;">40.69</td> </tr> <tr> <td>Entertainment expenses not qualifying for deduction</td> <td style="text-align: right;">1.30</td> </tr> <tr> <td>Per capita inhabitant tax</td> <td style="text-align: right;">2.07</td> </tr> <tr> <td>Allowance for doubtful accounts</td> <td style="text-align: right;">0.95</td> </tr> <tr> <td>Loss from revaluation of investment securities</td> <td style="text-align: right;">3.50</td> </tr> <tr> <td>Dividend income not qualifying for deduction</td> <td style="text-align: right;">-2.40</td> </tr> </table>	Add: Deferred tax assets:	Yen in thousands	Add: Accrued business office	5,383	Add: Accrued income tax	35,890	Add: Accrued bonus	52,218	Add: Excess amount	22,731	Add: Legal welfare expense	8,808	Add: Allowance for doubtful	8,164	Add: Allowance for loss on disposal of returned goods	52,352	Add: Revaluation loss on inventories	127,122	Add: Loss on impairment	132,647	Add: Post-retirement benefits payable for directors	56,932	Add: Loss from revaluation	28,279	Add: Difference on	13,444	Add: Other deferred tax	1,407	Sub-total of deferred tax	546,382	Allowance account	-37,738	Sub-total of deferred tax	508,643	Deferred liabilities		Difference on	-315	Sub-total of deferred	-315	Net deferred tax assets	508,328		%	Statutory effective tariff (Adjusted)	40.69	Entertainment expenses not qualifying for deduction	1.30	Per capita inhabitant tax	2.07	Allowance for doubtful accounts	0.95	Loss from revaluation of investment securities	3.50	Dividend income not qualifying for deduction	-2.40	<p>1. Principal cause of deferred tax assets and deferred tax liabilities: (April 1, 2008-March 31, 2009)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Add: Deferred tax assets:</td> <td style="text-align: right;">Yen in thousands</td> </tr> <tr> <td>Add: Accrued business office tax</td> <td style="text-align: right;">5,530</td> </tr> <tr> <td>Add: Accrued income tax</td> <td style="text-align: right;">29,488</td> </tr> <tr> <td>Add: Accrued bonus</td> <td style="text-align: right;">52,661</td> </tr> <tr> <td>Add: Excess amount transferred</td> <td style="text-align: right;">25,457</td> </tr> <tr> <td>Add: Legal welfare expense</td> <td style="text-align: right;">8,716</td> </tr> <tr> <td>Add: allowance for doubtful</td> <td style="text-align: right;">17,208</td> </tr> <tr> <td>Add: Allowance for loss on disposal of returned goods</td> <td style="text-align: right;">50,244</td> </tr> <tr> <td>Add: revaluation loss on inventories</td> <td style="text-align: right;">122,489</td> </tr> <tr> <td>Add: Loss on impairment</td> <td style="text-align: right;">143,372</td> </tr> <tr> <td>Add: Post-retirement benefits payable for directors and</td> <td style="text-align: right;">56,932</td> </tr> <tr> <td>Add: Loss from revaluation of</td> <td style="text-align: right;">79,031</td> </tr> <tr> <td>Add: Difference on revaluation of</td> <td style="text-align: right;">20,127</td> </tr> <tr> <td>Add: Net operating loss of subsidiaries carried forward</td> <td style="text-align: right;">14,931</td> </tr> <tr> <td>Add: Other deferred tax assets</td> <td style="text-align: right;">1,983</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred tax</td> <td style="text-align: right; border-top: 1px solid black;">610,116</td> </tr> <tr> <td>Allowance account</td> <td style="text-align: right;">-81,481</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred tax</td> <td style="text-align: right; border-top: 1px solid black;">528,634</td> </tr> <tr> <td>Deferred liabilities</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Difference on revaluation of</td> <td style="text-align: right;">-280</td> </tr> <tr> <td style="border-top: 1px solid black;">Sub-total of deferred liabilities</td> <td style="text-align: right; border-top: 1px solid black;">-280</td> </tr> <tr> <td style="border-top: 1px solid black;">Net deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">528,353</td> </tr> </table> <p>2. 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Sub-total of deferred	-315																																																																																																																		
Net deferred tax assets	508,328																																																																																																																		
	%																																																																																																																		
Statutory effective tariff (Adjusted)	40.69																																																																																																																		
Entertainment expenses not qualifying for deduction	1.30																																																																																																																		
Per capita inhabitant tax	2.07																																																																																																																		
Allowance for doubtful accounts	0.95																																																																																																																		
Loss from revaluation of investment securities	3.50																																																																																																																		
Dividend income not qualifying for deduction	-2.40																																																																																																																		
Add: Deferred tax assets:	Yen in thousands																																																																																																																		
Add: Accrued business office tax	5,530																																																																																																																		
Add: Accrued income tax	29,488																																																																																																																		
Add: Accrued bonus	52,661																																																																																																																		
Add: Excess amount transferred	25,457																																																																																																																		
Add: Legal welfare expense	8,716																																																																																																																		
Add: allowance for doubtful	17,208																																																																																																																		
Add: Allowance for loss on disposal of returned goods	50,244																																																																																																																		
Add: revaluation loss on inventories	122,489																																																																																																																		
Add: Loss on impairment	143,372																																																																																																																		
Add: Post-retirement benefits payable for directors and	56,932																																																																																																																		
Add: Loss from revaluation of	79,031																																																																																																																		
Add: Difference on revaluation of	20,127																																																																																																																		
Add: Net operating loss of subsidiaries carried forward	14,931																																																																																																																		
Add: Other deferred tax assets	1,983																																																																																																																		
Sub-total of deferred tax	610,116																																																																																																																		
Allowance account	-81,481																																																																																																																		
Sub-total of deferred tax	528,634																																																																																																																		
Deferred liabilities																																																																																																																			
Difference on revaluation of	-280																																																																																																																		
Sub-total of deferred liabilities	-280																																																																																																																		
Net deferred tax assets	528,353																																																																																																																		
	%																																																																																																																		
Statutory effective tariff (Adjusted)	40.69																																																																																																																		
Entertainment expenses not qualifying for deduction	0.76																																																																																																																		
Dividend income not qualifying for deduction	-0.88																																																																																																																		
Per capita inhabitant tax	1.30																																																																																																																		
Allowance for doubtful accounts	1.23																																																																																																																		
Loss from revaluation of investment securities	5.67																																																																																																																		

Other	0.34	Other	-0.75
Charge rate of income tax after adoption of tax effect accounting	46.45	Charge rate of income tax after adoption of tax effect accounting	48.02

## (Per share information)

Previous fiscal year April 1, 2007- March 31, 2008		Current fiscal year April 1, 2008- March 31, 2009	
Book value per share	¥ 199.99	Book value per share	¥ 219.50
Net income per share	¥ 24.52	Net income per share	¥ 39.56
Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.		Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.	

(Note) Basis of calculations of net income per share in the current fiscal year is as follows:

	Previous fiscal year April 1, 2007- March 31, 2008	Current fiscal year April 1, 2008- March 31, 2009
Net income	453,705	723,922
Amount not attributable to common stockholders (thousands of yen)	—	—
Amount attributable to common stock (thousands of yen)	453,705	723,922
Average number of shares outstanding during the year (thousands of shares)	18,503	18,300

## (Important subsequent event)

Previous fiscal year April 1, 2007-March 31, 2008

The Board of Directors of TAC Co. Ltd., meeting on May 14, 2008, resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Japanese Company Law as applied mutatis mutandis to Article 165:3 of the law.

## (1) Reason for acquisition of treasury shares

To enhance return to shareholders as well as practicing management that emphasizes improved capital efficiency

## (2) Details of acquisition

- a. Class of shares to be acquired: Common stock
- b. Number of shares to be acquired: 300,000 shares (maximum)

(Percentage of treasury stock in total outstanding shares excluding treasury shares: 1.6%)

- c. Total acquisition price: ¥ 100 million (maximum)
- d. Acquisition period: From May 19, 2008 to September 26, 2008
- e. Acquisition method: Market buying

Current fiscal year April 1, 2007-March 31, 2008

None

## 6. Other

## (1) Personnel change of board member (as of June 19, 2009)

We are going to make a proposal at the 26th general shareholder's meeting to be held on June 19, 2009 for the appointment of directors and auditors (titles in parentheses are those taken by the relevant persons) which are as

follows:

(1) Directors

Director: Hiroaki Saito (President and CEO)

Director: Toshio Tada (Executive Vice President)

Director: Atsushi Kondo (Executive Director)

Director: Hironobu Fukuoka

Director: Fumihiko Kobatake

Director: Masaki Watanabe

Director: Koji Kanai

(2) Auditors

As Toshio Watanabe currently serving as full time auditor will resign at the close of 26th general shareholder's meeting, a proposal to appoint one full time auditor will be submitted.

New auditor scheduled to assume the position: Daijiro Hiraga (currently Member Service Department)