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Second Quarter Fiscal 2010 Results Presentation



May 17, 2010



This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “may,” “should,” “potential,” “continue,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “is/are likely to,” “estimate” and similar statements. Among other things, the outlook for the second quarter of the fiscal year 2010 and quotations from management in this announcement, as well as the Company’s strategic and operational plans, and the new investment, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its periodic reports to the SEC in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our goals and growth strategies; our future prospects and market acceptance of our online courses and other products and services; our future business development and results of operations; projected revenues, profits, earnings and other estimated financial information; projected enrollment numbers; our plans to expand and enhance our online courses and other products and services; competition in the online education and test preparation markets; and Chinese laws, regulations and policies, including those applicable to the Internet and Internet content providers, the education and telecommunications industries, mergers and acquisitions, taxation and foreign exchange.

Further information regarding these and other risks is included in our annual report on Form 20-F and other documents filed with the SEC. The Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this presentation is as of December 31, 2009.



- ❖ **Results Overview**
- ❖ **Operational Updates**
- ❖ **Financial Highlights**
- ❖ **Strategy & Outlook**
- ❖ **Q&A**



Core Businesses Remain Healthy Despite Delay in Revenue Recognition

- ❖ Revenue below estimated guidance as a result of:
 - Temporary delay in signing of a courseware production contract for “National Primary and Secondary Educational Resources Sharing Coalition Project”
 - Temporary delay in cash collection for a portion of book sales
 - Recognition of revenue from both items most likely in this fiscal year
 - Officially won bid for “Famous School Coalition Program” Project
 - Contract signing expected in near term

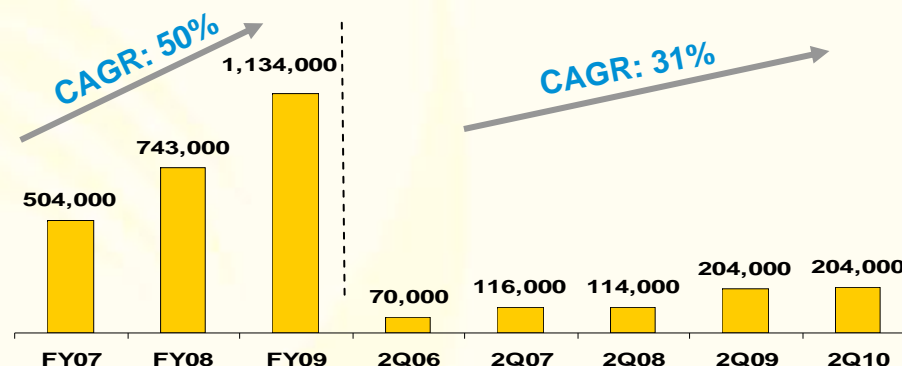
- ❖ Core businesses remain healthy
 - Continued enrollment growth despite later timing of Chinese New Year, and tough comparison due to 2008-2009 half price promotion
 - Strong performance in key verticals, with increasing overall momentum since March
 - On track to deliver annual operational targets



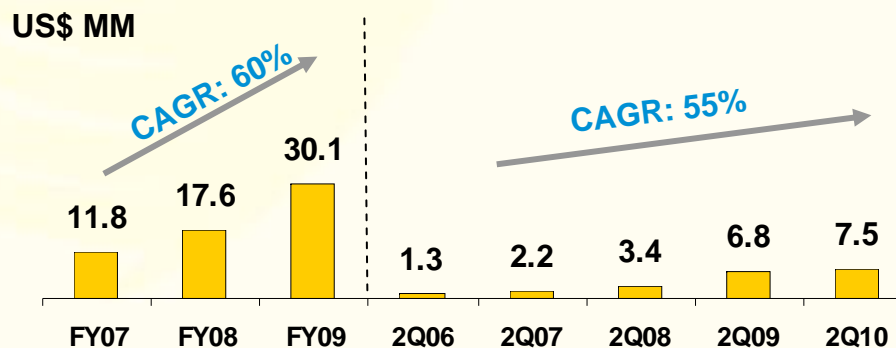
Steady Performance Underpinned by Business Expansion

- ❖ Second Quarter Fiscal 2010
 - Revenue : Increased 10.9% Y-o-Y to US\$7.5 million
 - Enrollments : Increased 0.06% Y-o-Y to ~204,000
- ❖ Results impacted by 2008/2009 half-price promotion and later timing of Chinese New Year
- ❖ Solid growth from accounting continuous education, healthcare and construction engineering courses
- ❖ Newly acquired Gaokao retake business Xinlixiang continued to perform well

Enrollments



Revenue



Operational Updates

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Strong Enrollment Growth in Continuous Education Segment; Higher ASP in Most Accounting Test Prep Courses

❖ Enrollment

- Continuous Education: increased 86% Y-o-Y
- CPA and APQE enrollments temporarily impacted by 2008/2009 half-price promotion and later timing of Chinese New Year

❖ Average Student Payment (ASP)

- Significant increase in all courses, except continuous education courses
 - Impact from half-price promotion in 2008/2009

❖ Cash Revenue

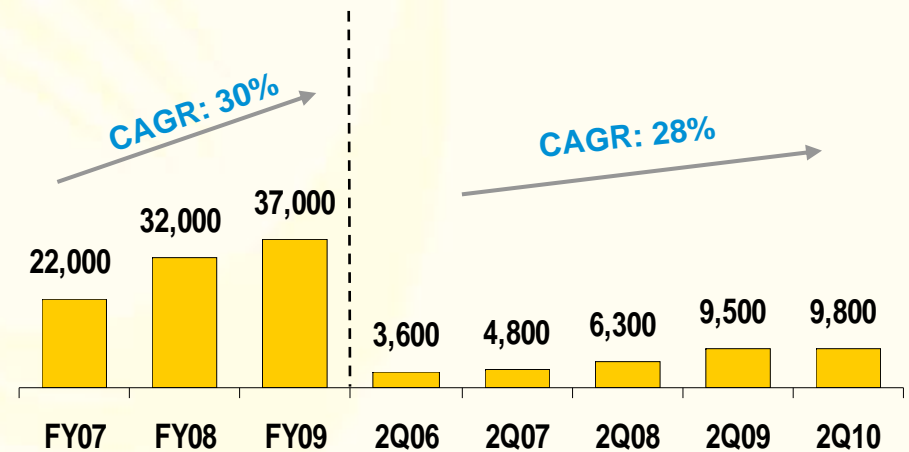
- All accounting courses registered healthy cash revenue increases, except for APQE, which slightly decreased in cash revenue



Program Expansion to Zhejiang and Hainan Provinces

- ❖ 2Q FY10 enrollments increased 3% Y-o-Y to about 9,800
- ❖ Self-taught programs expanded to Zhejiang and Hainan Provinces
 - Access to an additional 700,000 self-taught education examination takers
 - Good revenue potential upon roll-out
- ❖ To date, program expanded to 6 provinces, collectively representing 3 million self-taught education examination takers
- ❖ Ongoing efforts to further expand the program in more provinces

Self-Taught Course Enrollments





Strong Enrollment Growth in Healthcare and Construction and Engineering Courses

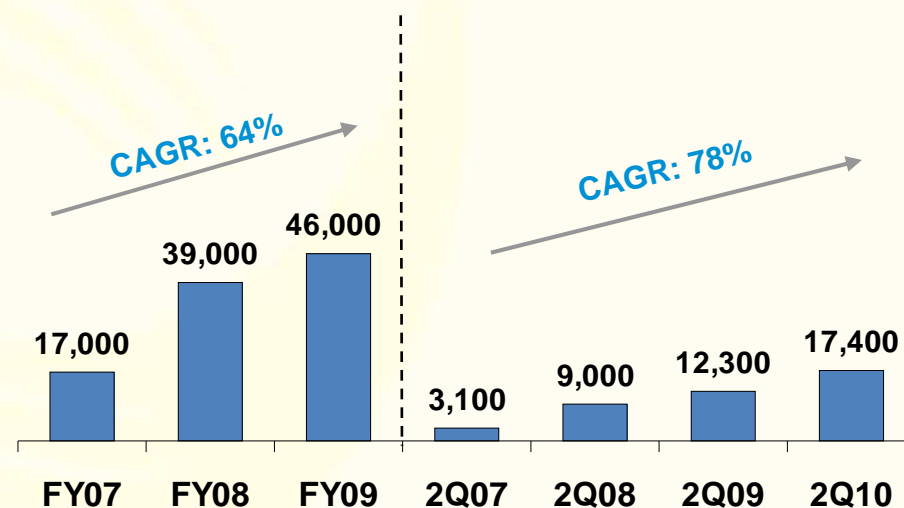
❖ Healthcare Courses

- Enrollment increased 44% Y-o-Y to ~17,400
- ASP rose 7% Y-o-Y
- Performance driven by continued expansion in course offerings and better brand recognition

❖ Construction and Engineering

- Enrollments increased 134% Y-o-Y
- ASP rose 15% Y-o-Y
- Strong growth fuelled by continuous education program

Healthcare Course Enrollments





❖ Yucai

- Implemented strategic review to ensure smooth integration and long-term growth potential
 - New management team in place for four months
 - Resumed normal business operations
 - Resumed delivering training courses in April
- No revenue recorded for 2QFY10
- Cost and expense decreased to US\$290,000 in 2QFY10, compared with US\$570,000 in 1QFY10

❖ Zhejiang Xinlixiang (New Dream)

- Positive progress since acquisition
- Another profitable quarter

Financial Highlights

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Selected Income Statement Items (Unaudited) – 2Q FY2010

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Income Statement Summary

(US\$ in Millions, except per ADS data)

	2Q FY09 GAAP	2Q FY10 GAAP	YoY Change% GAAP	2Q FY09 Non-GAAP	2Q FY10 Non-GAAP	YoY Change% Non-GAAP
Net revenues:						
Online education services	5.4	5.8	7.0	5.4	5.8	7.0
Books and reference materials	0.6	0.5	-7.1	0.6	0.5	-7.1
Others including in-person training	0.8	1.2	52.6	0.8	1.2	52.6
Total net revenues	6.8	7.5	10.9	6.8	7.5	10.9
Cost of sales	-3.5	-3.7	6.7	-2.9	-3.3	16.0
Gross profit	3.3	3.8	15.3	3.9	4.2	7.2
Gross margin	48.8%	50.8%	-	57.4%	55.4%	-
Operating expenses:						
Selling expenses	-1.6	-1.7	5.7	-1.5	-1.6	6.3
General and administrative expenses	-1.7	-2.0	19.0	-1.3	-1.6	24.3
Total operating expenses	-3.3	-3.7	12.5	-2.8	-3.2	14.7
Income tax benefit (expense)	-0.2	-0.1	-66.1	-0.2	-0.1	-65.9
Net income (loss)	0.3	0.2	-23.1	1.4	1.1	-21.0
Basic net income (loss) per ADS	0.008	0.006	-25.0	0.038	0.031	-18.4
Diluted net income (loss) per ADS	0.008	0.006	-25.0	0.038	0.031	-18.4

Solid and Healthy Balance Sheet

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Balance Sheet Summary

(US\$ in Millions)

Assets	Sep 30, 2009	Mar 31, 2010	Change
Cash and Cash Equivalents, Term Deposits and Restricted Cash	57.4	57.0	-0.5
Receivables	7.0	7.8	0.8
Inventories	0.3	0.5	0.2
Net PP&E	7.9	8.8	0.9
Other Assets	19.9	22.5	2.6
Total	92.5	96.4	

Liabilities and Shareholders' Equity	Sep 30, 2009	Mar 31, 2010	Change
Accrued Expenses and other liabilities	4.6	5.7	1.1
Deferred Revenues, current portion	7.6	11.1	3.5
Refundable Fees	1.8	1.3	-0.5
Total Shareholder's Equity	76.9	77.2	0.3
Total	92.5	96.4	

Strategy and Outlook

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❖ Continued Execution on Growth Initiatives

- Build upon our core offerings: accounting, healthcare, construction and engineering, continuous education
- Further develop Gaokao retake, primary and secondary school supplementary education services
- Add courseware production as additional growth driver
- Continue to expand the market for self-taught higher education study process monitoring program

❖ Outlook

- Well positioned for seasonally stronger second half
- Building a diversified and industry leading platform to accelerate longer-term growth



3Q FY10 revenue expected in the range of US\$10.3 million to US\$11.3 million, compared with US\$8.3 million in 3Q FY09

Thank You

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