



自由选择 改变未来



Second Quarter Fiscal 2011 Results Presentation



May 17, 2011



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 third quarter of the fiscal year 2011 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 May 17, 2011.



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



Strong Performance Supported by Steady Enrollment Growth and Cash Collections; Newer Initiatives Gaining Momentum

- ❖ Revenue exceeded guidance range as a result of:
 - Strong ASP growth and healthy enrollment growth particularly in our new verticals such as healthcare and accounting continuous education courses
 - Better than expected cash collection from the sale of books and reference materials
 - Strong growth in the enrollment of self-taught higher education segment
 - Successfully collecting payments for training and services provided by Yucai, and rolling out programs in new cities

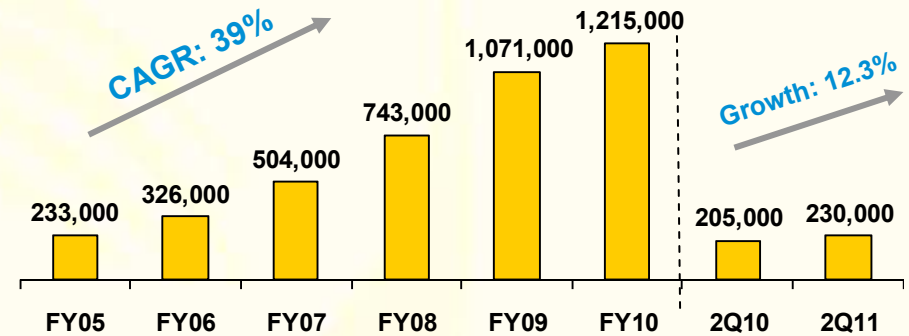
- ❖ Continued progress on new business initiatives, including business start-up training, Yucai, and K-12 after-school tutoring program



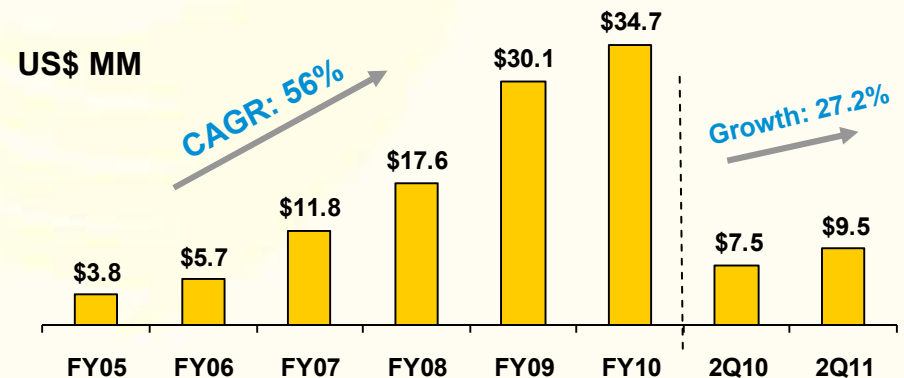
Strong Revenue Growth Exceeding Guidance

- ❖ Second Quarter Fiscal 2011
 - Revenue: Increased 27.2% Y-o-Y to US\$9.5 million
 - Online education services revenue: Increased 16.0% Y-o-Y to US\$6.7 million
 - Enrollments: Increased 12.3% Y-o-Y to 230,000

Enrollments



Revenue



Operational Updates

自由选择 改变未来





Maintaining Market Leadership

❖ Q2 Enrollment

- Steady performance despite soft demand for APQE courses
- Online CPA enrollment increased 20.5% Y-o-Y
- Robust growth in Accounting Continuing Education: increased 54.9% Y-o-Y
- Total accounting enrollment increased 10.2%

❖ Average Student Payment (ASP)

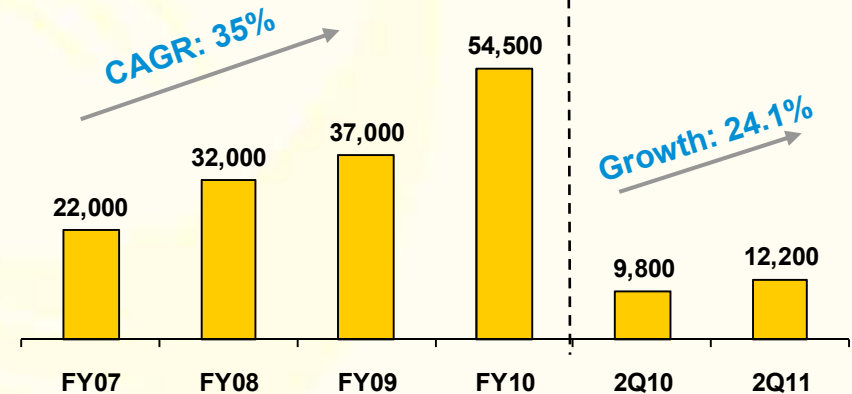
- ASP for our accounting test preparation courses showed healthy growth, with increasing contribution from premium classes
- Will seek to maintain overall ASP by gradually shifting revenue mix to premium offerings



Continued Expansion of Study Process Monitoring Program

- ❖ 2Q FY11 enrollments increased 24.1% Y-o-Y to 12,200
- ❖ To date, program expanded to 9 provinces, including Tianjin, Beijing, Jiangsu, Yunnan, Hainan, Zhejiang, Hunan, Sichuan and Guangxi, representing 4 million students
- ❖ Enrollments have begun in five provinces, including Tianjin, Jiangsu, Hunan, Zhejiang and Guangxi
- ❖ Continued enrollment growth expected in 3Q FY2011.
- ❖ Ongoing efforts to further expand the program into more provinces

Self-Taught Course Enrollments





Strong Enrollment Growth in Healthcare; Construction and Engineering Courses Impacted by Seasonality

❖ **Healthcare Courses**

- Q2 enrollment increased 25.0% Y-o-Y;
- ASP increased 8.0% Y-o-Y
- New agreement signed to develop skills assessment test platform and test preparation programs
- Expect faster growth rate relative to more mature verticals moving forward

❖ **Construction and Engineering**

- Q2 enrollments increased 9.8% Y-o-Y;
- Growth supported by continuous education courses
- ASP decreased 4.8% Y-o-Y due to high portion of enrollments from lower ASP continuous education courses
- Full year growth outlook remains favorable



❖ Yucai

- Signed two new contracts as announced in April 2011
- Received sizable payments
- Continuing to enroll students and expand the program in deliberate manner in order to ensure the long term success of this program
- High levels of interest in training programs and in integrated hands-one business start-up training platform
- Continue to tightly control the operating costs
- Expect more meaningful revenue contribution in coming quarters



❖ K-12 After School Training

- Continued progress on “Famous School Coalition” program
 - Platform development to allow courses taught by well known teachers in China to be put online and made available to schools and students across country, including remote areas
- Increased on-the-ground after school tutoring courses
 - Contributed to revenue
 - Provide valuable content for online course offerings
- Reached exclusive distribution agree with TSTDUY
 - TSTUDY is a leading provider of education technology products and services and an affiliate of the largest private education company in Korea, Time Education
 - The Company has been granted the exclusive distribution right for its proprietary digital educational products and software, including Symphony, TStudy Interactive Whiteboard, Dotnote and Tnote

Financial Highlights

自由选择 改变未来



Selected Income Statement Items (Unaudited) – 2Q FY2011

自由选择 改变未来



Income Statement Summary (US\$ in Thousands, except per ADS data)

	2Q FY10	2Q FY11	YoY Change%	2Q FY10	2Q FY11	YoY Change%
	GAAP	GAAP	GAAP	Non-GAAP	Non-GAAP	Non-GAAP
Net revenues:						
Online education services	5,815	6,747	16.0%	5,815	6,747	16.0%
Books and reference materials	521	1,285	146.6%	521	1,285	146.6%
Others including in-person training	1,155	1,495	29.4%	1,155	1,495	29.5%
Total net revenues	7,491	9,527	27.2%	7,491	9,527	27.2%
Cost of sales	(3,687)	(4,684)	27.0%	(3,339)	(4,359)	30.5%
Gross profit	3,804	4,843	27.3%	4,152	5,168	24.5%
Gross margin	50.8%	50.8%		55.4%	54.3%	
Operating expenses:						
Selling expenses	(1,699)	(1,971)	16.0%	(1,592)	(1,863)	17.0%
General and administrative expenses	(2,032)	(2,577)	26.8%	(1,624)	(2,098)	29.2%
Total operating expenses	(3,731)	(4,548)	21.9%	(3,216)	(3,961)	23.2%
Operating Income (Loss)	146	316	116.1%	1,009	1,228	21.7%
Income tax benefit (expense)	(77)	(98)	26.3%	(77)	(98)	26.3%
Net income (loss)	203	449	121.3%	1,066	1,361	27.7%
Basic net income (loss) per ADS	0.006	0.013	116.7%	0.031	0.040	29.0%
Diluted net income (loss) per ADS	0.006	0.013	116.7%	0.031	0.040	29.0%

Selected Balance Sheet Items (Unaudited) – 2Q FY2011

自由选择 改变未来



Balance Sheet Summary

(US\$ in Millions)

Assets	Dec 31, 2010	Mar 31, 2011	Change
Cash and Cash Equivalents, Term Deposits and Restricted Cash	62.8	63.9	1.9%
Receivables	7.1	7.1	-0.7%
Inventories	0.6	0.8	41.7%
Net PP&E	8.7	9.7	11.2%
Other Assets	19.0	19.1	0.6%
Total	98.2	100.6	2.5%
Liabilities and Shareholders' Equity	Dec 31, 2010	Mar 31, 2011	Change
Accrued Expenses and other liabilities	7.3	8.1	10.8%
Deferred Revenues, current portion	10.8	12.0	11.4%
Refundable Fees	1.9	1.6	-14.5%
Total Shareholder's Equity	76.2	77.7	0.9%
Total	98.2	100.6	2.5%

Strategy and Outlook

自由选择 改变未来





❖ Continued Execution on Growth Initiatives

- Continue building momentum in self-taught higher education study process monitoring program, Yucai and K-12 after-school tutoring
- Build upon core offerings: accounting, healthcare, construction and engineering, continuous education
- Continue to extend course offerings, enter new verticals and further develop brand name
- Continue prudent investment in new business initiatives to develop long-term growth opportunities and new revenue streams
- Continue to focus on cost controls to maintain margins



3Q FY11 revenue expected to be in the range of US\$11.5 million to US\$12.5 million, compared with US\$10.3 million in 3Q FY10

Thank You

自由选择 改变未来

