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First Quarter Fiscal 2011 Results Presentation



February 23, 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 second 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 February 23, 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

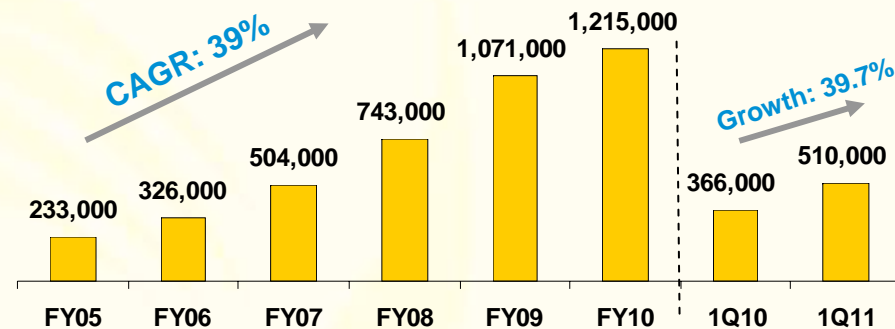
- ❖ Revenue exceeded guidance range as a result of:
 - Steady enrollment increases across course offerings with especially strong growth from accounting continuous education courses
 - Better than expected cash collection from the sale of books and reference materials
 - Strong growth in the enrollment of self-taught higher education segment
- ❖ Continued progress on new business initiatives, including self-taught higher education, business start-up training and K-12 education program



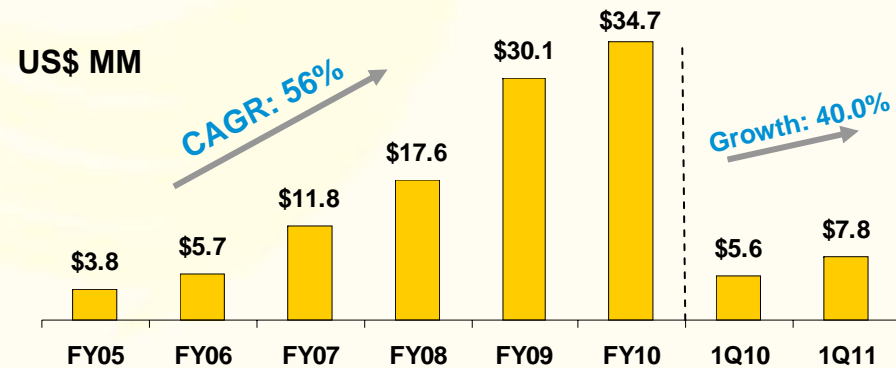
Strong Enrollment and Revenue Growth

- ❖ First Quarter Fiscal 2011
 - Revenue: Increased 40.0% Y-o-Y to US\$7.8 million
 - Online education services revenue: Increased 33.0% Y-o-Y to US\$5.2 million
 - Enrollments: Increased 39.7% Y-o-Y to 510,000

Enrollments



Revenue



Operational Updates

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Maintaining Market Leadership

❖ Q1 Enrollment

- Steady performance despite soft demand for CPA and APQE courses
- Robust growth in Accounting Continuing Education: increased 65.3% Y-o-Y
- Total accounting enrollment increased 39.4%

❖ Average Student Payment (ASP)

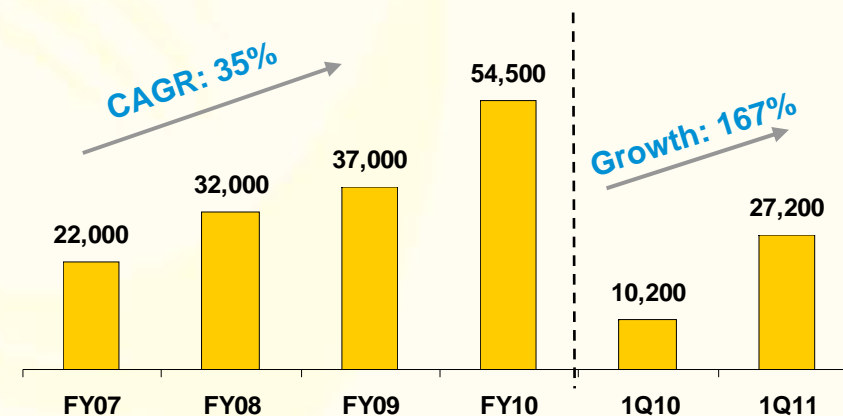
- ASP for our accounting test preparation courses showed healthy growth, with increasing contribution from premium classes
- Will seek to maintain overall ASP by gradually shifting revenue mix to premium offerings



Study Process Monitoring Program Gaining Momentum

- ❖ 1Q FY11 enrollments increased 167% Y-o-Y to 27,200
- ❖ 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 2Q FY2011.
- ❖ Ongoing efforts to further expand the program into more provinces

Self-Taught Course Enrollments





Continued Enrollment Growth in Healthcare and Construction and Engineering Courses

❖ Healthcare Courses

- Q1 enrollment increased 13.8% Y-o-Y;
- ASP increased 13.7% Y-o-Y
- Expect faster growth rate relative to more mature verticals moving forward

❖ Construction and Engineering

- Q1 enrollments increased 49.1% Y-o-Y;
- Growth supported by continuous education courses
- ASP decreased 47.9% Y-o-Y due to high portion of enrollments from lower ASP continuous education courses
- Lower enrollment growth from continuing education expected in coming quarters due to seasonality
- Full year growth outlook remains favorable



❖ Yucai

- Signed three new contracts as announced in December 2010
- 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
- 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 afterschool tutoring courses
 - Contributed to revenue
 - Provide valuable content for online course offerings

Financial Highlights

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Selected Income Statement Items (Unaudited) – 1Q FY2011

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

	1Q FY10	1Q FY11	YoY Change%	1Q FY10	1Q FY11	YoY Change%
	GAAP	GAAP	GAAP	Non-GAAP	Non-GAAP	Non-GAAP
Net revenues:						
Online education services	3,918	5,208	33.0%	3,918	5,208	33.0%
Books and reference materials	409	1,165	184.8%	409	1,165	184.8%
Others including in-person training	1,248	1,434	14.8%	1,248	1,434	14.8%
Total net revenues	5,575	7,807	40.0%	5,575	7,807	40.0%
Cost of sales	(3,709)	(4,281)	15.4%	(3,226)	(3,884)	20.4%
Gross profit	1,866	3,526	88.9%	2,349	3,923	67.0%
Gross margin	33.5%	45.2%		42.1%	50.2%	
Operating expenses:						
Selling expenses	(2,028)	(2,517)	24.1%	(1,896)	(2,382)	25.6%
General and administrative expenses	(2,121)	(2,337)	10.2%	(1,579)	(1,834)	16.1%
Total operating expenses	(4,149)	(5,056)	21.9%	(3,475)	(4,216)	21.3%
Operating Income (Loss)	(2,356)	(1,596)		(1,199)	(359)	
Income tax benefit (expense)	771	294	-61.9%	771	243	-68.5%
Net income (loss)	(1,327)	(1,042)		(170)	144	
Basic net income (loss) per ADS	(0.038)	(0.030)		(0.005)	0.004	
Diluted net income (loss) per ADS	(0.038)	(0.030)		(0.005)	0.004	

Selected Balance Sheet Items (Unaudited) – 1Q FY2011

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Balance Sheet Summary

(US\$ in Millions)

Assets	Sep 30, 2010	Dec 31, 2010	Change
Cash and Cash Equivalents, Term Deposits and Restricted Cash	61.7	62.8	1.8%
Receivables	6.9	7.1	3.0%
Inventories	0.6	0.6	-7.3%
Net PP&E	8.8	8.7	-0.7%
Other Assets	17.9	19.0	6.2%
Total	95.8	98.2	2.4%
Liabilities and Shareholders' Equity	Sep 30, 2010	Dec 31, 2010	Change
Accrued Expenses and other liabilities	6.7	7.3	9.3%
Deferred Revenues, current portion	8.9	10.8	21.8%
Refundable Fees	1.6	1.9	22.1%
Total Shareholder's Equity	77.0	76.2	-1.0%
Total	95.8	98.2	2.4%

Strategy and Outlook

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❖ 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



2Q FY11 revenue expected to be in the range of US\$8.6 million to US\$9.4 million, compared with US\$7.5 million in 2Q FY10

Thank You

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