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First Quarter Fiscal 2012 Results Presentation



February 29, 2012



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 2012 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 29, 2012.



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



Better than Expected Revenue Growth and Net Profit; Introduction of Dynamic Content Delivery Channels

- ❖ Revenue exceeded guidance, delivered net profit on both GAAP and Non-GAAP basis:
 - Broad-based enrollment growth across traditional online education services
 - Increasing ASP growth in online test preparation courses
 - Growing contribution from new initiatives
- ❖ Total cash collections in excess of RMB100 million, a company record
- ❖ Introduction of new and dynamic content delivery channels supports Q1 enrollment
- ❖ By year-end 2011, 3 major dynamic content delivery channels have been rolled out:
 - Mobile Learning Platform
 - High-definition Courseware
 - Daily Mobile Learning Magazine



Dynamic, Interactive, Mobile Delivery Channels, Surge in Enrollments since Launch



Mobile Learning Platform

- ❖ Access CDEL content directly from iPhones and Android powered smartphones
- ❖ Flexibility to learn any time, anywhere



Online High-definition courseware

- ❖ Fully interactive, with digital black-boards
- ❖ Teachers can show prepared outlines, draw illustrations and highlight key points on the digital black-boards
- ❖ High quality virtual classroom learning experience



Daily Mobile Learning Magazine

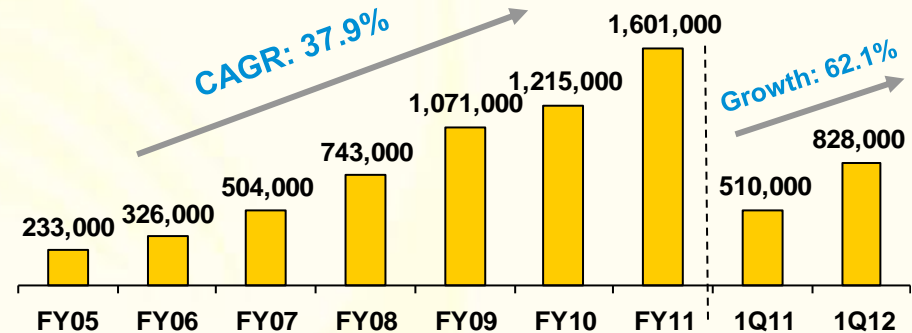
- ❖ Obtained SP license and can now sell value-added contents through mobile operators
- ❖ Provide daily information, learning tips and exercises
- ❖ Improve studying habits and get more out of our courses



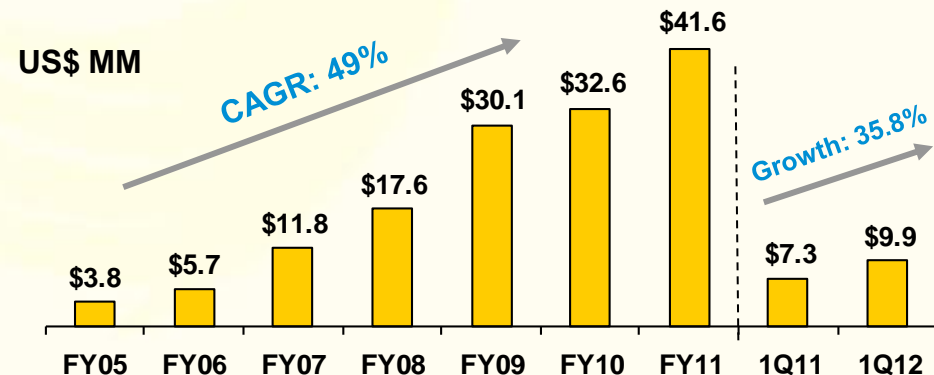
Strong Enrollment Growth Supported by New Platforms and Solutions, Drives Robust Top-line Growth

- ❖ First Quarter Fiscal 2012
 - Revenue: Increased 35.8% Y-o-Y to US\$9.9 million
 - Online education services revenue: Increased 48.6% Y-o-Y to US\$7.7 million
 - Enrollments: Increased 62.1% Y-o-Y to 828,000

Enrollments



Revenue



Operational Updates

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Enrollment, ASP Growth Demonstrates Market Leadership

❖ Q1 Enrollment

- Strong total enrollments in online accounting verticals, with 65.2% Y-o-Y growth
- Robust growth in Accounting Continuous Education: increased 90.6% Y-o-Y
- Enrollment growth in online APQE increased 13.5% Y-o-Y
 - Growth accelerated after introduction of mobile learning platform and high-definition courseware
- Online CPA enrollment down 12.6% Y-o-Y due to temporary delay in timing of testing/results process
 - However, surge in CPA enrollment in current quarter year-to-date

❖ Average Student Payment (ASP)

- ASP for online APQE increased 31.9% Y-o-Y
- ASP for online CPA increased 29.8% Y-o-Y



Strong Enrollment Growth in Healthcare and Construction Engineering

❖ Online Healthcare Courses

- Q1 enrollment increased 207.7% Y-o-Y
- Broad based enrollment growth supported by results-oriented reputation
- Began pilot program for professional quality assessment system for doctors in some cities; contributed c. 14,500 enrollments in Q1

❖ Online Construction Engineering

- Q1 enrollment increased 130.7% Y-o-Y; cash revenue up 89.4% Y-o-Y
- Overall ASP decreased 17.9% Y-o-Y due to increasing continuous education course enrollments (lower margin courses), but delivered higher ASP in most test preparation courses

❖ Self-Taught Higher Education

- 1Q FY12 enrollments decreased 44.3% Y-o-Y, due to the timing of enrollment



Generating Consistent Returns

❖ Yucai

- Throughout 2011, 6 new contracts have been signed with the relevant government authorities for business start-up training and services
- Generated total revenue of US\$0.5 million in the first quarter, increase of 163.6% Y-o-Y
- Cash flow positive for the past 3 quarters
- Expect Yucai to continue to contribute meaningful revenue in FY2012
- Based on the idea of “creating employment through entrepreneurship”
 - Well positioned in the post-secondary school employment-ready training market, with growing support from the Ministry of Labor and Social Securities and from post-secondary colleges and universities

Financial Highlights

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Selected Income Statement Items (Unaudited) – 1Q FY2012

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

	1Q FY11	1Q FY12	YoY Change%	1Q FY11	1Q FY12	YoY Change%
	GAAP	GAAP	GAAP	Non-GAAP	Non-GAAP	Non-GAAP
Net revenues:						
Online education services	5,209	7,741	48.6%	5,209	7,741	48.6%
Books and reference materials	1,165	957	-17.9%	1,165	957	-17.9%
Others including in-person training	921	1,205	30.8%	921	1,205	30.8%
Total net revenues	7,295	9,903	35.8%	7,295	9,903	35.8%
Cost of sales	(3,941)	(4,627)	17.4%	(3,544)	(4,614)	30.2%
Gross profit	3,354	5,276	57.3%	3,751	5,289	41.0%
Gross margin	46.0%	53.3%	+7.3 ppt	51.4%	53.4%	+2.0 ppt
Operating expenses:						
Selling expenses	(2,493)	(2,869)	15.1%	(2,358)	(2,859)	21.2%
General and administrative expenses	(2,297)	(2,177)	-5.2%	(1,794)	(2,075)	15.7%
Total operating expenses	(4,790)	(5,046)	5.3%	(4,152)	(4,934)	18.8%
Operating Income (Loss)	(1,427)	232	NM	(392)	357	NM
Income tax benefit (expense)	267	(86)	NM	267	(86)	NM
Net income (loss) from continuing operations attributable to CDEL	(901)	373	NM	134	498	271.6%
Net income (loss) from discontinued operations attributable to CDEL	(141)	(6)	NM	10	(6)	NM
Net income (loss) attributable to CDEL	(1,042)	367	NM	144	492	241.7%



Balance Sheet Summary

(US\$ in Millions)

Assets	Sep 30, 2011	Dec 31, 2011	Change %
Cash and Cash Equivalents, Term Deposits and Restricted Cash	60.3	49.7	-17.4%
Receivables	4.7	4.2	-10.3%
Inventories	0.4	0.4	23.4%
Net PP&E	8.6	8.7	1.1%
Other Assets	20.0	24.7	23.5%
Total	93.9	87.8	-6.5%

Liabilities and Shareholders' Equity	Sep 30, 2011	Dec 31, 2011	Change %
Accrued Expenses and other liabilities	6.5	7.6	16.0%
Deferred Revenues, current portion	7.9	12.3	55.8%
Refundable Fees	2.6	3.0	15.2%
Total Shareholder's Equity	72.7	61.4	-15.5%
Total	93.9	87.8	-6.5%

Recent Developments and Outlook

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- ❖ **Powerful New Online Learning Platform, Technology and Services Sets Stage for Next Phase of Growth:**
 - Clear re-acceleration of revenue and enrollment growth in our traditional online education courses
 - The advancement of internet and mobile technologies allow for more convenient, engaging and interactive platforms
 - Internet and mobile based learning more feasible, flexible and affordable – may achieve better results as well



**2Q FY12 revenue expected to be in the range of US\$11.3 million to US\$12.2 million, compared with US\$9.0 million in 2Q FY11;
25% - 35% year-over-year growth**

Thank You

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