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Third Quarter Fiscal 2010 Results Presentation



August 19, 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 fourth 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 August 19, 2009.



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



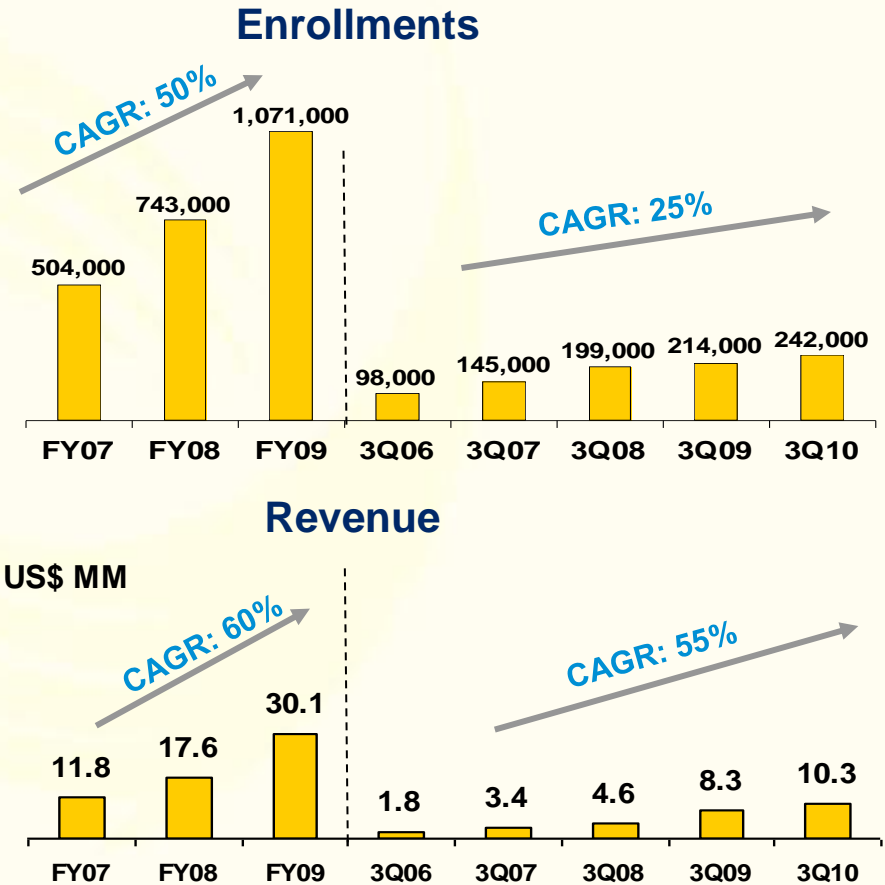
Strong Enrollment Increases Drive Healthy Top- and Bottom-Line Growth

- ❖ Revenue within guidance range as a result of:
 - Continued strong enrollment growth in healthcare and construction engineering courses
 - Steady performance from core accounting classes, led by accounting continuous education
 - Growth from self-taught higher education courses; gaining acceptance from both students and government bodies
 - Recognized USD\$1.1 million revenue from the courseware production contract for the “National Primary and Secondary Educational Resources Sharing Coalition Project”



Steady Performance Underpinned by Business Expansion

- ❖ Third Quarter Fiscal 2010
 - Revenue : Increased 25.0% Y-o-Y to US\$10.3 million
 - Online education services revenue: Increased 16.6% Y-o-Y to US\$6.3 million
 - Enrollments : Increased 13% Y-o-Y to ~242,000



Operational Updates

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Maintaining Strong Market Share Despite Macro Challenges

❖ Enrollment

- Accounting Continuous Education: increased 42% Y-o-Y
- CPA: increased 7% Y-o-Y
- APQE 3Q enrollment decreased slightly, but with increasing enrollment trends in 4Q

❖ Average Student Payment (ASP)

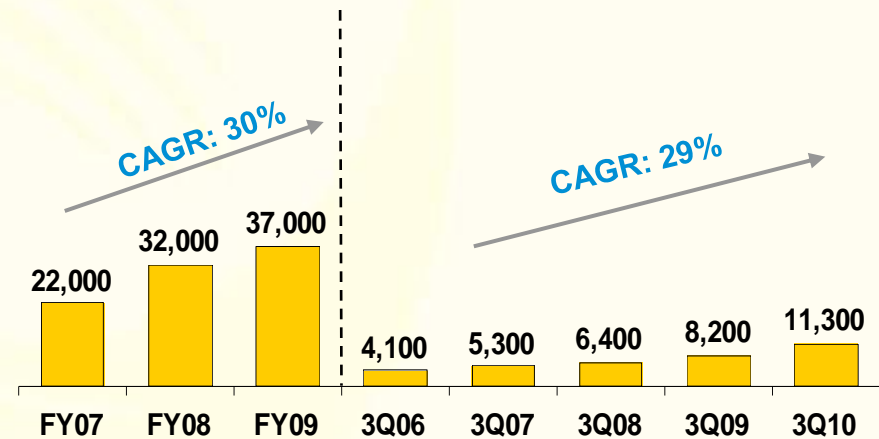
- ASP for our accounting test preparation courses remains stable
- Lowered ASP for accounting continuous education courses to extend market reach



Program Expansion to Hunan Province

- ❖ 3Q FY10 enrollments increased 37% Y-o-Y to about 11,300
- ❖ About 4,200 enrolled in Tianjin; expect to grow steadily in the region
- ❖ Self-taught programs expanded to Hunan provinces
 - Access to at least 600,000 students
- ❖ To date, program expanded to 7 provinces, collectively representing 3.5 million self-taught education examination takers
- ❖ Ongoing efforts to further expand the program into more provinces

Self-Taught Course Enrollments





Strong Enrollment Growth in Healthcare and Construction and Engineering Courses

❖ Healthcare Courses

- Enrollment increased 10% Y-o-Y
- ASP rose 10% Y-o-Y
- Strong performance driven by continued expansion in course offerings and better brand recognition

❖ Construction and Engineering

- Enrollments increased 138% Y-o-Y
- ASP decreased 23% Y-o-Y
- Strong growth driven by contracts signed relating to the continuous education courses



❖ Yucai

- Substantial and promising progress to date:
 - Restructured Yucai to streamline the operational controls on program delivery, funding application and collections process
 - Creating a more effective platform to drive long-term growth
 - Successfully signed a number of new training contracts
 - Obtained official endorsement from both the Ministry of Labor and Social Security and city level offices
 - Started to collect payments on the training provided in 2009, although most likely on a smaller number of students than were initially provided
 - Have been requested to restart training courses when fall semester begins in September
- Wrote off approximately US\$0.9 million of accounts receivable from Yucai's book as G&A expense in this quarter
- Expect to report minimal revenue in FY2010
- Continue to tightly control the operating costs, which helped to improve Non-GAAP gross margin for the quarter

Financial Highlights

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Income Statement Summary

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

	3Q FY09 GAAP	3Q FY10 GAAP	YoY Change% GAAP	3Q FY09 Non-GAAP	3Q FY10 Non-GAAP	YoY Change% Non-GAAP
Net revenues:						
Online education services	5,398	6,291	16.6%	5,398	6,291	16.6%
Books and reference materials	1,096	1,341	22.3%	1,096	1,341	22.3%
Others including in-person training	1,769	2,693	52.3%	1,769	2,693	52.3%
Total net revenues	8,263	10,325	25.0%	8,263	10,325	25.0%
Cost of sales	(4,439)	(4,335)	-2.3%	(3,887)	(3,917)	0.8%
Gross profit	3,824	5,990	56.7%	4,376	6,408	46.5%
Gross margin	46.3%	58.0%		53.0%	62.1%	
Operating expenses:						
Selling expenses	(2,016)	(1,996)	-1.0%	(1,864)	(1,856)	-0.5%
General and administrative expenses	(1,874)	(2,928)	56.2%	(1,361)	(2,407)	76.8%
Total operating expenses	(3,890)	(4,924)	26.6%	(3,226)	(4,263)	32.0%
Operating Income (Loss)	(66)	1,066		1,151	2,145	86.4%
Income tax benefit (expense)	(53)	(312)	488.7%	(53)	(312)	488.7%
Net income (loss)	92	1,282	1293.5%	1,309	2,361	80.6%
Basic net income (loss) per ADS	0.003	0.037	1133.3%	0.037	0.068	83.8%
Diluted net income (loss) per ADS	0.003	0.037	1133.3%	0.037	0.068	83.8%



Balance Sheet Summary

(US\$ in Millions)

Assets	Mar 31, 2010	Jun 30, 2010	Change
Cash and Cash Equivalents, Term Deposits and Restricted Cash	57.0	58.0	1.7%
Receivables	7.8	7.0	-9.5%
Inventories	0.5	0.7	47.7%
Net PP&E	8.8	8.7	-0.4%
Other Assets	22.5	21.6	-3.9%
Total	96.4	96.0	-0.5%

Liabilities and Shareholders' Equity	Mar 31, 2010	Jun 30, 2010	Change
Accrued Expenses and other liabilities	5.7	5.7	-0.3%
Deferred Revenues, current portion	11.1	8.6	-22.9%
Refundable Fees	1.3	1.8	38.6%
Total Shareholder's Equity	77.2	78.7	2.0%
Total	96.4	96.0	-0.5%

Strategy and Outlook

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❖ Continued Execution on Growth Initiatives

- Continue to expand the market for self-taught higher education study process monitoring program
- Build upon our core offerings: accounting, healthcare, construction and engineering, continuous education
- Continue to extend course offering, enter new verticals and further develop brand name
- Expect to cease some of our initiatives under ITAT cooperation contracts, including a contest sponsorship and a provision of related online and offline courses



4Q FY10 revenue expected to be in the range of US\$10.2 million to US\$11.2 million, compared with US\$10.2 million in 4Q FY09

Thank You

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