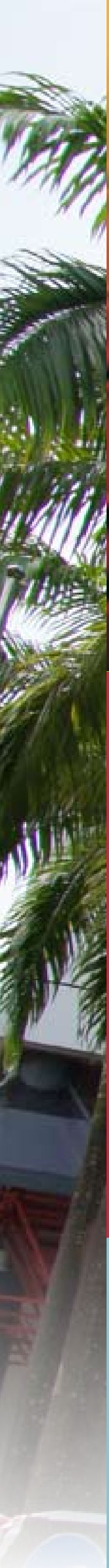
TMC
Education Corporation Ltd
Every Step With You

Learning beyond books.
Caring beyond words.

Annual Report 2011



CONTENTS

Corporate Vision

To be the leading provider of quality education and training in the Asia Pacific region.

Corporate Mission

Our qualified professionals are committed to delivering high quality courses in a conducive learning environment with state-of-the-art technology and excellent student services.

edutrust SINGAPORE

Core Values

Our mission is supported by four core values outlined in **P A C E** which illustrates our internal beliefs of:

Professionalism
We uphold the highest standards of ethics, accountability and transparency.

Affinity
We value relationships and see ourselves as a family that constantly supports and stands by one another.

Continuous Improvement
We are uncompromising in our pursuit for excellence and strive to re-invent ourselves to stay relevant.

Empowerment
We are ambassadors of our brand and each and everyone of us is responsible for creating an enriching and inspiring TMC experience.

Chairman's Message

FY2011 was a challenging year. With a highly regulated private education industry in Singapore, the Group achieved an annual revenue of $12.1 million for a 12-month financial period in FY2011 as compared to a revenue of $19.6 million for an 18-month financial period in FY2010.

We incurred a loss after tax of S$2 million in FY2011 as compared to a profit after tax of $246 thousand in FY2010. This was due mainly to the decreasing student population in FY2011. Loss per share in FY2011 amounted to 1.20 cents in contrast to an earnings per share of 0.15 cents achieved in FY2010.

Financial Review

Revenue for FY2011 amounted to $12.1 million. The Singapore operations accounted for $11.2 million while the China operations accounted for $910 thousand.

Operating expenses for FY2011 was $14.1 million. Major expenses incurred were for personnel expenses ($7.1 million), operating lease expenses ($1.8 million), property, plant and equipment expenses ($1.2 million), course materials and subscription expenses ($1.1 million), advertising and promotion ($824 thousand), and other operating expenses ($2 million). With a tax credit of $18 thousand, the loss after tax was $2 million in FY2011.

Cash balances decreased by $4 million in FY2011 from $6.2 million in FY2010 to $2.2 million in FY2011. This was due mainly to the cash deficit from operating activities of $2.2 million, and additional cash outflow incurred for renovation to our new campus ($1.24 million), retrofitting and upgrading of our campus facilities ($569 thousand), and development of our teaching materials ($56 thousand).

For the Group's shareholder equity in FY2011, there was a reduction of S$1.9 million from $12.2 million in FY2010 to $10.3 million in FY2011. The reduction was due mainly to the operating loss incurred in FY2011.

As a result of the above, the basic earning per share amounted to a loss of 1.20 cents in FY2011 in contrast to an earning of 0.15 cents in FY2010. The net tangible asset per share reduced by 1.08 cents in FY2011 from 7.47 cents in FY2010 to 6.39 cents in FY2011.

Corporate Review

FY2011 continued to see consolidation in the highly regulated private education industry in Singapore, the major market for our services. The consolidation in the private education industry ("PEI") was a result of the new requirements under the Enhanced Registration Framework ("ERF") and EduTrust certification, administered by the Council for Private Education ("CPE"). This consolidation had an effect on our operations, resulting in a reduction of our student population, especially international students, in FY2011.

Chairman's Message

To meet the challenges of the new operating environment in the private education industry, we had also restructured our Academic Division to better meet the industry needs of further improving the quality of our programmes. This included increasing the number of our schools to focus on specialized programmes, improving the course contents of our programmes to make it industry ready, and adding more diverse range of degree programmes that the industry required.

We are also in the process of negotiating with highly reputable overseas University partners on additional degree and post graduate programmes, and hope to launch these new programmes in FY2012.

We had commenced a major TMC ACADEMY branding exercise in FY2011, with the objectives of re-positioning our schools to a higher level in Singapore and our major international markets. As part of the branding exercise, we are also reviewing our corporate and marketing strategies with the objective of increasing our market share in these markets.

As part of our expansion plan, we were successful in tendering for an additional city campus premises for our business expansion with Singapore Land Authority ("SLA"). The campus premises at Middle Road are leased on an initial 3-year period, with an option to renew for another three years and additional three years thereafter (total of nine years). We foresee that the premises in the city will help us to increase our student population and are within easy access for professionals and adult students to pursue their career upgrading programmes with us. The premises are expected to be ready in the second half of FY2012.

The Year Ahead

With the stringent requirements of the ERF and EduTrust Certification, the private education industry may continue to see further consolidation. We foresee that the full effect of the consolidation in the PEI industry will only be seen in two to three years' time. In the meantime, we foresee a possible decrease in the number of students, especially international students, in the private education industry in Singapore due to the industry consolidation and other risk factors.

Other risk factors affecting our business included increased competition from neighbouring countries, strong Singapore dollars and the possible tightening of economic policy to combat inflation, slow economic growth in the region and global market affecting our student recruitment, requirements to strengthen ties with existing partners and forge new affiliations with highly reputable overseas University institutions, and cost pressures to stay competitive.

To continue with our corporate vision and enhance value to our stakeholders, we will continue with the following initiatives in the year ahead:

- Continue with our focus to increase our international students' recruitment, and set up sister schools in the region;
- Review our existing programmes including removal of unprofitable programmes and development of new programmes to meet the changing demand in the industry. We will be looking at expansion of our degree and post-graduate programmes for growing industries;
- Increase our local students and provide programmes that meet the needs of professionals and adult learners to improve and upgrade themselves;
- Work with highly reputable University partners and bring in programmes from these institutions that benefit our students and enhance our schools' competitiveness;
- Continue to recruit highly qualified and experienced academic staff to enhance our scholarly image as a first ranked pathway institution for students seeking University degrees.

Appreciation

I would like to thank my fellow directors, academic board members and advisers, management and staff for their dedication and support. Also, my sincere thanks to our students, shareholders, business partners, associates, and other stakeholders for their continued confidence and support.

Dr Chin Kon Yuen
Chairman and CEO

Board of Directors

From L:
Mr Chen Timothy Teck Leng
Dr Chin Kon Yuen
Mr Woo Lee Yong
Ms Yeow Cheng Khim

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr Chin Kon Yuen, one of the founders of the Company, has played a pivotal role in planning and charting the development of the Group since its inception in 1981. Presently serving as the Executive Chairman and Chief Executive Officer, he is instrumental in putting forth and implementing the Group's policies on business growth and engaging in high level collaboration with potential business partners on matters of business development, franchising and overseas expansion. Dr Chin completed his tertiary education in Marketing from the Institute of Marketing, UK, and attained his tertiary qualification in Management Studies which was jointly awarded by the University of Chicago, US, and Singapore National Productivity Board. In 1994, he was conferred an honorary degree of Doctor of Technology by Staffordshire University, UK, for his contribution in creating education opportunities for young people in Singapore to gain professional computing qualifications from Diploma level to Master Degree. Dr Chin is also the immediate past President and currently Adviser to the Singapore Education International (SEI), an association formed by private education providers to promote the Singapore education brand overseas.

EXECUTIVE DIRECTOR

Ms Yeow Cheng Khim, the Executive Director cum Director of the Academic Division and Registrar, has served the Company since 1984. Ms Yeow's present roles include being overall in-charge of the daily operations of the Group in particular those of the Academic Division. She is instrumental in negotiating with international educators and university partners at the highest level on academic matters, and successfully brought in many bachelor and master degree programmes from various renowned Australian as well as UK universities. In addition, Ms Yeow is actively involved in regular validation audits conducted by university partners and professional bodies as well as quality certification bodies. One of her significant contributions to TMC's quality journey was her role in strategising a systematic approach towards attaining the prestigious EduTrust Certification and, organising and guiding the staff in preparing the final documentation for submission to the Council for Private Education (CPE). Ms Yeow has accumulated more than 25 years of experience in managing various schools under TMC Academy. She has taught as Course Director and Senior Lecturer, and has good knowledge of the education systems in Singapore, Australia and UK. Prior to joining TMC, Ms Yeow was an Accountant cum Administration Manager with a UK MNC, and a Management Accountant with a public listed manufacturing company. Ms Yeow received her Bachelor of Accountancy Degree from the University of Singapore and holds a Master of Science Degree (Business Systems Analysis and Design) from City University, UK. She is a Member of the Chartered Institute of Cost and Management Accountants, UK, and a Fellow of CPA Australia.

Board of Directors

LEAD INDEPENDENT DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE

Mr Chen Timothy Teck Leng was appointed as a Director on 10 December 2010. Mr Chen has over 25 years of management experience in international finance, insurance, banking and corporate advisory work. He has held positions in international financial institutions including Bank of America, Wells Fargo Bank, Bank of Nova Scotia and SunLife Assurance Company of Canada. He obtained his BSc (Banking) from University of Tennessee and MBA (Finance) from Ohio State University. He has also obtained his Certified Corporate Director (ICD.D) from the Canadian Institute of Corporate Director. He is an independent director of Tianjin Zhongxin Pharmaceutical Group Corporation, XinRen Aluminium Holdings Ltd and Hu An Cable Holdings Ltd which are companies listed on the SGX-ST.

INDEPENDENT DIRECTOR AND CHAIRMAN OF THE NOMINATION COMMITTEE

Mr Woo Lee Yong was appointed as a Director on 1 April 2002 and last re-elected on 30 November 2010. Mr Woo gained extensive university teaching and research experience during his decade long stint as a Senior Lecturer with the National University of Singapore from 1985 to 1995. Prior to that, Mr Woo was with Singapore Airlines for 18 years where he held various positions including Project Manager, Chief Information Systems Manager, Asst Director of Management Services and Asst Director of Finance. He has extensive experience in consultancy work, having successfully carried out consultancy assignments in Singapore and China. Mr Woo holds a MSc (Organisational Psychology) from Manchester School of Management, UMIST, UK, and a BSc (Mathematics & Statistics) from the University of New South Wales, Australia, and has also attended the Management Development Programme from Harvard Business School, US, and Executive Development Programme from Cornell University, US.

Senior Management

Standing from L:
Ms Linda Lim Ee Ling
Ms Yeow Cheng Khim
Ms Pauline Ang Hwee Hoon

Seated from L:
Mr Johnny Yeo Sheok Yeow
Dr Chin Kon Yuen

Academic Key Staff

DEAN – SCHOOL OF PSYCHOLOGY

Dr Gordon Walker is the Dean of the School of Psychology at TMC Academy. Before joining TMC in 2010, he held the position of Senior Lecturer in the School of Psychology and Psychiatry, Faculty of Medicine, Nursing and Health Sciences at Monash University in Melbourne, Australia. His duties included co-ordination and teaching of the Postgraduate Diploma of Psychology. Prior to being appointed to Monash University, Dr Walker worked as an educational and development psychologist in schools in Melbourne, England and Papua New Guinea. Dr Walker is a Fellow of the Australian Psychological Society and a member of both the College of Educational and Developmental Psychologists and the College of Counselling Psychologists of the Australian Psychological Society. He is also an Associate Fellow of the British Psychological Society and a Chartered Psychologist (UK). Dr Walker holds a Doctor of Philosophy from La Trobe University, Australia. He also possesses a Master of Education and a Bachelor of Education both from the University of Melbourne.

ACTING HEAD – SCHOOL OF BUSINESS

Mr Raymond Loh Chee Yen is currently the Acting Head of the School of Business. Mr Loh has over 10 years of international working experience and 5 years of experience in the academic industry. His area of specialisation is in International Business, Marketing, Strategic Management and Economics. Mr Loh graduated with a Bachelor of Arts from the National University of Singapore and a Master in International Marketing from the University of Strathclyde, UK.

ACTING DEAN – SCHOOL OF INFORMATION TECHNOLOGY

Mr Eugene Choe Boon Kim obtained his Bachelor of Science (Hons) in Computing Science from Staffordshire University (UK) in 1991. Prior to that, he was an Analyst Programmer designing, developing and maintaining application systems; and providing user support. Upon graduation, he joined TMC in 1992 as a Lecturer. His job scope included both teaching and administrative responsibilities. After nine years with TMC, he joined another private education institution in Singapore as a Product Manager to source, evaluate and develop new education programmes. This included communicating and discussing operational procedures with potential new university partners. Since his return to TMC in 2003, he has been involved in developing, administering and evaluating education programmes in the School of IT. Mr Choe is currently its Acting Dean and his main responsibilities include designing and planning course outlines, structure, teaching materials, assessments and lesson delivery.

Standing from L:
Mr Raymond Loh Chee Yen
Mr Ronald Alan Davis
Mr Barry Benjamin Chua Tze Hao
Dr Gordon Walker
Mr Dutta Pinaki
Dr Madeleine Cheah

Seated from L:
Ms Echon Rose Hamid
Mr Eugene Choe Boon Kim
Mr Jasmani Bin Jalil

Academic Key Staff

ACTING HEAD – SCHOOL OF TOURISM, HOSPITALITY & CULINARY ARTS

Mr Dutta Pinaki is currently the Acting Head of the School of Tourism, Hospitality & Culinary Arts. Mr Dutta started his career with TMC in 2007 as an Associate Senior Lecturer. He is experienced in teaching various hospitality and tourism courses under TMC. He completed his Master of Arts degree (full-time) in Hospitality Management from the University of Brighton, UK. He also has a Bachelor Degree in Science from the University of Calcutta and holds a Diploma in Hotel and Restaurant Management from IIAS, India. He has many years of experience in middle management positions in the UK and India. He has done a number of research works in the field of hospitality and tourism and his ongoing research articles have been published in TMC Academic Journal. His research interests include visitor management, sustainable tourism, tourism anthropology and marketing space tourism. He was elected as a member of the Hotel and Catering International Management Association in 2006 and a member of the Institute of Hospitality, UK, in 2008.

HEAD – TMC COLLEGE

Ms Echon Rose Hamid joined TMC in 2011 and is currently the Head of TMC College. She has many years of local and regional experience in the academic industry. Ms Hamid's experiences included being a Lecturer with a local Polytechnic, Vice President of an international school in Indonesia and Programme Director of a language centre in China. She was also engaged by the ASEAN Secretariat and the Singapore Ministry of Foreign Affairs to train government officials in the region in the area of negotiation skills, presentation skills and various English programmes. Ms Hamid holds a Bachelor of Arts degree from National University of Singapore and a Master in Business Administration degree from Salford University. She also holds a Teaching for Higher Learning certification, and TESOL. Ms Hamid is also an ACTA trainer and assessor certified by Institute of Adult Learning, WDA.

HEAD OF DEPARTMENT OF LAW - SCHOOL OF ARTS & HUMANITIES

Mr Jasmani Bin Jalil graduated with a Bachelor of Laws (Hons) from the National University of Singapore in 1988. He also obtained a Master of Laws from the University of Queensland in 2003. He has been called to the bar in Singapore and was a litigation lawyer before doing corporate work. Subsequently he answered the call of education, where his legal training and experience in criminal, family, and commercial laws are put to good use. Mr Jasmani has taught in Singapore, and for tertiary institutions in Australia and the UK. Among the subjects he has taught are Contract Law, Tort Law and Legal Systems (Master degree level), Media Law (Bachelor degree level), Corporate Communications (Bachelor degree level), Business Law (Diploma level), Family Law (Diploma level) and Insurance Law (Diploma level). Mr Jasmani joined TMC in 2010 and is presently the Head of the Department of Law, School of Arts & Humanities.

ACTING HEAD OF DEPARTMENT OF MASS COMMUNICATION – SCHOOL OF ARTS & HUMANITIES

Mr Barry Benjamin Chua Tze Hao joined TMC in 2006 as a Lecturer. Over the years, Mr Chua has gained several promotions and is currently the Acting Head of Department of Mass Communications. He is presently responsible for overseeing the Mass Communications programme at TMC. Mr Chua graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, a Bachelor of Business in Marketing & E-Commerce from Edith Cowan University, Australia, and a Master of Business Administration (Information Technology) from Curtin University, Australia.

DIRECTOR OF STUDIES/CENTRE MANAGER – HAWTHORN ENGLISH LANGUAGE CENTRE, SINGAPORE

Mr Ronald Alan Davis joined TMC Hawthorn English Language Centre in 2009 as its Director of Studies/Centre Manager. He is presently responsible for all operations connected with Hawthorn Language School. Mr Davis has over 17 years of experience in the field of English Education including online education, curriculum design, teacher training, consulting, assessment design and administration, and project design, implementation and management. Mr Davis has worked in six different countries including Australia, China, Taiwan and Thailand as well as his home country, the United States. His last appointment was in the United Arab Emirates where he played a key role in the development, implementation and maintenance of a nationwide teacher training programme sponsored by the Ministry of Higher Education. Mr Davis has an undergraduate degree in Anthropology from the University of Washington in Seattle, Washington. He also has a Masters in TESOL from the University of Technology, Sydney.

Non-Academic Key Staff

CHIEF FINANCIAL OFFICER AND DIRECTOR OF CORPORATE SERVICES

Mr Johnny Yeo Sheok Yeow joined TMC in October 2009 as its Group Financial Controller. Mr Yeo has extensive working experience in finance, accounting and administrative management in private and public-listed companies, both local and overseas. Before joining TMC, Mr Yeo was the Chief Financial Officer with a MNC in the electronics industry for five years heading the Finance and Accounting functions of its international branded distribution division. Prior to this, Mr Yeo was the Group Finance Manager with a public listed property development, hospitality and engineering group in Singapore for three years. Mr Yeo has also worked for over six years as a Finance Manager with a major shipyard in Singapore where he managed the finance and accounting functions of a group companies in Singapore and Indonesia. Mr Yeo holds a Master of Business Administration degree from Nanyang Technological University, Singapore, and a Bachelor of Commerce Degree from Murdoch University, Australia. He is also a CPA with the Institute of Certified Public Accountants of Singapore (ICPAS).

DIRECTOR OF MARKETING AND BUSINESS DEVELOPMENT

Ms Linda Lim Ee Ling joined TMC in 2010 and was tasked to lead the Marketing and Business Development Division. She has been in the private education industry for the past 10 years since 1999 and her areas of expertise included marketing, sales recruitment, centre management, e-learning management, franchise & licensing operations, and business development. Ms Lim graduated from the Bachelor of Science (Economics and Computer Applications) of National University of Singapore. She has also acquired professional certifications from the Franchise Licensing Association and LCCI Marketing & Principles of Management Certificate.

DEPUTY DIRECTOR – HUMAN RESOURCE & ADMINISTRATION

Ms Tio Hui Hui joined TMC in 1994 and was tasked to take care of the undergraduate and postgraduate degree programmes in various functions including administration, student services, marketing and student recruitment. She has accumulated much experience in school administration and liaison with overseas university partners and institutions of higher learning. Ms Tio's present portfolio covers human resource and administration matters of the group. Prior to joining TMC as Senior Course Coordinator, Ms Tio was a Centre Manager for a private computer training centre in-charge of its day-to-day operations. Ms Tio holds a Bachelor of Science in Business Administration from the University of Alabama in Huntsville, US.

Standing from L:
Ms Tio Hui Hui
Ms Wendy Yeo Mui Koon
Ms Pauline Ang Hwee Hoon
Mr Hans Andersen
Ms Felicia Lam Chui Lin
Ms Ivory Tan Pei Ling
Ms Angi Yap Mui Ling

Seated from L:
Mr Albert Wee Kuang Huat
Ms Yu Chu Lee

Non-Academic Key Staff

DEPUTY REGISTRAR

Ms Pauline Ang Hwee Hoon started her career with TMC Academy in 1990 as a Lecturer in Computer Mathematics and other computer software application packages. Over the years, she was promoted several times from Lecturer to Subject Leader, Senior Lecturer to Assistant Course Director and then Deputy Course Director to Dean. Ms Ang is presently the Deputy Registrar in the newly formed Registrar's unit within the Academic division and is currently overseeing the three sections in the Registrar's unit: Student Administration, Resources & Examinations and Academic Services & Quality Assurance. She is also the Management Representative for EduTrust and ISO Certifications. Ms Ang graduated with a Bachelor in Science (Mathematics) from the National University of Singapore and holds a LCCI Higher Diploma in Accounting.

ASSISTANT REGISTRAR – RESOURCES & EXAMINATIONS

Ms Wendy Yeo Mui Koon is presently the Assistant Registrar for Resources & Examinations. She is responsible for the scheduling of courses and planning of schedules for academic staff. She also oversees the examinations function. Ms Yeo has been with TMC since 1994, during which she started her career as a Course Planner with the group. Prior to joining TMC, she spent four years doing material planning and purchasing for both local and overseas companies and about two years in engineering. Ms Yeo holds a Diploma in Manufacturing Engineering from Singapore Polytechnic.

ASSISTANT REGISTRAR – STUDENT ADMINISTRATION

Ms Joona Tan is presently the Assistant Registrar – Student Administration. She manages student admissions and services, and the library. Prior to joining TMC, Ms Tan worked with a multi-national company, statutory board and private education institution. She is experienced in managing school operations and her previous experience included marketing, student recruitment and administration, and liaison with overseas university partners and institutions of higher learning. Ms Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic.

ASSISTANT REGISTRAR – QUALITY ASSURANCE

Ms Ivory Tan Pei Ling joined TMC in 2005 as an Executive in the Student Services department. Over the years, she has accumulated much experience in the various operations of the company and was promoted several times from Assistant Manager to Manager to Acting Registrar. In her present role as Assistant Registrar – Quality Assurance, she handles all quality assurance matters and, audit visits from statutory bodies and university partners. Ms Tan graduated with a Bachelor of Arts & Social Science (Economics) from the National University of Singapore.

SENIOR MANAGER – MARKETING AND BUSINESS DEVELOPMENT

Ms Felicia Lam Chui Lin is presently the Senior Manager for Marketing and Business Development. Ms Lam started her career with TMC in 2000 as an Assistant Manager. She is experienced in student recruitment, marketing, branch operations and student services. In her current portfolio, she also handles graduation ceremonies, career guidance, student club and alumni activities. Prior to joining TMC, Ms Lam was a Sales Manager with a reputable local tour company handling corporate marketing and incentive tour services. Ms Lam holds a Bachelor of Business in Business Administration from the Royal Melbourne Institute of Technology, Australia.

SENIOR MANAGER – STUDENT RECRUITMENT AND MARKETING

Ms Angi Yap Mui Ling joined TMC in 2005 as a Student Recruitment and Marketing Manager in 2005 and is presently the Senior Manager in Student Recruitment and Marketing for International Office. Ms Yap has more than 12 years experience in the private education industry and her current portfolio involves student recruitment and marketing in our key international markets. Ms Yap obtained her Bachelor of Arts (Business Administration) degree from Ottawa University.

SENIOR MANAGER – IT PROJECTS

Mr Albert Wee Kuang Huat started his career with TMC Academy in 1991 as a Teaching Assistant. Since then, he rose through the ranks from Teaching Assistant, Assistant Lecturer, Lecturer, Senior Lecturer to Assistant Dean. Over the years, he has accumulated extensive teaching experience in programmes ranging from Diploma to Master degree level. His last appointment was Acting Associate Dean of the School of Information Technology (IT) before assuming his present position of Senior Manager - IT Project. He is currently responsible for managing the organisation's IT projects and providing IT support for its computerised school system. Mr Wee graduated with a Master in IT from Monash University, Australia, and a Bachelor of Information Systems (Hons) from the University of East London, UK.

BUSINESS REVIEW

Business Review

In FY2011, our Singapore operations contributed approximately 92% of our total course revenue. Our China operations accounted for the balance of 8% of the total course revenue.

In the area of academic programmes, in FY2011, we have restructured our Academic Division to increase our number of schools based on the kind of specialised programmes we offered. This initiative was taken in view of the need to stay focus on the marketing and management of the individual specialised programmes. With this initiative, some of the programmes in the School of Business were transferred to the School of Tourism, Hospitality & Culinary Arts, School of Psychology and School of Arts & Humanities.

In FY2011, our School of Business continued to account for the major course revenue, contributing 39% of the total course revenue. School of IT was the next major contributor with 14%, followed by School of Tourism, Hospitality & Culinary Arts (13%), Hawthorn Language Centre (12%), TMC College (12%), Department of Mass Communication (6%), School of Psychology (3%) and Department of Law (1%). Programmes launched in recent years continued to see an increase in the course revenue in FY2011.

We had also reviewed our existing programmes to ensure that the programmes meet the requirements of the industry, and continue to improve our course materials to make it relevant to the industry. New programmes were also evaluated and negotiations were made with highly reputable University partners for these new degree and post-graduates programmes. We hope to launch some of these new programmes in FY2012.

FY2011 saw a decrease in our student population and this was due partly to the consolidation in the private education industry in Singapore. Due to the highly regulated private education industry, schools will need to adapt to the new operating environment. As a result, our student recruitments were also affected due to the need to align our existing practice and strategies to this new operating environment.

We had also commenced a major TMC ACADEMY branding exercise in FY2011. This exercise was done with the close support of International Enterprise, Singapore ("IE Singapore"), which is a statutory board in Singapore tasked to help local companies expand in the international market. The objectives of this branding exercise are to reposition our brand value and service offerings to a higher level, and to increase our market share in the local and international markets. As part of the branding exercise, we are also reviewing our

Business Review

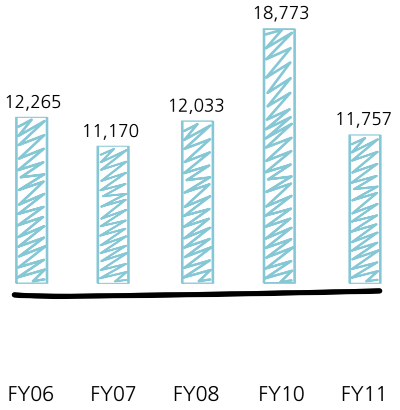
corporate and marketing strategies to help increase our market presence in these markets.

As part of our continuous expansion plan, we were successful in procuring an additional city campus premises for our business expansion from the Singapore Land Authority ("SLA"). The premises at Middle Road is an ideal site as a city campus, as it were a self-contained building and located in the centre of an educational hub in the city surrounded by greenery and educational institutions in the other segments of the industry. The lease for this site is for an initial period of three years, with an option to renew for another three years and additional three years thereafter (total of nine years). We expect the new city campus to be able to help promote our presence in the private education industry in Singapore, and to provide better access to professionals and adult learners in the city and business districts to pursue their career upgrading programmes with us. The new campus is expected to be ready in the second half of FY2012 and will help us to increase our student population in the future.

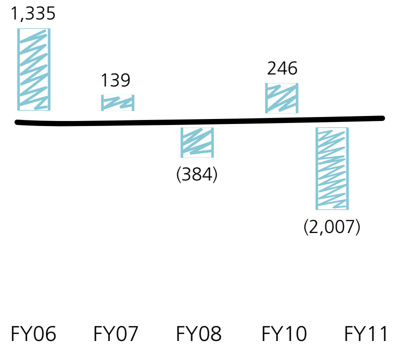
In view of the foreseeable consolidation and challenges in the private education industry in Singapore, we will continue to take the appropriate action to strengthen our presence and increase our market share in the local and international markets in the region.

Financial Highlights

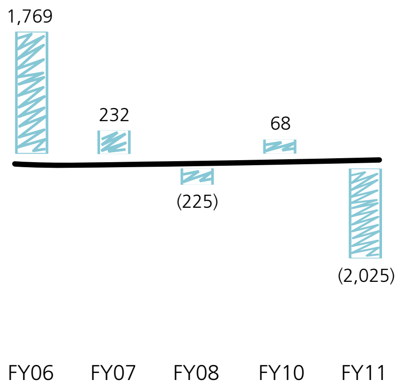
Turnover (S$'000)



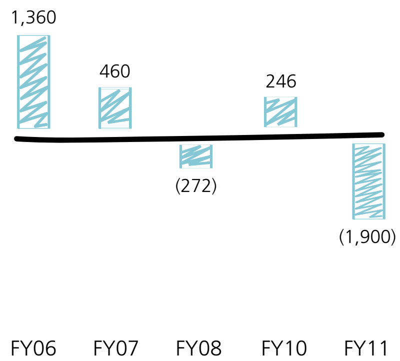
Profit/(Loss) After Tax Before Minority Interest (S$'000)



Profit/(Loss) Before Tax (S$'000)



Profit/(Loss) Attributable To Shareholders (S$'000)



	FY 2006	FY 2007	FY 2008	FY 2010	FY2011
FOR THE YEAR (S$'000)					
Turnover *	12,265	11,170	12,033	18,773	11,757
Profit/(Loss) before Tax	1,769	232	(225)	68	(2,025)
Profit/(Loss) after Tax before Minority Interests	1,335	139	(384)	246	(2,007)
Profit/(Loss) Attributable to Shareholders	1,360	460	(272)	246	(1,900)
AT YEAR END (S$'000)					
Shareholders' Funds	11,681	12,222	12,049	12,508	10,695
Fixed Assets	14,240	13,717	13,368	12,792	6,586
Current Assets	3,735	4,911	6,223	6,685	3,114
Current Liabilities	5,246	6,248	8,000	7,543	6,980
PER SHARE DATA (CENTS)					
Net Earnings/(Loss)**	1.17	0.37	(0.16)	0.15	(1.20)
Net Assets	10.14	9.58	7.20	7.47	6.39

* Amounts exclude other revenue.
** The figures shown do not take into consideration the dilutive effect arising from TMC Share Option Scheme.

Milestones

1981
- Established TMC Computer School at Kramat Lane in Singapore

1984
- Launched first proprietary diploma programme

1991
- Start of TMC Computer School expansion in Singapore (Relocation from Kramat Lane to Peninsula Plaza)
- Established TMC Centre for Advanced Seminars (Singapore) and started first intake of Bachelor of Applied Science (Computing) through Distance Education from Monash University, Australia

1994
- Established TMC Business School in Singapore
- Established PCEC–STMC, Shanghai, China

1995
- Established TMC Language School in Singapore
- Collaboration with Deakin University, Australia

1996
- Established TMC School of Arts and Humanities in Singapore

1997
- Awarded ISO 9001:1994 Certification

1999
- Established Monash-TMC Education Centre in Singapore
- Established franchise in Cebu (Philippines) and Xian (China)
- Collaboration with University of Newcastle, Australia
- Obtained official listing on SESDAQ (now known as Catalist) on 27 September 1999 after the successful initial public offering of 16 million shares

2000
- Signed agreement with the Royal Society of Arts/ University of Cambridge Local Examinations Syndicate (RSA/UCLES) on validation of TMC proprietary courses in Diploma and Higher Diploma

2001
- Granted Cambridge International Associate Partner Status

2002
- Awarded ISO 9001:2000 Certification
- Signed Memorandum of Understanding (MOU) with UCLES to launch GCE 'O' Level Examinations in China
- Launched first pilot GCE 'O' Level Centre in Xian (China)

2003
- Established TMC-Cambridge Education (Beijing) Ltd in China
- Established Creative Education Development (Shenyang) Ltd in China
- Launched first childcare centre in Shenyang (China)
- Established Hawthorn English Language Centre – Singapore
- Launched 'TMC Academy' brand name

2004
- Awarded Singapore Quality Class (SQC) for Private Education Organisations (PEOs) by Spring Singapore
- Acquired majority interest in Xian TMC International College (China)
- Collaboration with University of Greenwich, UK

2005
- Set up TMC Academic Advisory Board
- Awarded CaseTrust for Education by Consumers Association of Singapore
- Collaboration with Southern New Hampshire University, USA

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Milestones

2006
- Ranked among the top 500 public listed companies by revenue in the 19th Singapore 1000 and Singapore SME 500 publication by DP Information Group
- Celebrated 25th anniversary of establishment
- Launched new TMC logo

2007
- Entered into joint venture agreement with Lorna Whiston Schools Pte Ltd to develop English-based bilingual curriculum for childcare centre in Shenyang, China
- Collaboration with UK's Liverpool John Moores University in summer school programmes
- Attained Institute of Technical Education (ITE) Approved Training Provider Status

2008
- Collaboration with University of Hertfordshire, UK
- Collaboration with University of Gloucestershire, UK
- Granted Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award (Bronze) by Health Promotion Board

2009
- Awarded ISO 9001:2008 Certification
- Awarded Registered Centre Status by University of London (External System) now known as University of London International Programmes, UK
- Collaboration with The University of California, Berkeley, USA, in summer sessions

2010
- Awarded 4-year EduTrust Certification by the Council for Private Education, Singapore

2011
- Opened main campus at 38C Jalan Pemimpin Singapore 577180

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

TMC & Affiliates

SINGAPORE
Head Office
38C Jalan Pemimpin
(Off Bishan Street 21)
Singapore 577180
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Fax : (65) 6671 2731
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PEOPLE'S REPUBLIC OF CHINA
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Beijing 100088
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Shenyang Office
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Huang Gu District
Shenyang City, 110032
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Tel and Fax : (8624) 8681 0117

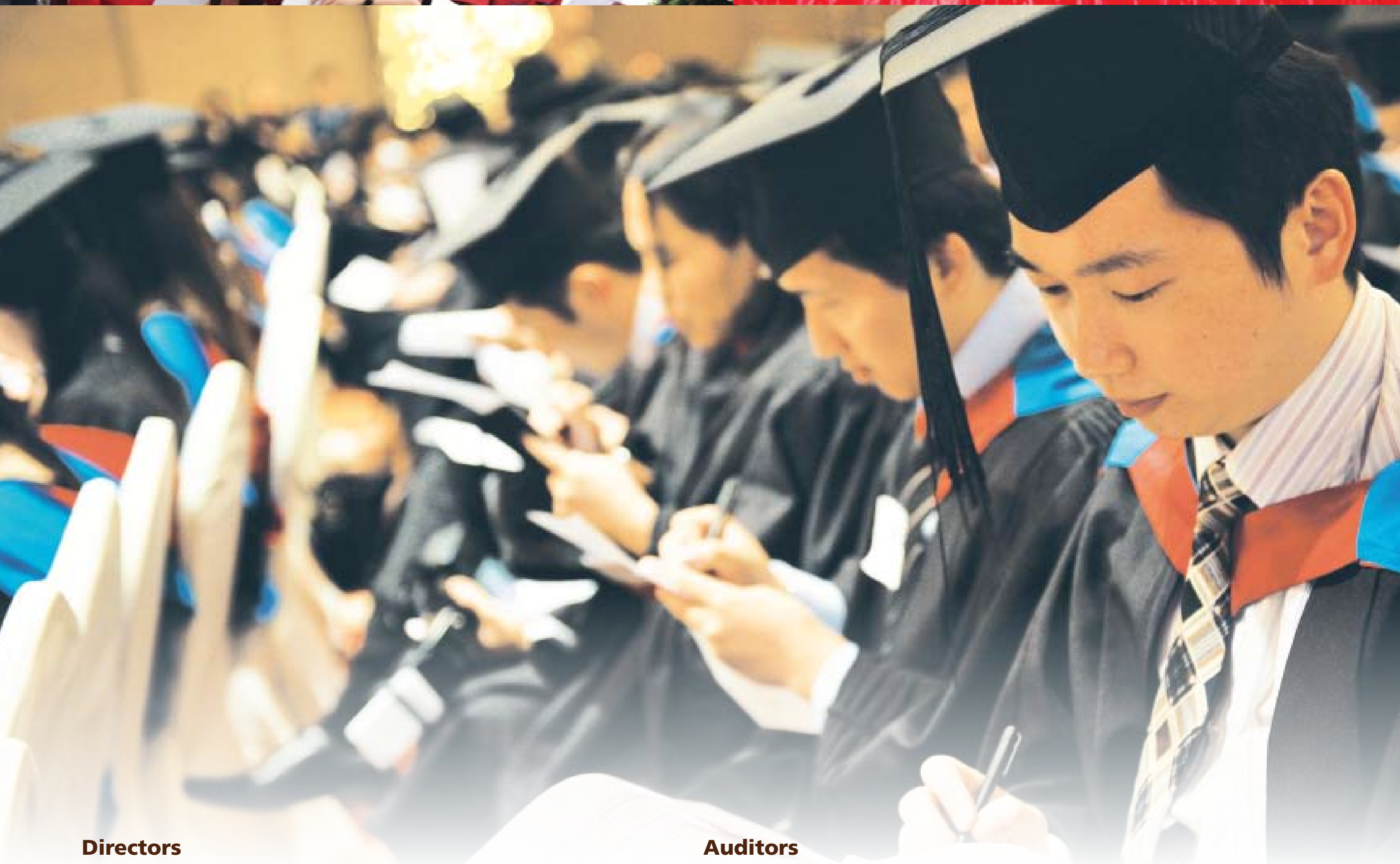
Affiliates

AUSTRALIA
Deakin University
Monash College

SINGAPORE
Lorna Whiston Schools Pte Ltd

UNITED KINGDOM
Liverpool John Moores University
University of Cambridge International Examinations
University of Gloucestershire
University of Greenwich
University of Hertfordshire
University of London International Programmes

Corporate Information



Directors
Dr Chin Kon Yuen
Yeow Cheng Khim
Timothy Chen Teck Leng (appointed on 10 December 2010)
Woo Lee Yong
Dr Lau Teik Soon (retired on 30 November 2010)
David Tan Chao Hsiung (resigned on 31 December 2010)

Secretary
Tan Soo Khoon Raymond

Registered Office
38C Jalan Pemimpin
(Off Bishan Street 21)
Singapore 577180
Tel: (65) 6671 2788
Fax: (65) 6671 2731

Registrar and Share Transfer Office
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Auditors
Foo Kon Tan Grant Thornton LLP
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce and
Industry Building
Singapore 179365
Audit Partner: Mr Robin Chin Sin Beng

Company Sponsor
Shooklin Advisory Services Pte Ltd
1 Robinson Road
#17-00 AIA Tower
Singapore 048542
Contact Person: Janet Tan

Bankers
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Bank of China Limited
ANZ Singapore

Corporate Governance

The Board of Directors (**"Board"**) of TMC Education Corporation Ltd (**"Company"**) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (**"Group"**). The Board recognises the importance of practising good corporate governance as a fundamental part of its responsibilities to look after and enhance shareholders' values and the financial performance of the Group.

This report (**"Report"**) describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2005 (**"Code"**). Where there are deviations from the Code, appropriate explanations are provided.

This Report covers the period of 12 months from 1 July 2010 to 30 June 2011 (**"Reporting Period"**).

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board oversees the business affairs and dealings of the Group, determines the Group's corporate strategies and sets its directions and goals. It also monitors and evaluates the Group's operations and financial performance, establishes targets for management and monitors the achievement of these targets. It is responsible for the overall corporate governance compliance of the Group.

The Board has put in place a set of internal controls that lists out operational and financial policies and procedures. The internal control is reviewed regularly.

The Board has three committees namely, the Audit Committee, the Nominating Committee and the Remuneration Committee, to assist in the execution of its responsibilities. Each committee has its terms of reference and operating procedures, which are reviewed periodically. Where necessary, the terms of reference and operating procedures would be updated to keep in line with the Listing Manual of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**), Section B: Rules of Catalist (**"Catalist Rules"**) and the Code.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board for its decision and approval. Ad-hoc meetings would be held when circumstances require. Matters that are specifically reserved for the approval of the Board include, among others,

- approving the Group's policies, strategies and financial objectives, and monitoring the performance of management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointment of key management staff;
- approving annual budgets, major funding proposals, investments and divestment proposals; and
- assuming responsibility for corporate governance and compliance with the Catalist Rules, the Code and the rules and requirements of regulatory bodies that the Company is subject to.

Corporate Governance

The attendance of the Directors at Board and Committee meetings held during the Reporting Period ended 30 June 2011 is tabulated below:

Attendance at Meetings

		Board Committees		
	Board	**Audit**	**Nominating**	**Remuneration**
No. of Meetings Held	**6**	**5**	**3**	**3**
Board Members				
Dr Chin Kon Yuen	6	5	2	3
Yeow Cheng Khim	6	5	3	3
David Tan Chao Hsiung(1)	2	1	3	2
Woo Lee Yong	5	5	2	2
Dr Lau Teik Soon(2)	2	1	2	1
Timothy Chen Teck Leng(3)	5	4	0	1

(1) David Tan Chao Hsiung resigned as a Director on 31 December 2010
(2) Dr Lau Teik Soon retired as a Director on 30 November 2010
(3) Timothy Chen Teck Leng was appointed as a Director on 10 December 2010

Newly appointed Directors are given briefings and orientations by the Management on the business activities and corporate governance practices of the Group. Upon the recommendation of the Nominating Committee, which reviewed the qualification, experience and independence of Mr Timothy Chen, the Board of Directors approved the appointment of Mr Timothy Chen as an Independent Director of the Company with effect from 10 December 2010 and as Lead Independent Director and Chairman of the Audit Committee with effect from 1 January 2011.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

Currently, the Board comprises two executive Directors and two independent non-executive Directors:

Name of Directors	Board of Directors	Date of Appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Dr Chin Kon Yuen(1)	Executive Director (Chairman)	1 March 1982	–(2)	–	–	–
Yeow Cheng Khim(1)	Executive Director	23 March 1984	30 November 2010	–	–	–
David Tan Chao Hsiung(3)	Independent Director	1 April 2002	30 November 2010	Chairman(3)	Member(3)	Member(3)
Woo Lee Yong	Independent Director	1 April 2002	30 November 2010(4)	Member	Chairman	Member
Dr Lau Teik Soon(5)	Independent Director	16 June 2006	28 April 2008	Member(5)	Member(5)	Chairman(5)
Timothy Chen Teck Leng(6)	Independent Director	10 December 2010	-	Chairman	Member	Chairman

Notes:
(1) Dr Chin Kon Yuen and Ms Yeow Cheng Khim are husband and wife
(2) Under the Articles of Association of the Company, the office of Chairman is not due for rotation
(3) David Tan Chao Hsiung resigned as a Director on 31 December 2010
(4) Woo Lee Yong retires at the forthcoming AGM pursuant to Section 153(6) of the Companies Act
(5) Dr Lau Teik Soon retired as a Director on 30 November 2010
(6) Mr Timothy Chen Teck Leng was appointed to replace Mr David Tan Chao Hsiung, who resigned

Corporate Governance

The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge. Please refer to the Annual Report for details of the qualifications and experience of the Directors. The directorships or chairmanships held by the Directors presently or in the last three years in other listed companies are set out in the table below:

Name of Director	Company	Date of Appointment	Date of Resignation
Dr Chin Kon Yuen	Nil	NA	NA
Yeow Cheng Khim	Nil	NA	NA
David Tan Chao Hsiung(1)	Second Chance Properties Ltd	December 2001	November 2008
	Powermatic Data System Ltd	March 2008	-
Woo Lee Yong	Nil	NA	NA
Dr Lau Teik Soon(2)	Eagle Brand Holdings Ltd	January 1999	August 2009
	Hock Lian Seng Holdings Ltd	November 2009	-
	Ryobi Kiso Holdings Ltd	December 2009	-
Timothy Chen Teck Leng	Tianjin Zhongxin Pharmaceutical Group Corporation	May 2007	-
	Hu An Cable Holdings Ltd	October 2009	-
	XinRen Aluminium Holdings Ltd	October 2010	-
	New Century Shipbuilding Ltd	April 2010	-
	Jing JiangSteel Structure Co. Ltd	April 2010	-
	Zheshang Property and Casualty Insurance Co., Ltd	July 2009	-
	Sunmart Holding Co. Ltd	February 2009	April 2011

(1) David Tan Chao Hsiung resigned as a Director on 31 December 2010

(2) Dr Lau Teik Soon retired as a Director on 30 November 2010

The Board's composition, size, balance and independence of each non-executive Director are reviewed by the Nominating Committee.

The Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the skills and knowledge of the Directors.

Chairman and Chief Executive Officer ("CEO")

Principle 3: Clear division of responsibilities at the top of the Company

Dr Chin Kon Yuen ("**Dr Chin**") is currently the Chairman of the Board and CEO of the Company. The Board is of the view that, given the scope and nature of the operations of the Group and the strong element of independence of the Board, it is not necessary to separate the functions of the Chairman and CEO.

As Chairman, Dr Chin is responsible for (a) ensuring that Board meetings are held when necessary and (b) scheduling and preparing agendas and exercising control over the information flow between the Board and Management. Dr Chin is assisted by the Company Secretary at all Board Meetings. Where necessary, the auditors of the Company and other external consultants are invited to attend Board Meetings to assist the Directors in their deliberations.

As CEO, Dr Chin is responsible for the business strategy and direction of the Group, implementation of the Group's corporate plans and policies, and executive decision-making.

In addition, as recommended by the Code, the Board has appointed independent non-executive Director, Timothy Chen Teck Leng, as Lead Independent Director. Employees and shareholders of the Company with serious concerns that could have a large impact on the Group, for which contact through the normal channels has failed to resolve or for which such contact is inappropriate, shall be able to contact Mr Timothy Chen Teck Leng or the members of the Audit Committee of the Company.

Corporate Governance

Board Membership

Principle 4: Formal and transparent process for appointment of new directors to the Board

The Nominating Committee (**"NC"**) comprises two Directors, all of whom are non-executive independent Directors. The NC meets at least once a year.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the particular skill, experience and knowledge, business, finance and management skills necessary to the Group's businesses and each Director, through his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC also has at its disposal executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

The NC is responsible for:

- re-nomination of our Directors having regard to the Director's contribution and performance;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representation, is able to and has adequately carried out his duties as Director; and
- making recommendations to the Board on all Board appointments and reappointments including making recommendations on the composition of the Board and the balance between executive and non-executive Directors appointed to the Board.

All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least every three years.

At the forthcoming Annual General Meeting of the Company, one-third of the Board shall retire and if desired, the persons retiring may offer themselves for re-election as Directors.

The Directors due for retirement are Ms Yeow Cheng Khim ("**Ms Yeow**") and Mr Timothy Chen Teck Leng ("**Mr Chen**"). Mr Chen was appointed on 10 December 2010 and shall retire at the forthcoming Annual General Meeting of the Company. Being eligible, Ms Yeow and Mr Chen have offered themselves for re-election as Directors of the Company. The NC has reviewed and recommended to the Board the re-election of Ms Yeow and Mr Chen as Directors of the Company at the forthcoming Annual General Meeting of the Company.

In addition, pursuant to Section 153(6) of the Companies Act, Cap 50 ("**Companies Act**"), Mr Woo Lee Yong ("**Mr Woo**") , a non-executive independent Director, will retire at the forthcoming AGM. The NC has reviewed and recommended that Mr Woo, having consented, be nominated for re-appointment as a Director at the forthcoming AGM pursuant to Section 153(6) of the Companies Act.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions by each Director

The NC is also responsible for deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

Corporate Governance

In assessing the performance of the Directors, the NC evaluates each Director based on the following review parameters, including:

- attendance at Board/Committee meetings;
- participation at meetings;
- involvement in management;
- availability for consultation and advice, when required;
- independence of the directors; and
- appropriate skill, experience and expertise.

In addition to the above, the NC also evaluates the performance and effectiveness of the Board as a whole, taking into account of the Board's balance and mix.

The NC may act on the performance evaluation result and where appropriate, propose new members to be appointed to the Board or seek resignation of Directors.

The NC recommended to the Board the appointment of Mr Johnny Yeo Sheok Yeow, who was previously Group Financial Controller of the Company, as Chief Financial Officer of the Company. After reviewing, assessing and concluding that Mr Johnny Yeo Sheok Yeow possessed the necessary qualifications, experience and capabilities, the Board approved his appointment on 1 July 2010.

For the Reporting Period ended 30 June 2011, the NC also recommended to the Board the appointment of Mr Timothy Chen Teck Leng as an Independent Director of the Company and this was approved by the Board on 10 December 2010.

Access to Information

Principle 6: Board members to have complete, adequate and timely information

Directors have unrestricted access to the Company's records and information, all Board and Committee minutes, and receive management accounts so as to enable them to carry out their duties. Directors may also liaise with senior executives and other employees to seek additional information if required.

Detailed board papers and agenda are sent out to the Directors before meetings so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions that the Directors may have.

Should Directors, whether as a group or individually, require professional advice, the Company, upon direction by the Board, shall appoint a professional advisor to render advice. The costs shall be borne by the Company.

The Company Secretary attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to approval of the Board.

Corporate Governance

Procedures for Developing Remuneration Policies

Principle 7: ***Formal and transparent procedure for fixing remuneration packages of Directors and key management executives***

The Company has established a Remuneration Committee ("**RC**") for determining the remuneration of Directors and key executives of the Company. The RC comprises two non-executive independent Directors.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind, of the Directors and key executives;
- review and recommend to the Board the terms of the service agreements of the Directors;
- determine the appropriateness of the remuneration of the Directors;
- consider the disclosure requirements for Directors' and key executives' remuneration as required by the SGX-ST; and
- administer the TMC Share Option Scheme and the TMC Share Award Scheme.

No Director is involved in deciding his or her own remuneration.

The remuneration packages of the executive Directors are based on service contracts. Independent Directors are paid yearly Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The RC has the right to seek professional advice internally and externally relating to the remuneration of all Directors.

Level and Mix of Remuneration

Principle 8: ***The level of remuneration for Directors should be adequate, not excessive, and linked to performance***

The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate managers and Directors.

The Group's remuneration policy comprises a fixed component and a variable component. The fixed component is in the form of fixed monthly salary / allowance whereas the variable component is linked to the performance of the Group and individual.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the industry and in comparable companies.

Disclosure on Remuneration

Principle 9: ***Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration***

Corporate Governance

Details of the Directors' and key executives' remuneration for the Reporting Period ended 30 June 2011 are set out below:

	Annual Remune-ration* S$	Directors' Fees %	Base/ Fixed Salary* %	Variable or Performance Related Income/ Bonus* %	Allow-ances* & Benefits %	Gains from TMC Share Option %	Total %
Directors							
$250,000 to $499,999							
Dr Chin Kon Yuen	262,220	8.20	87.28	-	4.52	-	100.00
Yeow Cheng Khim	267,836	8.03	76.29	-	15.68	-	100.00
Below $250,000							
David Tan Chao Hsiung(1)	28,500	100.00	-	-	-	-	100.00
Woo Lee Yong	40,000	100.00	-	-	-	-	100.00
Dr Lau Teik Soon(2)	16,667	100.00	-	-	-	-	100.00
Timothy Chen Teck Leng	33,549	100.00	-	-	-	-	100.00

* Inclusive of Central Provident Fund Contributions

(1) David Tan Chao Hsiung retired as a Director on 31 December 2010
(2) Dr Lau Teik Soon retired as a Director on 30 November 2010

	Directors' Fees %	Base/ Fixed Salary* %	Variable or Performance Related Income/ Bonus* %	Allowances* & Benefits %	Gains from TMC Share Option %	Total %
Key Executives						
$250,000 to $499,999						
Nil						
Below $250,000						
Johnny Yeo Sheok Yeow, Chief Financial Officer	–	81.47	14.81	3.72	–	100.00
Dorothy Tan Suan Yin, Management Support Chief	–	80.18	4.50	15.32	–	100.00
Ang Hwee Hoon Pauline, Deputy Registrar	–	78.13	9.57	12.30	–	100.00
Dr Liew Pak San, Principal Lecture, School of Business	–	76.03	2.90	21.07	–	100.00
Dr Gordon Arthur Walker, Dean, School of Psychology	–	54.80	–	45.20	–	100.00

* Inclusive of Central Provident Fund Contributions

Corporate Governance

For the Reporting Period ended 30 June 2011, the RC had recommended to the Board Directors' fees of $161,716 for the Directors for the period 1 July 2010 to 30 June 2011, which will be tabled at the forthcoming Annual General Meeting for shareholders' approval.

There is no employee who is related to a Director whose remuneration exceeds $250,000 per annum in the Group's employment for the Reporting Period ended 30 June 2011. There is also no employee who is an immediate family member of any Director or any key executive whose remuneration exceeds $150,000 per annum for the Reporting Period ended 30 June 2011.

There is no material contract or loan by the Company or its subsidiary companies involving the interest of any Director or controlling shareholder, either still subsisting at the end of the Reporting Period ended 30 June 2011 or if not then subsisting, entered into since the end of the previous financial year.

Share Purchase Mandate

The Share Purchase Mandate of the Company was approved and adopted by its members at an Extraordinary General Meeting ("**2011 EGM**") held on 31 March 2011. The Share Purchase Mandate authorised the Directors to make Share Purchases from time to time by way of Market Purchases or Off-Market Purchases as follows:

(a) the maximum number of shares which can be purchased pursuant to the Share Purchase Mandate is such number of shares which represents up to a maximum of ten per cent (10%) of the issued ordinary shares in the capital of the Company;

(b) any share purchases undertaken shall be at the price of up to but not exceeding the maximum price being an amount which shall not exceed the sum constituting five per cent (5%) above the average closing price of the shares over the period of five (5) market days in which transactions in the shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period; and

(c) the authority conferred on the Directors by the Share Purchase Mandate to purchase shares shall continue in force for the period commencing from the date the Share Purchase Mandate is conferred by the Company in general meeting at the 2011 EGM and expiring on the earlier of the date the next AGM of the Company is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in general meeting.

For the Reporting Period ended 30 June 2011, the Company did not purchase any shares pursuant to the Share Purchase Mandate.

Share Option Scheme

The Company's Share Option Scheme, which was approved by Shareholders at an extraordinary general meeting on 25 May 2001, as amended by Shareholders at an extraordinary general meeting held on 25 November 2005 expired in May 2011. In light of the expiry of the Share Option Scheme in May 2011, the Directors proposed to implement a Share Award Scheme to replace the Share Option Scheme. Awards granted under the Share Award Scheme are principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management.

Corporate Governance

The Share Award Scheme of the Company was approved and adopted by its members at the 2011 EGM. Under the Share Award Scheme, the aggregate number of shares which may be issued or transferred pursuant to awards granted under the scheme on any date, when added to (i) the number of shares issued and issuable and/or transferred and transferable in respect of all awards granted under the scheme; and (ii) all shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the issued and paid-up share capital (excluding treasury shares) of the Company on the day preceding that date.

Further, the number of shares which are the subject of each award to be granted to a participant in accordance with the scheme shall be determined at the absolute discretion of the Directors of the Company authorised and appointed by the Board of Directors to administer the scheme, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the performance condition may be achieved within the performance period, provided that in relation to controlling shareholders and associates of controlling shareholders:

(a) the aggregate number of shares comprised in awards granted to controlling shareholders or associates of controlling shareholders under the scheme shall not exceed twenty five per cent (25%) of the aggregate number of shares (comprised in awards) which may be granted under the scheme; and

(b) the number of shares available to each controlling shareholder or associate of a controlling shareholder shall not exceed ten per cent (10%) of the shares available under the scheme.

For the Reporting Period ended 30 June 2011, the Company did not award any shares pursuant to the Share Award Scheme.

Accountability

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders while the Management is accountable to the Board.

The Management will provide the Board with detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

The Management also presents to the Board the half-yearly and full-year accounts and the Audit Committee reports to the Board on the results for review and approval. The Board approves the results after review and authorises the release of the results to the SGX-ST and the public via SGXNET.

Audit Committee

Principle 11: Establishment of Audit Committee with written terms of reference

The Audit Committee ("**AC**") consists of two Directors, including the Chairman, all of whom are non-executive independent Directors. The AC has specific terms of reference and has met five times during the Reporting Period ended 30 June 2011.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within its terms of reference and requirements.

Corporate Governance

The responsibilities of the AC are to:

- review the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the management to the external auditors;
- review the financial statements of the Group before their submission to the Board, and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs, and any reports received from regulators;
- review the cost effectiveness and, the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- review the assistance given by the Group's officer to the auditors;
- nominate external auditors for re-appointment;
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST; and
- review the adequacy of the Group's internal controls.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility.

On 24 January 2011, the Company's external auditors, KPMG LLP gave notice to the Board of their resignation as auditors of the Company. As part of the Company's efforts to be cost efficient, the Directors sought quotations for the audit of the accounts of the Company for the reporting period ended 30 June 2011 from various audit firms. The Directors determined, following a review of the credentials, services and fee proposals from audit firms in consultation with the AC, that the proposal given by Foo Kon Tan Grant Thornton LLP ("**FKT Grant Thornton LLP**") is best suited to the needs of the Company and the Group.

The Directors and the AC have considered various factors, including, inter alia, the adequacy of the resources of FKT Grant Thornton LLP, their experience and audit engagements, the number and expertise of the supervisory and professional staff who will be assigned to the audit of the financial statements of the Company and the Group, FKT Grant Thornton LLP's proposed audit arrangements for the Company and the Group as well as the size and complexity of the Group and are of the opinion that FKT Grant Thornton LLP will be able to meet the audit requirements of the Company and that Rule 712 of the Listing Manual has been complied with.

FKT Grant Thornton LLP have on 17 February 2011 given their consent to act as Auditors and this was approved and adopted by Shareholders at the 2011 EGM.

For the Reporting Period ended 30 June 2011, the AC has reviewed all non-audit services provided by the external auditors and confirmed that these non-audit services would not affect the independence and objectivity of the external auditors.

Corporate Governance

The Group has implemented the whistle blowing policy since 2006. The policy aims to provide an avenue for employees to raise concerns about misconducts in the Group and at the same time assure them that they will be protected from victimisation for whistle blowing in good faith. Cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions. Contact details of the AC have been made available to all employees.

Delay In Releasing The Announcement of the Full Years' Results and Financial Statements For The Financial Period from 1 January 2009 to 30 June 2010

The Company is required by the provisions of the Catalist Rules to release an announcement ("**FY2011 Announcement**") of the Group's consolidated unaudited financial statements and results of operations for the financial period from 1 July 2010 to 30 June 2011 within 60 days after the end of the financial year. In the Company's 2010 Annual Report, it was stated that the Company faced delays in releasing the announcement of the Group's consolidated unaudited financial statements and results of operations for the financial period from 1 January 2009 to 30 June 2010 due to the breakdown of the hard-disks in the server and failure to auto-recover the data in the hard-disks as well as the incorporation of compliance requirements of the Council for Private Education ("**CPE**") Enhanced Registration Framework on fee collections and the EduTrust Fee Protection Scheme as part of the Company's business processing system. The Company has since taken steps to implement a back-up server to ensure that activities will not be affected in the event of a system breakdown. The Company also tests the system from time to time and runs through its manual override function to ensure that there are no problems with the system. The Company has also successfully incorporated the changes to be made to the Company's business processing system. As such, no delays were faced for the financial year ended 30 June 2011 and the Company released the FY2011 Announcement on 26 August 2011.

Internal Controls

Principle 12: Sound system of internal controls

The Board acknowledges that it is responsible for maintaining a sound system of internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period ended 30 June 2011, the Group's external auditors conducted a review of the effectiveness of the Group's internal controls. Any non-compliance and recommendation for improvement were reported to the AC.

The AC and the Board will continue to review the effectiveness of the key internal controls including financial, operational and compliance controls, and risk management on an on-going basis.

Internal Audit

Principle 13: Setting up independent internal audit function

The Board recognises its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

The Company appointed RSM Chio Lim LLP, an independent audit firm to undertake an internal audit function for the Group. This was completed successfully and issues highlighted to the Management were resolved within a short time frame. In addition to the internal audit, the Chairman of the AC enquires and relies on reports from the Management and external auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the Management and external auditors their findings of the existence and adequacy of material accounting controls procedures as part of its audit for the financial year under review. The AC is of the view that the works carried out by the Management and external auditors are adequate.

Corporate Governance

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Shareholders' participation at AGM

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of the SGX-ST, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company.

Information is communicated to our shareholders on a timely basis and made through:

- Annual Reports;
- The Board makes every effort to ensure that the annual report includes all relevant information about the Group including future developments, disclosures required by the Companies Act, and Financial Reporting Standards;
- SGXNET and news releases;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website www.tmc.edu.sg at which shareholders can access information relating to the Group.

The Annual General Meeting is the principal forum for dialogue with our shareholders. Our Company encourages our shareholders to attend the Annual General Meeting to ensure a high level of accountability and to keep informed of the Group's strategy and goals.

In general, separate resolutions are proposed for substantially separate issue and for items of special business. Where appropriate, an explanation for proposed resolution would be provided.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either informally or formally before or at the Annual General Meeting.

Internal Code on Dealings in Securities

The Company has put in place an internal code on dealings with securities, which has been issued to all Directors and employees setting out the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning one month before the announcement of the half yearly and annual results, and ending on the date of the announcement. Directors are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times.

Corporate Governance

Risk Management

As the Company does not have a risk management committee, the AC and Management assume the responsibility of the risk management function. Management reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures, and highlights all significant matters to the Board and the AC.

Interested Party Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and, the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For the Reporting Period ended 30 June 2011, there were no transactions with interested persons.

Catalist Sponsored Regime

The Company appointed Shooklin Advisory Services Pte Ltd ("**Sponsor**") to be its continuing sponsor and migrated to the Catalist regime on 15 December 2009. On 6 September 2011, the Company received three months' notice of the Sponsor's resignation as Continuing Sponsor of the Company.

The Company is in the process of appointing a continuing sponsor and has identified a suitable advisory firm. The Board expects to formally appoint the continuing sponsor before 14 December 2011.

Non-Sponsor Fees

For the Reporting Period ended 30 June 2011, an amount of $3,000 was paid to the Sponsor for review fees for a circular.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any director or controlling shareholder.

Treasury Shares

There are no treasury shares as at the end of the Reporting Period ended 30 June 2011.

Directors' Report

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 30 June 2011.

Names of directors

The directors of the Company in office at the date of this report are:
Dr Chin Kon Yuen
Yeow Cheng Khim
Woo Lee Yong (Independent director)
Chen Timothy Teck Leng (Independent director) (Appointed on 10 December 2010)

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body, other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1 July 2010	**As at 30 June 2011 and 21 July 2011#**	**As at 1 July 2010**	**As at 30 June 2011 and 21 July 2011#**
The Company- **TMC Education Corporation Ltd**				**Number of ordinary shares**
Dr Chin Kon Yuen	75,766,600	75,766,600	26,371,000	26,371,000
Yeow Cheng Khim	26,371,000	26,371,000	75,766,600	75,766,600
Woo Lee Yong	971,220	971,220	–	–

There are no changes to the above shareholdings as at 21 July 2011.

Dr Chin Kon Yuen and Yeow Cheng Khim, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, are deemed to be interested in the issued share capital of all the wholly-owned subsidiaries of the Company, and in the shares held by the Company in the following subsidiary that is not wholly owned by the Group:

Directors' Report

Directors' interest in shares or debentures (cont'd)

	As at 1 July 2010	As at 30 June 2011
	Number of ordinary shares	
TMC (China) Holdings Pte Ltd	931,261	931,261

According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Share Option Scheme as set out below:

	As at 1 July 2010	As at 30 June 2011
	Number of unissued ordinary shares under option	
Woo Lee Yong	500,000	500,000

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 16 to the financial statements.

Share Option Scheme

The TMC Share Option Scheme ("**SOS**") was approved and adopted by the Company's members at an Extraordinary General Meeting held on 25 May 2001 and subsequent amendments were approved on 25 November 2005. The SOS was administered by the Company's Remuneration Committee, comprising two directors, Chen Timothy Teck Leng (Chairman) and Woo Lee Yong. The SOS was for a period of ten years and expired on 24 May 2011.

Other information regarding the SOS is set out below:

(i) The exercise price of the options can be set at a discount to the market price not exceeding twenty percent (20%) of the market price in respect of options granted at the time of grant.

(ii) For options granted at market price, they can be exercised one (1) year after the grant date and for those granted below market price, they can be exercised two (2) years after the grant date.

(iii) Options expire five (5) years after option date for those granted to directors and academic advisors, and ten (10) years after option date for options granted to other employees.

Directors' Report

Share Option Scheme (cont'd)

The unissued shares of the Company under option at the end of the financial year are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 July 2010	Options granted	Options exercised	Options forfeited	Options outstanding as at 30 June 2011	Expiry date
07.12.2001	$0.1192	10,064	–	–	–	10,064	06.12.2011
02.12.2002	$0.1043	88,064	–	–	3,774	84,290	01.12.2012
30.06.2003	$0.1291	42,772	–	–	2,516	40,256	29.06.2013
01.12.2003	$0.1037	35,224	–	–	2,516	32,708	30.11.2013
28.06.2004	$0.0994	45,288	–	–	5,032	40,256	27.06.2014
13.12.2004	$0.0612	29,482	–	–	2,516	26,966	12.12.2014
07.03.2006	$0.0453	67,934	–	–	–	67,934	06.03.2016
26.06.2006	$0.0429	35,224	–	–	8,806	26,418	25.06.2016
11.12.2006	$0.0620	125,810	–	–	125,810	–	10.12.2011
11.12.2006	$0.0620	74,222	–	–	10,064	64,158	10.12.2016
18.06.2007	$0.1248	377,430	–	–	377,430	–	17.06.2012
18.06.2007	$0.1248	232,739	–	–	81,775	150,964	17.06.2017
10.12.2007	$0.1370	400,000	–	–	300,000	100,000	09.12.2012
10.12.2007	$0.1370	210,000	–	–	75,000	135,000	09.12.2017
16.06.2008	$0.1050	400,000	–	–	300,000	100,000	15.06.2013
16.06.2008	$0.1050	176,000	–	–	28,000	148,000	15.06.2018
16.12.2008	$0.0610	400,000	–	–	300,000	100,000	15.12.2013
16.12.2008	$0.0610	185,000	–	–	79,000	106,000	15.12.2018
19.06.2009	$0.0600	400,000	–	–	300,000	100,000	18.06.2014
19.06.2009	$0.0600	262,000	–	–	111,000	151,000	18.06.2019
03.12.2009	$0.0640	400,000	–	–	300,000	100,000	02.12.2014
03.12.2009	$0.0640	249,000	–	–	109,000	140,000	02.12.2019
		4,246,253	–	–	2,522,239	1,724,014	

There are no unissued shares of subsidiaries under option at the end of the financial year.

No options to take up unissued shares of the Company or its subsidiaries have been granted during the financial year.

Except as disclosed above, no shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

Details of options granted to directors, academic advisors and employees of the Company under the SOS are as follows:

	Options granted for financial year ended 30 June 2011	Aggregate options granted since commencement of SOS to 30 June 2011	Aggregate options lapsed since commencement of SOS to 30 June 2011	Aggregate options exercised since commencement of SOS to 30 June 2011	Aggregate options outstanding as at 30 June 2011
Directors					
Woo Lee Yong	–	1,265,620	–	(765,620)	500,000
Former directors	–	1,891,430	(1,251,620)	(639,810)	–
Others					
Academic advisors	–	2,635,860	(1,954,860)	(681,000)	–
Employees	–	6,240,877	(3,336,474)	(1,680,389)	1,224,014
	–	12,033,787	(6,542,954)	(3,766,819)	1,724,014

Directors' Report

Share Option Scheme (cont'd)

No options have been granted to the directors, controlling shareholders of the Company or their associates other than those disclosed above.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Share Award Scheme

In light of the expiry of the SOS, the Company implemented the TMC Share Award Scheme ("**SAS**") to replace the SOS. The SAS was approved and adopted by the Company's members at an Extraordinary General Meeting held on 31 March 2011. The SAS is administered by the Company's Remuneration Committee, comprising two directors, Chen Timothy Teck Leng (Chairman) and Woo Lee Yong.

Awards of fully-paid ordinary shares in the Company under the SAS will be performance-based, with performance targets to be set over a designated performance period.

No shares of the Company have been granted under the SAS during the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Chen Timothy Teck Leng (Chairman)

Woo Lee Yong

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) half-yearly financial information, the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2011 as well as the auditor's report thereon; and

(iii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has held five (5) meetings since the last directors' report.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan Grant Thornton LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Directors' Report

Independent auditor

At the Extraordinary General Meeting of the Company held on 31 March 2011, Foo Kon Tan Grant Thornton LLP was appointed as independent auditor of the Company.

The independent auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

DR CHIN KON YUEN

YEOW CHENG KHIM

Dated: 1 September 2011

Statement by Directors

In our opinion:

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, having regard to the deficiency in working capital of $7,884,385 as at 30 June 2011, which was mainly contributed by amounts due to wholly-owned subsidiaries amounting to $6,040,247, for which the directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

DR CHIN KON YUEN

YEOW CHENG KHIM

Dated: 1 September 2011

Independent Auditor's Report

to the members of
TMC Education Corporation Ltd

We have audited the accompanying financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements for the period from 1 January 2009 to 30 June 2010 were audited by another firm of certified public accountants whose report dated 8 November 2010 expressed an unqualified opinion on those financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Independent Auditor's Report

to the members of
TMC Education Corporation Ltd (cont'd)

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 1 September 2011

Statement of Financial Position

as at 30 June 2011

	Note	The Group		The Company	
		As at 30 June 2011	As at 30 June 2010	**As at 30 June 2011**	As at 30 June 2010
		$	$	**$**	$
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**6,586,103**	12,792,041	**6,546,705**	12,746,856
Investment properties	5	**7,322,066**	–	**7,322,066**	–
Intangible assets	6	**243,980**	339,848	**243,980**	339,848
Subsidiaries	7	–	–	**2,000,014**	2,000,014
		14,152,149	13,131,889	**16,112,765**	15,086,718
Current Assets					
Trade and other receivables	8	**675,469**	490,406	**637,578**	2,082,666
Cash and cash equivalents	9	**2,438,272**	6,194,613	**624,385**	1,980,632
		3,113,741	6,685,019	**1,261,963**	4,063,298
Total assets		**17,265,890**	19,816,908	**17,374,728**	19,150,016
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**11,477,119**	11,477,119	**11,477,119**	11,477,119
Reserves	11	**(782,262)**	1,030,597	**(3,248,739)**	2,310,880
		10,694,857	12,507,716	**8,228,380**	13,787,999
Non-controlling interest		**(408,969)**	(340,444)	–	–
Total equity		**10,285,888**	12,167,272	**8,228,380**	13,787,999
Non-Current Liabilities					
Deferred tax liabilities	12	–	107,024	–	107,024
Current Liabilities					
Trade and other payables	13	**6,664,756**	7,344,774	**8,854,001**	5,061,166
Bank overdraft	14	**292,347**	–	**292,347**	–
Current tax payable		**22,899**	197,838	–	193,827
		6,980,002	7,542,612	**9,146,348**	5,254,993
Total liabilities		**6,980,002**	7,649,636	**9,146,348**	5,362,017
Total equity and liabilities		**17,265,890**	19,816,908	**17,374,728**	19,150,016

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 30 June 2011

	Note	**Year ended 30 June 2011** $	Period from 1 January 2009 to 30 June 2010 $
Revenue	3	**11,756,738**	18,773,212
Other income	15	**295,152**	820,216
Course materials and subscriptions		**(1,129,309)**	(1,739,653)
Staff costs	16	**(7,071,358)**	(10,420,156)
Property, plant and equipment related expenses		**(1,243,749)**	(1,398,829)
Advertising and promotion		**(823,573)**	(1,583,044)
Operating lease expenses		**(1,834,647)**	(1,872,054)
Other operating expenses		**(1,974,602)**	(2,504,218)
Finance costs	17	**(138)**	(7,037)
(Loss)/Profit before taxation	18	**(2,025,486)**	68,437
Taxation	19	**18,459**	178,003
(Loss)/Profit for the year/period		**(2,007,027)**	246,440
Other comprehensive income after tax:			
Currency translation differences		**130,738**	141,772
Other comprehensive income for the year/period, net of tax of nil		**130,738**	141,772
Total comprehensive income for the year/period		**(1,876,289)**	388,212
(Loss)/Profit attributable to:			
Owners of the Company		**(1,900,089)**	246,440
Non-controlling interest		**(106,938)**	–
		(2,007,027)	246,440
Total comprehensive income attributable to:			
Owners of the Company		**(1,807,764)**	351,374
Non-controlling interest		**(68,525)**	36,838
		(1,876,289)	388,212
(Loss)/Earnings per share			
- basic (cents)	20.1	**(1.20)**	0.15
- diluted (cents)	20.2	**(1.20)**	0.15

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2011

	Total attributable to equity holders of the Company						
	Share capital $	**Exchange fluctuation reserve $**	**Share option reserve $**	**Retained earnings $**	**Total attributable to equity holders of the Company $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 January 2009	11,466,382	95,801	405,805	80,729	12,048,717	(377,282)	11,671,435
Total comprehensive income for the period	-	104,934	-	246,440	351,374	36,838	388,212
Value of employee services received for grant of share options (Note 18)	-	-	96,888	-	96,888	-	96,888
Issue of shares under share option scheme (Note 10)	10,737	-	-	-	10,737	-	10,737
Balance at 30 June 2010	11,477,119	200,735	502,693	327,169	12,507,716	(340,444)	12,167,272
Total comprehensive income for the year	-	92,325	-	(1,900,089)	(1,807,764)	(68,525)	(1,876,289)
Value of employee services received for grant of share options (Note 18)	-	-	(5,095)	-	(5,095)	-	(5,095)
Balance at 30 June 2011	11,477,119	293,060	497,598	(1,572,920)	10,694,857	(408,969)	10,285,888

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2011

	Note	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		**(2,025,486)**	68,437
Adjustments for:			
Amortisation of intangible assets	6	**77,280**	83,222
Depreciation of investment properties	5	**93,503**	–
Depreciation of property, plant and equipment	4	**604,082**	799,586
Equity-settled share option payment transactions	18	**(5,095)**	96,888
Gain on disposal of property, plant and equipment		**(79)**	–
Impairment losses on:			
- trade receivables	8	**27,993**	151,099
- other receivables	8	**4,409**	6,400
Intangible assets written off	6	**74,688**	16,318
Interest expense	17	**138**	7,037
Interest income	15	**(42,958)**	(45,523)
Property, plant and equipment written off	4	–	58,122
Unrealised currency translation losses		**134,509**	148,598
Operating (loss)/profit before working capital changes		**(1,057,016)**	1,390,184
Increase in operating receivables		**(124,390)**	(226,184)
(Decrease)/Increase in operating payables		**(680,018)**	620,959
Cash (used in)/generated from operations		**(1,861,424)**	1,784,959
Income taxes paid		**(356,579)**	(307,710)
Net cash (used in)/generated from operating activities		**(2,218,003)**	1,477,249
Cash Flows from Investing Activities			
Interest received		**42,958**	45,523
Proceeds from disposal of property, plant and equipment		**92**	–
Purchase of intangible assets		**(56,100)**	(185,235)
Purchase of property, plant and equipment		**(1,808,748)**	(286,265)
Net cash used in investing activities		**(1,821,798)**	(425,977)
Cash Flows from Financing Activities			
Fixed deposit pledged		–	(600,000)
Interest paid		**(138)**	(7,037)
Proceeds from issue of shares	10	–	10,737
Repayment of advances from minority shareholder		–	(179,011)
Repayment of bank loan		–	(490,000)
Net cash used in financing activities		**(138)**	(1,265,311)
Net decrease in cash and cash equivalents		**(4,039,939)**	(214,039)
Cash and cash equivalents at beginning of year/period		**5,594,613**	5,811,299
Exchange differences on translation of cash and cash equivalents at beginning of year/period		**(8,749)**	(2,647)
Cash and cash equivalents at end of year/period	9	**1,545,925**	5,594,613

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

1 General information

The financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office and principal place of business are located at 38C Jalan Pemimpin, Singapore 577180.

The comparative figures relate to the period from 1 January 2009 to 30 June 2010. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the financial statements are not comparable to those for the previous period.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

The Group incurred net loss of $2,007,027 (2010: profit of $246,440) for the financial year ended 30 June 2011, and as at that date, the Group's and the Company's current liabilities exceeded current assets by $3,866,261 (2010: $857,593) and $7,884,385 (2010: $1,191,695) respectively.

Notwithstanding this, the directors consider that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and that it is appropriate for the Group and the Company to prepare financial statements on a going concern basis, as there is reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The financial statements do not include any adjustment relating to the recoverability, amount and classification of the reported assets or the amount and classification of the reported liabilities that might result if the going concern basis is found to be inappropriate.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

Critical assumptions used and accounting estimates in applying accounting policies

<u>Depreciation of property, plant and equipment and investment properties</u>

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment and investment properties to be within 3 to 50 years. The carrying amount of the

Notes to the Financial Statements

2(a) Basis of preparation (cont'd)

Group's and the Company's property, plant and equipment as at 30 June 2011 is $6,586,103 (2010: $12,792,041) and $6,546,705 (2010: $12,746,856) respectively, while the carrying amount of the Group's and the Company's investment properties as at 30 June 2011 is $7,322,066 (2010: $nil) and $7,322,066 (2010: $nil) respectively. Changes in the expected level of usage and/or technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered impairment loss. If any such indication exists, the assets are tested for impairment. The recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's results.

Amortisation of intangible assets

The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation method shall be changed to reflect the changed pattern. Changes in the amortisation period and amortisation method would affect amortisation charges.

Impairment of intangible assets and subsidiaries

Intangible assets with finite useful lives and subsidiaries are assessed at the end of each reporting period whether there is any indication of impairment. Intangible assets with indefinite useful lives are tested for impairment annually irrespective of whether there is any indication of impairment.

The recoverable amounts of intangible assets and subsidiaries have been determined based on value-in-use calculation which requires the Group or the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the impairment of intangible assets and subsidiaries based on such estimates.

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Notes to the Financial Statements

2(a) Basis of preparation (cont'd)

Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

Income tax

Significant judgement is involved in determining provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(b) Interpretations and amendments to published standards effective in 2011

The following are new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for annual periods beginning on or after 1 July 2010:

FRS 27 (Revised 2009)	Consolidated and Separate Financial Statements
FRS 101 (Revised 2009)	First-Time Adoption of Financial Reporting Standards
FRS 103 (Revised 2009)	Business Combinations
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 39	Financial Instruments: Recognition and Measurement - Eligible Hedged Items
Amendments to FRS 101	Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters
Amendments to FRS 102	Share-based Payment: Group Cash-settled Share-based Payment Transactions
Amendments to INT FRS 109 and FRS 39	Embedded Derivatives
INT FRS 117	Distributions of Non-cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Improvements to FRSs 2009	

The Group has adopted all the new and amended FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 July 2010. The adoption of these new/revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:

FRS 27 (Revised) Consolidated and Separate Financial Statements

The revised FRS 27 requires the effects of all transactions with non-controlling interests to be accounted for as equity transactions if there is no change in control. Such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss.

When control over a subsidiary is lost, any interest retained is re-measured to fair value and the resulting gain or loss is recognised in profit or loss.

Losses incurred by a subsidiary are allocated to the non-controlling interests even if these result in the non-controlling interests having deficit balances.

Notes to the Financial Statements

2(b) Interpretations and amendments to published standards effective in 2011 (cont'd)

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 July 2010. The changes will affect future transactions with non-controlling interests.

2(c) FRS not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 24 (Revised 2010)	Related Party Disclosures	01.01.2011
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01.07.2011
Amendments to FRS 107	Transfers of Financial Assets	01.07.2011
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement	01.01.2011
INT FRS 115	Agreements for the Construction of Real Estate	01.01.2011
Improvements to FRSs 2010		

Management does not anticipate that the adoption of other FRS and INT FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for amendments to FRS 24 - Related Party Disclosures.

<u>FRS 24 (Revised) Related Party Disclosures</u>

The amendment clarifies the definition of a related party. However, the revised definition of a related party will also mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2(d) Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 7.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed during the financial year are included in or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Costs attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

When the control over a subsidiary is lost, the assets and liabilities of the subsidiary are derecognised. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated statement of financial position within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having deficit balances.

Changes in a parents' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Leasehold properties	50 years
Renovations	3 to 5 years
Furniture and fittings	10 years
Office and training equipment	10 years
Computers and software	3 years
Motor vehicle	5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by end of owner-occupation. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to impairment testing at the end of each reporting period. Indefinite useful life intangibles are not amortised but are subject to impairment testing annually irrespective of whether there is any indication of impairment.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

<u>Development expenditure</u>

Development costs on an individual project are capitalised only if development costs can be measured reliably, the project is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the assets. Capitalised development expenditure is amortised on a straight-line basis over its estimated useful life of five years.

<u>Trademarks</u>

Trademarks acquired have indefinite useful lives and are stated at cost less accumulated impairment losses, if any. Such intangible assets are tested for impairment on an annual basis irrespective of whether there is any indication of impairment.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

Subsidiaries are stated at cost less allowance for impairment losses, if any, in the statement of financial position of the Company.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in profit or loss.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of fixed deposit pledged as collateral and bank overdraft which is repayable on demand and which forms an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The Group's financial liabilities comprise trade and other payables (excluding course and examination fees received in advance) and bank overdraft.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Leases

Where the Group is the lessee,

<u>Operating leases</u>

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group is the lessor,

<u>Operating leases</u>

Assets leased out under operating leases are included in investment properties. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

<u>Pension obligations</u>

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee Share Option Scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets with indefinite useful lives are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue recognition

Course fee is recognised over the period in which the course is run. Examination fee is recognised upon the completion of the examination. Course and examination fees relating to future periods are included in course and examination fees received in advance as a liability.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Rental income from investment properties are recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of total lease income. Penalty payments on early termination, if any, are recognised when incurred.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated into the functional currency using the exchange rates at the dates of the transactions.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

3 Principal activities and revenue

The principal activities of the Company are those relating to the operation of a school to provide commercial, academic and technical education relating to electronic data processing, computers, languages, financial and business management courses, and investment holding. The principal activities of the subsidiaries are as stated in Note 7.

Revenue comprises course and examination fees earned from providing education courses to students. Revenue excludes inter-company transactions and applicable goods and services tax.

Notes to the Financial Statements

4 Property, plant and equipment

The Group	Leasehold properties $	Renovations $	Furniture and fittings $	Office and training equipment $	Computers and software $	Motor vehicle $	Total $
Cost							
At 1 January 2009	15,646,027	1,422,864	429,311	499,788	1,735,982	321,426	20,055,398
Additions	–	14,098	13,663	1,232	257,272	–	286,265
Write-offs	–	(1,292,388)	(4,469)	(170,992)	–	–	(1,467,849)
Translation differences	–	(6,505)	(1,928)	(1,056)	(3,776)	–	(13,265)
At 30 June 2010	15,646,027	138,069	436,577	328,972	1,989,478	321,426	18,860,549
Additions	–	1,243,191	160,559	75,895	329,103	–	1,808,748
Disposals	–	–	(602)	(8,250)	–	–	(8,852)
Transfer to investment properties	(9,350,300)	–	–	–	–	–	(9,350,300)
Translation differences	–	3,110	(2,063)	(1,027)	(3,670)	–	(3,650)
At 30 June 2011	6,295,727	1,384,370	594,471	395,590	2,314,911	321,426	11,306,495
Accumulated depreciation							
At 1 January 2009	2,809,371	1,393,101	361,812	345,324	1,472,660	305,467	6,687,735
Depreciation	469,381	33,270	32,290	43,443	218,439	2,763	799,586
Write-offs	–	(1,292,048)	(3,620)	(114,059)	–	–	(1,409,727)
Translation differences	–	(4,970)	(551)	(1,662)	(1,903)	–	(9,086)
At 30 June 2010	3,278,752	129,353	389,931	273,046	1,689,196	308,230	6,068,508
Depreciation	219,418	164,035	22,363	14,020	182,405	1,841	604,082
Disposals	–	–	(589)	(8,250)	–	–	(8,839)
Transfer to investment properties	(1,934,731)	–	–	–	–	–	(1,934,731)
Translation differences	–	(4,145)	(1,636)	(712)	(2,135)	–	(8,628)
At 30 June 2011	1,563,439	289,243	410,069	278,104	1,869,466	310,071	4,720,392
Net book value							
At 30 June 2011	4,732,288	1,095,127	184,402	117,486	445,445	11,355	6,586,103
At 30 June 2010	12,367,275	8,716	46,646	55,926	300,282	13,196	12,792,041

4 Property, plant and equipment (cont'd)

The Company	Leasehold properties $	Renovations $	Furniture and fittings $	Office and training equipment $	Computers and software $	Motor vehicle $	Total $
Cost							
At 1 January 2009	15,646,027	1,292,388	390,649	478,586	1,660,233	321,426	19,789,309
Additions	–	–	8,533	550	254,815	–	263,898
Write-offs	–	(1,292,388)	(4,469)	(170,992)	–	–	(1,467,849)
At 30 June 2010	15,646,027	–	394,713	308,144	1,915,048	321,426	18,585,358
Additions	–	1,239,747	156,169	75,228	329,103	–	1,800,247
Write-offs	–	–	–	(8,250)	–	–	(8,250)
Transfer to investment properties	(9,350,300)	–	–	–	–	–	(9,350,300)
At 30 June 2011	6,295,727	1,239,747	550,882	375,122	2,244,151	321,426	11,027,055
Accumulated depreciation							
At 1 January 2009	2,809,371	1,262,807	326,456	329,945	1,437,210	305,467	6,471,256
Depreciation	469,381	29,241	29,419	40,294	205,875	2,763	776,973
Write-offs	–	(1,292,048)	(3,620)	(114,059)	–	–	(1,409,727)
At 30 June 2010	3,278,752	–	352,255	256,180	1,643,085	308,230	5,838,502
Depreciation	219,418	157,141	19,829	12,078	174,522	1,841	584,829
Write-offs	–	–	–	(8,250)	–	–	(8,250)
Transfer to investment properties	(1,934,731)	–	–	–	–	–	(1,934,731)
At 30 June 2011	1,563,439	157,141	372,084	260,008	1,817,607	310,071	4,480,350
Net book value							
At 30 June 2011	4,732,288	1,082,606	178,798	115,114	426,544	11,355	6,546,705
At 30 June 2010	12,367,275	–	42,458	51,964	271,963	13,196	12,746,856

Leasehold properties consist of 21 classrooms and administrative offices located at 111 North Bridge Road, Peninsula Plaza, Singapore 179098. These properties have a total floor area of 677.2 square metres and are used as an education centre. The properties are on 999-year lease and the unexpired lease term of the properties is 969 years (2010: 970 years).

The motor vehicle is registered in the name of a director and is held in trust for the Company.

Notes to the Financial Statements

5 Investment properties

The Group and the Company	2011 $	2010 $
Cost		
At beginning of year/period	–	–
Transfer from property, plant and equipment	9,350,300	–
At end of year/period	9,350,300	–
Accumulated depreciation		
At beginning of year/period	–	–
Transfer from property, plant and equipment	1,934,731	–
Depreciation	93,503	–
At end of year/period	2,028,234	–
Net book value		
At beginning of year/period	–	–
At end of year/period	7,322,066	–

Investment properties consist of 18 office units located at 111 North Bridge Road, Peninsula Plaza, Singapore 179098. These properties have a total floor area of 952.8 square metres. The properties are on 999-year lease and the unexpired lease term of the properties is 969 years.

The aggregate fair value of the investment properties as at 30 June 2011 is $16,282,943 as determined by independent professional valuers. Valuations are based on the properties' highest-and-best-use using the Direct Market Comparison Method.

Two units of the investment properties were leased to a third party under operating leases during the current financial year. The remaining units were vacant but held to be leased out under operating leases.

The following amounts are recognised in profit or loss:

The Group	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
Rental income (Note 15)	49,740	–
Direct operating expenses arising from investment properties that generated rental income	26,705	–
Direct operating expenses arising from investment properties that did not generate rental income	85,893	–

Notes to the Financial Statements

6 Intangible assets

The Group and the Company	Development expenditure $	Trademarks $	Total $
Cost			
At 1 January 2009	1,677,890	74,688	1,752,578
Additions	185,235	–	185,235
Write-offs	(32,550)	–	(32,550)
At 30 June 2010	1,830,575	74,688	1,905,263
Additions	56,100	–	56,100
Write-offs	(1,316,105)	(74,688)	(1,390,793)
At 30 June 2011	570,570	–	570,570
Accumulated amortisation			
At 1 January 2009	1,498,425	–	1,498,425
Amortisation	83,222	–	83,222
Write-offs	(16,232)	–	(16,232)
At 30 June 2010	1,565,415	–	1,565,415
Amortisation	77,280	–	77,280
Write-offs	(1,316,105)	–	(1,316,105)
At 30 June 2011	326,590	–	326,590
Net book value			
At 30 June 2011	243,980	–	243,980
At 30 June 2010	265,160	74,688	339,848

The carrying values of the Group's and the Company's trademarks were assessed for impairment as at 30 June 2010. The aggregate carrying amount of the trademarks is for the Hawthorn business division.

The recoverable amount of the Hawthorn business cash-generating unit was based on its value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing use of cash-generating unit and was based on the following key assumptions:

- Cash flows were projected based on past performance and management's expectation of market developments and future cash flows based on existing and newly secured students for a five-year time horizon. Management believes that this forecast period was justified due to the short to medium-term nature of the courses.

- A post-tax discount rate of 10% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used reflects specific risks relating to the relevant segment.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources of information.

The trademarks were written off during the financial year.

Notes to the Financial Statements

7 Subsidiaries

The Company	2011 $	2010 $
Unquoted equity investments, at cost	**2,931,278**	2,931,278
Allowance for impairment losses	**(931,264)**	(931,264)
	2,000,014	2,000,014

The subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group 2011 %	2010 %
Held by the Company				
Asia Pacific College Int'l Pte Ltd [1]	Inactive	Singapore	**100**	100
Boston East Int'l Pte Ltd [1]	Investment holding	Singapore	**100**	100
Technology Management Centre (HK) Limited [2]	Inactive	Hong Kong	**100**	100
TMC (China) Holdings Pte Ltd [1]	Investment holding	Singapore	**51**	51
Technology Management & Communications Academy Pte Ltd [1]	Inactive	Singapore	**100**	100
TMC Academy Pte Ltd [1]	Provision of educational courses and conducting examinations	Singapore	**100**	100
TMC Franchise Int'l Pte Ltd [1]	Inactive	Singapore	**100**	100
TMC (Malaysia) Holdings Pte Ltd [1]	Inactive	Singapore	**100**	100
TMC Pte Ltd [1]	Inactive	Singapore	**100**	100
TMC (Western China) Pte Ltd [4]	Under members' voluntary liquidation	Singapore	**100**	100
Creative Education Development Pte Ltd [1]	Inactive	Singapore	**100**	100
Held by TMC (China) Holdings Pte Ltd				
Creative Education Development (Shenyang) Ltd [3]	Investment holding	People's Republic of China	**51**	51
Held by Creative Education Development (Shenyang) Ltd				
Lorna Whiston Creative Kindergarten [3]	Provision of kindergarten and early childhood education	People's Republic of China	**51**	51
Held by TMC Pte Ltd				
Concept Innovation Investments Limited [4]	Deregistered	British Virgin Islands	**–**	100
Held by Boston East Int'l Pte Ltd				
TMC-Cambridge Education (Beijing) Ltd [3]	Collaboration with local partners to establish GCE "O" level centres in China	People's Republic of China	**100**	100

[1] Audited by Foo Kon Tan Grant Thornton LLP
[2] Audited by BDO Limited, Hong Kong
[3] Audited by Grant Thornton Jingdu Tianhua, People's Republic of China
[4] Not required to be audited

Notes to the Financial Statements

7 Subsidiaries (cont'd)

In May 2011, the annual licence of the subsidiary, Concept Innovation Investments Limited, expired and its non-renewal was approved by the directors in July 2011. The subsidiary was struck off from the registry of the British Virgin Islands on expiry.

8 Trade and other receivables

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
Trade receivables	**414,183**	406,525	**414,183**	348,370
Allowance for impairment losses				
- balance at beginning of year/period	**(171,268)**	(20,169)	**(171,268)**	(20,169)
- allowance made (Note 18)	**(27,993)**	(151,099)	**(27,993)**	(151,099)
- allowance utilised	**1,234**	–	**1,234**	–
- balance at end of year/period	**(198,027)**	(171,268)	**(198,027)**	(171,268)
	216,156	235,257	**216,156**	177,102
Other receivables	**24,390**	53,665	**21,080**	33,986
Deposits	**184,576**	59,907	**178,932**	55,254
	208,966	113,572	**200,012**	89,240
Allowance for impairment losses				
- balance at beginning of year/period	**(6,400)**	(9,722)	**(6,400)**	(9,722)
- allowance made (Note 18)	**(4,409)**	(6,400)	**(4,409)**	(6,400)
- allowance utilised	**–**	9,722	**–**	9,722
- balance at end of year/period	**(10,809)**	(6,400)	**(10,809)**	(6,400)
	198,157	107,172	**189,203**	82,840
Amounts due from subsidiaries (non-trade)	**–**	–	**6,665,495**	5,154,359
Allowance for impairment losses				
- balance at beginning of year/period	**–**	–	**(3,455,383)**	(3,432,917)
- allowance made	**–**	–	**(3,210,112)**	(22,466)
- balance at end of year/period	**–**	–	**(6,665,495)**	(3,455,383)
	–	–	**–**	1,698,976
Tax recoverable	**93,075**	–	**93,075**	–
Prepayments	**168,081**	147,977	**139,144**	123,748
	675,469	490,406	**637,578**	2,082,666

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

8 Trade and other receivables (cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
Australian dollar	**187,891**	168,264	**187,891**	168,264
Hong Kong dollar	**266**	–	**–**	–
Renminbi	**37,625**	47,776	**–**	–
Singapore dollar	**449,687**	274,366	**449,687**	1,914,402
	675,469	490,406	**637,578**	2,082,666

The Group actively reviews the trade receivable balances and follows up on outstanding debts with the customers.

The credit risk for trade receivables based on the information provided by key management is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
By geographical areas				
Australia	**215,348**	176,820	**215,348**	176,820
Singapore	**808**	58,437	**808**	282
	216,156	235,257	**216,156**	177,102

The ageing analysis of loans and receivables is as follows:

	2011		2010	
	Gross	**Impairment losses**	Gross	Impairment losses
The Group	**$**	**$**	$	$
Not past due	**391,741**	**–**	227,454	–
Past due 0 to 90 days	**26,771**	**–**	114,975	–
Past due over 90 days	**297,712**	**(208,836)**	177,668	(177,668)
	716,224	**(208,836)**	520,097	(177,668)
The Company				
Not past due	**7,051,592**	**(6,665,495)**	5,303,270	(3,455,383)
Past due 0 to 90 days	**26,771**	**–**	111,031	–
Past due over 90 days	**294,402**	**(208,836)**	177,668	(177,668)
	7,372,765	**(6,874,331)**	5,591,969	(3,633,051)

The Group's impairment losses arose mainly from long outstanding balances due from a customer which management is in the process of ascertaining the recovery due to changes in circumstances.

Based on historical default rates, the Group believes that no significant impairment allowance is necessary in respect of loans and receivables not past due or past due within 90 days as they mainly arise from customers that have a good credit record with the Group.

Notes to the Financial Statements

9 Cash and cash equivalents

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
Fixed deposits	**600,000**	3,460,540	**600,000**	1,460,455
Cash and bank balances	**1,838,272**	2,734,073	**24,385**	520,177
	2,438,272	6,194,613	**624,385**	1,980,632

The Group's cash and bank balances included funds in Student Tuition Fee Account (ESCROW) amounting to $260,724 (2010: $1,723,427) are managed by designated banks as required by Edutrust and Case Trust for Education. As the principal values of these bank balances in ESCROW are readily convertible to cash, they form part of the cash and cash equivalents in the consolidated statement of cash flows.

Fixed deposit of $600,000 (2010: $600,000) as at 30 June 2011 is pledged as security to obtain bank overdraft (Note 14) and other banking facilities.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2011	2010
The Group	**$**	$
Fixed deposits	**600,000**	3,460,540
Cash and bank balances	**1,838,272**	2,734,073
Fixed deposit pledged	**(600,000)**	(600,000)
Bank overdraft (Note 14)	**(292,347)**	–
	1,545,925	5,594,613

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
Australian dollar	**129,023**	1,015,901	**4,874**	824,600
Hong Kong dollar	**79**	–	**79**	–
Renminbi	**483,227**	177,492	**–**	–
Singapore dollar	**1,825,808**	5,001,220	**619,297**	1,156,032
United States dollar	**135**	–	**135**	–
	2,438,272	6,194,613	**624,385**	1,980,632

The fixed deposits have an average maturity ranging within 15 months (2010: ranging from 1 to 27 months) from the end of the reporting period with a weighted average effective interest rate of 0.5% to 1.0% (2010: 0.5% to 4.3%) per annum.

Notes to the Financial Statements

10 Share capital

The Group and the Company	**2011** Number of ordinary shares	2010	**2011** $	2010 $
Issued and fully paid, with no par value				
At beginning of year/period	**167,396,419**	167,256,613	**11,477,119**	11,466,382
Issue of ordinary shares	**–**	139,806	**–**	10,737
At end of year/period	**167,396,419**	167,396,419	**11,477,119**	11,477,119

During the previous financial year, 139,806 ordinary shares were issued as a result of the exercise of vested option arising from the share options granted under the Company's share option programme at the exercise price of between $0.0610 and $0.1050 per share. All issued shares were fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

11 Reserves

	The Group		The Company	
	2011	2010	**2011**	2010
	$	$	**$**	$
Exchange fluctuation reserve	**293,060**	200,735	**–**	–
Share option reserve	**497,598**	502,693	**497,598**	502,693
Retained earnings	**(1,572,920)**	327,169	**(3,746,337)**	1,808,187
	(782,262)	1,030,597	**(3,248,739)**	2,310,880

Exchange fluctuation reserve

Exchange fluctuation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the presentation currency.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

12 Deferred taxation

The Group and the Company	**2011** $	2010 $
Balance at beginning of year/period	**107,024**	113,286
Credited to profit or loss (Note 19)	**(107,024)**	(6,262)
Balance at end of year/period	**–**	107,024

Notes to the Financial Statements

12 Deferred taxation (cont'd)

Deferred tax assets and liabilities are attributable to the following:

The Group and the Company	**Property, plant and equipment** $	**Intangible assets** $	**Unabsorbed capital allowances and unutilised tax losses** $	**Total** $
At 1 July 2010	61,946	45,078	–	107,024
Charged/(Credited) to profit or loss	50,697	(1,062)	(156,659)	(107,024)
At 30 June 2011	**112,643**	**44,016**	**(156,659)**	**–**

Deferred tax assets have not been recognised in respect of the following items:

The Group and the Company	**2011** $	2010 $
Capital allowances and tax losses	**1,935,631**	–

The capital allowances and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.

13 Trade and other payables

	The Group		**The Company**	
	2011 $	2010 $	**2011** $	2010 $
Trade payables	**1,294,177**	978,284	**1,271,320**	944,921
Accrued operating expenses	**1,507,303**	1,640,314	**1,504,803**	1,619,996
Amounts due to subsidiaries (non-trade)	**–**	–	**6,040,247**	2,465,955
Other payables	**440,550**	432,996	**37,631**	30,294
	3,242,030	3,051,594	**8,854,001**	5,061,166
Course and examination fees received in advance	**3,422,726**	4,293,180	**–**	–
	6,664,756	7,344,774	**8,854,001**	5,061,166

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		**The Company**	
	2011 $	2010 $	**2011** $	2010 $
Australian dollar	**6,746**	224,308	**6,746**	224,308
Hong Kong dollar	**2,499**	2,289	**–**	–
Indonesian rupiah	**87**	89	**87**	89
Pound sterling	**365,610**	333,152	**365,610**	333,152
Renminbi	**386,251**	395,775	**–**	–
Singapore dollar	**5,893,944**	6,378,362	**8,471,939**	4,492,818
United States dollar	**9,619**	10,799	**9,619**	10,799
	6,664,756	7,344,774	**8,854,001**	5,061,166

Notes to the Financial Statements

14 Bank overdraft

The bank overdraft, denominated in Singapore dollar, is secured by the Group's fixed deposit (Note 9).

The weighted average effective interest rate of the bank overdraft at the end of the reporting period is 5% per annum.

15 Other income

The Group	**Year ended 30 June 2011 $**	Period from 1 January 2009 to 30 June 2010 $
Commission income	**–**	98,240
Exchange gain, net	**12,680**	20,897
Government grants	**–**	325,038
Interest income from cash and cash equivalents	**42,958**	45,523
Rental income from investment properties (Note 5)	**49,740**	–
Others	**189,774**	330,518
	295,152	820,216

Others mainly relate to course material fees, excursion fees, registration fees, transportation fees and other miscellaneous fees charged to nursery students.

Government grants relate to the Jobs Credit Scheme introduced in the Singapore Budget 2009 in which cash grants were paid to eligible employers to help businesses preserve jobs in the economic downturn.

16 Staff costs

The Group	**Year ended 30 June 2011 $**	Period from 1 January 2009 to 30 June 2010 $
Directors:		
Directors' fees	**161,500**	270,000
Directors' remuneration other than fees		
- salaries and other related costs	**470,755**	721,645
- contributions to defined contribution plans	**16,302**	28,400
- value of employee services received for grant of share options	**(6,240)**	66,405
	642,317	1,086,450
Key management personnel (other than directors)		
- salaries and other related costs	**1,709,437**	2,257,484
- contributions to defined contribution plans	**181,608**	242,403
- value of employee services received for grant of share options	**686**	18,901
	1,891,731	2,518,788
Other than directors and key management personnel		
- salaries and other related costs	**4,187,298**	6,315,373
- contributions to defined contribution plans	**349,553**	487,963
- value of employee services received for grant of share options	**459**	11,582
	4,537,310	6,814,918
	7,071,358	10,420,156

Notes to the Financial Statements

17 Finance costs

The Group	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
Interest expense		
- bank loan	–	7,037
- bank overdraft	**138**	–
	138	7,037

18 (Loss)/Profit before taxation

The Group	Note	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
(Loss)/Profit before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	6	**77,280**	83,222
Depreciation of investment properties	5	**93,503**	–
Depreciation of property, plant and equipment	4	**604,082**	799,586
Gain on disposal of property, plant and equipment		**(79)**	–
Impairment losses on:			
- trade receivables	8	**27,993**	151,099
- other receivables	8	**4,409**	6,400
Intangible assets written off	6	**74,688**	16,318
Property, plant and equipment written off	4	–	58,122
Value of employee services received for grant of share options		**(5,095)**	96,888

19 Taxation

The Group	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
Current taxation		
- current year	–	22,899
- under/(over) provision in respect of prior years	**88,565**	(194,640)
	88,565	(171,741)
Deferred taxation (Note 12)		
- origination and reversal of temporary differences	**(107,024)**	(6,262)
	(18,459)	(178,003)

Notes to the Financial Statements

19 Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on (losses)/profits as a result of the following:

The Group	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
(Loss)/Profit before taxation	**(2,025,486)**	68,437
Tax at statutory rate of 17%	**(344,333)**	11,634
Tax effect on non-deductible expenses	**115,010**	192,035
Tax effect on non-taxable income	**(33,887)**	(127,423)
Under/(Over) provision of current taxation in respect of prior years	**88,565**	(194,640)
Tax exemption and relief	**–**	(88,356)
Tax incentives	**(170,060)**	–
Deferred tax assets on temporary differences not recognised	**329,057**	–
Difference in foreign tax rate	**(2,811)**	(14,791)
Others	**–**	43,538
	(18,459)	(178,003)

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances and unutilised tax losses of approximately $969,000 and $1,888,000 respectively available for offset against future taxable profits provided that the provisions of tax legislations are complied with. The related tax benefits of approximately $165,000 and $321,000 respectively have been recognised to the extent stated in Note 12.

20 (Loss)/Earnings per share

20.1 Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share was based on the loss attributable to ordinary shareholders of $2,007,027 (2010: profit of $246,440) and a weighted average number of ordinary shares outstanding of 167,396,419 (2010: 167,306,288), calculated as follows:

(a) (Loss)/Profit attributable to ordinary shareholders

The Group	Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
(Loss)/Profit attributable to ordinary shareholders	**(2,007,027)**	246,440

(b) Weighted average number of ordinary shares

The Group	2011 Number of ordinary shares	2010
Issued ordinary shares at beginning of year/period	**167,396,419**	167,256,613
Effect of share options exercised	**–**	49,675
Weighted average number of ordinary shares at end of year/period	**167,396,419**	167,306,288

Notes to the Financial Statements

20 (Loss)/Earnings per share (cont'd)

20.2 Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share was based on the loss attributable to ordinary shareholders of $2,007,027 (2010: profit of $246,440), and a weighted average number of ordinary shares outstanding after adjustment for effects of all dilutive potential ordinary shares of 167,610,365 (2010: 167,367,118), calculated as follows:

(a) (Loss)/Profit attributable to ordinary shareholders

The Group	**Year ended 30 June 2011** **$**	Period from 1 January 2009 to 30 June 2010 $
(Loss)/Profit attributable to ordinary shareholders	**(2,007,027)**	246,440

(b) Weighted average number of ordinary shares

The Group	**2011**	2010
	Number of ordinary shares	
Weighted average number of ordinary shares (basic)	**167,396,419**	167,306,288
Effect of share options on issue	**213,946**	60,830
Weighted average number of ordinary shares (diluted)	**167,610,365**	167,367,118

As at 30 June 2011, 841,538 (2010: 2,756,643) options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

21 Employee benefits

The TMC Share Option Scheme ("SOS") was approved and adopted by the Company's members at an Extraordinary General Meeting held on 25 May 2001 and subsequent amendments were approved on 25 November 2005. The SOS was administered by the Company's Remuneration Committee, comprising two directors, Chen Timothy Teck Leng (Chairman) and Woo Lee Yong. The SOS was for a period of ten years and expired on 24 May 2011.

Other information regarding the SOS is set out below:

(i) The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.

(ii) For options granted at market price, they can be exercised 1 year after the grant date and for those granted below market price, they can be exercised 2 years after the grant date.

(iii) Options expire 5 years after option date for those granted to directors and academic advisors, and 10 years after option date for options granted to other employees.

Notes to the Financial Statements

21 Employee benefits (cont'd)

At the end of the financial year, details of options granted under the SOS on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1.7.2010	Options granted	Options exercised	Options forfeited	Options outstanding as at 30.6.2011	Expiry date
07.12.2001	$0.1192	10,064	–	–	–	10,064	06.12.2011
02.12.2002	$0.1043	88,064	–	–	3,774	84,290	01.12.2012
30.06.2003	$0.1291	42,772	–	–	2,516	40,256	29.06.2013
01.12.2003	$0.1037	35,224	–	–	2,516	32,708	30.11.2013
28.06.2004	$0.0994	45,288	–	–	5,032	40,256	27.06.2014
13.12.2004	$0.0612	29,482	–	–	2,516	26,966	12.12.2014
07.03.2006	$0.0453	67,934	–	–	–	67,934	06.03.2016
26.06.2006	$0.0429	35,224	–	–	8,806	26,418	25.06.2016
11.12.2006	$0.0620	125,810	–	–	125,810	–	10.12.2011
11.12.2006	$0.0620	74,222	–	–	10,064	64,158	10.12.2016
18.06.2007	$0.1248	377,430	–	–	377,430	–	17.06.2012
18.06.2007	$0.1248	232,739	–	–	81,775	150,964	17.06.2017
10.12.2007	$0.1370	400,000	–	–	300,000	100,000	09.12.2012
10.12.2007	$0.1370	210,000	–	–	75,000	135,000	09.12.2017
16.06.2008	$0.1050	400,000	–	–	300,000	100,000	15.06.2013
16.06.2008	$0.1050	176,000	–	–	28,000	148,000	15.06.2018
16.12.2008	$0.0610	400,000	–	–	300,000	100,000	15.12.2013
16.12.2008	$0.0610	185,000	–	–	79,000	106,000	15.12.2018
19.06.2009	$0.0600	400,000	–	–	300,000	100,000	18.06.2014
19.06.2009	$0.0600	262,000	–	–	111,000	151,000	18.06.2019
03.12.2009	$0.0640	400,000	–	–	300,000	100,000	02.12.2014
03.12.2009	$0.0640	249,000	–	–	109,000	140,000	02.12.2019
		4,246,253	–	–	2,522,239	1,724,014	

Details of options granted to directors of the Company under the SOS are as follows:

Name of directors	Options granted for financial year ended 30.6.2011	Aggregate options granted since commencement of SOS to 30.6.2011	Aggregate options lapsed since commencement of SOS to 30.6.2011	Aggregate options exercised since commencement of SOS to 30.6.2011	Aggregate options outstanding as at 30.6.2011
Woo Lee Yong	–	1,265,620	–	(765,620)	500,000

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2011 $	**Number of options 2011**	Weighted average exercise price 2010 $	Number of options 2010
Outstanding at beginning of year/period	**0.1025**	**4,246,253**	0.1018	5,010,842
Granted during the year/period	**–**	**–**	0.0616	1,630,000
Exercised during the year/period	**–**	**–**	0.0768	(139,806)
Forfeited during the year/period	**0.0902**	**(2,522,239)**	0.0944	(2,254,783)
		1,724,014		4,246,253
Exercisable at end of year/period		**1,724,014**		3,597,253

Notes to the Financial Statements

21 Employee benefits (cont'd)

The options outstanding as at 30 June 2011 have an exercise price in the range of $0.0429 to $0.1370 (2010: $0.0429 to $0.1370) and a weighted average contractual life of five years for non-executive directors and ten years for employees from the date of grant respectively, in accordance with the terms of the SOS.

No options were exercised during the financial year.

The grant date fair value of share options granted under the SOS is measured based on the Black-Scholes Model. Expected volatility is estimated by considering historical average share price volatility. The inputs used in the measurement of the grant date fair value of share options are as follows:

Fair value of share options and assumptions	**As at 3 December 2009**
Fair value at grant date	
- non-executive directors	$0.0468
- employees	$0.0245
Share price at grant date	$0.0700
Exercise price	$0.0640
Expected volatility	82% to 121%
Option life	
- non-executive directors	5 years
- employees	1 year
Expected dividends	Nil
Risk-free interest rate	0.34% to 1.51%

22 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

The Company	**Year ended 30 June 2011 $**	Period from 1 January 2009 to 30 June 2010 $
Management and service fees charged to a subsidiary	**10,352,077**	17,875,752

23 Operating lease commitments (non-cancellable)

Where the Group and the Company are the lessee,

At the end of the Reporting Period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of campus and office premises and office equipment with an original term of more than one year:

	The Group		**The Company**	
	2011	2010	**2011**	2010
	$	$	**$**	$
Not later than one year	**2,168,697**	1,702,100	**2,089,043**	1,617,219
Later than one year and not later than five years	**7,029,171**	8,318,110	**6,980,308**	8,223,642
	9,197,868	10,020,210	**9,069,351**	9,840,861

The lease on the Group's and the Company's campus and office premises on which rentals are payable will expire on 31 October 2015. There is no option to renew on expiration of the lease.

Notes to the Financial Statements

23 Operating lease commitments (non-cancellable) (cont'd)

Where the Group and the Company are the lessor,

At the end of the Reporting Period, the Group and the Company had the following rental income under non-cancellable operating leases of office premises with an original term of more than one year:

The Group and the Company	**2011** **$**	2010 $
Not Later than one year	**149,220**	-
Later than one year and not later than five years	**81,429**	-
	230,649	-

24 Operating segments

Business and geographical segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business unit, the Group's CEO reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Provision of education courses to tertiary students in Singapore.
- Provision of kindergarten and early childhood education to nursery students in the People's Republic of China.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group	**Tertiary education in Singapore $**	**Pre-school education in China $**	**Total $**
2011			
External revenue	**10,891,124**	**865,614**	**11,756,738**
Interest income	**42,208**	**750**	**42,958**
Interest expense	**(138)**	**–**	**(138)**
Depreciation of property, plant and equipment	**(584,829)**	**(19,253)**	**(604,082)**
Depreciation of investment properties	**(93,503)**	**–**	**(93,503)**
Amortisation of intangible assets	**(77,280)**	**–**	**(77,280)**
Reportable segment loss before taxation	**(1,849,498)**	**(218,808)**	**(2,068,306)**
Reportable segment assets	**18,282,252**	**560,249**	**18,842,501**
Capital expenditure	**1,856,347**	**8,501**	**1,864,848**
Reportable segment liabilities	**5,388,600**	**3,238,189**	**8,626,789**

Notes to the Financial Statements

24 Operating segments (cont'd)

	Tertiary education in Singapore $	Pre-school education in China $	Total $
2010			
External revenue	17,740,957	1,032,255	18,773,212
Interest income	45,523	–	45,523
Interest expense	(7,037)	–	(7,037)
Depreciation of property, plant and equipment	(776,972)	(22,614)	(799,586)
Amortisation of intangible assets	(83,222)	–	(83,222)
Reportable segment profit/(loss) before taxation	378,181	(348,230)	29,951
Reportable segment assets	22,053,075	372,457	22,425,532
Capital expenditure	449,133	22,367	471,500
Reportable segment liabilities	6,977,204	2,976,194	9,953,398

Reconciliations of reportable segment revenue, (loss)/profit before taxation, assets and liabilities

The Group	**Year ended 30 June 2011 $**	Period from 1 January 2009 to 30 June 2010 $
Revenue		
Total revenue for reportable segments	**11,756,738**	18,773,212
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**11,756,738**	18,773,212
(Loss)/Profit before taxation		
Total (loss)/profit before taxation for reportable segments	**(2,068,306)**	29,951
Unallocated income (net of expenses)	**42,820**	38,486
Consolidated (loss)/profit before taxation	**(2,025,486)**	68,437
Assets		
Total assets for reportable segments	**18,842,501**	22,425,532
Elimination of inter-segment assets	**(1,669,686)**	(2,608,624)
Other unallocated assets	**93,075**	–
Consolidated total assets	**17,265,890**	19,816,908
Liabilities		
Total liabilities for reportable segments	**8,626,789**	9,953,398
Elimination of inter-segment liabilities	**(1,669,686)**	(2,608,624)
Other unallocated liabilities	**22,899**	304,862
Consolidated total liabilities	**6,980,002**	7,649,636

Notes to the Financial Statements

25 Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

25.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through ongoing credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group's trade receivables comprise 2 debtors (2010: 2 debtors) that represented 92% (2010: 70%) of trade receivables.

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

Notes to the Financial Statements

25 Financial risk management objectives and policies (cont'd)

25.1 Credit risk (cont'd)

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's major classes of financial assets are bank deposits and trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 8.

25.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's financial liabilities comprising trade and other payables (excluding course and examination fees received in advance) with contractual undiscounted cash flows approximating the carrying amount mature in less than one year. Nevertheless, the Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements.

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its bank balances at floating rates which are contractually repriced at intervals of less than 6 months (2010: less than 6 months) from the end of the reporting period. Fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free. Therefore, impact from changes in interest rates is minimal.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

Notes to the Financial Statements

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of group entities, namely Singapore dollar and Renminbi. The foreign currency in which these transactions are denominated is primarily Australian dollar. Approximately 6% (2010: 14%) and 4% (2010: 1%) of the Group's sales and purchases respectively are denominated in Australian dollar. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in Australian dollar for working capital purposes.

Consequently, the Group is exposed to movements in foreign currency exchange rates. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Group's and the Company's exposures in financial instruments to the various foreign currencies are mainly as follows:

The Group	Australian dollar $	United States dollar $	Pound sterling $
2011			
Trade and other receivables	**187,891**	**–**	**–**
Cash and cash equivalents	**129,023**	**135**	**–**
Trade and other payables	**(6,746)**	**(9,619)**	**(365,610)**
Net exposure	**310,168**	**(9,484)**	**(365,610)**
2010			
Trade and other receivables	168,264	–	–
Cash and cash equivalents	1,015,901	–	–
Trade and other payables	(224,308)	(10,799)	(333,152)
Net exposure	959,857	(10,799)	(333,152)

Notes to the Financial Statements

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk (cont'd)

The Company	Australian dollar $	United States dollar $	Pound sterling $
2011			
Trade and other receivables	**187,891**	**–**	**–**
Cash and cash equivalents	**4,874**	**135**	**–**
Trade and other payables	**(6,746)**	**(9,619)**	**(365,610)**
Net exposure	**186,019**	**(9,484)**	**(365,610)**
2010			
Trade and other receivables	168,264	–	–
Cash and cash equivalents	824,600	–	–
Trade and other payables	(224,308)	(10,799)	(333,152)
Net exposure	768,556	(10,799)	(333,152)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Australian dollar (AUD), United States dollar (USD) and pound sterling (GBP) exchange rates (against Singapore dollar), with all other variables held constant, of the Group's and the Company's profit net of tax and equity.

The Group		Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
AUD	- strengthened 10% (2010: 10%)	**31,017**	95,986
	- weakened 10% (2010: 10%)	**(31,017)**	(95,986)
USD	- strengthened 10% (2010: 10%)	**(948)**	(1,080)
	- weakened 10% (2010: 10%)	**948**	1,080
GBP	- strengthened 10% (2010: 10%)	**(36,561)**	(33,315)
	- weakened 10% (2010: 10%)	**36,561**	33,315

The Company		Year ended 30 June 2011 $	Period from 1 January 2009 to 30 June 2010 $
AUD	- strengthened 10% (2010: 10%)	**18,602**	76,856
	- weakened 10% (2010: 10%)	**(18,602)**	(76,856)
USD	- strengthened 10% (2010: 10%)	**(948)**	(1,080)
	- weakened 10% (2010: 10%)	**948**	1,080
GBP	- strengthened 10% (2010: 10%)	**(36,561)**	(33,315)
	- weakened 10% (2010: 10%)	**36,561**	33,315

Notes to the Financial Statements

25 Financial risk management objectives and policies (cont'd)

25.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

26 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

27 Financial instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding prepayments), cash and cash equivalents, and trade and other payables (excluding course and examination fees received in advance), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Statistics of Shareholdings

As at 21 September 2011

Shareholders' Information

Issued and fully paid-up capital	:	$11,477,119		
Number of Shares	:	167,396,419		
Class of Shares	:	Ordinary shares		
Voting Rights	:	On show of hands	:	One vote for each member
		On a poll	:	One vote for each ordinary share
Treasury Shares	:	Nil		

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	7	0.32	2,420	0.00
1,000 - 10,000	1,708	78.38	4,747,884	2.84
10,001 - 1,000,000	453	20.79	31,503,429	18.82
1,000,001 and above	11	0.51	131,142,686	78.34
Total :	**2,225**	**100.00**	**167,396,419**	**100.00**

Substantial Shareholders

Shareholder's Name	Direct Interest	Deemed Interest
Chin Kon Yuen	75,766,600	26,371,000
Yeow Cheng Khim	26,371,000	75,766,600

Notes:

1 Chin Kon Yuen and Yeow Cheng Khim are husband and wife

2 Chin Kon Yuen's direct interest includes 37,883,300 shares held in the name of Raffles Nominees Pte Ltd

Twenty Largest Shareholders

Name	No. of Shares	%
Chin Kon Yuen	37,883,300	22.63
Raffles Nominees Pte Ltd	37,883,300	22.63
Yeow Cheng Khim	26,371,000	15.75
Royal Inst Of Construction Economists Pte Ltd	9,613,000	5.74
Wong Hin Sun Eugene	4,167,000	2.49
Yeow Cheng Choo	4,072,600	2.43
Citibank Nominees Singapore Pte Ltd	3,539,200	2.11
United Overseas Bank Nominees Pte Ltd	2,824,286	1.69
OCBC Securities Private Ltd	1,929,000	1.15
Lim Kok Yong	1,817,200	1.09
DBS Nominees Pte Ltd	1,042,800	0.62
Phillip Securities Pte Ltd	981,001	0.59
Lee Bee Lian	980,000	0.59
Woo Lee Yong	971,220	0.58
UOB Kay Hian Pte Ltd	786,000	0.47
Kim Eng Securities Pte Ltd	772,400	0.46
Tan Suan Yin	666,872	0.40
CIMB Securities (Singapore) Pte Ltd	584,000	0.35
OCBC Nominees Singapore Pte Ltd	545,200	0.33
Teo Yit Soon Samuel (Zhang Yishun Samuel)	522,000	0.31
Total	**137,951,379**	**82.41**

Statistics of Shareholdings

Shareholdings Held By The Public

Based on information available to the Company as at 21 September 2011, approximately 39% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the SGX-ST is complied with.

Directors' interests

Director's Name	Direct Interest	Deemed Interest
Chin Kon Yuen	75,766,600	26,371,000
Yeow Cheng Khim	26,371,000	75,766,600
Timothy Chen Teck Leng*	Nil	Nil
Woo Lee Yong*	971,220	Nil

*Non-executive Independent Directors

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **TMC EDUCATION CORPORATION LTD.** (the "Company") will be held at 38C Jalan Pemimpin (Off Bishan Street 21) Singapore 577180 on Friday, 28 October 2011, at 11.00 a.m., for the following purposes:

<u>ORDINARY BUSINESS</u>

1. To receive and adopt the audited accounts for the financial period from 1 July 2010 to 30 June 2011 and the reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 104 of the Articles of Association of the Company:

   (a) Ms Yeow Cheng Khim; and **(Resolution 2)**

   (b) Mr Timothy Chen Teck Leng. **(Resolution 3)**

   <u>Notes:</u>

   (i) Ms Yeow Cheng Khim, if re-elected, will be considered a non-independent executive Director of the Company. More details on Ms Yeow Cheng Khim may be found in the Annual Report.

   (ii) Mr Timothy Chen Teck Leng, if re-elected, will be considered an independent non-executive Director of the Company. More details on Mr Timothy Chen Teck Leng may be found in the Annual Report.

3. To re-elect Mr Woo Lee Yong, a Director who retires under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 4)**

   <u>Note:</u>

   (i) Mr Woo Lee Yong, if re-elected, will be considered an independent non-executive Director of the Company. More details on Mr Woo Lee Yong may be found in the Annual Report.

4. To approve Directors' fees of $161,716 for the financial period from 1 July 2010 to 30 June 2011 for payment in 2011. **(Resolution 5)**

5. To re-appoint Foo Kon Tan Grant Thornton LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

<u>SPECIAL BUSINESS</u>

7. To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without modifications:

   Proposed renewal of the Share Purchase Mandate

   "That the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company (the "**Shares**") from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (ascertained as at date of the last annual general meeting of the Company or at the date of the EGM, whichever is the higher, but excluding any Shares held as treasury shares) at the price of up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases" set out in Appendix A of the Circular to Shareholders dated 16 March 2011 (the "**Circular**") and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

Notice of Annual General Meeting

In this Ordinary Resolution, "**Maximum Price**" means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent (5%) above the average closing price of the Shares over the period of five (5) Market Days ("**Market Day**" being a day on which the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") is open for securities trading) in which transactions in the Shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and in the case of an off-market purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period."
[See Explanatory Note 1] (**Resolution 7**)

8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without modifications:

Authority to issue and allot Shares under the TMC Share Award Scheme

"That the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the provisions of the TMC Share Award Scheme (the "**Scheme**") and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Scheme provided always that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Scheme, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Share issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of Award, and provided also that subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company."
[See Explanatory Note 2] (**Resolution 8**)

By Order of the Board
Tan Soo Khoon Raymond
Company Secretary
Singapore,

12 October 2011

Explanatory Notes

(1) Resolution 7, if passed, will empower the Directors, from the date of the above meeting until the next AGM, to repurchase Shares by way of market purchases or off-market purchases of up to ten per cent (10%) of the issued ordinary share capital of the Company at such price up to the Maximum Price. Information relating to this proposed resolution is set out in the appendix attached to the annual report.

(2) Resolution 8, if passed, will empower the Directors to offer and grant awards in accordance with the Scheme and to issue shares in the capital of the Company pursuant to the granting of awards under the Scheme.

Notes

A member entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf and where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38C Jalan Pemimpin (Off Bishan Street 21) Singapore 577180 not less than 48 hours before the time appointed for the Annual General Meeting.

If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

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TMC EDUCATION CORPORATION LTD

Company Registration No. 198102945K
(Incorporated in the Republic of Singapore)

IMPORTANT

1. **For investors who have used their CPF monies to buy TMC EDUCATION CORPORATION LTD shares, the Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.**
2. **This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

PROXY FORM

I/We ____ NRIC/Passport No. ______________________

of ____

being a member/members of **TMC EDUCATION CORPORATION LTD** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 38C Jalan Pemimpin (Off Bishan Street 21) Singapore 577180 on Friday, 28 October 2011, at 11.00 a.m., and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the annual general meeting.

No.	Resolutions	For	Against
1	To adopt the Directors' Report and Accounts for the financial period from 1 July 2010 to 30 June 2011		
2	Re-election of Ms Yeow Cheng Khim as Director		
3	Re-election of Mr Timothy Chen Teck Leng as Director		
4	Re-election of Mr Woo Lee Yong as Director		
5	Approval of Directors' fees amounting to S$161,716 for the financial period from 1 July 2010 to 30 June 2011 for payment in 2011		
6	Re-appointment of Foo Kon Tan Grant Thornton LLP as Auditors of the Company and to authorise Directors to fix their remuneration		
7	Proposed renewal of the Share Purchase Mandate		
8.	Authority to issue and allot Shares under the TMC Share Award Scheme		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this 12th day of October 2011

Total Number of Shares Held

____
Signature(s) of member(s) or common seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 38C Jalan Pemimpin (Off Bishan Street 21) Singapore 577180 not less than 48 hours before the time appointed for the meeting.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

TMC

Education Corporation Ltd

Every Step With You

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