Developing Successful and High Performing Graduates

TMC
Education Corporation Ltd
Since 1981
Every Step With You

Annual Report 2012

CONTENTS

edutrust SINGAPORE

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TMC Academy
Registration No. 201003953Z
Registration Period: 20 May 2010 to 19 May 2014

CORPORATE VISION

The leading academy that develops successful and high performance graduates.

CORPORATE MISSION

We commit to delivering high quality courses with industry relevant skills and knowledge in a nurturing environment.

FOUR CORE VALUES, P.A.C.E., WHICH GUIDES OUR EXCELLENCE IN EDUCATION AND TRAINING.

WE UPHOLD THE HIGHEST STANDARDS OF ETHICS, ACCOUNTABILITY AND TRANSPARENCY.

CORE VALUE:

PROFESSIONALISM

CHAIRMAN'S MESSAGE

For the year under review, I would like to report that the Group faced a challenging year in FY2012. Despite a higher annual revenue of $13.0 million achieved in FY2012 as compared to an annual revenue of $12.1 million in FY2011, due mainly to the disposal of an investment property, the group incurred a loss after tax of $3 million, an increase of $1 million from the loss in FY2011 ($2 million). This loss was the result of a decrease in our student numbers, which caused the course and examination fee revenue to decrease from $11.8 million in FY2011 to $11.3 million in FY2012. At the same time, facilities and lease expenses increased from $3.1 million in FY2011 to $4.2 million in FY2012 due mainly to the additional expenses for the new city campus under renovation and retrofitting during the year. This resulted in a basic loss per share of 1.87 cents in FY2012 as compared to 1.14 cents in FY2011.

FINANCIAL REVIEW

Revenue for FY2012 amounted to $13.0 million. The Singapore operations accounted for $11.7 million while the China operations accounted for $1.3 million. The Group realized an exceptional gain of $1.2 million from the sale of an investment property with a net book value of $706 thousand in FY2012.

Operating expenses for FY2012 were $15.9 million, an increase of $1.8 million from FY2011 ($14.1 million). The increase was due mainly to the higher personnel expenses and, facilities and lease expenses. The higher personnel expenses were a result of the need to hire and retain good professional staff, and the higher facilities and lease expenses were due to the need to invest in campus facilities to increase student recruitment in the long term.

Major operating expenses incurred in FY2012 were for personnel expenses ($7.6 million), operating lease expenses ($2.7 million), property, plant and equipment expenses ($1.5 million), course materials and subscription expenses ($1.0 million), advertising and promotion ($970 thousand) and other operating expenses ($2.1 million). With a finance cost of $19 thousand and a tax expense of $18 thousand, the loss after tax was $3 million in FY2012.

Cash balances increased by $1.1 million in FY2012 from $2.4 million in FY2011 to $3.5 million in FY2012. The increase was due mainly to the bank loans of $3.2 million and proceeds from the disposal of investment property of $1.9 million. This fund was used to fund the cash deficit from operating activities of $2.82 million, additional cash outflow incurred for renovation and upgrading of our new campus ($784 thousand), upgrading of our existing campus facilities ($80 thousand) and development of our teaching materials ($53 thousand).

For the group's shareholder equity in FY2012, there was a reduction of $3.1 million from $10.3 million in FY2011 to $7.2 million in FY2012. The reduction was due mainly to the operating loss incurred in FY2012.

As a result of the above, the basic loss per share amounted to $1.87 in FY2012 as compared to $1.14 in FY2011. The net asset per share reduced by 1.93 cents in FY2012 from 6.39 cents in FY2011 to 4.46 cents in FY2012.

CORPORATE REVIEW

In FY2011, I mentioned that we were successful in the tender of our city campus and the campus is expected to be ready in the second half of FY2012. However, due to unforeseen circumstances beyond our control, which involve the need to meet the stringent requirements on conservation building by the relevant authorities, the completion of the renovation project for our new city campus has been delayed to the first quarter of FY2013.

The delay in the opening of our city campus affected our planned launches of many programmes to target the working adults and professionals, and to have a wider outreach to increase the intake of this group of local students. In addition, expenses on the city premises continued to be incurred in the form of lease payments and maintenance expenses, as required under the lease agreement, while the company is in the progress of getting the campus ready for occupation.

CHAIRMAN'S MESSAGE

This resulted in the decrease in the intake of our students, reducing our revenue, and the higher lease and facilities expenses in FY2012.

During the year, the Group introduced 8 new programmes from an existing overseas university partner. Recognized in the industry, we expect these new programmes together with the MBA that was launched last year to spur our growth for FY2013.

We are also in talk with other overseas university partners for articulation and exchange programme arrangements, and believe that some of these initiatives will be able to help us to increase our student numbers and revenue stream once these materialize.

FY2012 also saw the Group adopting a new vision, mission and slight changes in the logo, after the completion of the Branding capability review, a project undertaken by a professional consultant. The Group believes that the new vision and mission will better communicate our Group's practice and culture, and enable us to continue to work towards our growth without losing our focus.

In addition, as part of the Branding capability review, we had re-aligned our short and long term strategic plans, and the initiatives required to achieve these goals. This re-alignment was made based on the results obtained from the surveys conducted in the review exercise. The Group will be implementing these initiatives to achieve the targets that we have set for the short and long term.

THE YEAR AHEAD

FY2013 will see challenges for the group. On the economic front, Singapore and other Asian economies are expecting significantly slower economic growth. Much of this growth will also depend on the resolution of the European Union's debt crisis and the ability of the United States to keep its economic growth intact.

At the same time, we foresee the private education industry in Singapore to remain challenging in the next 12 months. Emphasis will be placed on the quality of programmes, and the increasing trend of higher wage costs and the ability to recruit and retain highly qualified professionals. In addition, besides the competition from other private education institutions, there is new competition from the public education institutions as the Singapore government is looking at new initiatives to provide tie-ups with overseas university partners for some public education institutions so as to provide pathways for these students to attain degrees awarded by their partners. With the expected fee subsidy to be given to students for these pathway programmes, we foresee that the private education industry will be challenging.

The Group is wary of the risks it faces: the possible slowdown in the economy and an environment which is subject to higher quality standards requirements, higher operating costs and new competition from public education institutions. It will continue to monitor the developments and adopt strategies to keep its operations competitive.

To meet our corporate vision and mission, and enhance value to our stakeholders, the Group had initiated and will be completing the following:

(a) Increase our course offerings. We are launching a new certificate programme, Certificate in Tertiary Foundation Programme, to enable new and existing students to gain admission and progress through our existing proprietary pathway programmes. We will continue to look at increasing the range of our programmes to meet the needs of the industry.

(b) We have completed the renovation and retrofitting of our new city campus at Middle Road in the first quarter of FY2013 and will commence business with effect from the quarter; we believe the city campus will help us to have a wider outreach and make our programmes attractive to more local students especially working adults and professionals.

(c) We are in the process of consolidating our diploma and higher diploma programmes to make our programmes more attractive to students.

(d) We are continuing with the streamlining of processes with the view to make our operations more efficient.

APPRECIATION

I would like to thank our Board of Directors, Academic Board Members, advisers, management and staff, students and other stakeholders for their dedication and support. I look forward to many more years of continued support and commitment.

DR CHIN KON YUEN
Chairman and CEO

Pursuant to Rule 708 of the Catalist Rules, the Chairman's statement represents collective view of the Board.

BOARD OF DIRECTORS

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Dr Chin Kon Yuen

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 of Singapore Education International (SEI). He is currently the Second Vice President of the newly formed Singapore Association for Private Education (SAPE), an association set up to represent private education institutions in Singapore.

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 strategizing a systematic approach towards attaining the prestigious EduTrust Certification and, organizing 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.

EXECUTIVE DIRECTOR
Ms Yeow Cheng Khim

BOARD OF DIRECTORS

LEAD INDEPENDENT DIRECTOR AND CHAIRMAN OF THE AUDIT & REMUNERATION COMMITTEE
Mr Chen Timothy Teck Leng

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 B.Sc. (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.

Mr Wong Hin Sun Eugene was appointed as a Director on 15 August 2012. Mr Wong has over 14 years of private equity experience, starting from his tenure in Crimson Asia Capital Singapore to his current venture capital investment company, Sirius Venture Capital Pte Ltd, which he founded. He has gained extensive teaching experience as an Adjunct Associate Professor at the National University of Singapore ("NUS"), teaching entrepreneurial finance and private equity from 2008 to 2012. Mr Wong is a non-executive director of Ajisen (China) Holdings Limited, a company listed on the Hong Kong Stock Exchange, a non-executive director of Japan Foods Holding Ltd., Neo Group Limited and Jason Marine Group Limited listed on Catalist Board of the SGX-ST, and an independent director of Q & M Dental Group (Singapore) Limited, which is listed on the Main Board of the SGX-ST. Mr Wong currently serves as the Chairman of Singapore Venture Capital & Private Equity Association. In addition, he serves on the board of Agri-Food & Veterinary Authority of Singapore ("AVA Singapore") and International Enterprise Singapore ("IE Singapore"), and is the chairman of Crimsonlogic Pte Ltd, a subsidiary of IE Singapore. Mr Wong graduated with a Bachelor of Business Administration (First-Class Honours) from NUS and an MBA from Imperial College London. He attended the Owner President Management Program at Harvard Business School. He is a Chartered Financial Analyst (CFA) and a member of the Institute of Directors in UK and Singapore.

INDEPENDENT DIRECTOR AND CHAIRMAN OF THE NOMINATION COMMITTEE
Mr Wong Hin Sun Eugene

INDEPENDENT DIRECTOR
Mr Woo Lee Yong

Mr Woo Lee Yong was appointed as a Director on 1 April 2002 and last re-elected on 28 October 2011. 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 B.Sc. (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

CHIEF FINANCIAL OFFICER AND DIRECTOR OF CORPORATE SERVICES
Mr Johnny Yeo Sheok Yeow

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 5 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 3 years. Mr Yeo has also worked for over 6 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).

Mr Elwyn Tan Poh Heng joined TMC in 2012 and was tasked to lead the Marketing & Business Development Division. Prior to joining TMC, Mr Tan had extensive experience in the hospitality, education and training industries holding key appointments in corporate membership, business development and public relations. He also has wide experience in the transport industry taking on senior positions in marketing and general management. Mr Tan graduated with a Bachelor of Business Administration degree from the National University of Singapore in 1984 and obtained a Master of Science (Hons) in Strategic Marketing from the National University of Ireland in 1998. Currently, he serves as a Committee Member of the SAFRA Volunteer Management Committee.

DIRECTOR OF MARKETING AND BUSINESS DEVELOPMENT
Mr Elwyn Tan Poh Heng

ACADEMIC DIRECTOR AND DEAN OF SCHOOL OF BUSINESS AND LAW
Dr John Teo Teck Choon

Dr John Teo Teck Choon is appointed Academic Director and Dean of Business School and Law in 2012, responsible for the academic faculties in TMC. Prior to joining TMC, Dr Teo has extensive experience in the education industry and held various senior positions in academic, general management and operations. He also has wide industry experience in marketing and general management, having worked for MNCs in the airlines and machinery industries prior to joining the private education industry. Dr Teo holds a Doctor of Business Administration from the University of South Australia. Besides this, he possesses a Master of Education (Leadership, Policy & Change) from Monash University in Australia, and Master of Management and Master of Arts from Macquarie University in Australia.

NON-ACADEMIC KEY MANAGEMENT STAFF

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.

DEPUTY DIRECTOR – HUMAN RESOURCE & ADMINISTRATION
Ms Tio Hui Hui

DEPUTY REGISTRAR
Ms Pauline Ang Hwee Hoon

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 and oversees 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.

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 in material planning and purchasing and two years in engineering. Ms Yeo holds a Diploma in Manufacturing Engineering from Singapore Polytechnic.

ASSISTANT REGISTRAR – RESOURCES & EXAMINATIONS
Ms Wendy Yeo Mui Koon

NON-ACADEMIC KEY MANAGEMENT STAFF

Ms Shermaine Leong Hon Sum joined TMC in 2012 as an Assistant Registrar for Student Administration. She is responsible for the management of student services and admission. Prior to joining TMC, Ms Leong spent 5 years in the education industry and had experience in student administration and academic support. Miss Leong obtained her Bachelor of Science (Hons) in Business and Management Studies from University of Bradford (UK).

ASSISTANT REGISTRAR – STUDENT ADMINISTRATION
Ms Shermaine Leong Hon Sum

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 and Assistant Registrar. In her present role as Assistant Registrar for Quality Assurance, she handles the quality assurance functions including meeting the audit requirements of statutory bodies and university partners. Ms Tan graduated with a Bachelor of Arts & Social Science (Economics) from the National University of Singapore.

ASSISTANT REGISTRAR – QUALITY ASSURANCE
Ms Ivory Tan Pei Ling

Ms Yu Chu Lee joined TMC in 2009 and was promoted to Senior Accountant in 2011. She has many years of experience in accounting. Prior to joining TMC, Ms Yu spent 3 years as an Accountant in a public listed company. Ms Yu obtained her Bachelor of Finance degree from University of Putra, Malaysia, and is a member of the Association of Chartered Certified Accountants (ACCA), UK.

SENIOR ACCOUNTANT
Ms Yu Chu Lee

NON-ACADEMIC KEY MANAGEMENT STAFF

SENIOR MANAGER – MARKETING AND BUSINESS DEVELOPMENT
Ms Felicia Lam Chui Lin

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 in the leisure industry handling corporate marketing & retail sales. 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

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

SENIOR MANAGER – CORPORATE ICT
Mr Albert Wee Kuang Huat

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 to Assistant Lecturer, Lecturer, Senior Lecturer and 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 – Corporate ICT. He is currently tasked to take care of the organisation's computer system administration and IT projects. 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.

ACADEMIC KEY MANAGEMENT STAFF

DEAN – SCHOOL OF PSYCHOLOGY
Dr Gordon Walker

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.

Dr Ho Ree Chan is appointed the Dean of School of Information Technology, Digital Media and Mass Communication in 2012. He has more than 10 years of academic and industry experience. In the course of his academic career, Dr Ho had pioneered the development of many course curriculum and learning materials for offshore transnational programmes. He had also worked in the Information Technology industry and gained his experience in a variety of positions, including systems analyst and project leader in the development of enterprise systems for the banking, finance and real estate industry. His last industry experience was as an Asia Pacific Regional Manager for a US-based consultant firm. Dr Ho holds a Doctor of Philosophy (Information Systems) from University of South Australia in Australia. He also holds a Master of Business Administration (Business Information Management) and Bachelor of Science (Computer Science) degrees from Campbell University, North Carolina in the United States.

DEAN – SCHOOL OF INFORMATION TECHNOLOGY, DIGITAL MEDIA AND MASS COMMUNICATION
Dr Ho Ree Chan

ACADEMIC KEY MANAGEMENT STAFF

Mr Dutta Pinaki is the Dean 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 management positions in the UK and India. He has also done a number of research works in the field of hospitality and tourism, and 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.

DEAN – SCHOOL OF TOURISM, HOSPITALITY & CULINARY ARTS
Mr Dutta Pinaki

DIRECTOR OF STUDIES/CENTRE MANAGER – HAWTHORN ENGLISH LANGUAGE CENTRE, SINGAPORE
Mr Ronald Alan Davis

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.

CORE VALUE:

AFFINITY

WE VALUE RELATIONSHIPS AND SEE OURSELVES AS A FAMILY THAT CONSTANTLY SUPPORTS AND STANDS BY ONE ANOTHER.

BUSINESS REVIEW


FY2012 was a challenging year for the Group, which continues to hold its own in a highly competitive industry. The Singapore operations accounted for 90% of our total course revenue and made a loss after tax of $3.2 million. On the other hand, our China operations performed creditably, contributing to 10% of our total course revenue, and turning around its loss position that it incurred in previous years by achieving a profit after tax of $238 thousand. The China operations saw an increase in its student numbers and its profit margin, in contrast to our Singapore operations.

FY2012 saw a decrease in our student numbers for our Singapore operations. The decrease was due mainly to the teach-out of some of our degree programmes, a highly competitive industry and delay in the completion of renovation and retrofitting of our new city campus, which we are planning to use for a wider outreach for programmes suitable to working adults and professionals.

In the area of revenue by courses of study, the School of Business was the major contributor with 30% of our total revenue. This was followed by our Hawthorn Language School (19%), School of Tourism, Hospitality and Culinary Arts (12%), TMC College (11%), School of Information Technology (10%), Pre-School programme for children (10%), Mass Communication programmes (5%), School of Psychology (2%) and Law programmes (1%).

The new city campus at Middle Road, operational in the first quarter of FY2013, will help in enhancing our recruitment drive to increase local students especially the working adults and professionals, and the launch of programmes to meet this segment of the local market.




During the year, the Group streamlined our range of programmes. This review includes terminating programmes that are not popular and offering new programmes to meet the industry requirements. We have specifically added 8 new programmes from an existing overseas university partner as part of our curriculum for this year. Course curriculum and materials are also constantly updated to ensure that new developments in the industry are incorporated to provide industry relevant skills and knowledge to the students.

FY2012 also saw the Group adopting a new vision, mission and slight changes in the logo, after the completion of the Branding capability review, a project undertaken by a professional consultant. The Group believes that the new vision and mission will better communicate our Group's practices and culture, and enable us to continue to spur our growth without losing our focus.

In addition, as part of the Branding capability review, we had re-aligned our short and long term strategic plans with appropriate initiatives to achieve these goals. This re-alignment was made based on the results obtained from the surveys conducted in the review exercise. The Group will be implementing these initiatives to achieve the short and long term targets that were set.

Given the challenges in the private education industry, the Group will continue to restructure its operations to meet the challenges, and to streamline its processes and cost-control measures to ensure that it is able to operate efficiently.

CORE VALUE:

CONTINUOUS IMPROVEMENT

WE ARE UNCOMPROMISING IN OUR PURSUIT FOR EXCELLENCE AND STRIVE TO RE-INVENT OURSELVES TO STAY RELEVANT.

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

TMC AND AFFILIATES

SINGAPORE

Head Office
38C Jalan Pemimpin
(Off Bishan Street 21)
Singapore 577180
Tel: (65) 6671 2788
Fax:(65) 6671 2731
Website: www.tmc.edu.sg
E-mail: enquiries@tmc.edu.sg

Middle Road Branch
250 & 252 Middle Road
Singapore 188983
Tel: (65) 6690 9588
Fax:(65) 6690 9598

PEOPLE'S REPUBLIC OF CHINA

Beijing Office
Bei Da Jie
Xi Zhi Men 32 Hao Yuan
Building 6, No 1507
Hai Dian District
Beijing 100088
Tel: (8610) 8211 7073
Fax: (8610) 8211 0336

Shenyang Office
Building 12
46 Middle Chongshan Road
Huang Gu District
Shenyang City, 110032
Tel: (8624) 8681 0115
Tel and Fax: (8624) 8681 0117

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
- University of Aberdeen

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

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

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

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

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

2010

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

2011

- Opened main campus at 38C Jalan Pemimpin (Off Bishan Street 21) Singapore 577180

2012

- Collaboraton with University of Aberdeen, UK
- Celebrated 30th anniversary of establishment

CORPORATE INFORMATION

DIRECTORS
Dr Chin Kon Yuen
Yeow Cheng Khim
Timothy Chen Teck Leng
Woo Lee Yong
Wong Hin Sun Eugene
(appointed on 15 August 2012)

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:
Robin Chin Sin Beng
(with effect from 31 March 2011)

COMPANY SPONSOR
Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road #21-02
Singapore 068896

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


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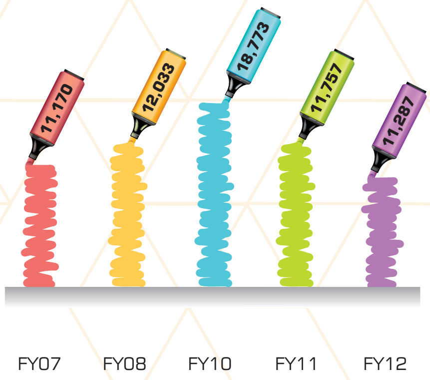
CORE VALUE:

EMPOWERMENT

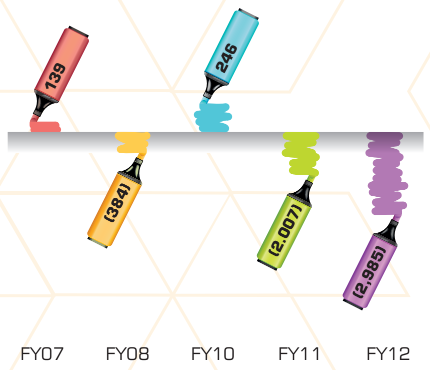
WE ARE AMBASSADORS OF OUR BRAND AND EACH AND EVERYONE OF US IS RESPONSIBLE FOR CREATING AN ENRICHING AND INSPIRING TMC EXPERIENCE.

FINANCIAL HIGHLIGHTS

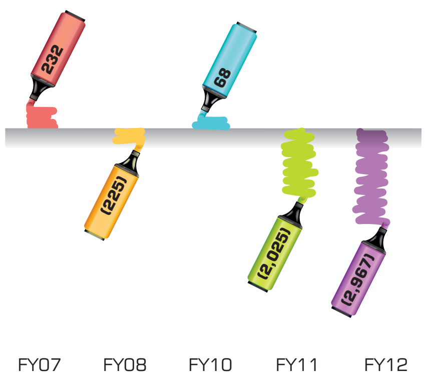
Turnover ($'000)



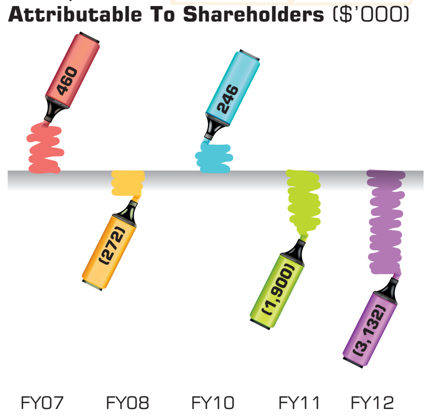
Profit/(Loss)
After Tax Before Non-Controlling Interest ($'000)



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



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



	FY 2007	FY 2008	FY 2010	FY 2011	FY2012
FOR THE YEAR ($'000)					
Turnover *	11,170	12,033	18,773	11,757	11,287
Profit/(Loss) before Tax	232	(225)	68	(2,025)	(2,967)
Profit/(Loss) after Tax before Non-Controlling Interests	139	(384)	246	(2,007)	(2,985)
Profit/(Loss) Attributable to Shareholders	460	(272)	246	(1,900)	(3,132)
AT YEAR END ($'000)					
Shareholders' Funds	12,222	12,049	12,508	10,695	7,460
Fixed Assets**	13,717	13,368	12,792	6,586	2,196
Investment Properties **	-	-	-	7,322	11,040
Current Assets	4,911	6,223	6,685	3,114	3,840
Current Liabilities	6,248	8,000	7,543	6,980	9,199
PER SHARE DATA (CENTS)					
Net Earnings/(Loss)***	0.37	(0.16)	0.15	(1.14)	(1.87)
Net Assets	9.58	7.20	7.47	6.39	4 .46

* Amounts exclude other revenue.
** Office units are reclassified from Fixed Assets to Investment Properties in FY 2011 and FY 2012
*** The figures shown do not take into consideration the dilutive effect arising from TMC Share Option Scheme

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 recognizes 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 2011 to 30 June 2012 ("**Reporting Period**").

The Board is aware that the Monetary Authority of Singapore has issued a revised Code of Corporate Governance ("**Revised Code**") on 2 May 2012, which takes effect in respect of Annual Reports relating to financial years commencing from 1 November 2012. The Board intends to comply with the Revised Code as far as possible and is in the process of implementing changes.

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.

In addition to the above and in line with the Revised Code, the Board intends to also:

CORPORATE GOVERNANCE

- identify key stakeholder groups to gain their perceptions of the Company's reputation and standing; and
- set the Company's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met.

The attendance of the Directors at Board and Committee meetings held during the Reporting Period ended 30 June 2012 is tabulated below:

Attendance at Meetings

		BOARD COMMITTEES		
	Board	Audit	Nominating	Remuneration
No. of Meetings Held	6	5	2	2
BOARD MEMBERS				
Dr Chin Kon Yuen	6	5	2	2
Yeow Cheng Khim	6	5	-	2
Woo Lee Yong	6	5	2	2
Timothy Chen Teck Leng	6	5	2	2
Wong Hin Sun Eugene(1)	-	-	-	-

Note:-

(1) Wong Hin Sun Eugene was appointed as a Director on 15 August 2012.

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 Wong Hin Sun Eugene, the Board of Directors approved the appointment of Mr Wong Hin Sun Eugene as an Independent Director of the Company with effect from 15 August 2012 and as Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees with effect from 15 August 2012.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

During the Reporting Period, 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	28 October 2011	-	-	-
Woo Lee Yong	Independent Director	1 April 2002	28 October 2011(3)	Member	Member	Member
Timothy Chen Teck Leng	Independent Director	10 December 2010	28 October 2011	Chairman	Member	Chairman
Wong Hin Sun Eugene(4)	Independent Director	15 August 2012	-	Member	Chairman	Member

CORPORATE GOVERNANCE

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 but Dr Chin Kon Yuen retires at the forthcoming AGM pursuant to Section 153(6) of the Companies Act.
(3) Mr Woo Lee Yong retires at the forthcoming AGM pursuant to Section 153(6) of the Companies Act.
(4) Mr Wong Hin Sun Eugene was appointed on a casual vacancy basis.

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
Woo Lee Yong	Nil	NA	NA
Timothy Chen Teck Leng	Tianjin Zhongxin Pharmaceutical Group Corporation	May 2007	-
	Hu An Cable Holdings Ltd	October 2009	-
	XinRen Aluminium Holdings Ltd	October 2010	-
	Sunmart Holding Co. Ltd	February 2009	April 2011
Wong Hin Sun Eugene	Ajisen (China) Holdings Limited	March 2007	-
	Haike Chemical Group Limited	January 2007	October 2010
	Japan Food Holdings Ltd	November 2008	-
	Jason Marine Limited	September 2009	-
	Q & M Dental Group (Singapore) Limited	October 2009	-
	Neo Group Limited	June 2012	-

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.

CORPORATE GOVERNANCE

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, which had made efforts to contact the Company through the normal channels but has failed to resolve or for which such contact channels were inappropriate, shall be able to contact Mr Timothy Chen Teck Leng or the other members of the Audit Committee of the Company.

BOARD MEMBERSHIP

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

The Nominating Committee ("**NC**") comprises three Directors, all of whom are independent non-executive 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 recommendation 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 Mr Timothy Chen Teck Leng ("**Mr Chen**") and Mr Wong Hin Sun Eugene ("**Mr Wong**"). Mr Wong was appointed on a casual vacancy basis on 15 August 2012 and shall retire at the forthcoming Annual General Meeting of the Company. Being eligible, Mr Chen and Mr Wong have offered themselves for re-election as Directors of the Company. The NC has reviewed and recommended to the Board the re-election of Mr Chen and Mr Wong 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, and Dr Chin Kon Yuen, an executive Director, will retire at the forthcoming AGM. The NC has reviewed and recommended that Mr Woo and Dr Chin, having consented, be nominated for re-appointment as Directors at the forthcoming AGM pursuant to Section 153(6) of the Companies Act.

CORPORATE GOVERNANCE

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.

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.

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 or his delegate(s) 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 three non-executive independent Directors.

The responsibilities of the RC are:

- recommend 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 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.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

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

Details of the Directors' and key executives' remuneration for the Reporting Period ended 30 June 2012 are set out below:

	Annual Remune-ration* $	Directors' Fees %	Base/ Fixed Salary* %	Variable or Performance Related Income/ Bonus* %	Allowances* & Benefits %	Gains from TMC Share Option %	Total %
$250,000 to $499,999							
Dr Chin Kon Yuen	270,087	7.96	87.65	-	4.39	-	100.00
Yeow Cheng Khim	285,864	7.52	74.29	-	18.19	-	100.00
Below $250,000							
Woo Lee Yong	40,000	100.00	-	-	-	-	100.00
Timothy Chen Teck Leng	60,000	100.00	-	-	-	-	100.00
Wong Hin Sun Eugene	-	-	-	-	-	-	-

* Inclusive of Central Provident Fund Contributions

CORPORATE GOVERNANCE

	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 and Director of Corporate Services	-	84.32	3.51	12.16	-	100.00
Ronald Alan Davis, Director of Studies/Centre Manager, Hawthorn English Language Centre, Singapore	-	60.27	19.26	20.47	-	100.00
Pauline Ang Hwee Hoon, Deputy Registrar	-	72.60	5.81	21.59	-	100.00
Dr Gordon Arthur Walker, Dean, School of Psychology	-	47.61	-	52.39	-	100.00
Tio Hui Hui, Deputy Director, Human Resource & Administration	-	81.48	5.63	12.89	-	100.00

* Inclusive of Central Provident Fund Contributions

For the Reporting Period ended 30 June 2012, the Remuneration Committee had recommended to the Board, Directors' fees of $178,000 for the period, 1 July 2012 to 30 June 2013, 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 2012. 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 2012.

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 2012 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE

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 2012, the Company did not purchase any shares pursuant to the Share Purchase Mandate.

Share Award 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.

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 2012, the Company did not award any shares pursuant to the Share Award Scheme.

CORPORATE GOVERNANCE

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 authorizes 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 three 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 2012.

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.

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 and effectiveness of the Group's internal controls, including financial, operational, compliance, and risk management systems.

CORPORATE GOVERNANCE

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 authorize investigations into any matters within the AC's scope of responsibility.

The aggregate amount of audit fees paid to the company's external auditors, Foo Kon Tan Grant Thornton LLP, in FY2012 amounted to S$136,500. There were no non-audit fees paid in FY2012.

For the Reporting Period ended 30 June 2012, 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. The Group confirms that it has complied with Rule 712 and Rule 715 of the Catalist Rules in relation to its auditing firms. The AC recommends to the Board the reappointment of Foo Kon Tan Grant Thornton LLP as the external auditors of the Group at the forthcoming Annual General Meeting.

The AC has full access and cooperation of the management and also full discretion to invite any Director or Key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The AC also has met the auditors without the presence of the management during the Reporting Period ended 30 June 2012.

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 victimization 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.

The AC has reviewed all Interested Person Transactions during the Reporting Period ended 30 June 2012 and is of the view that Chapter 9 of the Catalist Rules have been complied with.

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 recognizes that no cost effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.

The Company has outsourced its internal audit function to RSM Ethos Pte Ltd. The internal audit plan, which is approved by the AC, is drawn up by the internal auditors in consultation with the Management and the AC.

During the Reporting Period ended 30 June 2012, the Group's external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and internal auditors conducted a review of the adequacy of the Group's internal control system. Findings and recommendations for improvement were reported to the AC.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2012.

CORPORATE GOVERNANCE

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 recognizes 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 Ethos Pte Ltd, an independent audit firm, to undertake an internal audit function for the Group. The internal audits were carried out in accordance to the approved audit plan for year ended 30 June 2012 and the findings and corrective actions taken by Management have been submitted to the Audit Committee. 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.

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.

CORPORATE GOVERNANCE

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

Pursuant to Rule 1204(19)(a) of the SGX-ST Listing Manual Section B, Rules of Catalist, 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.

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 PERSON 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 2012, there were no transactions with interested persons.

CATALIST SPONSORED REGIME

The Company appointed Shooklin Advisory Services Pte Ltd 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 appointed its current sponsor, Cannaccord Genuity Singapore Pte Ltd (formerly known as Collins Stewart Pte Limited) ("**Sponsor**") on 1 December 2011.

Pursuant to Rule 1204(21) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Company's Sponsor, did not receive any fees other than continuing sponsor fees in FY2012.

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 2012.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 2012.

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)
Wong Hin Sun Eugene (Independent director) (Appointed on 15 August 2012)

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 1.7.2011	As at 30.6.2012 and 21.7.2012 #	As at 1.7.2011	As at 30.6.2012 and 21.7.2012 #
The Company - TMC Education Corporation Ltd				**Number of ordinary shares**
Dr Chin Kon Yuen	75,766,600	75,766,600	26,371,000	27,072,000
Yeow Cheng Khim	26,371,000	27,072,000	75,766,600	75,766,600
Woo Lee Yong	971,220	971,220	-	-

There were no changes to the above shareholdings between the end of the financial year and 21 July 2012.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

	As at 1.7.2011	As at 30.6.2012
	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 1.7.2011	As at 30.6.2012
	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 15 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, at the end of the financial year. 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.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 1.7.2011	Options granted	Options exercised	Options forfeited	Options outstanding as at 30.6.2012	Expiry date
07.12.2001	$0.1192	10,064	-	-	10,064	-	06.12.2011
02.12.2002	$0.1043	84,290	-	-	-	84,290	01.12.2012
30.06.2003	$0.1291	40,256	-	-	3,774	36,482	29.06.2013
01.12.2003	$0.1037	32,708	-	-	-	32,708	30.11.2013
28.06.2004	$0.0994	40,256	-	-	-	40,256	27.06.2014
13.12.2004	$0.0612	26,966	-	-	-	26,966	12.12.2014
07.03.2006	$0.0453	67,934	-	-	-	67,934	06.03.2016
26.06.2006	$0.0429	26,418	-	-	-	26,418	25.06.2016
11.12.2006	$0.0620	64,158	-	-	8,806	55,352	10.12.2016
18.06.2007	$0.1248	150,964	-	-	12,580	138,384	17.06.2017
10.12.2007	$0.1370	100,000	-	-	-	100,000	09.12.2012
10.12.2007	$0.1370	135,000	-	-	10,000	125,000	09.12.2017
16.06.2008	$0.1050	100,000	-	-	-	100,000	15.06.2013
16.06.2008	$0.1050	148,000	-	-	14,000	134,000	15.06.2018
16.12.2008	$0.0610	100,000	-	-	-	100,000	15.12.2013
16.12.2008	$0.0610	106,000	-	-	20,000	86,000	15.12.2018
19.06.2009	$0.0600	100,000	-	-	-	100,000	18.06.2014
19.06.2009	$0.0600	151,000	-	-	9,000	142,000	18.06.2019
03.12.2009	$0.0640	100,000	-	-	-	100,000	02.12.2014
03.12.2009	$0.0640	140,000	-	-	8,000	132,000	02.12.2019
		1,724,014	**-**	**-**	**96,224**	**1,627,790**	

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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Share Option Scheme (cont'd)

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 30.6.2012	Aggregate options granted since commencement of SOS to 30.6.2012	Aggregate options lapsed since commencement of SOS to 30.6.2012	Aggregate options exercised since commencement of SOS to 30.6.2012	Aggregate options outstanding as at 30.6.2012
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	(3,432,698)	(1,680,389)	1,127,790
	-	12,033,787	(6,639,178)	(3,766,819)	1,627,790

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, at the end of the financial year.

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 issued under the SAS during the financial year.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 and reviews the results of their respective examinations and their evaluation of the Company's system of internal controls;

(ii) adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

(iii) effectiveness of the Company's internal audit functions;

(iv) 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 2012 as well as the auditor's report thereon; and

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

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.

Independent auditor
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: 27 August 2012

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 2012 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 $9,733,452 as at 30 June 2012, which was mainly contributed by amounts due to wholly-owned subsidiaries amounting to $5,552,612, 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: 27 August 2012

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TMC EDUCATION CORPORATION LTD

Report on the financial statements

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 2012, 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.

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 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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, 27 August 2012

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

		THE GROUP		The Company	
		2012	2011	**2012**	2011
	Note	**$**	$	**$**	$
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**2,195,695**	6,586,103	**2,167,402**	6,546,705
Investment properties	5	**11,040,030**	7,322,066	**11,040,030**	7,322,066
Intangible assets	6	**213,069**	243,980	**213,069**	243,980
Subsidiaries	7	**-**	-	**2,000,014**	2,000,014
		13,448,794	14,152,149	**15,420,515**	16,112,765
Current Assets					
Trade and other receivables	8	**326,949**	675,469	**280,180**	637,578
Cash and cash equivalents	9	**3,512,962**	2,438,272	**708,278**	624,385
		3,839,911	3,113,741	**988,458**	1,261,963
TOTAL ASSETS		**17,288,705**	17,265,890	**16,408,973**	17,374,728
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**11,477,119**	11,477,119	**11,477,119**	11,477,119
Reserves	11	**(4,017,054)**	(782,262)	**(6,723,384)**	(3,248,739)
		7,460,065	10,694,857	**4,753,735**	8,228,380
Non-controlling interest		**(303,601)**	(408,969)	**-**	-
Total equity		**7,156,464**	10,285,888	**4,753,735**	8,228,380
Non-Current Liabilities					
Borrowings	12	**933,328**	-	**933,328**	-
Current Liabilities					
Trade and other payables	13	**6,948,909**	6,664,756	**8,471,906**	8,854,001
Borrowings	12	**2,250,004**	292,347	**2,250,004**	292,347
Current tax payable		**-**	22,899	**-**	-
		9,198,913	6,980,002	**10,721,910**	9,146,348
Total liabilities		**10,132,241**	6,980,002	**11,655,238**	9,146,348
TOTAL EQUITY AND LIABILITIES		**17,288,705**	17,265,890	**16,408,973**	17,374,728

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 2012

		2012	2011
	Note	$	$
Revenue	3	**11,287,202**	11,756,738
Other income	14	**1,697,207**	295,152
Course materials and subscriptions		**(1,007,049)**	(1,129,309)
Staff costs	15	**(7,642,822)**	(7,071,358)
Property, plant and equipment related expenses		**(1,521,312)**	(1,243,749)
Advertising and promotion		**(969,915)**	(823,573)
Operating lease expenses		**(2,692,632)**	(1,834,647)
Other operating expenses		**(2,098,770)**	(1,974,602)
Finance costs	16	**(18,852)**	(138)
Loss before taxation	17	**(2,966,943)**	(2,025,486)
Taxation	18	**(17,647)**	18,459
Loss for the year		**(2,984,590)**	(2,007,027)
Other comprehensive income after tax:			
Currency translation differences		**(144,834)**	130,738
Other comprehensive income for the year, net of tax of nil		**(144,834)**	130,738
Total comprehensive income for the year		**(3,129,424)**	(1,876,289)
(Loss)/Profit attributable to:			
Owners of the Company		**(3,131,511)**	(1,900,089)
Non-controlling interest		**146,921**	(106,938)
		(2,984,590)	(2,007,027)
Total comprehensive income attributable to:			
Owners of the Company		**(3,234,792)**	(1,807,764)
Non-controlling interest		**105,368**	(68,525)
		(3,129,424)	(1,876,289)
Loss per share			
- basic (cents)	19.1	**(1.87)**	(1.14)
- diluted (cents)	19.2	**(1.87)**	(1.13)

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 2012

	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 July 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 17)	-	-	(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
Total comprehensive income for the year	-	(103,281)	-	(3,131,511)	(3,234,792)	105,368	(3,129,424)
Balance at 30 June 2012	**11,477,119**	**189,779**	**497,598**	**(4,704,431)**	**7,460,065**	**(303,601)**	**7,156,464**

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 2012

	Note	2012 $	2011 $
Cash Flows from Operating Activities			
Loss before taxation		**(2,966,943)**	(2,025,486)
Adjustments for:			
Amortisation of intangible assets	6	**83,919**	77,280
Depreciation of investment properties	5	**224,585**	93,503
Depreciation of property, plant and equipment	4	**594,236**	604,082
Equity-settled share option payment transactions	17	**-**	(5,095)
Gain on disposal of property, plant and equipment	17	**-**	(79)
Gain on disposal of investment property	14	**(1,194,202)**	-
Impairment losses on:			
- trade receivables	8	**4,676**	27,993
- other receivables	8	**-**	4,409
Intangible assets written off	6	**-**	74,688
Interest expense	16	**18,852**	138
Interest income	14	**(11,018)**	(42,958)
Property, plant and equipment written off	4	**16,870**	-
Unrealised currency translation losses		**(176,899)**	134,509
Operating loss before working capital changes		**(3,405,924)**	(1,057,016)
Decrease/(Increase) in operating receivables		**250,769**	(124,390)
Increase/(Decrease) in operating payables		**284,153**	(680,018)
Cash used in operations		**(2,871,002)**	(1,861,424)
Income taxes refunded/(paid)		**52,529**	(356,579)
Net cash used in operating activities		**(2,818,473)**	(2,218,003)
Cash Flows from Investing Activities			
Interest received		**11,018**	42,958
Proceeds from disposal of investment properties		**1,900,000**	-
Proceeds from disposal of property, plant and equipment		**-**	92
Purchase of intangible assets		**(53,008)**	(56,100)
Purchase of property, plant and equipment		**(863,754)**	(1,808,748)
Net cash generated from/(used in) investing activities		**994,256**	(1,821,798)
Cash Flows from Financing Activities			
Interest paid		**(18,852)**	(138)
Proceeds from bank loan		**3,183,332**	-
Net cash generated from/(used in) financing activities		**3,164,480**	(138)
Net increase/(decrease) in cash and cash equivalents		**1,340,263**	(4,039,939)
Cash and cash equivalents at beginning of year		**1,545,925**	5,594,613
Exchange differences on translation of cash and cash equivalents at beginning of year		**26,774**	(8,749)
Cash and cash equivalents at end of year	**9**	**2,912,962**	**1,545,925**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1 GENERAL INFORMATION

The financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2012 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.

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. 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 a net loss of $2,984,590 (2011: $2,007,027) for the financial year ended 30 June 2012, and as at that date, the Group's and the Company's current liabilities exceeded current assets by $5,359,002 (2011: $3,866,261) and $9,733,452 (2011: $7,884,385) 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:

Depreciation of property, plant and equipment and investment properties
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 Group's and the Company's property, plant and equipment and investment properties at the end of the reporting period is disclosed in Note 4 and Note 5 to the financial statements, respectively. As changes in the expected level of usage and/or technological developments could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(A) BASIS OF PREPARATION (CONT'D)

Impairment of property, plant and equipment
Property, plant and equipment 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.

Impairment of investment properties
The recoverable amount of investment properties is its fair value less costs to sell, which is estimated by independent professional valuers based on its open market value on an existing use basis. The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the valuers determine the amount within a range of reasonable fair value estimates. In making its judgement, the valuers consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), with adjustments to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair value of investment properties is determined using discounted cash flow valuation techniques. The valuers use assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying the valuers' estimate of fair value are those relating to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield, actual transactions of the Group and the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

In relying on the valuation reports, management has exercised its judgment and is satisfied that the method of valuation is reflective of current market conditions and the estimates used are appropriate. The carrying amount of the Group's and the Company's investment properties at the end of the reporting period is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(A) BASIS OF PREPARATION (CONT'D)

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. The carrying amount of the Group's and the Company's intangible assets at the end of the reporting period is disclosed in Note 6 to the financial statements. 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. If any indication exists, the asset is tested for 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. The carrying amount of the Group's and the Company's intangible assets and the Company's subsidiaries at the end of the reporting period is disclosed in Note 6 and Note 7 to the financial statements, respectively.

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. The carrying amount of the Group's and the Company's trade and other receivables at the end of the reporting period is disclosed in Note 8 to the financial statements.

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) NEW OR AMENDED STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2012

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 2011:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(B) NEW OR AMENDED STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2012 (CONT'D)

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 2011. 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 24 (Revised) Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) has control or joint control over the entities, has significant influence over the entities, or is a member of the key management personnel of the entities.

Management has considered the revised definition to determine whether any additional disclosures will be required and has put systems in place to capture the necessary information. As this is a disclosure standard, it had no impact on the financial position or financial performance of the Group when implemented in 2012.

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 19 (Revised 2011)	Employee Benefits	01.01.2013
FRS 27 (Revised 2011)	Separate Financial Statements	01.01.2013
FRS 28 (Revised 2011)	Investments in Associates and Joint Ventures	01.01.2013
FRS 110	Consolidated Financial Statements	01.01.2013
FRS 111	Joint Arrangements	01.01.2013
FRS 112	Disclosure of Interests in Other Entities	01.01.2013
FRS 113	Fair Value Measurements	01.01.2013
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	01.07.2012
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets	01.01.2012
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities	01.01.2014
Amendments to FRS 107	Offsetting of Financial Assets and Financial Liabilities	01.01.2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine	01.01.2013

Management does not anticipate that the adoption of the above 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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.

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.

Any excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of previous equity interest in the acquiree over the fair value of the net identifiable assets acquired represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below. In instances where the latter amount exceeds the former, the excess is recognised as a gain from bargain purchase in profit or loss in the date of acquisition.

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.

Consolidation of the subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the statutory financial statements of the subsidiaries prepared for PRC reporting purposes. In accordance with the relevant laws and regulations of the PRC, profits available for distribution by the subsidiaries are based on the amounts stated in the statutory financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposals. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Development expenditure
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.

Trademarks
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)
Loans and receivables
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 (excluding prepayments). 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.

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 borrowings and trade and other payables (excluding course and examination fees received in advance).

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.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

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

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases
Where the Group is the lessee,
Operating leases
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,
Operating leases
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Pension obligations

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.

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.

Share-based payment transactions

The Group issues equity-settled share option 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (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 is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted, if any, are recognised as an integral part of total rental income, over the term of the lease. 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
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grants. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

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, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income under currency translation reserve and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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.

Earnings per share
The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

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 an educational institution 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 July 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
Additions	-	785,055	10,442	23,466	44,791	-	863,754
Write-offs	-	-	(123,417)	(130,049)	(959,991)	-	(1,213,457)
Transfer to investment properties	(6,295,727)	-	-	-	-	-	(6,295,727)
Translation differences	-	8,014	2,415	1,134	3,920	-	15,483
At 30 June 2012	**-**	**2,177,439**	**483,911**	**290,141**	**1,403,631**	**321,426**	**4,676,548**
ACCUMULATED DEPRECIATION							
At 1 July 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
Depreciation	83,941	253,042	24,931	18,613	211,868	1,841	594,236
Write-offs	-	-	(119,132)	(123,006)	(954,449)	-	(1,196,587)
Transfer to investment properties	(1,647,380)	-	-	-	-	-	(1,647,380)
Translation differences	-	4,825	1,896	874	2,597	-	10,192
At 30 June 2012	**-**	**547,110**	**317,764**	**174,585**	**1,129,482**	**311,912**	**2,480,853**
NET BOOK VALUE							
At 30 June 2012	**-**	**1,630,329**	**166,147**	**115,556**	**274,149**	**9,514**	**2,195,695**
At 30 June 2011	4,732,288	1,095,127	184,402	117,486	445,445	11,355	6,586,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 July 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
Additions	-	783,757	10,442	22,584	38,915	-	855,698
Transfer to investment properties	(6,295,727)	-	-	-	-	-	(6,295,727)
Write-offs	-	-	(123,417)	(130,049)	(959,991)	-	(1,213,457)
At 30 June 2012	**-**	**2,023,504**	**437,907**	**267,657**	**1,323,075**	**321,426**	**4,373,569**
ACCUMULATED DEPRECIATION							
At 1 July 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
Depreciation	83,941	242,488	22,402	16,598	202,512	1,841	569,782
Transfer to investment properties	(1,647,380)	-	-	-	-	-	(1,647,380)
Write-offs	-	-	(119,132)	(123,004)	(954,449)	-	(1,196,585)
At 30 June 2012	**-**	**399,629**	**275,354**	**153,602**	**1,065,670**	**311,912**	**2,206,167**
NET BOOK VALUE							
At 30 June 2012	**-**	**1,623,875**	**162,553**	**114,055**	**257,405**	**9,514**	**2,167,402**
At 30 June 2011	4,732,288	1,082,606	178,798	115,114	426,544	11,355	6,546,705

Leasehold properties as at 30 June 2011 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 as at 30 June 2011 is 969 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

5 INVESTMENT PROPERTIES

	2012	2011
The Group and the Company	**$**	$
COST		
At beginning of year	**9,350,300**	-
Transfer from property, plant and equipment	**6,295,727**	9,350,300
Disposals	**(878,586)**	-
At end of year	**14,767,441**	9,350,300
ACCUMULATED DEPRECIATION		
At beginning of year	**2,028,234**	-
Transfer from property, plant and equipment	**1,647,380**	1,934,731
Depreciation	**224,585**	93,503
Disposals	**(172,788)**	-
At end of year	**3,727,411**	2,028,234
NET BOOK VALUE		
At beginning of year	**7,322,066**	-
At end of year	**11,040,030**	7,322,066

Investment properties consist of 38 office units (2011: 18 office units) located at 111 North Bridge Road, Peninsula Plaza, Singapore 179098. The properties have a total floor area of 1,578 square metres (2011: 992.8 square metres). The properties are on 999-year lease and the unexpired lease term of the properties is 968 years (2011: 969 years). The properties are wholly owned by the Group and the Company.

The aggregate fair value of the investment properties at the end of the reporting period is $28,220,000 (2011: $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.

During the financial year, 21 office units of 677.2 square metres with carrying amount of $4,648,347 were transferred from property, plant and equipment to investment properties due to a change in use, evidenced by end of owner-occupation.

During the financial year, one office unit of 92 square metres with a carrying amount of $705,798 was sold to a third party for a cash consideration of $1,900,000. Accordingly, a gain of $1,194,202 was recognised in profit or loss (Note 14).

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

Two units of the investment properties of 231 square metres with carrying amount of $1,762,683 are mortgaged to secure bank loans (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

5 INVESTMENT PROPERTIES (CONT'D)

The following amounts are recognised in profit or loss:

	2012	2011
The Group	**$**	$
Rental income (Note 14)	**94,097**	49,740
Direct operating expenses arising from investment properties that generated rental income	**34,396**	26,705
Direct operating expenses arising from investment properties that did not generate rental income	**265,457**	85,893

6 INTANGIBLE ASSETS

	Development expenditure	**Trademarks**	**Total**
The Group and the Company	$	$	$
COST			
At 1 July 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
Additions	53,008	-	53,008
At 30 June 2012	**623,578**	**-**	**623,578**
ACCUMULATED AMORTISATION			
At 1 July 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
Amortisation	83,919	-	83,919
At 30 June 2012	**410,509**	**-**	**410,509**
NET BOOK VALUE			
At 30 June 2012	**213,069**	**-**	**213,069**
At 30 June 2011	243,980	-	243,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

7 SUBSIDIARIES

	2012	2011
The Company	**$**	$
Unquoted equity investments, at cost		
- balance at beginning of year	**2,931,278**	2,931,278
- investment written off	**(2)**	-
- balance at end of year	**2,931,276**	2,931,278
Allowance for impairment losses		
- balance at beginning of year	**(931,264)**	(931,264)
- allowance utilised	**2**	-
- balance at end of year	**(931,262)**	(931,264)
	2,000,014	2,000,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

7 SUBSIDIARIES (CONT'D)

The subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2012	2011
			%	%
HELD BY THE COMPANY				
Asia Pacific College Int'l Pte Ltd [4]	Dormant	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 [4]	Dormant	Singapore	**100**	100
TMC (Western China) Pte Ltd [4]	Liquidated	Singapore	**-**	100
Creative Education Development Pte Ltd [4]	Dormant	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 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. The subsidiary's share capital comprises two ordinary shares, of which one is held by a director in trust for the company.
[3] Audited by Grant Thornton Zhi Tong, People's Republic of China
[4] Not required to be audited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade receivables	**123,854**	414,183	**123,854**	414,183
Allowance for impairment losses				
- balance at beginning of year	**(198,027)**	(171,268)	**(198,027)**	(171,268)
- allowance made (Note 17)	**(4,676)**	(27,993)	**(4,676)**	(27,993)
- allowance utilised	**130,513**	1,234	**130,513**	1,234
- balance at end of year	**(72,190)**	(198,027)	**(72,190)**	(198,027)
	51,664	216,156	**51,664**	216,156
Other receivables	**15,147**	24,390	**8,420**	21,080
Deposits	**93,313**	184,576	**85,705**	178,932
	108,460	208,966	**94,125**	200,012
Allowance for impairment losses				
- balance at beginning of year	**(10,809)**	(6,400)	**(10,809)**	(6,400)
- allowance made (Note 17)	**-**	(4,409)	**-**	(4,409)
- allowance utilised	**1,600**	-	**1,600**	-
- balance at end of year	**(9,209)**	(10,809)	**(9,209)**	(10,809)
	99,251	198,157	**84,916**	189,203
Amounts due from subsidiaries (non-trade)	**-**	-	**6,766,913**	6,665,495
Allowance for impairment losses				
- balance at beginning of year	**-**	-	**(6,665,495)**	(3,455,383)
- allowance made	**-**	-	**(101,418)**	(3,210,112)
- balance at end of year	**-**	-	**(6,766,913)**	(6,665,495)
	-	-	**-**	-
Tax recoverable	**-**	93,075	**-**	93,075
Prepayments	**176,034**	168,081	**143,600**	139,144
	326,949	675,469	**280,180**	637,578

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Australian dollar	**31,154**	187,891	**31,154**	187,891
Hong Kong dollar	**276**	266	**-**	-
Renminbi	**46,493**	37,625	**-**	-
Singapore dollar	**249,026**	449,687	**249,026**	449,687
	326,949	675,469	**280,180**	637,578

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	
	2012	2011	**2012**	2011
	$	$	**$**	$
BY GEOGRAPHICAL AREAS				
Australia	**51,649**	215,348	**51,649**	215,348
Singapore	**15**	808	**15**	808
	51,664	216,156	**51,664**	216,156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8 TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing analysis of loans and receivables is as follows:

	2012		2011	
	Gross	**Impairment losses**	Gross	Impairment losses
THE GROUP	**$**	**$**	$	$
Not past due	**55,063**	**-**	391,741	-
Past due 0 to 90 days	**28,843**	**-**	26,771	-
Past due over 90 days	**148,408**	**(81,399)**	297,712	(208,836)
	232,314	**(81,399)**	716,224	(208,836)
THE COMPANY				
Not past due	**6,814,368**	**(6,766,913)**	7,051,592	(6,665,495)
Past due 0 to 90 days	**28,843**	**-**	26,771	-
Past due over 90 days	**141,681**	**(81,399)**	294,402	(208,836)
	6,984,892	**(6,848,312)**	7,372,765	(6,874,331)

The Group's impairment losses arose mainly from long outstanding balances due from two debtors 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.

9 CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Fixed deposits	**600,000**	600,000	**600,000**	600,000
Cash and bank balances	**2,912,962**	1,838,272	**108,278**	24,385
	3,512,962	2,438,272	**708,278**	624,385

The Group's cash and bank balances included funds in Student Tuition Fee Account (ESCROW) amounting to $66,829 (2011: $260,724) which are managed by designated banks as required by Edutrust. 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 (2011: $600,000) at the end of the reporting period is pledged as security to obtain bank overdraft (Note 12) and other banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

9 CASH AND CASH EQUIVALENTS (CONT'D)

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

	2012	2011
THE GROUP	$	$
Fixed deposits	**600,000**	600,000
Cash and bank balances	**2,912,962**	1,838,272
Fixed deposit pledged	**(600,000)**	(600,000)
Bank overdraft (Note 12)	**-**	(292,347)
	2,912,962	1,545,925

Cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	$	$	$	$
Australian dollar	**144,044**	129,023	**32,850**	4,874
Hong Kong dollar	**79**	79	**79**	79
Renminbi	**652,881**	483,227	**-**	-
Singapore dollar	**2,715,819**	1,825,808	**675,210**	619,297
United States dollar	**139**	135	**139**	135
	3,512,962	2,438,272	**708,278**	624,385

The fixed deposits have an average maturity ranging within 3 months (2011: within 15 months) from the end of the reporting period with a weighted average effective interest rate of 0.5% to 1.0% (2011: 0.5% to 1.0%) per annum.

10 SHARE CAPITAL

	2012	2011
THE GROUP AND THE COMPANY	$	$
ISSUED AND FULLY PAID, WITH NO PAR VALUE		
167,396,419 ordinary shares	**11,477,119**	11,477,119

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

11 RESERVES

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	$	$
Exchange fluctuation reserve	**189,779**	293,060	**-**	-
Share option reserve	**497,598**	497,598	**497,598**	497,598
Retained earnings	**(4,704,431)**	(1,572,920)	**(7,220,982)**	(3,746,337)
	(4,017,054)	(782,262)	**(6,723,384)**	(3,248,739)

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 BORROWINGS

		2012	2011
THE GROUP AND THE COMPANY	Note	**$**	$
Non-current			
Bank loans (secured)	12.1	**933,328**	-
Current			
Bank loans (secured)	12.1	**2,250,004**	-
Bank overdraft (secured)	12.2	**-**	292,347
		2,250,004	292,347
		3,183,332	292,347

12.1 Bank Loans (Secured)

		2012	2011
THE GROUP AND THE COMPANY	Note	**$**	$
Renovation loan	(a)	**1,283,332**	-
Specific advance loan	(b)	**1,900,000**	-
		3,183,332	-
Represented by:			
Current		**2,250,004**	-
Non-current		**933,328**	-
		3,183,332	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

12 BORROWINGS (CONT'D)

12.1 Bank Loans (Secured) (cont'd)

(a) Renovation loan comprises two drawdowns of $1,100,000 on 30 January 2012 and $300,000 on 28 June 2012, respectively. The loan is repayable by 47 monthly principal instalments of $29,167 each followed by a final principal instalment of $29,151, or by any such instalments as may be specified or fixed by the bank from time to time. Interest is charged at 1.75% per annum over the bank's prevailing cost of funds.

(b) Specific advance loan comprises two drawdowns of $200,000 on 8 March 2012 and $1,700,000 on 28 June 2012, respectively. The loan is repayable on demand. Interest is charged at 1.5% per annum over the bank's prevailing cost of funds.

The bank loans are secured by mortgages over the Group's and the Company's investment properties of 231 square metres with carrying amount of $1,762,683 (Note 5) at the end of the reporting period.

12.2 Bank overdraft (secured)

Interest is charged at 1% per annum over the bank's prevailing prime lending rate. The bank overdraft is secured by the Group's and the Company's fixed deposit of $600,000 (2011: $600,000) (Note 9) at the end of the reporting period.

12.3 Currency risk

Borrowings are denominated in Singapore dollar.

12.4 Weighted average effective interest rates

The weighted average effective interest rates of borrowings at the end of the reporting period are as follows:

	2012	2011
Bank loans (secured)	**2.07%**	-
Bank overdraft (secured)	**-**	5.00%

12.5 Carrying amounts and fair values

The fair values of borrowings approximate their carrying amounts at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

13 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade payables	**1,060,039**	1,294,177	**1,060,011**	1,271,320
Accrued expenses	**1,819,371**	1,507,303	**1,816,871**	1,504,803
Amounts due to subsidiaries (non-trade)	**-**	-	**5,552,612**	6,040,247
Amount due to non-controlling interest (non-trade)	**164,883**	116,443	**-**	-
Other payables	**262,973**	324,107	**42,412**	37,631
	3,307,266	3,242,030	**8,471,906**	8,854,001
Course and examination fees received in advance	**3,641,643**	3,422,726	**-**	-
	6,948,909	6,664,756	**8,471,906**	8,854,001

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

Trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Australian dollar	**5,657**	6,746	**5,657**	6,746
Hong Kong dollar	**3,607**	2,499	**-**	-
Indonesian rupiah	**82**	87	**82**	87
Pound sterling	**184,053**	365,610	**184,053**	365,610
Renminbi	**300,000**	386,251	**-**	-
Singapore dollar	**6,452,662**	5,893,944	**8,279,266**	8,471,939
United States dollar	**2,848**	9,619	**2,848**	9,619
	6,948,909	6,664,756	**8,471,906**	8,854,001

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

14 OTHER INCOME

THE GROUP	2012 $	2011 $
Exchange gain, net	**163,852**	12,680
Government grants	**20,291**	52,708
Graduation fees	**30,599**	24,888
Interest income from cash and cash equivalents	**11,018**	42,958
Rental income from investment properties (Note 5)	**94,097**	49,740
Gain on disposal of investment property	**1,194,202**	-
Others	**183,148**	112,178
	1,697,207	295,152

Others mainly relate to course material fees, excursion fees, registration fees, transportation fees and other miscellaneous fees charged to nursery students in the People's Republic of China.

15 STAFF COSTS

THE GROUP	2012 $	2011 $
Directors:		
Directors' fees	**161,716**	161,500
Directors' remuneration other than fees		
- salaries and other related costs	**502,995**	470,755
- contributions to defined contribution plans	**9,956**	16,302
- value of employee services received for grant of share options	**-**	(6,240)
	674,667	642,317
Key management personnel (other than directors)		
- salaries and other related costs	**1,659,653**	1,709,437
- contributions to defined contribution plans	**167,634**	181,608
- value of employee services received for grant of share options	**-**	686
	1,827,287	1,891,731
Other than directors and key management personnel		
- salaries and other related costs	**4,744,402**	4,187,298
- contributions to defined contribution plans	**396,466**	349,553
- value of employee services received for grant of share options	**-**	459
	5,140,868	4,537,310
	7,642,822	7,071,358

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

16 FINANCE COSTS

	2012	2011
THE GROUP	**$**	$
Interest expense		
- bank loans (secured)	**18,248**	-
- bank overdraft (secured)	**604**	138
	18,852	138

17 LOSS BEFORE TAXATION

		2012	2011
THE GROUP	Note	**$**	$
Loss before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	6	**83,919**	77,280
Audit fees paid/payable to:			
- auditor of the Company		**136,500**	130,000
- other auditors		**38,362**	113,664
Depreciation of investment properties	5	**224,585**	93,503
Depreciation of property, plant and equipment	4	**594,236**	604,082
Gain on disposal of property, plant and equipment		**-**	(79)
Impairment losses on:			
- trade receivables	8	**4,676**	27,993
- other receivables	8	**-**	4,409
Intangible assets written off	6	**-**	74,688
Property, plant and equipment written off	4	**16,870**	-
Value of employee services received for grant of share options		**-**	(5,095)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

18 TAXATION

	2012	2011
THE GROUP	$	$
Current taxation		
- under provision in respect of prior years	17,647	88,565
Deferred taxation		
- origination and reversal of temporary differences	-	(107,024)
	17,647	(18,459)

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 as a result of the following:

	2012	2011
THE GROUP	$	$
Loss before taxation	(2,966,943)	(2,025,486)
Tax at statutory rate of 17%	(504,380)	(344,333)
Tax effect on non-deductible expenses	154,688	115,010
Tax effect on non-taxable income	(219,889)	(33,887)
Tax incentives	(44,336)	(170,060)
Tax relief	(83,590)	-
Deferred tax assets on temporary differences not recognised	673,356	329,057
Difference in foreign tax rate	24,151	(2,811)
Under provision of current taxation in respect of prior years	17,647	88,565
	17,647	(18,459)

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

	2012	2011
THE GROUP AND THE COMPANY	$	$
Unabsorbed capital allowances	1,100,727	981,919
Unutilised tax losses	5,792,886	1,950,777
	6,893,613	2,932,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

18 TAXATION (CONT'D)

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.

19 LOSS PER SHARE

19.1 Basic loss per share

The calculation of basic loss per share was based on the loss attributable to ordinary shareholders of $3,131,511 (2011: $1,900,089) and a weighted average number of ordinary shares outstanding of 167,396,419 (2011: 167,396,419), calculated as follows:

(a) Loss attributable to ordinary shareholders

	2012	2011
THE GROUP	**$**	$
Loss attributable to ordinary shareholders	**(3,131,511)**	(1,900,089)

(b) Weighted average number of ordinary shares

	2012	2011
THE GROUP	Number of ordinary shares	
Issued ordinary shares at beginning and end of year	**167,396,419**	167,396,419
Weighted average number of ordinary shares at end of year	**167,396,419**	167,396,419

19.2 Diluted loss per share

The calculation of diluted loss per share was based on the loss attributable to ordinary shareholders of $3,131,511 (2011: $1,900,089), and a weighted average number of ordinary shares outstanding after adjustment for effects of all dilutive potential ordinary shares of 167,422,469 (2011: 167,610,365), calculated as follows:

(a) Loss attributable to ordinary shareholders

	2012	2011
THE GROUP	**$**	$
Loss attributable to ordinary shareholders	**(3,131,511)**	(1,900,089)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

19 LOSS PER SHARE (CONT'D)

19.2 Diluted loss per share (cont'd)

(b) Weighted average number of ordinary shares

	2012	2011
THE GROUP	Number of ordinary shares	
Weighted average number of ordinary shares (basic)	**167,396,419**	167,396,419
Effect of share options on issue	**26,050**	213,946
Weighted average number of ordinary shares (diluted)	**167,422,469**	167,610,365

At the end of the reporting period, 1,291,438 (2011: 841,538) 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.

20 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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, at the end of the financial year. 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

20 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONT'D)

Share Option Scheme (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 1.7.2011	Options granted	Options exercised	Options forfeited	Options outstanding as at 30.6.2012	Expiry date
07.12.2001	$0.1192	10,064	-	-	10,064	-	06.12.2011
02.12.2002	$0.1043	84,290	-	-	-	84,290	01.12.2012
30.06.2003	$0.1291	40,256	-	-	3,774	36,482	29.06.2013
01.12.2003	$0.1037	32,708	-	-	-	32,708	30.11.2013
28.06.2004	$0.0994	40,256	-	-	-	40,256	27.06.2014
13.12.2004	$0.0612	26,966	-	-	-	26,966	12.12.2014
07.03.2006	$0.0453	67,934	-	-	-	67,934	06.03.2016
26.06.2006	$0.0429	26,418	-	-	-	26,418	25.06.2016
11.12.2006	$0.0620	64,158	-	-	8,806	55,352	10.12.2016
18.06.2007	$0.1248	150,964	-	-	12,580	138,384	17.06.2017
10.12.2007	$0.1370	100,000	-	-	-	100,000	09.12.2012
10.12.2007	$0.1370	135,000	-	-	10,000	125,000	09.12.2017
16.06.2008	$0.1050	100,000	-	-	-	100,000	15.06.2013
16.06.2008	$0.1050	148,000	-	-	14,000	134,000	15.06.2018
16.12.2008	$0.0610	100,000	-	-	-	100,000	15.12.2013
16.12.2008	$0.0610	106,000	-	-	20,000	86,000	15.12.2018
19.06.2009	$0.0600	100,000	-	-	-	100,000	18.06.2014
19.06.2009	$0.0600	151,000	-	-	9,000	142,000	18.06.2019
03.12.2009	$0.0640	100,000	-	-	-	100,000	02.12.2014
03.12.2009	$0.0640	140,000	-	-	8,000	132,000	02.12.2019
		1,724,014	-	-	96,224	1,627,790	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

20 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONT'D)

Share Option Scheme (cont'd)

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

NAME OF DIRECTORS	Options granted for financial year ended 30.6.2012	Aggregate options granted since commence-ment of SOS to 30.6.2012	Aggregate options lapsed since commence-ment of SOS to 30.6.2012	Aggregate options exercised since commence-ment of SOS to 30.6.2012	Aggregate options outstanding as at 30.6.2012
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	**Number of options**	Weighted average exercise price	Number of options
	2012	**2012**	2011	2011
	$		$	
Outstanding at beginning of year	**0.0884**	**1,724,014**	0.1025	4,246,253
Forfeited during the year	**0.0926**	**(96,224)**	0.0902	(2,522,239)
Outstanding at end of year	**0.0882**	**1,627,790**	0.0884	1,724,014
Exercisable at end of year		**1,627,790**		1,724,014

The options outstanding at the end of the financial year have an exercise price in the range of $0.0429 to $ 0.1370 (2011: $0.0429 to $0.1370) and a weighted average remaining contractual life of 3.86 years (2011: 4.93 years).

No options were exercised during the financial year.

The grant date fair value of share options granted under the SOS remained unchanged during the financial year as the SOS had expired and the vesting period of all share options granted under the SOS had ended in the previous financial year.

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, at the end of the financial year.

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 issued under the SAS during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

21 RELATED PARTY TRANSACTIONS

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

	2012	2011
THE COMPANY	**$**	$
Service fees charged to a subsidiary	**10,049,885**	10,352,077

22 COMMITMENTS

22.1 Capital commitments

	2012	2011
THE GROUP AND THE COMPANY	**$**	$
Capital expenditure contracted but not provided for in the financial statements	**219,890**	-

The capital commitments principally relate to the renovation and retrofitting of the Group's and the Company's new campus premises.

22.2 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 equipments with an original term of more than one year:

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Not later than one year	**3,340,749**	2,168,697	**3,258,861**	2,089,043
Later than one year and not later than five years	**6,450,295**	7,029,171	**6,416,526**	6,980,308
	9,791,044	9,197,868	**9,675,387**	9,069,351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

22 COMMITMENTS (CONT'D)

22.1 Capital commitments (cont'd)

The leases on the Group's and the Company's campus and office premises on which rentals are payable will expire on 31 October 2015 and 20 October 2014. There is no option to renew on expiration of the leases.

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 lease of commercial premise with an original term of more than one year:

	2012	2011
THE GROUP AND THE COMPANY	**$**	$
Not later than one year	**60,000**	149,220
Later than one year and not later than five years	**140,000**	81,429
	200,000	230,649

The lease on the Group's and the Company's commercial premise on which rentals are received will expire on 31 October 2015. There is no option to renew on expiration of the lease.

23 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 strategic business unit, the Group's Chief Executive Officer ("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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

23 OPERATING SEGMENTS (CONT'D)

Business and geographical segments (cont'd)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, 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.

	Tertiary education in Singapore	Pre-school education in China	Total
THE GROUP	**$**	**$**	**$**
2012			
External revenue	**10,171,067**	**1,116,135**	**11,287,202**
Interest income	**7,995**	**3,023**	**11,018**
Interest expense	**(18,852)**	**-**	**(18,852)**
Depreciation of property, plant and equipment	**(569,782)**	**(24,454)**	**(594,236)**
Depreciation of investment properties	**(224,585)**	**-**	**(224,585)**
Amortisation of intangible assets	**(83,919)**	**-**	**(83,919)**
Reportable segment (loss)/profit before taxation	**(3,197,548)**	**238,439**	**(2,959,109)**
Reportable segment assets	**18,120,619**	**823,154**	**18,943,773**
Capital expenditure	**908,707**	**8,055**	**916,762**
Reportable segment liabilities	**8,392,993**	**3,394,316**	**11,787,309**
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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

23 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue, loss before taxation, assets and liabilities

	2012	2011
THE GROUP	**$**	$
Revenue		
Total revenue for reportable segments	**11,287,202**	11,756,738
Consolidated revenue	**11,287,202**	11,756,738
Loss before taxation		
Total loss before taxation for reportable segments	**(2,959,109)**	(2,068,306)
Unallocated income (net of expenses)	**(7,834)**	42,820
Consolidated loss before taxation	**(2,966,943)**	(2,025,486)
Assets		
Total assets for reportable segments	**18,943,773**	18,842,501
Elimination of inter-segment assets	**(1,655,068)**	(1,669,686)
Other unallocated assets	**-**	93,075
Consolidated total assets	**17,288,705**	17,265,890
Liabilities		
Total liabilities for reportable segments	**11,787,309**	8,626,789
Elimination of inter-segment liabilities	**(1,655,068)**	(1,669,686)
Other unallocated liabilities	**-**	22,899
Consolidated total liabilities	**10,132,241**	6,980,002

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and risk management philosophy. The Group and the Company are 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 and the Company'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 and the Company's financial performance.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, 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 and the Company's activities. The Group and the Company, through their training and management standards and procedures, aim 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 and the Company's exposure to these financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis indicated below.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt 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 and the Company adopt the policy of dealing only with high credit quality counterparties.

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

The Group and the Company have established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group and the Company grant 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 and the Company'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 and the Company's trade receivables comprise two debtors (2011: two debtors) that represented 88% (2011: 92%) of trade receivables.

The Group and the Company evaluate 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 and the Company base 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 and the Company's assessment of their creditworthiness and in accordance with the Group's and the Company's policy.

In determining the recoverability of trade and other receivables, the Group and the Company consider 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 and the Company establish 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 and the Company are 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.

<u>Exposure to credit risk</u>

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 and the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company 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 and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
THE GROUP	$	$	$	$
2012				
Non-derivative financial liabilities				
Trade and other payables	**3,307,266**	**3,307,266**	**3,307,266**	**-**
Borrowings	**3,183,332**	**3,237,953**	**2,275,494**	**962,459**
	6,490,598	**6,545,219**	**5,582,760**	**962,459**
2011				
Non-derivative financial liabilities				
Trade and other payables	3,242,030	3,242,030	3,242,030	-
Borrowings	292,347	292,347	292,347	-
	3,534,377	3,534,377	3,534,377	-
THE COMPANY				
2012				
Non-derivative financial liabilities				
Trade and other payables	**8,471,906**	**8,471,906**	**8,471,906**	**-**
Borrowings	**3,183,332**	**3,237,953**	**2,275,494**	**962,459**
	11,655,238	**11,709,859**	**10,747,400**	**962,459**
2011				
Non-derivative financial liabilities				
Trade and other payables	8,854,001	8,854,001	8,854,001	-
Borrowings	292,347	292,347	292,347	-
	9,146,348	9,146,348	9,146,348	-

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and cash equivalents and has available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.3 Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and bank balances at floating rates. Fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	$	$	**$**	$
Fixed rate instruments				
Financial assets				
- fixed deposits	**600,000**	600,000	**600,000**	600,000
Variable rate instruments				
Financial assets				
- bank balances	**2,906,601**	1,817,974	**104,307**	20,096
Financial liabilities				
- bank loans (secured)	**(3,183,332)**	-	**(3,183,332)**	-
- bank overdraft (secured)	**-**	(292,347)	**-**	(292,347)
	(3,183,332)	(292,347)	**(3,183,332)**	(292,347)
	(276,731)	1,525,627	**(3,079,025)**	(272,251)

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 75 (2011: 75) basis points higher/lower with all other variables held constant, the Group's profit net of tax and equity would have been $2,075 lower/higher (2011: $11,442 higher/lower), arising mainly as a result of higher/lower interest expense on floating rate bank loans and bank overdraft, and higher/lower interest income from floating rate bank balances.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.4 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 1% (2011: 6%) and 10% (2011: 4%) 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 and the Company also hold cash and cash equivalents denominated in Australian dollar for working capital purposes.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates. However, the Group and the Company do 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:

	Australian dollar	United States dollar	Pound sterling
THE GROUP	$	$	$
2012			
Trade and other receivables	**31,154**	**-**	**-**
Cash and cash equivalents	**144,044**	**139**	**-**
Trade and other payables	**(5,657)**	**(2,848)**	**(184,053)**
Net exposure	**169,541**	**(2,709)**	**(184,053)**
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)
THE COMPANY			
2012			
Trade and other receivables	**31,154**	**-**	**-**
Cash and cash equivalents	**32,850**	**139**	**-**
Trade and other payables	**(5,657)**	**(2,848)**	**(184,053)**
Net exposure	**58,347**	**(2,709)**	**(184,053)**
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.4 Foreign currency risk (cont'd)

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 profit net of tax and equity.

		2012	2011
THE GROUP		**$**	$
AUD	- strengthened 10% (2011: 10%)	**16,954**	31,017
	- weakened 10% (2011: 10%)	**(16,954)**	(31,017)
USD	- strengthened 10% (2011: 10%)	**(271)**	(948)
	- weakened 10% (2011: 10%)	**271**	948
GBP	- strengthened 10% (2011: 10%)	**(18,405)**	(36,561)
	- weakened 10% (2011: 10%)	**18,405**	36,561

24.5 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 and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

25 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.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises trade and other payables and borrowings, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

25 CAPITAL MANAGEMENT (CONT'D)

	2012	2011
THE GROUP	$	$
Trade and other payables (Note 13)	6,948,909	6,664,756
Borrowings (Note 12)	3,183,332	292,347
Total debt	10,132,241	6,957,103
Less: Cash and cash equivalents (Note 9)	(3,512,962)	(2,438,272)
Net debt	6,619,279	4,518,831
Equity attributable to owners of the Company	7,460,065	10,694,857
Total capital and net debt	14,079,344	15,213,688
Gearing ratio	47%	30%

26 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, borrowings, 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 13 SEPTEMBER 2012

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	0.33	2,220	0.00
1,000 - 10,000	1,673	78.58	4,634,284	2.77
10,001 - 1,000,000	439	20.62	30,447,029	18.19
1,000,001 and above	10	0.47	132,312,886	79.04
Total :	**2,129**	**100.00**	**167,396,419**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Shareholder's Name	Direct Interest	Deemed Interest
Chin Kon Yuen	75,766,600	27,073,000
Yeow Cheng Khim	27,073,000	75,766,600
Royal Inst Of Construction Economists Pte Ltd	11,175,000	-

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.

STATISTICS OF SHAREHOLDINGS

AS AT 13 SEPTEMBER 2012

TOP 20 SHAREHOLDERS' LIST

No.	Name	No. of Shares	%
1	Raffles Nominees Pte Ltd	37,899,300	22.64
2	Chin Kon Yuen	37,883,300	22.63
3	Yeow Cheng Khim	27,073,000	16.17
4	Royal Inst Of Construction Economists Pte Ltd	11,175,000	6.68
5	Wong Hin Sun Eugene	4,188,000	2.50
6	Yeow Cheng Choo	4,072,600	2.43
7	Citibank Nominees Singapore Pte Ltd	3,539,200	2.11
8	United Overseas Bank Nominees Pte Ltd	2,790,286	1.67
9	OCBC Securities Private Ltd	1,875,000	1.12
10	Lim Kok Yong	1,817,200	1.09
11	Lee Bee Lian	980,000	0.59
12	Phillip Securities Pte Ltd	977,001	0.58
13	Woo Lee Yong	971,220	0.58
14	OCBC Nominees Singapore Pte Ltd	802,200	0.48
15	Boo Song Heng Peter	763,000	0.46
16	Tan Suan Yin	666,872	0.40
17	DBS Nominees Pte Ltd	666,800	0.40
18	Maybank Kim Eng Securities Pte Ltd	592,400	0.35
19	Teo Yit Soon Samuel (Zhang Yishun Samuel)	522,000	0.31
20	CIMB Securities (Singapore) Pte Ltd	500,000	0.30
Total		**139,754,379**	**83.49**

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 13 September 2012, approximately 31.89% 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.

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 Thursday, 25 October 2012, at 11.00 a.m., for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial period from 1 July 2011 to 30 June 2012 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) Mr Timothy Chen Teck Leng; and (**Resolution 2**)

   (b) Mr Wong Hin Sun Eugene (**Resolution 3**)

   Notes:

   (i) 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.

   (ii) Mr Wong Hin Sun Eugene, if re-elected, will be considered an independent non-executive Director of the Company. More details on Mr Wong Hin Sun Eugene 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**)

   Note:

   (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 re-elect Dr Chin Kon Yuen, 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 5**)

   Note:

   (i) Dr Chin Kon Yuen, if re-elected, will be considered a non-independent executive Director of the Company. More details on Dr Chin Kon Yuen may be found in the Annual Report.

5 To approve Directors' fees of S$178,000 for the financial year ending 30 June 2013 (FY2012: S$161,716). (**Resolution 6**)

6. To re-appoint Foo Kon Tan Grant Thornton LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (**Resolution 7**)

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

SPECIAL BUSINESS

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

   Authority to issue 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 to be issued pursuant to the Scheme and 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 total issued share capital (excluding treasury shares) of the Company from time to time 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 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." (**Resolution 8**)

NOTICE OF ANNUAL GENERAL MEETING

9. 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 1 of the Circular to Shareholders dated 28 September 2012 (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.

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."

(Resolution 9)

[See Explanatory Notes]

By Order of the Board

Tan Soo Khoon Raymond
Company Secretary

Singapore,
28 September 2012

Explanatory Notes

Resolution 9, 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 percent (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.

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.

TMC EDUCATION CORPORATION LTD

Company Registration No. 198102945K

(Incorporated in the Republic of Singapore)

PROXY FORM

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.**

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 Thursday, 25 October 2012, 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 2011 to 30 June 2012		
2	Re-election of Mr Timothy Chen Teck Leng as Director		
3	Re-election of Mr Wong Hin Sun Eugene as Director		
4	Re-election of Mr Woo Lee Yong as Director		
5	Re-election of Dr Chin Kon Yuen as Director		
6	Approval of Directors' fees amounting to S$178,000 for the financial year ending 30 June 2013 (FY2012: S$161,716)		
7	Re-appointment of Foo Kon Tan Grant Thornton LLP as Auditors of the Company and to authorise Directors to fix their remuneration		
8	Authority to issue shares under the TMC Share Award Scheme		
9	Proposed Renewal of the Share Purchase Mandate		

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 28th day of September 2012

Total Number of Shares Held

IMPORTANT
PLEASE READ NOTES OVERLEAF

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

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
Since 1981
Every Step With You

Company Registration No.: 198102945K

Head Office
38C Jalan Pemimpin
(Off Bishan Street 21)
Singapore 577180
Tel: (65) 6671 2788
Fax:(65) 6671 2731
Website: www.tmc.edu.sg
E-mail: enquiries@tmc.edu.sg

Middle Road Branch
250 & 252 Middle Road
Singapore 188983
Tel: (65) 6690 9588
Fax:(65) 6690 9598

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