Annual Report 2007

TMC
Education Corporation Ltd

Every Step With You

Enriching Minds, Realising Dreams

Contents

Corporate Vision

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

Corporate Mission

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

Core Values

Our mission is supported by four core values outlined in PACE which illustrates our internal beliefs of:

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

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

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

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

Chairman's Message

On behalf of the Board of Directors, I present the Group's Annual Report for the financial year ended 31 December 2007.

Compared to 2006, the Group's overall revenue and other income declined by 10.7% from $12.51 million to $11.17 million. The Group's revenue was mainly affected by the lower number of students enrolled in 2007.

Profit before tax decreased to $0.05 million in comparison to previous year's $1.77 million, leading to a decrease in earnings per share of 1.17 cents in 2006 to 0.22 cents in 2007.

Revenue from the operations in Singapore decreased by 9.1% from $11.90 million in 2006 to $10.81 million. With the conclusion of the streamlining exercise, revenue from the operations in China declined by $197,000 from $376,000 in 2006 to $179,000 in 2007.

Revenue from business courses decreased by 4.4% from $8.70 million in 2006 to $8.32 million in 2007, while revenue from computing courses had a 22.6% drop from $3.22 million in 2006 to $2.49 million in 2007.

Other income reduced by $65,000 from $247,000 in 2006 to $182,000 in 2007 largely due to the one-time adjustments made in 2006 to reverse the provisions which were not needed.

Overall operating expenses of the Group increased 3.5% from $10.74 million in 2006 to $11.12 million in 2007, an increase of $376,000, attributed mainly to: -

(1) Course materials and subscriptions
- Higher fees paid to partner institutions in 2007 due to increased fees and student enrolment in certain courses.

(2) Property, plant and equipment related expenses
- Reversal of $825,000 impairment loss on land and building in 2006 (2007: Nil);
- One-time impairment loss of $98,000 to write off the property, plant and equipment held by the kindergarten in Shenyang, China; and
- Other increases in 2007 recorded under property-related expenses, i.e. property tax, maintenance fees and rental of premises and equipment.

The Group continued its streamlining and cost cutting efforts throughout 2007. These efforts resulted in cost savings in personnel expenses, advertising and promotion and other operating expenses. Other one-time adjustments included in these savings were $97,000 and $184,000 for branding grant received (advertising and promotion) and reversal of bad debts allowance (other operating expenses) respectively.

Financial expenses for 2007 remained relatively unchanged from the corresponding year in 2006.

Provision for taxation reduced to $94,000 in 2007 due to lower profits reported.

Compared to 2006, the Group's total equity increased 0.3% from $11.77 million in 2006 to $11.81 million in 2007. Total equity of the Company increased 11.0% to $12.83 million in 2007 from $11.56 million in 2006, due mainly to profits made by the Company during financial year 2007.

In October 2007, the Company declared a special interim cash dividend of gross 2.7 cents per ordinary share for the financial year ended 31 December 2007 to reward shareholders for their loyalty and support over the years. Concurrently, the Company undertook a rights issue to strengthen the capital base and provide an avenue for shareholders to increase their investment in the Company.

In the year under review, the Group's operating activities generated positive cash flow of $2.03 million during 2007 (2006: $2.82 million). Like the year before, these funds were re-invested into property, plant and equipment through upgrading of the teaching facilities amounting to $258,000 (2006: $120,000) as well as spending $108,000 in developing teaching materials. Cash position improved and stayed robust at $4.24 million (2006: $3.10 million).

The Group continued to reduce its gearing by repaying bank borrowings amounting to $380,000.

Backed by strong positive cash flow generated during 2007, the Group's current assets improved 31.5% over the previous year. Cash and cash equivalents increased 36.6% from $3.10 million in 2006 to $4.24 million in 2007 while total bank borrowings reduced by 29.5% from $1.29 million in 2006 to $910,000 in 2007.

Other payables increased 18.6% from $3.41 million in 2006 to $4.05 million in 2007 due mainly to the increase in course fees received in advance.

Overall, working capital for the Group decreased by 0.5% but increased by 69.8% at the Company level.

Given the full-year financial performance and in view that a special interim dividend of gross 2.7 cents per ordinary share had been given in conjunction with the rights issue in October 2007, the Board of Directors recommends no further dividend to be declared for the financial year ended 31 December 2007.

The market conditions in 2008 are expected to stay challenging as competition throughout the region remains keen and domestic prices are anticipated to increase, pushing operating costs upwards. Faced with these challenges, the Group will continue to focus on revenue growth with emphasis in expanding the scope of its programmes through quality and innovative education pathways as well as strengthening its ties with existing partners and forging new affiliations with other potential reputable local and overseas institutions and universities.

Baring any unforeseen circumstances, the Board remains cautiously optimistic about the outlook for financial year 2008.

I would like to thank my fellow board members for their invaluable guidance and committed leadership. I also wish to extend our appreciation to the management and staff of TMC, our academic advisers, students, business partners, associates and shareholders for their confidence and support given to the Group in the past year.

Dr Chin Kon Yuen
Chairman and CEO

"Backed by strong positive cash flow generated during 2007, the Group's current assets improved **31.5%** over the previous year. Cash and cash equivalents increased **36.6%** from **$3.10 million** in 2006 to **$4.24 million** in 2007 while total bank borrowings reduced by **29.5%** from **$1.29 million** in 2006 to **$910,000** in 2007."

Board of Directors

Chairman and Chief Executive Officer

DR CHIN KON YUEN, one of the founders and currently the Executive Chairman and Chief Executive Officer of the Company, has been instrumental in charting the development of the Group since its inception in 1981. Dr Chin plays a pivotal role in putting forward initiatives on setting and implementing the Group's policies for business growth, as well as engaging in high level collaboration with potential business partners for matters on business development, franchising and overseas expansion. Dr Chin completed his tertiary education in Marketing from the Institute of Marketing, UK. He also attained his tertiary qualification in Management Studies jointly awarded by the University of Chicago, US, and Singapore National Productivity Board. He was conferred an honorary degree of Doctor of Technology by Staffordshire University, UK, in 1994 for his contribution in creating opportunities for young people in Singapore to gain professional computing qualification right through from Diploma level to Master Degree.

Executive Director

MS YEOW CHENG KHIM, the Executive Director of the Company, has been overall responsible for the daily operations of the Group since her joining in 1984. She also supervises TMC's pursuit of opportunities to extend its University and institution affiliation network, including potential partnerships with institutions worldwide as well as new collaborative agreements with existing partner universities. Ms Yeow graduated with a 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.

Lead Independent Director and Chairman of the Audit and Remuneration Committees

MR DAVID TAN CHAO HSIUNG was appointed as a Director on 1 April 2002 and last re-elected on 28 April 2006. He has over 20 years of senior management experience in the banking and finance industry and has held positions in both local and foreign financial institutions including ABN Amro Bank, Keppel Bank and NM Rothschild (Singapore). Currently, he is the Chief Executive Officer of Omega Capital Ltd which is licensed by the Monetary Authority of Singapore to provide advice on fund raising in the capital markets, financial restructuring and mergers and acquisitions. He holds a Master of Commerce (Specialising in Finance) from the University of New South Wales and a Bachelor of Economics from Macquarie University. He is also a Fellow of the Institute of CPA (Australia). In addition to sitting on the board of the Company, Mr Tan is a Non-executive Independent Director of Second Chance Properties Ltd, which is listed on the SGX-ST.

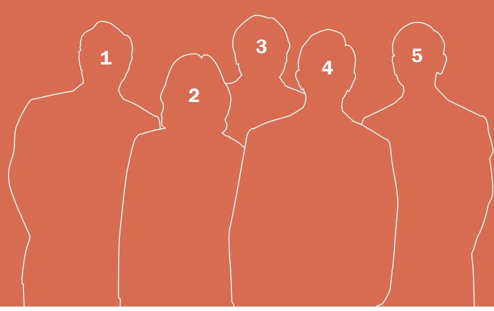
Independent Director and Chairman of the Nominating Committee

MR WOO LEE YONG was appointed as a Director on 1 April 2002 and last re-elected on 27 April 2007. 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, he held various job functions with Singapore Airlines for 18 years from 1967 to 1985 including Project Manager, Chief Information Systems Manager, Assistant Director of Management Services and Assistant Director of Finance. Mr Woo also has extensive experience in consultancy work having successfully carried out consultancy assignments in Singapore and China. Mr Woo holds a MSc (Organisational Psychology) from Manchester School of Management, UMIST, UK, and a BSc (Mathematics & Statistics) from the University of New South Wales, Australia. He also attended the Management Development Programme from Harvard Business School, US, and Executive Development Programme from Cornell University, US.

Independent Director

DR LAU TEIK SOON was appointed as a Director on 16 June 2006 and last re-elected on 27 April 2007. Dr Lau is an Advocate and Solicitor of the Supreme Court of Singapore. He has been in private practice since 1998 and is currently a partner in the law firm of Lau & Gur. Dr Lau practices in the areas of civil and criminal litigation, family law, wills and probate, and arbitration. His academic credentials include a Doctor of Philosophy in International Relations from Australian National University, a Bachelor of Arts (Hons) First Class from the University of Singapore and a Bachelor of Laws (Hons) Second Class Lower from the University of London. In addition, he possesses a Postgraduate Diploma in Criminal Justice from the University of Leicester and a Professional Certificate in Arbitration from the University of Adelaide. Dr Lau is also an Independent Director of Eagle Brand Holdings Limited.

1. Dr Lau Teik Soon	*Independent Director*
2. Ms Yeow Cheng Khim	*Executive Director*
3. Mr David Tan Chao Hsiung	*Lead Independent Director and Chairman of the Audit and Remuneration Committees*
4. Dr Chin Kon Yuen	*Chairman and Chief Executive Officer*
5. Mr Woo Lee Yong	*Independent Director and Chairman of the Nominating Committee*



Key Management Staff
Academic

Academic Director

Dr Michael Arthur Cope has considerable experience in the Singapore private education sector, having been involved in the industry since 1993. Before joining TMC in 2007, he was a Senior Lecturer and then Academic Director/Deputy Chief Learning Officer with another private education provider from 1993 through to early 2006. He has extensive experience in the design and development of academic programmes, building partnerships with universities, managing the delivery and quality assurance aspects of programmes, and marketing such programmes across the region. Prior to moving to Singapore, he was working as a management/marketing consultant and trainer for both private and local government organisations in UK. Clients included Westminster and Nottingham City Council, University of Bradford, Unilever, Allied Lyons and BP. He is currently involved in various functions covering school operations, resource planning, examination administration and quality assurance. Dr Cope holds a PhD in International Economics from the University of Bradford and a BSc (Hons) in Business Studies from the same university.

Course Director – IT/GCE

Ms Pauline Ang Hwee Hoon started her career with TMC in 1990 as a Lecturer in Computer Mathematics and other computer software application packages. Since then, she was promoted several times from Lecturer to Subject Leader, Senior Lecturer to Assistant Course Director and then Deputy Course Director to Course Director. She is responsible for overseeing the GCE 'O' Level programme and School of IT in the areas of Computing & IT courses, IT infrastructure, system administration and e-campus development. Ms Ang graduated with a Bachelor Degree in Science (Mathematics) from the National University of Singapore and holds a LCCI Higher Diploma in Accounting.

Senior Manager – Quality Assurance

Ms Naniek Yuliati joined TMC in 2000 as an IT Lecturer and System Administrator. She built her career through several promotions over the past years: Award Leader in 2001; Quality Assurance Manager in 2005; and Senior Quality Assurance Manager in 2007. She plays a significant role in the group's quality assurance journey in ensuring quality service and programme excellence. She took the lead in the group's

1. Ms Naniek Yuliati	*Senior Manager - Quality Assurance*
2. Mr Eugene Choe	*Assistant Course Director - IT*
3. Dr Michael Arthur Cope	*Academic Director*
4. Mr Albert Wee	*Assistant Course Director - IT*
5. Ms Pauline Ang	*Course Director - IT/GCE*
6. Mr Mohd Razif	*Assistant Course Director - IT*
7. Mr Abhishek	*Course Director - Business / Student Enrolment*
8. Dr Amy Rashap	*Director of Studies - Hawthorn English Language Centre, Singapore*
9. Dr Ha Thi Thu Huong	*Deputy Course Director - Business*

various quality audits such as Singapore Quality Class (SQC) for Private Education Organisations (PEOs), ISO9001:2000 and CaseTrust for Education. She also plays a key role in assisting the Management to develop and monitor the group's key performance indicators (KPIs). To-date, she continues to tutor in the degree programmes conducted by TMC and concurrently serves as the Management Representative for the group's various quality certifications and awards. Ms Yuliati graduated with a Master in Business Administration from Deakin University and a Bachelor of Computing from Monash University, Australia.

Course Director – Business / Student Enrolment

Mr Bhati Abhishek Dalip Singh started his career with TMC in 2001 as a Business Lecturer. He has blazed a rewarding career with the company with several promotions in the past few years: Senior Lecturer; Award Leader; Assistant Course Director; Deputy Course Director; and Course Director. He is responsible for overseeing the Business School as well as introducing strategies to drive student progression and growth for the educational group. Prior to joining TMC, he worked as a Commercial Manager in a dynamic public listed business group in India for more than four years and was in charge of procurement, sales, business development and coordination amongst branch offices. He also carried out a consultancy project in respect of organisational structure and marketing strategy. His extensive travelling and interactions with customers and dealers from different markets gave him rich exposure to real life selling and marketing issues. Mr Singh holds a Master of Business Administration (Marketing Management) from Maastricht School of Management, Netherlands, and is completing another MBA in Hospitality & Tourism from the Tourism Institute of Australia.

Director of Studies – Hawthorn English Language Centre, Singapore

Dr Amy Rashap has a career spanning many fields: publishing, fund raising, museum education, health education, and the humanities. Education has been her primary passion for the past 25 years. Dr Rashap created the position of Director of Education for the American Swedish Historical Museum in the 1980s, and singlehandedly began developing programmes for Philadelphia school children. As a Programme Specialist for the Delaware Humanities Forum, she worked with many local groups to develop humanities programmes for the state of Delaware. She also raised funds for the American Lung Association of Delaware, and until she came to Singapore, Dr Rashap was a Director of Marketing and Sales for several US academic publishing houses. Upon coming to Singapore, Dr Rashap immersed herself in the ESL (English as a Second Language) field. She wrote three ESL textbooks that are being used in Taiwan and has taught at several private English schools in Singapore before joining our Hawthorn English Language Centre in 2007. She is presently responsible for all operations connected with the centre. Dr Rashap has a PhD in Cultural Studies from the University of Pennsylvania and a BA in Anthropology from Cornell University, US. She has also received a TESOL certification from INTESOL, which is accredited by the College of Teachers, London.

Key Management Staff
Non-Academic

Management Support Chief

Ms Dorothy Tan Suan Yin joined TMC in 1987 as a Business Lecturer. Since then, she has blazed a fruitful career with the company with subsequent promotions to increasingly senior positions : Assistant Course Director in 1988; Personal Assistant to Executive Director in 1992; Personal Assistant to Chief Executive Officer in 1993; and General Manager in 1996. Ms Tan has gained extensive experience in school administration as well as liaison with external parties including government bodies and institutions of higher learning. She has since covered many functions including examination administration, student services, purchasing and human resource matters of the group. Ms Tan is currently the Management Support Chief mainly responsible for corporate administration and human resource matters as well as the Registrar of the educational group. Ms Tan holds a Bachelor of Arts Degree from the National University of Singapore and a Master of Business Administration Degree from Brunel University, UK.

Deputy Director – Student Services

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 since gained much experience in school administration as well as coordination with overseas university partners and institutions of higher learning. Ms Tio's present portfolio covers degree and proprietary programmes as well as university partner coordination and relationship. Prior to joining TMC as a Senior Course Coordinator, Ms Tio was a Centre Manager of a private computer training centre in charge of the day-to-day centre operations. Ms Tio holds a Bachelor of Science in Business Administration Degree from the University of Alabama in Huntsville, US.

1. Ms Felicia Lam — *Manager - Student Services*
2. Ms Wendy Yeo — *Senior Manager - Resource Planning & Examination Administration*
3. Ms Tio Hui Hui — *Deputy Director - Student Services*
4. Ms Phyllis Lee — *Manager - Human Resource & Administration*
5. Ms Dorothy Tan — *Management Support Chief*
6. Mr Donald Wong — *Senior Manager - International Office*
7. Ms Angi Yap — *Manager - Student Recruitment & Marketing*
8. Ms Sharlene Yeo — *Senior Manager - Student Services*
9. Ms Sharon Wee — *Senior Manager - International Student Admission*
10. Ms Callie Chen — *Manager - International Office*
11. Mr Woon Yong Chin — *Accountant*

Senior Manager – Resource Planning & Examination Administration

Ms Wendy Yeo Mui Koon is responsible for the scheduling of courses offered by the group to ensure the efficient use of class and computer rooms and teaching facilities as well as planning the schedules of academic staff. She also oversees the examination administration function. Ms Yeo joined TMC in 1994 as a Course Planner with four years of experience in material planning and purchasing from both local and overseas companies and about two years of engineering experience. Ms Yeo holds a Diploma in Manufacturing Engineering from Singapore Polytechnic.

Senior Manager – Student Services

Ms Sharlene Yeo Shu-Ching is responsible for ensuring the smooth operations of the Student Services Department with a focus on undergraduate and postgraduate degree students. Since joining TMC in 1999, Ms Yeo has gained considerable experience in course administration, student counselling, marketing and overseas student placement. Before joining TMC as a Senior Course Coordinator, she was a Senior Administrative Executive with an international shipping company for three years. Ms Yeo graduated with a Bachelor of Arts Degree from the University of Melbourne, Australia.

Senior Manager – International Student Admission

Ms Sharon Wee Liang Kian started her career with TMC in 1997. Over the last 11 years, she has been involved in various functions including local and overseas student recruitment, student services, examination administration and branch operations. Ms Wee is presently in charge of international student admission, agent coordination and relationship and marketing communication matters. Prior to joining TMC as a Senior Programme Executive, Ms Wee was a Money Market Officer with a local bank for about 18 years. Ms Wee holds a Diploma in Banking & Finance from The Institute of Banking & Finance, Singapore.

Senior Manager – International Office

Mr Donald Wong Lit Hong joined TMC in 2006 as a Senior Manager in charge of local and international student recruitment. His present portfolio covers international student recruitment including the setting up of a network of overseas recruitment agents. Mr Wong has over 20 years of experience in sales and marketing in the regional markets including South-east Asia, South Asia and China, with the last 8 years in the education industry. In addition, he has 12 years of part-time lecturing experience in business and marketing programmes at undergraduate level. Mr Wong holds a Master of Commerce Degree in Marketing from the University of Strathclyde, UK.

Realising Dreams

Building up on its strategic branding initiative, the Group has focused its recruitment efforts in bringing in international students. This has yielded positive results with a 26% increase in the number of international students recruited through our agents in 2007. New markets in Thailand, South Korea and South Asia have also been established through partnership with reputable local agents and consultants. The Group targets to expand its network further in 2008.

The Group has also formed collaborations with a number of reputable overseas institutions to offer its new International Diploma programmes in Business, Information Technology and Hospitality and Tourism Management in an effort to expand its international student base.

To further position itself for future growth, the Group will continue its quest to expand the scope of its programmes through quality and innovative education pathways as well as strengthen and forge affiliations with reputable local and overseas institutions and universities.

In this regard, the Group tied-up with the Institute of Technical Education (ITE) to offer NITEC in Food and Beverage Operations and NITEC in Accommodation Operations programmes and provide internship opportunities to maximise the exposure of the students to the industry.

In 2007, the Group successfully launched its proprietary hospitality and tourism management programme with students coming from the region. The Group also introduced the Bachelor of Laws (LLB Hons), an external programme from the University of London. The Group will also be admitting its first intake of multimedia and gaming students in July 2008 in response to market demand. Its Hawthorn English Language Centre recently started offering the pre-elementary English Language course to cater to the increasing varied pool of international students.

Additionally, it has tied-up with the University of Gloucestershire in the UK to offer the BA (Hons) Business & Management / Hospitality Industry Management / Tourism Industry Management programmes in Singapore commencing in 2008.

Business Review



During the year under review, ties were further strengthened with existing partners with eight new programmes being offered - four from UK's University of Greenwich, two from Liverpool John Moores University, UK, and two from Deakin University, Australia.

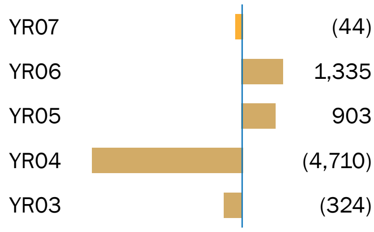
In 2007, the Group reviewed its academic curriculum system and put in place a new modular and student-centred learning approach with emphasis on continuous assessments. Students have welcomed the change and early results have shown improved levels of class participation and performance. The Group also introduced additional student welfare services such as counselling and mentoring as well as implemented a comprehensive orientation programme for new students. Through the revised academic curriculum and enhancing of our after-sales and student services, the Group is focusing on producing well-rounded graduands who will be able to excel in the global economy.

Additionally, in line with our brand credo of being every step with the students and to better engage the student body, the TMC Gazette, a bi-weekly newsletter, was launched last year to provide students with timely communication and information on a wide range of academic and non-academic topics. The Group also took a further step to form a TMC Student Club in the same year to create opportunities for the students to organise and participate in meaningful activities outside their regular lessons in order to enhance their campus life and add value to their learning journey. The Club also provides a platform for the graduands to participate in the Club's events and network with other students and fellow participating graduands.

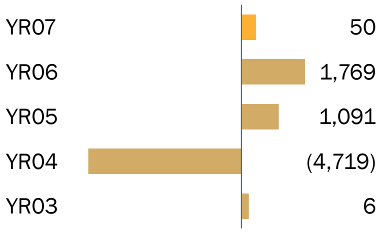
In conclusion, the Group will continue its series of collaborative discussions with other potential reputable institutions to expand on its myriad of programmes and is hopeful that it will continue to increase its market share and establish a stronger position in the regional education market.

Turnover (S$'000)

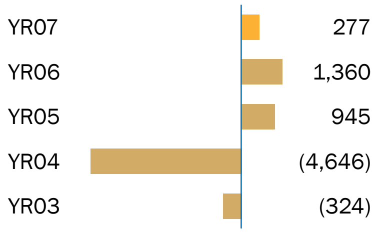
Profit/(Loss) After Tax Before Minority Interest (S$'000)



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



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



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
FOR THE YEAR (S$'000)					
Turnover *	11,937	11,705	12,031	12,265	10,987
Profit/(Loss) before Tax	6	(4,719)	1,091	1,769	50
Profit/(Loss) after Tax before Minority Interests	(324)	(4,710)	903	1,335	(44)
Profit/(Loss) Attributable to Shareholders	(324)	(4,646)	945	1,360	277
AT YEAR END (S$'000)					
Shareholders' Funds	14,111	9,332	10,494	11,681	12,040
Fixed Assets	15,462	13,349	14,100	14,240	13,717
Current Assets	4,018	3,393	2,633	3,735	4,911
Current Liabilities	6,562	6,163	5,150	5,246	6,430
PER SHARE DATA (CENTS)					
Net Earnings/(Loss) **	(0.28)	(4.00)	0.81	1.17	0.22
Net Assets	12.15	8.18	9.15	10.14	9.43

* *Amounts exclude other revenue.*

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

Milestones

1981

- Established TMC Computer School at Kramat Lane in Singapore

1984

- Launched first proprietary diploma programme

1991

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

1994

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

1995

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

1996

- Established TMC School of Arts and Humanities in Singapore

1997

- Awarded ISO 9001 : 1994 Certification

1999

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

2000

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

2001

- Granted Cambridge International Associate Partner Status

2002

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

2003

- Established TMC-Cambridge Education (Beijing) Ltd in China
- Established Creative Education Development (Shenyang) Ltd in China
- Launched first childcare centre in Shenyang (China)
- Established Hawthorn English Language Centre - Singapore in collaboration with Melbourne University Private Ltd
- Launched ‘TMC Academy’ brand name

2004

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

2005

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

2006

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

2007

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

TMC and Affiliates



Singapore

Head Office
111 North Bridge Road
#17-06 Peninsula Plaza
Singapore 179098
Tel: (65) 6337 0922
Fax:(65) 6337 0966
Website: www.tmc.edu.sg
E-mail: enquiries@tmc.edu.sg

Capitol Centre Branch
141 North Bridge Road
#03-01 Capitol Centre
Singapore 179099
Tel: (65) 6339 7922
Fax: (65) 6339 6350

People's Republic of China

Beijing Office
Building 6, Unit 1001
Tai Yang Yuan Xiao Qu
Bei San Huan Street
Hai Dian District
Beijing 100098
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 0589
Tel and Fax: (8624) 8681 0117

Xian Office
No. 89, Room 1513
Qi Guang Building
South Xing Qing Road
Xi'an City, Shaanxi, 710048
Tel and Fax : (8629) 8223 9025

Australia

- Deakin University
- Melbourne Institute of Business and Technology
- Melbourne University
- Monash College
- Monash University
- University of Newcastle
- Southern Cross University
- Swinburne University of Technology
- Sydney Film School

People's Republic of China

- Xian Jiaoda Qiguang Technology (Group) Ltd

Singapore

- Institute of Technical Education
- Lorna Whiston Schools Pte Ltd

United States of America

- Southern New Hampshire University

United Kingdom

- Liverpool John Moores University
- Manchester Metropolitan University
- Middlesex University
- Oxford Brookes University
- University of Cambridge International Examinations
- University of East London
- University of Gloucestershire
- University of Greenwich
- University of London
- University of Wolverhampton

Corporate Information

Directors
Dr Chin Kon Yuen
Yeow Cheng Khim
David Tan Chao Hsiung
Woo Lee Yong
Dr Lau Teik Soon

Secretary
Tan Soo Khoon Raymond

Registered Office
111 North Bridge Road
#17-06 Peninsula Plaza
Singapore 179098
Tel: (65) 6337 0922
Fax: (65) 6337 0966

Registrar and Share Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Auditors
Horwath First Trust
Audit Partner: Catherine Cheng Sam Tai (since 2005)

Bankers
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

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

This 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.

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 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 3 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 SGX-ST 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 their decisions and approvals. Ad-hoc meetings will be held when circumstances require.

The attendance of the Directors at Board and Committee meetings since the date of the last annual report and up to the date of this report is tabulated below:

Attendance at Meetings

		Board Committees		
	Board	**Audit**	**Nominating**	**Remuneration**
No. of Meetings Held	6	2	1	3
Board Members				
Dr Chin Kon Yuen	6	2	1	3
Yeow Cheng Khim	6	2	1	3
David Tan Chao Hsiung	6	2	1	2
Woo Lee Yong	6	2	1	3
Dr Lau Teik Soon	6	2	1	3

Newly appointed Directors will be given briefings and orientations by the Management on the business activities and governance practices of the Group. For the financial year ended 31 December 2007, there were no new appointments to the Board.

Corporate Governance Report

Board Composition and Guidance

Principle 2: Strong and independent element of the Board

Currently, the Board comprises two executive Directors and three independent Directors:

Name of Directors	Board of Directors	Date of Appointment	Audit Committee	Nominating Committee	Remuneration Committee
Dr Chin Kon Yuen	Executive Director (Chairman)	1 March 1982	–	Member	–
Yeow Cheng Khim	Executive Director	23 March 1984	–	–	–
David Tan Chao Hsiung	Independent Director	1 April 2002	Chairman	Member	Chairman
Woo Lee Yong	Independent Director	1 April 2002	Member	Chairman	Member
Dr Lau Teik Soon	Independent Director	16 June 2006	Member	Member	Member

Note: Dr Chin Kon Yuen is the husband of Yeow Cheng Khim

The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge. Please refer to pages 4 and 5 of this Annual Report for details of the qualifications and experience of the Directors.

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

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

As CEO, Dr Chin is responsible for business strategy and direction of the Group, the implementation of 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, David Tan Chao Hsiung, as our lead independent Director. Employees of the Company with serious concerns that could have a large impact on the Group, which contact through the normal channels has failed to resolve or for which such contact is inappropriate, shall be able to contact David Tan Chao Hsiung or the 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 4 Directors, 3 of whom are independent Directors. The NC shall meet 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 possesses 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 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 3 years.

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.

For the financial year ended 31 December 2007, there were no new appointments to the Board.

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 cost shall be borne by the Company.

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

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 3 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 Option 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 Directors' 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 fixed component and variable component; fixed component is in the form of fixed monthly salary/allowance whereas variable component is linked to the performance of the Group and individual.

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

Disclosure on Remuneration

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

Details of the Directors and key executives' remuneration for FY 2007 are set out below:

	Directors' Fees %	Base/Fixed Salary* %	Variable or Performance Related Income/ Bonus* %	Benefits in Kind %	Gains from TMC Share Options %	Total %
Directors						
$250,000 to $499,999						
Dr Chin Kon Yuen	8.48	81.02	6.31	4.19	–	100.00
Yeow Cheng Khim	9.49	80.85	6.94	2.72	–	100.00
Below $250,000						
David Tan Chao Hsiung	51.89	–	–	–	48.11	100.00
Woo Lee Yong	43.08	–	–	–	56.92	100.00
Dr Lau Teik Soon	100.00	–	–	–	–	100.00
Key Executives						
Below $250,000						
Dr Michael Arthur Cope, *Academic Director*	–	92.32	7.68	–	–	100.00
Alvin Han Cheung Shiong, *Chief Financial Officer*	–	77.56	15.99	–	6.45	100.00
Dorothy Tan Suan Yin, *Management Support Chief*	–	38.66	9.30	–	52.04	100.00
Sumiati Irwanto @ Tio Hui Hui, *Deputy Director – Student Services*	–	71.53	11.77	–	16.70	100.00

* Inclusive of Central Provident Fund Contributions

For the period under review, the Remuneration Committee had recommended to the Board total Directors' fees of $180,000 for the Directors, which had been approved at the last Annual General Meeting. For FY2008, the Remuneration Committee is recommending no change to the Directors' fees, which will be tabled by the Board at the forthcoming Annual General Meeting for shareholders' approval.

The Board is of the opinion that details of remuneration for individual Directors and key executives are confidential, and disclosure of such information would not be in the interest of the Company.

There is no employee who is related to a Director whose remuneration exceeds $250,000 in the Group's employment for the financial year ended 31 December 2007.

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

During the year, no option to take up unissued shares of the Company of any corporation in the Group was granted.

Disclosure on Remuneration (cont'd)

Participant	Options granted during financial year 2007	Options granted from start of Scheme to 31 December 2007	Options lapsed since start of Scheme to 31 December 2007	Options exercised from start of Scheme to 31 December 2007	Options outstanding as at 31 December 2007
Directors					
David Tan Chao Hsiung	251,620	865,620	–	(514,000)	351,620
Woo Lee Yong	251,620	865,620	–	(514,000)	351,620
Dr Lau Teik Soon	225,810	225,810	–	–	225,810
Academic Advisers					
Dr Robert James Bignall	225,810	578,620	–	(227,000)	351,620
Prof Chen Swee Eng	225,810	578,620	–	(227,000)	351,620
Loh Hoon Sun	225,810	578,620	–	(227,000)	351,620
Employees	1,192,307	4,569,877	(1,510,774)	(1,365,000)	1,694,103
	2,598,787	8,262,787	(1,510,774)	(3,074,000)	3,678,013

Accountability

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

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

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

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

Audit Committee

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

The Audit Committee ("AC") consists of 3 Directors, including the Chairman, all of whom are independent Directors. The committee has specific terms of reference and has met 2 times since the date of the last annual report and up to the date of this report.

The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The responsibilities of the AC are:

- reviews the audit plans of the external auditors and ensures the adequacy of the Group's system of accounting controls and the co-operation given by the management to the external auditors;
- reviews the financial statements of the Group before their submission to the Board, and before their announcement;
- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviews the cost effectiveness and the independence and objectivity of the external auditors;

Audit Committee (cont'd)

- reviews the nature and extent of non-audit services provided by the external auditors;
- reviews the assistance given by the Group's officer to the auditors;
- nominates external auditors for re-appointment;
- reviews the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- reviews interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST; and
- reviews the adequacy of the Group's internal controls.

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

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

For the year ended 31 December 2007, 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 AC recommends to the Board the reappointment of Horwath First Trust as the external auditors of the Company at the forthcoming Annual General Meeting.

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

Internal Controls

Principle 12: Sound system of internal controls

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

During the financial year, the Group's external and internal auditor has conducted annual review of the effectiveness of the Group's internal control. Any non-compliance and recommendation for improvement were reported to the AC.

Based on external and internal auditors' report and various controls implemented by the management, the AC is satisfied that the internal control in place meets the need of the Group in its current business environment.

Internal Audit

Principle 13: Setting up independent internal audit function

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

Currently, the Chairman of the AC enquires and relies on reports from the Management, internal 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 internal 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 internal and external auditors are adequate.

The Company has established an internal audit function which is independent of the activities it audits. Moore Stephens, a professional accounting firm, has been performing the internal audit function and reports directly to the AC which assists the Board in monitoring and managing risks and internal controls of the Group.

Corporate Governance Report

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 issues and for items of special business. Where appropriate, an explanation for proposed resolution would be provided.

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

Internal Code on Dealings in Securities

The Company has put in place an internal code on dealings with securities, which has been issued to all Directors and employees setting up 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 Party Transactions

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

The directors present their report to the members together with the audited consolidated financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

Directors

The directors of the Company in office at the date of this report are as follows:

Dr Chin Kon Yuen

Yeow Cheng Khim

David Tan Chao Hsiung

Woo Lee Yong

Dr Lau Teik Soon

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations, except as follows:

	Shareholdings registered in name of director or nominee		Shareholdings in which a director is deemed to have an interest	
	At 1 January 2007	At 31 December 2007	At 1 January 2007	At 31 December 2007
The Company				
Ordinary shares				
Dr Chin Kon Yuen	53,564,000	74,989,600	18,000,000	25,200,000
Yeow Cheng Khim	18,000,000	25,200,000	53,564,000	74,989,600
David Tan Chao Hsiung	–	719,600	–	719,600
Woo Lee Yong	–	719,600	–	719,600

The directors' interests in the shares and options of the Company at 21 January 2008 were the same as those as at 31 December 2007.

By virtue of section 7 of the Singapore Companies Act, Dr Chin Kon Yuen and Yeow Cheng Khim are deemed to have interests in the share capital of the Company and other subsidiaries of the Company.

Except as disclosed above and those disclosed under share options, no other director had an interest in any shares in, or debentures of, the Company or related corporations either at the beginning of the financial year or at the end of the financial year and on 21 January 2008.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

Share options

The TMC Share Option Scheme ("the Scheme") was approved by shareholders on 25 May 2001 and subsequent amendment was approved on 25 November 2005.

Under the Scheme, all options to be issued will have a term no longer than 10 years commencing on the date upon which the Scheme is adopted by the Company. The exercise price of the option may be based on the market price or at a discount to the market price at the date of grant.

The Committee administering the Scheme comprises the following directors:

David Tan Chao Hsiung (Chairman)

Woo Lee Yong

Dr Lau Teik Soon

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

Individual employees are not allowed to receive more than their limit on the number of options. Non-executive directors who were granted options, academic advisors and employees who received 5% or more of the total options available under the Scheme are:

	Options granted during the financial year ended 31 December 2007	Aggregate options granted since commencement of scheme to 31 December 2007	Aggregate options lapsed since commencement of scheme to 31 December 2007	Aggregate options exercised since commencement of scheme to 31 December 2007	Aggregate options outstanding as at 31 December 2007 and 21 January 2008
Directors of the Company					
David Tan Chao Hsiung	251,620	865,620	–	(514,000)	351,620
Woo Lee Yong	251,620	865,620	–	(514,000)	351,620
Dr Lau Teik Soon	225,810	225,810	–	–	225,810
Academic advisors and employees who received 5% or more of the total options					
Dr Robert James Bignall	225,810	578,620	–	(227,000)	351,620
Professor Chen Swee Eng	225,810	578,620	–	(227,000)	351,620
Loh Hoon Sun	225,810	578,620	–	(227,000)	351,620
Tan Suan Yin	120,777	739,777	–	(573,000)	166,777
Other employees (in aggregate)	1,071,530	3,830,100	(1,510,774)	(792,000)	1,527,326
	2,598,787	8,262,787	(1,510,774)	(3,074,000)	3,678,013

Except as disclosed above, no other participant has received 5% or more of the total number of options under the Scheme.

All options granted under the Scheme are exercisable as follows:

(a) An option granted without discount shall be exercisable from the 1st anniversary of the date of grant to the expiry date; and

(b) An option granted at a discount shall be exercisable from the 2nd anniversary of the date of grant to the expiry date.

Share options (cont'd)

At the end of the financial year, options to take up 3,678,013 unissued shares in the Company were outstanding:

Date of grant	Balance at 1.1.2007 / date of grant	Forfeited	Exercised	Adjustment (Note c)	Balance at 31.12.2007	Exercise price	Expiry date
07.12.2001	52,000	–	(39,000)	3,354	16,354	$0.1192	06.12.2011
02.12.2002	283,000	(50,000)	(155,000)	20,128	98,128	$0.1043	01.12.2012
30.06.2003	80,000	–	(80,000)	–	–	$0.1291	29.06.2008
30.06.2003	152,000	(32,000)	(80,000)	10,320	50,320	$0.1291	29.06.2013
01.12.2003	80,000	–	(80,000)	–	–	$0.1037	30.11.2008
01.12.2003	157,000	(36,000)	(93,000)	7,224	35,224	$0.1037	30.11.2013
28.06.2004	80,000	–	(80,000)	–	–	$0.0994	27.06.2009
28.06.2004	152,000	(6,000)	(105,000)	10,578	51,578	$0.0994	27.06.2014
13.12.2004	80,000	–	(80,000)	–	–	$0.0612	12.12.2009
13.12.2004	159,000	(8,000)	(120,000)	7,998	38,998	$0.0612	12.12.2014
07.03.2006	889,000	–	(889,000)	–	–	$0.0453	06.03.2011
07.03.2006	664,000	(112,000)	(481,000)	18,320	89,320	$0.0453	06.03.2016
26.06.2006	500,000	–	(500,000)	–	–	$0.0429	25.06.2011
26.06.2006	322,000	(94,000)	(192,000)	9,288	45,288	$0.0429	25.06.2016
11.12.2006	500,000	–	–	129,050	629,050	$0.0620	10.12.2011
11.12.2006	352,000	(98,000)	–	65,544	319,544	$0.0620	10.12.2016
18.06.2007	600,000	–	–	154,860	754,860	$0.1248	17.06.2012
18.06.2007	304,000	(12,774)	–	76,123	367,349	$0.1248	17.06.2017
10.12.2007	600,000	–	–	–	600,000	$0.1370	09.12.2012
10.12.2007	582,000	–	–	–	582,000	$0.1370	09.12.2017
Total	6,588,000	(448,774)	(2,974,000)	512,787	3,678,013		

None of the holders of the above share options has any right to participate by virtue of the options in any share issue of any other company. During the financial year:

(a) 2,974,000 share options were exercised under the Scheme at the exercise price of between $0.0540 and $0.1624 per share, resulting in the issuance of 2,974,000 ordinary shares;

(b) two options were granted at the exercise price of $0.1570 on 18 June 2007 and $0.1370 on 10 Dec 2007 which were determined based on the average market price for the last five consecutive market days preceding the date of the grant;

(c) the Company proposed a renounceable non-underwritten rights issue of up to 48,450,000 new ordinary shares at an issue price of $0.055 for each rights share, on the basis of 2 rights shares for every 5 existing ordinary shares in the capital of the Company as at 29 October 2007. Upon the completion of this exercise, a total of 47,629,600 rights shares were listed and quoted on the Singapore Exchange Securities Trading Limited with effect from 3 December 2007. Pursuant to the scheme, adjustments were made to the exercise prices of and number of shares to be alloted and issued upon full exercise of the exercisable share options in connection with the rights issue; and

(d) no other shares were issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

Audit Committee

The members of the Audit Committee at the date of this report are as follows:

David Tan Chao Hsiung (Chairman)
Woo Lee Yong
Dr Lau Teik Soon

The Audit Committee performs the functions specified by Section 201B of the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the periodic results announcements prior to their submission to the Board for approval;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2007 prior to their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

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 discretion to invite any director or executive officer to attend its meetings.

The Audit Committee convened 2 meetings during the year with full attendance from all members and has also met with internal and independent auditors, without presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Horwath First Trust, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor before confirming their re-nomination.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Independent auditor

The independent auditor, Horwath First Trust, has expressed its willingness to accept re-appointment as auditor of the Company.

On behalf of the Board of Directors

Dr Chin Kon Yuen
Director

Yeow Cheng Khim
Director

Singapore
28 February 2008

Statement by Directors

In the opinion of the directors, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 31 to 76 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the results, changes in equity and cash flows of the Group for the financial year then ended, and at the date of this statement, 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 Board of Directors

Dr Chin Kon Yuen
Director

Yeow Cheng Khim
Director

Singapore
28 February 2008

Independent Auditor's Report

TO THE MEMBERS OF TMC EDUCATION CORPORATION LTD

We have audited the accompanying financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 31 to 76 comprising the balance sheets of the Company and of the Group as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 and fair presentation of the financial statements 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 directors, 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:

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) 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 auditors have been properly kept in accordance with the provisions of the Act.

Horwath First Trust
Certified Public Accountants

Singapore
28 February 2008

Balance Sheets
AS AT 31 DECEMBER 2007

(Amounts in Singapore dollars)

	Note	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Share capital and reserves attributable to the Company's equity holders					
Share capital	4	11,424,200	8,731,386	11,424,200	8,731,386
Reserves	5	615,427	2,949,265	1,409,093	2,830,037
		12,039,627	11,680,651	12,833,293	11,561,423
Minority interests		(227,186)	93,801	–	–
TOTAL EQUITY		11,812,441	11,774,452	12,833,293	11,561,423
Non-current assets					
Property, plant and equipment	6	13,717,379	14,240,266	13,704,347	14,124,625
Subsidiaries	7	–	–	14	14
Intangible assets					
- Development expenditure	8	202,404	253,587	202,404	253,587
- Franchise development costs	9	–	–	–	–
		13,919,783	14,493,853	13,906,765	14,378,226
Current assets					
Trade receivables	10	42,313	236,451	41,143	233,607
Other receivables, deposits and prepayments	11	629,386	394,310	488,164	271,394
Due from subsidiaries	12	–	–	1,540,405	–
Fixed deposits	13	3,248,000	2,471,748	3,248,000	2,471,748
Cash and bank balances	14	991,079	632,396	249,168	81,908
		4,910,778	3,734,905	5,566,880	3,058,657
TOTAL ASSETS		18,830,561	18,228,758	19,473,645	17,436,883
Current liabilities					
Trade payables	15	1,524,690	1,007,783	1,524,690	993,783
Other payables	16	4,045,703	3,412,027	57,585	125,078
Borrowings	17	420,000	180,000	420,000	180,000
Due to subsidiaries	12	–	–	3,606,962	2,733,148
Provision for tax		439,727	646,496	443,115	635,451
		6,430,120	5,246,306	6,052,352	4,667,460
Non-current liabilities					
Borrowings	17	490,000	1,110,000	490,000	1,110,000
Deferred tax	18	98,000	98,000	98,000	98,000
TOTAL LIABILITIES		7,018,120	6,454,306	6,640,352	5,875,460
NET ASSETS		11,812,441	11,774,452	12,833,293	11,561,423

The accompanying notes are an integral part of the financial statements.

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

(Amounts in Singapore dollars)

	Note	Group 2007 $	Group 2006 $
Revenue			
Course and examination fees	19	10,987,394	12,261,498
Franchise income		–	3,881
Other revenue	20	182,048	247,091
		11,169,442	12,512,470
Less: Operating expenses			
Course materials and subscriptions		(727,467)	(648,153)
Personnel expenses	21	(5,991,597)	(6,262,365)
Property, plant and equipment related expenses		(2,636,978)	(1,540,075)
Advertising and promotion		(729,542)	(968,676)
Financial expenses	22	(82,362)	(79,537)
Other operating expenses		(951,515)	(1,244,455)
Profit before tax	23	49,981	1,769,209
Income tax	24	(93,776)	(434,265)
(Loss) Profit after tax		(43,795)	1,334,944
Attributable to:			
Equity holders of the Company		277,192	1,360,261
Minority interests		(320,987)	(25,317)
		(43,795)	1,334,944
Earnings per share (cents)	25		
Basic		0.22	1.17
Diluted		0.22	1.17

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

(Amounts in Singapore dollars)

Group	Share capital $	Share premium $	Translation reserve $	Revenue reserve $	Employees' share option reserve $	Minority interests $	Total $
Balance at 1.1.2006	5,805,000	4,991,152	155,666	(530,871)	72,894	125,126	10,618,967
Net income (expense) recognised directly to equity:							
- Recognition of employees' share option value	–	–	–	–	31,539	–	31,539
- Currency translation difference	–	–	(19,230)	–	–	(6,008)	(25,238)
Profit for the financial year	–	–	–	1,360,261	–	(25,317)	1,334,944
Total recognised income (expense) for the financial year	–	–	(19,230)	1,360,261	31,539	(31,325)	1,341,245
Capital reduction	(2,064,766)	–	–	2,064,766	–	–	–
Effect of Companies (Amendment) Act 2005 (Note 4)	4,991,152	(4,991,152)	–	–	–	–	–
Dividends (Note 26)	–	–	–	(185,760)	–	–	(185,760)
Balance at 31.12.2006	8,731,386	–	136,436	2,708,396	104,433	93,801	11,774,452
Balance at 1.1.2007	8,731,386	–	136,436	2,708,396	104,433	93,801	11,774,452
Net income (expense) recognised directly to equity:							
- Recognition of employees' share option value	–	–	–	–	144,778	–	144,778
- Currency translation difference	–	–	54,949	–	–	–	54,949
Profit (Loss) for the financial year	–	–	–	277,192	–	(320,987)	(43,795)
Total recognised income (expense) for the financial year	–	–	54,949	277,192	144,778	(320,987)	155,932
Issue of shares upon exercising share options (Note 4)	228,712	–	–	–	–	–	228,712
Issue of rights shares	2,464,102	–	–	–	–	–	2,464,102
Dividends (Note 4)	–	–	–	(2,810,757)	–	–	(2,810,757)
Balance at 31.12.2007	11,424,200	–	191,385	174,831	249,211	(227,186)	11,812,441

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

(Amounts in Singapore dollars)

	Note	Group 2007 $	Group 2006 $
Cash flows from operating activities			
Profit before tax		49,981	1,769,209
Adjustments:			
Depreciation of property, plant and equipment		670,665	785,595
Amortisation of development expenditure		110,098	170,177
Development expenditure written off		48,785	–
Interest expense		82,362	79,537
Interest income		(156,567)	(68,242)
Loss on disposal of property, plant and equipment		10,623	8,590
Impairment loss (reversal) on plant and equipment		98,154	(825,419)
Goodwill on consolidation written off		1,189	–
Employees' share option value		144,778	31,539
Operating cash inflow before working capital changes		1,060,068	1,950,986
Changes in operating assets and liabilities			
Trade receivables		194,138	1,020,162
Other receivables, deposits and prepayments		(235,076)	(2,936)
Trade payables		516,907	(149,973)
Other payables		633,676	110,838
Cash generated from operations		2,169,713	2,929,077
Interest received		156,567	68,242
Income tax paid		(300,545)	(178,564)
Cash flows from operating activities		2,025,735	2,818,755
Cash flows from investing activities			
Development expenditure incurred		(107,700)	–
Proceeds from disposal of property, plant and equipment		350	2,637
Purchase of property, plant and equipment		(257,927)	(119,737)
Acquisition of subsidiary (Note A)		(1,191)	–
Proceeds from issuance of shares		2,692,814	–
Cash flows from (used) in investing activities		2,326,346	(117,100)

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

(Amounts in Singapore dollars)

	Note	Group	
		2007	2006
		$	$
Cash flows from financing activities			
Repayments of borrowings		(380,000)	(300,000)
Dividend paid		(2,810,757)	(185,760)
Interest paid		(82,362)	(79,537)
Cash flows used in financing activities		(3,273,119)	(565,297)
Net increase in cash and cash equivalents		1,078,962	2,136,358
Cash and cash equivalents at beginning of the year		3,104,144	985,349
Effect of foreign currency translation		55,973	(17,563)
Cash and cash equivalents at end of the year	27	4,239,079	3,104,144

Note A

On 17 May 2007, the Group acquired 100% of a company incorporated in British Virgin Islands, Concept Innovation Investments Limited (“CIIL”), at a consideration of $1,191. With CIIL’s net assets at $2, goodwill on consolidation amounting to $1,189 was written off during the financial year.

The accompanying notes are an integral part of the financial statements.

(Amounts in Singapore dollars)

1. GENERAL INFORMATION

TMC Education Corporation Ltd (the "Company") is a limited company domiciled and incorporated in the Republic of Singapore. The address of the Company's registered office and principal place of business is at 111 North Bridge Road, #17-06 Peninsula Plaza, Singapore 179098.

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

The financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2007 were authorised for issue by the Board of Directors on 28 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in Singapore dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act and the Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore dollars unless otherwise indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting 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 ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed during the year are consolidated for the periods from or to the effective date of acquisition or disposal. All intercompany balances, transactions and unrealised profit or loss on intercompany transactions are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses is fully recovered by the equity holders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of consolidation (cont'd)

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the income statement. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amount of the investments is taken to the income statement.

Subsidiaries

A subsidiary is a company, in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 "Business Combinations" are recognised at their fair values at acquisition date.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised immediately in the consolidated income statement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Property, plant and equipment are depreciated using the straight-line method to write-off the cost of each asset over their estimated useful lives. The estimated useful lives have been taken as follows:

	Useful lives
Land and building	50 years
Renovation	3 years or lease period
Furniture and fittings	10 years
Training equipment	10 years
Office equipment	10 years
Computers	3 – 5 years
Computer software	3 years
Software development	3 years
Motor vehicles	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. An assessment of the carrying value of property, plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Intangible assets

(a) Development expenditure

Development expenditure generally is written off as an expense when incurred, except those relating to specific projects intended for commercial exploitation is carried forward so long as it can reasonably be expected to be recovered from related future revenues. Such expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis, over the periods expected to benefit from it, commencing with the period in which related sales are first made. The useful lives of the development expenditure are estimated to be 5 years.

(b) Franchise development costs

Franchise development costs comprise expenses incurred in the development of franchise products. These costs are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over the life of the franchise, which is estimated to be 5 years, commencing with the period in which related sales are first made, or written off immediately if there are no future economic benefits to be derived from the franchise development costs.

At each balance sheet date, the Group or the Company assesses whether there is any indication of impairment for development expenditure and franchise development costs. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. The impairment loss is charged to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of tangible and intangible assets, excluding goodwill

Impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the period in which it arises, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the relevant assets is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial assets are cash and cash equivalents, trade receivables and other receivables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities comprising trade and other payables and bank borrowings are stated at their fair values. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Equity instruments are recorded at the fair value of the consideration received. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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 to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries, are classified and accounted for as loans and receivables under FRS 39 and are recognised and carried at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses on any uncollectible amounts.

Allowance for impairment of receivables is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Trade and other payables

Trade and other payables, which generally are on normal credit terms, and payables to subsidiaries are carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised cost using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalent comprises cash on hand and in banks. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Revenue recognition

Course fee is generally recognised over the period in which the course is run. Examination fee is generally recognised over the course assessment period.

Revenue from initial franchise fee is generally recognised from the acceptance and commencement of the franchise under agreement entered into by the franchisee. Recurring franchise fee, which relates mainly to royalties and examination administration fees, are recognised over the course assessment period.

Interest income is recognised on a time-proportion basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing Costs

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Employee benefits

(a) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement 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, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currency transactions and balances

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in income statement in the period in which the foreign operation is disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency transactions and balances (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2007.

The new or revised FRS and INT FRS which are relevant to the Group's operations are as follows:

FRS 107	Financial Instruments: Disclosure
FRS 1	Amendments to FRS 1 (revised): Presentation of Financial Statements relating to capital disclosures
FRS 40	Investment Property

The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported in the current and prior years' financial statements. FRS 107 and the amended FRS 1 introduced new disclosures relating to financial instruments and capital respectively.

New accounting standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted.

FRS 23	Borrowing Costs (Revised)
FRS 108	Operating Segments
INT FRS111	Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The Group's assessment of the impact of adopting these standards, amendments and interpretations that are relevant to the Group is set out below:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretations not yet effective (cont'd)

FRS 23 will become effective for financial statements for the year ending 31 December 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy is consistent with the FRS 23 requirement to capitalise borrowing costs.

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed. The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Property, plant & equipment – land and building

Based on indicative current market values with reference to recent property transactions prices close to the balance sheet date, no impairment loss is needed during the year. The carrying amount of the Group's land and building as at 31 December 2007 was $13,149,577 (2006:$ 13,462,498). Any material changes in the market value of the land and property would affect its carrying amounts within the next financial year.

(ii) Intangible assets – development expenditure

The cost of development expenditure (less impairment loss) of the Group is depreciated on a straight-line basis over its remaining estimated useful life. Management estimates the useful life of the development expenditure to be 5 years based on expected pattern of economic benefits from this intangible asset. The carrying amount of the Group's development expenditure as at 31 December 2007 was $202,404 (2006: $253,587). Changes in the expected level of usage and the estimates of anticipated revenue could impact the carrying amount of the development expenditures hence further adjustment for impairment loss may be necessary in the future.

(iii) Income taxes

The Group has exposure to income taxes in Singapore and PRC. Significant judgment is involved in determining the Group's 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 carrying amount of the Group's income tax provisions and deferred tax provisions at 31 December 2007 were $439,727 (2006: $646,496) and $98,000 (2006: $98,000) respectively.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(iv) Fair value of bank borrowings

The fair value of long term bank borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the estimated effective interest rates throughout the term of repayments for similar financial instruments. Any significant difference between the estimated interest rates and the actual interest rates for the duration of the borrowings period may result in material difference in fair value as disclosed.

4. SHARE CAPITAL

	Group and Company	
	2007	2006
	$	$
Issued and fully paid		
At beginning of year		
116,100,000 (2006: 116,100,000) ordinary shares	8,731,386	5,805,000
Issue of ordinary shares (1)	228,712	–
Issue of rights shares (2)	2,464,102	–
Transfer of share premium (3)	–	4,991,152
Capital reduction (4)	–	(2,064,766)
At end of year		
166,703,600 (2006: 116,100,000) ordinary shares	11,424,200	8,731,386

(1) During the financial year, 2,974,000 ordinary shares were issued upon the exercise of 2,974,000 share options granted under the TMC Share Option Scheme at the exercise price of between $0.0540 and $0.1624 per share, amounting to $228,712 (2006: $Nil).

(2) On 3 September 2007, the Company proposed a renounceable non-underwritten rights issue of up to 48,450,000 new ordinary shares at an issue price of $0.055 for each rights share, on the basis of 2 rights shares for every 5 existing ordinary shares in the capital of the Company as at 29 October 2007. Upon the completion of this exercise, a total of 47,629,600 rights shares, amounting to $2,464,102 (net of expenses) were listed and quoted on the Singapore Exchange Securities Trading Limited with effect from 3 December 2007.

(3) Pursuant to the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, the concepts of "par value", "authorised share capital" and "share premium" have been abolished. Any amount standing to the credit of the Company's share premium account became part of the Company's share capital.

(4) During the previous financial year ended 31 December 2006, the Company has completed a capital reduction exercise to write-off accumulated losses of S$2,064,766 (as at 31 December 2004) after the High Court of the Republic of Singapore granted the Company's application and an Order of Court confirming the capital reduction on 9 February 2006. The necessary filings with the Accounting and Corporate Regulatory Authority of Singapore were completed on 24 February 2006.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share.

4. SHARE CAPITAL (cont'd)

TMC Share Option Scheme

Share options are granted to employees and non-executive directors with more than 12 months of service under the TMC Share Option Scheme ("the Scheme") which was approved by shareholders on 25 May 2001.

On 25 November 2005, the scheme was amended to allow the Company to grant options to a new category of participants known as Academic Advisers and to allow the Company to grant options to eligible employees once the employees are confirmed in their positions (as opposed to the employees having to wait 12 months before they are eligible to be granted options).

Under the Scheme all options to be issued will have a term no longer than 10 years commencing on the date upon which the Scheme is adopted by the Company. The exercise price of the option may be based on the market price or at a discount to the market price at the date of the grant.

The vesting of the granted options is conditional on the employees after the first anniversary of the date of grant in the case of an option set at the market price or the second anniversary of the date of grant in case of an option set at a discount to the market price.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of ordinary shares outstanding under the options at the end of the financial year and their exercise prices are as follows:

Date of grant	Balance at 1.1.2007	Granted during the year	Share option adjustment[1]	Exercised	Forfeited during the year	Balance at 31.12.2007	Exercise price	Expiry date
07.12.2001	52,000	–	3,354	(39,000)	–	16,354	$0.1192	06.12.2011
02.12.2002	283,000	–	20,128	(155,000)	(50,000)	98,128	$0.1043	01.12.2012
30.06.2003	80,000	–	–	(80,000)	–	–	$0.1291	29.06.2008
30.06.2003	152,000	–	10,320	(80,000)	(32,000)	50,320	$0.1291	29.06.2013
01.12.2003	80,000	–	–	(80,000)	–	–	$0.1037	30.11.2008
01.12.2003	157,000	–	7,224	(93,000)	(36,000)	35,224	$0.1037	30.11.2013
28.06.2004	80,000	–	–	(80,000)	–	–	$0.0994	27.06.2009
28.06.2004	152,000	–	10,578	(105,000)	(6,000)	51,578	$0.0994	27.06.2014
13.12.2004	80,000	–	–	(80,000)	–	–	$0.0612	12.12.2009
13.12.2004	159,000	–	7,998	(120,000)	(8,000)	38,998	$0.0612	12.12.2014
07.03.2006	889,000	–	–	(889,000)	–	–	$0.0453	06.03.2011
07.03.2006	664,000	–	18,320	(481,000)	(112,000)	89,320	$0.0453	06.03.2016
26.06.2006	500,000	–	–	(500,000)	–	–	$0.0429	25.06.2011
26.06.2006	322,000	–	9,288	(192,000)	(94,000)	45,288	$0.0429	25.06.2016
11.12.2006	500,000	–	129,050	–	–	629,050	$0.0620	10.12.2011
11.12.2006	352,000	–	65,544	–	(98,000)	319,544	$0.0620	10.12.2016
18.06.2007	–	600,000	154,860	–	–	754,860	$0.1248	17.06.2012
18.06.2007	–	304,000	76,123	–	(12,774)	367,349	$0.1248	17.06.2017
10.12.2007	–	600,000	–	–	–	600,000	$0.1370	09.12.2012
10.12.2007	–	582,000	–	–	–	582,000	$0.1370	09.12.2017
	4,502,000	2,086,000	512,787	(2,974,000)	(448,774)	3,678,013		

[1] On 3 September 2007, the Company proposed a renounceable non-underwritten rights issue of up to 48,450,000 new ordinary shares at an issue price of $0.055 for each rights share, on the basis of 2 rights shares for every 5 existing ordinary shares in the capital of the Company as at 29 October 2007. Upon the completion of this exercise, a total of 47,629,600 rights shares were listed and quoted on the Singapore Exchange Securities Trading Limited with effect from 3 December 2007. Pursuant to the Scheme, adjustments were made to the exercise prices of and number of shares to be allotted and issued upon full exercise of the exercisable share options in connection with a rights issue.

4. SHARE CAPITAL (cont'd)

TMC Share Option Scheme (cont'd)

Out of the outstanding options on 3,678,013 shares (2006: 4,502,000 shares), option on 1,373,804 shares (2006: 1,502,000 shares) are exercisable. There are 2,974,000 options exercised during the financial year (2006: Nil). 2,086,000 options were granted during the financial year (2006: 3,558,000).

The total fair value of options granted during the current financial year determined using the Black-Scholes model was $208,089 of which $68,826 was included in the total expenses of $144,778 in the Group's current income statement with a corresponding increase in the share option reserve.

The significant inputs into the model were share price range from $0.05 to $0.195 (2006: $0.05 to $0.195) at the grant date, exercise price shown above, standard deviation of expected returns range from 50% to 128% (2006: 50% to 112%), annual risk free rate range from 1.01% to 3.04% (2006: 1.01% to 3.04%) and option life shown above. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over three years. Expected dividend yield is assumed to be Nil (2006: Nil).

5. RESERVES

	Company	
	2007 $	2006 $
Revenue reserve		
Balance as at beginning of the financial year	2,725,604	(736,259)
Profit for the financial year	1,245,035	1,582,857
Capital reduction	–	2,064,766
Dividend paid	(2,810,757)	(185,760)
Balance as at the end of the financial year	1,159,882	2,725,604
Share premium		
Balance as at beginning of the financial year	–	4,991,152
Transfer to share capital upon implementation of the Companies (Amendment) Act 2005	–	(4,991,152)
Balance as at the end of the financial year	–	–
Employees' share option reserve		
Balance as at beginning of the financial year	104,433	72,894
Value of employees' services	144,778	31,539
Balance as at the end of the financial year	249,211	104,433
Total reserves	1,409,093	2,830,037

6. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and building	Renovation	Furniture and fittings	Training equipment	Office equipment	Computers	Computer software	Software development	Motor vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At 1.1.2006	15,646,027	1,341,271	406,047	316,271	255,805	650,385	333,686	446,305	488,075	19,883,872
Additions	–	6,000	–	6,640	29,316	77,507	274	–	–	119,737
Disposals	–	(3,800)	–	(21,280)	–	(10,801)	–	–	–	(35,881)
Currency realignment	–	(6,405)	(1,661)	(160)	(1,225)	(2,460)	(35)	–	–	(11,946)
At 31.12.2006	15,646,027	1,337,066	404,386	301,471	283,896	714,631	333,925	446,305	488,075	19,955,782
At 1.1.2007	15,646,027	1,337,066	404,386	301,471	283,896	714,631	333,925	446,305	488,075	19,955,782
Additions	–	61,518	16,035	12,674	12,246	62,601	74,440	–	18,413	257,927
Disposals	–	–	–	(34,491)	(25,108)	(105,547)	–	–	–	(165,146)
Currency realignment	–	861	223	21	167	283	5	–	–	1,560
At 31.12.2007	15,646,027	1,399,445	420,644	279,675	271,201	671,968	408,370	446,305	506,488	20,050,123
Accumulated depreciation										
At 1.1.2006	1,870,608	957,879	244,650	210,020	129,134	473,677	153,681	446,305	472,892	4,958,846
Charge for the year	312,921	203,580	40,121	22,553	27,966	104,616	70,642	–	3,196	785,595
Disposals	–	(2,639)	–	(13,524)	–	(8,491)	–	–	–	(24,654)
Currency realignment	–	(1,602)	(875)	(85)	(529)	(1,175)	(5)	–	–	(4,271)
At 31.12.2006	2,183,529	1,157,218	283,896	218,964	156,571	568,627	224,318	446,305	476,088	5,715,516
At 1.1.2007	2,183,529	1,157,218	283,896	218,964	156,571	568,627	224,318	446,305	476,088	5,715,516
Charge for the year	312,921	104,888	35,684	20,177	22,785	92,159	78,241	–	3,810	670,665
Disposals	–	–	–	(29,136)	(19,490)	(105,547)	–	–	–	(154,173)
Currency realignment	–	383	56	14	107	2,022	–	–	–	2,582
At 31.12.2007	2,496,450	1,262,489	319,636	210,019	159,973	557,261	302,559	446,305	479,898	6,234,590

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	Land and building	Renovation	Furniture and fittings	Training equipment	Office equipment	Computers	Computer software	Software development	Motor vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Accumulated impairment loss										
At 1.1.2006	825,419	–	–	–	–	–	–	–	–	825,419
Reversal of impairment loss	(825,419)	–	–	–	–	–	–	–	–	(825,419)
At 31.12.2006	–	–	–	–	–	–	–	–	–	–
At 1.1.2007	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	78,884	7,009	–	4,125	8,223	–	–	–	98,241
Currency realignment	–	(94)	1	–	–	6	–	–	–	(87)
At 31.12.2007	–	78,790	7,010	–	4,125	8,229	–	–	–	98,154
Net book value										
At 1.1.2006	12,950,000	383,392	161,397	106,251	126,671	176,708	180,005	–	15,183	14,099,607
At 31.12.2006 and 1.1.2007	13,462,498	179,848	120,490	82,507	127,325	146,004	109,607	–	11,987	14,240,266
At 31.12.2007	13,149,577	58,166	93,998	69,656	107,103	106,478	105,811	–	26,590	13,717,379

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Land and building	Renovation	Furniture and fittings	Training equipment	Office equipment	Computers	Computer software	Software development	Motor vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At 1.1.2006	15,646,027	1,216,070	373,586	313,151	231,859	602,295	333,000	446,305	488,075	19,650,368
Additions	–	6,000	–	6,640	28,898	77,507	274	–	–	119,319
Disposals	–	(3,800)	–	(21,280)	–	(4,180)	–	–	–	(29,260)
At 31.12.2006	15,646,027	1,218,270	373,586	298,511	260,757	675,622	333,274	446,305	488,075	19,740,427
At 1.1.2007	15,646,027	1,218,270	373,586	298,511	260,757	675,622	333,274	446,305	488,075	19,740,427
Additions	–	61,518	13,368	12,674	9,940	60,822	74,440	–	18,413	251,175
Disposals	–	–	–	(34,490)	(25,108)	(101,390)	–	–	–	(160,988)
At 31.12.2007	15,646,027	1,279,788	386,954	276,695	245,589	635,054	407,714	446,305	506,488	19,830,614
Accumulated depreciation										
At 1.1.2006	1,870,608	930,559	229,383	208,522	120,935	453,404	153,594	446,305	472,892	4,886,202
Charge for the year	312,921	190,439	34,077	22,012	20,919	95,769	70,611	–	3,196	749,944
Disposals	–	(2,640)	–	(13,524)	–	(4,180)	–	–	–	(20,344)
At 31.12.2006	2,183,529	1,118,358	263,460	217,010	141,854	544,993	224,205	446,305	476,088	5,615,802
At 1.1.2007	2,183,529	1,118,358	263,460	217,010	141,854	544,993	224,205	446,305	476,088	5,615,802
Charge for the year	312,921	103,585	33,224	19,640	20,720	88,371	78,210	–	3,810	660,481
Disposals	–	–	–	(29,136)	(19,490)	(101,390)	–	–	–	(150,016)
At 31.12.2007	2,496,450	1,221,943	296,684	207,514	143,084	531,974	302,415	446,305	479,898	6,126,267

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Land and building	Renovation	Furniture and fittings	Training equipment	Office equipment	Computers	Computer software	Software development	Motor vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Accumulated impairment loss										
At 1.1.2006	825,419	–	–	–		–	–	–	–	825,419
Reversal of impairment loss	(825,419)	–	–	–		–	–	–	–	(825,419)
At 31.12.2006 and 31.12.2007	–	–	–	–		–	–	–	–	–
Net book value										
At 1.1.2006	12,950,000	285,511	144,203	104,629	110,924	148,891	179,406	–	15,183	13,938,747
At 31.12.2006 and 1.1.2007	13,462,498	99,912	110,126	81,501	118,903	130,629	109,069	–	11,987	14,124,625
At 31.12.2007	13,149,577	57,845	90,270	69,181	102,505	103,080	105,299	–	26,590	13,704,347

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Land and building consist of 999-year leasehold properties located at 111 North Bridge Road, units #06-01 to #06-35, #17-01 to #17-03 and #17-06, Singapore 179098. These properties have a total floor area of 1,670 square metres and are used as education centres and administrative offices. The unexpired lease term of these properties is 972 years.

Certain land and building of the Group and the Company with net book value of $2,344,803 (2006: $5,871,772) are mortgaged to banks to obtain bank facilities (Note 17).

7. SUBSIDIARIES

	Company	
	2007	2006
	$	$
Unquoted equity shares, at cost	1,826,019	1,826,019
Disposal of equity interest held (Note A)	(894,741)	–
Provision for impairment loss	(931,264)	(1,826,005)
	14	14

Details of subsidiaries are as follows:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment by the Company		Effective equity held by the Group	
			2007	2006	2007	2006
			$	$	%	%
~	Asia Pacific College Int'l Pte Ltd (Singapore)	Dormant	2	2	100	100
~	Boston East Int'l Pte Ltd (Singapore)	Dormant	2	2	100	100
*	Technology Management Centre (HK) Limited (Hong Kong)	Dormant	1*	1*	100	100
~	TMC (China) Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	931,261 (Note A)	1,826,002	51	100
~	TMC Educational Group Pte Ltd (Singapore)	To provide educational courses and conducting examinations (Singapore)	2	2	100	100
~	TMC Franchise Int'l Pte Ltd (Singapore)	To provide expertise in administrating schools including the provision of course material and training of staff (Singapore)	2	2	100	100
~	TMC (Malaysia) Holdings Pte Ltd (Singapore)	To provide educational courses and conducting examinations (Singapore)	2	2	100	100

7. SUBSIDIARIES (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment by the Company		Effective equity held by the Group	
			2007	2006	2007	2006
			$	$	%	%
~	TMC Pte Ltd (Singapore)	Dormant	2	2	100	100
~	TMC (Western China) Pte Ltd (Singapore)	To provide expertise in administering schools and facilitating examinations (Singapore)	2	2	100	100
~	Creative Education Development Pte Ltd (Singapore)	Dormant	2	2	100	100
			931,278	1,826,019		
	Subsidiary of Asia Pacific College Int'l Pte Ltd					
+	Xian TMC International College (People's Republic of China)	To provide diploma and higher diploma courses in China (People's Republic of China)			51.2	51.2
	Subsidiary of TMC (China) Holdings Pte Ltd					
+	Creative Education Development (Shenyang) Ltd (People's Republic of China)	To engage in kindergarten and early childhood education in Shenyang City and other parts of China (People's Republic of China)			100	100
+	TMC – Cambridge Education (Beijing) Ltd (People's Republic of China)	To collaborate with local partners to establish GCE "O" Levels centres in China (People's Republic of China)			– (Note B)	100
	Subsidiary of TMC Pte Ltd					
*	Concept Innovation Investments Limited (British Virgin Island)	Investment holding			100	–
	Subsidiary of Boston East Int'l Pte Ltd					
+	TMC – Cambridge Education (Beijing) Ltd (People's Republic of China)	To collaborate with local partners to establish GCE "O" Levels centres in China (People's Republic of China)			100 (Note B)	–

Note A

On 8 February 2007, the Company disposed 49% equity interest to a third party at book value.

7. SUBSIDIARIES (cont'd)

Note B

On 8 February 2007, TMC Cambridge Education (Beijing) Ltd was transferred from TMC (China) Holdings Pte Ltd to Boston East Int'l Pte Ltd at a purchase consideration of S$1,586,515, representing a discount of $121,738. There is no impact to the Group as this has been eliminated.

* Not required to be audited under the relevant laws and regulations of their countries of incorporation.

~ Audited by Horwath First Trust, Certified Public Accountants, Singapore.

+ Audited by Baker Tilly China Ltd, People's Republic of China.

8. DEVELOPMENT EXPENDITURE

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Cost				
At beginning of the financial year	3,339,549	3,339,549	3,316,108	3,316,108
Additions	107,700	–	107,700	–
Written off	(873,704)	–	(873,704)	–
At end of the financial year	2,573,545	3,339,549	2,550,104	3,316,108
Accumulated amortisation				
At beginning of the financial year	2,429,375	2,259,198	2,429,375	2,259,198
Charge for the year	110,098	170,177	110,098	170,177
Written off	(824,919)	–	(824,919)	–
At end of the financial year	1,714,554	2,429,375	1,714,554	2,429,375
Accumulated impairment loss				
At beginning and end of the financial year	656,587	656,587	633,146	633,146
Net book value at end of financial year	202,404	253,587	202,404	253,587

9. FRANCHISE DEVELOPMENT COSTS

	Group	
	2007	2006
	$	$
Cost		
At beginning and end of the financial year	71,383	71,383
Accumulated amortisation		
At beginning and end of the financial year	71,383	71,383
Net book value at end of the financial year	–	–

10. TRADE RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Trade receivables	84,392	368,871	74,116	356,921
Allowance for impairment of trade receivables (Note 33)	(42,079)	(132,420)	(32,973)	(123,314)
	42,313	236,451	41,143	233,607

Trade receivables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Singapore Dollars	28,397	12,664	27,227	9,820
Australian Dollars	13,916	221,648	13,916	221,648
British Pounds	–	2	–	2
Chinese Renminbi	–	2,137	–	2,137
	42,313	236,451	41,143	233,607

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Other receivables	323,142	232,972	219,794	144,271
Allowance for impairment of other receivables	(9,722)	(103,797)	(9,722)	(103,797)
	313,420	129,175	210,072	40,474
Deposits	57,343	79,493	23,344	67,820
Prepayments	258,623	185,642	254,748	163,100
	629,386	394,310	488,164	271,394

The movement in allowance for impairment loss for other receivables is as follows:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Balance at beginning of the year	103,797	81,685	103,797	81,685
Allowance reversed during the year	(103,797)	(10,680)	(103,797)	(10,680)
Allowance made during the year	9,722	32,792	9,722	32,792
	9,722	103,797	9,722	103,797

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Other receivables, deposits and prepayments are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Singapore Dollars	498,165	283,067	488,164	271,394
Chinese Renminbi	131,221	111,243	–	–
	629,386	394,310	488,164	271,394

12. DUE FROM/TO SUBSIDIARIES

	Company	
	2007	2006
	$	$
Due from subsidiaries – Trade	3,014,755	1,903,672
– Non-trade	1,866,044	1,086,752
	4,880,799	2,990,424
Allowance for impairment of doubtful debts	(3,340,394)	(2,990,424)
Due from subsidiaries (Note A)	1,540,405	–
Due to subsidiaries – Non-trade (Note B)	3,606,962	2,733,148

Movement in allowance for impairment of doubtful debts are as follows:

	Company	
	2007	2006
	$	$
Balance at beginning of the year	2,990,424	2,646,680
Allowance made during the year	349,970	343,744
Balance at end of the year	3,340,394	2,990,424

Note A

These are denominated in the following currencies:

	Company	
	2007	2006
	$	$
Singapore Dollars	1,534,031	–
Hong Kong Dollars	6,374	–
	1,540,405	–

Note B

These balances are denominated in Singapore dollars. Non-trade balances are unsecured, interest-free and are repayable on demand.

13. FIXED DEPOSITS

The Group and Company's fixed deposits are matured between one to three months. The weighted average effective interest rate of fixed deposits is 1.61% (2006: 5.97%) per annum for the Group and Company.

14. CASH AND BANK BALANCES

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
In Singapore	921,770	377,196	249,168	81,908
In People's Republic of China	69,309	255,200	–	–
	991,079	632,396	249,168	81,908

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Singapore Dollars	715,005	120,552	234,347	52,242
Chinese Renminbi	70,237	256,122	1,257	1,248
Australian Dollars	205,257	255,129	13,312	28,150
United States Dollars	487	494	159	169
Hong Kong Dollars	93	99	93	99
	991,079	632,396	249,168	81,908

As at 31 December 2007, the Group had cash and bank balances deposited with banks in the People's Republic of China denominated in Chinese Renminbi and United States dollars amounting to $68,981 (2006: $254,874) and $328 (2006: $326) respectively. The RMB is not freely convertible into foreign currencies. Under the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

15. TRADE PAYABLES

Trade payables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Singapore Dollars	1,490,902	973,305	1,490,902	959,306
Chinese Renminbi	4,373	–	4,373	–
Australian Dollars	6,745	13,440	6,745	13,440
United States Dollars	3,497	3,860	3,497	3,860
British Pounds	19,077	16,835	19,077	16,835
Indonesian Rupiah	96	343	96	342
	1,524,690	1,007,783	1,524,690	993,783

16. OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Course and examination fees received in advance	3,357,140	2,962,996	10,000	121,439
Others	688,563	449,031	47,585	3,639
	4,045,703	3,412,027	57,585	125,078

Other payables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Singapore Dollars	3,610,520	2,238,954	57,585	125,078
Chinese Renminbi	213,913	168,524	–	–
Australian Dollars	221,270	1,004,549	–	–
	4,045,703	3,412,027	57,585	125,078

17. BORROWINGS

	Group and Company	
	2007	2006
	$	$
Bank loans, secured	910,000	1,290,000
Current		
Repayable within one year	420,000	180,000
Non-current		
Later than one year and not later than five years	490,000	720,000
Later than five years	–	390,000
	490,000	1,110,000
Total borrowings	910,000	1,290,000

The bank loans are secured by legal mortgages on certain land and building (Note 6) of the Company at 111 North Bridge Road, units #17-01 to #17-02 of Peninsula Plaza, Singapore 179098. The effective interest rates of these borrowings are disclosed in Note 33.

17. BORROWINGS (cont'd)

The carrying amounts of the current portion of borrowings approximate their fair values. The carrying amounts and fair values of the non-current portion of borrowings are as follows:

Group and Company	Carrying amounts		Fair values	
	2007	2006	2007	2006
	$	$	$	$
Bank loans, secured	490,000	1,110,000	470,475	1,009,493

The fair values are determined from a discounted cash flow analysis using a discount rate based on the borrowing rates available on the balance sheet date.

18. DEFERRED TAX

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Balance at beginning and end of the financial year	98,000	98,000	98,000	98,000
Excess of tax depreciation over book depreciation of property, plant and equipment	95,072	103,002	95,072	103,002
Development expenditure	36,433	50,717	36,433	50,717
Other timing differences	(33,505)	(55,719)	(33,505)	(55,719)
	98,000	98,000	98,000	98,000

19. COURSE AND EXAMINATION FEES

Course and examination fees represent fees earned from providing education courses to students.

20. OTHER REVENUE

	Group	
	2007	2006
	$	$
Interest income from fixed deposits	156,567	68,242
Others	25,481	178,849
	182,048	247,091

21. PERSONNEL EXPENSES

	Group	
	2007	2006
	$	$
Wages and salaries	5,427,817	5,777,678
Pension contributions	419,002	453,148
Share-based payments	144,778	31,539
	5,991,597	6,262,365

Personnel expenses include directors' remuneration and directors' fees as disclosed in Note 23.

22. FINANCIAL EXPENSES

	Group	
	2007	2006
	$	$
Interest expenses on:		
Term loans	54,632	55,918
Others	27,730	23,619
	82,362	79,537

23. PROFIT BEFORE TAX

Profit from operations is arrived at after charging (crediting) the following:

	Group	
	2007	2006
	$	$
Allowance for impairment of trade receivables	–	7,461
Allowance for impairment of other receivables	9,722	32,792
Impairment reversal of trade receivables	(90,341)	(351,373)
Impairment reversal of other receivables	(103,797)	(10,680)
Amortisation of development expenditure	110,098	170,177
Development expenditure written off	48,785	–
Depreciation of property, plant and equipment	670,665	785,595
Directors' remuneration (Directors of the Company):		
- Salaries, Central Provident Funds and bonuses	469,122	424,577
- Directors' fees	180,000	170,916
- Share-based payments	97,805	21,306
- Allowances and other benefits	18,729	18,729
Goodwill on consolidation written off	1,189	–
Impairment loss (reversal) on land and building	98,154	(825,419)
Key executives remuneration (excluding directors' remuneration)		
- Salaries, Central Provident Fund and bonuses	1,146,118	1,065,577
- Share-based payments	27,743	6,697
Loss on disposal of property, plant and equipment	10,623	8,590
Operating lease expenses	1,453,675	1,271,805

24. INCOME TAX

Major components of income tax expense (credit) are as follows:

	Group	
	2007	2006
	$	$
Current tax		
Current year	259,989	427,720
(Over) Under provision in respect of prior year	(166,213)	6,545
	93,776	434,265

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate for the years ended 31 December was as follows:

	Group	
	2007	2006
	$	$
Profit before tax	49,981	1,769,209
Tax at the applicable tax rate of 18% (2006: 20%)	8,997	353,842
Tax effect of:		
Expenses that are not deductible for tax purposes	33,421	73,890
Income not subject to tax	–	(165,084)
Current year tax losses not allowed to be carried forward	265,573	157,908
(Over) Under provision in respect of prior year	(166,231)	6,545
Deferred tax liability under recognised in prior year	30,470	–
Effect of tax changes	(12,847)	–
Tax exemptions	(54,900)	(10,500)
Others	(10,707)	17,664
	93,776	434,265

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's net earnings for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the Group's net earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue, adjusted for the effects of dilutive options, during the year.

25. EARNINGS PER SHARE (cont'd)

	Group 2007 $	Group 2006 $
Earnings attributable to ordinary shareholders for computation of basic and diluted earnings per share	277,192	1,360,261
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue		
- for computation of basic earnings per share	125,236,517	116,100,000
- adjustment for assumed conversion of share options	2,453,833	541,945
- for computation of diluted earnings per share	127,690,350	116,641,945
Basic/Diluted earning per share (cents)	0.22	1.17

The terms and conditions of the share options are disclosed in Note 4 to the financial statements.

26. DIVIDENDS

	Group & Company 2007 $	Group & Company 2006 $
Final dividends of 0.2 cents per share less tax at 18% in respect of prior year	191,129	185,760
Special dividends of 2.7 cents per share less tax at 18% in respect of current year	2,619,628	–
	2,810,757	185,760

27. CASH AND CASH EQUIVALENTS

	Group 2007 $	Group 2006 $
Fixed deposits	3,248,000	2,471,748
Cash and bank balances (Note 14)	991,079	632,396
	4,239,079	3,104,144

The cash and bank balances include funds in Student Tuition Fee Account (ESCROW) managed by designated banks as required by CaseTrust for Education amounting to $185,732 (2006: $222,014). As the principal values of these bank balances in ESCROW are readily convertible to cash, they form part of the cash and bank balances in the consolidated statements of cash flows.

28. DIRECTORS' REMUNERATION

Number of directors of the Company in remuneration bands:

	Group	
	2007	2006
$250,000 to below $500,000	2	1
Below $250,000	3	4

29. SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of corporate assets and expenses.

The turnovers by geographical segments are based on the location of customers. The assets and capital expenditure are generally based on the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

(a) Primary reporting format - Geographical segments

	Singapore	China	Elimination	Consolidated
	$	$	$	$
2007				
External revenue:				
Course and examination fees	10,808,462	178,932	–	10,987,394
Profit (Loss) from operations	439,596	(489,301)	–	(49,705)
Financial expenses				(82,362)
Other revenue				182,048
Profit before tax				49,981
Income tax				(93,776)
Loss after tax				(43,795)
Segment assets	23,646,898	1,356,204	(6,172,541)	18,830,561
Capital expenditure	358,875	6,752	–	365,627
Segment liabilities	12,331,226	2,601,204	(9,362,037)	5,570,393
Unallocated liabilities				1,447,727
Total liabilities				7,018,120

29. SEGMENT INFORMATION (cont'd)

(a) **Primary reporting format - Geographical segments** (cont'd)

	Singapore	China	Elimination	Consolidated
	$	$	$	$
2007				
Impairment loss on plant and equipment	–	98,154	–	98,154
Depreciation	660,480	10,185	–	670,665
Amortisation of development expenditure	110,098	–	–	110,098
Development expenditure written off	48,785	–	–	48,785

	Singapore	China	Elimination	Consolidated
	$	$	$	$
2006				
External revenue:				
Course and examination fees	11,895,220	366,278	–	12,261,498
Franchise income	–	10,047	(6,166)	3,881
Total revenue	11,895,220	376,325	(6,166)	12,265,379
Profit (Loss) from operations	2,044,912	(443,257)	–	1,601,655
Financial expenses				(79,537)
Other revenue				247,091
Profit before tax				1,769,209
Income tax				(434,265)
Profit after tax				1,334,944
Segment assets	21,307,530	832,388	(3,911,160)	18,228,758
Capital expenditure	119,319	418	–	119,737
Segment liabilities	9,507,788	1,999,435	(7,087,413)	4,419,810
Unallocated liabilities				2,034,496
Total liabilities				6,454,306
Reversal of impairment loss	(825,419)	–	–	(825,419)
Depreciation	749,944	35,651	–	785,595
Amortisation of development expenditure	170,177	–	–	170,177

29. SEGMENT INFORMATION (cont'd)

(b) Secondary reporting format – Business segments

	Business	Computing	Others	Elimination	Consolidated
	$	$	$	$	$
2007					
External revenue:					
Course and examination fees	8,315,551	2,493,153	178,690	–	10,987,394
Other information:					
Segment assets	16,464,811	4,936,448	3,601,843	(6,172,541)	18,830,561
Capital expenditure	273,830	82,099	9,698	–	365,627

	Business	Computing	Others	Elimination	Consolidated
	$	$	$	$	$
2006					
External revenue:					
Course and examination fees	8,694,632	3,216,934	349,932	–	12,261,498
Franchise income	7,312	2,735	–	(6,166)	3,881
Total revenue	8,701,944	3,219,669	349,932	(6,166)	12,265,379
Other information:					
Segment assets	14,635,579	5,470,130	2,034,209	(3,911,160)	18,228,758
Capital expenditure	80,922	30,245	8,570	–	119,737

30. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the significant related party transactions entered into by the Group and the Company with the respective related parties, based on elimination of transactions between the Group, are as follows:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Payments made on behalf of subsidiaries in the Group	–	–	786,823	732,569
Payments made on behalf by subsidiaries in the Group	–	–	67,519	171,062
Management and service fees charged	–	–	1,368,990	1,416,175
Reimbursement of expenses	–	–	10,500,408	10,561,746

31. COMMITMENTS

Non-cancellable operating lease commitments

The Group and Company lease offices under non-cancellable lease arrangements. The leases, which do not have purchase or renewal options, expire at various dates till 2013 and contain provisions to restrict the Group and Company to further leasing and sub-leasing. Future minimum rentals under non-cancellable leases as of 31 December are as follows:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Future minimum lease payments:				
- not later than 1 year	586,682	446,359	505,620	372,933
- between 1 to 5 years	280,266	272,720	38,966	35,912
- later than 5 years	12,423	71,536	–	–
	879,371	790,615	544,586	408,845

32. CONTINGENT LIABILITIES

(a) Beijing Justice Education Industries Co., Ltd, who was the partner in one of the education centres in Beijing, PRC made a claim against one of the subsidiaries, TMC-Cambridge Education (Beijing) Ltd ("TMC Beijing") for a sum of RMB1,963,840 (approximately $391,403) arising from an alleged termination of an agreement relating to the establishment of a GCE O levels Centre in Beijing, PRC. TMC Beijing has procured legal advice, which indicates that it is unlikely that any significant liabilities would arise. TMC Beijing has disclaimed liability and would be defending any action that may be taken.

The Directors, based on latest legal advice, are of the opinion that any claim made is unlikely to succeed and accordingly, no provision is considered necessary.

(b) The Company's wholly owned subsidiary, TMC (Western China) Pte Ltd ("TMCWC") was involved in arbitration proceedings in the People's Republic of China before the China International Economic and Trade Arbitration Commission ("CIETAC") for the alleged breach of contract when TMCWC terminated the joint venture agreement with Northwest International Secondary School ("NWISS") in August 2004. In March 2006 CIETAC has awarded a net amount of RMB203,140 (approximately $42,248) to be paid by TMCWC to NWISS. The amount has been provided for in the financial statements since the financial year ended 31 December 2005, but has yet to make payment.

The Directors, based on legal advice, are of the opinion that no further provision is considered necessary.

(c) The Company's subsidiary, TMC (China) Holdings Pte Ltd ("TMCCH") is the defendant in civil proceedings in the Magistrate's Courts of Singapore. The plaintiff is Dr Li De Li, the former general manager of TMCCH. The claim against TMCCH is for a sum of $46,715 allegedly being damages for wrongful repudiation and/or breach of an employment contract between TMCCH and Dr Li De Li. The proceedings are on-going.

The Directors, based on legal advice, are of the view that no material loss would be anticipated in respect of the claims.

33. FINANCIAL RISK MANAGEMENT

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Financial asset:				
Loans and receivables (including cash and cash equivalents)	4,652,155	3,549,263	5,312,132	2,895,557
Financial liability:				
Amortised cost	2,434,690	2,297,783	6,041,652	5,016,931

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, credit risk, interest rate risk and fair value and cash flow interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

a. <u>Foreign currency risk</u>

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from education services. The currencies which the Group has exposure to are shown below. Currently, the Company does not transact in any financial instruments to hedge foreign currency risks, the Group is exposed to the risk of fluctuation in these exchange rates.

However, the Group monitors these exchange rates closely and decide upon the appropriate course of actions to manage this risk. In 2007, the Group concluded that foreign currency risk is not significant, hence there were no hedging on the movements of these exchange rates.

Group 2007	Chinese Renminbi	United States Dollars	British Pounds	Hong Kong Dollars	Singapore Dollars	Australian Dollars	Indonesian Rupiah	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash and bank balances	70,237	487	–	93	715,005	205,257	–	991,079
Fixed deposits	–	–	–	–	3,248,000	–	–	3,248,000
Trade receivables	–	–	–	–	28,397	13,916	–	42,313
Other receivables	137,347	–	–	–	233,416	–	–	370,763
	207,584	487	–	93	4,224,818	219,173	–	4,652,155
Financial liabilities								
Trade payables	4,373	3,497	19,077	–	1,490,902	6,745	96	1,524,690
Borrowings	–	–	–	–	910,000	–	–	910,000
	4,373	3,497	19,077	–	2,400,902	6,745	96	2,434,690
Net financial assets (liabilities)	203,211	(3,010)	(19,077)	93	1,823,916	212,428	(96)	2,217,465
Less: Net financial assets denominated in the respective entities functional currencies	(206,327)	–	–	–	(1,823,916)	–	–	(2,030,243)
Foreign currency exposure	(3,116)	(3,010)	(19,077)	93	–	212,428	(96)	187,222

33. FINANCIAL RISK MANAGEMENT (cont'd)

a. Foreign currency risk (cont'd)

Group 2006	Chinese Renminbi	United States Dollars	British Pounds	Hong Kong Dollars	Singapore Dollars	Australian Dollars	Indonesian Rupiah	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash and bank balances	256,122	494	–	99	120,552	255,129	–	632,396
Fixed deposits	–	–	–	–	1,500	2,470,248	–	2,471,748
Trade receivables	2,137	–	2	–	12,664	221,648	–	236,451
Other receivables	88,701	–	–	–	119,967	–	–	208,668
	346,960	494	2	99	254,683	2,947,025	–	3,549,263
Financial liabilities								
Trade payables	–	3,860	16,835	–	973,306	13,440	342	1,007,783
Borrowings	–	–	–	–	1,290,000	–	–	1,290,000
	–	3,860	16,835	–	2,263,306	33,440	342	2,297,783
Net financial assets (liabilities)	346,960	(3,366)	(16,833)	99	(2,008,623)	2,933,585	(342)	1,251,480
Less: Net financial liabilities (assets) denominated in the respective entities functional currencies	(343,575)	–	–	–	2,008,623	–	–	1,665,048
Foreign currency exposure	3,385	(3,366)	(16,833)	99	–	2,933,585	(342)	2,916,528

33. FINANCIAL RISK MANAGEMENT (cont'd)

a. **Foreign currency risk** (cont'd)

Company 2007	Chinese Renminbi	United States Dollars	British Pounds	Hong Kong Dollars	Singapore Dollars	Australian Dollars	Indonesian Rupiah	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash and bank balances	1,257	159	–	93	234,347	13,312	–	249,168
Fixed deposits	–	–	–	–	3,248,000	–	–	3,248,000
Trade receivables	–	–	–	–	27,227	13,916	–	41,143
Due from subsidiaries	–	–	–	6,374	1,534,031	–	–	1,540,405
Other receivables	–	–	–	–	233,416	–	–	233,416
	1,257	159	–	6,467	5,277,021	27,228	–	5,312,132
Financial liabilities								
Trade payables	4,373	3,497	19,077	–	1,490,902	6,745	96	1,524,690
Due to subsidiaries	–	–	–	–	3,606,962	–	–	3,606,962
Borrowings	–	–	–	–	910,000	–	–	910,000
	4,373	3,497	19,077	–	6,007,864	6,745	96	6,041,652
Net financial assets (liabilities)	(3,116)	(3,338)	(19,077)	6,467	(730,843)	20,483	(96)	(729,520)
Less: Net financial liabilities denominated in the respective entities functional currencies	–	–	–	–	730,843	–	–	730,843
Foreign currency exposure	(3,116)	(3,338)	(19,077)	6,467	–	20,483	(96)	1,323

33. FINANCIAL RISK MANAGEMENT (cont'd)

a. Foreign currency risk (cont'd)

Company 2006	Chinese Renminbi	United States Dollars	British Pounds	Hong Kong Dollars	Singapore Dollars	Australian Dollars	Indonesian Rupiah	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash and bank balances	1,248	169	–	99	52,242	28,150	–	81,908
Fixed deposits	–	–	–	–	1,500	2,470,248	–	2,471,748
Trade receivables	2,137	–	2	–	9,820	221,648	–	233,607
Other receivables	–	–	–	–	108,294	–	–	108,294
	3,385	169	2	99	171,856	2,720,046	–	2,895,557
Financial liabilities								
Trade payables	–	3,860	16,835	–	959,306	13,440	342	993,783
Due to subsidiaries	–	–	–	–	2,733,148	–	–	2,733,148
Borrowings	–	–	–	–	1,290,000	–	–	1,290,000
	–	3,860	16,835	–	4,982,454	13,440	342	5,016,931
Net financial assets (liabilities)	3,385	(3,691)	(16,833)	99	(4,810,598)	2,706,606	(342)	(2,121,374)
Less: Net financial liabilities denominated in the respective entities functional currencies	–	–	–	–	4,810,598	–	–	4,810,598
Foreign currency exposure	3,385	(3,691)	(16,833)	99	–	2,706,606	(342)	2,689,224

33. FINANCIAL RISK MANAGEMENT (cont'd)

b. Foreign exchange risk sensitivity

The following table demonstrate the 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) profit and other equity by the amounts shown below. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

This analysis assumes that all other variables, in particular interest rates remain constant.

	Group			
	2007		2006	
	Increase (Decrease) Profit	Other equity	Increase (Decrease) Profit	Other equity
	$	$	$	$
Chinese Renminbi	2,070	–	(17,844)	–
United States Dollars	301	–	337	–
British Pounds	1,908	–	1,683	–
Hong Kong Dollars	(9)	–	(10)	–
Australian Dollars	884	–	(192,904)	–
Indonesian Rupiah	10	–	34	–

	Company			
	2007		2006	
	Increase (Decrease) Profit	Other equity	Increase (Decrease) Profit	Other equity
	$	$	$	$
Chinese Renminbi	312	–	(339)	–
United States Dollars	334	–	369	–
British Pounds	1,908	–	1,683	–
Hong Kong Dollars	(647)	–	(10)	–
Australian Dollars	(2,048)	–	(270,661)	–
Indonesian Rupiah	10	–	34	–

A 10% weakening of Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. Committed credit facilities will be obtained from local reputable banks in the event that funding is required.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

Group	2007			2006			
	On demand or within 1 year	Within 1 to 5 years	Total	On demand or within 1 year	Within 1 to 5 Years	Over 5 years	Total
	$	$	$	$	$	$	$
Trade payables	1,524,690	–	1,524,690	1,007,783	–	–	1,007,783
Borrowings	420,000	490,000	910,000	180,000	720,000	390,000	1,290,000
	1,944,690	490,000	2,434,690	1,187,783	720,000	390,000	2,297,783

Company	2007			2006			
	On demand or within 1 year	Within 1 to 5 Years	Total	On demand or within 1 year	Within 1 to 5 Years	Over 5 years	Total
	$	$	$	$	$	$	$
Trade payables	1,524,690	–	1,524,690	993,783	–	–	993,783
Due to subsidiaries	3,606,962	–	3,606,962	2,733,148	–	–	2,733,148
Borrowings	420,000	490,000	910,000	180,000	720,000	390,000	1,290,000
	5,551,652	490,000	6,041,652	3,906,931	720,000	390,000	5,016,931

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. For trade receivables, the Group and company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and company adopts the policy of dealing only with high credit quality counterparties and ensure that services provided or agreements entered into are with parties with appropriate credit history. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by Chief Financial Officer.

As the Group and Company does 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 balance sheet.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Credit risk (cont'd)

The Group's trade receivables comprise of 2 debtors (2006: 2 debtors) that represented 40% (2006: 97%) of trade receivables.

The Group's and Company's major classes of financial assets are bank deposits and trade receivables. There is no significant concentration of credit risk in relation to other receivables.

The carrying amounts of cash and bank balances, trade and other receivables, including amount due from related parties, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

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

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
By geographical areas				
- Singapore	31,161	32,520	31,161	32,520
- People's Republic of China ("PRC")	3,409	12,321	836	8,074
- Australia	31,850	296,457	31,850	296,457
- United Kingdom	40	3,127	40	3,127
- Malaysia	10,229	7,367	10,229	7,367
- Indonesia	–	9,376	–	9,376
- Philippines	7,703	7,703	–	–
	84,392	368,871	74,116	356,921
By types of customers				
Non-related parties				
- Singapore local companies	31,161	32,520	31,161	32,520
- Overseas local companies	53,231	336,351	42,955	324,401
	84,392	368,871	74,116	356,921

33. FINANCIAL RISK MANAGEMENT (cont'd)

Credit risk (cont'd)

The age analysis of trade receivables is as follows:

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Not past due and not impaired	3,999	5,837	3,999	5,837
Past due but not impaired				
- Past due 0 to 3 months	23,758	39,926	23,758	39,926
- Past due 3 to 6 months	12,271	(1,297)	12,271	(2,971)
- Past due over 6 months	2,285	191,985	1,115	190,815
	38,314	230,614	37,144	227,770
Impaired trade receivables	42,079	132,420	32,973	123,314
Less: allowance for impairment loss	(42,079)	(132,420)	(32,973)	(123,314)
	42,313	236,451	41,143	233,607

The movement in allowance for impairment loss for trade receivables is as follows:

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Balance at beginning of the year	132,420	476,330	123,314	467,600
Allowance reversed during the year	(90,341)	(351,371)	(90,341)	(351,371)
Allowance made during the year	–	7,461	–	7,085
	42,079	132,420	32,973	123,314

The Group and Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk

The Group has obtained bank loans from various local reputable financial institutions. The Group policy is to obtain the most favourable interest rates available.

The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 December 2007, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Surplus funds are placed with reputable banks that are approved by the Board of Directors.

Effective interest rate

In respect of interest-earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date.

	Group	
	2007	2006
	%	%
Financial assets		
Fixed deposits	1.61	5.97
Financial liabilities		
Secured bank loans	5.08	4.00

Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that value of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The carrying amount of the financial instrument that are subject to fair value or cash flow interest rate risks categorised by the earlier of contractual repricing or maturity date are as follows:

Group and Company	Within 1 year	More than 1 year
	$	$
2007		
Fixed rate		–
Secured bank loans[1]	(420,000)	(490,000)
Floating rate		
Fixed deposits	3,248,000	–

33. FINANCIAL RISK MANAGEMENT (cont'd)

Fair value and cash flow interest rate risks (cont'd)

Group and Company	Within 1 year	More than 1 year
	$	$
2006		
Fixed rate		–
Secured bank loans[(1)]	(180,000)	(1,110,000)
Floating rate		
Fixed deposits	2,471,748	–

(1) Secured bank loans are arranged at fixed interest rates for the initial period of three years from March 2004 to February 2007. For the period falling after the expiry of the initial period of three years, the secured bank borrowings are arranged at floating rates that is contractually repriced at intervals of six months or such other period(s) as the Bank may select from time to time.

Fair values

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

The Directors are of the opinion that there is no material difference between the fair values and carrying amounts of the Company's long-term liabilities except for the non-current portion of borrowings as disclosed in Note 17.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.13	420	0.00
1,000 - 10,000	1,813	76.82	5,080,300	3.04
10,001 - 1,000,000	532	22.54	34,985,987	20.95
1,000,001 and above	12	0.51	126,938,286	76.01
Total :	**2,360**	**100.00**	**167,004,993**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2008

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Chin Kon Yuen	74,989,600	44.90	25,200,000	15.09
Yeow Cheng Khim	25,200,000	15.09	74,989,600	44.90

Note: Yeow Cheng Khim is the wife of Chin Kon Yuen

Note: Chin Kon Yuen's direct interest includes 128,800 shares held in the name of American Express Bank Nominees Account

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Chin Kon Yuen	74,860,800	44.83
2	Yeow Cheng Khim	25,200,000	15.09
3	DBS Nominees Pte Ltd	5,148,200	3.08
4	Hong Leong Finance Nominees Pte Ltd	4,119,200	2.47
5	Yeow Cheng Choo	4,072,600	2.44
6	Kim Eng Securities Pte. Ltd.	3,141,400	1.88
7	OCBC Securities Private Ltd	2,205,600	1.32
8	United Overseas Bank Nominees Pte Ltd	1,957,086	1.17
9	Lim Kok Yong	1,900,200	1.14
10	UOB Kay Hian Pte Ltd	1,645,200	0.99
11	Royal Inst of Construction Economists Pte Ltd	1,575,000	0.94
12	Phillip Securities Pte Ltd	1,113,000	0.67
13	Lee Bee Lian	980,000	0.59
14	Ong Siew Kwee	942,000	0.56
15	Koo Ah Lek	900,000	0.54
16	Boo Song Heng Peter	885,000	0.53
17	David Tan Chao Hsiung	845,410	0.51
18	Woo Lee Yong	719,600	0.43
19	Wong Sing Ping	594,000	0.36
20	Tan Suan Yin	570,872	0.34
Total :		**133,375,168**	**79.88**

Based upon the information available to the Company, as at 18 March 2008, approximately 40% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual 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 141 North Bridge Road #03-01, Capitol Centre, Singapore 179099 on Monday, 28 April 2008 at 11.00 am, for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the year ended 31 December 2007 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:

   (i) Mr Woo Lee Yong; (Resolution 2)

   (ii) Dr Lau Teik Soon ; and (Resolution 3)

   (iii) Mr David Tan Chao Hsiung (Resolution 4)

   Notes:

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

   (ii) Dr Lau Teik Soon, if re-elected will be considered an independent non-executive Director. More details on Dr Lau Teik Soon may be found in the Annual Report.

   (iii) Mr David Tan Chao Hsiung, if re-elected will be considered an independent non-executive Director. More details on Mr David Tan Chao Hsiung may be found in the Annual Report.

3. To approve Directors' fees of S$180,000 for the year ended 31 December 2008 (2007 – S$180,000) and for payment of the Directors' fees to be made at the end of 2008. (Resolution 5)

4. To re-appoint Horwath First Trust as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

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

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

   Authority to allot and issue shares up to 50 per cent (50%) of issued capital

   a) "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall 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."

   (see Explanatory Note 7) (Resolution 7)

Authority to offer, accept, allot and issue shares under the TMC Share Option Scheme

b) "Pursuant to Section 161 of the Companies Act, Cap 50, that authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the TMC Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time."

(see Explanatory Note 8) (Resolution 8)

By Order of the Board

Tan Soo Khoon Raymond
Company Secretary

Singapore, 9 April 2008

Explanatory Notes

7. Statement pursuant to Articles 8 and 52 of the Articles of Association of the Company.

   The ordinary resolution 7 proposed in item 6 (a), if passed, is to empower the Directors of the Company, from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares, and issue convertible securities in the Company up to an amount not exceeding fifty per cent (50%) of the issued ordinary share capital of the Company, with a sub-limit of twenty per cent (20%) of shares issued other than on a pro-rata basis to shareholders. For the purposes of determining the aggregate number of ordinary shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the ordinary resolution 7 proposed in item 6(a) is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options that are outstanding or subsisting at the time the ordinary resolution 7 in item 6(a) is passed, and (ii) any subsequent consolidation or subdivision of shares. The share options referred to are those granted by the Company pursuant to the Scheme mentioned in item 6(b) and governed by Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

8. The ordinary resolution 8 proposed in item 6(b), if passed, will empower the Directors of the Company, from the date of the above Meeting, until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

Notes

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf and where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 111 North Bridge Road #17-06, Peninsula Plaza, Singapore 179098 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

IMPORTANT

1 For investors who have used their CPF monies to buy TMC EDUCATION CORPORATION LTD shares, the Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.

2 This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We ______________________________ NRIC/Passport No. ______________________

of ____

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 141 North Bridge Road #03-01, Capitol Centre, Singapore 179099 on Monday, 28 April 2008 at 11.00 am, 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 year ended 31 December 2007		
2	Re-election of Mr Woo Lee Yong as Director		
3	Re-election of Dr Lau Teik Soon as Director		
4	Re-election of Mr David Tan Chao Hsiung as Director		
5	Approval of Directors' fees amounting to S$180,000 for the year ended 31 December 2008		
6	To re-appoint Horwath First Trust as Auditors of the Company and to authorise Directors to fix their remuneration		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the TMC Share Option Scheme		

Note:

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

Dated this __________ day of ___________________ 2008

Total Number of Shares Held

____

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

NOTES

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

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

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 111 North Bridge Road #17-06, Peninsula Plaza, Singapore 179098 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 or 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.

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TMC

Education Corporation Ltd

Every Step With You

Company Registration No.: 198102945K

111 North Bridge Road #17-06 Peninsula Plaza Singapore 179098
Tel: (65) 6337 0922   Fax: (65) 6337 0966
Website: www.tmc.edu.sg
E-mail: enquiries@tmc.edu.sg