TMC EDUCATION CORPORATION LTD.
Company Registration No. 198102945K
(Incorporated in the Republic of Singapore)

EMPHASIS OF MATTER BY THE AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, the Board of Directors ("**Directors**") of TMC Education Corporation Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditor, Foo Kon Tan LLP, has issued its report (the "**Independent Auditor's Report**") on the consolidated financial statements of the Group for the financial year ended 30 June 2015 (the "**Financial Statements**"), with the following emphasis of matter:

Extract of Independent Auditor's Report

We draw attention to Note 1(a) to the financial statements which describes the going concern uncertainty of the Group and the Company. As at 30 June 2015, the Group's and the Company's current liabilities exceeded current assets by $8,848,910 and $13,555,780 respectively. For the financial year ended 30 June 2015, the Group incurred loss for the year of $5,352,460 and total comprehensive loss for the year of $5,501,198, and reported net cash used in operating activities of $4,738,189. At the reporting date, the Group and the Company did not have any unutilised bank credit facilities. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

A copy of the Independent Auditor's Report and the extract of the relevant note to the Financial Statements are annexed to this announcement as Appendix I.

Notwithstanding the above, the Directors are of the view that the Group is able to continue as a going concern after taking into consideration the following:

(1) The Group has obtained funding and plans to obtain further funding to improve its cash flows position.

(2) The Directors have taken various steps to improve the Group's and the Company's net cash flows from operating activities and their working capital position by undertaking cost reduction exercises, including discontinuance of the loss-making pre-school education operations in China and consolidating its core education services business into one campus.

(3) The Group and the Company has been strategically disposing of its investment properties which are not related to its core business of provision of educational courses and conducting examinations. The net proceeds thereof (after taking into account the legal fees and other transactional costs in connection with such sale and any tax arising from such sale) will be used for general working capital purposes and to repay a part of its borrowings.

Based on the aforementioned, the Financial Statements have been prepared on the basis that the Group will continue as going concern. Further information can be found in the Independent Auditor's Report.

The Board of Directors wishes to advise the shareholders and investors of the Company to exercise caution when dealing in the shares of the Company. In the event of any doubt they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Ms Yeow Cheng Khim
Executive Director
8 October 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Appendix 1

Independent auditor's report to the members of TMC Education Corporation Ltd

Report on the financial statements

We have audited the accompanying financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Independent auditor's report to the members of TMC Education Corporation Ltd (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of matter

We draw attention to Note 1(a) to the financial statements which describes the going concern uncertainty of the Group and the Company. As at 30 June 2015, the Group's and the Company's current liabilities exceeded current assets by $8,848,910 and $13,555,780 respectively. For the financial year ended 30 June 2015, the Group incurred loss for the year of $5,352,460 and total comprehensive loss for the year of $5,501,198, and reported net cash used in operating activities of $4,738,189. At the reporting date, the Group and the Company did not have any unutilised bank credit facilities. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

Notes to the financial statements
for the financial year ended 30 June 2015

1 General information

The financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are stated in Note 7.

1(a) Going concern uncertainty of the Group and the Company

As at 30 June 2015, the Group's and the Company's current liabilities exceeded current assets by $8,848,910 and $13,555,780 (2014: $4,533,270 and $9,151,117) respectively. For the financial year ended 30 June 2015, the Group incurred loss for the year of $5,352,460 (2014: $3,901,587) and total comprehensive loss for the year of $5,501,198 (2014: $3,827,593), and reported net cash used in operating activities of $4,738,189 (2014: $3,691,977). At the reporting date, the Group and the Company did not have any unutilised bank credit facilities. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As at 30 June 2015, the Group's current liabilities included non-refundable course and examination fees received in advance from students amounting to $2,169,519 (2014: $2,957,728). Excluding this amount, the Group's current liabilities would have been $8,645,407 (2014: $5,033,646) compared to current assets of $1,966,016 (2014: $3,458,104) as at 30 June 2015.

As at 30 June 2015, the Company's current liabilities included amounts due to wholly-owned subsidiaries of $6,387,996 (2014: $5,581,655). The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

1(a) Going concern uncertainty of the Group and the Company (cont'd)

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 June 2015 is still appropriate after taking into consideration the following:

(1) On 29 April 2015, two directors cum controlling shareholders, Dr Chin Kon Yuen and Yeow Cheng Kim, granted the Company a loan of up to $4,500,000 which shall be used to meet the cash flow requirements of the Group and the Company (Note 14.2). As at 30 June 2015, $2,000,000 had been drawn down. The remaining balance of $2,500,000 was drawn down in August 2015. The Group plans to obtain funding of approximately $2,000,000 from third parties in October 2015 to improve its cash flows position.

(2) The directors have taken various steps to improve the Group's and the Company's net cash flows from operating activities and their working capital position, including discontinuance of the loss-making pre-school education operations in China (Note 10). As part of its cost reduction exercise, the Group will consolidate its core education services business into one campus in October 2015. From profitability and cash flows projections for the next 5 years, the directors expect that the Group and the Company will be able to generate better cash flows from the Group's core business activities in the foreseeable future.

(3) The Group and the Company has been strategically disposing of its investment properties which are not related to its core business of provision of educational courses and conducting examinations. As at 30 June 2015, the carrying amount of the Group's and the Company's investment properties was $24,170,000 (2014: $23,080,000) as determined by an independent firm of professional valuers. Subsequent to the year end, on 20 August 2015, the Company announced publicly that it had appointed an agent to market and/or sell by auctions in September 2015 and October 2015 certain of its investment properties at an expected consideration of $5,562,000. Net proceeds thereof (after taking into account the legal fees and other transactional costs in connection with such sale and any tax arising from such sale) will be used for general working capital purposes and to repay a part of its borrowings. Part of the remaining investment properties shall be available for sale whereby proceeds will be used to provide working capital and repay borrowings.

If the Group and the Company are unable to continue as a going concern for any reason, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements of the Group and the Company in respect of these.