

Ambow Education Announces Third Quarter 2011 Unaudited Financial Results

Strong quarterly net revenue increase of 42.6% year-over-year

Expanding Tutoring revenue increase of 32.7% year-over-year

Record Career Enhancement revenue increase of 88.7% year-over-year

BEIJING, Nov. 14, 2011 /PRNewswire-Asia/ -- Ambow Education Holding Ltd. ("Ambow" or the "Company") (NYSE: AMBO), a leading national provider of educational and career enhancement services in China, today reported its unaudited financial results for the third quarter of 2011.

Financial Highlights for the Third Quarter Ended September 30, 2011:

- Total net revenue increased 42.6% to \$72.8 million(1) from \$51.1 million for the same period in 2010 and organic growth increased 25.0% year-over-year.
 - *Tutoring* revenue increased 32.7% to \$33.9 million from \$25.5 million for the same period in 2010.
 - *Career Enhancement* revenue increased 88.7% to \$23.0 million from \$12.2 million for the same period in 2010.
 - The growth layer, which consists of *Tutoring* and *Career Enhancement*, achieved 50.8% year-over-year revenue growth, of which organic growth was 26.9%.
- Non-GAAP operating income(2) increased to \$10.3 million from \$8.1 million for the same period in 2010.
- Non-GAAP net income(3) increased to \$7.3 million from \$6.6 million for the same period in 2010.
- Diluted non-GAAP net income per adjusted ADS attributable to Ambow(4) increased to \$0.097 as compared to \$0.091 for the same period in 2010.
- Total student enrollments increased to 301,000 from 246,000 for the same period in 2010.
 - The growth layer's student enrollments increased 26.6% to 267,000 from 211,000 for the same period in 2010.

Financial Highlights for the Nine Months Ended September 30, 2011:

- Total net revenue increased 32.5% to \$204.5 million from \$154.4 million for the same period in 2010 and organic growth increased 23.1% year-over-year.
 - *Tutoring* revenue increased 25.7% to \$94.0 million from \$74.7 million for the same period in 2010.
 - *Career Enhancement* revenue increased 94.5% to \$56.2 million from \$28.9 million for the same period in 2010.
 - The growth layer, which consists of *Tutoring* and *Career Enhancement*, achieved 44.9% year-over-year revenue growth, of which organic growth was 31.1%.
- Non-GAAP operating income increased to \$36.1 million from \$27.5 million for the same period in 2010.
- Non-GAAP net income increased to \$28.0 million from \$23.4 million for the same period in 2010.
- Diluted non-GAAP net income per adjusted ADS attributable to Ambow increased to \$0.372 as compared to \$0.338 for the same period in 2010.
- The growth layer's student enrollments increased 20.0% to 729,000 from 608,000 for the same period in 2010.

Commenting on the third quarter results, Ambow's President and Chief Executive Officer Dr. Jin Huang said, "I am pleased with Ambow's performance this quarter as we continue to successfully execute our strategy to sustain strong top-line growth and improve operating profit. We remain focused on growing our *Tutoring* and *Career Enhancement* services organically and satisfying the immense demand for these services through our diversified offerings. "

Dr. Huang continued, "The initial results of our tutoring center expansion strategy are satisfying: we added 13 new tutoring centers in the third quarter and are on the way to exceeding our full-year goals. In addition, growth in *Tutoring* enrollments is reaccelerating and increased by 17.6% this quarter. Turning to *Career Enhancement*, we continue to experience strong demand for our signature programs, which combine updated hard-skill, soft-skill and project-based training. Direct enrollments from universities have grown explosively and

now contribute over 55% of *Career Enhancement* enrollments. This is in part due to our CCEP program, launched in March this year, which has already attracted more than 17,000 students. In addition to our traditional individual-paid and IT focused programs, we have, with the acquisition of Genesis Education in the second quarter, expanded our reach to include corporate training and soft-skill training. Our strong organic growth resulted in a 50.8% year-over-year revenue increase in our growth layer. We expect student enrollments in *Tutoring* and *Career Enhancement* to exceed one million in 2011. "

"During the quarter we also closed our last acquisition of the year. Due to our strong organic growth, we expect that acquisitions will contribute to less than 10% of our annual revenue in 2011." Dr. Huang concluded.

Ambow's Chief Financial Officer, Paul Chow, added, "In the third quarter, the Growth Layer which consists of *Tutoring* and *Career Enhancement*, achieved approximately 27% year-over-year organic growth."

"Turning to operations, I am very pleased to announce that, even though we are in the investment phase of our *Tutoring* and *Career Enhancement* businesses, we achieved 27.1% year-over-year non-GAAP operating income growth. Non-GAAP G&A expense(5) as a percentage of sales decreased to 17.9% in the third quarter from 19.8% for the same period of 2010. This decrease is a direct result of our efforts to improve the efficiency and scalability of our business. Though we are still in the early stages of our expansion, it is our goal to maintain sustainable growth in both the top and bottom lines," concluded Mr. Chow.

Financial Results for the Third Quarter of 2011:

Net Revenues

Total net revenues for the third quarter of 2011 were \$72.8 million, increasing 42.6% year-over-year from \$51.1 million for the same period in 2010.

Better Schools

Tutoring revenue increased 32.7% to \$33.9 million from \$25.5 million for the same period in 2010. The Company noted that the revenue growth in *Tutoring* was primarily a result of 17.6% growth in enrollments and 12.9% growth in Average Selling Price ("ASP").

K-12 Schools revenue increased 1.0% to \$7.9 million from \$7.8 million for the same period in 2010. During the quarter, enrollments decreased 7.8% while ASP increased 6%. The drop in enrollments was because we reverted the operating right for the Junior High portion of Zhenjiang Foreign Language School back to the original owner at the beginning of the third quarter. This is in line with Ambow's strategy to focus on the International High School Program, which the Company developed internally at the Zhenjiang school over the last three years. This shift will give Ambow more discretionary power over quality control, teacher management, pricing and other operations in the future.

No revenue was recognized from the Junior High business during the third quarter, and its revenue contribution over the last academic year through the second quarter of 2011 was a total of \$3.38 million. The Company anticipated \$0.24 million revenue from the Junior High business in the third quarter. It does not expect this adjustment to have any impact on operating profits in the future.

Total student enrollments in Better Schools for the third quarter of 2011 were approximately 252,000, with 231,000 in *Tutoring* and 21,000 in *K-12 Schools*.

Better Jobs

Career Enhancement revenue increased 88.7% to \$23.0 million in the third quarter of 2011, compared to \$12.2 million for the same period in 2010. The Company noted that the revenue growth in *Career Enhancement* was the result of an impressive 147.1% enrollments growth and 23.6% decrease in ASP.

Colleges revenue increased 45.7% to \$8.1 million from \$5.6 million for the same period in 2010, with \$2.5 million attributable to the recognition of certain contributions from students, following the fulfillment of the related conditions. Such revenue did not arise in 2010 but will recur in future years in a similar pattern.

Total student enrollments in Better Jobs for the third quarter of 2011 were approximately 49,000, with 37,000 in *Career Enhancement* and over 12,000 in *Colleges*.

Gross Profit and Gross Margin

Overall gross profit increased 40.6% to \$41.0 million for the third quarter of 2011, compared to \$29.2 million for the same period in 2010. Gross margin was 56.3% for the third quarter of 2011 compared to 57.1% for the

same period in 2010. The slight decrease in gross margin was due to tutoring center expansion costs and the return of *Career Enhancement*'s gross margin to normal levels.

Operating Expenses and Income

Operating expenses, which include selling and marketing, general and administrative and research and development expenses, were \$32.3 million for the third quarter of 2011, increasing 43.6% year-over-year from \$22.5 million for the same period in 2010. Operating expenses as a percentage of total net revenues were 44.3% for the third quarter of 2011, compared to 44.0% for the same period in 2010. Non-GAAP operating income increased to \$10.3 million from \$8.1 million for the same period in 2010.

Income Tax Expenses

Income tax expenses were \$1.4 million for the third quarter of 2011, compared to income tax expenses of \$1.1 million for the same period in 2010.

Net Income and Adjusted EPS

Net income was \$5.8 million for the third quarter of 2011, increasing 9.9% year-over-year from \$5.3 million for the same period in 2010.

Non-GAAP net income was \$7.3 million for the third quarter of 2011, increasing 10.0% year-over-year from \$6.6 million for the same period in 2010.

Basic and diluted non-GAAP net income per adjusted ADS(6) attributable to Ambow was \$0.102 and \$0.097, respectively, compared to \$0.097 and \$0.091, respectively, for the same period in 2010.

Balance Sheet

Cash and cash equivalents, restricted cash and term deposits as of September 30, 2011 were \$93.8 million, compared to \$86.8 million as of June 30, 2011.

The Company's deferred revenue balances as of September 30, 2011 and September 30, 2010 were \$99.1 million and \$91.2 million, respectively. Included in the 2011 balance was \$48.4 million of deferred revenue from the Company's growth layer, which increased by 43.9% year-over-year.

Financial Results for the Nine Months Ended September 30, 2011:

Net Revenues

Total net revenues for the nine months ended September 30, 2011 were \$204.5 million, increasing 32.5% year-over-year from \$154.4 million for the same period in 2010.

Better Schools

Tutoring revenue increased 25.7% to \$94.0 million from \$74.7 million for the same period in 2010. The Company noted that the revenue growth in *Tutoring* was a result of 13.9% growth in enrollments and 10.4% growth in ASP.

K-12 Schools revenue increased 4.5% to \$28.7 million from \$27.4 million for the same period in 2010.

Better Jobs

Career Enhancement revenue accounted for \$56.2 million of total net revenues for the nine months ended September 30, 2011, compared to \$28.9 million for the same period in 2010. The Company noted that *Career Enhancement* achieved record revenue growth of 94.5% year-over-year, with 114.9% growth in enrollments and 9.5% decrease in ASP.

Colleges achieved 10.1% growth year-over-year and accounted for \$25.7 million of total net revenues for the nine months ended September 30, 2011, compared to \$23.3 million for the same period in 2010, with \$2.5 million attributable to the recognition of certain contributions from students, following the fulfillment of the related conditions. Such revenue did not arise in 2010 but will recur in future years in a similar pattern.

Gross Profit and Gross Margin

Overall gross profit increased 32.2% to \$116.1 million for the nine months ended September 30, 2011, compared to \$87.8 million for the same period in 2010. Gross margin was 56.8% for the nine months ended

September 30, 2011 compared to 56.9% for the same period in 2010.

Operating Expenses and Income

Operating expenses, which include selling and marketing, general and administrative and research and development expenses, were \$83.8 million for the nine months ended September 30, 2011, increasing 30.9% year-over-year from \$64.0 million for the same period in 2010. Operating expenses as a percentage of total net revenues were 41.0% for the nine months ended September 30, 2011, compared to 41.5% for the same period in 2010. Non-GAAP operating income increased to \$36.1 million from \$27.5 million for the same period in 2010.

Income Tax Expenses

Income tax expenses were \$4.2 million for the nine months ended September 30, 2011, compared to income tax expenses of \$3.0 million for the same period in 2010.

Net Income and Adjusted EPS

Net income was \$24.2 million for the nine months ended September 30, 2011, increasing 23.0% year-over-year from \$19.7 million for the same period in 2010.

Non-GAAP net income was \$28.0 million for the nine months ended September 30, 2011, increasing 19.4% year-over-year from \$23.4 million for the same period in 2010.

Basic and diluted non-GAAP net income per adjusted ADS attributable to Ambow was \$0.392 and \$0.372, respectively, compared to \$0.359 and \$0.338, respectively, for the same period in 2010.

Financial Outlook for the Fourth Quarter and Full-Year 2011

The Company expects total net revenues in the fourth quarter of 2011 to be in the range of \$81.5 million (Rmb520 million) to \$83.0 million (Rmb530 million).

This is the Company's current view and it is subject to change.

Conference Call Information

Ambow's management will host an earnings conference call at 8:00 a.m. U.S. Eastern Time on November 15, 2011 (9:00 p.m. Beijing/Hong Kong Time on November 15, 2011).

The dial-in number and passcode for the conference call are as follows:

U.S. Toll Free: +1-866-549-1292
China Toll Free: +400-681-6949
International: +852-3005-2050

The passcode for the call is "657079 #".

Additionally, a live and archived webcast of this call will be available on the Investor Relations section of Ambow's website at: <http://investors.ir.ambow.com/us/AMBO/irwebsite/>

About Ambow Education Holding Ltd.

Ambow Education Holding Ltd. (NYSE: AMBO) is a leading national provider of educational and career enhancement services in China, offering high-quality, individualized services and products. Ambow has two business divisions: "Better Schools," which includes K-12 schools and tutoring centers; and "Better Jobs," which includes colleges and career enhancement centers. With its extensive network of regional service hubs complemented by a dynamic proprietary learning platform and distributors, Ambow provides its services and products to students in 30 out of the 31 provinces and autonomous regions within China.

Forward Looking Statements

Certain statements in this press release, including statements regarding the outlook for the fourth quarter and full year of 2011 and quotations from management concerning Ambow's strategic and operational plans and expectations are forward-looking statements within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Ambow uses words such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "target" and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are based on management's current expectations and involve risks and uncertainties. The following important

factors, without limitation, could cause actual results to differ materially from those contained in these forward-looking statements: Ambow's ability to manage its business expansion and operations effectively, to make strategic acquisitions and investments and to successfully integrate acquired businesses; significant competition; Ambow's ability to continue to attract students to enroll in its programs, to continually enhance its programs, services and products, to successfully develop and introduce new services and products in time and to adequately and promptly respond to changes in curriculum, testing materials and standards; economic conditions; and changes in government policies, laws and regulations. More information on factors that could affect Ambow's results is included from time to time in Ambow's Securities and Exchange Commission filings and reports, including the risks described under the heading "Risk Factors" in Ambow's final prospectus relating to its initial public offering filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on August 5, 2010 as well as risk factors identified in Ambow's latest annual report on Form 20-F and Current Reports on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on Ambow's future results. In light of these risks, uncertainties and factors, you are cautioned not to place undue reliance on forward-looking statements. Ambow disclaims any obligation to update information contained in forward-looking statements, whether as a result of new information, future events or otherwise.

Statement Regarding Unaudited Financial Information

The Company has prepared the unaudited consolidated financial information on the same basis as its audited consolidated financial statements. The unaudited consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation of its financial position and results of operations for the quarters presented. Quarterly and year-to-date results may not be indicative of the Company's results of operations for future quarterly periods.

About Non-GAAP Financial Measures

To supplement Ambow's unaudited consolidated financial results presented in accordance with GAAP, Ambow uses the following measures defined as non-GAAP financial measures by the SEC: (i) Non-GAAP operating income, (ii) Non-GAAP net income, (iii) Non-GAAP net income attributable to Ambow per ADS basic and diluted and (iv) Adjusted EBITDA. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of non-GAAP measures to the most comparable GAAP measures" set forth at the end of this release.

Ambow believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity that may not be indicative of its operating performance from a cash perspective. Ambow believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate management's internal comparisons to Ambow's historical performance and liquidity. Ambow computes its non-GAAP financial measures using the same consistent method from quarter to quarter. These non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with GAAP. Ambow believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from each non-GAAP measure. The accompanying tables have more details on the reconciliations with GAAP financial measures that are most directly comparable to non-GAAP financial measures.

(1) The reporting currency of the Company is Renminbi (" RMB "), but for the convenience of the reader, the amounts presented throughout the release are in US dollar (" \$ "). Unless otherwise stated, all translations from RMB to US\$ are based on the historical exchange rate of US\$1.0 to RMB6.3780, representing the noon buying rate as set forth in the H.10 statistical release of the U.S. Federal Reserve Board on September 30, 2011. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

(2) Non-GAAP operating income, being operation income attributable to Ambow excluding share-based compensation expenses incurred for the respective period.

(3) Non-GAAP net income, being net income attributable to Ambow excluding share-based compensation expenses incurred for the respective periods.

(4) Diluted non-GAAP net income per adjusted ADS attributed to Ambow is computed by dividing non-GAAP net income attributed to Ambow by weighted average number of common shares outstanding for the period plus (1) shares issuable upon the exercise of outstanding shares options and (2) the number of common shares resulting from the assumed conversion of all the outstanding redeemable convertible preferred share and exercise of warrants upon closing of the initial public offering as if the conversion or exercise had occurred at the beginning of the period.

(5) Non-GAAP G&A expenses, being G&A expenses excluding share-based compensation expenses incurred for the respective period.

(6) Each ADS represents two ordinary shares.

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******* Tables to Follow *******

AMBOW EDUCATION HOLDING LTD
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(ALL AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

	As of	As of	As of	As of	
	September 30,	June 30,	September 30,	June 30,	
	2011	2011	2011	2011	
	USD	USD	RMB	RMB	
ASSETS					
Current assets:					
Cash and cash equivalents	90,344	82,275	576,214	524,751	
Restricted cash	243	8	1,550	50	
Term deposits	3,255	4,500	20,760	28,700	
Accounts receivable, net	33,294	14,774	212,348	94,226	
Amounts due from related parties	32,204	30,702	205,394	195,820	
Deferred tax assets, current	2,300	1,947	14,667	12,421	
Prepaid and other current assets	90,126	82,274	574,823	524,744	
TOTAL CURRENT ASSETS	251,766	216,480	1,605,756	1,380,712	
Property and equipment, net	128,185	120,786	817,563	770,372	
Land use rights, net	41,697	41,956	265,944	267,598	
Intangible assets, net	96,910	97,188	618,095	619,868	
Goodwill	206,876	197,818	1,319,452	1,261,686	
Deferred tax assets, non-current	1,075	863	6,857	5,507	
Amounts due from related parties	3,528	3,534	22,502	22,541	
Other non-current assets	26,860	29,349	171,314	187,185	
TOTAL NON-CURRENT ASSETS	505,131	491,494	3,221,727	3,134,757	
TOTAL ASSETS	756,897	707,974	4,827,483	4,515,469	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Short-term borrowings	18,512	19,296	118,070	123,070	
Current portion of Long-term borrowings	3,057	7,996	19,500	51,000	
Deferred revenue	99,097	50,320	632,041	320,940	
Accounts payable	7,714	9,280	49,201	59,188	
Accrued expenses and other current liabilities	66,533	68,023	424,331	433,859	
Income tax payable	19,318	17,524	123,211	111,766	
Amount due to related parties	6,395	5,836	40,788	37,225	
TOTAL CURRENT LIABILITIES	220,626	178,275	1,407,142	1,137,048	
Deferred tax liabilities, non-current	27,930	27,587	178,138	175,951	
Long-term borrowings	8,231	10,034	52,500	64,000	
Non-current portion of consideration payable for acquisitions and other liabilities	47,500	45,220	302,958	288,412	
TOTAL NON-CURRENT LIABILITIES	83,661	82,841	533,596	528,363	
TOTAL LIABILITIES	304,287	261,116	1,940,738	1,665,411	
SHAREHOLDERS' EQUITY	442,871	437,761	2,824,630	2,792,038	
TOTAL AMBOW EDUCATION HOLDING LTD'S EQUITY	442,871	437,761	2,824,630	2,792,038	

Non-controlling interest	9,739	9,097	62,115	58,020
TOTAL SHAREHOLDER ' S EQUITY	452,610	446,858	2,886,745	2,850,058
TOTAL LIABILITIES AND SHAREHOLDER ' S EQUITY	756,897	707,974	4,827,483	4,515,469

AMBOW EDUCATION HOLDING LTD
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(ALL AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

For the three months ended September 30,				
	2011	2010	2011	2010
	USD	USD	RMB	RMB
Better Schools				
Tutoring	33,877	25,532	216,067	162,843
K-12 Schools	7,876	7,800	50,233	49,747
Better Job				
Career Enhancement	22,974	12,175	146,529	77,652
Colleges	8,110	5,567	51,730	35,506
NET REVENUES	72,837	51,074	464,559	325,748
Cost of revenues	(31,828)	(21,908)	(203,001)	(139,726)
GROSS PROFIT	41,009	29,166	261,558	186,022
Operating expenses:				
Selling and marketing	(15,824)	(10,372)	(100,924)	(66,158)
General and administrative	(14,250)	(11,152)	(90,889)	(71,134)
Research and development	(2,198)	(946)	(14,018)	(6,031)
TOTAL OPERATING EXPENSES	(32,272)	(22,470)	(205,831)	(143,323)
OPERATING INCOME	8,737	6,696	55,727	42,699
OTHER EXPENSE				
Interest expense, net	(995)	(487)	(6,348)	(3,107)
Foreign exchange loss, net	(280)	(235)	(1,787)	(1,496)
Other expense, net	62	(56)	394	(354)
INCOME BEFORE TAX AND NON-CONTROLLING INTEREST	7,524	5,918	47,986	37,742
Income tax expenses	(1,397)	(1,068)	(8,908)	(6,820)
NET INCOME	6,127	4,850	39,078	30,922
Add: Net income attributable to non-controlling interest	(360)	400	(2,295)	2,549
NET INCOME ATTRIBUTABLE TO AMBOW EDUCATION HOLDING LTD	5,767	5,250	36,783	33,471
Preferred shares redemption value accretion	-	8,495	-	54,180
Allocation of net income to participating preferred shareholders	-	(1,435)	-	(9,154)
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	5,767	12,310	36,783	78,497
Net income/(loss) per ADS attributable to ordinary shareholders				
Basic	0.08	0.23	0.51	1.50
Diluted	0.08	0.07	0.49	0.46
Weighted average number of ADS(Note 1)				
Basic	71,560,179	52,433,234	71,560,179	52,433,234
Diluted	75,068,903	72,444,551	75,068,903	72,444,551

Supplementary Information:

Share-based compensation expense included in:

Selling and marketing	286	304	1,827	1,937
General and administrative	1,198	1,025	7,640	6,539
Research and development	33	44	207	279

Note 1: Each ADS represents two common shares.

AMBOW EDUCATION HOLDING LTD
RECONCILIATION OF NON-GAAP MEASURES TO THE MOST COMPARABLE GAAP MEASURES
(ALL AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

For the three months ended September 30,				
	2011	2010	2011	2010

		USD		USD	RMB		RMB
Operating income		8,737		6,696	55,727		42,699
Share-based compensation expenses		1,517		1,373	9,674		8,755
Non-GAAP operating income		10,254		8,069	65,401		51,454
Net income attributable to Ambow		5,767		5,250	36,783		33,471
Share-based compensation expenses		1,517		1,373	9,674		8,755
Non-GAAP net income		7,284		6,623	46,457		42,226
Net income margin		7.9%		10.3%	7.9%		10.3%
Non-GAAP net income margin		10.0%		13.0%	10.0%		13.0%
Net income per adjusted ADS attributable to Ordinary Shareholders - Basic		0.081		0.235	0.514		1.497
Net income per adjusted ADS attributable to Ordinary Shareholders - Diluted		0.077		0.072	0.490		0.462
Net income per adjusted ADS attributable to Ambow - Basic		0.081		0.077	0.514		0.490
Net income per adjusted ADS attributable to Ambow - Diluted (Note 3)		0.077		0.072	0.490		0.462
Non-GAAP net income per adjusted ADS attributable to Ambow - Basic		0.102		0.097	0.649		0.618
Non-GAAP net income per adjusted ADS attributable to Ambow - Diluted		0.097		0.091	0.619		0.583
Adjusted weighted average number of ADS used in calculating net income and non GAAP net income attributable to Ambow per ADS - basic		71,560,179		68,348,705	71,560,179		68,348,705
Adjusted weighted average number of ADS used in calculating net income and non GAAP net income attributable to Ambow per ADS - diluted		75,068,903		72,462,360	75,068,903		72,462,360
EBITDA (Note 1)		13,261		11,205	84,580		71,466
Share-based compensation expenses		1,517		1,373	9,674		8,755
Adjusted EBITDA (Note 2)		14,778		12,578	94,254		80,221
EBITDA margin		18.2%		21.9%	18.2%		21.9%
Adjusted EBITDA margin		20.3%		24.6%	20.3%		24.6%

Note 1: EBITDA, a non-GAAP measure, being net income attributable to Ambow excluding interest expense, income tax expenses, depreciation and amortization. The depreciation and amortization in the third quarter of 2011 and 2010 were RMB 32,541 and RMB 28,068, respectively.

Note 2: Adjusted EBITDA being EBITDA excluding share based compensation.

Note 3: Net income per adjusted ADS attributable to Ambow - diluted is computed by dividing net income attributable to Ambow by weighted average number of common shares outstanding for the period plus (1) shares issuable upon the exercise of outstanding share options and (2) the number of common shares resulting from the assumed conversion of all the outstanding redeemable convertible preferred share and exercise of warrants upon closing of the initial public offering as if the conversion or exercise had occurred at the beginning of the period.

AMBOW EDUCATION HOLDING LTD
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(ALL AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

	For the nine months ended September 30,			
	2011	□	2010	□
	USD	□	USD	□
	RMB	□	RMB	□
Better Schools	□	□□	□□	□□
Tutoring	93,969	□	74,740	□
K-12 Schools	28,667	□	27,420	□
Better Job				
Career Enhancement	56,189	□	28,883	□
Colleges	25,714	□	23,347	□
NET REVENUES	204,539	□	154,390	□
Cost of revenues	(88,417)	□	(66,582)	□
GROSS PROFIT	116,122	□	87,808	□
Operating expenses:				
Selling and marketing	(38,342)	□	(28,640)	□
General and administrative	(40,773)	□	(32,500)	□
Research and development	(4,681)	□	(2,897)	□
TOTAL OPERATING EXPENSES	(83,796)	□	(64,037)	□
OPERATING INCOME	32,326	□	23,771	□
	□□		□□	
OTHER EXPENSE				
Interest expense, net	(2,757)	□	(1,421)	□
Foreign exchange losses, net	(823)	□	(335)	□

Other income (expense), net		(65)	176	(417)	1,115
INCOME BEFORE TAX AND NON-CONTROLLING INTEREST		28,681	22,191	182,920	141,540
Income tax expense		(4,151)	(2,992)	(26,476)	(19,082)
NET INCOME		24,530	19,199	156,444	122,458
Add: Net loss attributable to non-controlling interest		(356)	462	(2,268)	2,949
NET INCOME ATTRIBUTABLE TO AMBOW EDUCATION HOLDING LTD		24,174	19,661	154,176	125,407
Preferred shares redemption value accretion		-	(14,771)	-	(94,209)
Allocation of net income to participating preferred shareholders		-	(8,707)	-	(55,534)
NET INCOME (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		24,174	(3,817)	154,176	(24,336)
Net income (loss) per ADS attributable to ordinary shareholders					
Basic		0.34	(0.12)	2.16	(0.74)
Diluted		0.32	(0.12)	2.05	(0.74)

Weighted average number of ADS (Note 1)

Basic	71,391,596	32,992,231	71,391,596	32,992,231
Diluted	75,221,843	32,992,231	75,221,843	32,992,231

Supplementary Information:

Share-based compensation expense included in:

Selling and marketing	853	836	5,441	5,332
General and administrative	2,839	2,814	18,106	17,947
Research and development	99	113	632	724

Note 1: Each ADS represents two common shares.

AMBOW EDUCATION HOLDING LTD
RECONCILIATION OF NON-GAAP MEASURES TO THE MOST COMPARABLE GAAP MEASURES
(ALL AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

		For the nine months ended September 30,			
		2011	2010	2011	2010
		USD	USD	RMB	RMB
Operating income		32,326	23,771	206,173	151,624
Share-based compensation expenses		3,791	3,763	24,179	24,003
Non-GAAP operating income		36,117	27,534	230,352	175,627
Net income attributable to Ambow		24,174	19,661	154,176	125,407
Share-based compensation expenses		3,791	3,763	24,179	24,003
Non-GAAP net income		27,965	23,424	178,355	149,410
Net income margin		11.8%	12.7%	11.8%	12.7%
Non-GAAP net income margin		13.7%	15.2%	13.7%	15.2%
Net income per adjusted ADS attributable to Ordinary Shareholders - Basic		0.339	(0.116)	2.160	(0.738)
Net income per adjusted ADS attributable to Ordinary Shareholders - Diluted		0.321	(0.116)	2.050	(0.738)
Net income per adjusted ADS attributable to Ambow - Basic		0.339	0.301	2.160	1.920
Net income per adjusted ADS attributable to Ambow - Diluted (Note 3)		0.321	0.283	2.050	1.808
Non-GAAP Net income per adjusted ADS attributable to Ambow - Basic		0.392	0.359	2.498	2.287
Non-GAAP Net income per adjusted ADS attributable to Ambow - Diluted		0.372	0.338	2.371	2.154
Adjusted weighted average number of ADS used in calculating net income and non GAAP net income attributable to Ambow per ADS - basic		71,391,596	65,321,950	71,391,596	65,321,950
Adjusted weighted average number of ADS used in calculating net income and non GAAP net income attributable to Ambow per ADS - diluted		75,221,843	69,364,627	75,221,843	69,364,627
EBITDA (Note 1)		46,577	37,226	297,069	237,426
Share-based compensation expenses		3,791	3,763	24,179	24,003
Adjusted EBITDA (Note 2)		50,368	40,989	321,248	261,429
EBITDA margin		22.8%	24.1%	22.8%	24.1%

Adjusted EBITDA margin

□ 24.6% □ 26.5% □ 24.6% □ 26.5%

Note 1: EBITDA, a non-GAAP measure, being net income attributable to Ambow excluding interest expense, income tax expenses, depreciation and amortization. The depreciation and amortization for the first nine months of 2011 and 2010 were RMB 98,831 and RMB 83,872, respectively.

Note 2: Adjusted EBITDA being EBITDA excluding share based compensation.

Note 3: Net income per adjusted ADS attributable to Ambow - diluted is computed by dividing net income attributable to Ambow by weighted average number of common shares outstanding for the period plus (1) shares issuable upon the exercise of outstanding share options and (2) the number of common shares resulting from the assumed conversion of all the outstanding redeemable convertible preferred share and exercise of warrants upon closing of the initial public offering as if the conversion or exercise had occurred at the beginning of the period.

SOURCE Ambow Education Holding Ltd.

<https://www.ambow.com/2011-11-14-Ambow-Education-Announces-Third-Quarter-2011-Unaudited-Financial-Results>