# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-14** | Period of Report: **2012-11-30**
**SEC Accession No.** 0001013762-13-000064

(HTML Version on secdatabase.com)

## FILER

**China Bilingual Technology & Education Group Inc.**

CIK:**1470129**| IRS No.: **680678185** | State of Incorp.:**NV** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **000-54321** | Film No.: **13528669**
SIC: **8200** Educational services

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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 30, 2012

or

☐**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ______________

Commission File Number: 000-54321

**CHINA BILINGUAL TECHNOLOGY & EDUCATION GROUP INC.**

(Exact Name of small business issuer as specified in its charter)

| **Nevada** | **68-0678185** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**No. 2 Longbao Street, Xiaodian Zone, Taiyuan City, Shanxi Province, People's Republic of China 030031**
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: **86-351-7963988**

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☐ (Do not check if a smaller reporting company) | Smaller reporting company ☒ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of January 14, 2013, the issuer had 30,069,629 outstanding shares of Common Stock.

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## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

### China Bilingual Technology & Education Group Inc. and Subsidiaries

### Condensed Consolidated Balance Sheets

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| **ASSETS** | (unaudited) | |
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | $ 9,032,544 | $ 30,410,983 |
| Due from related parties | 821,504 | - |
| Prepayment and other current assets | 1,924,991 | 4,078,038 |
| **Total Current Assets** | 11,779,039 | 34,489,021 |
| **LONG-TERM ASSETS:** | | |
| Property, plant and equipment, net | 82,800,707 | 82,250,434 |
| Land use rights, net | 48,287,475 | 48,118,088 |
| **Total Long-Term Assets** | 131,088,182 | 130,368,522 |
| **TOTAL ASSETS** | $142,867,221 | $164,857,543 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES:** | | |
| Accounts Payable | $ 205,510 | $ 165,743 |
| Short-term payable-acquisition | 15,182,022 | 32,721,915 |
| Due to related parties | - | 4,550,762 |
| Other Payables | 679,606 | 951,468 |
| Refundable deposits | 159,059 | 134,661 |
| Deferred School Fees | 35,381,566 | 45,902,425 |
| Home purchase down payment | 917,809 | 919,458 |
| Short-term bank loan | 7,966,477 | - |
| Accrued expenses and other current liabilities | 1,247,921 | 1,026,225 |
| **Total Current Liabilities** | 61,739,970 | 86,372,657 |
| **LONG-TERM LIABILITIES:** | | |
| Long-term bank loan | 11,153,068 | 11,045,539 |
| Long-term payable-acquisition | 14,196,740 | 14,808,754 |
| **Total Long-Term Liabilities** | 25,349,808 | 25,854,293 |
| **TOTAL LIABILITIES** | 87,089,778 | 112,226,950 |
| **STOCKHOLDERS' EQUITY:** | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629 issued and outstanding as of November 30, 2012 and August 31, 2012 | 30,070 | 30,070 |
| Additional paid-in capital | 163,389 | 163,389 |
| Retained earnings | 52,367,204 | 49,746,368 |
| Accumulated other comprehensive income | 3,216,780 | 2,690,766 |

| | | |
|---|---|---|
| **TOTAL STOCKHOLDERS' EQUITY** | 55,777,443 | 52,630,593 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $142,867,221 | $164,857,543 |

The accompanying notes to these consolidated financial statements are an integral part of these balance sheets.

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**China Bilingual Technology & Education Group Inc. and Subsidiaries**

**Condensed Consolidated Statements of Operations and Other Comprehensive Income**

**(Unaudited)**

| | For the Three Months Ended November 30, | |
|---|---|---|
| | **2012** | **Restated 2011** |
| **REVENUES** | $ 11,643,327 | $ 10,425,986 |
| **COST OF REVENUES** | 7,749,835 | 7,233,030 |
| **GROSS PROFIT** | 3,893,492 | 3,192,956 |
| **OPERATING EXPENSES** | | |
| General and Administrative Expenses | 480,628 | 504,522 |
| **TOTAL OPERATING EXPENSES** | 480,628 | 504,522 |
| INCOME FROM OPERATIONS | 3,412,864 | 2,688,434 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest Income | 30,303 | 28,616 |
| Interest Expense | (822,331) | (1,380,683) |
| **NET INCOME BEFORE INCOME TAXES** | $ 2,620,836 | $ 1,336,367 |
| INCOME TAX EXPENSE | - | - |
| **NET INCOME** | $ 2,620,836 | $ 1,336,367 |
| Foreign currency translation, net of tax | 526,014 | 19,609 |
| **COMPREHENSIVE INCOME** | $ 3,146,850 | $ 1,355,976 |
| | | |
| **Earnings per Common Share:** | | |
| Basic | $ 0.09 | $ 0.04 |
| Diluted | $ 0.09 | $ 0.04 |
| | | |
| **Weighted Average Common Shares Outstanding:** | | |
| Basic | 30,182,029 | 30,014,528 |
| Diluted | 30,182,029 | 30,014,528 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

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**China Bilingual Technology & Education Group Inc. and Subsidiaries**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

| | For The Three Months Ended November 30, 2012 | For The Three Months Ended November 30, Restated 2011 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net income | $ 2,620,836 | $ 1,336,367 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation | 838,680 | 863,051 |
| Amortization | 297,620 | 254,271 |
| Accretion of interest payable – acquisition | 491,413 | 831,595 |
| Stock-based compensation | 60,750 | 31,100 |
| (Increases) Decreases in Assets: | | |
| Inventories | - | (33,254) |
| Prepayment and other current assets | 2,182,316 | 3,827,924 |
| Increases (Decreases) in Liabilities: | | |
| Accounts payable | 37,971 | 84,330 |
| Other payables | (279,787) | 135,889 |
| Refundable deposits | 22,977 | (253,197) |
| Prepaid tuition | (10,915,545) | (9,646,959) |
| Home purchase down payment | (10,549) | 7,769 |
| Accrued expenses and other current liabilities | 151,064 | 251,156 |
| **Net Cash Provided By (Used In) Operating Activities** | (4,502,254) | (2,309,958) |
| **Cash Flows From Investing Activities:** | | |
| Deposits - long term assets | - | - |
| Fixed asset additions | (589,433) | (423,612) |
| (Advance to) - related parties receivables | (820,084) | - |
| **Net Cash Provided By (Used In) Investing Activities** | (1,409,517) | (423,612) |
| **Cash Flows From Financing Activities:** | | |
| Payable – acquisition | (19,017,481) | (3,327,923) |
| (Repayments) of related party loans payables | (4,570,692) | - |
| Proceeds long term debt | 7,928,579 | - |
| **Net Cash Provided By (Used In) Financing Activities** | (15,659,594) | (3,327,923) |
| **Effect of Exchange Rate Changes on Cash** | 192,926 | 6,181 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (21,378,439) | (6,055,312) |
| **Cash and Cash Equivalents, Beginning of Period** | 30,410,983 | 15,090,521 |
| **Cash and Cash Equivalents, End of Period** | $ 9,032,544 | $ 9,035,209 |
| **Supplemental Disclosures of Cash Flow Information:** | | |
| Cash paid for interest | $ 86,778 | $ 219,635 |
| Cash paid for taxes | $ - | $ - |

The accompanying notes to consolidated financial statements are an integral part of these statements.

**China Bilingual Technology & Education Group Inc. and Subsidiaries**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**November 30, 2012 and 2011 (Unaudited)**

## NOTE 1 -NATURE OF BUSINESS

### Description of Business

China Bilingual Technology & Education Group Inc. (the "Company"), is an education company that owns and operates high-quality K-12 private boarding schools in the People's Republic of China (the "PRC"). The Company established school operations in 1998 and currently operates three schools encompassing kindergarten, elementary, middle and high school levels. The Company's schools are located in Shanxi and Sichuan Provinces and focus on fluency and cultural skills in both Chinese and English, as well as the PRC core curriculum. The Company's sector in education is not subject to corporate income tax.

### Control by Principal Shareholders

The Company's directors, executive officers and their affiliates or related parties, own beneficially and in the aggregate, the majority of the voting power of the outstanding shares of the common stock of the Company. Accordingly, the directors, executive officers and their affiliates, if they voted their shares uniformly, would have the ability to control the approval of most corporate actions, including increasing the authorized capital stock of the Company and the dissolution, merger or sale of the Company's assets or business.

### Financial Statements Presented

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Company was incorporated in the State of Nevada on March 31, 2009 under the name Designer Export, Inc. On June 30, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc.

On June 30, 2010, the Company entered into a Share Exchange Agreement (the "Agreement") with Kahibah Limited ("KL"), a British Virgin Islands ("BVI") corporation and its shareholders. According to this Agreement, the Company acquired all the issued and outstanding shares of KL. The Company issued 26,100,076 shares of its common stock, after giving effect to the cancellation of 7,748,343 shares on June 30, 2010, to KL's shareholders in exchange for 100% of the shares of KL. After the closing of the transaction, the Company had a total of 30,000,005 shares of common stock issued and outstanding, with KL's shareholders owning 87% of the total issued and outstanding shares of the Company's common stock, and the balance held by those who held shares of the Company's common stock prior to the closing of the exchange. This transaction resulted in KL's shareholders obtaining a majority voting interest in the Company. All shares are shown effective of a 2.582781 forward stock split as of July 14, 2010.

The acquisition of KL and the operations of its subsidiaries were accounted for as a reverse merger, whereby KL is the continuing entity for financial reporting purposes and is deemed, for accounting purposes, to be the acquirer of the Company. In accordance with the applicable accounting guidance for accounting for the business combination as a reverse merger, KL is deemed to have undergone a recapitalization, whereby KL is deemed to have issued common stock to the Company's common equity holders. Accordingly, although the Company, as KL's parent company, was deemed to have legally acquired KL, in accordance with the applicable accounting guidance for accounting for the transaction as a reverse merger and re-capitalization, KL is the surviving entity for accounting purposes and its assets and liabilities are recorded at their historical carrying amounts with no goodwill or other intangible assets recorded as a result of the accounting merger with the Company.

As part of the acquisition, the Company changed its name to China Bilingual Technology & Education Group Inc. Share and per share amounts stated have been retroactively adjusted to reflect the acquisition. The accompanying financial statements present the historical financial condition, results of operations and cash flows of KL and its operating subsidiaries prior to the recapitalization.

The historical consolidated financial statements of the Company are those of KL, and of the consolidated entities. The consolidated financial statements of the Company presented for the three months ended November 30, 2012 and 2011 included the financial statements of China Bilingual, KL, KL's subsidiary Taiyuan Taiji Industry Development co., Ltd. ("Taiyuan Taiji"), a wholly-foreign owned enterprise ("WFOE") under the laws of the Peoples Republic of China ("PRC"), which owns 95% of the registered capital of Shanxi Taiji Industry Development Co., Ltd. ("Shanxi Taiji"), an equity joint venture company organized under the laws of the PRC. Shanxi Taiji owns all of the registered capital of Shanxi Modern Bilingual School ("Shanxi North Campus") and Sichuan Guang'an Experimental High School ("Sichuan Guang'an School"), both private non-enterprise entities incorporated under the laws of the PRC, collectively the "Subsidiaries."

Since the ownership of KL and its Subsidiaries was substantially the same, the merger with each was accounted for as a transfer of equity interests between entities under common control, whereby the acquirer recognized the assets and liabilities of each Subsidiary transferred at their carrying amounts. The reorganization was treated similar to the pooling of interest method with carry over basis. Accordingly, the financial statements for KL and its Subsidiaries have been combined for all periods presented, similar to a pooling of interest. The reorganization of entities under common control was retrospectively applied to the financial statements of all prior periods when the financial statements are issued for a period that includes the date the transaction occurred. Intercompany transactions and balances are eliminated in consolidations.

On August 31, 2011, the Company's entered into an Equity Transfer Agreement and purchased all of the outstanding equity of Shanxi Rising Education Investment Company Limited (the "Investment Company") from the equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806). The net present value of the total fair value consideration transferred equals RMB 650,000,000 (approximately $102,565,721), of which RMB 370,217,933 (approximately $55,444,697) has been paid. Under the terms of the Equity Transfer Agreement the balance of the purchase price is to be paid over three years in three scheduled payments as follows: (See Note 18 – Business Combination for additional details on the Equity Transfer Agreement.)

1) RMB 119,782,067 (approximately $19,017,481) to be paid by August 31, 2012, but was paid on September 3rd, 2012

2) RMB 100,000,000 (or RMB 95,286,928, approximately $15,182,022, net of discount) by August 31, 2013, and

3) RMB 100,000,000 (or RMB 89,103,000, approximately $14,196,740, net of discount) by August 31, 2014.

*The net present value of the payments is discounted at the Company's then current financing interest rate of 6.84%.*

The Investment Company, a limited liability company established under the laws of the PRC, is an education company that owns and operates a K-12 private boarding school in Jinzhong City, Shanxi Province of the PRC, encompassing kindergarten, primary and secondary education. The Investment Company was established in 2001 and it has share capital of RMB 70,000,000. It is the parent company of Shanxi Rising School (the "Rising School"), founded in 2002, which currently serves over 5,400 students from its location in Shanxi Province, PRC. The Rising School is now known by the Company as the "Shanxi South School."

The acquisition of the Investment Company has been accounted for as a business combination under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The total purchase consideration of RMB 690,000,000 has been allocated to the net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of August 31, 2011.

Prior to closing the Equity Transfer Agreement, the Company became involved in the operations of the Shanxi South Campus in the spring of 2011. With the consent of the Investment Company, the Company assisted in the operations, accounting and promotion of the school to attract more and better students for the 2011-2012 school year. Some of these responsibilities included collecting deferred school fees, room & board and other school fees ("School Fees") in advance of the school year, which combined with better operations, higher tuition rates and an increase in enrollment led to an increase in deferred revenue at the start of the 2011 – 2012 school year, which corresponds to the fiscal year from September 1, 2011 to August 31, 2012. The Company's involvement at the Shanxi South Campus was under the direction of Investment Company management until it assumed control of the Investment Company on August 31, 2011, in accordance with the Equity Transfer Agreement.

For the purpose of preparing the consolidated financial statement, the total purchase price is allocated to the Company's net tangible assets acquired and liabilities assumed as of August 31, 2011. The adjustments record the purchase price allocation entries as of August 31, 2011, including allocation of fair values of the associated tangible assets, intangible assets and acquired liabilities, to eliminate the Company's historical equity balances and to record the estimated use of cash to fund the cash portion of the acquisition. The adjustments also include certain decreases in intercompany balances eliminated in consolidation. Accordingly, the fair value of assets acquired and liabilities assumed may be materially impacted by the results of the Company's on-going operations after the date of the Equity Transfer Agreement.

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of China Bilingual Technology & Education Group Inc. and the following subsidiaries:

| Subsidiaries | State and Countries Registered In | % Ownership |
|---|---|---|
| Kahibah Limited | British Virgin Island | 100% |
| Taiyuan Taiji Industry Development Co., Ltd. | People's Republic of China | 100% |
| Shanxi Taiji Industrial Development Co., Ltd.(i) | People's Republic of China | 95% |
| Shanxi Modern Bilingual School (ii) | People's Republic of China | 100% |
| Sichuan Guang'an Experimental High School (iii) | People's Republic of China | 100% |
| Shanxi Rising Education Investment Company Ltd. (iv) | People's Republic of China | 100% |
| Shanxi Rising School (v) | People's Republic of China | 100% |

(i) Shanxi Taiji Industrial Development Co., Ltd. was incorporated as a limited liability company on July 25, 1997 under PRC law. It is currently 95% owned by Taiyuan Taiji and 5% owned by Ms. Ren Baiv. On November 25, 2009, KL entered into a share exchange agreement to sell the remaining 5% ownership to Ms. Ren Baiv. Ms. Ren Baiv is the sister of Mr. Ren Zhiqing, the Company's Chief Executive Officer. At December 31, 2010, Ms. Ren Baiv paid 1 million Renminbi ("RMB") as part of the capital contribution. The 5% ownership is held by Ms. Ren Baiv on behalf of the Taiyuan Taiji in accordance with local Chinese regulations, therefore no non-controlling interest is recognized. Shanxi Taiji is an equity joint venture under the laws of the PRC. The Shanxi North Campus, Modern Bilingual School and Sichuan Guang'an Experimental High School (the "Schools") hold the requisite governmental licenses to provide private educational services within their province in China. Each province sets its own licensing criteria and duration following the general guidelines established by the national government for education standards.

(ii) Shanxi Modern Bilingual School (the "Shanxi North School") was established in 1998 by Shanxi Taiji. It operates as a private K-12 boarding school on a 38 acre campus in Taiyuan City, Shanxi Province. The Shanxi School holds a three year provincial license to be renewed May, 2013.

(iii) Sichuan Guang'an Experimental High School (the "Sichuan Guang'an School") was established in 2002 by Shanxi Taiji. It operates as a private K-12 boarding school on a 23 acre campus in Guang'an, Sichuan Province. The Sichuan Guang'an School holds a four year provincial license to be renewed March, 2015.

(iv) Shanxi Rising Education Investment Company Ltd. (the "Investment Company") was established in 2001 to own and operate private boarding schools in the PRC. The Investment Company has share capital of RMB 70,000,000. It is the parent company of one school, the Shanxi Rising School, which was acquired by the Company on August 31, 2011. The Investment Company has no operations other than its ownership of the Shanxi Rising School.

(v) Shanxi Rising School (the "Shanxi South School") was established in 2002 by the Investment Company as a private boarding school encompassing kindergarten, primary and secondary education located in the Shanxi Province of the PRC. The school has been assimilated in the operation of the Company and re-branded as the Shanxi South School operating as a private K-12 boarding school on an 82 acre campus comprised of over 2.3 million square feet of facilities, including 18 dormitories with capacity for 10,000 students, academic classrooms, gymnasium, theatre, natatorium, cafeteria and other administrative and academic buildings. The Shanxi South School holds a four year provincial license to be renewed April 2015.

All significant intercompany accounts and transactions have been eliminated in consolidation.

**Management's Representation of Interim Financial Statements**

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company without audit pursuant to the rules and regulations of the SEC. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted as allowed by such rules and regulations, and management believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements include all of the adjustments, which in the opinion of management are necessary to a fair presentation of financial position and results of operations. All such adjustments are of a normal and recurring nature. Interim results are not necessarily indicative of results for a full year. These condensed consolidated financial statements should be read in conjunction with the audited financial statements at August 31, 2012 as filed in the Company Form 10-K filed with the SEC on November 29, 2012.

**NOTE 2 – USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Measurement, estimates and assumptions are used for, but not limited to, the selection of the useful lives of property and equipment, impairment of long-lived assets, fair values and revenue recognition. Management makes these estimates using the best information available at the time the estimates are made; however, actual results, when ultimately realized, could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to US GAAP and have been consistently applied in the preparation of the consolidated financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") established the Accounting Standards Codification ("ASC") 105-10 (formerly Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles, a replacement of ASB* ASC 105-10 establishes the FASB ASC as the source of authoritative accounting principles recognized by the FASB to be applied in preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("US GAAP"). The adoption of this standard had no impact on the Company's consolidated financial statements.

(a) Fair Value of Financial Instruments

The Company applies the provisions of accounting guidance, FASB ASC Topic 820 that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of November 30, 2012, the fair value of cash and cash equivalents, other receivables, accounts payable, short term bank loans, and other payables approximated carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates except for related party debt or receivables for which it is not practicable to estimate fair value.

Fair Value Measurements

Effective April 1, 2009, the FASB ASC Topic 825, *"Financial Instruments,"* requires disclosures about fair value of financial instruments in quarterly reports as well as in annual reports.

The FASB ASC Topic 820, *"Fair Value Measurements and Disclosures,"* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

Various inputs are considered when determining the fair value of the Company's financial instruments. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risks, etc.).

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair market value of financial instruments).

The Company's adoption of FASB ASC Topic 820 did not have a material impact on the Company's consolidated financial statements.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets and/or liabilities carried at fair value on a recurring basis at November 30, 2012.

The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

(b) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There are no restrictions to cash at November 30, 2012. A substantial amount of the Company's cash is held in bank accounts in the PRC and is not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance or any other similar insurance. Given the current economic environment and the financial conditions of the banking industry there is a risk that deposits may not be readily available. Cash held in the PRC amounted to $9,032,544 and $30,410,983 at November 30, 2012 and August 31, 2012, respectively. The PRC places limitations on expatriating cash out of the country, which may limit the Company's ability to pay dividends.

(c) Impairment of Long-Lived Assets

The Company's long-lived assets and other assets (consisting of property and equipment and purchased land use rights) are reviewed for impairment in accordance with the guidance of the FASB ASC Topic 360-10, *"Property, Plant, and Equipment,"* and FASB ASC Topic 205, *"Presentation of Financial Statements."* The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through November 30, 2012, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that demand for the Company's services will continue, which could result in an impairment of long-lived assets in the future.

(d) Income taxes

On March 16, 2007, the PRC National People's Congress passed the PRC Enterprise Income Tax Law ("New EIT Law") which became effective on January 1, 2008. Pursuant to the New EIT Law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied consistently to both domestic-invested enterprises and foreign-invested enterprises.

Shanxi Taiji, Taiyuan Taiji and the Investment Company are taxed pursuant to the New EIT Law with a unified enterprise income tax rate of 25%. Shanxi Taiji, Taiyuan Taiji and the Investment Company did not pay any income taxes during the three months ended November 30, 2012 due to net losses experienced in the past reporting periods. The three entities may apply the past periods' net operating losses to futures years' profits in order to reduce tax liability. Since Shanxi Taiji, Taiyuan Taiji and Investment Company have minimal business operations, the three entities are unlikely to have profits in future periods. As a result, all deferred tax assets and liabilities are deminimus, and management would have a 100% valuation allowance for all deferred tax assets.

The Company has three subsidiaries registered as private schools (the "school-subsidiaries"), which are not subject to income taxes determined in accordance with the Law for Promoting Private Education (2003) and school-subsidiaries registered as private schools not requiring reasonable returns (similar to a not-for-profit entity) are treated as public schools and are generally not subject to enterprise income taxes. Therefore, the school-subsidiaries are tax exempt, including Shanxi North Campus, Shanxi South Campus and Sichuan Guangan School.

Kahibah Limited is exempt from income tax on all sources of income pursuant to the tax law in the British Virgin Islands. However, pursuant and subsequent to the reverse merger, the parent company in the U.S. may be subject to income tax in future years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.  The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.  Deferred income tax expense represents the change during the period in the deferred tax assets and liabilities.  The components of the deferred tax assets and liabilities are individually classified as current or non-current based on their characteristics. Deferred tax assets and liabilities are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.  A provision has not been made at November 30, 2012, and 2011 for U.S. or additional foreign withholding taxes of undistributed earnings of foreign subsidiaries because it is the present intention of management to reinvest the undistributed earnings indefinitely in foreign operations.  Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

The Company recognizes that virtually all tax positions in the PRC are not free of some degree of uncertainty due to tax law and policy changes by the government. However, the Company cannot reasonably quantify political risk factors and thus must depend on guidance issued by current government officials.

Based on all known facts and circumstances and current tax law, the Company believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012 are not material to its results of operations, financial condition or cash flows. The Company also believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012, if recognized, would not have a material effect on its effective tax rate. The Company further believes that there are no tax positions for which it is reasonably possible, based on the current PRC tax law and policy, that the unrecognized tax benefits will significantly increase or decrease over the next twelve months producing, individually or in the aggregate, a material effect on the Company's results of operations, financial condition or cash flows as of November 30, 2012 and August 31, 2012, but the 2012 and 2013 tax years are still open for examination.

(e) Revenue Recognition and Deferred School Fees

Revenues consist primarily of tuition, room & board and other fees (the "School Fees") derived from providing meals and housing for students living on campus. Revenues from School Fees are recognized pro-rata (on a straight-line basis) over the relevant period attended by the student of the applicable grade or program. The school year typically runs September 1 through August 31 and deferred School Fees are recognized over the twelve-month period. If a student withdraws from a course or program within three months after the school year starts, the paid but unearned portion of the student's School Fees is 67% refunded. If a student withdraws after the first three months in a school year, no School Fees will be refunded. As a result, the Company has recorded deferred School Fees as a current liability on the consolidated balance sheet in the event a student withdraws from school and the Company has to return a portion of the deferred School Fees. In past years there were minimal students who withdrew from a course or program before the end of a school year.

The Company normally deferred school fees from students at their initial admission or before the start of the school year on September 1. As of August 31, 2012, all students are required to fully prepay school fees at the beginning of the school year by September 1, 2012 for the 2012-2013 school year. In prior periods this policy was not fully enforced. Some students will benefit from a discount of fees if they prepay School Fees for two to three years of school term. Deferred School Fees is the portion of payments received but not earned and is reflected as a current liability under deferred school fee in the accompanying consolidated balance sheets as such amounts are expected to be earned, but may be refundable within the next year.

Below is a schedule of deferred school fees as of November 30, 2012 expected to be recognized into revenue over twelve months for the next year ended August 31 (corresponds to the school year – September 1 through August 31) and thereafter as follows:

| **Period Ended** | **November 30, 2012** |
|---|---|
| 2013 | $ 32,348,102 |
| 2014 | 2,029,210 |
| Thereafter | 1,004,254 |
| **Total** | $ 35,381,566 |

(f) Foreign Currency Translation

The Company's principal country of operations is The PRC. The financial position and results of operations of the Company are determined using the local currency ("Renminbi or RMB") as the functional currency. The results of operations denominated in foreign currency are translated at the average rate of exchange during the reporting period.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. The results of operations are translated from Renminbi to US Dollar at the weighted average rate of exchange during the reporting period. The registered equity capital denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. All translation adjustments resulting from the translation of the financial statements into the reporting currency ("US Dollars") are dealt with as a component of accumulated other comprehensive income.

Translation adjustments net of tax totaled $526,014 and $19,609, for the three months ended November 30, 2012 and 2011, respectively.

As of November 30, 2012 and 2011, the exchange rate to the U.S. Dollar was RMB 6.2763 and RMB 6.3726, respectively. The average exchange rate for the three months ended November 30, 2012 and 2011 was RMB 6.3063 and RMB 6.3742, respectively.

(g) Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC Topic 220, *"Comprehensive Income,"* which established standards for reporting and displaying comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements.

Total comprehensive income is defined as all changes in stockholders' equity during a period, other than those resulting from investments by and distributions to stockholders (i.e., issuance of equity securities and dividends). Generally, for the Company, total comprehensive income equals net income plus or minus adjustments for currency translation. Total comprehensive income represents the activity for a period net of related tax and was $3,146,850 and $1,355,976, for the three months ended November 30, 2012 and 2011, respectively.

While total comprehensive income is the activity in a period and is largely driven by net earnings in that period, accumulated other comprehensive income or loss ("AOCI") represents the cumulative balance of other comprehensive income as of the balance sheet date. For the Company, AOCI is primarily the cumulative balance related to the currency adjustments and increased comprehensive income and equaled $3,216,780 and $2,690,766, as of November 30, 2012 and August 31, 2012, respectively.

(h) Concentrations, Risks, and Uncertainties

All of the Company's operations are located in the PRC. There can be no assurance that the Company will be able to successfully continue to provide the services offered and failure to do so would have a material adverse effect on the Company's financial position, results of operations and cash flows. Also, the success of the Company's operations is subject to numerous contingencies, some of which are beyond management's control. These contingencies include general economic conditions, teacher salaries, competition, governmental and political conditions, and changes in regulations. Because the Company is dependent on trade in the PRC, the Company is subject to various additional political, economic and other uncertainties. Among other risks, the Company's operations will be subject to risk of restrictions on transfer of funds, domestic and international customs, changing taxation policies, foreign exchange restrictions, and political and governmental regulations.

(i) Advertising

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three months ended November 30, 2012 and 2011 were not significant.

(j) Research and Development

The Company expenses the cost of research and development as incurred. Research and development costs for the three months ended November 30, 2012 and 2011, were not significant.

(k) Basic and diluted earnings per share

Earnings per share is calculated in accordance with the ASC Topic 260, *"Earnings Per Share."* Basic earnings per share is calculated dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the assumption that all dilutive convertible shares, stock options, warrants and other equity awards were converted or exercised during the period. Dilution is computed by applying the treasury stock method. Under this method, warrants and options are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Basic and diluted earnings per share were $0.09 and $0.09 per share and $0.04 and $0.04 per share, respectively for the three months ended November 30, 2012 and 2011.

(l) Statement of Cash Flows

In accordance with ASC Topic 230, *"Statement of Cash Flows,"* cash flows from the Company's operations are calculated based upon the local currencies using the average translation rates. As a result, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets.

(m) Reclassification

Certain reclassifications have been made to the consolidated financial statements as of November 30, 2012 and for the three months ended November 30, 2012 in order to conform to the condensed consolidated financial statement presentation as of November 30, 2012. These reclassifications had no effect on net income as previously reported.

(n) Accounting Pronouncements

Accounting Standards Update ("ASU") ASU No. 2010-09 (ASC Topic 855), which amends subsequent events recognition and disclosures, ASU No. 2009-16 (ASC Topic 860), which amends accounting for transfer of financial assets, ASU No. 2009-05 (ASC Topic 820), which amends fair value measurements and disclosures - overall, ASU No. 2009-08, earnings per share, ASU No. 2009-12(ASC Topic 820), investments in certain entities that calculate net asset value per share, and various other ASU's No. 2009-2 through ASU No. 2012-07 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant, except for ASU 2011-05 (ACS Topic 220 comprehensive income) which will affect the presentation of Comprehensive Income and is effective for periods after December 15, 2011 and early adoption is allowed.

Other accounting standards have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date and are not expected to have a material impact on the Company's financial statements.

**NOTE 4 – PREPAYMENT AND OTHER CURRENT ASSETS**

Prepayment and other current assets consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cash – individual bank accounts | $ 1,355,467 | $ 3,216,850 |
| Advances to suppliers | 239,223 | 568,324 |
| Other prepaid | 194,621 | - |
| Other receivables | 135,680 | 292,864 |
| **Total** | $ 1,924,991 | $ 4,078,038 |

Cash – individual bank accounts, is for funds advanced to employees for the purchase of school and boarding related materials for the day-to-day operations of the school. Advances to suppliers are primarily advances, travel, and the other related expenses. The other prepaid and other receivables are primarily for certain operating requirements of the school.

**NOTE 5 – DUE FROM/TO RELATED PARTIES**

(i) Due From Related Parties consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ 821,504 | $ - |
| Total | $ 821,504 | $ - |

(ii) Due To Related Parties consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ - | $ 4,550,762 |

| | | |
|---|---|---|
| Total | $ - | $ 4,550,762 |

Ren Zhiqing is the chairman and president of the Company, as well as the majority controlling shareholder of the Company. The amount due from Ren Zhiqing as of November 30, 2012 represent a loan from the Company, which is unsecured, interest-free and payable to the Company. The amount due to Ren Zhiqing as of August 31, 2012 represented a loan to the Company, which was unsecured and interest-free, primarily used for paying the equity holders of the Investment Company as part of the Equity Transfer Agreement dated August 31, 2011.

Section 13(k) of the Exchange Act provides that it is unlawful for a company such as ours, which has a class of securities registered under Section 12(g) of the Exchange Act, to directly or indirectly, including through any subsidiary, extend or maintain credit in the form of a personal loan to or for any director or executive officer of the company. Issuers violating Section 13(k) of the Exchange Act may be subject to civil sanctions, including injunctive remedies and monetary penalties, as well as criminal sanctions. The imposition of any of such sanctions on the Company may have a material adverse effect on our business, financial position, results of operations or cash flows.

As of November 30, 2012, the Company and Ren Zhiqing inadvertently violated Section 402 of Sarbanes-Oxley and Section 13(k) of the Exchange Act. Ren Zhiqing has made arrangements with the Company to repay the full loan amount by the end of January 2013.

**NOTE 6 – LAND USE RIGHTS, NET**

Land use rights, net consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cost of land use rights | $ 50,649,897 | $ 50,161,574 |
| Less: Accumulated amortization | (2,362,422) | (2,043,486) |
| **Land use rights, net** | $ 48,287,475 | $ 48,118,088 |

Amortization expense for three months ended November 30, 2012 and 2011 was $297,620 and $254,271, respectively.

Amortization expense for the next five years and thereafter is as follows

| | |
|---|---|
| 2012 | $ 297,620 |
| 2013 | 1,190,480 |
| 2014 | 1,190,480 |
| 2015 | 1,190,480 |
| 2016 | 1,190,480 |
| Thereafter | 43,227,935 |
| **Total** | $ 48,287,475 |

**NOTE 7 - PROPERTY AND EQUIPMENT, NET**

Property and equipment**,** net consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Buildings | $ 84,400,433 | $ 83,567,268 |
| Transportation equipment | 1,023,908 | 1,014,036 |
| Furniture & education equipment | 8,742,127 | 8,090,748 |
| Kitchen equipment | 972,700 | 963,322 |
| Computer & software | 881,091 | 872,596 |
| **Total cost** | $ 96,020,259 | $ 94,507,970 |
| | | |
| Less: Accumulated depreciation | (13,219,552) | (12,257,536) |
| | | |
| **Property and equipment, net** | $ 82,800,707 | $ 82,250,434 |

For the three months ended November 30, 2012 and 2011, depreciation expense was $838,680 and $863,051, respectively.

Property and equipment are located at the Company's three school locations in Shanxi and Sichuan Provinces in the PRC and are recorded at cost less accumulated depreciation. Depreciation and amortization are calculated using the straight-line method over the expected useful life of the asset, after the asset is placed in service. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the period benefited. Maintenance and repairs are generally expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations.

The estimated useful lives for each major category of fixed assets are as follows:

| Description | Useful Lives |
|---|---|
| Buildings | 40 years |
| Transportation Equipment | 10 years |
| Kitchen Equipment | 5 years |
| Furniture, Education Equipment, Computers | 3 years |

**NOTE 8 - OTHER PAYABLE**

Other payables included traveling and the related expenses incurred by employees on behalf of the Company. These amounts are unsecured, non-interest bearing and generally are short term in nature.

**NOTE 9 – HOME PURCHASE DOWN PAYMENT**

According to the Company's Employee Welfare Policy, the Company may sign a home purchase agreement with teachers which would allow teachers to purchase home property at a discounted market rate. Pursuant to the home purchase agreement between the Company and teachers, teachers were given the right to purchase a home property upon their 8th year of service. There were two payment options:

(1) one-time full payment of the home purchase price based on the signed agreement; or (2) RMB 20,000 down payment with remaining balance to be paid in 8 equal annual installments until their 8th year of service. Those teachers who selected option (2) would be charged an interest of 7% if they do not make payment on time during the 8 year period. If teachers resign or leave the school for any reasons, they will be entitled to a refund based on the terms of the home purchase agreement. There were minimal refunds for the three months ended November 30, 2012 and 2011. For accounting purposes, cash received from teachers through payment options (1) and (2) and late interest payments are recorded as deposits at the time of receipt. The Company recognizes profit when the sale is consummated.

The Company records the home purchase transactions in accordance to the deposit method pursuant to FASB ASC Topic 360-20, "*Real Estate Sales*". Under the deposit method, the seller does not recognize any profit, does not record notes receivable, and continues to report in its financial statements the property which has been assumed by the buyer. Cash received from the buyer, including the initial investment and subsequent collections of principal and interest, is reported as a deposit. Interest collected that is subject to refund and is included in the deposit account before a sale is consummated is accounted for as part of buyer's initial investment at the time the sale is consummated. There were no apartments sold for the three months ended November 30, 2012 and 2011, and as such the Company recognized no income from selling apartments. As of November 30, 2012 and August 31, 2012, home deposits were $917,809 and $919,458, respectively.

**NOTE 10 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Accrued payroll | $ 707,892 | $ 702,338 |
| Individual tax withholding | 10,589 | 7,159 |
| Other accrued expenses | 529,440 | 316,728 |
| **Total** | $ 1,247,921 | $ 1,026,225 |

**NOTE 11 – STOCK BASED COMPENSATION**

The Chief Financial Officer is entitled to receive $6,000 per month in cash compensation for his services, as well as a stock award of $6,000 per month in shares of the Company's restricted common stock, which vest on a quarterly basis. During the three months ended November 30, 2012, the Chief Financial Officer earned and was vested in 40,000 shares of restricted common stock as part of his consideration. As of November 30, 2012, the Company has accrued 114,067 shares of restricted common stock to be issued to its Chief Financial Officer.

Two of the Company's independent directors are entitled to each receive $9,000 annually in cash compensation for their services, as well as a stock award of $9,000 annually in shares of the Company's restricted common stock, which vests on a quarterly basis. During the three months ended November 30, 2012, the two independent directors collectively earned and were vested in 10,000 shares of restricted common stock as part of their consideration. The two independent directors also agreed to convert their accrued cash compensation of $18,000 each into 40,000 shares each. As of November 30, 2012, the Company has accrued a total of 108,516 shares of restricted common stock to be issued to two of its independent directors.

The financial controller is entitled to receive RMB 20,000 (approximately USD $3,138) per month in cash compensation for her services, as well as a stock award of 5,000 shares of the Company's restricted common stock, which vest on a quarterly basis. During the three months ended November 30, 2012, the financial controller earned and was vested in 5,000 shares of restricted common stock as part of her consideration. As of November 30, 2012, the Company has accrued 23,333 shares of restricted common stock to be issued to its financial controller.

The above-mentioned securities were not registered under the Securities Act of 1933. The issuance of these shares was exempt from registration, in part pursuant to Regulation S and Regulation D under the Securities Act of 1933 and in part pursuant to Section 4(2) of the Securities Act of 1933.

**NOTE 12 – REFUNDABLE DEPOSITS**

Students living on campus are required to pay a deposit of approximately RMB 60,000 at their initial admissions or before the start of the school year in September. If a student has any damages to the school housing, the repair and maintenance expense will be deducted directly from his or her student deposit. Any remaining balance in student deposits is fully refunded upon graduation or if students leave the school for any reasons. For the three months ended November 30, 2012 and 2011, there were minimal damages to the school housing and no student deposit was deducted to pay for the repair and maintenance expense. As of November 30, 2012 and August 31, 2012, refundable deposits were $159,059 and $134,661, respectively.

**NOTE 13 – SHORT-TERM BANK LOAN**

The Company's subsidiary Shanxi North School borrowed RMB 50,000,000 (approximately $7,966,477) from Shanghai PuDong Development Bank under a one-year term from September 10, 2012 due September 9, 2013 at a 7.2% interest rate, interest-only payable quarterly.

**NOTE 14 – LONG-TERM BANK LOAN**

The Company's subsidiary Shanxi South School borrowed RMB 70,000,000 (approximately $11,045,539) from Shanghai PuDong Development Bank under a three-year loan from August 21, 2012 due August 20, 2015 at a 7.38% interest rate, interest-only payable quarterly.

**NOTE 15 – TAXES**

Enterprise Income Tax ("EIT")

Effective January 1, 2007, the Company adopted ASC 740-10, *"Accounting for Uncertainty in Income Taxes"* (formerly "FIN 48", an interpretation of FASB statement No. 109), Accounting for Income Taxes. The interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of November 30, 2012 and August 31, 2012, the Company does not have a liability for unrecognized tax benefits.

The Company's estimated income tax savings for the three months ended November 30, 2012 and 2011 are summarized as follows:

| | **For the three months ended November 30,** | |
|---|---|---|
| | **2012** | **2011** |
| Tax savings | $ 655,209 | $ 334,092 |

Had the Company's tax exemption not been in the place for the three months ended November 30, 2012 and 2011, the Company estimates the following pro-forma financial statement impact:

| | **For the three months ended November 30,** | |
|---|---|---|
| | **2012** | **2011** |
| Net income before tax provision, as reported | $ 2,620,836 | $ 1,336,367 |
| Less tax provision exempted | (655,209) | (334,092) |
| Pro-forma net income | $ 1,965,627 | $ 1,002,275 |

The Company's operating subsidiaries are tax exempt, since primary and secondary education is not subject to income tax in the PRC. As such, the Company and its subsidiaries have no deferred tax asset or liability. The Company does not anticipate any change in the current PRC regulations regarding the tax exemption for its education sector.

**NOTE 16 – EARNING PER SHARE**

FASB ASC Topic 260, *"Earnings Per Share,"* requires a reconciliation of the numerator and denominator of the basic earnings per share (EPS) computations.

Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no potentially dilutive securities for the three months ended November 30, 2012 and 2011.

The following table sets forth the computation of basic and diluted net income per share:

| | For the three months ended November 30, | |
|---|---|---|
| | **2012** | **2011** |
| Net income | $ 2,620,836 | $ 1,336,367 |
| Basic weighted average outstanding shares of common stock | 30,182,029 | 30,014,528 |
| Diluted weighted average common stock and stock equivalents | 30,182,029 | 30,014,528 |
| Earnings per share: | | |
| Basic | $ 0.09 | $ 0.04 |
| Diluted | $ 0.09 | $ 0.04 |

**NOTE 17 – EMPLOYEE RETIREMENT BENEFITS AND POST RETIREMENT BENEFITS**

According to the Shanxi and Sichuan Provincial regulations on state pension program, both employees and employers have to contribute toward pensions. The pension contributions range from 2% to 8% that was contributed by individuals (employees) and the Company is required to make contributions to the state retirement plan based on 20% of the employees' monthly basic salaries. Employees in the PRC are entitled to retirement benefits calculated with reference to their basic salaries on retirement and their length of service in accordance with a government managed benefits plan. The PRC government is responsible for the benefit liability to these retired employees.

During the three months ended November 30, 2012 and 2011, the Company contributed $86,464 and $73,239 in pension contributions, respectively.

**NOTE 18 – BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT**

On August 31, 2011, the Company completed the acqusition of the equity interests in Shanxi Rising Education Investment Company, Limited (the "Investment Company") from its equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806) under the terms of the Equity Transfer Agreement, (the "Acquisition"). The Acquisition has been accounted for as a business combination under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The total purchase consideration of RMB 690,000,000 has been discounted to its net present value and allocated to the net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of August 31, 2011. As of the balance sheet date, November 30, 2012, the exchange rate to the US Dollar was RMB 6.2763.

**Description of Acqusition**

On August 31, 2011, the Company's entered into an Equity Transfer Agreement and purchased all of the outstanding equity of Shanxi Rising Education Investment Company Limited (the "Investment Company") from the equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806). The net present value of the total fair value consideration transferred equals RMB 650,000,000 (approximately $102,565,721), of which RMB 370,217,933 (approximately $55,444,697) has been paid. Under the terms of the Equity Transfer Agreement the balance of the purchase price is to be paid over three years in three scheduled payments as follows: (See Note 18 – Business Combination for additional details on the Equity Transfer Agreement.)

1) RMB 119,782,067 (approximately $19,017,481) to be paid by August 31, 2012, but was paid on September 3rd, 2012

2) RMB 100,000,000 (or RMB 95,286,928, approximately \$15,182,022, net of discount) by August 31, 2013, and

3) RMB 100,000,000 (or RMB 89,103,000, approximately \$14,196,740, net of discount) by August 31, 2014.

*The net present value of the payments is discounted at the Company's then current financing interest rate of 6.84%..*

The Investment Company is an education company that owns and operates a K-12 private boarding school in the PRC, encompassing kindergarten, primary and secondary education. The Investment Company was established in 2001 and it has share capital of RMB 70,000,000. It is the parent company of Shanxi Rising School (the "Rising School"), founded 2002, located in Shanxi Province, PRC. The Rising School is now known by the Company as the "Shanxi South School."

During the three months ended November 30, 2012, the Company paid RMB 119,782,067 (approximately $19,017,481) toward the debt to the seller and recorded RMB 3,099,000 (approximately $491,413) toward the accretion of the implied interest in the long-term and short-term portion of the payable - acquisition resulting from the fair value discount recorded as interest expense based on payments to the seller. The net present value of the payments is discounted at the Company's current financing interest rate of 6.84%.

**NOTE 19 – Restatement of November 30, 2011**

The Company has restated its unaudited consolidated financial statements as of and for the balance sheet ended November 30, 2011 and the statement of operations and comprehensive income and cash flow for the three months ended November 30, 2011. The Company used 14% instead of 6.84% for the fair value discount rate, which resulted in improperly recording fixed assets, land use rights, short-term payable acquisition, long-term payable acquisition, interest expense, net income, comprehensive income and earnings per share. The consolidation of the balance sheet resulted in an increase to fixed assets of $2,162,226 and to land use rights of $3,167,081, and an increase to short-term payable acquisition of $1,383,107 and an increase to long-term payable acquisition of $3,946,200. The consolidation of the statement of operations and comprehensive income resulted in a decrease in interest expense for the three months ended November 30, 2011 of $683,929 and corresponding increase in net income and comprehensive income of $683,929.

The following is a summary presentation of corrections made to the Company's consolidated balance sheet as of November 30, 2011 and the statement of operations and comprehensive income and cash flow for the three months ended November 30, 2011 previously filed on Form 10-Q on January 17, 2012.

## BALANCE SHEET- Unaudited

| | November 30, 2011 Previously Reported | Correction | November 30, 2011 Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ 9,035,209 | $ - | $ 9,035,209 |
| Inventory | 36,752 | - | 36,752 |
| Due from related parties | - | - | - |
| Other current assets | 5,800,956 | - | 5,800,956 |
| **Total Current Assets** | 14,872,917 | - | 14,872,917 |
| **LONG-TERM ASSETS:** | | | |
| Property, plant and equipment, net | 81,556,090 | 2,162,226 | 83,718,316 |
| Land use rights, net | 45,550,079 | 3,167,081 | 48,717,160 |
| Deposit paid for long-term assets | - | - | - |
| **Total Long-Term Assets** | 127,106,169 | 5,329,307 | 132,435,476 |
| **TOTAL ASSETS** | $141,979,086 | $ 5,329,307 | $147,308,393 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | $ 133,198 | - | $ 133,198 |
| Short-term payable-acquisition | 18,581,698 | 1,383,107 | 19,964,805 |
| Due to related parties | 7,846,091 | - | 7,846,091 |
| Other Payables | 469,277 | - | 469,277 |
| Refundable deposits | 542,950 | - | 542,950 |
| Prepaid School Fees | 29,867,566 | - | 29,867,566 |
| Home purchase down payment | 886,838 | - | 886,838 |
| Short-term bank loan | 15,692,182 | - | 15,692,182 |
| Accrued expenses and other current liabilities | 1,190,966 | - | 1,190,966 |
| **Total Current Liabilities** | 75,210,766 | 1,383,107 | 76,593,873 |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term bank loan | $ - | $ - | $ - |
| Long-term payable-acquisition | 23,459,655 | 3,946,200 | 27,405,855 |
| **TOTAL LIABILITIES** | 98,670,421 | 5,329,307 | 103,999,728 |
| **STOCKHOLDERS' EQUITY:** | | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629, 30,014,528 issued and outstanding as of August 31, 2012 and 2011 | 30,015 | - | 30,015 |
| Additional paid in capital | 67,421 | - | 67,421 |
| Retained earnings | 40,753,178 | - | 40,753,178 |
| Accumulated other comprehensive income | 2,458,051 | - | 2,458,051 |
| **TOTAL STOCKHOLDERS' EQUITY** | 43,308,665 | - | 43,308,665 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $141,979,086 | 5,329,307 | $147,308,393 |

**STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME- Unaudited**

| | For the Three Months Ended November 30, | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **REVENUES** | $ 10,425,986 | $ - | $ 10,425,986 |
| **COST OF REVENUES** | 7,233,030 | - | 7,233,030 |
| **GROSS PROFIT** | 3,192,956 | - | 3,192,956 |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 504,522 | - | 504,522 |
| **TOTAL OPERATING EXPENSES** | 504,522 | - | 504,522 |
| INCOME FROM OPERATIONS | 2,688,434 | - | 2,688,434 |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | 28,616 | - | 28,616 |
| Interest Expense | (2,064,612) | 683,929 | (1,380,683) |
| **NET INCOME BEFORE INCOME TAXES** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| INCOME TAX EXPENSE | - | - | - |
| **NET INCOME** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| Foreign currency translation, net of tax | 19,609 | - | 19,609 |
| **COMPREHENSIVE INCOME** | $ 672,047 | $ 683,929 | $ 1,355,976 |
| | | | |
| **Earnings per Common Share:** | | | |
| Basic | $ 0.02 | $ 0.02 | $ 0.04 |
| Diluted | $ 0.02 | $ 0.02 | $ 0.04 |
| | | | |
| **Weighted Average Common Shares Outstanding:** | | | |
| Basic | 30,014,528 | - | 30,014,528 |
| Diluted | 30,014,528 | - | 30,014,528 |

**STATEMENT OF CASH FLOWS – Unaudited**

| | For The Three Months Ended November 30, | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **Cash Flows From Operating Activities:** | | | |
| Net income | $ 652,438 | 683,929 | $ 1,336,367 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 863,051 | - | 863,051 |
| Amortization | 254,271 | - | 254,271 |
| Accretion of interest payable - acquisition | 1,515,524 | (683,929) | 831,595 |
| Stock-based compensation | 31,100 | - | 31,100 |
| (Increases) Decreases in Assets: | | | |
| Inventories | (33,254) | - | (33,254) |
| Prepayment and other current assets | 3,827,924 | - | 3,827,924 |
| Increases (Decreases) in Liabilities: | | | |
| Accounts payable | 84,330 | - | 84,330 |
| Other payables | 135,889 | - | 135,889 |
| Refundable deposits | (253,197) | - | (253,197) |
| Prepaid tuition | (9,646,959) | - | (9,646,959) |
| Home purchase down payment | 7,769 | - | 7,769 |
| Accrued expenses and other current liabilities | 251,156 | - | 251,156 |
| **Net Cash Provided By (Used In) Operating Activities** | (2,309,958) | - | (2,309,958) |
| **Cash Flows From Investing Activities:** | | | |
| Deposits - long term assets | - | - | - |
| Fixed asset additions | (423,612) | - | (423,612) |
| Receipts - related parties receivables | - | - | - |
| **Net Cash Provided By (Used In) Investing Activities** | (423,612) | - | (423,612) |
| **Cash Flows From Financing Activities:** | | | |
| Payable – acquisition | (3,327,923) | - | (3,327,923) |
| **Net Cash Provided By (Used In) Financing Activities** | (3,327,923) | - | (3,327,923) |
| **Effect of Exchange Rate Changes on Cash** | 6,181 | - | 6,181 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (6,055,312) | - | (6,055,312) |
| **Cash and Cash Equivalents, Beginning of Period** | 15,090,521 | - | 15,090,521 |
| **Cash and Cash Equivalents, End of Period** | $ 9,035,209 | - | $ 9,035,209 |
| **Supplemental Disclosures of Cash Flow Information:** | | | |
| Cash paid for interest | $ 219,635 | - | $ 219,635 |
| Cash paid for taxes | $ - | - | $ - |

## NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events from November 30, 2012 and has concluded no events need to be reported during this period.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this document. The following discussion contains forward-looking statements. The words or phrases "would be," "will allow," "expect to", "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," or similar expressions are intended to identify forward-looking statements. Such statements include, among others, those statements concerning our expected financial performance, our corporate strategy and operational plans. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties, including, among others: (a) those risks and uncertainties related to general economic conditions in the PRC, including regulatory factors that may affect such economic conditions; (b) whether we are able to manage our planned growth efficiently and operate profitable operations, including whether our management will be able to identify, hire, train, retain, motivate and manage required personnel or that management will be able to successfully manage and exploit existing and potential market opportunities; (c) whether we are able to generate sufficient revenues or obtain financing to sustain and grow our operations; and (d) whether we are able to successfully fulfill our primary requirements for cash which are explained below under "Liquidity and Capital Resources". Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or any other circumstances after the date of such statement unless required by law. For additional information regarding these risks and uncertainties, see "Risk Factors". Our consolidated financial statements have been prepared in accordance with U.S. GAAP. In addition, our consolidated financial statements and the financial data included in this document have been prepared as if our current corporate structure had been in place throughout the relevant periods.*

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide information that is supplemental to, and should be read together with, the Company's consolidated financial statements and the accompanying notes contained in this Quarterly Report on Form 10-Q. Information in this Item 7 is intended to assist the reader in obtaining an understanding of the consolidated financial statements, the changes in certain key items in those financial statements from year to year, the primary factors that accounted for those changes, and any known trends or uncertainties that the Company is aware of that may have a material effect on the Company's future performance, as well as how certain accounting principles affect the consolidated financial statements. MD&A includes the following sections:

- Highlights and Executive Summary
- Results of Operations - an analysis of the Company's consolidated results of operations, for the period presented in the consolidated financial statements
- Liquidity and Capital Resources - an analysis of the effect of the Company's operating, financing and investing activities on the Company's liquidity and capital resources
- Off-Balance Sheet Arrangements - a discussion of such commitments and arrangements
- Critical Accounting Policies and Estimates - a discussion of accounting policies that require significant judgments and estimates

**Highlights and Executive Summary**

China Bilingual Technology & Education Group Inc. (the "Company", "we", "us" or "our") is an education company that owns and operates high-quality K-12 private boarding schools in the People's Republic of China (the "PRC"). The Company established school operations in 1998 and currently operates three schools encompassing kindergarten, elementary, middle and high school levels with approximately 14,583 students and 2,150 faculty and staff. The Company's schools are located in Shanxi and Sichuan Provinces and provide students with an innovative and high-quality education with a focus on fluency and cultural skills in both Chinese and English, as well as a strong core curriculum. The schools regularly rank among the top schools in their respective regions for college entrance exam scores and national college entrance rates. The Company's schools have earned excellent teaching reputations and are recognized for the success of their students and strong faculty. As the PRC experiences rapid industrialization and economic growth, the government is focused on education as a means to increase worker productivity and raise the standard of living. Parents in the PRC's new middle and upper classes are sending their children to receive private school education to give them an advantage in the PRC's increasingly competitive workforce. The Company's sector in education is not subject to corporate income tax, and the Company anticipates its growth will come from both organic growth through increased enrollment and expansion of its business model and teaching methods into new schools, which may be acquired by the Company.

The Company was incorporated in the State of Nevada on March 31, 2009 under the name Designer Export, Inc. On June 30, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc.

## Results of Operations

### For the Three Months Ended November 30, 2012 Compared to the Three Months Ended November 30, 2011

***Revenues***

For the three months ended November 30, 2012, we had total revenues of $11,643,327, an increase of $1,217,341 or 11.7% as compared to total revenues of $10,425,986 for the three months ended November 30, 2011. The revenue growth was primarily attributable to the increase in enrollment of 1,363 students, or 10.3% to approximately 14,583 students for the current 2012-2013 school year from approximately 13,220 students during the 2011-2012 school year.

For the 2012-2013 school year we have fully implemented our campus transition for the Shanxi North School campus to become the Taiyuan-area campus for kindergarten, primary and lower middle school classes. Our Shanxi South School campus has now become the Taiyuan-area campus for upper middle school and high school. We believe this transition makes the schools operate more efficiently and competitively as we fully integrate the two schools.

The school year typically runs from September 1 through August 31 and corresponds to the fiscal year end on August 31. The Company recognizes prepaid school fees (including tuition, room & board and other school fees, herein after "School Fees") evenly over the twelve month period. Unrecognized school fees are a liability recorded as deferred school fees until earned.

***Cost of Revenue***

For the three months ended November 30, 2012, our cost of revenue was $7,749,835 (66.6% of revenues), an increase of $516,805 or 7.1% as compared to cost of revenue of $7,233,030 (69.4% of revenues) for the three months ended November 30, 2011. The increase in cost of revenue was primarily the result of the increased enrollment of 1,363 students. Teacher and staff salaries increased $547,744 or 18.2% to $3,554,255 for the three months ended November 30, 2012 compared to $3,006,511 for the three months ended November 30, 2011. Teacher and staff positions increased 274, or 14.6% to approximately 2,150 teachers and staff for the current 2012-2013 school year from approximately 1,876 teachers and staff during the 2011-2012 school year to support the increased enrollment.

The Shanxi South School campus acquired on August 31, 2011 was previously underutilized and our overall capacity utilization rate decreased from over 90% for our two schools during the year ended August 31, 2011 to approximately 66% for the three schools during the year ended August 31, 2012. For the three months ended November 30, 2012 the capacity utilization increased to 72.9% due to the increased enrollment. The Company continues to work toward increasing the capacity utilization rate of all three schools, which lowers the fixed costs per student based on higher enrollment. The increased costs for the three months ended November 30, 2012 was from the increase in teacher and staff salaries to support the increase in enrollment, as well as $895,379 in depreciation and amortization expense allocated to cost of revenue primarily associated with the approximately $108.2 million acquisition of the Shanxi South School.

| School Campus | Enrollment | Capacity | % Current Capacity |
|---|---|---|---|
| Shanxi North School | 4,893 students | 6,000 students | 81.6% |
| Shanxi South School | 6,835 students | 10,000 students | 68.4% |
| Sichuan Guang’an School | 2,855 students | 4,000 students | 71.4% |
| **TOTAL** | **14,583 students** | **20,000 students** | **72.9%** |

We continue to maintain our strict enrollment standards to preserve our strong academic reputation. We seek quality applicants to maximize our enrollment, which lowers our cost of revenues as a percentage of revenues as our overhead costs are primarily fixed. We intend to maintain our current balance between enrollment and admission standards in accepting new students as we build back up to our historical capacity utilization rate.

***General and Administrative Expenses***

General and administrative expenses decreased $23,894 or 4.7% to $480,628 for the three months ended November 30, 2012 from $504,522 for the same period of 2011. The decrease in general and administrative expenses was primarily attributable to a decrease in administrative expenses as compared to the three months ended November 30, 2011 when we incurred additional audits costs to account for our change in fiscal year end to August 31.

*Interest Expense*

Interest expense decreased $558,352 or 40.4% to $822,331 for the three months ended November 30, 2012 from $1,380,683 for the same period of 2011. The bank financing costs of the Company decreased $218,170 based on a lower negotiated interest rate. The Company also recorded lower accretion of the implied interest in the long-term and short-term portion of the payable-acquisition resulting from the fair value discount recorded as interest expense based on payments to the seller of the Shanxi South School. The net present value of the payments is discounted at the Company's current financing interest rate of 6.84%.

***Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")***

EBITDA increased $745,096 or 19.4% to $4,579,468 for the three months ended November 30, 2012 from $3,834,372 for the same period of 2011. The increase was primarily attributable to the increase in revenues as a result of the increased enrollment of 1,363 students for the three months ended November 30, 2012.

***Net Income***

As a result of the factors described above, we had net income attributable to shareholders in the amount of $2,620,836 for the three months ended November 30, 2012, as compared to $1,336,367 for the three months ended November 30, 2011. The increase of $1,284,469 or 96.1% between the periods resulted primarily from the increased enrollment of students and the decrease in interest expense.

Earnings per share increased to $0.09 per share for the three months ended November 30, 2012 from $0.04 per share for the three months ended November 30, 2011 due to the increase of net income.

***Comprehensive Income***

The functional currency of the Company is Chinese Renminbi ("RMB"), but we report our results in U.S. Dollars. The conversion of our accounts from RMB to U.S. Dollars results in translation adjustments. As a result, we achieved a currency translation adjustment gain of $526,014 during the three months ended November 30, 2012, as compared to a gain of $19,609 during the three months ended November 30, 2011. Our comprehensive income was $3,146,850 for the three months ended November 30, 2012, as compared to $1,355,976 for the three months ended November 30, 2011.

***Liquidity and Capital Resources***

As of November 30, 2012, our cash and cash equivalents were $9,032,544. Our principal source of cash is prepaid School Fees from students who attend our schools. The Company collects tuition in advance of the school year and therefore has no accounts receivable. We also use our other current assets balance of $1,924,991 to finance school related activities as advances or prepayment for the purchase of school and boarding related materials for the day-to-day operations of the schools. Based on our current operating plan, we believe that our existing resources, including cash flow generated from operations as well as available bank loans, will be sufficient to meet our working capital requirement for our current operations and any prepaid tuition obligations. Our bank loans have terms of one to three years, and the Company believes they may be renewed as needed based on the credit worthiness of the Company. The Company also has $821,504 on November 30, 2012 in related party receivable from its Chairman, which is non-interest bearing and is expected to be re-paid by the end of January 2013. The Company's installment payment of $19,017,481 for the acquisition of the Shanxi South Campus (Short-term payable acquisition) was due on August 31, 2012, but was paid from our cash balance on September 3, 2012. The Company has collected substantially all of its prepaid tuition for the 2012 – 2013 school year and recorded it as a liability under deferred school fees of $45,902,425. Based on our profit margin and available debt sources, we believe we have sufficient cash to operate our business. We are also considering alternatives for longer-term outside financing of debt or equity based on the asset strength of our balance sheet. In order to fully implement our business plan and continue our growth, however, we will require additional capital either from our shareholders or from outside sources, although there is no assurance that we will be able to obtain additional capital at suitable terms if and when it is needed.

***Cash Flows from Operating Activities***

Cash used in operating activities increased $2,192,296 or 94.9% to $4,502,254 for the three months ended November 30, 2012 compared to $2,309,958 used in operating activities for the three months ended November 30, 2011. The increase was primarily attributable to the decrease in prepayment and other current assets, higher refundable deposits and the lower accretion of the interest payable because of lower interest rates.

***Cash Flows from Investing Activities***

Cash used in investing activities increased $985,905 or 232.7% to $1,409,517 for the three months ended November 30, 2012 as compared to $423,612 used in the three months ended November 30, 2011. The increase in cash used by investing activities resulted primarily from a related party receivable.

***Cash Flow from Financing Activities***

Cash used in financing activities increased $12,331,671 or 370.6% to $15,659,594 for the three months ended November 30, 2012 as compared to $3,327,923 used in the three months ended November 30, 2011. The increase in cash used in financing activities resulted from the repayment of loans associated with the acquisition of the Shanxi South School.

The following is a summary of our cash flows provided by (used in) operating, investing, and financing activities during the periods indicated:

| | Three Months Ended November 30, 2012 | Three Months Ended November 30, 2011 |
|---|---|---|
| Cash at beginning of period | $ 30,410,983 | $ 15,090,521 |
| Net cash provided by operating activities | (4,502,254) | (2,309,958) |
| Net cash used in investing activities | (1,409,517) | (423,612) |
| Net cash used by financing activities | (15,659,594) | (3,327,923) |
| Effect of exchange rate changes on cash | 192,926 | 6,181 |
| Cash at end of period | $ 9,032,544 | $ 9,035,209 |

***Plan of Operations***

As described herein, the Company completed the Equity Transfer Agreement dated August 31, 2011 for the acquisition of the Shanxi South School, formerly known as the Shanxi Rising School. We expect to continue to expand our enrollment base utilizing the excess capacity at our existing schools in addition to marketing and expanding enrollment at the Shanxi South School. Our strategy is to leverage our strong academic reputation to develop additional business. We are also actively seeking opportunities to expand our business that we consider accretive to earnings. We intend to grow our business model through the acquisition of existing schools to increase our total enrollment. In order to fully implement our business plan and continue our growth, however, we will require additional capital either from our shareholders or from outside sources, although there is no assurance that we will be able to obtain additional capital at suitable terms if and when it is needed.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, financings, or other relationships that are currently material or reasonably likely to be material to our financial position or results of operations.

**Critical Accounting Policies and Estimates**

The discussion and analysis of the Company's results of operations and liquidity and capital resources are based on the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP. In connection with the preparation of consolidated financial statements, the Company is required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. The assumptions, estimates and judgments included within these estimates are based on historical experience, current trends and other factors the Company believes to be relevant at the time the consolidated financial statements were prepared. On a regular basis, the accounting policies, assumptions, estimates and judgments are reviewed to ensure that the consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from the assumptions and estimates, and such differences could be material.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used for, but are not limited to: (1) asset impairments (2) revenue recognition. Future events and their effects cannot be predicted with certainty, and accordingly, accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. The Company evaluates and updates these assumptions and estimates on an ongoing basis and may employ outside experts to assist with these evaluations. Actual results could differ from the estimates that have been used.

Significant accounting policies are discussed in Note 3, *Summary of Significant Accounting Policies,* to the accompanying consolidated financial statements. The Company believes the following accounting policies are the most critical to aid in fully understanding and evaluating the Company's reported financial results, as they require management to make difficult, subjective or complex judgments, and to make estimates about the effect of matters that are inherently uncertain.

*Impairment analysis for long-lived assets and intangible assets*

The Company's long-lived assets and other assets (consisting of property and equipment and purchased intangible assets) are reviewed for impairment in accordance with the guidance of the FASB Topic ASC 360, "*Property, Plant, and Equipment",* and FASB ASC Topic 205 "*Presentation of Financial Statements*". The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through November 30, 2012, the Company had not experienced impairment losses on its long-lived assets.

*Revenue Recognition*

In accordance with the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") Topic 13, *Revenue Recognition*, the Company recognizes revenues when it is realized or realizable and earned. The Company records revenues when the following four fundamental criteria under SAB 104 are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price to the customer is fixed or determinable, and (iv) collection of the resulting receivable is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as prepaid tuition.

Revenues consist primarily of tuition and fees derived from providing meals and housing for students living on campus. Revenues from tuition and fees are recognized pro-rata (on a straight-line basis) over the relevant period attended by the student of the applicable grade or program. The school year runs September 1 through August 31 and prepaid tuition is recognized over the twelve-month period. If a student withdraws from a course or program within three months after the school year starts, the paid but unearned portion of the student's tuition is 67% refunded. If a student withdraws after the first three months in a school year, no tuition will be refunded. As a result, the Company has recorded prepaid tuition as a current liability on the consolidated balance sheet in the event a student withdraws from school and the Company has to return a portion of the prepaid tuition. In past years there were minimal students who withdrew from a course or program before the end of a school year.

The Company normally receives prepaid tuition and fees from students at their initial admission or before the start of the school year on September 1. Some students will benefit from a discount of fees if they prepay tuition for two to three years of school term. Prepaid tuition is the portion of payments received but not earned and is reflected as a current liability in the accompanying consolidated balance sheets as such amounts are expected to be earned, but may be refundable within the next year.

Management has discussed the development and selection of these critical accounting policies with the Board of Directors and the Board has reviewed the disclosures presented above relating to them.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not required for smaller reporting companies.

**Item 4. Controls and Procedures.**

**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of November 30, 2012, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer, Ren Zhiqing, and Chief Financial Officer, Michael Toups, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective because of the material weakness in internal control over financial reporting described below.

During the three months ended November 30, 2012, the Company and Ren Zhiqing, our chairman and president, inadvertently violated Section 402 of Sarbanes-Oxley and Section 13(k) of the Exchange Act. Ren Zhiqing borrowed $821,504 from the Company during the three month period ended November 30, 2012. The amount due from Ren Zhiqing as of November 30, 2012 represent a loan from the Company, which is unsecured, interest-free and payable to the Company.

Section 13(k) of the Exchange Act provides that it is unlawful for a company such as ours, which has a class of securities registered under Section 12(g) of the Exchange Act, to directly or indirectly, including through any subsidiary, extend or maintain credit in the form of a personal loan to or for any director or executive officer of the company. Issuers violating Section 13(k) of the Exchange Act may be subject to civil sanctions, including injunctive remedies and monetary penalties, as well as criminal sanctions. The imposition of any of such sanctions on the Company may have a material adverse effect on our business, financial position, results of operations or cash flows.

Ren Zhiqing has made arrangements with the Company to repay the full loan amount by the end of January 2013. In addition, in response to the matter set forth above, our board of directors will adopt a policy regarding approval of related party transactions. Under the policy, any related party transaction involving an aggregate amount that is expected to exceed $50,000 must be approved by the audit committee of our board of directors, and no director may participate in any discussion or approval of a transaction that would be considered to be a related party transaction in which such person is interested.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

During the three months ended November 30, 2012, we have taken additional measures to strengthen our financial controls, which have included training for our accounting staff and allocating financial and human resources to strengthen our internal control structure. We also plan to contract with an outside consulting firm to assist the Company in our Sarbanes Oxley ("SOX") compliance and internal controls. The Company has internally begun the processes toward SOX compliance, including mapping, testing, analysis and assessment. The Company has hired a person to work directly with external consultants regarding internal controls. This person's experience included eight years of audit and business advisory work with a "Big 4" accounting firm, as well as an affiliate of an international accounting and consulting firm. With the addition of the Shanxi South School, the Company will also be hiring additional accounting and administrative support personnel to work with our accounting staff on our month-end, quarter-end and year-end closings and procedures. We are in the process of bringing all three schools onto the same accounting platform and procedures.

The Company's efforts are designed to address our internal controls for financial reporting and to strengthen our overall control environment. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that disclosure controls or internal controls over financial reporting will prevent all errors, even as the aforementioned remediation measures are implemented and further improved to address all deficiencies. The design of any system of controls is based in part upon certain assumptions about likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

## PART II—OTHER INFORMATION

**Item 1. Legal Proceedings.**

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

**Item 1A. Risk Factors.**

Not required for smaller reporting companies.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

| Exhibit Number | Description of Exhibit |
|---|---|
| 3.1 | Articles of Incorporation (Incorporated by reference to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 24, 2009). |
| 3.2 | By-Laws (Incorporated by reference to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 24, 2009). |
| 31.1 | Section 302 Certification of Principal Executive Officer* |
| 31.2 | Section 302 Certification of Principal Financial Officer* |
| 32.1 | Section 906 Certification of Principal Executive Officer** |

| | |
|---|---|
| 32.2 | Section 906 Certification of Principal Financial Officer** |
| EX-101.INS | XBRL INSTANCE DOCUMENT* |
| EX-101.SCH | XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT* |
| EX-101.CAL | XBRL TAXONOMY EXTENSION CALCULATION LINKBASE* |
| EX-101.DEF | XBRL TAXONOMY EXTENSION DEFINITION LINKBASE* |
| EX-101.LAB | XBRL TAXONOMY EXTENSION LABELS LINKBASE* |
| EX-101.PRE | XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE* |

*Filed herewith.
**Furnished herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CHINA BILINGUAL TECHNOLOGY & EDUCATION GROUP INC.**

Date: January 14, 2013

By: /s/ *Ren Zhiqing*
Ren Zhiqing
Chairman and Chief Executive Officer (Principal Executive Officer)

Date: January 14, 2013

By: /s/ *Michael Toups*
Michael Toups
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Exhibit 31.1**

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ren Zhiqing, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of China Bilingual Technology & Education Group Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2013

*/s/Ren Zhiqing*
Ren Zhiqing
Chief Executive Officer (Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Toups, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of China Bilingual Technology & Education Group Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2013

*/s/ Michael Toups*

Michael Toups
Chief Financial Officer (Principal Financial and Accounting Officer)

**Exhibit 32.1**

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO 18 U.S. C. SECTION 1350**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of China Bilingual Technology & Education Group Inc., (the ‘‘Company’’) on Form 10-Q for period ended November 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the ‘‘Report’’), I, Ren Zhiqing, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 14, 2013

*/s/Ren Zhiqing*
Ren Zhiqing
Chief Executive Officer (Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of China Bilingual Technology & Education Group Inc., (the ‘‘Company’’) on Form 10-Q for period ended November 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the ‘‘Report’’), I, Michael Toups, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 14, 2013

*/s/ Michael Toups*
Michael Toups
Chief Financial Officer (Principal Financial and Accounting Officer)

| NATURE OF BUSINESS (Detail Textuals 1) | | | | 3 Months Ended | 1 Months Ended | |
|---|---|---|---|---|---|---|
| | Nov. 30, 2012 | Aug. 31, 2012 | Aug. 31, 2011 | Nov. 30, 2012 Taiyuan Taiji Industry Development Co Ltd | Jun. 30, 2010 Kahibah Limited | Jul. 14, 2010 Kahibah Limited |
| **Business Acquisition [Line Items]** | | | | | | |
| Number of common stock shares issued | | | | | 26,100,076 | |
| Cancellation of shares | | | | | 7,748,343 | |
| Percentage of shares issued in exchange to shareholders | | | | | 100.00% | |
| Number of common stock shares issued | 30,069,629 | 30,069,629 | 30,014,528 | | 30,000,005 | |
| Number of common stock shares outstanding | 30,069,629 | 30,069,629 | 30,014,528 | | 30,000,005 | |
| Percentage of shares owned by shareholders | | | | | 87.00% | |
| Forward stock split of all shares | | | | | | 2.582781 |
| Percentage of registered capital owned of Shanxi Taiji | | | | 95.00% | | |

| PROPERTY AND EQUIPMENT, NET - Summary (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | $ 96,020,259 | $ 94,507,970 | |
| Less: Accumulated depreciation | (13,219,552) | (12,257,536) | |
| Property and equipment, net | 82,800,707 | 82,250,434 | 83,718,316 [1] |
| Buildings | | | |
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | 84,400,433 | 83,567,268 | |
| Transportation equipment | | | |
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | 1,023,908 | 1,014,036 | |
| Furniture & education equipment | | | |
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | 8,742,127 | 8,090,748 | |
| Kitchen equipment | | | |
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | 972,700 | 963,322 | |
| Computer & software | | | |
| **Property, Plant and Equipment [Line Items]** | | | |
| Total cost | $ 881,091 | $ 872,596 | |

[1] Restated

| PREPAYMENT AND OTHER CURRENT ASSETS - Summary (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 |
| --- | --- | --- |
| **Prepayment and Other Current Assets [Abstract]** | | |
| Cash - individual bank accounts | $ 1,355,467 | $ 3,216,850 |
| Advances to suppliers | 239,223 | 568,324 |
| Other prepaid | 194,621 | |
| Other receivables | 135,680 | 292,864 |
| Total | $ 1,924,991 | $ 4,078,038 |

| Restatement of November 30, 2011 - BALANCE SHEET- Unaudited (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 | | Aug. 31, 2011 |
|---|---|---|---|---|---|
| **CURRENT ASSETS:** | | | | | |
| Cash and cash equivalents | $ 9,032,544 | $ 30,410,983 | $ 9,035,209 | | $ 15,090,521 |
| Inventory | | | 36,752 | [1] | |
| Due from related parties | 821,504 | | | [1] | |
| Other current assets | | | 5,800,956 | [1] | |
| Total Current Assets | 11,779,039 | 34,489,021 | 14,872,917 | [1] | |
| **LONG-TERM ASSETS:** | | | | | |
| Property, plant and equipment, net | 82,800,707 | 82,250,434 | 83,718,316 | [1] | |
| Land use rights, net | 48,287,475 | 48,118,088 | 48,717,160 | [1] | |
| Deposit paid for long-term assets | | | | [1] | |
| Total Long-Term Assets | 131,088,182 | 130,368,522 | 132,435,476 | [1] | |
| TOTAL ASSETS | 142,867,221 | 164,857,543 | 147,308,393 | [1] | |
| **CURRENT LIABILITIES:** | | | | | |
| Accounts Payable | 205,510 | 165,743 | 133,198 | [1] | |
| Short-term payable-acquisition | 15,182,022 | 32,721,915 | 19,964,805 | [1] | |
| Due to related parties | | 4,550,762 | 7,846,091 | [1] | |
| Other Payables | 679,606 | 951,468 | 469,277 | [1] | |
| Refundable deposits | 159,059 | 134,661 | 542,950 | [1] | |
| Prepaid School Fees | 35,381,566 | 45,902,425 | 29,867,566 | [1] | |
| Home purchase down payment | 917,809 | 919,458 | 886,838 | [1] | |
| Short-term bank loan | 7,966,477 | | 15,692,182 | [1] | |
| Accrued expenses and other current liabilities | 1,247,921 | 1,026,225 | 1,190,966 | [1] | |
| Total Current Liabilities | 61,739,970 | 86,372,657 | 76,593,873 | [1] | |
| **LONG-TERM LIABILITIES:** | | | | | |
| Long-term bank loan | 11,153,068 | 11,045,539 | | [1] | |
| Long-term payable-acquisition | 14,196,740 | 14,808,754 | 27,405,855 | [1] | |
| TOTAL LIABILITIES | 87,089,778 | 112,226,950 | 103,999,728 | [1] | |
| **STOCKHOLDERS' EQUITY:** | | | | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629 issued and outstanding as of November 30, 2012 and August 31, 2012 | 30,070 | 30,070 | 30,015 | [1] | |
| Additional paid-in capital | 163,389 | 163,389 | 67,421 | [1] | |
| Retained earnings | 52,367,204 | 49,746,368 | 40,753,178 | [1] | |

| | | | | |
|---|---|---|---|---|
| Accumulated other comprehensive income | 3,216,780 | 2,690,766 | 2,458,051 [1] | |
| TOTAL STOCKHOLDERS' EQUITY | 55,777,443 | 52,630,593 | 43,308,665 [1] | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 142,867,221 | 164,857,543 | 147,308,393 [1] | |
| Previously Reported | | | | |
| **CURRENT ASSETS:** | | | | |
| Cash and cash equivalents | | | 9,035,209 | 15,090,521 |
| Inventory | | | 36,752 | |
| Due from related parties | | | | |
| Other current assets | | | 5,800,956 | |
| Total Current Assets | | | 14,872,917 | |
| **LONG-TERM ASSETS:** | | | | |
| Property, plant and equipment, net | | | 81,556,090 | |
| Land use rights, net | | | 45,550,079 | |
| Deposit paid for long-term assets | | | | |
| Total Long-Term Assets | | | 127,106,169 | |
| TOTAL ASSETS | | | 141,979,086 | |
| **CURRENT LIABILITIES:** | | | | |
| Accounts Payable | | | 133,198 | |
| Short-term payable-acquisition | | | 18,581,698 | |
| Due to related parties | | | 7,846,091 | |
| Other Payables | | | 469,277 | |
| Refundable deposits | | | 542,950 | |
| Prepaid School Fees | | | 29,867,566 | |
| Home purchase down payment | | | 886,838 | |
| Short-term bank loan | | | 15,692,182 | |
| Accrued expenses and other current liabilities | | | 1,190,966 | |
| Total Current Liabilities | | | 75,210,766 | |
| **LONG-TERM LIABILITIES:** | | | | |
| Long-term bank loan | | | | |
| Long-term payable-acquisition | | | 23,459,655 | |
| TOTAL LIABILITIES | | | 98,670,421 | |
| **STOCKHOLDERS' EQUITY:** | | | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629 issued and outstanding as of November 30, 2012 and August 31, 2012 | | | 30,015 | |
| Additional paid-in capital | | | 67,421 | |
| Retained earnings | | | 40,753,178 | |
| Accumulated other comprehensive income | | | 2,458,051 | |
| TOTAL STOCKHOLDERS' EQUITY | | | 43,308,665 | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | | 141,979,086 | |
| Correction | | | | |
| **CURRENT ASSETS:** | | | | |
| Cash and cash equivalents | | | | |
| Inventory | | | | |

| | |
|---|---|
| Due from related parties | |
| Other current assets | |
| Total Current Assets | |
| **LONG-TERM ASSETS:** | |
| Property, plant and equipment, net | 2,162,226 |
| Land use rights, net | 3,167,081 |
| Deposit paid for long-term assets | |
| Total Long-Term Assets | 5,329,307 |
| TOTAL ASSETS | 5,329,307 |
| **CURRENT LIABILITIES:** | |
| Accounts Payable | |
| Short-term payable-acquisition | 1,383,107 |
| Due to related parties | |
| Other Payables | |
| Refundable deposits | |
| Prepaid School Fees | |
| Home purchase down payment | |
| Short-term bank loan | |
| Accrued expenses and other current liabilities | |
| Total Current Liabilities | 1,383,107 |
| **LONG-TERM LIABILITIES:** | |
| Long-term bank loan | |
| Long-term payable-acquisition | 3,946,200 |
| TOTAL LIABILITIES | 5,329,307 |
| **STOCKHOLDERS' EQUITY:** | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629 issued and outstanding as of November 30, 2012 and August 31, 2012 | |
| Additional paid-in capital | |
| Retained earnings | |
| Accumulated other comprehensive income | |
| TOTAL STOCKHOLDERS' EQUITY | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 5,329,307 |

[1] Restated

| PROPERTY AND EQUIPMENT, NET - Estimated useful lives (Details 1) | 3 Months Ended Nov. 30, 2012 |
|---|---|
| Buildings | |
| **Property, Plant and Equipment [Line Items]** | |
| Estimated useful lives of fixed assets | 40 years |
| Transportation Equipment | |
| **Property, Plant and Equipment [Line Items]** | |
| Estimated useful lives of fixed assets | 10 years |
| Kitchen Equipment | |
| **Property, Plant and Equipment [Line Items]** | |
| Estimated useful lives of fixed assets | 5 years |
| Furniture, Education Equipment, Computers | |
| **Property, Plant and Equipment [Line Items]** | |
| Estimated useful lives of fixed assets | 3 years |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Detail Textuals) (USD $) | 0 Months Ended | 3 Months Ended | | | |
|---|---|---|---|---|---|
| | Mar. 16, 2007 | Nov. 30, 2012 | Nov. 30, 2011 | Aug. 31, 2012 | Aug. 31, 2011 |
| **Revenues from External Customers and Long-Lived Assets [Line Items]** | | | | | |
| Cash and cash equivalents | | $ 9,032,544 | $ 9,035,209 | $ 30,410,983 | $ 15,090,521 |
| Income tax rate | 25.00% | | | | |
| Valuation allowance in percentage | | 100.00% | | | |
| Revenue refunded percentage | | 67.00% | | | |
| Foreign currency translation, net of tax | | 526,014 | 19,609 | | |
| PRC | | | | | |
| **Revenues from External Customers and Long-Lived Assets [Line Items]** | | | | | |
| Cash and cash equivalents | | $ 9,032,544 | | $ 30,410,983 | |

| ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES (Tables) | 3 Months Ended |
|---|---|
| | Nov. 30, 2012 |
| **Payables and Accruals [Abstract]** | |
| Schedule of accrued expenses and other current liabilities | |

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Accrued payroll | $ 707,892 | $ 702,338 |
| Individual tax withholding | 10,589 | 7,159 |
| Other accrued expenses | 529,440 | 316,728 |
| **Total** | $1,247,921 | $1,026,225 |

| Restatement of November 30, 2011 - BALANCE SHEET- Unaudited (Parentheticals) (Details 3) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Aug. 31, 2011 |
|---|---|---|---|
| **Restatement Of Prior Year Income [Abstract]** | | | |
| Common stock, par value (in dollars per share) | $ 0.001 | $ 0.001 | $ 0.001 |
| Common stock, shares authorized | 75,000,000 | 75,000,000 | 75,000,000 |
| Common stock, shares issued | 30,069,629 | 30,069,629 | 30,014,528 |
| Common stock, shares outstanding | 30,069,629 | 30,069,629 | 30,014,528 |

| HOME PURCHASE DOWN PAYMENT (Detail Textuals) | 3 Months Ended Nov. 30, 2012 USD ($) Installments Payment_Option | 3 Months Ended Nov. 30, 2012 CNY Installments Payment_Option | Aug. 31, 2012 USD ($) | Nov. 30, 2011 USD ($) |
|---|---|---|---|---|
| **Home Purchase Down Payment [Abstract]** | | | | |
| Number of years of services | 8 years | 8 years | | |
| Down payment | | 20,000 | | |
| Number of equal installments | 8 | 8 | | |
| Number of payment options | 2 | 2 | | |
| Home loan interest rate | 7.00% | 7.00% | | |
| Home purchase down payment | $ 917,809 | | $ 919,458 | $ 886,838 [1] |

[1] Restated

| Restatement of November 30, 2011 - STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME- Unaudited (Details 1) (USD $) | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 | |
| REVENUES | $ 11,643,327 | $ 10,425,986 | [1] |
| COST OF REVENUES | 7,749,835 | 7,233,030 | [1] |
| GROSS PROFIT | 3,893,492 | 3,192,956 | [1] |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 480,628 | 504,522 | [1] |
| TOTAL OPERATING EXPENSES | 480,628 | 504,522 | [1] |
| INCOME FROM OPERATIONS | 3,412,864 | 2,688,434 | [1] |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | 30,303 | 28,616 | [1] |
| Interest Expense | (822,331) | (1,380,683) | [1] |
| NET INCOME BEFORE INCOME TAXES | 2,620,836 | 1,336,367 | [1] |
| INCOME TAX EXPENSE | | | [1] |
| NET INCOME | 2,620,836 | 1,336,367 | [1] |
| Foreign currency translation, net of tax | 526,014 | 19,609 | [1] |
| COMPREHENSIVE INCOME | 3,146,850 | 1,355,976 | [1] |
| **Earnings per Common Share:** | | | |
| Basic (in dollars per share) | $ 0.09 | $ 0.04 | [1] |
| Diluted (in dollars per share) | $ 0.09 | $ 0.04 | [1] |
| **Weighted Average Common Shares Outstanding:** | | | |
| Basic (in shares) | 30,182,029 | 30,014,528 | [1] |
| Diluted (in shares) | 30,182,029 | 30,014,528 | [1] |
| Previously Reported | | | |
| REVENUES | | 10,425,986 | |
| COST OF REVENUES | | 7,233,030 | |
| GROSS PROFIT | | 3,192,956 | |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | | 504,522 | |
| TOTAL OPERATING EXPENSES | | 504,522 | |
| INCOME FROM OPERATIONS | | 2,688,434 | |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | | 28,616 | |
| Interest Expense | | (2,064,612) | |
| NET INCOME BEFORE INCOME TAXES | | 652,438 | |

| | |
|---|---|
| INCOME TAX EXPENSE | |
| NET INCOME | 652,438 |
| Foreign currency translation, net of tax | 19,609 |
| COMPREHENSIVE INCOME | 672,047 |
| **Earnings per Common Share:** | |
| Basic (in dollars per share) | $ 0.02 |
| Diluted (in dollars per share) | $ 0.02 |
| **Weighted Average Common Shares Outstanding:** | |
| Basic (in shares) | 30,014,528 |
| Diluted (in shares) | 30,014,528 |
| Correction | |
| REVENUES | |
| COST OF REVENUES | |
| GROSS PROFIT | |
| **OPERATING EXPENSES** | |
| General and Administrative Expenses | |
| TOTAL OPERATING EXPENSES | |
| INCOME FROM OPERATIONS | |
| **OTHER INCOME (EXPENSE)** | |
| Interest Income | |
| Interest Expense | 683,929 |
| NET INCOME BEFORE INCOME TAXES | 683,929 |
| INCOME TAX EXPENSE | |
| NET INCOME | 683,929 |
| Foreign currency translation, net of tax | |
| COMPREHENSIVE INCOME | $ 683,929 |
| **Earnings per Common Share:** | |
| Basic (in dollars per share) | $ 0.02 |
| Diluted (in dollars per share) | $ 0.02 |
| **Weighted Average Common Shares Outstanding:** | |
| Basic (in shares) | |
| Diluted (in shares) | |

[1] Restated

| SUBSEQUENT EVENTS | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Subsequent Events [Abstract]** | |
| SUBSEQUENT EVENTS | **NOTE 20 – SUBSEQUENT EVENTS**<br><br>Management has evaluated subsequent events from November 30, 2012 and has concluded no events need to be reported during this period. |

| DUE FROM/TO RELATED PARTIES - Summary of Due to Related Parties (Details 1) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Related Party Transaction [Line Items]** | | | |
| Due to related parties | | $ 4,550,762 | $ 7,846,091 [1] |
| Ren Zhiqing | | | |
| **Related Party Transaction [Line Items]** | | | |
| Due to related parties | | $ 4,550,762 | |

[1] Restated

| NATURE OF BUSINESS (Detail Textuals 4) (Share Exchange Agreement, Shanxi Taiji Industrial Development Co Ltd, USD $) In Millions, unless otherwise specified | Nov. 30, 2012 | Dec. 31, 2010 | Nov. 25, 2009 |
|---|---|---|---|
| Taiyuan Taiji | | | |
| **Agreement [Line Items]** | | | |
| Percentage of shares owned | 95.00% | | |
| Ms. Ren Baiv | | | |
| **Agreement [Line Items]** | | | |
| Percentage of shares owned | 5.00% | | |
| Percentage of ownership sell | | | 5.00% |
| Capital contribution paid | | $ 1 | |

| NATURE OF BUSINESS - Subsidiaries information (Details) | 3 Months Ended Nov. 30, 2012 | |
|---|---|---|
| Kahibah Limited | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Kahibah Limited | |
| State and Countries Registered In | British Virgin Island | |
| % Ownership | 100.00% | |
| Taiyuan Taiji Industry Development Co. Ltd. | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Taiyuan Taiji Industry Development Co., Ltd. | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 100.00% | |
| Shanxi Taiji Industrial Development Co Ltd | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Shanxi Taiji Industrial Development Co., Ltd. | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 95.00% | [1] |
| Shanxi Modern Bilingual School | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Shanxi Modern Bilingual School | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 100.00% | [2] |
| Sichuan Guang'an Experimental High School | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Sichuan Guang'an Experimental High School | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 100.00% | [3] |
| Shanxi Rising Education Investment Company Ltd. | | |
| **Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]** | | |
| Subsidiaries | Shanxi Rising Education Investment Company Ltd. | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 100.00% | [4] |

Shanxi Rising School

**Consolidation, Less than Wholly Owned Subsidiary, Parent Ownership Interest, Effects of Changes, Net [Line Items]**

| | | |
|---|---|---|
| Subsidiaries | Shanxi Rising School | |
| State and Countries Registered In | People's Republic of China | |
| % Ownership | 100.00% | [5] |

[1] Shanxi Taiji Industrial Development Co., Ltd. was incorporated as a limited liability company on July 25, 1997 under PRC law. It is currently 95% owned by Taiyuan Taiji and 5% owned by Ms. Ren Baiv. On November 25, 2009, KL entered into a share exchange agreement to sell the remaining 5% ownership to Ms. Ren Baiv. Ms. Ren Baiv is the sister of Mr. Ren Zhiqing, the Company's Chief Executive Officer. At December 31, 2010, Ms. Ren Baiv paid 1 million Renminbi ("RMB") as part of the capital contribution. The 5% ownership is held by Ms. Ren Baiv on behalf of the Taiyuan Taiji in accordance with local Chinese regulations, therefore no non-controlling interest is recognized. Shanxi Taiji is an equity joint venture under the laws of the PRC. The Shanxi North Campus, Modern Bilingual School and Sichuan Guang'an Experimental High School (the "Schools") hold the requisite governmental licenses to provide private educational services within their province in China. Each province sets its own licensing criteria and duration following the general guidelines established by the national government for education standards.

[2] Shanxi Modern Bilingual School (the "Shanxi North School") was established in 1998 by Shanxi Taiji. It operates as a private K-12 boarding school on a 38 acre campus in Taiyuan City, Shanxi Province. The Shanxi School holds a three year provincial license to be renewed May, 2013.

[3] Sichuan Guang'an Experimental High School (the "Sichuan Guang'an School") was established in 2002 by Shanxi Taiji. It operates as a private K-12 boarding school on a 23 acre campus in Guang'an, Sichuan Province. The Sichuan Guang'an School holds a four year provincial license to be renewed March, 2015.

[4] Shanxi Rising Education Investment Company Ltd. (the "Investment Company") was established in 2001 to own and operate private boarding schools in the PRC. The Investment Company has share capital of RMB 70,000,000. It is the parent company of one school, the Shanxi Rising School, which was acquired by the Company on August 31, 2011. The Investment Company has no operations other than its ownership of the Shanxi Rising School.

[5] Shanxi Rising School (the "Shanxi South School") was established in 2002 by the Investment Company as a private boarding school encompassing kindergarten, primary and secondary education located in the Shanxi Province of the PRC. The school has been assimilated in the operation of the Company and re-branded as the Shanxi South School operating as a private K-12 boarding school on an 82 acre campus comprised of over 2.3 million square feet of facilities, including 18 dormitories with capacity for 10,000 students, academic classrooms, gymnasium, theatre, natatorium, cafeteria and other administrative and academic buildings. The Shanxi South School holds a four year provincial license to be renewed April 2015.

| LAND USE RIGHTS, NET - Amortization expense (Details 1) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Goodwill and Intangible Assets Disclosure [Abstract]** | | | |
| 2012 | $ 297,620 | | |
| 2013 | 1,190,480 | | |
| 2014 | 1,190,480 | | |
| 2015 | 1,190,480 | | |
| 2016 | 1,190,480 | | |
| Thereafter | 43,227,935 | | |
| Total | $ 48,287,475 | $ 48,118,088 | $ 48,717,160 [1] |

[1] Restated

| BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT (Detail Textuals) | Nov. 30, 2012 | Nov. 30, 2011 | 1 Months Ended | |
|---|---|---|---|---|
| | | | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement USD ($) Scheduled_payments | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement CNY |
| **Business Acquisition [Line Items]** | | | | |
| Total purchase price | | | $ 108,226,806 | 690,000,000 |
| Exchange rate RMB to USD | 6.2763 | 6.3726 | 6.2763 | 6.2763 |
| Net present value of fair value consideration | | | 102,565,721 | 650,000,000 |
| Amount of purchase consideration paid | | | $ 55,444,697 | 370,217,933 |
| Terms of purchase consideration payment | | | 3 years | 3 years |
| Number of scheduled payments | | | 3 | 3 |

| SHORT-TERM BANK LOAN (Detail Textuals) (Shanxi North School, Short-term bank loan bearing 7.2% interest rate due on September 9, 2013) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 USD ($) | Nov. 30, 2012 CNY |
| **Debt Instrument [Line Items]** | | |
| Short-term bank loan | $ 7,966,477 | 50,000,000 |
| Term of loan | 1 year | 1 year |
| Interest rate | 7.20% | 7.20% |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Detail Textuals 1) (USD $) | 3 Months Ended | | | |
|---|---|---|---|---|
| | Nov. 30, 2012 Rate | Nov. 30, 2011 Rate | | Aug. 31, 2012 |
| **Accounting Policies [Abstract]** | | | | |
| Exchange rate RMB to USD | 6.2763 | 6.3726 | | |
| Exchange rate RMB to USD, average rate | 6.3063 | 6.3742 | | |
| Total comprehensive income | $ 3,146,850 | $ 1,355,976 | [1] | |
| Accumulated other comprehensive income | $ 3,216,780 | $ 2,458,051 | [1] | $ 2,690,766 |
| Basic earnings per share (in dollars per share) | $ 0.09 | $ 0.04 | [1] | |
| Diluted earnings per share (in dollars per share) | $ 0.09 | $ 0.04 | [1] | |

[1] Restated

| PREPAYMENT AND OTHER CURRENT ASSETS | 3 Months Ended |
|---|---|
| | Nov. 30, 2012 |
| **Prepayment and Other Current Assets [Abstract]** | |
| PREPAYMENT AND OTHER CURRENT ASSETS | **NOTE 4 – PREPAYMENT AND OTHER CURRENT ASSETS**<br><br>Prepayment and other current assets consisted of the following: |

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cash – individual bank accounts | $1,355,467 | $3,216,850 |
| Advances to suppliers | 239,223 | 568,324 |
| Other prepaid | 194,621 | - |
| Other receivables | 135,680 | 292,864 |
| **Total** | $1,924,991 | $4,078,038 |

Cash – individual bank accounts, is for funds advanced to employees for the purchase of school and boarding related materials for the day-to-day operations of the school. Advances to suppliers are primarily advances, travel, and the other related expenses. The other prepaid and other receivables are primarily for certain operating requirements of the school.

| LONG-TERM BANK LOAN (Detail Textuals) | Nov. 30, 2012 USD ($) | Aug. 31, 2012 USD ($) | Nov. 30, 2011 USD ($) | 3 Months Ended Aug. 31, 2012 Shanxi South School Long-term bank loan bearing 7.38% interest rate due on August 20, 2015 USD ($) | 3 Months Ended Aug. 31, 2012 Shanxi South School Long-term bank loan bearing 7.38% interest rate due on August 20, 2015 CNY |
|---|---|---|---|---|---|
| **Debt Instrument [Line Items]** | | | | | |
| Long-term bank loan | $ 11,153,068 | $ 11,045,539 | [1] | $ 11,045,539 | 70,000,000 |
| Term of loan | | | | 3 years | 3 years |
| Interest rate | | | | 7.38% | 7.38% |

[1] Restated

| NATURE OF BUSINESS (Detail Textuals 5) | 3 Months Ended Nov. 30, 2012 acre |
|---|---|
| Shanxi Modern Bilingual School | |
| **Subsidiary of Limited Liability Company or Limited Partnership [Line Items]** | |
| Campus area | 38 |
| Period of provincial licence to be renewed | 3 years |
| Sichuan Guangan Experimental High School | |
| **Subsidiary of Limited Liability Company or Limited Partnership [Line Items]** | |
| Campus area | 23 |
| Period of provincial licence to be renewed | 4 years |

| PREPAYMENT AND OTHER CURRENT ASSETS (Tables) | 3 Months Ended<br>Nov. 30, 2012 |
|---|---|
| **Prepayment and Other Current Assets [Abstract]** | |
| Schedule of prepayment and other current assets | |

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cash – individual bank accounts | $1,355,467 | $3,216,850 |
| Advances to suppliers | 239,223 | 568,324 |
| Other prepaid | 194,621 | - |
| Other receivables | 135,680 | 292,864 |
| **Total** | $1,924,991 | $4,078,038 |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Tables) | 3 Months Ended |
|---|---|
| | Nov. 30, 2012 |
| Accounting Policies [Abstract] | |
| Schedule of prepaid fees | |

| Period Ended | November 30, 2012 |
|---|---|
| 2013 | $32,348,102 |
| 2014 | 2,029,210 |
| Thereafter | 1,004,254 |
| **Total** | $35,381,566 |

| PROPERTY AND EQUIPMENT, NET (Detail Textuals) (USD $) | 3 Months Ended | |
| --- | --- | --- |
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Property, Plant and Equipment [Abstract]** | | |
| Depreciation expense | $ 838,680 | $ 863,051 [1] |

[1] Restated

| **NATURE OF BUSINESS (Detail Textuals 6) (CNY)** | **3 Months Ended Nov. 30, 2012 Student sqft acre Dormitories** |
| --- | --- |
| Shanxi Rising Education Investment Company Ltd. | |
| **Subsidiary of Limited Liability Company or Limited Partnership [Line Items]** | |
| Share capital | 70,000,000 |
| Shanxi Rising School | |
| **Subsidiary of Limited Liability Company or Limited Partnership [Line Items]** | |
| Campus area of boarding school | 82 |
| Area used for facilities | 2,300,000 |
| Number of dormitories | 18 |
| Capacity of students | 10,000 |
| Period of provincial licence to be renewed | 4 years |

| DUE FROM/TO RELATED PARTIES (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Related Party Transactions [Abstract]** | |
| Schedule of due from related parties | |

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ 821,504 | $ - |
| Total | $ 821,504 | $ - |

| Schedule of due to related parties | | |
|---|---|---|

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ - | $4,550,762 |
| Total | $ - | $4,550,762 |

| LAND USE RIGHTS, NET (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Goodwill and Intangible Assets Disclosure [Abstract]**

Schedule of land use rights, net

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cost of land use rights | $50,649,897 | $50,161,574 |
| Less: Accumulated amortization | (2,362,422) | (2,043,486) |
| **Land use rights, net** | $48,287,475 | $48,118,088 |

Schedule of amortization expense

| | |
|---|---|
| 2012 | $ 297,620 |
| 2013 | 1,190,480 |
| 2014 | 1,190,480 |
| 2015 | 1,190,480 |
| 2016 | 1,190,480 |
| Thereafter | 43,227,935 |
| **Total** | $48,287,475 |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 3 Months Ended |
|---|---|
| | Nov. 30, 2012 |
| **Accounting Policies [Abstract]** | |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | |

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to US GAAP and have been consistently applied in the preparation of the consolidated financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") established the Accounting Standards Codification ("ASC") 105-10 (formerly Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles, a replacement of ASB* ASC 105-10 establishes the FASB ASC as the source of authoritative accounting principles recognized by the FASB to be applied in preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("US GAAP"). The adoption of this standard had no impact on the Company's consolidated financial statements.

(a) Fair Value of Financial Instruments

The Company applies the provisions of accounting guidance, FASB ASC Topic 820 that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of November 30, 2012, the fair value of cash and cash equivalents, other receivables, accounts payable, short term bank loans, and other payables approximated carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates except for related party debt or receivables for which it is not practicable to estimate fair value.

Fair Value Measurements

Effective April 1, 2009, the FASB ASC Topic 825, *"Financial Instruments,"* requires disclosures about fair value of financial instruments in quarterly reports as well as in annual reports.

The FASB ASC Topic 820, *"Fair Value Measurements and Disclosures,"* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

Various inputs are considered when determining the fair value of the Company's financial instruments. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risks, etc.).

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair market value of financial instruments).

The Company's adoption of FASB ASC Topic 820 did not have a material impact on the Company's consolidated financial statements.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets and/or liabilities carried at fair value on a recurring basis at November 30, 2012.

The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

(b) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There are no restrictions to cash at November 30, 2012. A substantial amount of the Company's cash is held in bank accounts in the PRC and is not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance or any other similar insurance. Given the current economic environment and the financial conditions of the banking industry there is a risk that deposits may not be readily available. Cash held in the PRC amounted to $9,032,544 and $30,410,983 at November 30, 2012 and August 31, 2012, respectively. The PRC places limitations on expatriating cash out of the country, which may limit the Company's ability to pay dividends.

(c) Impairment of Long-Lived Assets

The Company's long-lived assets and other assets (consisting of property and equipment and purchased land use rights) are reviewed for impairment in accordance with the guidance of the FASB ASC Topic 360-10, *"Property, Plant, and Equipment,"* and FASB ASC Topic 205, *"Presentation of Financial Statements."* The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through November 30, 2012, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that demand for the Company's services will continue, which could result in an impairment of long-lived assets in the future.

(d) Income taxes

On March 16, 2007, the PRC National People's Congress passed the PRC Enterprise Income Tax Law ("New EIT Law") which became effective on January 1, 2008. Pursuant to the New EIT Law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied consistently to both domestic-invested enterprises and foreign-invested enterprises.

Shanxi Taiji, Taiyuan Taiji and the Investment Company are taxed pursuant to the New EIT Law with a unified enterprise income tax rate of 25%. Shanxi Taiji, Taiyuan Taiji and the Investment Company did not pay any income taxes during the three months ended November 30, 2012 due to net losses experienced in the past reporting periods. The three entities may apply the past periods' net operating losses to futures years' profits in order to reduce tax liability. Since Shanxi Taiji, Taiyuan Taiji and Investment Company have minimal business operations, the three entities are unlikely to have profits in future periods. As a result, all deferred tax assets and liabilities are deminimus, and management would have a 100% valuation allowance for all deferred tax assets.

The Company has three subsidiaries registered as private schools (the "school-subsidiaries"), which are not subject to income taxes determined in accordance with the Law for Promoting Private Education (2003) and school-subsidiaries registered as private schools not requiring reasonable returns (similar to a not-for-profit entity) are treated as public schools and are generally not subject to enterprise income taxes. Therefore, the school-subsidiaries are tax exempt, including Shanxi North Campus, Shanxi South Campus and Sichuan Guangan School.

Kahibah Limited is exempt from income tax on all sources of income pursuant to the tax law in the British Virgin Islands. However, pursuant and subsequent to the reverse merger, the parent company in the U.S. may be subject to income tax in future years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and liabilities. The components of the deferred tax assets and liabilities are individually classified as current or non-current based on their characteristics. Deferred tax assets and liabilities are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. A provision has not been made at November 30, 2012, and 2011 for U.S. or additional foreign withholding taxes of undistributed earnings of foreign subsidiaries because it is the present intention of management to reinvest the undistributed earnings indefinitely in foreign operations. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

The Company recognizes that virtually all tax positions in the PRC are not free of some degree of uncertainty due to tax law and policy changes by the government. However, the Company cannot reasonably quantify political risk factors and thus must depend on guidance issued by current government officials.

Based on all known facts and circumstances and current tax law, the Company believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012 are not material to its results of operations, financial condition or cash flows. The Company also believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012, if recognized, would not have a material effect on its effective tax rate. The Company further believes that there are no tax positions for which it is reasonably possible, based on the current PRC tax law and policy, that the unrecognized tax benefits will significantly increase or decrease over the next twelve months producing, individually or in the aggregate, a material effect on the Company's results of operations, financial condition or cash flows as of November 30, 2012 and August 31, 2012, but the 2012 and 2013 tax years are still open for examination.

(e) Revenue Recognition and Deferred School Fees

Revenues consist primarily of tuition, room & board and other fees (the "School Fees") derived from providing meals and housing for students living on campus. Revenues from School Fees are recognized pro-rata (on a straight-line basis) over the relevant period attended by the student of the applicable grade or program. The school year typically runs September 1 through August 31 and deferred School Fees are recognized over the twelve-month period. If a student withdraws from a course or program within three months after the school year starts, the paid but unearned portion of the student's School Fees is 67% refunded. If a student withdraws after the first three months in a school year, no School Fees will be refunded. As a result, the Company has recorded deferred School Fees as a current liability on the consolidated balance sheet in the event a student withdraws from school and the Company has to return a portion of the deferred School Fees. In past years there were minimal students who withdrew from a course or program before the end of a school year.

The Company normally deferred school fees from students at their initial admission or before the start of the school year on September 1. As of August 31, 2012, all students are required to fully prepay school fees at the beginning of the school year by September 1, 2012 for the 2012-2013 school year. In prior periods this policy was not fully enforced. Some students will benefit from a discount of fees if they prepay School Fees for two to three years of school term. Deferred School Fees is the portion of payments received but not earned and is reflected as a current liability under deferred school fee in the accompanying consolidated balance sheets as such amounts are expected to be earned, but may be refundable within the next year.

Below is a schedule of deferred school fees as of November 30, 2012 expected to be recognized into revenue over twelve months for the next year ended August 31 (corresponds to the school year – September 1 through August 31) and thereafter as follows:

| **Period Ended** | **November 30, 2012** |
|---|---|
| 2013 | $32,348,102 |
| 2014 | 2,029,210 |
| Thereafter | 1,004,254 |
| **Total** | $35,381,566 |

(f) Foreign Currency Translation

The Company's principal country of operations is The PRC. The financial position and results of operations of the Company are determined using the local currency ("Renminbi or RMB") as the functional currency. The results of operations denominated in foreign currency are translated at the average rate of exchange during the reporting period.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. The results of operations are translated from Renminbi to US Dollar at the weighted average rate of exchange during the reporting period. The registered equity capital denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. All translation adjustments resulting from the translation of the financial statements into the reporting currency ("US Dollars") are dealt with as a component of accumulated other comprehensive income.

Translation adjustments net of tax totaled $526,014 and $19,609, for the three months ended November 30, 2012 and 2011, respectively.

As of November 30, 2012 and 2011, the exchange rate to the U.S. Dollar was RMB 6.2763 and RMB 6.3726, respectively. The average exchange rate for the three months ended November 30, 2012 and 2011 was RMB 6.3063 and RMB 6.3742, respectively.

(g) Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC Topic 220, *"Comprehensive Income,"* which established standards for reporting and displaying comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements.

Total comprehensive income is defined as all changes in stockholders' equity during a period, other than those resulting from investments by and distributions to stockholders (i.e., issuance of equity securities and dividends). Generally, for the Company, total comprehensive income equals net income plus or minus adjustments for currency translation. Total comprehensive income represents the activity for a period net of related tax and was $3,146,850 and $1,355,976, for the three months ended November 30, 2012 and 2011, respectively.
While total comprehensive income is the activity in a period and is largely driven by net earnings in that period, accumulated other comprehensive income or loss ("AOCI") represents the cumulative balance of other comprehensive income as of the balance sheet date. For the Company, AOCI is primarily the cumulative balance related to the currency adjustments and increased comprehensive income and equaled $3,216,780 and $2,690,766, as of November 30, 2012 and August 31, 2012, respectively.

(h) Concentrations, Risks, and Uncertainties

All of the Company's operations are located in the PRC. There can be no assurance that the Company will be able to successfully continue to provide the services offered and failure to do so would have a material adverse effect on the Company's financial position, results of operations and cash flows. Also, the success of the Company's operations is subject to numerous contingencies, some of which are beyond management's control. These contingencies include general economic conditions, teacher salaries, competition, governmental and political conditions, and changes in regulations. Because the Company is dependent on trade in the PRC, the Company is subject to various additional political, economic and other uncertainties. Among other risks, the Company's operations will be subject to risk of restrictions on transfer of funds, domestic and international customs, changing taxation policies, foreign exchange restrictions, and political and governmental regulations.

(i) Advertising

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three months ended November 30, 2012 and 2011 were not significant.

(j) Research and Development

The Company expenses the cost of research and development as incurred. Research and development costs for the three months ended November 30, 2012 and 2011, were not significant.

(k) Basic and diluted earnings per share

Earnings per share is calculated in accordance with the ASC Topic 260, *"Earnings Per Share."* Basic earnings per share is calculated dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the assumption that all dilutive convertible shares, stock options, warrants and other equity awards were converted or exercised during the period. Dilution is computed by applying the treasury stock method. Under this method, warrants and options are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Basic and diluted earnings per share were $0.09 and $0.09 per share and $0.04 and $0.04 per share, respectively for the three months ended November 30, 2012 and 2011.

(l) Statement of Cash Flows

In accordance with ASC Topic 230, *"Statement of Cash Flows,"* cash flows from the Company's operations are calculated based upon the local currencies using the average translation rates. As a result, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets.

(m) Reclassification

Certain reclassifications have been made to the consolidated financial statements as of November 30, 2012 and for the three months ended November 30, 2012 in order to conform to the condensed consolidated financial statement presentation as of November 30, 2012. These reclassifications had no effect on net income as previously reported.

(n) Accounting Pronouncements

Accounting Standards Update ("ASU") ASU No. 2010-09 (ASC Topic 855), which amends subsequent events recognition and disclosures, ASU No. 2009-16 (ASC Topic 860), which amends accounting for transfer of financial assets, ASU No. 2009-05 (ASC Topic 820), which amends fair value measurements and disclosures - overall, ASU No. 2009-08, earnings per share, ASU No. 2009-12(ASC Topic 820), investments in certain entities that calculate net asset value per share, and various other ASU's No. 2009-2 through ASU No. 2012-07 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant, except for ASU 2011-05 (ACS Topic 220 comprehensive income) which will affect the presentation of Comprehensive Income and is effective for periods after December 15, 2011 and early adoption is allowed.

Other accounting standards have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date and are not expected to have a material impact on the Company's financial statements.

## PROPERTY AND EQUIPMENT, NET (Tables)

| | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Property, Plant and Equipment [Abstract]** | |

Schedule of property plant and equipment

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Buildings | $ 84,400,433 | $ 83,567,268 |
| Transportation equipment | 1,023,908 | 1,014,036 |
| Furniture & education equipment | 8,742,127 | 8,090,748 |
| Kitchen equipment | 972,700 | 963,322 |
| Computer & software | 881,091 | 872,596 |
| **Total cost** | $ 96,020,259 | $ 94,507,970 |
| | | |
| Less: Accumulated depreciation | (13,219,552) | (12,257,536) |
| | | |
| **Property and equipment, net** | $ 82,800,707 | $ 82,250,434 |

Schedule of estimated useful lives of fixed assets

| Description | Useful Lives |
|---|---|
| Buildings | 40 years |
| Transportation Equipment | 10 years |
| Kitchen Equipment | 5 years |
| Furniture, Education Equipment, Computers | 3 years |

| NATURE OF BUSINESS (Detail Textuals 2) (Shanxi Rising Education Investment Company Ltd., Equity transfer agreement) | 1 Months Ended | |
|---|---|---|
| | Aug. 31, 2011 USD ($) Scheduled_payments | Aug. 31, 2011 CNY |
| **Business Acquisition [Line Items]** | | |
| Purchase consideration | $ 108,226,806 | 690,000,000 |
| Net present value of fair value consideration | 102,565,721 | 650,000,000 |
| Amount of purchase consideration paid | $ 55,444,697 | 370,217,933 |
| Terms of purchase consideration payment | 3 years | 3 years |
| Number of scheduled payments | 3 | 3 |

| LAND USE RIGHTS, NET (Detail Textuals) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Finite-Lived Intangible Assets [Line Items]** | | |
| Amortization expense | $ 297,620 | $ 254,271 |

| Restatement of November 30, 2011 - STATEMENT OF CASH FLOWS - Unaudited (Details 2) | 3 Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Nov. 30, 2012 USD ($) | Nov. 30, 2012 CNY | Nov. 30, 2011 USD ($) | | Nov. 30, 2011 Previously Reported USD ($) | Nov. 30, 2011 Correction USD ($) |
| **Cash Flows From Operating Activities:** | | | | | | |
| Net income | $ 2,620,836 | | $ 1,336,367 | [1] | $ 652,438 | $ 683,929 |
| **Adjustments to reconcile net income to net cash provided by (used in) operating activities:** | | | | | | |
| Depreciation | 838,680 | | 863,051 | [1] | 863,051 | |
| Amortization | 297,620 | | 254,271 | [1] | 254,271 | |
| Accretion of interest payable - acquisition | 491,413 | 3,099,000 | 831,595 | [1] | 1,515,524 | (683,929) |
| Stock-based compensation | 60,750 | | 31,100 | [1] | 31,100 | |
| **(Increases) Decreases in Assets:** | | | | | | |
| Inventories | | | (33,254) | [1] | (33,254) | |
| Prepayment and other current assets | 2,182,316 | | 3,827,924 | [1] | 3,827,924 | |
| **Increases (Decreases) in Liabilities:** | | | | | | |
| Accounts payable | 37,971 | | 84,330 | [1] | 84,330 | |
| Other payables | (279,787) | | 135,889 | [1] | 135,889 | |
| Refundable deposits | 22,977 | | (253,197) | [1] | (253,197) | |
| Prepaid tuition | (10,915,545) | | (9,646,959) | [1] | (9,646,959) | |
| Home purchase down payment | (10,549) | | 7,769 | [1] | 7,769 | |
| Accrued expenses and other current liabilities | 151,064 | | 251,156 | [1] | 251,156 | |
| Net Cash Provided By (Used In) Operating Activities | (4,502,254) | | (2,309,958) | [1] | (2,309,958) | |
| **Cash Flows From Investing Activities:** | | | | | | |
| Deposits - long term assets | | | | [1] | | |
| Fixed asset additions | (589,433) | | (423,612) | [1] | (423,612) | |
| Receipts - related parties receivables | (820,084) | | | [1] | | |
| Net Cash Provided By (Used In) Investing Activities | (1,409,517) | | (423,612) | [1] | (423,612) | |
| **Cash Flows From Financing Activities:** | | | | | | |
| Payable - acquisition | (19,017,481) | | (3,327,923) | [1] | (3,327,923) | |
| Net Cash Provided By (Used In) Financing Activities | (15,659,594) | | (3,327,923) | [1] | (3,327,923) | |
| Effect of Exchange Rate Changes on Cash | 192,926 | | 6,181 | [1] | 6,181 | |
| Net Increase (Decrease) in Cash and Cash Equivalents | (21,378,439) | | (6,055,312) | [1] | (6,055,312) | |
| Cash and Cash Equivalents, Beginning of Period | 30,410,983 | | 15,090,521 | | 15,090,521 | |

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents, End of Period | 9,032,544 | 9,035,209 | 9,035,209 |
| **Supplemental Disclosures of Cash Flow Information:** | | | |
| Cash paid for interest | 86,778 | 219,635 | [1] 219,635 |
| Cash paid for taxes | | | [1] |

[1] Restated

| Condensed Consolidated Balance Sheets (USD $) | Nov. 30, 2012 | Aug. 31, 2012 |
| --- | --- | --- |
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | $ 9,032,544 | $ 30,410,983 |
| Due from related parties | 821,504 | |
| Prepayment and other current assets | 1,924,991 | 4,078,038 |
| Total Current Assets | 11,779,039 | 34,489,021 |
| **LONG-TERM ASSETS:** | | |
| Property, plant and equipment, net | 82,800,707 | 82,250,434 |
| Land use rights, net | 48,287,475 | 48,118,088 |
| Total Long-Term Assets | 131,088,182 | 130,368,522 |
| TOTAL ASSETS | 142,867,221 | 164,857,543 |
| **CURRENT LIABILITIES:** | | |
| Accounts Payable | 205,510 | 165,743 |
| Short-term payable-acquisition | 15,182,022 | 32,721,915 |
| Due to related parties | | 4,550,762 |
| Other Payables | 679,606 | 951,468 |
| Refundable deposits | 159,059 | 134,661 |
| Deferred School Fees | 35,381,566 | 45,902,425 |
| Home purchase down payment | 917,809 | 919,458 |
| Short-term bank loan | 7,966,477 | |
| Accrued expenses and other current liabilities | 1,247,921 | 1,026,225 |
| Total Current Liabilities | 61,739,970 | 86,372,657 |
| **LONG-TERM LIABILITIES:** | | |
| Long-term bank loan | 11,153,068 | 11,045,539 |
| Long-term payable-acquisition | 14,196,740 | 14,808,754 |
| Total Long-Term Liabilities | 25,349,808 | 25,854,293 |
| TOTAL LIABILITIES | 87,089,778 | 112,226,950 |
| **STOCKHOLDERS' EQUITY:** | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,629 issued and outstanding as of November 30, 2012 and August 31, 2012 | 30,070 | 30,070 |
| Additional paid-in capital | 163,389 | 163,389 |
| Retained earnings | 52,367,204 | 49,746,368 |
| Accumulated other comprehensive income | 3,216,780 | 2,690,766 |
| TOTAL STOCKHOLDERS' EQUITY | 55,777,443 | 52,630,593 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 142,867,221 | $ 164,857,543 |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Summary of prepaid fee (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| Accounting Policies [Abstract] | | | |
| 2013 | $ 32,348,102 | | |
| 2014 | 2,029,210 | | |
| Thereafter | 1,004,254 | | |
| Total | $ 35,381,566 | $ 45,902,425 | $ 29,867,566 [1] |

[1] Restated

## NATURE OF BUSINESS

**3 Months Ended**
**Nov. 30, 2012**

**Organization, Consolidation and Presentation Of Financial Statements [Abstract]**

NATURE OF BUSINESS

**NOTE 1 -NATURE OF BUSINESS**

**Description of Business**

China Bilingual Technology & Education Group Inc. (the "Company"), is an education company that owns and operates high-quality K-12 private boarding schools in the People's Republic of China (the "PRC"). The Company established school operations in 1998 and currently operates three schools encompassing kindergarten, elementary, middle and high school levels. The Company's schools are located in Shanxi and Sichuan Provinces and focus on fluency and cultural skills in both Chinese and English, as well as the PRC core curriculum. The Company's sector in education is not subject to corporate income tax.

**Control by Principal Shareholders**

The Company's directors, executive officers and their affiliates or related parties, own beneficially and in the aggregate, the majority of the voting power of the outstanding shares of the common stock of the Company. Accordingly, the directors, executive officers and their affiliates, if they voted their shares uniformly, would have the ability to control the approval of most corporate actions, including increasing the authorized capital stock of the Company and the dissolution, merger or sale of the Company's assets or business.

**Financial Statements Presented**

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Company was incorporated in the State of Nevada on March 31, 2009 under the name Designer Export, Inc. On June 30, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc.

On June 30, 2010, the Company entered into a Share Exchange Agreement (the "Agreement") with Kahibah Limited ("KL"), a British Virgin Islands ("BVI") corporation and its shareholders. According to this Agreement, the Company acquired all the issued and outstanding shares of KL. The Company issued 26,100,076 shares of its common stock, after giving effect to the cancellation of 7,748,343 shares on June 30, 2010, to KL's shareholders in exchange for 100% of the shares of KL. After the closing of the transaction, the Company had a total of 30,000,005 shares of common stock issued and outstanding, with KL's shareholders owning 87% of the total issued and outstanding shares of the Company's common stock, and the balance held by those who held shares of the Company's common stock prior to the closing of the exchange. This transaction resulted in KL's shareholders obtaining a majority voting interest in the Company. All shares are shown effective of a 2.582781 forward stock split as of July 14, 2010.

The acquisition of KL and the operations of its subsidiaries were accounted for as a reverse merger, whereby KL is the continuing entity for financial reporting purposes and is deemed, for accounting purposes, to be the acquirer of the Company. In accordance with the applicable accounting guidance for accounting for the business combination as a reverse merger, KL is deemed to have undergone a recapitalization, whereby KL is deemed to have issued common stock to the Company's common equity holders. Accordingly, although the Company, as KL's parent company, was deemed to have legally acquired KL, in accordance with the applicable accounting guidance for accounting for the transaction as a reverse merger and re-capitalization, KL is the surviving entity for accounting purposes and its assets and liabilities are recorded at their historical carrying amounts with no goodwill or other intangible assets recorded as a result of the accounting merger with the Company.

As part of the acquisition, the Company changed its name to China Bilingual Technology & Education Group Inc. Share and per share amounts stated have been retroactively adjusted to reflect the acquisition. The accompanying financial statements present the historical financial condition, results of operations and cash flows of KL and its operating subsidiaries prior to the recapitalization.

The historical consolidated financial statements of the Company are those of KL, and of the consolidated entities. The consolidated financial statements of the Company presented for the three months ended November 30, 2012 and 2011 included the financial statements of China Bilingual, KL, KL's subsidiary Taiyuan Taiji Industry Development co., Ltd. ("Taiyuan Taiji"), a wholly-foreign owned enterprise ("WFOE") under the laws of the Peoples Republic of China ("PRC"), which owns 95% of the registered capital of Shanxi Taiji Industry Development Co., Ltd. ("Shanxi Taiji"), an equity joint venture company organized under the laws of the PRC. Shanxi Taiji owns all of the registered capital of Shanxi Modern Bilingual School ("Shanxi North Campus") and Sichuan Guang'an Experimental High School ("Sichuan Guang'an School"), both private non-enterprise entities incorporated under the laws of the PRC, collectively the "Subsidiaries."

Since the ownership of KL and its Subsidiaries was substantially the same, the merger with each was accounted for as a transfer of equity interests between entities under common control, whereby the acquirer recognized the assets and liabilities of each Subsidiary transferred at their carrying amounts. The reorganization was treated similar to the pooling of interest method with carry over basis. Accordingly, the financial statements for KL and its Subsidiaries have been combined for all periods presented, similar to a pooling of interest. The reorganization of entities under common control was retrospectively applied to the financial statements of all prior periods when the financial statements are issued for a period that includes the date the transaction occurred. Intercompany transactions and balances are eliminated in consolidations.

On August 31, 2011, the Company's entered into an Equity Transfer Agreement and purchased all of the outstanding equity of Shanxi Rising Education Investment Company Limited (the "Investment Company") from the equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806). The net present value of the total fair value consideration transferred equals RMB 650,000,000 (approximately

$102,565,721), of which RMB 370,217,933 (approximately $55,444,697) has been paid. Under the terms of the Equity Transfer Agreement the balance of the purchase price is to be paid over three years in three scheduled payments as follows: (See Note 18 – Business Combination for additional details on the Equity Transfer Agreement.)

1) RMB 119,782,067 (approximately $19,017,481) to be paid by August 31, 2012, but was paid on September 3rd, 2012

2) RMB 100,000,000 (or RMB 95,286,928, approximately $15,182,022, net of discount) by August 31, 2013, and

3) RMB 100,000,000 (or RMB 89,103,000, approximately $14,196,740, net of discount) by August 31, 2014.

*The net present value of the payments is discounted at the Company's then current financing interest rate of 6.84%.*

The Investment Company, a limited liability company established under the laws of the PRC, is an education company that owns and operates a K-12 private boarding school in Jinzhong City, Shanxi Province of the PRC, encompassing kindergarten, primary and secondary education. The Investment Company was established in 2001 and it has share capital of RMB 70,000,000. It is the parent company of Shanxi Rising School (the "Rising School"), founded in 2002, which currently serves over 5,400 students from its location in Shanxi Province, PRC. The Rising School is now known by the Company as the "Shanxi South School."

The acquisition of the Investment Company has been accounted for as a business combination under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The total purchase consideration of RMB 690,000,000 has been allocated to the net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of August 31, 2011.

Prior to closing the Equity Transfer Agreement, the Company became involved in the operations of the Shanxi South Campus in the spring of 2011. With the consent of the Investment Company, the Company assisted in the operations, accounting and promotion of the school to attract more and better students for the 2011-2012 school year. Some of these responsibilities included collecting deferred school fees, room & board and other school fees ("School Fees") in advance of the school year, which combined with better operations, higher tuition rates and an increase in enrollment led to an increase in deferred revenue at the start of the 2011 – 2012 school year, which corresponds to the fiscal year from September 1, 2011 to August 31, 2012. The Company's involvement at the Shanxi South Campus was under the direction of Investment Company management until it assumed control of the Investment Company on August 31, 2011, in accordance with the Equity Transfer Agreement.

For the purpose of preparing the consolidated financial statement, the total purchase price is allocated to the Company's net tangible assets acquired and liabilities assumed as of August 31, 2011. The adjustments record the purchase price allocation entries as of August 31, 2011, including allocation of fair values of the associated tangible assets, intangible assets and acquired liabilities, to eliminate the Company's historical equity balances and to record the estimated use of cash to fund the cash portion of the acquisition. The adjustments also include certain decreases in intercompany balances eliminated in consolidation. Accordingly, the fair value of assets acquired and liabilities assumed may be materially impacted by the results of the Company's on-going operations after the date of the Equity Transfer Agreement.

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of China Bilingual Technology & Education Group Inc. and the following subsidiaries:

| Subsidiaries | State and Countries Registered In | % Ownership |
|---|---|---|
| Kahibah Limited | British Virgin Island | 100% |
| Taiyuan Taiji Industry Development Co., Ltd. | People's Republic of China | 100% |
| Shanxi Taiji Industrial Development Co., Ltd.(i) | People's Republic of China | 95% |
| Shanxi Modern Bilingual School (ii) | People's Republic of China | 100% |
| Sichuan Guang'an Experimental High School (iii) | People's Republic of China | 100% |
| Shanxi Rising Education Investment Company Ltd. (iv) | People's Republic of China | 100% |
| Shanxi Rising School (v) | People's Republic of China | 100% |

(i) Shanxi Taiji Industrial Development Co., Ltd. was incorporated as a limited liability company on July 25, 1997 under PRC law. It is currently 95% owned by Taiyuan Taiji and 5% owned by Ms. Ren Baiv. On November 25, 2009, KL entered into a share exchange agreement to sell the remaining 5% ownership to Ms. Ren Baiv. Ms. Ren Baiv is the sister of Mr. Ren Zhiqing, the Company's Chief Executive Officer. At December 31, 2010, Ms. Ren Baiv paid 1 million Renminbi ("RMB") as part of the capital contribution. The 5% ownership is held by Ms. Ren Baiv on behalf of the Taiyuan Taiji in accordance with local Chinese regulations, therefore no non-controlling interest is recognized. Shanxi Taiji is an equity joint venture under the laws of the PRC. The Shanxi North Campus, Modern Bilingual School and Sichuan Guang'an Experimental High School (the "Schools") hold the requisite governmental licenses to provide private educational services within their province in China. Each province sets its own licensing criteria and duration following the general guidelines established by the national government for education standards.

(ii) Shanxi Modern Bilingual School (the "Shanxi North School") was established in 1998 by Shanxi Taiji. It operates as a private K-12 boarding school on a 38 acre campus in Taiyuan City, Shanxi Province. The Shanxi School holds a three year provincial license to be renewed May, 2013.

(iii) Sichuan Guang'an Experimental High School (the "Sichuan Guang'an School") was established in 2002 by Shanxi Taiji. It operates as a private K-12 boarding school on a 23 acre campus in Guang'an, Sichuan Province. The Sichuan Guang'an School holds a four year provincial license to be renewed March, 2015.

(iv) Shanxi Rising Education Investment Company Ltd. (the "Investment Company") was established in 2001 to own and operate private boarding schools in the PRC. The Investment Company has share capital of RMB 70,000,000. It is the parent company of one school, the Shanxi Rising School, which was acquired by the Company on August 31, 2011. The Investment Company has no operations other than its ownership of the Shanxi Rising School.

(v) Shanxi Rising School (the "Shanxi South School") was established in 2002 by the Investment Company as a private boarding school encompassing kindergarten, primary and secondary education located in the Shanxi Province of the PRC. The school has been assimilated in the operation of the Company and re-branded as the Shanxi South School operating as a private K-12 boarding school on an 82 acre campus comprised of over 2.3 million square feet of facilities, including 18 dormitories with capacity for 10,000 students, academic classrooms, gymnasium, theatre, natatorium, cafeteria and other administrative and academic buildings. The Shanxi South School holds a four year provincial license to be renewed April 2015.

All significant intercompany accounts and transactions have been eliminated in consolidation.

**Management's Representation of Interim Financial Statements**

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company without audit pursuant to the rules and regulations of the SEC. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted as allowed by such rules and regulations, and management believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements include all of the adjustments, which in the opinion of management are necessary to a fair presentation of financial position and results of operations. All such adjustments are of a normal and recurring nature. Interim results are not necessarily indicative of results for a full year. These condensed consolidated financial statements should be read in conjunction with the audited financial statements at August 31, 2012 as filed in the Company Form 10-K filed with the SEC on November 29, 2012.

| STOCK BASED COMPENSATION (Detail Textuals) | 3 Months Ended | | | | |
|---|---|---|---|---|---|
| | Nov. 30, 2012 Chief Financial Officer USD ($) | Nov. 30, 2012 Chief Financial Officer Restricted Stock USD ($) | Nov. 30, 2012 Director Restricted Stock USD ($) | Nov. 30, 2012 Financial Controller Restricted Stock USD ($) | Nov. 30, 2012 Financial Controller Restricted Stock CNY |
| **Share-based Compensation Arrangement by Share-based Payment Award [Line Items]** | | | | | |
| Share issued as stock award to each individual | | $ 6,000 | $ 9,000 | | |
| Amount paid as consideration for services to each individual | 6,000 | | 9,000 | 3,138 | 20,000 |
| Number of shares earned and vested for consulting agreement collectively | | 40,000 | 10,000 | 5,000 | 5,000 |
| Number of accrued restricted shares to be issued | | 114,067 | 108,516 | 23,333 | 23,333 |
| Number of directors | | | 2 | | |
| Number of shares issued for consulting agreement | | | | 5,000 | 5,000 |
| Accrued share-based compensation | | | $ 18,000 | | |
| Number of shares issued in conversion of accrued cash compensation | | | 40,000 | | |

| EARNING PER SHARE (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Earnings Per Common Share**

Schedule of earnings per share basic and diluted

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Net income | $ 2,620,836 | $ 1,336,367 |
| Basic weighted average outstanding shares of common stock | 30,182,029 | 30,014,528 |
| Diluted weighted average common stock and stock equivalents | 30,182,029 | 30,014,528 |
| Earnings per share: | | |
| Basic | $ 0.09 | $ 0.04 |
| Diluted | $ 0.09 | $ 0.04 |

| EARNING PER SHARE - Computation of basic and diluted net income per share (Details) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Earnings Per Common Share** | | |
| Net income | $ 2,620,836 | $ 1,336,367 [1] |
| Basic weighted average outstanding shares of common stock (in shares) | 30,182,029 | 30,014,528 [1] |
| Diluted weighted average common stock and stock equivalents (in shares) | 30,182,029 | 30,014,528 [1] |
| **Earnings per share:** | | |
| Basic (in dollars per share) | $ 0.09 | $ 0.04 [1] |
| Diluted (in dollars per share) | $ 0.09 | $ 0.04 [1] |

[1] Restated

| EMPLOYEE RETIREMENT BENEFITS AND POST RETIREMENT BENEFITS | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Compensation and Retirement Disclosure [Abstract]** | |
| EMPLOYEE RETIREMENT BENEFITS AND POST RETIREMENT BENEFITS | **NOTE 17 – EMPLOYEE RETIREMENT BENEFITS AND POST RETIREMENT BENEFITS**<br><br>According to the Shanxi and Sichuan Provincial regulations on state pension program, both employees and employers have to contribute toward pensions. The pension contributions range from 2% to 8% that was contributed by individuals (employees) and the Company is required to make contributions to the state retirement plan based on 20% of the employees' monthly basic salaries. Employees in the PRC are entitled to retirement benefits calculated with reference to their basic salaries on retirement and their length of service in accordance with a government managed benefits plan. The PRC government is responsible for the benefit liability to these retired employees.<br><br>During the three months ended November 30, 2012 and 2011, the Company contributed $86,464 and $73,239 in pension contributions, respectively. |

**Restatement of November 30, 2011 (Tables)**

**Restatement Of Prior Year Income [Abstract]**

Schedule of BALANCE SHEET-Unaudited

**3 Months Ended Nov. 30, 2012**

| November 30, 2011 | Previously Reported | Correction | November 30, 2011 Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ 9,035,209 | $ - | $ 9,035,209 |
| Inventory | 36,752 | - | 36,752 |
| Due from related parties | - | - | - |
| Other current assets | 5,800,956 | - | 5,800,956 |
| **Total Current Assets** | 14,872,917 | - | 14,872,917 |
| **LONG-TERM ASSETS:** | | | |
| Property, plant and equipment, net | 81,556,090 | 2,162,226 | 83,718,316 |
| Land use rights, net | 45,550,079 | 3,167,081 | 48,717,160 |
| Deposit paid for long-term assets | - | - | - |
| **Total Long-Term Assets** | 127,106,169 | 5,329,307 | 132,435,476 |
| **TOTAL ASSETS** | $141,979,086 | $ 5,329,307 | $147,308,393 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | $ 133,198 | - | $ 133,198 |
| Short-term payable-acquisition | 18,581,698 | 1,383,107 | 19,964,805 |
| Due to related parties | 7,846,091 | - | 7,846,091 |
| Other Payables | 469,277 | - | 469,277 |
| Refundable deposits | 542,950 | - | 542,950 |
| Prepaid School Fees | 29,867,566 | - | 29,867,566 |
| Home purchase down payment | 886,838 | - | 886,838 |
| Short-term bank loan | 15,692,182 | - | 15,692,182 |
| Accrued expenses and other current liabilities | 1,190,966 | - | 1,190,966 |
| **Total Current Liabilities** | 75,210,766 | 1,383,107 | 76,593,873 |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term bank loan | $ - | $ - | $ - |
| Long-term payable-acquisition | 23,459,655 | 3,946,200 | 27,405,855 |
| **TOTAL LIABILITIES** | 98,670,421 | 5,329,307 | 103,999,728 |
| **STOCKHOLDERS' EQUITY:** | | | |
| Common Stock, $0.001par value; 75,000,000 shares | 30,015 | - | 30,015 |

| | | | |
|---|---|---|---|
| authorized; 30,069,624, 30,014,528 issued and outstanding as of August 31, 2012 and 2011 | | | |
| Additional paid in capital | 67,421 | - | 67,421 |
| Retained earnings | 40,753,178 | - | 40,753,178 |
| Accumulated other comprehensive income | 2,458,051 | - | 2,458,051 |
| **TOTAL STOCKHOLDERS' EQUITY** | 43,308,665 | - | 43,308,665 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $141,979,086 | 5,329,307 | $147,308,393 |

Schedule of STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME- Unaudited

| | For the Three Months Ended November 30, | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **REVENUES** | $10,425,986 | $ - | $10,425,986 |
| **COST OF REVENUES** | 7,233,030 | - | 7,233,030 |
| **GROSS PROFIT** | 3,192,956 | - | 3,192,956 |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 504,522 | - | 504,522 |
| **TOTAL OPERATING EXPENSES** | 504,522 | - | 504,522 |
| INCOME FROM OPERATIONS | 2,688,434 | - | 2,688,434 |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | 28,616 | - | 28,616 |
| Interest Expense | (2,064,612) | 683,929 | (1,380,683) |
| **NET INCOME BEFORE INCOME TAXES** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| INCOME TAX EXPENSE | - | - | - |
| **NET INCOME** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| Foreign currency translation, net of tax | 19,609 | - | 19,609 |
| **COMPREHENSIVE INCOME** | $ 672,047 | $ 683,929 | $ 1,355,976 |
| **Earnings per Common Share:** | | | |
| Basic | $ 0.02 | $ 0.02 | $ 0.04 |
| Diluted | $ 0.02 | $ 0.02 | $ 0.04 |
| **Weighted Average Common Shares Outstanding:** | | | |
| Basic | 30,014,528 | - | 30,014,528 |
| Diluted | 30,014,528 | - | 30,014,528 |

Schedule of STATEMENT OF CASH FLOWS - Unaudited

| For The Three Months Ended November 30, | | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **Cash Flows From Operating Activities:** | | | |
| Net income | $ 652,438 | 683,929 | $ 1,336,367 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |

| | | | |
|---|---|---|---|
| Depreciation | 863,051 | - | 863,051 |
| Amortization | 254,271 | - | 254,271 |
| Accretion of interest payable - acquisition | 1,515,524 | (683,929) | 831,595 |
| Stock-based compensation | 31,100 | - | 31,100 |
| (Increases) Decreases in Assets: | | | |
| Inventories | (33,254) | - | (33,254) |
| Prepayment and other current assets | 3,827,924 | - | 3,827,924 |
| Increases (Decreases) in Liabilities: | | | |
| Accounts payable | 84,330 | - | 84,330 |
| Other payables | 135,889 | - | 135,889 |
| Refundable deposits | (253,197) | - | (253,197) |
| Prepaid tuition | (9,646,959) | - | (9,646,959) |
| Home purchase down payment | 7,769 | - | 7,769 |
| Accrued expenses and other current liabilities | 251,156 | - | 251,156 |
| **Net Cash Provided By (Used In) Operating Activities** | (2,309,958) | - | (2,309,958) |
| | | | |
| **Cash Flows From Investing Activities:** | | | |
| Deposits - long term assets | - | - | - |
| Fixed asset additions | (423,612) | - | (423,612) |
| Receipts - related parties receivables | - | - | - |
| **Net Cash Provided By (Used In) Investing Activities** | (423,612) | - | (423,612) |
| | | | |
| **Cash Flows From Financing Activities:** | | | |
| Payable – acquisition | (3,327,923) | - | (3,327,923) |
| **Net Cash Provided By (Used In) Financing Activities** | (3,327,923) | - | (3,327,923) |
| | | | |
| **Effect of Exchange Rate Changes on Cash** | 6,181 | - | 6,181 |
| | | | |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (6,055,312) | - | (6,055,312) |
| | | | |
| **Cash and Cash Equivalents, Beginning of Period** | 15,090,521 | - | 15,090,521 |
| | | | |
| **Cash and Cash Equivalents, End of Period** | $ 9,035,209 | - | $ 9,035,209 |
| | | | |
| **Supplemental Disclosures of Cash Flow Information:** | | | |
| Cash paid for interest | $ 219,635 | - | $ 219,635 |
| Cash paid for taxes | $ - | - | $ - |

| Restatement of November 30, 2011 | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Restatement Of Prior Year Income [Abstract]** | |
| Restatement of November 30, 2011 | **NOTE 19 – Restatement of November 30, 2011** |

The Company has restated its unaudited consolidated financial statements as of and for the balance sheet ended November 30, 2011 and the statement of operations and comprehensive income and cash flow for the three months ended November 30, 2011. The Company used 14% instead of 6.84% for the fair value discount rate, which resulted in improperly recording fixed assets, land use rights, short-term payable acquisition, long-term payable acquisition, interest expense, net income, comprehensive income and earnings per share. The consolidation of the balance sheet resulted in an increase to fixed assets of $2,162,226 and to land use rights of $3,167,081, and an increase to short-term payable acquisition of $1,383,107 and an increase to long-term payable acquisition of $3,946,200. The consolidation of the statement of operations and comprehensive income resulted in a decrease in interest expense for the three months ended November 30, 2011 of $683,929 and corresponding increase in net income and comprehensive income of $683,929.

The following is a summary presentation of corrections made to the Company's consolidated balance sheet as of November 30, 2011 and the statement of operations and comprehensive income and cash flow for the three months ended November 30, 2011 previously filed on Form 10-Q on January 17, 2012.

**BALANCE SHEET- Unaudited**

| | November 30, 2011 Previously Reported | Correction | November 30, 2011 Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ 9,035,209 | $ - | $ 9,035,209 |
| Inventory | 36,752 | - | 36,752 |
| Due from related parties | - | - | - |
| Other current assets | 5,800,956 | - | 5,800,956 |
| **Total Current Assets** | 14,872,917 | - | 14,872,917 |
| **LONG-TERM ASSETS:** | | | |
| Property, plant and equipment, net | 81,556,090 | 2,162,226 | 83,718,316 |
| Land use rights, net | 45,550,079 | 3,167,081 | 48,717,160 |
| Deposit paid for long-term assets | - | - | - |
| **Total Long-Term Assets** | 127,106,169 | 5,329,307 | 132,435,476 |
| **TOTAL ASSETS** | $ 141,979,086 | $ 5,329,307 | $ 147,308,393 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | $ 133,198 | - | $ 133,198 |
| Short-term payable-acquisition | 18,581,698 | 1,383,107 | 19,964,805 |
| Due to related parties | 7,846,091 | - | 7,846,091 |
| Other Payables | 469,277 | - | 469,277 |
| Refundable deposits | 542,950 | - | 542,950 |
| Prepaid School Fees | 29,867,566 | - | 29,867,566 |
| Home purchase down payment | 886,838 | - | 886,838 |
| Short-term bank loan | 15,692,182 | - | 15,692,182 |
| Accrued expenses and other current liabilities | 1,190,966 | - | 1,190,966 |
| **Total Current Liabilities** | 75,210,766 | 1,383,107 | 76,593,873 |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term bank loan | $ - | $ - | $ - |
| Long-term payable-acquisition | 23,459,655 | 3,946,200 | 27,405,855 |
| **TOTAL LIABILITIES** | 98,670,421 | 5,329,307 | 103,999,728 |
| **STOCKHOLDERS' EQUITY:** | | | |
| Common Stock, $0.001par value; 75,000,000 shares authorized; 30,069,624, 30,014,528 issued and outstanding as of August 31, 2012 and 2011 | 30,015 | - | 30,015 |
| Additional paid in capital | 67,421 | - | 67,421 |
| Retained earnings | 40,753,178 | - | 40,753,178 |
| Accumulated other comprehensive income | 2,458,051 | - | 2,458,051 |
| **TOTAL STOCKHOLDERS' EQUITY** | 43,308,665 | - | 43,308,665 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 141,979,086 | 5,329,307 | $ 147,308,393 |

**STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME- Unaudited**

| | For the Three Months Ended November 30, | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **REVENUES** | $ 10,425,986 | $ - | $ 10,425,986 |
| **COST OF REVENUES** | 7,233,030 | - | 7,233,030 |
| **GROSS PROFIT** | 3,192,956 | - | 3,192,956 |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 504,522 | - | 504,522 |
| **TOTAL OPERATING EXPENSES** | 504,522 | - | 504,522 |
| INCOME FROM OPERATIONS | 2,688,434 | - | 2,688,434 |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | 28,616 | - | 28,616 |
| Interest Expense | (2,064,612) | 683,929 | (1,380,683) |
| **NET INCOME BEFORE INCOME TAXES** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| INCOME TAX EXPENSE | - | - | - |
| **NET INCOME** | $ 652,438 | $ 683,929 | $ 1,336,367 |
| Foreign currency translation, net of tax | 19,609 | - | 19,609 |
| **COMPREHENSIVE INCOME** | $ 672,047 | $ 683,929 | $ 1,355,976 |
| **Earnings per Common Share:** | | | |
| Basic | $ 0.02 | $ 0.02 | $ 0.04 |
| Diluted | $ 0.02 | $ 0.02 | $ 0.04 |
| **Weighted Average Common Shares Outstanding:** | | | |
| Basic | 30,014,528 | - | 30,014,528 |
| Diluted | 30,014,528 | - | 30,014,528 |

STATEMENT OF CASH FLOWS – Unaudited

| | For The Three Months Ended November 30, | | |
|---|---|---|---|
| | 2011 Previously Reported | Correction | 2011 Restated |
| **Cash Flows From Operating Activities:** | | | |
| Net income | $ 652,438 | 683,929 | $ 1,336,367 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 863,051 | - | 863,051 |
| Amortization | 254,271 | - | 254,271 |
| Accretion of interest payable - acquisition | 1,515,524 | (683,929) | 831,595 |
| Stock-based compensation | 31,100 | - | 31,100 |
| (Increases) Decreases in Assets: | | | |
| Inventories | (33,254) | - | (33,254) |
| Prepayment and other current assets | 3,827,924 | - | 3,827,924 |
| Increases (Decreases) in Liabilities: | | | |
| Accounts payable | 84,330 | - | 84,330 |
| Other payables | 135,889 | - | 135,889 |
| Refundable deposits | (253,197) | - | (253,197) |
| Prepaid tuition | (9,646,959) | - | (9,646,959) |
| Home purchase down payment | 7,769 | - | 7,769 |
| Accrued expenses and other current liabilities | 251,156 | - | 251,156 |
| **Net Cash Provided By (Used In) Operating Activities** | (2,309,958) | - | (2,309,958) |
| **Cash Flows From Investing Activities:** | | | |
| Deposits - long term assets | - | - | - |
| Fixed asset additions | (423,612) | - | (423,612) |
| Receipts - related parties receivables | - | - | - |
| **Net Cash Provided By (Used In) Investing Activities** | (423,612) | - | (423,612) |
| **Cash Flows From Financing Activities:** | | | |
| Payable – acquisition | (3,327,923) | - | (3,327,923) |
| **Net Cash Provided By (Used In) Financing Activities** | (3,327,923) | - | (3,327,923) |
| **Effect of Exchange Rate Changes on Cash** | 6,181 | - | 6,181 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (6,055,312) | - | (6,055,312) |
| **Cash and Cash Equivalents, Beginning of Period** | 15,090,521 | - | 15,090,521 |
| **Cash and Cash Equivalents, End of Period** | $ 9,035,209 | - | $ 9,035,209 |
| **Supplemental Disclosures of Cash Flow Information:** | | | |
| Cash paid for interest | $ 219,635 | - | $ 219,635 |
| Cash paid for taxes | $ - | - | $ - |

| BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT (Detail Textuals 1) | 3 Months Ended | 1 Months Ended | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Nov. 30, 2012 | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement CNY | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2012 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2012 CNY | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2013 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2013 CNY | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2014 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2014 CNY |
| **Business Acquisition [Line Items]** | | | | | | | | |
| First scheduled purchase consideration payment | | | $ 19,017,481 | 119,782,067 | | 100,000,000 | | 100,000,000 |
| First optional scheduled purchase consideration payment | | | | | 15,182,022 | 95,286,928 | 14,196,740 | 89,103,000 |
| Financing interest rate | 6.84% | 6.84% | | | | | | |
| Share capital | | 70,000,000 | | | | | | |

| USE OF ESTIMATES | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Use Of Estimates [Abstract]** | |
| USE OF ESTIMATES | **NOTE 2 –USE OF ESTIMATES**<br><br>The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Measurement, estimates and assumptions are used for, but not limited to, the selection of the useful lives of property and equipment, impairment of long-lived assets, fair values and revenue recognition. Management makes these estimates using the best information available at the time the estimates are made; however, actual results, when ultimately realized, could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. |

| Condensed Consolidated Balance Sheets (Parentheticals) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Aug. 31, 2011 |
|---|---|---|---|
| **Statement Of Financial Position [Abstract]** | | | |
| Common stock, par value (in dollars per share) | $ 0.001 | $ 0.001 | $ 0.001 |
| Common stock, shares authorized | 75,000,000 | 75,000,000 | 75,000,000 |
| Common stock, shares issued | 30,069,629 | 30,069,629 | 30,014,528 |
| Common stock, shares outstanding | 30,069,629 | 30,069,629 | 30,014,528 |

| REFUNDABLE DEPOSITS | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Refundable Deposits [Abstract]** | |
| REFUNDABLE DEPOSITS | **NOTE 12 –REFUNDABLE DEPOSITS** Students living on campus are required to pay a deposit of approximately RMB 60,000 at their initial admissions or before the start of the school year in September. If a student has any damages to the school housing, the repair and maintenance expense will be deducted directly from his or her student deposit. Any remaining balance in student deposits is fully refunded upon graduation or if students leave the school for any reasons. For the three months ended November 30, 2012 and 2011, there were minimal damages to the school housing and no student deposit was deducted to pay for the repair and maintenance expense. As of November 30, 2012 and August 31, 2012, refundable deposits were $159,059 and $134,661, respectively. |

| Document and Entity Information | 3 Months Ended<br>Nov. 30, 2012 | Jan. 14, 2013 |
|---|---|---|
| **Document and Entity Information [Abstract]** | | |
| Entity Registrant Name | China Bilingual Technology & Education Group Inc. | |
| Entity Central Index Key | 0001470129 | |
| Trading Symbol | cbly | |
| Entity Current Reporting Status | Yes | |
| Entity Voluntary Filers | No | |
| Current Fiscal Year End Date | --08-31 | |
| Entity Filer Category | Smaller Reporting Company | |
| Entity Common Stock, Shares Outstanding | | 30,069,629 |
| Document Type | 10-Q | |
| Document Period End Date | Nov. 30, 2012 | |
| Amendment Flag | false | |
| Document Fiscal Year Focus | 2013 | |
| Document Fiscal Period Focus | Q1 | |

| SHORT-TERM BANK LOAN | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Debt Disclosure [Abstract]** | |
| SHORT-TERM BANK LOAN | **NOTE 13 – SHORT-TERM BANK LOAN**<br><br>The Company's subsidiary Shanxi North School borrowed RMB 50,000,000 (approximately $7,966,477) from Shanghai PuDong Development Bank under a one-year term from September 10, 2012 due September 9, 2013 at a 7.2% interest rate, interest-only payable quarterly. |

| Condensed Consolidated Statements of Operations and Other Comprehensive Income (Unaudited) (USD $) | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 | |
| **Income Statement [Abstract]** | | | |
| REVENUES | $ 11,643,327 | $ 10,425,986 | [1] |
| COST OF REVENUES | 7,749,835 | 7,233,030 | [1] |
| GROSS PROFIT | 3,893,492 | 3,192,956 | [1] |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 480,628 | 504,522 | [1] |
| TOTAL OPERATING EXPENSES | 480,628 | 504,522 | [1] |
| INCOME FROM OPERATIONS | 3,412,864 | 2,688,434 | [1] |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Income | 30,303 | 28,616 | [1] |
| Interest Expense | (822,331) | (1,380,683) | [1] |
| NET INCOME BEFORE INCOME TAXES | 2,620,836 | 1,336,367 | [1] |
| INCOME TAX EXPENSE | | | [1] |
| NET INCOME | 2,620,836 | 1,336,367 | [1] |
| Foreign currency translation, net of tax | 526,014 | 19,609 | [1] |
| COMPREHENSIVE INCOME | $ 3,146,850 | $ 1,355,976 | [1] |
| **Earnings per Common Share:** | | | |
| Basic (in dollars per share) | $ 0.09 | $ 0.04 | [1] |
| Diluted (in dollars per share) | $ 0.09 | $ 0.04 | [1] |
| **Weighted Average Common Shares Outstanding:** | | | |
| Basic (in shares) | 30,182,029 | 30,014,528 | [1] |
| Diluted (in shares) | 30,182,029 | 30,014,528 | [1] |

[1] Restated

| PROPERTY AND EQUIPMENT, NET | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Property, Plant and Equipment [Abstract]** | |
| PROPERTY AND EQUIPMENT, NET | |

**NOTE 7 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Buildings | $ 84,400,433 | $ 83,567,268 |
| Transportation equipment | 1,023,908 | 1,014,036 |
| Furniture & education equipment | 8,742,127 | 8,090,748 |
| Kitchen equipment | 972,700 | 963,322 |
| Computer & software | 881,091 | 872,596 |
| **Total cost** | $ 96,020,259 | $ 94,507,970 |
| | | |
| Less: Accumulated depreciation | (13,219,552) | (12,257,536) |
| | | |
| **Property and equipment, net** | $ 82,800,707 | $ 82,250,434 |

For the three months ended November 30, 2012 and 2011, depreciation expense was $838,680 and $863,051, respectively.

Property and equipment are located at the Company's three school locations in Shanxi and Sichuan Provinces in the PRC and are recorded at cost less accumulated depreciation. Depreciation and amortization are calculated using the straight-line method over the expected useful life of the asset, after the asset is placed in service. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the period benefited. Maintenance and repairs are generally expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations.

The estimated useful lives for each major category of fixed assets are as follows:

| Description | Useful Lives |
|---|---|
| Buildings | 40 years |
| Transportation Equipment | 10 years |
| Kitchen Equipment | 5 years |
| Furniture, Education Equipment, Computers | 3 years |

| LAND USE RIGHTS, NET | 3 Months Ended Nov. 30, 2012 |
|---|---|
| Goodwill and Intangible Assets Disclosure [Abstract] | |
| LAND USE RIGHTS, NET | |

**NOTE 6 – LAND USE RIGHTS, NET**

Land use rights, net consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Cost of land use rights | $50,649,897 | $50,161,574 |
| Less: Accumulated amortization | (2,362,422) | (2,043,486) |
| **Land use rights, net** | $48,287,475 | $48,118,088 |

Amortization expense for three months ended November 30, 2012 and 2011 was $297,620 and $254,271, respectively.

Amortization expense for the next five years and thereafter is as follows

| | |
|---|---|
| 2012 | $ 297,620 |
| 2013 | 1,190,480 |
| 2014 | 1,190,480 |
| 2015 | 1,190,480 |
| 2016 | 1,190,480 |
| Thereafter | 43,227,935 |
| **Total** | $48,287,475 |

| BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Business Combinations [Abstract]** | |
| BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT | NOTE 18 – BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT |

**NOTE 18 – BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT**

On August 31, 2011, the Company completed the acqusition of the equity interests in Shanxi Rising Education Investment Company, Limited (the "Investment Company") from its equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806) under the terms of the Equity Transfer Agreement, (the "Acquisition"). The Acquisition has been accounted for as a business combination under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The total purchase consideration of RMB 690,000,000 has been discounted to its net present value and allocated to the net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of August 31, 2011. As of the balance sheet date, November 30, 2012, the exchange rate to the US Dollar was RMB 6.2763.

**Description of Acqusition**

On August 31, 2011, the Company's entered into an Equity Transfer Agreement and purchased all of the outstanding equity of Shanxi Rising Education Investment Company Limited (the "Investment Company") from the equity holders (the "Sellers") for a total purchase consideration of RMB 690,000,000 (approximately $108,226,806). The net present value of the total fair value consideration transferred equals RMB 650,000,000 (approximately $102,565,721), of which RMB 370,217,933 (approximately $55,444,697) has been paid. Under the terms of the Equity Transfer Agreement the balance of the purchase price is to be paid over three years in three scheduled payments as follows: (See Note 18 – Business Combination for additional details on the Equity Transfer Agreement.)

1) RMB 119,782,067 (approximately $19,017,481) to be paid by August 31, 2012, but was paid on September 3rd, 2012

2) RMB 100,000,000 (or RMB 95,286,928, approximately $15,182,022, net of discount) by August 31, 2013, and

3) RMB 100,000,000 (or RMB 89,103,000, approximately $14,196,740, net of discount) by August 31, 2014.

*The net present value of the payments is discounted at the Company's then current financing interest rate of 6.84%..*

The Investment Company is an education company that owns and operates a K-12 private boarding school in the PRC, encompassing kindergarten, primary and secondary education. The Investment Company was established in 2001 and it has share capital of RMB 70,000,000. It is the parent company of Shanxi Rising School (the "Rising School"), founded 2002, located in Shanxi Province, PRC. The Rising School is now known by the Company as the "Shanxi South School."

During the three months ended November 30, 2012, the Company paid RMB 119,782,067 (approximately $19,017,481) toward the debt to the seller and recorded RMB 3,099,000 (approximately $491,413) toward the accretion of the implied interest in the long-term and short-term portion of the payable - acquisition resulting from the fair value discount recorded as interest expense based on payments to the seller. The net present value of the payments is discounted at the Company's current financing interest rate of 6.84%.

| LONG-TERM BANK LOAN | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Long Term Bank Loan [Abstract]** | |
| LONG-TERM BANK LOAN | **NOTE 14 – LONG-TERM BANK LOAN**<br><br>The Company's subsidiary Shanxi South School borrowed RMB 70,000,000 (approximately $11,045,539) from Shanghai PuDong Development Bank under a three-year loan from August 21, 2012 due August 20, 2015 at a 7.38% interest rate, interest-only payable quarterly. |

| ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES | 3 Months Ended<br>Nov. 30, 2012 |
|---|---|
| **Payables and Accruals [Abstract]** | |
| ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES | **NOTE 10 –ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**<br><br>Accrued expenses and other current liabilities consisted of the following: |

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Accrued payroll | $ 707,892 | $ 702,338 |
| Individual tax withholding | 10,589 | 7,159 |
| Other accrued expenses | 529,440 | 316,728 |
| **Total** | $1,247,921 | $1,026,225 |

| REFUNDABLE DEPOSITS (Detail Textuals) | Nov. 30, 2012 USD ($) | Nov. 30, 2012 CNY | Aug. 31, 2012 USD ($) | Nov. 30, 2011 USD ($) |
|---|---|---|---|---|
| **Refundable Deposits [Abstract]** | | | | |
| Deposit paid | | 60,000 | | |
| Refundable deposits | $ 159,059 | | $ 134,661 | $ 542,950 [1] |

[1] Restated

| OTHER PAYABLE | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Other Payable [Abstract]** | |
| OTHER PAYABLE | **NOTE 8 - OTHER PAYABLE**<br><br>Other payables included traveling and the related expenses incurred by employees on behalf of the Company. These amounts are unsecured, non-interest bearing and generally are short term in nature. |

| HOME PURCHASE DOWN PAYMENT | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Home Purchase Down Payment [Abstract]** | |
| HOME PURCHASE DOWN PAYMENT | **NOTE 9 –HOME PURCHASE DOWN PAYMENT** |

According to the Company's Employee Welfare Policy, the Company may sign a home purchase agreement with teachers which would allow teachers to purchase home property at a discounted market rate. Pursuant to the home purchase agreement between the Company and teachers, teachers were given the right to purchase a home property upon their 8th year of service. There were two payment options:

(1) one-time full payment of the home purchase price based on the signed agreement; or (2) RMB 20,000 down payment with remaining balance to be paid in 8 equal annual installments until their 8th year of service. Those teachers who selected option (2) would be charged an interest of 7% if they do not make payment on time during the 8 year period. If teachers resign or leave the school for any reasons, they will be entitled to a refund based on the terms of the home purchase agreement. There were minimal refunds for the three months ended November 30, 2012 and 2011. For accounting purposes, cash received from teachers through payment options (1) and (2) and late interest payments are recorded as deposits at the time of receipt. The Company recognizes profit when the sale is consummated.

The Company records the home purchase transactions in accordance to the deposit method pursuant to FASB ASC Topic 360-20, "*Real Estate Sales*". Under the deposit method, the seller does not recognize any profit, does not record notes receivable, and continues to report in its financial statements the property which has been assumed by the buyer. Cash received from the buyer, including the initial investment and subsequent collections of principal and interest, is reported as a deposit. Interest collected that is subject to refund and is included in the deposit account before a sale is consummated is accounted for as part of buyer's initial investment at the time the sale is consummated. There were no apartments sold for the three months ended November 30, 2012 and 2011, and as such the Company recognized no income from selling apartments. As of November 30, 2012 and August 31, 2012, home deposits were $917,809 and $919,458, respectively.

| STOCK BASED COMPENSATION | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Disclosure Of Compensation Related Costs, Share-Based Payments [Abstract]** | |
| STOCK BASED COMPENSATION | **NOTE 11– STOCK BASED COMPENSATION**<br><br>The Chief Financial Officer is entitled to receive $6,000 per month in cash compensation for his services, as well as a stock award of $6,000 per month in shares of the Company's restricted common stock, which vest on a quarterly basis. During the three months ended November 30, 2012, the Chief Financial Officer earned and was vested in 40,000 shares of restricted common stock as part of his consideration. As of November 30, 2012, the Company has accrued 114,067 shares of restricted common stock to be issued to its Chief Financial Officer.<br><br>Two of the Company's independent directors are entitled to each receive $9,000 annually in cash compensation for their services, as well as a stock award of $9,000 annually in shares of the Company's restricted common stock, which vests on a quarterly basis. During the three months ended November 30, 2012, the two independent directors collectively earned and were vested in 10,000 shares of restricted common stock as part of their consideration. The two independent directors also agreed to convert their accrued cash compensation of $18,000 each into 40,000 shares each. As of November 30, 2012, the Company has accrued a total of 108,516 shares of restricted common stock to be issued to two of its independent directors.<br><br>The financial controller is entitled to receive RMB 20,000 (approximately USD $3,138) per month in cash compensation for her services, as well as a stock award of 5,000 shares of the Company's restricted common stock, which vest on a quarterly basis. During the three months ended November 30, 2012, the financial controller earned and was vested in 5,000 shares of restricted common stock as part of her consideration. As of November 30, 2012, the Company has accrued 23,333 shares of restricted common stock to be issued to its financial controller.<br><br>The above-mentioned securities were not registered under the Securities Act of 1933. The issuance of these shares was exempt from registration, in part pursuant to Regulation S and Regulation D under the Securities Act of 1933 and in part pursuant to Section 4(2) of the Securities Act of 1933. |

| TAXES - Estimated pro-forma financial statement impact (Details 1) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Income Tax Disclosure [Abstract]** | | |
| Net income before tax provision, as reported | $ 2,620,836 | $ 1,336,367 [1] |
| Less tax provision exempted | (655,209) | (334,092) |
| Pro-forma net income | $ 1,965,627 | $ 1,002,275 |

[1] Restated

| EMPLOYEE RETIREMENT BENEFITS AND POST RETIREMENT BENEFITS (Detail Textuals) (Pension Plans, USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Defined Benefit Plan Disclosure [Line Items]** | | |
| Percentage of employees monthly basic salary | 20.00% | |
| Pension contributions | $ 86,464 | $ 73,239 |
| Maximum | | |
| **Defined Benefit Plan Disclosure [Line Items]** | | |
| Percentage of pension contributions of employees and employers | 8.00% | |
| Minimum | | |
| **Defined Benefit Plan Disclosure [Line Items]** | | |
| Percentage of pension contributions of employees and employers | 2.00% | |

| TAXES - Estimated income tax savings (Details) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Income Tax Disclosure [Abstract]** | | |
| Tax savings | $ 655,209 | $ 334,092 |

| TAXES (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Income Tax Disclosure [Abstract]** | |
| Schedule of estimated income tax savings | |

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Tax savings | $655,209 | $334,092 |

Schedule of estimates pro-forma financial statement impact

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Net income before tax provision, as reported | $2,620,836 | $1,336,367 |
| Less tax provision exempted | (655,209) | (334,092) |
| Pro-forma net income | $1,965,627 | $1,002,275 |

| LAND USE RIGHTS, NET - Summary (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Goodwill and Intangible Assets Disclosure [Abstract]** | | | |
| Cost of land use rights | $ 50,649,897 | $ 50,161,574 | |
| Less: Accumulated amortization | (2,362,422) | (2,043,486) | |
| Land use rights, net | $ 48,287,475 | $ 48,118,088 | $ 48,717,160 [1] |

[1] Restated

| EARNING PER SHARE | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Earnings Per Common Share** | |
| EARNING PER SHARE | **NOTE 16 – EARNING PER SHARE**<br><br>FASB ASC Topic 260, *"Earnings Per Share,"* requires a reconciliation of the numerator and denominator of the basic earnings per share (EPS) computations.<br><br>Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no potentially dilutive securities for the three months ended November 30, 2012 and 2011.<br><br>The following table sets forth the computation of basic and diluted net income per share: |

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Net income | $ 2,620,836 | $ 1,336,367 |
| Basic weighted average outstanding shares of common stock | 30,182,029 | 30,014,528 |
| Diluted weighted average common stock and stock equivalents | 30,182,029 | 30,014,528 |
| Earnings per share: | | |
| Basic | $ 0.09 | $ 0.04 |
| Diluted | $ 0.09 | $ 0.04 |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Policies) | 3 Months Ended |
|---|---|
| | Nov. 30, 2012 |
| Accounting Policies [Abstract] | |
| Fair Value of Financial Instruments | (a) Fair Value of Financial Instruments<br><br>The Company applies the provisions of accounting guidance, FASB ASC Topic 820 that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of November 30, 2012, the fair value of cash and cash equivalents, other receivables, accounts payable, short term bank loans, and other payables approximated carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates except for related party debt or receivables for which it is not practicable to estimate fair value.<br><br>Fair Value Measurements<br><br>Effective April 1, 2009, the FASB ASC Topic 825, *"Financial Instruments,"* requires disclosures about fair value of financial instruments in quarterly reports as well as in annual reports.<br><br>The FASB ASC Topic 820, *"Fair Value Measurements and Disclosures,"* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.<br><br>Various inputs are considered when determining the fair value of the Company's financial instruments. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below:<br><br>Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets.<br><br>Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risks, etc.).<br><br>Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair market value of financial instruments).<br><br>The Company's adoption of FASB ASC Topic 820 did not have a material impact on the Company's consolidated financial statements.<br><br>The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets and/or liabilities carried at fair value on a recurring basis at November 30, 2012.<br><br>The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument |

is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

Cash and Cash Equivalents

(b) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There are no restrictions to cash at November 30, 2012. A substantial amount of the Company's cash is held in bank accounts in the PRC and is not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance or any other similar insurance. Given the current economic environment and the financial conditions of the banking industry there is a risk that deposits may not be readily available. Cash held in the PRC amounted to $9,032,544 and $30,410,983 at November 30, 2012 and August 31, 2012, respectively. The PRC places limitations on expatriating cash out of the country, which may limit the Company's ability to pay dividends.

Impairment of Long-Lived Assets

(c) Impairment of Long-Lived Assets

The Company's long-lived assets and other assets (consisting of property and equipment and purchased land use rights) are reviewed for impairment in accordance with the guidance of the FASB ASC Topic 360-10, *"Property, Plant, and Equipment,"* and FASB ASC Topic 205, *"Presentation of Financial Statements."* The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through November 30, 2012, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that demand for the Company's services will continue, which could result in an impairment of long-lived assets in the future.

Income taxes

(d) Income taxes

On March 16, 2007, the PRC National People's Congress passed the PRC Enterprise Income Tax Law ("New EIT Law") which became effective on January 1, 2008. Pursuant to the New EIT Law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied consistently to both domestic-invested enterprises and foreign-invested enterprises.

Shanxi Taiji, Taiyuan Taiji and the Investment Company are taxed pursuant to the New EIT Law with a unified enterprise income tax rate of 25%. Shanxi Taiji, Taiyuan Taiji and the Investment Company did not pay any income taxes during the three months ended November 30, 2012 due to net losses experienced in the past reporting periods. The three entities may apply the past periods' net operating losses to futures years' profits in order to reduce tax liability. Since Shanxi Taiji, Taiyuan Taiji and Investment Company have minimal business operations, the three entities are unlikely to have profits in future periods. As a result, all deferred tax assets and liabilities are deminimus, and management would have a 100% valuation allowance for all deferred tax assets.

The Company has three subsidiaries registered as private schools (the "school-subsidiaries"), which are not subject to income taxes determined in accordance with the Law for Promoting Private Education (2003) and school-subsidiaries registered as private schools not requiring reasonable returns (similar to a not-for-profit entity) are treated as public schools and are generally not subject to enterprise income taxes. Therefore, the school-subsidiaries are tax exempt, including Shanxi North Campus, Shanxi South Campus and Sichuan Guangan School.

Kahibah Limited is exempt from income tax on all sources of income pursuant to the tax law in the British Virgin Islands. However, pursuant and subsequent to the reverse merger, the parent company in the U.S. may be subject to income tax in future years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and liabilities. The components of the deferred tax assets and liabilities are individually classified as current or non-current based on their characteristics. Deferred tax assets and liabilities are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. A provision has not been made at November 30, 2012, and 2011 for U.S. or additional foreign withholding taxes of undistributed earnings of foreign subsidiaries because it is the present intention of management to reinvest the undistributed earnings indefinitely in foreign operations. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

The Company recognizes that virtually all tax positions in the PRC are not free of some degree of uncertainty due to tax law and policy changes by the government. However, the Company cannot reasonably quantify political risk factors and thus must depend on guidance issued by current government officials.

Based on all known facts and circumstances and current tax law, the Company believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012 are not material to its results of operations, financial condition or cash flows. The Company also believes that the total amount of unrecognized tax benefits as of November 30, 2012 and August 31, 2012, if recognized, would not have a material effect on its effective tax rate. The Company further believes that there are no tax positions for which it is reasonably possible, based on the current PRC tax law and policy, that the unrecognized tax benefits will significantly increase or decrease over the next twelve months producing, individually or in the aggregate, a material effect on the Company's results of operations, financial condition or cash flows as of November 30, 2012 and August 31, 2012, but the tax years are still open for examination.

Revenue Recognition and Deferred School Fees

(e) Revenue Recognition and Deferred School Fees

Revenues consist primarily of tuition, room & board and other fees (the "School Fees") derived from providing meals and housing for students living on campus. Revenues from School Fees are recognized pro-rata (on a straight-line basis) over the relevant period attended by the student of the applicable grade or program. The school year typically runs September 1 through August 31 and deferred School Fees are recognized over the twelve-month period. If a student withdraws from a course or program within three months after the school year starts, the paid but unearned portion of the student's School Fees is 67% refunded. If a student withdraws after the first three months in a school year, no School Fees will be refunded. As a result, the Company has recorded deferred School Fees as a current liability on the consolidated balance sheet in the event a student withdraws from school and the Company has to return a portion of the deferred School Fees. In past years there were minimal students who withdrew from a course or program before the end of a school year.

The Company normally deferred school fees from students at their initial admission or before the start of the school year on September 1. As of August 31, 2012, all students are required to fully prepay school fees at the beginning of the school year by September 1, 2012 for the 2012-2013 school year. In prior periods this policy was not fully enforced. Some students will benefit from a discount of fees if they prepay School Fees for two to three years of school term. Deferred School Fees is the portion of payments received but not earned and is reflected as a current liability under deferred school fee in the accompanying consolidated balance sheets as such amounts are expected to be earned, but may be refundable within the next year.

Below is a schedule of deferred school fees as of November 30, 2012 expected to be recognized into revenue over twelve months for the next year ended August 31 (corresponds to the school year – September 1 through August 31) and thereafter as follows:

| **Period Ended** | **November 30, 2012** |
|---|---|
| 2013 | $32,348,102 |
| 2014 | 2,029,210 |
| Thereafter | 1,004,254 |
| **Total** | $35,381,566 |

Foreign Currency Translation

(f) Foreign Currency Translation

The Company's principal country of operations is The PRC. The financial position and results of operations of the Company are determined using the local currency ("Renminbi or RMB") as the functional currency. The results of operations denominated in foreign currency are translated at the average rate of exchange during the reporting period.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. The results of operations are translated from Renminbi to US Dollar at the weighted average rate of exchange during the reporting period. The registered equity capital denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. All translation adjustments resulting from the translation of the financial statements into the reporting currency ("US Dollars") are dealt with as a component of accumulated other comprehensive income.

Translation adjustments net of tax totaled $526,014 and $19,609, for the three months ended November 30, 2012 and 2011, respectively.

As of November 30, 2012 and 2011, the exchange rate to the U.S. Dollar was RMB 6.2763 and RMB 6.3726, respectively. The average exchange rate for the three months ended November 30, 2012 and 2011 was RMB 6.3063 and RMB 6.3742, respectively.

Comprehensive Income

(g) Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC Topic 220, *"Comprehensive Income,"* which established standards for reporting and displaying comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements.

Total comprehensive income is defined as all changes in stockholders' equity during a period, other than those resulting from investments by and distributions to stockholders (i.e., issuance of equity securities and dividends). Generally, for the Company, total comprehensive income equals net income plus or minus adjustments for currency translation. Total comprehensive income represents the activity for a period net of related tax and was $3,146,850 and $1,355,976, for the three months ended November 30, 2012 and 2011, respectively.

While total comprehensive income is the activity in a period and is largely driven by net earnings in that period, accumulated other comprehensive income or loss ("AOCI") represents the cumulative balance of other comprehensive income as of the balance sheet date. For the Company, AOCI is primarily the cumulative balance related to the currency adjustments and increased comprehensive income and equaled $3,216,780 and $2,690,766, as of November 30, 2012 and August 31, 2012, respectively.

Concentrations, Risks, and Uncertainties

(h) Concentrations, Risks, and Uncertainties

All of the Company's operations are located in the PRC. There can be no assurance that the Company will be able to successfully continue to provide the services offered and failure to do so would have a material adverse effect on the Company's financial position, results of operations and cash flows. Also, the success of the Company's operations is subject to numerous contingencies, some of which are beyond management's control. These contingencies include general economic conditions, teacher salaries, competition, governmental and political conditions, and changes in regulations. Because the Company is dependent on trade in the PRC, the Company is subject to various additional political, economic and other uncertainties. Among other risks, the Company's operations will be subject to risk of restrictions on transfer of funds, domestic and international customs, changing taxation policies, foreign exchange restrictions, and political and governmental regulations.

Advertising

(i) Advertising

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three months ended November 30, 2012 and 2011 were not significant.

Research and Development

(j) Research and Development

The Company expenses the cost of research and development as incurred. Research and development costs for the three months ended November 30, 2012 and 2011, were not significant.

Basic and diluted earnings per share

(k) Basic and diluted earnings per share

Earnings per share is calculated in accordance with the ASC Topic 260, *"Earnings Per Share."* Basic earnings per share is calculated dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the assumption that all dilutive convertible shares, stock options, warrants and other equity awards were converted or exercised during the period. Dilution is computed by applying the treasury stock method. Under this method, warrants and options are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Basic and diluted earnings per share were $0.09 and $0.09 per share and $0.04 and $0.04 per share, respectively for the three months ended November 30, 2012 and 2011.

Statement of Cash Flows

(l) Statement of Cash Flows

In accordance with ASC Topic 230, *"Statement of Cash Flows,"* cash flows from the Company's operations are calculated based upon the local currencies using the average translation rates. As a result, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets.

Reclassification

(m) Reclassification

Certain reclassifications have been made to the consolidated financial statements as of November 30, 2012 and for the three months ended November 30, 2012 in order to conform to the condensed consolidated financial statement presentation as of November 30, 2012. These reclassifications had no effect on net income as previously reported.

Accounting Pronouncements

(n) Accounting Pronouncements

Accounting Standards Update ("ASU") ASU No. 2010-09 (ASC Topic 855), which amends subsequent events recognition and disclosures, ASU No. 2009-16 (ASC Topic 860), which amends accounting for transfer of financial assets, ASU No. 2009-05 (ASC Topic 820), which amends fair value measurements and disclosures - overall, ASU No. 2009-08, earnings per share, ASU No. 2009-12(ASC Topic 820), investments in certain entities that calculate net asset value per share, and various other ASU's No. 2009-2 through ASU No. 2012-07 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant, except for ASU 2011-05 (ACS Topic 220 comprehensive income) which will affect the presentation of Comprehensive Income and is effective for periods after December 15, 2011 and early adoption is allowed.

Other accounting standards have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date and are not expected to have a material impact on the Company's financial statements.

| DUE FROM/TO RELATED PARTIES - Summary of due from related parties (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 |
|---|---|---|
| **Related Party Transaction [Line Items]** | | |
| Due from related parties | $ 821,504 | |
| Ren Zhiqing | | |
| **Related Party Transaction [Line Items]** | | |
| Due from related parties | $ 821,504 | |

| NATURE OF BUSINESS (Detail Textuals 3) | 3 Months Ended<br>Nov. 30, 2012 | 1 Months Ended<br>Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement CNY Student | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2012 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2012 CNY | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2013 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2013 CNY | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2014 USD ($) | Aug. 31, 2011 Shanxi Rising Education Investment Company Ltd. Equity transfer agreement August 31, 2014 CNY |
|---|---|---|---|---|---|---|---|---|
| **Business Acquisition [Line Items]** | | | | | | | | |
| First scheduled purchase consideration payment | | | $ 19,017,481 | 119,782,067 | | 100,000,000 | | 100,000,000 |
| First optional scheduled purchase consideration payment | | | | | 15,182,022 | 95,286,928 | 14,196,740 | 89,103,000 |
| Financing interest rate | 6.84% | 6.84% | | | | | | |
| Share capital | | 70,000,000 | | | | | | |
| Number of students | | 5,400 | | | | | | |

| Condensed Consolidated Statements of Cash Flows (Unaudited)(USD ($)) | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 | |
| **Cash Flows From Operating Activities:** | | | |
| Net income | $ 2,620,836 | $ 1,336,367 | [1] |
| **Adjustments to reconcile net income to net cash provided by (used in) operating activities:** | | | |
| Depreciation | 838,680 | 863,051 | [1] |
| Amortization | 297,620 | 254,271 | [1] |
| Accretion of interest payable - acquisition | 491,413 | 831,595 | [1] |
| Stock-based compensation | 60,750 | 31,100 | [1] |
| **(Increases) Decreases in Assets:** | | | |
| Inventories | | (33,254) | [1] |
| Prepayment and other current assets | 2,182,316 | 3,827,924 | [1] |
| **Increases (Decreases) in Liabilities:** | | | |
| Accounts payable | 37,971 | 84,330 | [1] |
| Other payables | (279,787) | 135,889 | [1] |
| Refundable deposits | 22,977 | (253,197) | [1] |
| Prepaid tuition | (10,915,545) | (9,646,959) | [1] |
| Home purchase down payment | (10,549) | 7,769 | [1] |
| Accrued expenses and other current liabilities | 151,064 | 251,156 | [1] |
| Net Cash Provided By (Used In) Operating Activities | (4,502,254) | (2,309,958) | [1] |
| **Cash Flows From Investing Activities:** | | | |
| Deposits - long term assets | | | [1] |
| Fixed asset additions | (589,433) | (423,612) | [1] |
| (Advance to) - related parties receivables | (820,084) | | [1] |
| Net Cash Provided By (Used In) Investing Activities | (1,409,517) | (423,612) | [1] |
| **Cash Flows From Financing Activities:** | | | |
| Payable - acquisition | (19,017,481) | (3,327,923) | [1] |
| (Repayments) of related party loans payables | (4,570,692) | | [1] |
| Proceeds long term debt | 7,928,579 | | [1] |
| Net Cash Provided By (Used In) Financing Activities | (15,659,594) | (3,327,923) | [1] |
| Effect of Exchange Rate Changes on Cash | 192,926 | 6,181 | [1] |
| Net Increase (Decrease) in Cash and Cash Equivalents | (21,378,439) | (6,055,312) | [1] |
| Cash and Cash Equivalents, Beginning of Period | 30,410,983 | 15,090,521 | |
| Cash and Cash Equivalents, End of Period | 9,032,544 | 9,035,209 | |
| **Supplemental Disclosures of Cash Flow Information:** | | | |

| | | | |
|---|---|---|---|
| Cash paid for interest | 86,778 | 219,635 | [1] |
| Cash paid for taxes | | | [1] |

[1] Restated

| DUE FROM/TO RELATED PARTIES | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Related Party Transactions [Abstract]** | |
| DUE FROM/TO RELATED PARTIES | |

**NOTE 5 – DUE FROM/TO RELATED PARTIES**

(i) Due From Related Parties consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ 821,504 | $ - |
| Total | $ 821,504 | $ - |

(ii) Due To Related Parties consisted of the following:

| | November 30, 2012 | August 31, 2012 |
|---|---|---|
| Ren Zhiqing - Chairman | $ - | $4,550,762 |
| Total | $ - | $4,550,762 |

Ren Zhiqing is the chairman and president of the Company, as well as the majority controlling shareholder of the Company. The amount due from Ren Zhiqing as of November 30, 2012 represent a loan from the Company, which is unsecured, interest-free and payable to the Company. The amount due to Ren Zhiqing as of August 31, 2012 represented a loan to the Company, which was unsecured and interest-free, primarily used for paying the equity holders of the Investment Company as part of the Equity Transfer Agreement dated August 31, 2011.

Section 13(k) of the Exchange Act provides that it is unlawful for a company such as ours, which has a class of securities registered under Section 12(g) of the Exchange Act, to directly or indirectly, including through any subsidiary, extend or maintain credit in the form of a personal loan to or for any director or executive officer of the company. Issuers violating Section 13(k) of the Exchange Act may be subject to civil sanctions, including injunctive remedies and monetary penalties, as well as criminal sanctions. The imposition of any of such sanctions on the Company may have a material adverse effect on our business, financial position, results of operations or cash flows.

As of November 30, 2012, the Company and Ren Zhiqing inadvertently violated Section 402 of Sarbanes-Oxley and Section 13(k) of the Exchange Act. Ren Zhiqing has made arrangements with the Company to repay the full loan amount by the end of January 2013.

| ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES - Summary (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Payables and Accruals [Abstract]** | | | |
| Accrued payroll | $ 707,892 | $ 702,338 | |
| Individual tax withholding | 10,589 | 7,159 | |
| Other accrued expenses | 529,440 | 316,728 | |
| Total | $ 1,247,921 | $ 1,026,225 | $ 1,190,966 [1] |

[1] Restated

| BUSINESS COMBINATION - EQUITY TRANSFER AGREEMENT (Detail Textuals 2) | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 USD ($) | Nov. 30, 2012 CNY | Nov. 30, 2011 USD ($) |
| **Business Combinations [Abstract]** | | | |
| Accretion of interest payable - acquisition | $ 491,413 | 3,099,000 | $ 831,595 [1] |

[1] Restated

**NATURE OF BUSINESS (Tables)**

**Organization, Consolidation and Presentation Of Financial Statements [Abstract]**

Schedule of subsidiaries information

**3 Months Ended Nov. 30, 2012**

| Subsidiaries | State and Countries Registered In | % Ownership |
|---|---|---|
| Kahibah Limited | British Virgin Island | 100% |
| Taiyuan Taiji Industry Development Co., Ltd. | People's Republic of China | 100% |
| Shanxi Taiji Industrial Development Co., Ltd.(i) | People's Republic of China | 95% |
| Shanxi Modern Bilingual School (ii) | People's Republic of China | 100% |
| Sichuan Guang'an Experimental High School (iii) | People's Republic of China | 100% |
| Shanxi Rising Education Investment Company Ltd. (iv) | People's Republic of China | 100% |
| Shanxi Rising School (v) | People's Republic of China | 100% |

(i) Shanxi Taiji Industrial Development Co., Ltd. was incorporated as a limited liability company on July 25, 1997 under PRC law. It is currently 95% owned by Taiyuan Taiji and 5% owned by Ms. Ren Baiv. On November 25, 2009, KL entered into a share exchange agreement to sell the remaining 5% ownership to Ms. Ren Baiv. Ms. Ren Baiv is the sister of Mr. Ren Zhiqing, the Company's Chief Executive Officer. At December 31, 2010, Ms. Ren Baiv paid 1 million Renminbi ("RMB") as part of the capital contribution. The 5% ownership is held by Ms. Ren Baiv on behalf of the Taiyuan Taiji in accordance with local Chinese regulations, therefore no non-controlling interest is recognized. Shanxi Taiji is an equity joint venture under the laws of the PRC. The Shanxi North Campus, Modern Bilingual School and Sichuan Guang'an Experimental High School (the "Schools") hold the requisite governmental licenses to provide private educational services within their province in China. Each province sets its own licensing criteria and duration following the general guidelines established by the national government for education standards.

(ii) Shanxi Modern Bilingual School (the "Shanxi North School") was established in 1998 by Shanxi Taiji. It operates as a private K-12 boarding school on a 38 acre campus in Taiyuan City, Shanxi Province. The Shanxi School holds a three year provincial license to be renewed May, 2013.

(iii) Sichuan Guang'an Experimental High School (the "Sichuan Guang'an School") was established in 2002 by Shanxi Taiji. It operates as a private K-12 boarding school on a 23 acre campus in Guang'an, Sichuan Province. The Sichuan Guang'an School holds a four year provincial license to be renewed March, 2015.

(iv) Shanxi Rising Education Investment Company Ltd. (the "Investment Company") was established in 2001 to own and operate private boarding schools in the PRC. The Investment Company has share capital of RMB 70,000,000. It is the parent company of one school, the Shanxi Rising School, which was acquired by the Company on August 31, 2011. The Investment Company has no operations other than its ownership of the Shanxi Rising School.

(v) Shanxi Rising School (the "Shanxi South School") was established in 2002 by the Investment Company as a private boarding school encompassing kindergarten, primary and secondary education located in the Shanxi Province of the PRC. The school has been assimilated in the operation of the Company and re-branded as the Shanxi South School operating as a private K-12 boarding school on an 82 acre campus comprised of over 2.3 million square feet of facilities, including 18 dormitories with capacity for 10,000 students, academic classrooms, gymnasium, theatre, natatorium, cafeteria and other administrative and academic buildings. The Shanxi South School holds a four year provincial license to be renewed April 2015.

| Restatement of November 30, 2011 (Details Textuals) (USD $) | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 | Aug. 31, 2012 |
| Fair Value Inputs, Discount Rate | | 14.00% | |
| Property, plant and equipment, net | $ 82,800,707 | $ 83,718,316 [1] | $ 82,250,434 |
| Land use rights, net | 48,287,475 | 48,717,160 [1] | 48,118,088 |
| Short-term payable-acquisition | 15,182,022 | 19,964,805 [1] | 32,721,915 |
| Long-term payable-acquisition | 14,196,740 | 27,405,855 [1] | 14,808,754 |
| Interest Expense | 822,331 | 1,380,683 [1] | |
| Net income | 2,620,836 | 1,336,367 [1] | |
| COMPREHENSIVE INCOME | 3,146,850 | 1,355,976 [1] | |
| Previously Reported | | | |
| Fair Value Inputs, Discount Rate | | 6.84% | |
| Property, plant and equipment, net | | 81,556,090 | |
| Land use rights, net | | 45,550,079 | |
| Short-term payable-acquisition | | 18,581,698 | |
| Long-term payable-acquisition | | 23,459,655 | |
| Interest Expense | | 2,064,612 | |
| Net income | | 652,438 | |
| COMPREHENSIVE INCOME | | 672,047 | |
| Correction | | | |
| Property, plant and equipment, net | | 2,162,226 | |
| Land use rights, net | | 3,167,081 | |
| Short-term payable-acquisition | | 1,383,107 | |
| Long-term payable-acquisition | | 3,946,200 | |
| Interest Expense | | (683,929) | |
| Net income | | 683,929 | |
| COMPREHENSIVE INCOME | | $ 683,929 | |

[1] Restated

| NATURE OF BUSINESS (Detail Textuals) | 3 Months Ended Nov. 30, 2012 Schools |
| --- | --- |
| **Organization, Consolidation and Presentation Of Financial Statements [Abstract]** | |
| Number of schools company operates | 3 |

| TAXES | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Income Tax Disclosure [Abstract]** | |
| TAXES | **NOTE 15 – TAXES**<br><br>Enterprise Income Tax (“EIT”)<br><br>Effective January 1, 2007, the Company adopted ASC 740-10, *“Accounting for Uncertainty in Income Taxes”* (formerly “FIN 48”, an interpretation of FASB statement No. 109), Accounting for Income Taxes. The interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.<br><br>Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of November 30, 2012 and August 31, 2012, the Company does not have a liability for unrecognized tax benefits.<br><br>The Company’s estimated income tax savings for the three months ended November 30, 2012 and 2011 are summarized as follows: |

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Tax savings | $ 655,209 | $ 334,092 |

Had the Company’s tax exemption not been in the place for the three months ended November 30, 2012 and 2011, the Company estimates the following pro-forma financial statement impact:

| | For the three months ended November 30, | |
|---|---|---|
| | 2012 | 2011 |
| Net income before tax provision, as reported | $2,620,836 | $1,336,367 |
| Less tax provision exempted | (655,209) | (334,092) |
| Pro-forma net income | $1,965,627 | $1,002,275 |

The Company’s operating subsidiaries are tax exempt, since primary and secondary education is not subject to income tax in the PRC. As such, the Company and its subsidiaries have no deferred tax asset or liability. The Company does not anticipate any change in the current PRC regulations regarding the tax exemption for its education sector.