

15. ACCOUNTANTS' REPORT



■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

■ Phone : (03) 7495-8000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

Our Ref: AABS.GFS/GL/NSE

6 April 2007

The Board of Directors
HELP International Corporation Berhad
BZ-2 Pusat Bandar Damansara
50490 Kuala Lumpur

Dear Sirs

HELP INTERNATIONAL CORPORATION BERHAD ("HIC") ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by Ernst & Young, an approved company auditor, for inclusion in the Prospectus of HIC to be dated 27 April 2007, in connection with the listing of and quotation for the entire issued and paid-up share capital of HIC on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. ABBREVIATIONS

Unless the context otherwise requires, the following definitions shall apply throughout this report:

FY	Financial year
FP	Financial period
Guidelines	The Securities Commission's Prospectus Guidelines in respect of Public Offerings
HA	HELP Academy Sdn. Bhd.
HEAT	HELP Executive Advanced Training Sdn. Bhd.
HIC	HELP International Corporation Berhad
HIC Group	HELP International Corporation Berhad and its subsidiaries
HUC	HELP University College Sdn. Bhd.
HUC Group	HELP University College Sdn. Bhd. and its subsidiaries
HTC	HELP Training Centre Sdn. Bhd.
ICSM	International Centre for Security Management Sdn. Bhd.

15. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION

3.1 BACKGROUND

HIC was incorporated in Malaysia as a public limited liability company under the Companies Act, 1965 on 20 June 2005. The principal activity of HIC is investment holding.

HIC has five subsidiaries namely:

- i. HUC
- ii. HTC
- iii. HA
- iv. HEAT
- v. ICSM

Details of HIC's subsidiaries are further elaborated in section 3.3.

3.2 LISTING SCHEME

The transactions in conjunction with and as an integral part of the listing and quotation of the entire issued and paid-up share capital of HIC on the Second Board of Bursa Malaysia Securities Berhad ("the Securities Exchange") are as follows:

- (i) Sub-division of two (2) ordinary shares of RM1 each in HIC, into four (4) ordinary shares of RM0.50 each ("Share Split").
- (ii) Acquisition by HIC of the entire equity interest in HUC comprising 22,293,000 ordinary shares of RM1 each in HUC from the shareholders of HUC for a total purchase consideration of RM45,611,857, satisfied wholly by the issuance of 73,999,996 new ordinary shares of RM0.50 each in HIC ("HIC Shares"), credited as fully paid-up, at an issue price of approximately RM0.62 per HIC Share ("Acquisition of HUC").
- (iii) Acquisition by HIC of the entire equity interest in HTC and HEAT, both of which comprise 2 ordinary shares of RM1 each, HA, which comprises 200,000 ordinary shares of RM1 each, and ICSM, which comprises 204,000 ordinary shares of RM1 each, from HUC for a total cash consideration equal to their respective unaudited net tangible assets ("NTA") as at 15 March 2007 except for HEAT, which was acquired for cash consideration of RM1 ("Acquisition of HUC Subsidiaries").
- (iv) Restricted offer for sale by Selangor Properties Berhad, Low Kam Yoke, Dr. Chan Tuck Hoong and Ng Teh Kha of 13,145,058 HIC Shares at an offer price of RM0.80 per HIC Share to the existing Bumiputera shareholders of HUC and a Bumiputera investor ("ROS").

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3. GENERAL INFORMATION (CONTD.)**3.2 LISTING SCHEME (CONTD.)**

(v) Public issue of 14,776,000 new HIC Shares at an issue price of RM0.80 per share ("Public Issue") in the following manner:

- a) 8,776,000 Public Issue Shares will be reserved for application by the eligible directors and employees of the HIC Group and persons who have contributed to the success of the HIC Group; and
- b) 6,000,000 Public Issue Shares will be made available for application by the Malaysian public, of which at least 30% is to be set aside strictly for the Bumiputera public.

Thereafter, the entire issued and paid-up share capital of HIC comprising 88,776,000 HIC Shares shall be listed on the Second Board of Bursa Malaysia Securities Berhad ("Listing").

3.3 SUBSIDIARIES

As at the date of this report, the subsidiaries of HIC are as follows:

Company	Date of Incorporation	Issued and Paid-up Ordinary Share Capital RM	Effective Equity Interest %	Principal Activities
HUC	19.5.1982	22,293,000	100	Providing university focused education for a wide range of pre-university, undergraduate and postgraduate degree programmes
HTC	22.12.1994	2	100	Providing educational and other learning facilities through its own centres and in twinning with other established educational institutions
HA*	10.6.2005	200,000	100	Providing educational and other learning facilities through its own centres and in twinning with other established educational institutions

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3. GENERAL INFORMATION (CONTD.)**3.3 SUBSIDIARIES (CONTD.)**

Company	Date of Incorporation	Issued and Paid-up Ordinary Share Capital RM	Effective Equity Interest %	Principal Activities
HEAT*	22.6.2005	2	100	Providing professional and executive education and training
ICSM	13.4.2005	284,002	72	Managing business of an institute of higher studies or educational establishment and events management

* The companies are currently dormant. The principal activities as stated are the intended principal activities for the companies after the commencement of their operations.

3.4 SHARE CAPITAL**I HIC**

As at the date of this report, the authorised and issued and paid-up share capital of HIC is RM50,000,000 and RM37,000,000 comprising 100,000,000 and 74,000,000 ordinary shares of RM0.50 each respectively.

Details of changes in the issued and paid-up share capital of HIC since its date of incorporation to the date of this report are as follows:

Date of allotment	Number of ordinary shares	Par value	Consideration	Cumulative issued and paid-up share capital RM
20.6.05	2	1.00	Cash (Subscribers' shares)	2
14.3.07	4 *	0.50	Share split	2
5.4.07	73,999,996	0.50	Acquisition of HUC	37,000,000

* In respect of share split carried out by subdividing each ordinary shares of RM1 each into 2 new ordinary shares of RM0.50 each.

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3. GENERAL INFORMATION (CONTD.)**3.4 SHARE CAPITAL (CONTD.)****II HUC**

The authorised and issued and paid-up share capital of HUC as at 31 March 2007 are RM25,000,000 and RM22,293,000, comprising 25,000,000 and 22,293,000 ordinary shares of RM1 each respectively.

The movement in issued and paid-up share capital are as follows:

Date of allotment	No. of ordinary shares of RM1 allotted	Consideration	Cumulative issued and paid-up share capital RM
19.05.1982	2	Cash	2
25.01.1984	24,998	Cash	25,000
01.04.1986	200,000	Cash	225,000
07.02.1987	175,000	Cash	400,000
18.02.1987	2,400,000	Bonus Issue (6 for 1)	2,800,000
27.07.1993	3,200,000	Capitalisation of renovation, furniture and fittings	6,000,000
01.09.2000	15,000,000	Bonus Issue (2.5 for 1)	21,000,000
14.11.2000	833,000	Cash	21,833,000
22.12.2000	460,000	Cash	22,293,000

III HTC

The authorised and issued and paid-up share capital of HTC as at 31 March 2007 are RM100,000 and RM2, comprising 100,000 and 2 ordinary shares of RM1 each respectively. There is no movement in the issued and paid-up share capital since its incorporation.

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3. GENERAL INFORMATION (CONTD.)

3.4 SHARE CAPITAL (CONTD.)

IV HA

The authorised and issued and paid-up share capital of HA as at 31 March 2007 are RM1,000,000 and RM200,000, comprising 1,000,000 and 200,000 ordinary shares of RM1 each respectively.

On 11 July 2005, the Company increased its issued and paid-up ordinary share capital from RM2 to RM200,000 by way of the issuance of 199,998 ordinary shares of RM1 each at par for cash, for additional working capital purposes.

V HEAT

The authorised and paid-up share capital of HEAT as at 31 March 2007 are RM100,000 and RM2 comprising 100,000 and 2 ordinary shares of RM1 each respectively. There is no movement in the issued and paid-up share capital since its incorporation.

VI ICSM

The authorised and paid-up share capital of ICSM as at 31 March 2007 are RM500,000 and RM284,002, comprising 500,000 and 284,002 ordinary shares of RM1 each respectively.

On 21 November 2005, the Company increased its issued and paid-up ordinary share capital from RM2 to RM284,002 by way of the issuance of 284,000 ordinary shares of RM1 each at par for cash, for additional working capital purposes.

15. ACCOUNTANTS' REPORT (Cont'd)



4. FINANCIAL STATEMENTS AND AUDITORS

4.1 AUDITORS

We were the auditors of all the companies in HIC Group for the years under review or since their date of incorporation except for ICSM which is audited by another firm of accountants, A.D. Chun & Co.

The auditors' reports on the financial statements of the companies in HIC Group for the FYs/FP under review were not subject to any qualification.

The auditors' reports on the financial statements of HIC for the financial period ended 31 October 2006 is set out in Appendix 1.

The auditors' reports on the financial statements of HUC Group for the financial years ended 31 October 2004 to 2006 are set out in Appendix 2, Appendix 3 and Appendix 4 respectively.

4.2 ACCOUNTING POLICIES AND STANDARDS

This report is prepared on a basis consistent with the accounting policies adopted by HIC and its subsidiaries as disclosed in Note 10.1, and the information presented in this report has been prepared in accordance with applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB").

5. DIVIDENDS

No dividends have been paid by HIC since its date of incorporation.

On 23 January 2006, HUC paid an interim dividend of 36.43% less 28% taxation and a tax exempt interim dividend of 32.08% amounting to RM5,847,554 and RM7,152,446 respectively.

On 25 August 2005, HTC paid an interim dividend of 368,407,100% less 28% taxation and a tax exempt dividend of 34,746,900% amounting to RM5,305,062 and RM694,938 respectively.

No dividends have been paid by other subsidiaries during the relevant FYs under review.

6. FINANCIAL INFORMATION AND LIMITATIONS

We set out in the following pages the financial information of HIC and the HUC Group based on their audited financial statements for the relevant financial years/period covered in this report as required by Section 14.12(b) of the Guidelines as HIC has been in operation for a period less than three financial years and the HUC Group (the existing group) accounted for more than 75% of the pro forma group.

The scope of work conducted in the preparation of this report does not, in itself, constitute an audit in accordance with the approved standards on auditing in Malaysia. Except where otherwise explicitly stated, information contained in this report was not independently verified by us. In preparing this report, we have relied upon information and representations given to us by directors, officers, and employees of the respective companies and sought explanations for apparent discrepancies, if any.

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7. SUMMARISED FINANCIAL STATEMENTS OF HIC**7.1 AUDITED INCOME STATEMENT OF HIC FOR THE FINANCIAL PERIOD FROM 20 JUNE 2005 (DATE OF INCORPORATION) TO 31 OCTOBER 2006**

	Note	RM'000
Revenue		-
Pre-operating expenses	8	(36)
Loss before taxation		(36)
Taxation		-
Net loss for the period		(36)

7.2 AUDITED BALANCE SHEET OF HIC AS AT 31 OCTOBER 2006

	RM'000
CURRENT ASSETS	
Prepayment	2
Cash on hand	*
	2
CURRENT LIABILITY	
Other payables	38
	38
NET CURRENT LIABILITY	(36)
REPRESENTED BY	
Share capital	*
Accumulated losses	(36)
Shareholders' deficit	(36)

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7. SUMMARISED FINANCIAL STATEMENTS OF HIC (CONTD.)**7.3 AUDITED STATEMENT OF CHANGES IN EQUITY OF HIC FOR THE FINANCIAL PERIOD FROM 20 JUNE 2005 (DATE OF INCORPORATION) TO 31 OCTOBER 2006**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 20 June 2005 (date of incorporation)	*	-	*
Net loss for the period	-	(36)	(36)
At 31 October 2006	*	(36)	(36)

7.4 AUDITED CASH FLOW STATEMENT OF HIC FOR THE FINANCIAL PERIOD FROM 20 JUNE 2005 (DATE OF INCORPORATION) TO 31 OCTOBER 2006

RM'000

CASH FLOWS FROM PRE-OPERATING ACTIVITIES

Loss before taxation, representing pre-operating loss before working capital changes	(36)
Increase in prepayment	(2)
Increase in payables	38
Net cash generated from pre-operating activities	-

CASH FLOW FROM FINANCING ACTIVITY

Proceeds from issuance of ordinary shares, representing net cash generated from financing activity	*
NET INCREASE IN CASH ON HAND	*
CASH ON HAND AT DATE OF INCORPORATION	-
CASH ON HAND AT END OF THE PERIOD	*

* Denotes RM2

8. NOTES TO THE FINANCIAL STATEMENTS OF HIC

The accounting policies adopted by HIC is consistent with accounting policies disclosed in Note 10.1 of this report.

RM'000

The pre-operating expenses comprise the followings:

Incorporation expenses	6
Secretarial fee	28
Audit fee	1
Others	1
	36

15. ACCOUNTANTS' REPORT (Cont'd)**9. SUMMARISED FINANCIAL STATEMENTS OF HUC GROUP****9.1 AUDITED CONSOLIDATED INCOME STATEMENTS OF HUC GROUP FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 31 OCTOBER 2006**

	Note	FY Ended 31 October		
		2004 RM'000	2005 RM'000	2006 RM'000
Revenue	10.2 (a)	44,936	48,003	53,506
Other operating income		1,942	2,477	3,050
Staff costs	10.2 (b)	(18,057)	(19,240)	(21,591)
Depreciation		(4,794)	(4,678)	(4,495)
Other operating expenses		(15,722)	(16,535)	(18,459)
Profit before taxation	10.2 (c)	8,305	10,027	12,011
Taxation	10.2 (e)	(2,614)	(3,472)	(3,944)
Profit after taxation		5,691	6,555	8,067
Minority interests		-	-	25
Net profit for the year		5,691	6,555	8,092
Profit after taxation margin (%)		12.66%	13.66%	15.08%
Number of ordinary shares in issue ('000)		22,293	22,293	22,293
Net earnings per share (sen)		25.53	29.40	36.30
Effective tax rate (%)		31.48%	34.63%	32.84%

15. ACCOUNTANTS' REPORT (Cont'd)**9. SUMMARISED FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****9.2 AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP AS AT 31 OCTOBER 2004, 31 OCTOBER 2005 AND 31 OCTOBER 2006**

	Note	2004 RM'000	2005 RM'000	2006 RM'000
NON-CURRENT ASSET				
Property, plant and equipment	10.3(a)	49,888	47,654	44,700
CURRENT ASSETS				
Trade receivables	10.3(b)	1,700	2,537	2,458
Other receivables	10.3(c)	4,763	17,491	16,637
Marketable securities	10.3(d)	2	2	2
Tax recoverable		835	147	310
Cash and bank balances	10.3(e)	20,582	17,374	21,492
		<u>27,882</u>	<u>37,551</u>	<u>40,899</u>
CURRENT LIABILITIES				
Fees received in advance		13,592	12,804	12,988
Other payables	10.3(f)	10,941	12,681	17,181
Tax payable		12	451	1,056
		<u>24,545</u>	<u>25,936</u>	<u>31,225</u>
NET CURRENT ASSETS		<u>3,337</u>	<u>11,615</u>	<u>9,674</u>
		<u>53,225</u>	<u>59,269</u>	<u>54,374</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	10.3(g)	22,293	22,293	22,293
Share premium		326	326	326
Retained profits		29,351	35,906	30,998
		<u>51,970</u>	<u>58,525</u>	<u>53,617</u>
Minority interests		-	-	25
Total equity		<u>51,970</u>	<u>58,525</u>	<u>53,642</u>
NON-CURRENT LIABILITY				
Deferred tax liabilities	10.3(h)	1,255	744	732
		<u>53,225</u>	<u>59,269</u>	<u>54,374</u>

15. ACCOUNTANTS' REPORT (Cont'd)



9. SUMMARISED FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)

9.3 AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF HUC GROUP FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 31 OCTOBER 2006

	<u>Attributable to Equity Holders of the Company</u>				Minority	Total
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000	Interests RM'000	Equity RM'000
At 1 November 2003	22,293	326	23,660	46,279	-	46,279
Net profit for the year	-	-	5,691	5,691	-	5,691
At 31 October 2004	22,293	326	29,351	51,970	-	51,970
Net profit for the year	-	-	6,555	6,555	-	6,555
At 31 October 2005	22,293	326	35,906	58,525	-	58,525
Net profit for the year	-	-	8,092	8,092	-	8,092
Dividends	-	-	(13,000)	(13,000)	-	(13,000)
Acquisition of subsidiary	-	-	-	-	25	25
At 31 October 2006	22,293	326	30,998	53,617	25	53,642

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9. SUMMARISED FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)**9.4 AUDITED CONSOLIDATED CASH FLOW STATEMENTS OF HUC GROUP FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 31 OCTOBER 2006**

	FY Ended 31 October		
	2004 RM'000	2005 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	8,305	10,027	12,011
Adjustments for:			
Bad and doubtful debts	2	-	600
Impairment of goodwill	-	-	77
Depreciation	4,794	4,678	4,495
Interest income	(370)	(670)	(785)
Property, plant and equipment written off	-	61	12
Loss on disposal of property, plant and equipment	2	13	2
Gain on disposal of investment in subsidiary	-	-	(164)
Operating profit before working capital changes	12,733	14,109	16,248
Decrease/(increase) in receivables	2,336	(801)	(121)
Increase in payables, including fees received in advance	555	953	4,598
Change in related company balance	-	-	29
Cash generated from operations	15,624	14,261	20,754
Interest received	392	695	759
Taxes paid	(2,466)	(2,856)	(3,501)
Net cash generated from operating activities	13,550	12,100	18,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflow from acquisition of subsidiary	-	-	177
Repayment from/(advances to) a related company	15,049	(12,789)	480
Repayment from holding company	9,707	-	-
Proceeds from disposal of property, plant and equipment	-	-	1,520
Purchase of property, plant and equipment	(39,024)	(2,519)	(3,071)
Net cash used in investing activities	(14,268)	(15,308)	(894)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid, representing net cash used in financing activity	-	-	(13,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(718)	(3,208)	4,118
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,300	20,582	17,374
CASH AND CASH EQUIVALENTS AT END OF YEAR	20,582	17,374	21,492

15. ACCOUNTANTS' REPORT (Cont'd)**9. SUMMARISED FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****9.4 AUDITED CONSOLIDATED CASH FLOW STATEMENTS OF HUC GROUP FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 31 OCTOBER 2006 (CONTD.)**

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash on hand and at banks	772	712	2,231
Deposits with cash management trusts	-	-	4,261
Deposits with licensed banks	19,810	16,662	15,000
	<u>20,582</u>	<u>17,374</u>	<u>21,492</u>

15. ACCOUNTANTS' REPORT (Cont'd)

**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP****10.1 SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Preparation**

The financial statements of the HUC Group have been prepared under the historical cost convention and comply with the provisions of the Companies Act 1965 and applicable MASB approved accounting standards in Malaysia.

There has been no material change in the accounting policies adopted by the HUC Group during the financial years under review.

(b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Tuition and Education Fees

Tuition fees are recognised on an accrual basis whereas registration and enrolment fees are recognised on a receipt basis.

(ii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of HUC and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.1 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(c) Basis of Consolidation (Contd.)**

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill.

Minority interests represent the interests of minority shareholders in the operation results and net assets of subsidiaries.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is not amortised and is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note (i). Goodwill arising on the acquisition of a subsidiary is presented separately in the balance sheet.

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note (i). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited in the income statement.

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note (i).

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold building	2%
Office equipment, furniture and fitting	10% - 20%
Computers and software	20% - 33 1/3%
Library books, renovation and signboards	10% - 33 1/3%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

15. ACCOUNTANTS' REPORT (Cont'd)

**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.1 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(g) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents represent cash on hand and at banks, deposits with licensed banks and short term highly liquid investments, which have an insignificant risk of changes in value.

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Impairment of Assets

At each balance sheet date, the HUC Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.

15. ACCOUNTANTS' REPORT (Cont'd)

**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.1 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(j) Employee Benefits****(i) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the HUC Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the HUC Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the HUC Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

15. ACCOUNTANTS' REPORT (Cont'd)



10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)

10.1 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Financial Instruments (Contd.)

(iii) Marketable Securities

Marketable securities, which represent quoted shares, are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined based on contract value while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are charged or credited to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.2 NOTES TO THE AUDITED CONSOLIDATED INCOME STATEMENTS OF HUC GROUP****(a) Revenue**

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
Enrolment, registration and resource fees	3,792	3,211	3,966
Tuition fees	40,883	44,370	48,637
Miscellaneous fees	261	422	903
	<u>44,936</u>	<u>48,003</u>	<u>53,506</u>

Enrolment fees are charged upon the student's application to enrol in courses offered by the HUC Group. If the student accepts the HUC Group's offer and subsequently registers with the HUC Group, registration fees and resource fees will be charged.

Tuition fees are earned based on the number of courses enrolled by the students and the number of teaching weeks/semesters for each course.

(b) Staff Costs

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
Wages and salaries	13,465	14,175	15,890
Social security costs	93	115	134
Employees Provident Fund	1,572	1,672	1,845
Other staff related expenses	2,927	3,278	3,722
	<u>18,057</u>	<u>19,240</u>	<u>21,591</u>

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.2 NOTES TO THE AUDITED CONSOLIDATED INCOME STATEMENTS OF HUC GROUP (CONTD.)****(c) Profit Before Taxation**

Profit before taxation is stated after charging/(crediting):

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
Directors' remuneration (Note (d))	772	889	1,188
Auditors' remuneration	27	30	33
Bad and doubtful debts	2	-	600
Rental expense			
- premises	3,966	4,261	5,404
- equipment	396	470	465
Loss on disposal of property, plant and equipment	2	13	2
Property, plant and equipment written off	-	61	12
Impairment of goodwill	-	-	77
Gain on disposal of subsidiary	-	-	(164)
Interest income	(370)	(670)	(785)

(d) Directors' Remuneration

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
Directors of the Company			
Executive:			
Salaries and other emoluments	652	756	958
Employees Provident Fund	78	91	115
Benefits-in-kind	20	21	27
	<u>750</u>	<u>868</u>	<u>1,100</u>
Non-Executive:			
Fees	42	42	27
	<u>42</u>	<u>42</u>	<u>27</u>
Directors of Subsidiaries			
Executive:			
Salaries and other emoluments	-	-	88
	<u>-</u>	<u>-</u>	<u>88</u>
	<u>792</u>	<u>910</u>	<u>1,215</u>
Total excluding benefits-in-kind (Note (c))	<u>772</u>	<u>889</u>	<u>1,188</u>

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.2 NOTES TO THE AUDITED CONSOLIDATED INCOME STATEMENTS OF HUC GROUP (CONTD.)****(e) Taxation**

	FY Ended 31 October		
	2004	2005	2006
	RM'000	RM'000	RM'000
Current year's income tax	1,915	3,447	4,621
Under/(over) provided in prior years	215	536	(665)
	2,130	3,983	3,956
Deferred tax:			
Relating to origination and reversal of temporary differences	484	(198)	(483)
Relating to changes in tax rates	-	-	(27)
(Over)/under provided in prior years	-	(313)	498
	484	(511)	(12)
Tax expense for the year	2,614	3,472	3,944
Effective tax rate (%)	31.48%	34.63%	32.84%

The effective tax rates for HUC Group were generally higher than the statutory tax rate of 28% due to certain expenses being disallowed for taxation purposes.

10.3 NOTES TO THE AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP**(a) Property, Plant and Equipment**

	Cost	Accumulated Depreciation	Net Book Value
	RM'000	RM'000	RM'000
2004			
Freehold land	11,223	-	11,223
Freehold building	24,951	595	24,356
Office equipment, furniture and fittings	23,934	14,927	9,007
Computers and software	9,494	8,182	1,312
Library books, renovation and signboards	7,380	3,798	3,582
Motor vehicles	1,152	744	408
	78,134	28,246	49,888

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.3 NOTES TO THE AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP (CONTD.)****(a) Property, Plant and Equipment (Contd.)**

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<u>2005</u>			
Freehold land	11,223	-	11,223
Freehold building	24,777	991	23,786
Office equipment, furniture and fittings	25,496	17,243	8,253
Computers and software	9,684	9,083	601
Library books, renovation and signboards	8,110	4,544	3,566
Motor vehicles	1,152	927	225
	<u>80,442</u>	<u>32,788</u>	<u>47,654</u>
<u>2006</u>			
Freehold land	9,741	-	9,741
Freehold building	24,777	1,487	23,290
Office equipment, furniture and fittings	23,872	17,371	6,501
Computers and software	13,452	11,899	1,553
Library books, renovation and signboards	8,821	5,363	3,458
Motor vehicles	1,157	1,000	157
	<u>81,820</u>	<u>37,120</u>	<u>44,700</u>

Freehold land forms part of the land held under master title registered in the name of Bungsar Hill Holdings Sdn. Bhd., a related company.

Included in property, plant and equipment of the HUC Group are the following costs of fully depreciated assets which are still in use:

	2004 RM'000	2005 RM'000	2006 RM'000
Office equipment, furniture and fittings	4,756	5,773	8,719
Computers and software	7,268	9,181	10,265
Library books, renovation and signboards	1,875	2,024	2,344
Motor vehicles	187	252	764
	<u>14,086</u>	<u>17,230</u>	<u>22,092</u>

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.3 NOTES TO THE AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP (CONTD.)****(b) Trade Receivables**

The HUC Group's normal trade credit term is 14 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The HUC Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(c) Other Receivables

	2004 RM'000	2005 RM'000	2006 RM'000
Due from a related company	-	12,789	12,309
Deposits	1,048	1,302	1,305
Prepayments	568	973	1,178
Sundry receivables	3,147	2,427	1,845
	<u>4,763</u>	<u>17,491</u>	<u>16,637</u>

The amount due from a related company is unsecured, has no fixed terms of repayment and bears an interest of 3.78% per annum.

The HUC Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(d) Marketable Securities

	2004 RM'000	2005 RM'000	2006 RM'000
Quoted shares in Malaysia, at cost	3	3	3
Less: Amount written down	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
	<u>2</u>	<u>2</u>	<u>2</u>
Market value of quoted shares	<u>2</u>	<u>2</u>	<u>2</u>

15. ACCOUNTANTS' REPORT (Cont'd)**10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)****10.3 NOTES TO THE AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP (CONTD.)****(e) Cash and Bank Balances**

	2004 RM'000	2005 RM'000	2006 RM'000
Cash on hand and at banks	772	712	2,231
Deposits with cash management trusts	-	-	4,261
Deposits with licensed banks	19,810	16,662	15,000
	<u>20,582</u>	<u>17,374</u>	<u>21,492</u>

The weighted average effective interest rate and average maturities of deposits placed with licensed banks as at the balance sheet date were 3% per annum and 91 days, respectively.

(f) Other Payables

	2004 RM'000	2005 RM'000	2006 RM'000
Sundry payables	7,614	9,395	12,510
Accruals	3,327	3,286	4,642
Amount due to a related company	-	-	29
	<u>10,941</u>	<u>12,681</u>	<u>17,181</u>

The amount due to a related company is unsecured, interest-free and has no fixed terms of repayment.

(g) Share Capital

	2004 RM'000	2005 RM'000	2006 RM'000
Authorised:			
25,000,000 ordinary shares of RM1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Issued and Fully Paid Up:			
22,293,000 ordinary shares of RM1 each	<u>22,293</u>	<u>22,293</u>	<u>22,293</u>

15. ACCOUNTANTS' REPORT (Cont'd)



10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)

10.3 NOTES TO THE AUDITED CONSOLIDATED BALANCE SHEETS OF HUC GROUP (CONTD.)

(h) Deferred Tax Liabilities

	2004 RM'000	2005 RM'000	2006 RM'000
At 1 November 2003/2004/2005	771	1,255	744
Recognised in the income statement	484	(511)	(12)
At 31 October	<u>1,255</u>	<u>744</u>	<u>732</u>

The components and movements of the deferred tax liabilities and assets during the FYs 2004 to 2006 prior to offsetting are as follows:

Deferred Tax Liabilities of the HUC Group:

	Property, plant and equipment RM'000	Other RM'000	Total RM'000
At 1 November 2003	1,211	101	1,312
Recognised in the income statement	575	(101)	474
At 31 October 2004	<u>1,786</u>	<u>-</u>	<u>1,786</u>
Recognised in the income statement	(424)	-	(424)
At 31 October 2005	<u>1,362</u>	<u>-</u>	<u>1,362</u>
Recognised in the income statement	(148)	-	(148)
At 31 October 2006	<u>1,214</u>	<u>-</u>	<u>1,214</u>

Deferred Tax Assets of the HUC Group:

	Unabsorbed capital allowance RM'000	Other payables RM'000	Total RM'000
At 1 November 2003	(5)	(536)	(541)
Recognised in the income statement	5	5	10
At 31 October 2004	<u>-</u>	<u>(531)</u>	<u>(531)</u>
Recognised in the income statement	-	(87)	(87)
At 31 October 2005	<u>-</u>	<u>(618)</u>	<u>(618)</u>
Recognised in the income statement	-	136	136
At 31 October 2006	<u>-</u>	<u>(482)</u>	<u>(482)</u>

15. ACCOUNTANTS' REPORT (Cont'd)



10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)

10.4 CONTINGENT LIABILITIES

A third party has instituted a legal suit against HUC and HTC, pertaining to a dispute regarding the interpretation of a lease agreement entered into by HUC and the third party. The directors, supported by legal advice, are of the opinion that the claim is without merit and the likelihood of an outflow of resources arising therefrom is remote.

10.5 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The HUC Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the HUC Group's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. The HUC Group operates within clearly defined guidelines and the HUC Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The HUC Group's primary interest rate risk relates to investments in financial assets as it does not have any interest-bearing debt as at 31 October 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of financial assets are disclosed in their respective notes.

(c) Liquidity Risk

The HUC Group actively manages its operating cash flows so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the HUC Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of monitoring procedures. Trade receivables are monitored on an ongoing basis via the HUC Group's management reporting procedures.

The HUC Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

15. ACCOUNTANTS' REPORT (Cont'd)



10. NOTES TO THE FINANCIAL STATEMENTS OF HUC GROUP (CONTD.)

10.5 FINANCIAL INSTRUMENTS (CONTD.)

(e) Foreign Exchange Risk

The HUC Group has minimal exposures to foreign exchange risk as it was not involved in any activity that would give rise to material impact from this risk.

(f) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Bank Balances, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Contingent Liabilities

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

15. ACCOUNTANTS' REPORT (Cont'd)**11. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	FY Ended 31 October		
	2004 RM'000	2005 RM'000	2006 RM'000
Rental of premises payable to related companies			
- Pusat Bandar Damansara Sdn. Bhd.	-	60	-
- Chong Chook Yew Sdn. Bhd.	1,841	2,288	2,379
Interest receivable from a related company, Keruan Jaya Sdn. Bhd.	-	278	300
Purchase of land and building from a related company, Damansara Developments Sdn. Bhd.	36,000	-	-

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

12. SIGNIFICANT EVENTS**During the financial year ended 2004:**

HUC entered into a sale and purchase agreement with Damansara Developments Sdn. Bhd., Bungsar Hill Holdings Sdn. Bhd. and Chong Chook Yew Sdn. Bhd., all of which are related companies of HUC, for the acquisition of a property known as Wisma Perdana, including the plant and equipment, for a total purchase consideration of RM36,000,003, payable in the following manner:

	RM'000
Damansara Developments Sdn. Bhd.	36,000
Bungsar Hill Holdings Sdn. Bhd.	*
Chong Chook Yew Sdn. Bhd.	*
	<u>36,000</u>

* Denotes RM1

The purchase of the said property was completed during the financial year 2004 upon obtaining the approval from the relevant authorities and its shareholders.

15. ACCOUNTANTS' REPORT (Cont'd)



12. SIGNIFICANT EVENTS (CONTD.)

During the financial year ended 2005:

- (a) HUC acquired 2 ordinary shares of RM1 each, representing 100% equity interest in HEAT, for a cash consideration of RM2.
- (b) HUC acquired 2 ordinary shares of RM1 each, representing 100% equity interest in HA, for a cash consideration of RM2.

Subsequently, HA increased its issued and paid-up share capital from RM2 to RM200,000 by way of issuance of 199,998 ordinary shares of RM1 each at par for cash. The shares were fully subscribed by HUC.

During the financial year ended 2006:

During the FY 2005, HUC subscribed for 204,000 ordinary shares of RM1 each, amounting to RM204,000, representing 71.8% equity interest in ICSM. The shares in ICSM were issued in the financial year 2006. Therefore making ICSM a subsidiary of the Company.

13. SUBSEQUENT EVENTS

- 13.1** On 6 December 2006, the Securities Commission approved the proposed floatation of HIC on the Second Board of Bursa Malaysia Securities Berhad. The Ministry of International Trade and Industry had, via its letter dated 9 January 2007 stated that it has no objection on the proposed floatation. On 27 February 2007, the shareholders of Selangor Properties Berhad, the holding company, approved the said exercise.
- 13.2** On 5 April 2007, HIC completed the Acquisition of HUC and Acquisition of HUC Subsidiaries as part of the listing scheme as stated in Note 3.2(ii) and 3.2(iii).

14. RESTATEMENTS TO THE AUDITED FINANCIAL STATEMENTS

There are no restatements to the audited consolidated financial statements of HUC Group for the financial years under review.

15. ACCOUNTANTS' REPORT (Cont'd)



15. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 October 2006.

Yours Faithfully

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink that reads 'Gladys Leong' in a cursive style.

Gladys Leong
No. 1902/04/08(J)
Partner

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 1



■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

■ Phone : (03) 7495-8000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

700568-H

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)**


We have audited the financial statements set out on pages 7 to 14. These financial statements are the responsibility of the Company's directors.

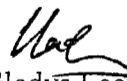
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Company as at 31 October 2006 and of the results and the cash flows of the Company for the period ended 31 October 2006; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia
11 DEC 2006


Gladys Leong
No. 1902/04/08(J)
Partner

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 2



■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

■ Phone : (03) 7495-8000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

84963-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP INSTITUTE SDN. BHD.
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 9 to 36. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 October 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 2



84963-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP INSTITUTE SDN. BHD. (CONTD.)
(Incorporated in Malaysia)**

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

A handwritten signature in black ink, appearing to be 'Gret M', written over a horizontal line.

Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Wong Kang Hwee', written over a horizontal line.

Wong Kang Hwee
No. 1116/01/06(J)
Partner

Kuala Lumpur, Malaysia
8 February 2005

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 3



■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

■ Phone : (03) 7495-8000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

84963-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP UNIVERSITY COLLEGE SDN. BHD.
(formerly known as HELP Institute Sdn. Bhd.)
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 9 to 35. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 October 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 3

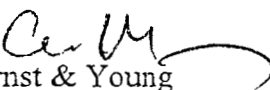



84963-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP UNIVERSITY COLLEGE SDN. BHD. (CONTD.)
(formerly known as HELP Institute Sdn. Bhd.)
(Incorporated in Malaysia)**

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.


Ernst & Young
AF: 0039
Chartered Accountants


Wong Kang Hwee
No. 1116/01/08(J)
Partner

Kuala Lumpur, Malaysia
23 February 2006

15. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 4



■ Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

■ Phone : (03) 7495-8000
Fax : (03) 2095-5332
(General Line)
(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

84963-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP UNIVERSITY COLLEGE SDN. BHD.
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 9 to 37. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 October 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.



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**REPORT OF THE AUDITORS TO THE MEMBERS OF
HELP UNIVERSITY COLLEGE SDN. BHD. (CONTD.)
(Incorporated in Malaysia)**

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



Ernst & Young
AF: 0039
Chartered Accountants



Gladys Leong
No. 1902/04/08(J)
Partner

Kuala Lumpur, Malaysia
22 February 2007

16. DIRECTORS' REPORT



17 April 2007

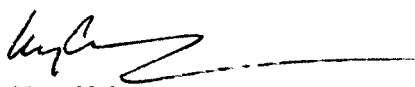
The Shareholders
HELP International Corporation Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of HELP International Corporation Berhad ("HIC"), I report after due inquiry that during the period from 31 October 2006 (being the date to which the last audited financial statements of HIC and its subsidiaries ("Group") have been made up) to 17 April 2007 (being a date not earlier than fourteen days (14) before the issuance of this Prospectus):

- (a) the business of the Group has, in the opinion of the Board of Directors, been satisfactorily maintained;
- (b) in the opinion of the Board of Directors, no circumstances have arisen subsequent to the last audited financial statements of the Group that have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values that are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by HIC or any of its subsidiaries;
- (e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors of HIC are aware of, since the date of the last audited financial statements of the Group; and
- (f) save as disclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the date of the last audited financial statements of the Group.

Yours faithfully,
For and on behalf of
the Board of Directors of
HELP International Corporation Berhad


Low Kam Yoke
Executive Director

MALAYSIA'S LEADING HIGHER EDUCATION MAGAZINE



Date: 9 April 2007

The Board of Directors
HELP International Corporation Berhad
BZ-2, Pusat Bandar Damansara Heights
50490 Kuala Lumpur

HELP INTERNATIONAL CORPORATION BERHAD ("HIC" OR "COMPANY")

**EXECUTIVE SUMMARY OF THE INDUSTRY ANALYSIS AND MARKET REPORT ("REPORT")
DATED 4 APRIL 2007**

This Executive Summary of the Report has been prepared for inclusion in the Prospectus to be dated 27 April 2007 pursuant to the listing of HIC on the Second Board of Bursa Malaysia Securities Berhad.

The Report presents a survey of the current higher education scene in Malaysia, incorporating an industry overview, historical developments, figures and assessment of supply and demand, and a review of the political and regulatory framework within which higher education operates. It also provides a market analysis of Malaysian higher education, incorporating data on estimated market size, key players and future directions including HELP University College's ("HUC") position within the education industry in Malaysia. The research methodology includes primary research and secondary research. Primary research involves interviews with the officials of the Ministry of Higher Education ("MOHE"), industry professionals and HUC's academicians, senior management, staff, students and parents. Our secondary research includes data supplied by HUC, other private institutions and the MOHE as well as the review of press articles, periodicals, Government publications, corporate databases, Internet research and online databases.

Emigen Sdn Bhd ("Emigen" or the "Researcher") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, the Researcher acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of the securities, then the Researcher has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus; or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of **Emigen Sdn Bhd**

EMIGEN SDN BHD (458859-A)

AINEE ADINA BT. NOOR ADLAN
Director



is published by **Emigen Sdn Bhd (458859-A)**
A-3A-05 Plaza Mont Kiara, 2 Jalan 1/70C, Mont Kiara, 50480 Kuala Lumpur, MALAYSIA.
Tel: +603 653 3840/653 3842 **Fax:** +603 653 3841 **E-mail:** info@eduquarterly.com

17. EXECUTIVE SUMMARY REPORT (Cont'd)

EXECUTIVE SUMMARY

HELP International Corporation Berhad (HIC) commissioned this report in connection with its proposed corporate restructuring and subsequent listing on the Second Board of Bursa Malaysia Securities Berhad.

This report presents a survey of the current higher education scene in Malaysia, incorporating an industry overview, historical developments, figures and assessment of supply and demand, and a review of the political and regulatory framework within which higher education operates. It also provides a market analysis of Malaysian higher education, incorporating data on estimated market size, key players and future directions.

The report makes use of data supplied by the Ministry of Higher Education (MOHE) and other official sources (duly credited as applicable). The report makes further use of data supplied by HELP University College (HUC) and figures released by private institutions. It is also based on a series of sample interviews with HUC's senior management, staff, students and parents, as well as MOHE officials and industry professionals.

Chapter 1 – DESCRIPTION of the EDUCATION INDUSTRY

The global education industry is now a multi-billion dollar enterprise. Education is the key factor for economic growth in industrialised nations, and in developing economies, it features as a core agenda of national development planning. Education is also driving the success of corporations and as far as individuals are concerned, it is the gateway to socio-economic mobility and personal success.

The powerful forces of globalisation in commerce, technological changes, new business processes, and rising socio-economic expectations for the 21st Century will create an increasing demand for new skills and 'knowledge' workers. This has given rise to a substantial opportunity for the private education industry, which is set to expand. For example, in Australia, the United Kingdom and the United States of America, education represents a major foreign exchange earner and serious national industry.

17. EXECUTIVE SUMMARY REPORT (Cont'd)

Malaysia has undergone a series of transformations in its educational progress since the 1960s, when limited higher education options were confined to the elite. The 1970s ushered in an era of educational affirmative action and the opening up of more public universities. Although a small number of private institutions already existed, the real growth began in the 1980s with the arrival of the early 'edupreneurs' offering professional and distance programmes usually in collaboration with international universities. The 'democratisation' of higher education continued in the 1990s, due largely to the liberalisation of education and the growing participation of the private sector. In 1996, this *de facto* industry was recognised when a series of Acts were passed.

Chapter 2 – INDUSTRY DEVELOPMENT

The first phase (1980-1996) saw the establishment of private colleges acting as 'tuition providers' for a range of professional and semi-professional foreign qualifications catering primarily to students unable to secure a higher education place in the over-subscribed and intensely competitive public sector institutions of higher learning. Most of today's leading private institutions were set up during this phase, and it also witnessed the arrival of a number of larger, predominantly construction based companies.

The second phase (1996-2000) saw more active involvement by large corporations as they began to realise the business potential associated with education. Demand for local options was enhanced by the regional financial and currency crisis of the late 1990s, which was also accompanied by educational innovations, such as the introduction of the '3+0' concept. Foreign university branch campuses also moved to Malaysia to take advantage of this burgeoning growth and the initial impact of the new Higher Education Acts began to be felt, in particular the presence of the National Accreditation Board (LAN). In response to the increased regulation and the significant growth in the industry, the major institutions began to form associations in order to share experiences and lobby the authorities. The second phase also witnessed the introduction of the concept of 'corporatisation' for local public universities, billed as a means of streamlining decision-making, improving pay and providing greater administrative and financial autonomy to university management structures.

17. EXECUTIVE SUMMARY REPORT (Cont'd)

The third phase (2000 to date) has witnessed continuing activity and innovation in response to global forces and challenges. For example, the growth of foreign university 'branch campuses', e-learning and increasing numbers of international student arrivals. The authorities have now given approval to 15 local private institutions to become University Colleges, such as HELP and Sunway. This clearly indicates confidence in these upgraded institutions, and it is likely that in the short to medium term, only a relatively small number will be added to this list. The University Colleges now offer their own degrees and have satisfied requirements related to staff, facilities, research and student welfare.

In addition to bringing students to Malaysia, many private institutions expanded operations overseas, either in the form of setting up 'branch' campuses in China, Indonesia, the Middle East, Europe, Africa, and the Indian sub-continent, or through a variety of 'franchising' and other collaborative models with regional partners.

The global 'democratisation' phenomenon means that targets will continue on an upward trend and that the long-term prognosis for the industry is sound, despite the below expected growth experienced by some local operators over the past two years. Whilst some operators have reported a dip in student numbers, the market for private education has stabilised rather than declined, with the MOHE reporting total enrolment in the private higher sector of around 300,000.

Chapter 3 - HUC'S POSITION WITHIN the EDUCATION INDUSTRY

With modest beginnings in 1986, HUC's rapid rise was in part due to demographic and economic factors, coupled with the impact of the shortage of public university places and the operation of the quota system. Each of the newly emerging 'campus-style' colleges sought to exploit this latent demand. Most successful private colleges established strong core programmes coupled with competitive fees and became associated with particular disciplines. HUC initially focused on Law and Economics related courses via the University of London External programme. It then forged strong links with Australian providers, first with the University of Southern Queensland (USQ) and later Charles Sturt University (CSU).

17. EXECUTIVE SUMMARY REPORT (Cont'd)

HUC has a strong brand image and a fairly high market profile with a total market share of approximately 3% (assuming total private sector enrolment of 300,000). It is regarded as one of the leading players both by its competitors and by the general public, in part because it has managed to attract a relatively high proportion of affluent, urban students. With its recent University College status it can now offer its own degrees at both undergraduate and postgraduate level. The conferment of 'university college' status and the consequent power to award degrees in its own right, represents a pivotal challenge around which will revolve much of HUC's future strategic academic and business planning. This entails a major overhaul of programme offerings and a new tranche of HUC degree programme applications are being submitted to the MOHE and LAN in phases. A list of programmes that have been approved by the MOHE, some of which have been accredited by LAN, can be found in Appendix II. By the middle of the year, a new approach to quality assurance will be instituted under the auspices of the Malaysian Qualification Agency (MQA) and the soon to be unveiled Malaysian Qualifications Framework (MQF) that will be applied to both private and public institutions.

There is no official or unofficial ranking of educational institutions in Malaysia but HUC enjoys a strong market position and competes successfully amongst market leaders in its programme sectors. The international dimension is becoming increasingly significant, with approximately 18% of the student body coming from overseas, with major contributor countries being China, Indonesia, Vietnam and the Maldives. In Malaysia, HUC is heavily dependent on the Klang Valley for its local student base, but this is largely a reflection of the industry's demographics, as well as a corollary of its 'city campus' model.

Academic programmes are currently offered through seven Academic Faculties, namely: University Foundation Studies, Applied Sciences & Multimedia, Behavioural Sciences, Law & Government, Business, Economics & Accounting, Humanities & Social Sciences and the HELP Graduate School. Programs fall under three broad categories: External programs where entry requirements, curriculum and examinations are determined and conducted externally by the examination body/university that awards the qualification; Internal programmes where entry requirements, curriculum and examinations are developed and conducted internally at HUC; and Collaborative programmes where entry requirements, curriculum and examinations are developed and conducted at HUC in collaboration with a foreign university partner.

17. EXECUTIVE SUMMARY REPORT (Cont'd)

HUC's major suppliers, in terms of linkages, are Charles Sturt in Australia, University of East London in the UK and the Edexcel examination body. However, they account for just over half of the students and this ratio will fall once HUC expands its own programs because UC status will eliminate dependence on foreign university suppliers and replace it with other forms of collaboration such as the 'double badging' of degrees where the final award carries the names of both institutions.

HUC's marketing mix comprises a variety of promotional methods and techniques, including local and international representatives, a combination of media, marketing events, education fairs and road shows, and school visits. This is supplemented by promotional literature and the availability of academic counselling.

HUC will diversify into new programme areas, such as Applied and Medical Sciences, Engineering, Islamic Banking & Finance, and Biotechnology. There are also plans to diversify into online delivery modes, with the setting up of a Centre for e-Learning. Furthermore, HUC is looking at alternative income streams including merchandising, short courses & professional career training seminars in fields such as high-end business English and security issues. It will also develop its business internationally and considers Hong Kong, Singapore, Thailand, India, Mauritius, Sri Lanka, Palembang & Medan (Indonesia), Africa and South Korea to be potential customers.

Chapter 4. GOVERNMENT POLICY, LEGISLATION and INCENTIVES

Although in the past, government attitudes towards private sector education were somewhat ambivalent, there have recently been encouraging developments, not least statements by the new Minister of Higher Education who recognises that private education has enormous potential. So while financial incentives for the industry may still be thin on the ground, there is now greater engagement, dialogue and commitment to ensure the success of the sector, evidenced by the establishment of a Ministry dedicated specifically to Higher Education in March 2004. However, the expected rationalisation of directives, planning and policy decisions has yet to fully materialise largely owing to the administrative upheaval occasioned by the establishment of the new Ministry. One significant change is the coming establishment of the Malaysian Qualifications Agency (MQA) that will have an impact upon the operation of LAN. Another

17. EXECUTIVE SUMMARY REPORT (Cont'd)

initiative is a consultation process to seek feedback on the operation of the Private Higher Educational Institutions Act 1996.

Ten years ago, a series of higher education Acts were passed to regulate the growing industry and provide clear measures for quality assurance. These acts were as follows: National Accreditation Board (LAN) Act 1996, Education Act 1996, National Council on Higher Education Act 1996, Universities and University Colleges (Amendment) Act 1996, and Private Higher Educational Institutions Act 1996.

This legislation affected a number of departments and agencies, such as the Department of Private Education (JPS), the National Accreditation Board (LAN), Public Services Department (JPA), as well as professional bodies and foreign regulatory organisations. Since March 2004, educational policy-making and administration comes under the purview of two distinct Ministries: the Ministry of Education (MOE) and the Ministry of Higher Education (MOHE).

Chapter 5. INFRASTRUCTURE REQUIREMENTS

The key infrastructure requirements for the education industry include government policies, physical, human resource, management and delivery infrastructures and mechanisms for quality control. Inevitably, the quality of human capital is the main success factor. In particular, critical for any educational venture is the right management team, imbued with both business acumen and academic expertise.

HUC's current physical infrastructure and planned expansion projects will cater to some 9,000+ students. As at January 2007, HUC's staff strength was 350, comprising 198 administrative personnel and 152 academic faculty.

Chapter 6. INDUSTRY LIFE-CYCLE

Although the education industry as a whole typically defies conventional categorisation, the first and second phases of the 1980s and 1990s can be likened to the initial development stage. The latest phase is likely to be characterised by consolidation, with fewer new players entering the market and the impact of government regulations taking effect. However, this trend towards mergers anticipated since at least the late 1990s has still to happen, although INTI International University College has taken over a number of smaller institutions in its bid to expand. From the

17. EXECUTIVE SUMMARY REPORT (Cont'd)

standpoint of the consumer, the buying behaviour pattern for an educational product is a highly complex psychological process that requires an institution to package both tangible and intangible attributes and assemble these multiple parts into identifiable educational courses for their targeted market segments.

The education industry is regarded as relatively recession proof although institutions must keep abreast of changing patterns of demand to avoid becoming outdated. Consumer purchasing power is determined by the general state of the economy, and ironically, increased disposable income may function to the detriment of the local industry in that there is greater likelihood of consumers exploring other options such as educational opportunities overseas. This is borne out by the fact that the recession of the mid-1980s and late 1990s provided the catalyst for educational expansion and innovation.

Chapter 7. INDUSTRY DYNAMICS

The higher education arena is intensely competitive, with the private sector vying with foreign universities, local public universities, government backed private universities, and other private colleges. There are currently approximately 550 registered private colleges but this figure may include colleges that are not in operation, whilst others are very small operators. A more telling figure is that the 50 members of the Malaysian Association of Private Colleges and Universities (MAPCU) account for more than half the private student population. There have been announcements concerning more foreign universities coming to Malaysia in addition to the current four 'branch campuses'. Although it is government policy to encourage 'top-tier' international universities to build branches in Malaysia, it appears unlikely at present that this will occur, especially given the competition from China and Singapore to attract foreign providers. However, one recent development has featured plans to establish branch faculties of foreign universities at a site in Nusa Jaya in Johore.

HUC's performance has been consistent over the past ten years evidenced by a 23.2% earnings growth recorded in 1997, 30.8% in 1998 and 42.7% in 1999. Revenue growth since 2000 has been more modest but has still continued upwards. The local market is willing to 'buy' local educational brands, provided there is recognition and value for money.

17. EXECUTIVE SUMMARY REPORT (Cont'd)

Chapter 8. CONCLUSIONS

Industry experts expect the industry to evolve as it enters the next challenging steps towards maturity. The government continues to place a high priority on education and training, with a specific emphasis on upgrading the standard of teaching. The 9th Malaysia Plan, yet again, will provide significant disbursements for education and training. Market leaders will have to be extremely committed in terms of focus, innovation, quality assurance and strategic thinking. The coming years will be a period of shaking out for some and a period of consolidation for others.

Increasing internationalisation is clearly on the horizon. Globalisation will invariably lead to networking and strategic interaction between universities, corporations and other institutions, allowing greater academic flexibility and transferability for students. More important than the branding of individual institutions and countries is the 'blending' across several institutions and national borders. The Malaysian private education sector is already familiar with this phenomenon, as it has been involved in marketing not only its own brand but also those of their partners' from the UK, Australia, and the US.

For HUC, the prime challenge will come from the way in which it handles the transition to university college status, particularly in terms of logistics, restructuring and academic adjustments. Market branding is critical in establishing academic recognition and credibility in its own right. Going public will also intensify pressure on HUC's bottom line, giving added incentive for staff to meet recruitment targets. Whilst the regulatory framework remains uncertain, the industry expects that greater efforts are on the way to help promote and boost the private sector. This has recently been confirmed by the MOHE, which states that the government will make greater efforts to turn Malaysia into a regional centre of education excellence by emphasising internationalisation in the public universities and promoting more aggressively overseas.

Academics are generally resistant to change, but there will be a need for more innovative thinking, and a greater responsiveness to customers. This includes a readiness to look at alternative income streams and to explore international markets aggressively. HUC is heading through a transitional phase following its university college status and listing. Ultimately, its success will depend on maintaining its commitment to quality education thereby cementing its reputation for high standards and reliability.