

14. FINANCIAL INFORMATION

You will find in this section the following financial information relating to our Group:

- (i) The Reporting Accountants' Letter on our proforma consolidated financial information for the financial years ended 31 October 2004 to 2006;
- (ii) Our management's discussion and analyses on our financial condition, performance and results;
- (iii) Information regarding our liquidity, gearing, material capital commitments, contingent liabilities and other financial information;
- (iv) Our consolidated profit forecast for the financial year ending 31 October 2007 and the Reporting Accountants' Report thereto;
- (v) A sensitivity analysis on our consolidated profit forecast; and
- (vi) Our Directors' analysis and commentary on our consolidated profit forecast.

The Reporting Accountants' Letter on our proforma consolidated financial information for the financial years ended 31 October 2004 to 2006 contains the following proforma financial information regarding our Group:

- (i) Consolidated balance sheets as at 31 October 2006;
- (ii) Consolidated income statements for the financial years ended 31 October 2004 to 2006;
- (iii) Consolidated cash flow statement for the financial year ended 31 October 2006; and
- (iv) Statement of assets and liabilities as at 31 October 2006,

together with the relevant bases, assumptions and adjustments used in their preparation.

You should read all the financial information set out in this section together with the Accountants' Report in Section 15 of this Prospectus.

Save as disclosed in this Prospectus, there are no:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations;
- (ii) material commitments for capital expenditure by our Group;
- (iii) unusual or infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations; and
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to cause the historical financial statements to be not necessarily indicative of future financial information.

14. FINANCIAL INFORMATION (Cont'd)

14.1 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



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REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(prepared for inclusion in the Prospectus to be dated 27 April 2007)

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")
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

We report on the accompanying unaudited pro forma consolidated financial information of HIC and its subsidiaries (collectively referred to as the "HIC Group"), which has been prepared by the directors of HIC, which we have stamped for the purpose of identification.

The pro forma consolidated financial information which consists of the pro forma consolidated balance sheets as at 31 October 2006, the pro forma consolidated income statements for the three (3) financial years ended 31 October 2004 to 2006, the pro forma consolidated cash flow statement for the financial year ended 31 October 2006 and the pro forma statement of assets and liabilities as at 31 October 2006 of the HIC Group, have been prepared for illustrative purposes only, for the inclusion in the Prospectus of HIC to be dated 27 April 2007 in connection with the following:

- (i) The public issue of 14,776,000 new HIC shares at an issue price of RM0.80 per share; and
- (ii) Thereafter, the listing of the entire issued and paid-up share capital of HIC comprising 88,776,000 HIC Shares on the Second Board of Bursa Malaysia Securities Berhad.

It is the responsibility solely of the directors of HIC to prepare the pro forma consolidated financial information in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

14. FINANCIAL INFORMATION (Cont'd)



HELP International Corporation Berhad
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It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated financial information with the responsible officers of HIC. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements of HIC for the financial period ended 31 October 2006, and the consolidated financial statements of HELP University College Sdn. Bhd. ("HUC") and its subsidiaries ("HUC Group") for the financial year ended 31 October 2004, 31 October 2005 and 31 October 2006, on which we reported to the members of HIC and HUC respectively, as of the date of our audit report.

Our work has not been carried out in accordance with applicable Approved Standards on Auditing in Malaysia and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

In our opinion:

- (i) the pro forma consolidated financial information has been properly prepared on the bases stated and such bases are consistent with the accounting policies normally adopted by the HIC Group;
- (ii) the financial statements used in the preparation of the pro forma consolidated financial information have been properly prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia; and
- (iii) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing such financial information.

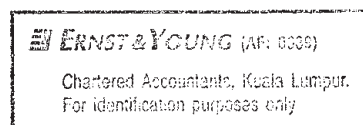
This letter has been prepared solely for the purposes stated above, in connection with the aforementioned transactions. This letter is not to be reproduced, referred to in any other document, or relied upon or used for any other purpose without our prior written consent.

Yours faithfully

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia

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



14. FINANCIAL INFORMATION (Cont'd)**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION****1. INTRODUCTION**

The pro forma consolidated financial information, for which the directors of HIC are solely responsible, has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of HIC to be dated 27 April 2007 in connection with the listing scheme as referred to in Note 2 below and may not, because of its nature, give a true picture of the actual financial position and results of the HIC Group. Further, such financial information does not purport to predict the future financial position and results of the HIC Group.

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 HELP Training Centre Sdn. Bhd. ("HTC") and HELP Executive Advanced Training Sdn. Bhd. ("HEAT"), both of which comprise 2 ordinary shares of RM1 each, HELP Academy Sdn. Bhd. ("HA"), which comprises 200,000 ordinary shares of RM1 each, and International Centre for Security Management Sdn. Bhd. ("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").

14. FINANCIAL INFORMATION (Cont'd)

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)

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").

14. FINANCIAL INFORMATION (Cont'd)**3. PRO FORMA CONSOLIDATED BALANCE SHEETS OF HIC AS AT 31 OCTOBER 2006**

	Audited 31.10.2006	Pro forma I	Pro forma II	Pro forma III
	RM'000	RM'000	RM'000	RM'000
Non-Current Asset				
Property, plant and equipment	-	44,700	44,700	44,700
Current Assets				
Trade receivables	-	2,458	2,458	2,458
Other receivables	2	4,330	4,330	4,330
Marketable securities	-	2	2	2
Amount due from a related company	-	12,309	12,309	12,309
Tax recoverable	-	310	310	310
Cash and bank balances	*	21,492	21,492	31,313
	2	40,901	40,901	50,722
Current Liabilities				
Fees received in advance	-	12,988	12,988	12,988
Other payables	38	17,219	17,219	17,219
Tax payable	-	1,056	1,056	1,056
	38	31,263	31,263	31,263
Net Current (Liabilities)/Assets	(36)	9,638	9,638	19,459
	(36)	54,338	54,338	64,159
Equity Attributable to Equity Holders of the Company				
Share capital	*	37,000	37,000	44,388
Share premium	-	-	-	2,433
(Accumulated losses)/retained earnings	(36)	16,581	16,581	16,581
	(36)	53,581	53,581	63,402
Minority interests	-	25	25	25
Total Equity	(36)	53,606	53,606	63,427
Non-Current Liability				
Deferred tax liabilities	-	732	732	732
	(36)	54,338	54,338	64,159
Number of ordinary shares ('000)	**	74,000	74,000	88,776
(NL)/NTA per ordinary share (RM)	(18,000.00)	0.72	0.72	0.71

* Denotes RM2

** Denotes two (2) ordinary shares of RM1 each in HIC

 ERNST & YOUNG (AF: 0009) Chartered Accountants, Kuala Lumpur. For identification purposes only

14. FINANCIAL INFORMATION (Cont'd)**4. NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS OF HIC****Basis of Preparation**

The pro forma consolidated balance sheets of the HIC Group as at 31 October 2006, for which the directors of HIC are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2 on the consolidated balance sheets of HIC had they been implemented and completed on that date, and are based on the audited financial statements of HIC and the HUC Group as at 31 October 2006.

The pro forma consolidated balance sheets have been prepared based on the accounting principles and bases consistent with those adopted by HIC and HUC Group in the preparation of the audited financial statements as at 31 October 2006 which have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia, by way of incorporating the adjustments as stated in Notes 4.1 to 4.3 below.

All subsidiaries are consolidated using the acquisition method of accounting except for subsidiaries arising from common control transfers, which are consolidated using the principles of merger accounting. The common control transfers are acquisitions of entities whereby these entities have common ultimate controlling parties prior to and immediately after such transfers. The difference between the carrying value of the investment and the nominal value of ordinary shares acquired is treated as a merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results and financial position of the companies being merged are included as if the merger had been effected throughout the entire year.

4.1 Pro forma I incorporates the effects of the following transactions:

- a. Sub-division of two (2) ordinary shares of RM1 each in HIC, into four (4) ordinary shares of RM0.50 each ("Share Split").
- b. 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, credited as fully paid-up, at an issue price of approximately RM0.62 per HIC Share ("Acquisition of HUC").

4.2 Pro forma II incorporates the effects of the 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").

These acquisitions do not have any impact on the pro forma consolidated balance sheets of HIC.

14. FINANCIAL INFORMATION (Cont'd)**4. NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS OF HIC (CONTD.)**

4.3 Pro forma III incorporates the effects of the following transactions:

- a. 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").
- b. Public issue of 14,776,000 new HIC Shares at an issue price of RM0.80 per share ("Public Issue").

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").

Estimated listing expenses amounting to approximately RM2,000,000 are to be charged against the share premium of HIC.

For the purpose of the pro forma consolidated balance sheets, other than the RM2,000,000 of listing expenses for the transactions which is being offset against the share premium of HIC, the proceeds from the Public Issue is reflected in cash and bank balances of the pro forma consolidated balance sheets.

The proceeds from the Public Issue are assumed to be utilised as follows:

	RM'000
Improvement to existing facilities	4,000
Investment in and development of intellectual property, including staff development	2,660
International business development	1,179
Working capital	1,982
Estimated listing expenses	2,000
Total utilisation	<u>11,821</u>

14. FINANCIAL INFORMATION (Cont'd)**4. NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS OF HIC (CONTD.)**

4.4 The effects of the above transactions on the share capital, share premium, retained earnings and minority interests of HIC are summarised as follows:

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
As at 31 October 2006	*	-	-	-	*	-	*
Share Split	-	-	-	-	-	-	-
Acquisition of HUC	37,000	326	8,612	30,962	76,900	25	76,925
Less: Merger deficit	-	(326)	(8,612)	(14,381)	(23,319)	-	(23,319)
Pro forma I	37,000	-	-	16,581	53,581	25	53,606
Acquisition of HUC Subsidiaries	-	-	-	-	-	-	-
Pro forma II	37,000	-	-	16,581	53,581	25	53,606
ROS, Public Issue and Listing	7,388	4,433	-	-	11,821	-	11,821
Less: Listing expenses	-	(2,000)	-	-	(2,000)	-	(2,000)
Pro forma III	44,388	2,433	-	16,581	63,402	25	63,427

* Denotes RM2.

14. FINANCIAL INFORMATION (Cont'd)**5. PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 2006**

The pro forma consolidated income statements of the HIC Group for the financial years ended ("FYE") 31 October 2004 to 2006, for which the directors of HIC are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2 on the consolidated income statements of HIC had they been implemented and completed on that date, and are based on the audited financial statements of HIC and the HUC Group for the respective financial years.

The pro forma consolidated income statements have been prepared based on applicable MASB Approved Accounting Standards in Malaysia and, the bases and accounting principles used are consistent with those adopted by HIC and the HUC Group in the preparation of the audited financial statements for the year ended 31 October 2006.

	← FYE 31 October →		
	2004 RM'000	2005 RM'000	2006 RM'000
Revenue	44,936	48,003	53,506
Other operating income	1,942	2,477	3,050
Staff costs	(18,057)	(19,240)	(21,591)
Depreciation	(4,794)	(4,678)	(4,495)
Other operating expenses	(15,722)	(16,535)	(18,495)
Profit before taxation	8,305	10,027	11,975
Taxation	(2,614)	(3,472)	(3,944)
Profit after taxation	5,691	6,555	8,031
Minority interests	-	-	25
Profit after taxation and minority interests	5,691	6,555	8,056
Earnings before interest, depreciation and tax	13,099	14,705	16,470
Gross profit margin (%)	N/A #	N/A #	N/A #
Profit after taxation margin (%)	12.66%	13.66%	15.01%
Number of ordinary shares assumed to be in issue immediately before the Public Issue ('000)	74,000	74,000	74,000
Net earnings per share (sen)			
- Basic	7.69	8.86	10.89
- Diluted	##	##	##
Effective tax rate (%)	31.48%	34.63%	32.94%

Gross profit and gross profit margin are not relevant in the education industry as there is no direct cost of sales involved in the generation of revenue.

Diluted net earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years under review.

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14. FINANCIAL INFORMATION (Cont'd)**6. NOTES TO THE PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 2006****Basis of Preparation**

The pro forma consolidated income statements of the HIC Group for the financial years ended 31 October 2004 to 2006 have been prepared based on the following assumptions:


- (a) The HIC Group has been in existence since 1 November 2003;
- (b) All material intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the pro forma consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered;
- (c) No interest income has been factored on cash proceeds from the Public Issue in computing the net earnings per share;
- (d) The issued and paid-up share capital of HIC of 74,000,000 ordinary shares of RM0.50 each is before the Public Issue referred to in Note 2 above.
- (e) The net earnings per share is computed as profit after taxation and minority interests over the number of ordinary shares assumed to be in issue immediately before the Public Issue.

6.1 Pro forma consolidated income statement for the financial year ended 31 October 2004

	Audited HIC * RM'000	HUC Group RM'000	Total RM'000	Pro forma Adjustment ^ RM'000	Pro forma 2004 RM'000
Revenue	-	44,936	44,936		44,936
Other operating income	-	1,942	1,942		1,942
Staff costs	-	(18,057)	(18,057)		(18,057)
Depreciation	-	(4,794)	(4,794)		(4,794)
Other operating expenses	-	(15,722)	(15,722)		(15,722)
Profit before taxation	-	8,305	8,305		8,305
Taxation	-	(2,614)	(2,614)		(2,614)
Profit after taxation	-	5,691	5,691		5,691
Number of shares in issue had the HIC Group been in existence ('000)					74,000
Net earnings per share (sen)					7.69

* As HIC was incorporated on 20 June 2005, its first set of audited financial statements was prepared for financial year ended 31 October 2006.

^ There are no material intragroup transactions and balances that requires elimination on consolidation and there is no pro forma adjustment on the acquisition of HUC subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.

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Chartered Accountants, Kuala Lumpur.
For identification purposes only

14. FINANCIAL INFORMATION (Cont'd)**6. PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 2006 (CONTD.)****6.2 Pro forma consolidated income statement for the financial year ended 31 October 2005**

	Audited		Pro forma	Pro forma
	HIC * HUC Group	Total	Adjustment ^	2005
	RM'000	RM'000	RM'000	RM'000
Revenue	-	48,003	48,003	48,003
Other operating income	-	2,477	2,477	2,477
Staff costs	-	(19,240)	(19,240)	(19,240)
Depreciation	-	(4,678)	(4,678)	(4,678)
Other operating expenses	-	(16,535)	(16,535)	(16,535)
Profit before taxation	-	10,027	10,027	10,027
Taxation	-	(3,472)	(3,472)	(3,472)
Profit after taxation	-	6,555	6,555	6,555

Number of shares in issue had the HIC Group been in existence ('000) 74,000

Net earnings per share (sen) 8.86

* HIC's first set of audited financial statements was prepared from 20 June 2005 (date of incorporation) to 31 October 2006. As the amount is not material, the loss before taxation has not been allocated to the pro forma HIC Group's financial year ended 31 October 2005.

^ There are no material intragroup transactions and balances that requires elimination on consolidation and there is no pro forma adjustment on the acquisition of HUC subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.

14. FINANCIAL INFORMATION (Cont'd)**6. PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 OCTOBER 2004 TO 2006 (CONTD.)****6.3 Pro forma consolidated income statement for the financial year ended 31 October 2006**

	<-----Audited----->			Pro forma	Pro forma
	HIC *	HUC Group	Total	Adjustment ^	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	53,506	53,506		53,506
Other operating income	-	3,050	3,050		3,050
Staff costs	-	(21,591)	(21,591)		(21,591)
Depreciation	-	(4,495)	(4,495)		(4,495)
Other operating expenses	(36)	(18,459)	(18,495)		(18,495)
(Loss)/profit before taxation	(36)	12,011	11,975		11,975
Taxation	-	(3,944)	(3,944)		(3,944)
(Loss)/profit after taxation	(36)	8,067	8,031		8,031
Minority interests	-	25	25		25
(Loss)/profit after taxation and minority interests	(36)	8,092	8,056		8,056
Number of shares in issue had the HIC Group been in existence ('000)					74,000
Net earnings per share (sen)					10.89

* HIC's first set of audited financial statements was prepared from 20 June 2005 (date of incorporation) to 31 October 2006.

^ There are no material intragroup transactions and balances that requires elimination on consolidation and there is no pro forma adjustment on the acquisition of HUC subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.

14. FINANCIAL INFORMATION (Cont'd)**7. PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006**

The pro forma consolidated cash flow statement of the HIC Group for the financial year ended 31 October 2006, for which the directors of HIC are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2 had they been implemented and completed on that date, and are based on the audited financial statements of HIC and the HUC Group for the year ended 31 October 2006, on the assumption that the HIC Group had been in existence throughout the financial year under review.

The pro forma consolidated cash flow have been prepared based on applicable MASB Approved Accounting Standards in Malaysia and, the bases and accounting principles used are consistent with those adopted by HIC and the HUC Group in the preparation of the audited financial statements for the year ended 31 October 2006. The pro forma cash flow statement should be read in conjunction with the basis of preparation of the pro forma consolidated balance sheets, pro forma income statements and their respective notes, as set out in Notes 4 and 6.

RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	11,975
Adjustments for:	
Impairment of goodwill	77
Provision for doubtful debts	600
Depreciation	4,495
Interest income	(785)
Property, plant and equipment written off	12
Loss on disposal of property, plant and equipment	2
Gain on disposal of investment in subsidiary	(164)
Operating profit before working capital changes	<u>16,212</u>
Increase in receivables	(121)
Increase in payables, including fees received in advance	4,635
Changes in related company balance	28
Net cash generated from operations	<u>20,754</u>
Interest received	759
Taxes paid	(3,501)
Net cash generated from operating activities	<u>18,012</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash inflow from acquisition of subsidiary	177
Repayment from a related company	480
Proceeds from disposal of property, plant and equipment	1,520
Purchase of property, plant and equipment	(3,071)
Net cash used in investing activities	<u>(894)</u>

14. FINANCIAL INFORMATION (Cont'd)**7. PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006 (CONTD.)**

RM'000

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of new shares	11,821
Listing expenses paid	(2,000)
Dividends paid	(13,000)
Net cash used in financing activities	<u>(3,179)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	13,939
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,374
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>31,313</u>

Cash and cash equivalents comprise:

Cash on hand and at banks	12,052
Deposits with cash management trusts	4,261
Deposits with licensed banks	15,000
	<u>31,313</u>

8. NOTES TO THE PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2006


The pro forma consolidated cash flow statement of the HIC Group for the year ended 31 October 2006 have been prepared after incorporating the effects of transactions referred to in Notes 4 and 6 above.

14. FINANCIAL INFORMATION (Cont'd)**9. PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 OCTOBER 2006**

The pro forma statement of assets and liabilities of the HIC Group as at 31 October 2006, for which the directors of HIC are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2 had they been implemented and completed on that date, and are based on the audited financial statements of HIC and the HUC Group for the year ended 31 October 2006.

The pro forma statement of assets and liabilities have been prepared based on applicable MASB Approved Accounting Standards in Malaysia and, the bases and accounting principles used are consistent with those adopted by HIC and the HUC Group in the preparation of the audited financial statements for the financial year ended 31 October 2006. The pro forma statement of assets and liabilities should be read in conjunction with the basis of preparation of pro forma consolidated balance sheets and notes thereon as set out in Note 4.

	Note	HIC Group RM'000
Non-Current Asset		
Property, plant and equipment	10.1	<u>44,700</u>
Current Assets		
Trade receivables	10.2	2,458
Other receivables	10.3	4,330
Marketable securities		2
Amount due from a related company	10.4	12,309
Tax recoverable		310
Cash and bank balances	10.5	<u>31,313</u>
		<u>50,722</u>
Current Liabilities		
Fees received in advance		12,988
Other payables	10.6	17,219
Tax payable		1,056
		<u>31,263</u>
Net Current Assets		<u>19,459</u>
		<u>64,159</u>
Equity Attributable to Equity Holders of the Company		
Share capital	10.7	44,388
Share premium		2,433
Retained earnings		16,581
		<u>63,402</u>
Minority interests		25
Total Equity		<u>63,427</u>
Non-Current Liability		
Deferred tax liabilities	10.8	732
		<u>64,159</u>

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14. FINANCIAL INFORMATION (Cont'd)**10. NOTES TO THE PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 OCTOBER 2006****10.1 Property, Plant and Equipment**

	RM'000
Net book value	
Freehold land	9,741
Freehold building	23,290
Office equipment, furniture and fittings	6,502
Computers and software	1,553
Library books, renovation and signboards	3,457
Motor vehicles	157
	<u>44,700</u>

10.2 Trade Receivables

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

10.3 Other Receivables

	RM'000
Deposits	1,305
Prepayments	1,178
Sundry receivables	1,847
	<u>4,330</u>


10.4 Amount Due From a Related Company

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

10.5 Cash and Bank Balances

	RM'000
Cash on hand and at banks	12,052
Deposits with cash management trusts	4,261
Deposits with licensed banks	15,000
	<u>31,313</u>

The weighted average effective interest rates and average maturities of deposits placed with licensed banks as at the balance sheet date were as follows:

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14. FINANCIAL INFORMATION (Cont'd)**10. NOTES TO THE PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 OCTOBER 2006 (CONTD.)****10.5 Cash and Bank Balances (Contd.)**

	2006
Weighted average effective interest rate (% per annum)	3
Average maturities (days)	<u>91</u>

10.6 Other Payables

	RM'000
Sundry payables	12,549
Accruals	4,642
Amount due to a related company	<u>28</u>
	<u>17,219</u>

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

10.7 Share Capital

	Number of ordinary shares of RM0.50 each ('000)	Amount RM'000
Authorised:		
At 1 November 2005 *	200	100
Created	99,800	49,900
At 31 October 2006	<u>100,000</u>	<u>50,000</u>
Issued and paid up:		
At 1 November 2005 *	**	**
Issued as consideration for Acquisition of HUC	74,000	37,000
Public Issue of new shares	14,776	7,388
At 31 October 2006	<u>88,776</u>	<u>44,388</u>

* On 14 March 2007, HIC carried out a share split by subdividing each ordinary share of RM1 each into 2 new ordinary shares of RM0.50 each. Subsequently on 15 March 2007, the authorised share capital of HIC was increased from RM100,000 representing 200,000 ordinary shares of RM0.50 each to RM50,000,000 representing 100,000,000 ordinary shares of RM0.50 each.

** Denotes 4 ordinary shares of RM0.50 each.

14. FINANCIAL INFORMATION (Cont'd)**10. NOTES TO THE PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 OCTOBER 2006 (CONTD.)****10.8 Deferred Tax Liabilities**

	RM'000
At 1 November 2005	744
Recognised in the income statement	(12)
At 31 October 2006	<u>732</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM'000	Other payables RM'000	Total RM'000
At 1 November 2005	1,362	(618)	744
Recognised in the income statement	(148)	136	(12)
At 31 October 2006	<u>1,214</u>	<u>(482)</u>	<u>732</u>

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14. FINANCIAL INFORMATION (Cont'd)

14.2 MANAGEMENT'S DISCUSSION AND ANALYSES OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussions and analyses on our financial condition and results of operations should be read in conjunction with the Reporting Accountants' Letter on our Proforma Consolidated Financial Information and Accountants' Report set out in Sections 14.1 and 15 respectively of this Prospectus.

14.2.1 Background

We operate in the education industry and are principally involved in the business of providing education, including university-focused education and other learning facilities through our own centres and in collaborating and twinning with other educational institutions. Our campuses are mainly located at Damansara Heights, Kuala Lumpur. One of our subsidiaries, namely HUC, was granted university college status in August 2004 whereas another subsidiary, HA, was established as an institute of higher education by the MOHE on 12 October 2006.

For more information on our Group's businesses, including our brief history, competitive strengths, strategies, future plans and prospects, market position and operating capacities, please refer to Section 9 (Business) of this Prospectus. Further information on our subsidiaries is found in Section 10 (Information on Subsidiaries) of this Prospectus.

14.2.2 Proforma Consolidated Income Statements

We set out below a summary of the proforma consolidated financial income statements of our Group for the past three (3) financial years ended 31 October 2004, 2005 and 2006 prepared for illustrative purposes only. Our proforma consolidated income statements were prepared on the assumption that our current Group had been in existence since 1 November 2003. The proforma consolidated income statements have also been prepared based on applicable MASB Approved Accounting Standards in Malaysia and the bases and accounting principles used are consistent with those adopted by HIC and the HUC Group in the preparation of their audited financial statements for the financial year ended 31 October 2006.

We advise you to read the Reporting Accountants' Letter on our proforma consolidated financial information set out in Section 14.1, particularly Notes 5 and 6 therein and Section 15 (Accountants' Report) in conjunction with the information below.

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14. FINANCIAL INFORMATION (Cont'd)

	Financial year ended 31 October		
	2004 RM 000	2005 RM 000	2006 RM 000
Revenue	44,936	48,003	53,506
Other operating income	1,942	2,477	3,050
Staff costs	(18,057)	(19,240)	(21,591)
Other operating expenses	(15,722)	(16,535)	(18,495)
EBITDA	13,099	14,705	16,470
Depreciation	(4,794)	(4,678)	(4,495)
EBIT	8,305	10,027	11,975
Finance costs	-	-	-
PBT	8,305	10,027	11,975
Taxation	(2,614)	(3,472)	(3,944)
PAT	5,691	6,555	8,031
MI	-	-	25
PAT after MI	5,691	6,555	8,056
No. of Shares assumed to be in issue (000) ⁱ	74,000	74,000	74,000
Net Basic EPS (sen)ⁱⁱ	7.7	8.9	10.9
Gross Profit Margin (%)ⁱⁱⁱ	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
PAT Margin (%)	12.7	13.7	15.0
Effective Tax Rate (%)	31.5	34.6	32.9

Notes:

ⁱ Being the issued and paid-up share capital of HIC immediately before the Public Issue.

ⁱⁱ Net diluted EPS is not provided as there were no potential ordinary shares to be issued throughout the financial years under review.

ⁱⁱⁱ Gross profit and gross profit margin are not relevant in the education industry as there is no direct cost of sales involved in the generation of revenue. The direct expenses of our Group, which mainly consist of rental and salaries, have been included in other operating expenses and staff costs.

^{iv} There were no exceptional and extraordinary items during the years under review.

14.2.3 Overview of Revenue

We set out in this section a summary of the following analyses on our Group's proforma operating revenue:

- (i) Segmental analysis of revenue by activity;
- (ii) Segmental analysis of tuition fees by geographical location;
- (iii) Segmental analysis of tuition fees by course; and
- (iv) Results of operations as a percentage of total revenue.

14. FINANCIAL INFORMATION (Cont'd)**Segmental Analysis of Revenue by Activity**

	Financial year ended 31 October					
	<-----2004----->		<-----2005----->		<-----2006----->	
	RM 000	%	RM 000	%	RM 000	%
Tuition fees	40,883	91.0	44,370	92.4	48,637	90.9
Enrolment, registration and resource fees	3,792	8.4	3,211	6.7	3,966	7.4
Miscellaneous fees earned	261	0.6	422	0.9	903	1.7
Total revenue	44,936	100.0	48,003	100.0	53,506	100.0

Tuition fees have been the highest contributor to the total revenue of our Group, having contributed to more than 90% of our total consolidated revenue for each of the years under review.

Segmental Analysis of Tuition Fees by Geographical Location

	Financial year ended 31 October					
	<-----2004----->		<-----2005----->		<-----2006----->	
	RM 000	%	RM 000	%	RM 000	%
Malaysia	40,798	99.8	44,167	99.5	48,426	99.6
Outside Malaysia	85	0.2	203	0.5	211	0.4
Total tuition fees	40,883	100.0	44,370	100.0	48,637	100.0

More than 99% of our tuition fees have been derived from our operations in Malaysia. However, we are also able to see a slight growing trend in the amount of tuition fees earned overseas due to our increasing franchising activities.

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14. FINANCIAL INFORMATION (Cont'd)**Segmental Analysis of Tuition Fees by Course**

	Financial year ended 31 October		
	2004 RM 000	2005 RM 000	2006 RM 000
ADTP	8,809	9,721	8,633
Diploma in Business - Level 2	7,872	8,402	3,805
CSU Bachelor of Business 3+0 ("CSUBB")	6,488	7,106	7,744
UEL Bachelor of Arts (Hons) ("UELBA")	9,672	9,571	8,872
CSU Bachelor of IT and Diploma in IT- Level 2	3,707	2,780	1,641
UEL Bachelor of Science, Business Information Systems (Hons)	2,032	1,658	1,244
A Levels	3,491	5,506	7,431
Diploma in Business and Diploma in IT - Level 1 / Foundation in Arts and Foundation in Science	3,261	2,693	5,282
HELP MBA/CSU Masters of Business	2,491	2,511	1,914
Diploma in Law/UK Transfer Programme (Law)	1,983	2,295	3,637
Bachelor of Psychology (Hons)	-	310	2,145
HELP Bachelor of Business (Hons)	-	196	2,310
UOL - Bachelor of Science (Hons)	514	673	931
Others*	2,037	1,455	1,003
Gross tuition fees	52,357	54,877	56,592
Less: Cost of programmes			
Payment to foreign universities	(11,474)	(10,507)	(7,955)
Total net tuition fees	40,883	44,370	48,637
Percentage of increase in net tuition fees	6.7%	8.5%	9.6%

Note:

* Others mainly comprise Masters in IT, Diploma in Economics, Bachelor of Science (Foundation) and Professional and Continuing Education courses.

As can be seen above, total net tuition fees for the financial years under review has been on an increasing trend, having grown at rates of between 6.7% and 9.6% per annum.

Gross tuition fees were mainly generated from the ADTP, Diploma in Business – Level 2, CSUBB, UELBA, A Levels and Diploma in Business and Diploma in IT - Level 1 / Foundation in Arts and Foundation in Science, all of which contributed to more than 70% of gross tuition fees for the three (3) years under review.

Payments are made to foreign universities with which HELP University College has twinning arrangements. These universities are CSU, UEL and Upper Iowa University. These payments are computed based on a certain percentage of the gross tuition fees or a fixed sum per subject. They are made in relation to second and third year courses only. Payments to foreign universities declined by approximately 24% for financial year ended 31 October 2006 as HELP University College is now able to award its own Bachelor and Masters degrees in view that it has been awarded university college status.

14. FINANCIAL INFORMATION (Cont'd)**Results of Operations as a Percentage of Total Revenue**

The following table sets out our results of operations as a percentage of total revenue for the years indicated:

	Financial year ended 31 October		
	2004	2005	2006
	% of total	% of total	% of total
	revenue	revenue	revenue
Revenue			
Enrolment, registration and resource fees	8.4	6.7	7.4
Tuition fees	91.0	92.4	90.9
Miscellaneous fees earned	0.6	0.9	1.7
Total revenue	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Staff costs	40.2	40.1	40.4
Depreciation	10.7	9.7	8.4
Other operating expenses	35.0	34.4	34.6
PBT	18.5	20.9	22.4

Tuition fees are the largest component of our revenue and are earned based on the number of courses enrolled by our students and the number of teaching weeks/semesters for each course. Our tuition fees have consistently contributed to more than 90% of our total revenues during the years under review.

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

Miscellaneous fees mainly consist of seminar fees received and science lab fees charged to students enrolled in science subjects.

14.2.4 Overview of Expenses

There is no direct cost of sales involved in the generation of revenue. Our main costs consist of staff costs, rental and depreciation. Rental expense is included under other operating expenses and the breakdown is as follows:

	Financial year ended 31 October		
	2004	2005	2006
	RM 000	RM 000	RM 000
Rental	4,362	4,731	5,869
Others	11,360	11,804	12,626
Total other operating expenses	<u>15,722</u>	<u>16,535</u>	<u>18,495</u>

The increase in rental expenses for the financial years under review was mainly attributable to additional space rented to cater for the increase in number of students and facilities.

14. FINANCIAL INFORMATION (Cont'd)

The increase in staff costs for the financial years under review was mainly attributable to the increases in salaries, promotions, bonuses and number of staff. Other staff related expenses include medical expenses, training, allowances, insurance and other welfare and benefits.

14.2.5 Overview of Taxation

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

Certain of our subsidiaries enjoyed a lower tax rate of 20% on chargeable income of up to RM500,000 for the financial years ended 31 October 2004 to 2006.

14.3 REVIEW OF OUR GROUP'S PERFORMANCE

14.3.1 Financial Year Ended 31 October 2004

Revenue

Our revenue increased by 6.0% from RM42.4 million in the financial year ended 31 October 2003 to RM44.9 million in the financial year ended 31 October 2004. The increase was due to the increase in tuition fees from ADTP and UELBA courses as they gained popularity among students. In addition, we derived higher tuition fees due to the increase in the number of international students in business courses.

PBT

PBT increased by 18.1% from RM7.0 million in the financial year ended 31 October 2003 to RM8.3 million in the financial year ended 31 October 2004. The increase was mainly due to the increase in revenue during the financial year.

Taxation

The effective tax rate of 31.5% for the financial year ended 31 October 2004 is higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

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14. FINANCIAL INFORMATION (Cont'd)

14.3.2 Financial Year Ended 31 October 2005**Revenue**

Our revenue increased by 6.8% from RM44.9 million in the financial year ended 31 October 2004 to RM48.0 million in the financial year ended 31 October 2005. This increase was mainly due to the growth of approximately 57.7% in tuition fees from the A Levels programme. The increase was spurred by our initiatives to:

- (i) actively promote the A Levels programme;
- (ii) recruit more well-known A Levels lecturers; and
- (iii) set up more science laboratories for the A Levels programme.

In addition, payments to foreign universities reduced during the financial year as HELP University College was then already a university college and relied less on our foreign partners. We have also increased our fees for some of our courses during the financial year.

PBT

PBT increased by 20.7% from RM8.3 million in the financial year ended 31 October 2004 to RM10.0 million in the financial year ended 31 October 2005. The increase was mainly due to the increase in revenue during the financial year.

Taxation

The effective tax rate of 34.6% for the financial year ended 31 October 2005 is higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

14.3.3 Financial Year Ended 31 October 2006

Our revenue increased by 11.5% from RM48.0 million in the financial year ended 31 October 2005 to RM53.5 million in the financial year ended 31 October 2006. The increase was due to overall increase in tuition fees and reduction of payment to foreign universities. The increase in tuition fees was mainly due to the growth of 96.1% in tuition fees from Diploma in Business and Diploma in IT-Level 1/Foundation programmes and 35.0% increase in tuition fees from the A Levels programme as a result of initiatives taken to promote these programmes. The tuition fees from Diploma in Business – Level 2 was however, largely reduced in 2006 due to more students enrolling into HELP programmes such as Bachelor in Psychology (Hons) and HELP Bachelor of Business (Hons).

Payments to foreign universities reduced during the financial year as we relied less on our foreign partners and more students are pursuing HELP programmes, as HELP University College was then already a university college.

PBT

PBT increased by 19.4% from RM10.0 million in the financial year ended 31 October 2005 to RM12.0 million in the financial year ended 31 October 2006. The increase was mainly due to the increase in revenue during the financial year.

14. FINANCIAL INFORMATION (Cont'd)**Taxation**

The effective tax rate of 32.9% for the financial year ended 31 October 2006 is higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

14.4 RECENT TRENDS IN STUDENT NUMBERS AND TUITION FEES

Following the conferment of university college status on HELP University College in August 2004, we expect our enrolments to further increase over time as we further build on to our brand name as a university college, develop and market our own degrees and gradually phase out certain courses. While we have targeted total new enrolments of 3,400 for the financial year ending 31 October 2007, we have achieved more than 1,800 new enrolments as at 21 March 2007, representing about 53% of the total targeted for that year.

Subsequent to the financial year ended 31 October 2006 and until 15 March 2007, we have increased our tuition fees for new enrolments by between 8% and 12% depending on the type of courses. The highest increases were in respect of UEL Bachelor of Arts (Hons), CSU Bachelor of Business 3+0 (CSUBB) and HELP Bachelor of Business (Hons), for which tuition fees were increased by 8%, 9% and 12% respectively.

14.5 LIQUIDITY AND CAPITAL RESOURCES**14.5.1 Working Capital**

Our principal source of liquidity is cash from operations. We also have certain surplus funds in short term deposits that we may use for any unforeseen capital or other requirements. As at 31 October 2006, we had RM21.5 million in cash and short term deposits.

Our Board of Directors is of the opinion that, after taking into consideration the funds generated from our existing operations and the above, we have sufficient working capital for a period of 12 months from the date of issue of this Prospectus to meet our needs and foreseeable requirements.

14.5.2 Cash Flows

The following table sets out our cash flows with respect to operating activities, investing activities and financing activities for the year indicated:

Financial year ended 31 October 2006		RM 000
Net cash generated from/(used in)		
Operating activities		18,012
Investing activities		(894)
Financing activities		(13,000)
Net increase in cash		<u>4,118</u>

14. FINANCIAL INFORMATION (Cont'd)

Net cash generated from operating activities was RM18.0 million for the financial year ended 31 October 2006 and mainly arose from the following:

- (i) Operating profit, after adjusting for non-cash items, of RM16.2 million;
- (ii) Increase in payables of RM4.6 million; and
- (iii) Taxes paid of RM3.5 million.

The net cash used in financing activity of RM13.0 million for the financial year ended 31 October 2006 was in respect of dividends paid to the shareholders.

14.6 BORROWINGS

Our Group did not have any outstanding borrowings throughout the financial year ended 31 October 2006 and the subsequent financial period immediately preceding 15 March 2007. Our gearing ratio as at 31 October 2006 and 15 March 2007 is nil.

14.7 OTHER FINANCIAL RATIO

Set out below is the trade receivables turnover ratio for our Group as at 31 October 2006:

Financial year ended 31 October 2006		RM 000
Trade receivables		2,458
Gross tuition fees		56,592
Trade receivable turnover period (months)		<u>0.52</u>

Trade receivables relate to fees receivable from students who registered with us to attend educational and other learning programmes. Trade receivables were mostly current balances and we have no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

14.8 HEDGING

As at 15 March 2007, our Group does not use any financial instrument for hedging purposes.

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14. FINANCIAL INFORMATION (Cont'd)**14.9 MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES****14.9.1 Material Capital Commitments**

We are not aware of any material capital commitment contracted or known to be contracted by us and/or our subsidiaries which, upon becoming enforceable, may have a material impact on our Group's financial position as at 15 March 2007.

14.9.2 Contingent Liabilities

Save as disclosed in Section 9.25 (Business - Legal Proceedings), our Board of Directors is not aware of any contingent liability which, upon becoming enforceable, may have a material impact on our Group's financial position as at 15 March 2007.

14.10 CONSOLIDATED PROFIT FORECAST

Our Directors forecast that our consolidated PAT after MI for the financial year ending 31 October 2007 will be as follows:

Financial year ending 31 October	Forecast 2007 RM 000
Revenue	61,222
Other operating income	2,026
	<u>63,248</u>
 EBITDA	 <u>18,324</u>
PBT	13,093
Taxation	(4,190)
PAT	<u>8,903</u>
MI	-
PAT after MI	<u>8,903</u>
 Enlarged number of Shares in issue immediately after Listing (000)	 88,776
Assumed weighted average number of Shares in issue in financial year ending 31 October 2007	80,882
Net Basic EPS (sen) ^{i, ii}	
– based on the enlarged number of Shares in issue immediately after Listing	10.0
– based on the assumed weighted average number of Shares in issue in financial year ending 31 October 2007	11.0
Net PE Multiple ⁱⁱⁱ (times)	
– based on the enlarged number of Shares in issue immediately after Listing	8.0
– based on the assumed weighted average number of Shares in issue in financial year ending 31 October 2007	7.3

Notes:

ⁱ Based on the PAT after MI.

ⁱⁱ Net diluted EPS is not provided as HIC does not expect any potential ordinary shares to be issued during the financial year ending 31 October 2007.

ⁱⁱⁱ Based on the issue price of RM0.80 per Issue Share.

14. FINANCIAL INFORMATION (Cont'd)

See Section 14.12 (Financial Information — Reporting Accountants' Report on the Consolidated Profit Forecast) for information on the principal assumptions upon which the consolidated profit forecast has been prepared.

14.11 SENSITIVITY ANALYSIS

The principal bases and assumption upon which the sensitivity analysis on our consolidated forecast PAT after MI has been made are as follows:

- (i) Operating revenue will vary by ± 5 per centum, ± 10 per centum and ± 15 per centum from the base case;
- (ii) Revenue is directly correlated to student numbers. Fees are fixed and will not fluctuate; and
- (iii) All other components are assumed to remain constant/unchanged. For our Group, revenue fluctuations will have little effect on its operating costs as these are mainly rental and salaries, which are fixed costs. The current premises and staff force will be able to support an increase in student number of +15 per centum and major costs are not variable.

Financial year ending 31 October 2007	Forecast	
	Resulting PAT after MI RM 000	Increase/ (decrease) %
Change in operating revenue by:		
+15 per cent.	15,148	70.1
+10 per cent.	13,066	46.8
+5 per cent.	10,985	23.4
Base case PAT after MI	8,903	-
-5 per cent.	6,821	(23.4)
-10 per cent.	4,740	(46.8)
-15 per cent.	2,658	(70.1)

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14. FINANCIAL INFORMATION (Cont'd)

14.12 REPORTING ACCOUNTANTS' REPORT ON CONSOLIDATED PROFIT FORECAST



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REPORTING ACCOUNTANTS' REPORT ON CONSOLIDATED PROFIT FORECAST

(prepared for inclusion in the Prospectus to be dated 27 April 2007)

6 April 2007

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

Dear Sirs

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 OCTOBER 2007

We have reviewed the consolidated profit forecast of HELP International Corporation Berhad ("HIC") and its subsidiaries ("HIC Group") for the year ending 31 October 2007, as set out in Appendix I (which we have stamped for the purpose of identification), in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of HIC comprising 88,776,000 ordinary shares of RM0.50 each in HIC ("HIC Shares") on the Second Board of Bursa Malaysia Securities Berhad ("Listing").

The transactions in conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up capital of HIC on the Second Board of Bursa Malaysia Securities Berhad 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 HELP University College Sdn. Bhd. ("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 HELP Training Centre Sdn. Bhd. ("HTC") and HELP Executive Advanced Training Sdn. Bhd. ("HEAT"), both of which comprise 2 ordinary shares of RM1 each, HELP Academy Sdn. Bhd. ("HA"), which comprises 200,000 ordinary shares of RM1 each and International Centre for Security Management Sdn. Bhd. ("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").

14. FINANCIAL INFORMATION (Cont'd)



HELP International Corporation Berhad
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- (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").

Hereinafter, the abovementioned transactions are collectively referred to as the "Transactions".

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the directors of the HIC Group as set out in the accompanying Appendix I and is presented on a basis consistent with the accounting policies adopted by the HIC Group. The directors of the HIC Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects will take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future-oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

In particular, the forecast is substantially dependent on the achievability of the assumptions set out in the accompanying Appendix I.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying Appendix I, do not provide a reasonable basis for the preparation of the forecast of the consolidated profit after taxation; and
- (b) in our opinion, the forecast of the consolidated profit after taxation, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the directors and is presented on a basis consistent with the accounting policies adopted by the HIC Group.

14. FINANCIAL INFORMATION (Cont'd)



HELP International Corporation Berhad
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The accompanying forecast, and this letter have been prepared for inclusion in the Prospectus in connection with the aforementioned Transactions. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a long, sweeping horizontal stroke extending to the right.

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

A handwritten signature in black ink, appearing to read 'Gladys Leong', with a long, sweeping horizontal stroke extending to the right.

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

14. FINANCIAL INFORMATION (Cont'd)

Appendix I

HELP INTERNATIONAL CORPORATION BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 OCTOBER 2007

The directors of the HIC Group forecasts the consolidated profit after taxation of the HIC Group for the financial year ending 31 October 2007 as follows:

	Consolidated Profit Forecast for the Year Ending 31 October 2007	
	Before Public Issue RM'000	After Public Issue RM'000
Consolidated profit before taxation	13,093	13,093
Taxation	(4,190)	(4,190)
Consolidated profit after taxation	<u>8,903</u>	<u>8,903</u>

The consolidated profit forecast has been prepared based on a set of assumptions about future events and outlook that may not necessarily occur. Future results will be materially affected should the actual events differ from these assumptions as well as changes in the economic and other circumstances, and for these reasons, the actual results may vary considerably from the forecast.

The principal assumptions made by the directors, upon which the consolidated profit forecast of the HIC Group has been prepared are as follows:

- (i) The existing academic co-operation agreements with foreign universities will be maintained and there will be no significant changes to the terms of these agreements;
- (ii) There will be no material variations to existing course fees, application, registration and resource fees;
- (iii) There will be no material changes to courses planned in the academic calendar and the number of intakes and students for each course;
- (iv) The existing college facilities are sufficient to accommodate the forecasted number of students and there will be no significant increase in rates on rented facilities;
- (v) Capital expenditure will be incurred as scheduled with no material changes in the expected cost or price, and there will be no material acquisitions or disposals of property, plant and equipment other than those planned.
- (vi) Inflation and foreign currency exchange rates will not vary significantly;
- (vii) There will be no material changes in present legislation or government regulations which would adversely affect the HIC Group;
- (viii) There will be no industrial disputes or any other abnormal factors which would adversely affect the HIC Group;
- (ix) There will be no significant changes in the prevailing Malaysian and world economic and political conditions which would materially affect the HIC Group;
- (x) There will be no significant changes in the accounting, management and operation policies presently adopted by the HIC Group.

EY ERNST & YOUNG (AF: 0009)
Chartered Accountants, Kuala Lumpur.
For identification purposes only

14. FINANCIAL INFORMATION (Cont'd)

Appendix I

- (xi) There will be no material changes in the existing key personnel and management of the HIC Group that will adversely affect the performance of the HIC Group.
- (xii) There will be no new litigations and/or legal proceedings against the HIC Group that will adversely affect the performance of the HIC Group.

14. FINANCIAL INFORMATION (Cont'd)

14.13 DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT FORECAST

Our Directors have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of our Group for the financial year ending 31 October 2007 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the prospects and outlook of the education industry as set out in Section 8.7 (Industry Overview – Prospects and Outlook of the Education Industry); our strategies as set out in Section 9.3 (Business – Strategies); the future plans and prospects of our Group as set out in Section 9.4 (Business — Future Plans and Prospects); and after taking into consideration the liquidity, capital expenditure and working capital requirements of our Group. The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of our Group.

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