

HELP INTERNATIONAL CORPORATION BERHAD (Company No. 700568-H)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2013**

| | Note | Current Year Quarter 31/10/2013 RM'000 | Preceding Year Quarter 31/10/2012 RM'000 | Current Year Ended 31/10/2013 RM'000 | Preceding Year Ended 31/10/2012 RM'000 |
|---|----------|--|--|--|--|
| Revenue | | 33,362 | 30,077 | 123,776 | 117,070 |
| Other operating income | | 1,820 | 1,591 | 5,346 | 5,809 |
| Other operating expenses | | (30,039) | (25,513) | (111,564) | (101,474) |
| | | <u>5,143</u> | <u>6,155</u> | <u>17,558</u> | <u>21,405</u> |
| Interest expense | | 457 | (46) | - | (720) |
| Share of results of jointly controlled entity | | (5) | (3) | (11) | (3) |
| Profit before taxation | B(5) | <u>5,595</u> | <u>6,106</u> | <u>17,547</u> | <u>20,682</u> |
| Taxation | B(6) | (847) | (1,633) | (5,419) | (7,164) |
| Profit for the period/year | | <u>4,748</u> | <u>4,473</u> | <u>12,128</u> | <u>13,518</u> |
| Other comprehensive income: | | | | | |
| Transfer to profit or loss upon disposal of available-for-sale financial asset | | - | - | - | (337) |
| Foreign currency translation | | 6 | (1) | (1) | (1) |
| Other comprehensive income for the period/year, net of tax | | <u>6</u> | <u>(1)</u> | <u>(1)</u> | <u>(338)</u> |
| Total comprehensive income for the period/year | | <u>4,754</u> | <u>4,472</u> | <u>12,127</u> | <u>13,180</u> |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | <u>4,748</u> | <u>4,473</u> | <u>12,128</u> | <u>13,518</u> |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | <u>4,754</u> | <u>4,472</u> | <u>12,127</u> | <u>13,180</u> |
| Earnings per share attributable to the equity holders of the Company (sen) | | | | | |
| Basic earnings per share | B(12)(a) | 3.3 | 3.1 | 8.5 | 9.5 |
| Fully diluted earnings per share | | N/A | N/A | N/A | N/A |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements and the Annual Financial Report for the year ended 31 October 2012)



HELP INTERNATIONAL CORPORATION BERHAD (Company No. 700568-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2013

| | 31/10/2013 Unaudited RM'000 | 31/10/2012 Audited RM'000 (Restated) | 1/11/2011 Audited RM'000 |
|---|--|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 156,262 | 133,341 | 131,325 |
| Intangible assets | 5,041 | 5,408 | 3,874 |
| Investment in a jointly controlled entity | 135 | 147 | - # |
| | <u>161,438</u> | <u>138,896</u> | <u>135,199</u> |
| Current assets | | | |
| Trade receivables | 6,135 | 4,619 | 4,461 |
| Other receivables | 11,038 | 5,596 | 5,678 |
| Tax recoverable | 746 | 438 | 1,682 |
| Cash and cash equivalents | 36,869 | 63,295 | 60,003 |
| | <u>54,788</u> | <u>73,948</u> | <u>71,824</u> |
| Asset classified as held for sale | - | - | 1,721 |
| | <u>54,788</u> | <u>73,948</u> | <u>73,545</u> |
| TOTAL ASSETS | <u>216,226</u> | <u>212,844</u> | <u>208,744</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | 71,021 | 71,021 | 71,021 |
| Share premium | 2,372 | 2,372 | 2,372 |
| Retained earnings | 72,314 | 62,317 | 50,930 |
| Fair value adjustment reserve | - | - | 337 |
| Foreign currency translation reserve | 13 | 14 | 15 |
| Total equity | <u>145,720</u> | <u>135,724</u> | <u>124,675</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | 5,533 | 5,045 | 4,363 |
| Other payable | - | 9,000 | 18,000 |
| | <u>5,533</u> | <u>14,045</u> | <u>22,363</u> |
| Current liabilities | | | |
| Fees received in advance | 26,925 | 24,526 | 21,998 |
| Other payables | 37,523 | 38,427 | 39,708 |
| Tax payable | 525 | 122 | - |
| | <u>64,973</u> | <u>63,075</u> | <u>61,706</u> |
| Total liabilities | <u>70,506</u> | <u>77,120</u> | <u>84,069</u> |
| TOTAL EQUITY AND LIABILITIES | <u>216,226</u> | <u>212,844</u> | <u>208,744</u> |
| Net Assets Per Share (RM) | <u>1.03</u> | <u>0.96</u> | <u>0.88</u> |

Denotes RM1

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements and the Annual Financial Report for the year ended 31 October 2012)



HELP INTERNATIONAL CORPORATION BERHAD (Company No. 700568-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2013

| | Attributable to Equity Holders of the Company | | | | | Total Equity RM'000 |
|---|---|----------------------------|--------------------------------|--|---|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Retained Earnings RM'000 | Fair Value Adjustment Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | |
| Balance as at 1 November 2012 | 71,021 | 2,372 | 62,317 | - | 14 | 135,724 |
| Total comprehensive income for the year | - | - | 12,128 | - | (1) | 12,127 |
| Dividends | - | - | (2,131) | - | - | (2,131) |
| Balance as at 31 October 2013 | 71,021 | 2,372 | 72,314 | - | 13 | 145,720 |
| Balance as at 1 November 2011 | 71,021 | 2,372 | 50,930 | 337 | 15 | 124,675 |
| Total comprehensive income for the year | - | - | 13,518 | (337) | (1) | 13,180 |
| Dividends | - | - | (2,131) | - | - | (2,131) |
| Balance as at 31 October 2012 | 71,021 | 2,372 | 62,317 | - | 14 | 135,724 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements and the Annual Financial Report for the year ended 31 October 2012)



HELP INTERNATIONAL CORPORATION BERHAD (Company No. 700568-H)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2013**

| | Current Year Ended 31/10/2013 RM'000 | Preceding Year Ended 31/10/2012 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 17,547 | 20,682 |
| Adjustments for: | | |
| Allowance for impairment of receivables, net | 217 | - |
| Reversal of allowance for impairment of receivables, net | - | (56) |
| Depreciation and amortisation | 9,905 | 9,231 |
| Interest income | (1,158) | (1,474) |
| Interest expense | - | 720 |
| Gain on disposal of available-for-sale financial asset | - | (327) |
| Share of results of jointly controlled entity | 11 | 3 |
| Other non cash items | 15 | (74) |
| Operating profit before working capital changes | <u>26,537</u> | <u>28,705</u> |
| Increase in receivables | (7,214) | (22) |
| Increase in payables, including fees received in advance | <u>10,495</u> | <u>1,247</u> |
| Net cash generated from operations | 29,818 | 29,930 |
| Interest received | 1,197 | 1,476 |
| Interest paid | - | (720) |
| Taxes paid | (4,836) | (5,116) |
| Net cash generated from operating activities | <u>26,179</u> | <u>25,570</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Subscription of shares in a jointly controlled entity | - | (150) |
| Net proceeds from disposal of available-for-sale financial asset | - | 1,711 |
| Proceeds from disposal of property, plant, equipment and software | - | 98 |
| Purchase of property, plant, equipment and software | (32,473) | (12,805) |
| Installment payment for acquisition of property | (18,000) | (9,000) |
| Net cash used in investing activities | <u>(50,473)</u> | <u>(20,146)</u> |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Dividends paid, representing net cash used in financing activity | <u>(2,131)</u> | <u>(2,131)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (26,425) | 3,293 |
| EFFECT OF EXCHANGE RATE CHANGES | (1) | (1) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>63,295</u> | <u>60,003</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>36,869</u> | <u>63,295</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements and the Annual Financial Report for the year ended 31 October 2012)

(A) SELECTED EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial year ended 31 October 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 October 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2012.

The condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ended 31 October 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 October 2012.

2. Significant Accounting Policies

The audited financial statements of the Group for the year ended 31 October 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements of the Group for the year ended 31 October 2012.

The adoption of MFRS 1 does not have significant impact on the reported financial position, financial performance and cash flows of the Group and hence, no reconciliations from FRS to MFRS were prepared.

3. Comparatives

The following comparative amounts have been restated to conform with the Group presentation:-

| As at 31 October 2012 | Previously stated RM'000 | Increase/ (decrease) RM'000 | Restated RM'000 |
|------------------------------|-------------------------------------|--|----------------------------|
| Fees received in advance | 25,150 | (624) | 24,526 |
| Other payables | 37,803 | 624 | 38,427 |

4. Seasonal or Cyclical Factors

The Group recognises tuition fee income based on the number of teaching periods over the entire duration of the respective courses. The revenue and profit for first and third quarter of each financial year are usually lower due to summer period for courses from institutions in United Kingdom/United States and Australia.

5. Unusual Significant Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial year.

6. Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial year results.

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year.

8. Dividends Paid

On 22 May 2013, a first and final dividend of 4% (2 sen per ordinary share of 50 sen each) less 25% income tax, in respect of the financial year ended 31 October 2012 amounting to RM2,130,624 was paid.

9. Segmental Reporting

The Group is principally involved in education related activities carried out in Malaysia and accordingly no segment reporting has been prepared.

10. Material Subsequent Events

There were no material events subsequent to the end of the current quarter and up to 28 December 2013 save for as disclosed in Note (B)7 of the financial report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year.

12. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or assets of the Group for the current quarter and financial year ended 31 October 2013.

13. Commitments on Capital Expenditure

The amount of capital commitments not provided for in the interim financial statements as at 31 October 2013 were as follows:-

| | RM'000 |
|-----------------------------------|---------------|
| Property, plant and equipment | |
| - Approved and contracted for | 17,334 |
| - Approved but not contracted for | <u>587</u> |
| | <u>17,921</u> |

(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

1. Review of Performance

| | Fourth Quarter 31/10/2013 RM'000 | Fourth Quarter 31/10/2012 RM'000 | Year Ended 31/10/2013 RM'000 | Year Ended 31/10/2012 RM'000 |
|-------------------|---|---|---|---|
| Revenue | <u>33,362</u> | <u>30,077</u> | <u>123,776</u> | <u>117,070</u> |
| Profit before tax | <u>5,595</u> | <u>6,106</u> | <u>17,547</u> | <u>20,682</u> |

Compared to last year, the Group's revenue grew by 11% to RM33.4 million in the current quarter under review. However, profit before tax decreased to RM5.6 million from RM6.1 million last year. The growth in revenue was largely due to the higher commission received from student placement in overseas universities. Profit before tax was affected by the higher staffing related costs, largely due to the increased staff recruitment for its new school, HELP International School in Subang, Selangor.

For the year ended 31 October 2013, the Group's revenue at RM123.8 million represented an increase of 6% over last year. However, profit before tax decreased to RM17.5 million from RM20.7 million last year. The decrease was mainly attributed to higher personnel costs following the recruitment of expatriate teachers for its new school as mentioned above and the one-time write-off of the aborted Proposed Rights Issue cost as disclosed in Note (B)7 of the financial report amounting to RM417,622.

2. Material Changes in the Profit Before Tax for the Quarter Reported on as Compared to the Immediate Preceding Quarter

| | Fourth Quarter 31/10/2013 RM'000 | Third Quarter 31/7/2013 RM'000 | Increase RM'000 |
|-------------------|---|---|----------------------------|
| Profit before tax | <u>5,595</u> | <u>1,074</u> | <u>4,521</u> |

The Group recorded a profit before tax of RM5.6 million for this quarter as compared to RM1.1 million recorded in the immediate preceding quarter in line with the seasonal fluctuations of the industry as disclosed in Note (A)4 of the financial report.

3. Commentary on Prospects

The Group continues to enjoy a strong reputation for its quality education and this has enabled it to attract quality students into its various programmes at the three campuses.

HELP International School (“HIS”) will have its inaugural intake in January 2014. Enquiries for HIS have been strong and most year groups have been filled. The Group is confident HIS will be a strong brand in the primary and secondary school market.

HELP University will further expand its business development in the region through partnerships with reputable and established educational providers. Inroads have been made in China and Indonesia and the Group intends to offer more of its programmes through the franchising model in these new places. These new partners will also enable HELP to strengthen its foreign recruitment network.

HELP University has been continuously developing and launching new programmes during the past academic year and expects these programmes to progressively contribute positively over the next financial years.

HELP College of Arts and Technology will be launching new programmes in the next calendar year and we expect student numbers will continue to increase.

The Board remains optimistic of the Group’s prospects for 2014.

4. Statement and Variance on Profit Forecast/Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document for the current financial year.

5. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

| | Current Year Quarter 31/10/2013 RM'000 | Current Year Ended 31/10/2013 RM'000 |
|---|---|---|
| Interest income | (236) | (1,158) |
| Depreciation and amortisation | 2,636 | 9,905 |
| Allowance for impairment of receivables, net | 217 | 217 |
| (Gain)/loss on foreign exchange | <u>(67)</u> | <u>53</u> |

There was no write off of receivables, gain or loss on disposal of properties and impairment of assets for the current quarter under review and financial year ended 31 October 2013.

6. Taxation

| | Current Year Quarter 31/10/2013 RM'000 | Current Year Ended 31/10/2013 RM'000 |
|---------------------------|---|---|
| Current period income tax | <u>847</u> | <u>5,419</u> |

The effective tax rate of the Group was lower than the statutory tax rate in the current quarter under review due to the utilization of the group relief in respect of business losses incurred by a subsidiary.

For the financial year ended 31 October 2013, the effective tax rate of the Group was higher than the statutory tax rate due principally to tax loss of a subsidiary and certain expenses that were not deductible for tax purposes.

7. Corporate Developments

On 5 December 2013, the Company announced that:-

- (a) it has received a notice of take-over offer dated 5 December 2013 ("Notice") from RHB Investment Bank Berhad, on behalf of Better Education Enterprise Sdn Bhd (the "Offeror") to acquire all the ordinary shares of RM0.50 each in HELP not already owned by the Offeror ("Offer Shares") for a cash offer price of RM2.53 per Offer Share ("Offer");

- (b) the Board does not intend to seek an alternate proposal to make a take-over offer for the Offer Shares; and
- (c) the Company was informed that the Offeror had obtained the following irrevocable letters of undertaking from the following persons:
- (i) Selangor Properties Berhad (“SPB”); and
 - (ii) Datuk Dr. Chan Tuck Hoong, Datin Low Kam Yoke and Chan Eu-Khin.

The shareholdings of SPB, Datuk Dr. Chan Tuck Hoong, Datin Low Kam Yoke and Chan Eu-Khin in relation to their respective irrevocable undertakings to accept the Offer are tabulated below:

| Name | No. of HIC Shares Held | % |
|---------------------------|-------------------------------|--------------|
| SPB | 72,441,222 | 51.00 |
| Chan Eu-Khin | 6,205,675 | 4.37 |
| Datin Low Kam Yoke | 3,437,848 | 2.42 |
| Datuk Dr. Chan Tuck Hoong | 2,676,304 | 1.88 |
| Total | 84,761,049 | 59.67 |

On 6 December 2013, on behalf of the Board of Directors of the Company (“Board”) and in relation to the Proposed Rights Issue announcement dated 8 July 2013, 14 August 2013, 2 September 2013 and 30 September 2013, AmlInvestment Bank Berhad announced that the Board, after considering the following:-

- (i) receipt of take-over offer by the Offeror on 5 December 2013; and
- (ii) irrevocable undertakings to accept the Offer furnished to the Offeror by the Company’s shareholders collectively holding more than 50% equity interest in the Company

the Board resolves that the Company should not proceed with the Proposed Rights Issue.

On 11 December 2013, the Company announced that Public Investment Bank Berhad had, on the same date, been appointed by the Board as the Independent Adviser for the Offer to advise the Directors and holders of the Offer Shares of HIC.

8. Realised and Unrealised Profits

| | As At 31/10/2013 RM'000 | As At 31/10/2012 RM'000 |
|--|--|--|
| Total retained earnings: | | |
| Realised | 105,748 | 95,418 |
| Unrealised | <u>(5,618)</u> | <u>(5,140)</u> |
| | 100,130 | 90,278 |
| Less: Consolidation adjustments | <u>(27,816)</u> | <u>(27,961)</u> |
| Total retained earnings as per consolidated accounts | <u>72,314</u> | <u>62,317</u> |

9. Group Borrowings and Debt Securities

The Group has no borrowings as at the end of the reporting period.

10. Material Litigation

As disclosed in the previous quarterly report, on 7 May 2012, a Writ of Summons was served on HELP University Sdn Bhd ("HU") for the alleged default in payment of RM612,067 together with interest and costs to Seven Days Projects Solutions as the project contractor.

HU has filed an application in Court for a stay of proceedings pending arbitration. The said application was allowed with cost of RM750 against the Plaintiff on 27 June 2012. As such, the said suit has been stayed pending the commencement of arbitration proceedings by the Plaintiff. To date we are not aware of any such proceedings commenced by the Plaintiff.

11. Dividends

The Board of Directors does not recommend any dividend for the current quarter ended 31 October 2013.

12. Earnings Per Share Attributable to the Equity Holders of the Company

(a) Basic Earnings Per Share

The basic earnings per share has been calculated by dividing the Group's profit for the period attributable to the equity holders of the Company on the number of ordinary shares in issue during the period.

| | Current Year Quarter 31/10/2013 | Preceding Year Quarter 31/10/2012 | Current Year Ended 31/10/2013 | Preceding Year Ended 31/10/2012 |
|---|--|--|--|--|
| Profit attributable to the equity holders of the Company (RM'000) | 4,748 | 4,473 | 12,128 | 13,518 |
| Number of ordinary shares | 142,042 | 142,042 | 142,042 | 142,042 |
| Basic earnings per share (sen) | 3.3 | 3.1 | 8.5 | 9.5 |

(b) Fully Diluted Earnings Per Share

Fully diluted earnings per share were not computed as there were no potential ordinary shares to be issued as at the end of the reporting period.

BY ORDER OF THE BOARD

Chua Siew Chuan (MAICSA 0777689)
Cheng Chia Ping (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
30 December 2013