Headline	**Seasonal factors hurt HELPs revenue**		
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Seasonal factors hurt HELP's revenue
Tanjong's net profit flat due to lower gaming margin
Glomac's current estimated unbilled sales at RM600m

Seasonal factors hurt HELP's revenue

▶ **Recommendation:**
Buy
Target Price RM2.40
By OSK Research (Mar 25)

THE 1QFY10 earnings came in within our expectations although HELP only recorded a net profit of RM2.42 million, or about 13% of our full-year forecast. This is due to seasonal factors where the 1Q typically accounts for around 10%-15% of full year earnings. Year-on-year (y-o-y) revenue grew 12.7% while bottomline jumped by around 97% on higher student enrolment and fees as well as better margins.

We maintain our forecast and 'Buy' recommendation at a higher TP of RM2.40 from RM1.95 previously after revising up our residual income model. Despite the low liquidity in its shares, we are positive on HELP as it is the most profitable listed education stock in Malaysia backed by a solid management team.

Within Expectation

The 1QFY10 earnings came in within our expectation. Revenue grew by 12.7% while the net profit nearly doubled from a year earlier on higher student enrolment and fees as well as better margins.

We believe the improvement in margins was largely attributed to prudent costs management and increasing number of its home-grown courses which generally command higher margins as it does not have to pay for royalty as compared to twinning or foreign courses developed by other institutions.

As a result EBIT margin in 1QFY10 improved to 16% as compared 11% in the 1QFY09.

Seasonally Lower

As expected revenue and net profit dropped significantly q-o-q due to seasonal factors as fewer classes were conducted owing to the summer holiday for courses conducted in collaboration with institutions in the southern hemisphere particularly Australia.

Q-o-q, revenue dropped by 10.3% while net profit plunged by almost 60% in the 1QFY10 due to the nature of the business that incurred high fixed costs where contraction in revenue will resulted in bigger contraction in profitability.

Moving forward, for the 2QFY10 results we expects significant jump q-o-q basis as more classes will be conducted during the period as well as the start of new semester for its courses conducted in collaboration with institutions in southern hemisphere.

Maintain 'Buy' At Higher TP

We maintain our FY10 and FY11 projections and our 'Buy' recommendation at a higher TP of RM2.40 from RM1.95 previously after revising up our residual income model.

Despite the low liquidity of its shares, we are positive on HELP as it is the most profitable listed education group in Malaysia supported by a solid management team coupled with the well planned expansion strategies both locally and abroad.

We believe the strong and clean balance sheet will enable HELP to embark on its current and future expansion strategy comfortably without straining its balance sheet.

▶ **HELP INTERNATIONAL**

	2008	2009	2010F	2011F
REVENUE (RM mil)	86.5	96.6	114.6	135.2
NET PROFIT (RM mil)	11.8	15.5	18.5	23.0
EPS (sen)	13.3	17.4	20.8	25.9
ROE (%)	17.4	19.7	20.0	20.9