

FINAL TRANSCRIPT

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ATAI - Q1 2009 ATA Inc. Earnings Conference Call

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ATA Inc. - Director, President

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Mark Marostica

Piper Jaffray - Analyst

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Pali Capital, Inc. - Analyst

Scott Schneeberger

Oppenheimer & Co. - Analyst

Mark Chang

Merrill Lynch - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the ATA first quarter fiscal year 2009 earnings conference call. My name is Shaquana and I will be your coordinator for today. At this time, all participants are in a listen-only mode. We will facilitate a question-and-answer session towards the end of this conference.

(OPERATOR INSTRUCTIONS)

I would now like to turn the presentation over to your host for today's call, Mr. Ed Job. Please proceed, sir.

Ed Job - ATA Inc. - IR

Thank you, operator. Good morning and good evening and welcome to ATA's first quarter fiscal year 2009 earnings conference call. With us today are ATA's CEO, Mr. Kevin Ma; President, Mr. Walter Wang; and Chief Financial Officer, Mr. Carl Yeung.

Before I turn the call over to Mr. Ma, may I remind our listeners that in this call, management's prepared remarks contain forward-looking statements which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions. Therefore, the Company claims the protection of the Safe Harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995.

Actual results may differ from those discussed today, and, therefore, we will refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities and Exchange Commission. In addition, any projections as to the Company's future performance represent management's estimates as of today, August 28, 2009. ATA assumes no obligation to update these projections in the future, as market conditions may change.

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To supplement its financial results presented in accordance with U.S. GAAP, management will make reference to certain non-GAAP financial measures, which the Company believes provides meaningful additional information to understand ATA's operating performance. A table reconciling non-GAAP measures to the nearest GAAP equivalent can be found on the earnings press release issued earlier today.

For those of you unable to listen to the entire call, a recording will be available via webcast for 90 days at the Investor Relations section of ATA's website at <http://www.ata.net.cn>. And it's now my pleasure to turn the call over to ATA's CEO, Mr. Kevin Ma.

Kevin Ma - ATA Inc. - CEO

Thank you, Ed. Welcome, everyone, and thank you for joining us today. We are very pleased to report a very strong start to our fiscal year 2009. During this quarter, we made solid progress across a number of important areas of our business and continued to view the solid foundation for the profitable growth of our business in the quarters and the years ahead.

In addition to delivering 1.5 million tests during the quarter, we also launched a new test title for the securities industry and delivered the Counter Officer Qualification Exam to China Life Insurance in 50 cities over 31 provinces, positioning us well in the very promising market for leveraging computer-based testing to assess and develop internal human resources capabilities.

Our financial results also reflected solid execution of our strategy and are a testament that ATA has a proven and a solid growth platform to take full advantage of China's fast-growing test and test-related sectors.

The highlights for the first quarter of fiscal year 2009 include one, net revenue was up approximately 158.2% to RMB68.3 million. Two, gross profit was up approximately 184.8% to RMB39.2 million. Three, net income was approximately RMB12.4 million compared to a loss of RMB0.8 million in the previous year.

As we move into the second quarter, we see significant opportunities to continue expanding our business by adding new titles, penetrating new industries and developing test preparation solutions to complement our computer-based testing service. We believe we are at the very early stage of our success, and we look forward to continue to deliver positive results to our shareholders and to report on our progress during our quarterly conference calls.

With that, I will now turn the call over to Walter, who will provide you with a business update, and then Carl, who will discuss our financial results for the quarter.

Walter Wang - ATA Inc. - Director, President

Thank you, Kevin, and welcome to everyone joining us on the call today. We are very pleased with the strong start to our 2009 fiscal year. During the quarter, we delivered strong year-over-year top and bottom line growth and benefited from the economies of scale and improved mix to expand our margins.

We also, as Mr. Ma mentioned, reached important milestones in the execution of our business plan. Our computer-based testing segment had robust year-over-year growth, delivering 1.5 million tests this quarter, a 215.5% increase over the same period last year.

During the quarter, we successfully completed the first half China Banking Association qualification exam. We used 3,268 test rooms in 406 test centers across more than 20 provinces in China to service 470,000 test takers. The number of simultaneous test takers, test centers and test rooms all reached the highest level in our history, demonstrating the solid foundation and scalability of our unique technology platform.

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In addition, we launched a landmark test title, Sales Professionals for Funds, for the Securities Association of China. All professionals in China involved in the sale of funds are required to obtain licensure by taking this test or a combination of other test titles offered by ATA.

In the quarter, we continued to make progress developing the very promising HR assessment market, successfully delivering Counter Officer Qualification Exam to 32,582 China Life Insurance employees, which was held simultaneously in 50 cities across 31 provinces.

This is the first time ATA and China Life Insurance cooperate on a nationwide computer-based test to evaluate internal staff qualifications and skills, and we look forward to a successful partnership in the future.

Our test-based education services delivered modest year-over-year growth driven by licensing revenue from our test-based education solutions. We believe there is a limited market potential for our current content in test-based education program offering, and thus have reduced our sales and marketing efforts. Therefore, we do not expect this area to grow significantly unless we can establish relationships with new content providers.

One discussion in progress is with Tsinghua University. Any successful cooperation will contribute to top line growth fiscal year 2010 and beyond and we look forward to update you if and when an agreement is reached.

Finally, our test preparation and training solutions, targeted at professional licensure and certification test, experienced negative year-over-year growth. Test takers typically consume test preparation and training solutions close to test and certification requirement deadlines, which are typically during the quarter ending December 31st.

Therefore, we experienced lower sales of such preparation and training solutions in the quarter and expect it to pick up in the back half of the year. In addition, some of our preparation solutions, including the NTET preparation software, depend on timing of government budgets, and, therefore, sales may be lumpy from quarter to quarter.

Overall, with a solid NTET product exclusive continuous training platform for the Securities Association of China and more inbound inquiries from enterprises for our test preparation solutions, we expect this area to experience strong year-on-year growth in the quarter ahead.

On the personnel side, we are happy to announce Mr. Jeffery Gao has joined ATA as Finance Director. Mr. Gao brings 11 years of audit and advisory experience from the Big 4, and he will help ATA deliver on our commitment to operate a well-governed company. With that, I will now turn the call over to our CFO, Carl Yeung, who will go over our financial results in more details.

Carl Yeung - ATA Inc. - CFO

Thank you, Walter. We are very pleased with our first quarter results, which came in near the top end of our guidance. Total net revenue grew approximately 158.2% year-over-year to RMB68.3 million, or \$10 million.

Net revenue from testing services increased by approximately 566.2% to RMB53.9 million, or \$7.9 million for the quarter. The number of tests delivered was up by 215.5% year-on-year to approximately 1.5 million tests compared to 465,000 tests in the same period last year.

The average price per test delivered was approximately RMB36, up 107% from RMB17.4 in the comparable period last year. This increase in average revenue per test was due to a significant increase in higher priced tests delivered on behalf of the China Banking Association.

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In the quarter, we also achieved a record 470,000 test takers for the China Banking Association compared to zero in the first half of 2007. In addition to the China Banking Association, the number of test takers for the Securities Association of China and Ministry of Labor increased to 436,000 and 289,000 with year-on-year growth rates of 261.2% and 56.4%, respectively.

We expect our finance sector vertical to continue to outpace growth in revenue from other verticals in the quarters ahead, which we expect will positively affect our average revenue per test as well as our margin structure.

Net revenues from test preparation and training solutions declined by 91% in the period to RMB0.5 million, or \$74,000, from RMB5.7 million in the same period last year. This is because we did not make any sales of NTET software in the quarter.

As Walter mentioned, sales of NTET software depends on the timing of government budget and may shift quarter-to-quarter. Net revenue from test-based education services increased by approximately 3.1% to RMB11 million, or \$1.6 million, in the first quarter, representing 16.1% of total net revenues.

Gross profit increased by approximately 184.8% year-over-year to RMB39.2 million, or \$5.7 million. Gross margin also increased to 57.3% from 52.0% in the comparable period in 2007. Gross margin expansion was driven by an improved revenue mix from our testing services, which we have lower direct costs.

The operating expense, in total, increased by approximately 42.9% year-over-year to RMB21.5 million, or \$3.1 million, primarily driven by general and administrative expenses. G&A expenses increased by an estimated 86.8% year-over-year to RMB12.2 million, or \$1.8 million. This increase were primarily attributed to accrued bonuses, share-based compensation and incremental expenses, being a public company.

Sales and marketing expenses was flat at RMB6.0 million, or \$0.9 million. Research and development expenses increased by an estimated 28.9% year-over-year to RMB3.3 million, or \$0.5 million. This is primarily due to an increased headcount from 51 to 78 in R&D year-on-year.

Income from operations was approximately RMB17.7 million, or \$2.6 million, compared to a loss of RMB1.3 million the same period last year. Our operating margin in the quarter was 25.9% compared to negative 4.8% in the same period of last year.

Income tax was approximately RMB6.1 million, or \$0.9 million, with an effective tax rate of 32.1%. Now, due to the procedures to claim favorable tax treatment were only recently announced in China, our domestic wholly owned foreign enterprise, ATA Testing Authority Beijing, has been paying taxes at the highest 25% EIT rate.

If we can successfully receive high tech status for ATA Testing Authority Beijing, then ATA Testing Authority Beijing's tax rate will be reduced to 15% and any excess taxes paid over 15% in calendar 2008 should be refunded.

Our effective tax rate was above 25% because of non-tax deductible expenses at our offshore holding companies. With a growing revenue at our operating entities level, our non-tax deductible expenses will become less impactful to our effective tax rates going forward.

Net income for the quarter was approximately RMB12.4 million, or \$1.8 million, compared to a loss of RMB0.8 million in the comparable period last year. Basic and diluted earnings per ADS were RMB0.56, \$0.08, and RMB0.54, \$0.08, respectively.

Net income, excluding share-based compensation expense and foreign currency exchange gains and losses, which is a non-GAAP figure, was an estimated RMB13.7 million, or \$2.0 million, for the first quarter 2009 compared to a loss of RMB0.1 million in the same period last year.

Basic and diluted loss for -- basic and diluted earnings per ADS, excluding share-based compensation expense and foreign currency exchange gains or losses, which is a non-GAAP number, were RMB0.6, or \$0.09, and RMB0.58, which is \$0.08, respectively.

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As of June 30, 2009, ATA had cash of RMB333.1 million, or \$48.6 million, working capital of RMB353.7 million and no debt. Shareholders equity at the balance sheet date was RMB377.2 million, or \$55.0 million, up from RMB363.1 million at the end of fiscal first quarter 2008.

CapEx for the first quarter of fiscal year 2009 was RMB1.4 million, or \$200,000, mainly for the addition of computers and servers and upgrade and improvement of certain software for internal use.

Now, turning over to our outlook for the fiscal second quarter 2009, we expect net revenues will be in the range of RMB50 million to RMB53 million, representing year-over-year growth in the range of 0% to 6%. ATA expects net revenue for the fiscal year ended March 31, 2009, to be in the range of RMB340 million to RMB350 million, which is expected to represent a 98% to 103% growth year-over-year over fiscal year 2008.

This is ATA's current and preliminary view, which is subject to change. Our results of operation for the fiscal first quarter 2009 are not necessarily indicative of our operating results for any future periods. Now I'll turn the call back to Walter for some closing remarks.

Walter Wang - ATA Inc. - Director, President

Thank you, Carl. In summary, we are pleased with our results this quarter as well as with the opportunities ahead to continue to penetrate the Chinese market for computer-based testing services. Looking at the near-term opportunities, we are delighted to report many favorable developments.

One, Ministry of Culture has cleared all government approvals necessary to launch nationwide prep and testing for Internet cafe in China. We are currently in the final phase of launch planning and expect to formally launch prep and testing for Internet cafe by the end of September.

Following the successful launch of the Sales Professionals for Funds Exam for the Securities Association of China, in this quarter, this key client is expected to launch another new title in the coming months to qualify securities brokers in China. This is a very large addressable market where testing and qualification was previously not done. We believe the number of brokers practicing in China is approximately five to ten times the number of currently working licensed securities professionals.

Three, China Banking Association is undertaking studies to launch more titles as part of their efforts to certify specific banking skill sets. It is possible the CBA may launch an additional three test titles on top of the existing three titles by first half of calendar 2009. Four, Ministry of Labor, a longstanding client of ATA, is also expected to launch several new test titles before end of this year, further solidifying this longstanding relationship.

Five, beyond the lucrative government sponsored test market, we have made significant progress after successful cooperation with China Life Insurance in the enterprise internal assessment market. We have further signed up in the insurance sector Taikang Life Insurance Company; in the bank sector CITIC Bank; China Post Savings Bank; Hua Xia Bank; Shanghai Pudong Development Bank; Shanghai Rural Commercial Bank; Zhejiang Commercial Bank; and HSBC China to provide internal assessment services. This represents a solid progress on the execution of our strategy to penetrate the private sector HR assessment market.

Six, finally, Tsinghua University represents a unique brand and contents enhancement opportunity to our current test-based education programs. We expect to finalize a favorable cooperation plan before end of December.

In the long-term, the trend to computerize test taking and to outsource testing services is irreversible. We look forward to executing a highly defensible strategy to capture revenue opportunities in the complete testing value chain as we capture more test titles and clients. We are very excited about these opportunities ahead to create lasting value to our shareholders. With that, we would now like to open the call to your questions.

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QUESTIONS AND ANSWERS

Operator

Thank you.

(OPERATOR INSTRUCTIONS)

Your first question comes from the line of Mark Marostica with Piper Jaffray. Please proceed.

Carl Yeung - ATA Inc. - CFO

Hi, Mark, please proceed.

Mark Marostica - Piper Jaffray - Analyst

Yes, thanks. Nice job. I wanted to first ask about the revenue per student line, which again you've shown considerable movement upward, and understanding, of course, that's driven by the higher priced tests as Carl mentioned. When do you actually anniversary the, let's say, higher point of that particular metric? Will there come a quarter when you kind of hit a tough comp and, if so, when will that be?

Carl Yeung - ATA Inc. - CFO

Yes, this revenue per test taker will fluctuate quarter-to-quarter depending on if that quarter has a large number of finance related tests or other higher revenue per test titles being offered. But to answer your question directly is that we're going to expect a very strong year-on-year increase in revenue per test taker.

Mark Marostica - Piper Jaffray - Analyst

Is that comment, Carl, for this -- for the second quarter? And then what about the balance of the year?

Carl Yeung - ATA Inc. - CFO

Yes, the second quarter it may be a little bit lower, but for the balance of the year it will be a lot higher going into December.

Mark Marostica - Piper Jaffray - Analyst

Again, because of the uneven compares with the banking association, I would imagine.

Carl Yeung - ATA Inc. - CFO

Yes, because the banking test is not offered in the second quarter.

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Mark Marostica - Piper Jaffray - Analyst

Right, fair enough. And then a second and related question regarding the guidance for the full year. It obviously portends a very healthy back half of the fiscal year. I'm curious, if you could just talk to some of the drivers of revenue growth in the back half of the fiscal year, specifically that get you to that guidance level.

Carl Yeung - ATA Inc. - CFO

Sure, I think Walter gave a lot of color in terms of the very near-term opportunities, very solid opportunities. Again, we have been waiting for a Ministry of Labor -- Culture for quite a few quarters, and this quarter we have been -- they have cleared all government approval hurdles.

We're looking to launch in September, and this is a very large addressable market, and we are currently finalizing the launch plans. We'll update the street as this is finalized, and it looks like it will be a very strong contributor of full-year revenues. And that will start hitting a little bit in September, but more importantly into December and also the quarter following that.

On top of that, the Securities Association of China has indicated they will release a new test title. It's a broker qualification exam. For people who may not understand the China securities market as well as the people on the ground here, the number of brokers working in China is huge. It's roughly five to ten times the number of people who are licensed and working right now. And they are all not licensed today. And with this requirement, we're going to see a huge pop there also contributing to a very strong full year to finish off.

On top of that, Ministry of Labor, as also discussed by Walter, is going to be adding a few new test titles. We have definitely further strengthened our relationship with the pending closing of this JDX company to fully utilize both exam delivery as well as systems software solutions throughout the entire ministry from the top level to the provincial level across different test titles. So, we're going to see very healthy growth from a client that has been with us for nine years, probably one of the biggest growth years this year.

And on top of that, we have made really good progress away from the government sponsored test title market, namely, the private sector HR market. We started stepping into this market just at the beginning of this year. Our first client was China Life Insurance.

And I don't want to repeat the list that Walter repeated, but we've basically acquired pretty much all the banks and another very important life insurance company to add to the arsenal of clients that we have.

We started with testing there and then we're going to be starting to offer test prep there. Again, these are already solid contracts that will contribute towards our fiscal year guidance.

Mark Marostica - Piper Jaffray - Analyst

Okay, very good.

Carl Yeung - ATA Inc. - CFO

So, I think we have -- we're very comfortable with how to get it -- how to get to RMB340 million, RMB350 million.

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Mark Marostica - Piper Jaffray - Analyst

Right. And then on the quarter, I wanted to highlight one item where you achieved quite a bit of leverage, and that's the selling and marketing line. I think you mentioned it was flat in the quarter. I'm curious what drove that leverage, if there's additional spend to come there and maybe just talk about if you continue to see significant leverage coming from that line item and then what happened this quarter.

Carl Yeung - ATA Inc. - CFO

Yes, we agree. We actually, as Walter mentioned, we have slowed down quite a lot of our sales and marketing effort in the test-based education sector because we believe the current content has a limited market scope, as well as that market being extremely competitive.

As you can understand, ATA being a testing service provider, we actually don't have to spend a lot of sales and marketing resources. We just need to negotiate with Ministry. We don't need to send a team of hundred people to cover that.

Most of our sales and marketing effort up to today has been related to the test-based education program. And as we reduce our efforts there, that will continue to add to our leverage going forward. So, that's a key driver.

Mark Marostica - Piper Jaffray - Analyst

One last question, then I'll turn it over. You mentioned that this past quarter you reached record levels in terms of number of simultaneous tests delivered across the vast network. And it makes the question dawn on me as to whether or not you're due for a major upgrade in technology infrastructure or whether you feel your current level of technology and capacity utilization is such that it will last for several years. Thanks.

Carl Yeung - ATA Inc. - CFO

Yes, we have absolutely very scaleable model. As you can tell from a China banking test, we deliver tests to 270 -- 470,000 test takers utilizing just around 400 test centers. We have a total capacity network of 1,800 test centers that we can use. So, even at any given maximum peak daily volume, we're utilizing a fraction of this test center facility.

In terms of technology, we are definitely the world leader in this technology. From an R&D perspective, this increased a little bit this quarter, and we will expect that to increase going down this fiscal year too.

The reason is we are readying some very interesting products to address the HR market as well as some potential test prep and training market online solutions, for example. We will release our game plan as we ready these products, and it should be positive results from that.

Mark Marostica - Piper Jaffray - Analyst

Thank you. Nice job, again.

Carl Yeung - ATA Inc. - CFO

Thank you, Mark.

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Operator

Your next question comes from the line of Tian Hou with Pali Capital. Please proceed.

Tian Hou - *Pali Capital, Inc. - Analyst*

Good evening. I have a question regarding the Internet cafe test. I know you're going to --

Carl Yeung - *ATA Inc. - CFO*

Sure.

Tian Hou - *Pali Capital, Inc. - Analyst*

-- start it in September, so how many -- what's the number of tests do you expect to deliver, and for each test what do you expect the ASP is supposed to be?

Carl Yeung - *ATA Inc. - CFO*

Yes, Tian, it's good to hear from you.

Tian Hou - *Pali Capital, Inc. - Analyst*

Thank you.

Carl Yeung - *ATA Inc. - CFO*

Yes, we have -- we are right now finalizing the launch plan for the Ministry of Culture because just one or two weeks ago we received the final approvals within the Government. So, right now it's a little bit too early to say, but to answer your question very quickly, there will not be very significant contribution in the September quarter, to be very honest, but this is a very large revenue opportunity.

We'll give further guidance in terms of how much we expect to earn from each test from each Internet cafe from preparation in terms of revenue perspective and for test perspective. Basically right now, the indicated ranges is going to help our average test -- revenue per test go up significantly if that goes through.

Tian Hou - *Pali Capital, Inc. - Analyst*

Okay, that's great. And then there's another big picture question, and I know in terms of the revenue each quarter we do have a seasonality. However, as the Company's strategy, you do want to increase your other non-test services, such as tax preparation or more education services, to give enough cushion for those fluctuation over the year. So, how do we do in that front?

Carl Yeung - *ATA Inc. - CFO*

Absolutely. We do see the seasonality. A few of the things that we're trying to do is we're going to develop the HR internal testing market very -- in a very, very big way, and Walter has already mentioned some of the key breakthroughs we have with new clients this year.

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On top of that, test preparation is always in the heart of this management. The revenue opportunity is almost ten to one. Basically every dollar spent on testing, people spend ten times in test prep. And we have significant advantages in securing test prep sectors that we already provide testing in.

Some of the successful cases in the past are, for example, the NTET software, the continuous training platform for the Securities Association of China. We'll continue to develop these products and test preparation service across a wider industry vertical to lower the seasonality, and, more importantly, deliver bigger growth going forward.

Tian Hou - Pali Capital, Inc. - Analyst

That's very helpful, thank you. I have no question.

Operator

Your next question comes from the line of Scott Schneeberger with Oppenheimer. Please proceed.

Scott Schneeberger - Oppenheimer & Co. - Analyst

Thanks very much. I guess just a question on the Internet cafes. You mentioned that September will start. I assume there's very little in the guidance there in that it's back half weighted what you're expecting. Just digging here to see is there any risk if there is a delay on that for the quarter itself.

Carl Yeung - ATA Inc. - CFO

There should be fairly little contribution from Internet cafe from a conservative perspective, so, you're right, you're absolutely right, but we don't expect any further delays. The previous delays in the past were all basically sitting with government approvals. Now, that's all cleared. We're ready to launch the rocket ship.

Scott Schneeberger - Oppenheimer & Co. - Analyst

Thanks, Carl. The, also, Securities Association of China it sounds -- with the brokers, sounds like an immense opportunity. Just if we could go down that road a little bit more with regard to potential timing. Also Ministry of Labor, I think Walter mentioned end of this year, is that calendar year or fiscal year? Just a general timing question on some of the big things in your pipeline. Thanks.

Carl Yeung - ATA Inc. - CFO

Sure. I'll answer the Ministry of Labor question and then I'll let Walter answer when we expect to launch the broker exam. The Ministry of Labor is always contributing nice growth to us. The new titles we'll probably add at the end of the calendar year.

Walter Wang - ATA Inc. - Director, President

Okay, after a discussion with the Securities Association of China, we probably will launch the broker exam at the end of November or the beginning of December.

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Scott Schneeberger - *Oppenheimer & Co. - Analyst*

Great, thanks. Switching over to the cost line, we talked a little bit earlier about sales and marketing, about R&D and what your plans are there. G&A, should we expect any change to how you're leveraging there, any increases or decreases that you foresee, Carl?

Carl Yeung - *ATA Inc. - CFO*

Yes, it will be pretty much around this number for the rest of the year, except for the December quarter where we finish our bonus cycle. So, there should be -- let me just give you a rough idea -- expect maybe about 40% increase over this number for the December quarter, but this is well planned in our guidances.

Scott Schneeberger - *Oppenheimer & Co. - Analyst*

Okay, great, thanks. And then finally one more housekeeping. Tax rate guidance, basically you mentioned that you may get a credit back for calendar year '08 if you get the approval for being a tech company, which I assume will come in calendar '09. Could you just give us a little bit of help with modeling with regard to tax rate? And are you confident, in fact, that you think you will get that approval and that rebate for what you pay in '08? Thanks.

Carl Yeung - *ATA Inc. - CFO*

Yes, the official procedure to how to claim the high tax status only came out in the end of June, if not early July, if I remember correctly, so we only had a month to digest it. So, even if I sent in the application now, the local tax authorities don't know how to deal with it. So, frankly, it may be a little bit too early to say. I would advise people who want to model the Company to stay on the slightly conservative side and then look for surprises at the end of the year.

Scott Schneeberger - *Oppenheimer & Co. - Analyst*

Okay, thanks very much. Good job.

Operator

(OPERATOR INSTRUCTIONS)

Your next question comes from the line of Mark Chang with Merrill Lynch. Please proceed.

Mark Chang - *Merrill Lynch - Analyst*

Hello.

Carl Yeung - *ATA Inc. - CFO*

Hi, Mark, good to hear you.

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Mark Chang - Merrill Lynch - Analyst

Hi, I have a few questions. First of all, can you give us more detailed color regarding the development of the Tsinghua program in terms of how this will work out and when do you expect we will have a better picture?

And second question is related to the continuing education. Remember, you come across -- would come across the site talking about the opportunity with the Securities Association, Banking Association, and can I have some color about what's the update there?

And probably the third one, relating to your guidance for the next quarter, you are talking about revenue growth of 0% to 6%, and I was just wondering, if we distribute out the revenue from Banking Association tests in last year, what type of growth you are looking at now.

Carl Yeung - ATA Inc. - CFO

Okay, sure. I'll answer the Tsinghua program update first. I'll let Walter discuss the continuing education portion for the online bit after that, and then I'll answer the percentage again if we strip out the Banking Association.

Now, for the Tsinghua program, we actually have signed cooperation since October last year. We just haven't really find a right path to execute on both sides. Right now, they are very busy readying for the launch of the school year because September is coming up, so the discussion has been quiet down little bit.

We hope to finalize something, like I said -- like Walter mentioned in the earnings call earlier, before the end of December, but it's probably going to be a little bit earlier. We'll probably give an update by October in terms of what we plan to do and our revenue guidance for that program enhancement for fiscal '010 by October, if not November.

Walter Wang - ATA Inc. - Director, President

Could you repeat the question on the online part?

Mark Chang - Merrill Lynch - Analyst

On the continuing education, I remember you guys talk about that the opportunity with the Banking Association or the Securities Association, and I would -- just would like to have some update what's the progress there and what type of revenue we are expecting from these two area -- these two associations.

Walter Wang - ATA Inc. - Director, President

Okay, for the Securities Association of China, we already have launched the continue education for them exclusively, and the program is going very well. And also after we launched the new test titles for the sales of funds and also the broker examination. Those people also need to be go through the continue education, so we are expecting more people to use our online training contents for the continue education.

Carl Yeung - ATA Inc. - CFO

Okay, Mark, to answer your question in terms of stripping out growth for banking from last year, the sort of pro forma growth that we have put our guidance on is approximately 43% to 52% year-on-year for the next quarter.

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Mark Chang - *Merrill Lynch - Analyst*

Okay, thank you.

Operator

Your next question comes from the -- is a follow-up question from the line of Tian Hou with Pali Capital. Please proceed.

Tian Hou - *Pali Capital, Inc. - Analyst*

I just have one follow-up question. Regarding the internal business, like what Walt mentioned, HSBC, Pudong Bank, what exactly are you going to do for them?

Walter Wang - *ATA Inc. - Director, President*

To deliver the internal assessment for those banks and insurance companies.

Tian Hou - *Pali Capital, Inc. - Analyst*

So --

Walter Wang - *ATA Inc. - Director, President*

And also following that we will deliver the test prep for that.

Tian Hou - *Pali Capital, Inc. - Analyst*

Okay, got it, thank you.

Walter Wang - *ATA Inc. - Director, President*

Okay.

Operator

At this time, there are no further questions. I would now like to turn the call over to Mr. Ma for closing remarks.

Kevin Ma - *ATA Inc. - CEO*

On behalf of our entire ATA management team, we want to thank you for your interest and participation in this call. If you have any interest in visiting ATA, please let us know. Again, thank you for joining us on this call. Thank you.

Walter Wang - *ATA Inc. - Director, President*

Thank you, everybody.

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Carl Yeung - ATA Inc. - CFO

Thank you.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect, and have a good day.

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