

# ATA

## Listed on NASDAQ:

ADS Price (09/04/2008):

Market Capitalization:

ADS Shares Outstanding (06/30/2008):

Common Shares Outstanding (06/30/2008):

Fiscal Year End

ATAI

\$11.58

\$264.0 Mil

22.8 Mil

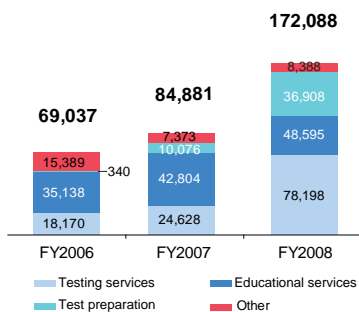
45.7 Mil

March 31

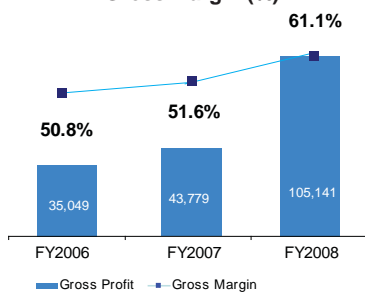
**Business Description** - ATA Inc. (the "Company" or "ATA") is a leading provider of computer-based testing services, as well as career-oriented test-based educational programs and test preparation solutions in China. The Company's ADS, representing two common shares, were listed on NASDAQ on January 29, 2008.

## INVESTMENT HIGHLIGHTS

### Net Revenues (RMB)



### Gross Profit (RMB'000) / Gross Margin (%)



### Focus on High Growth Addressable Market

ATA is a rapidly growing company with a diversified revenue base and expanding margins that focuses on the rapidly expanding addressable market for large scale computer based tests, test preparation solutions and educational services in China. China has one of the world's largest and fastest growing testing markets in terms of number of test takers with an estimated over 100 million paying test candidates age and growing rapidly, driven by the rapid development of the Chinese economy, the growing demand for licensure and certification as well the increasing use of computer based testing technologies. In addition, as the job market in China becomes more competitive, related expenditure on test preparation solutions and career oriented educational services is expected to rise, further expanding ATA's total addressable market.

### Leading Provider of Computer-Based Testing Services in China

ATA believes it is the leading provider of computer-based testing services in China with the highest market share. The Company has strong relationships with key test sponsors, including the Ministry of Labor, Ministry of Education, and China Banking Association as well as leading IT vendors such as Microsoft, among others, and is protected by high entry barriers due to high cost of switching. The Company has the largest network of test centers with 1,886 locations in China, which combined with its E-testing platform allows it to deliver secure, cost-effective, accurate, easy-to-manage large scale tests simultaneously to multiple locations.

### Superior, Highly Scalable Test Delivery Technologies

ATA has developed proprietary technologies and software applications for creation and delivery of advanced computer-based tests. These technologies include its E-testing platform, test content creation and management tools, as well as advanced performance-based testing technologies and web-based applications. ATA's E-testing platform currently has the capability to deliver more than 1,000,000 tests per day.

### Focused Growth Strategy

ATA plans to growth by extending its computer-based test platform into new industry verticals as well as expanding its complementary test preparation services. The company also plans to continue to expand its educational services through partnerships with vocational schools and universities. And finally, ATA also expects to be able to enter into strategic alliances and make acquisitions to accelerate its growth.

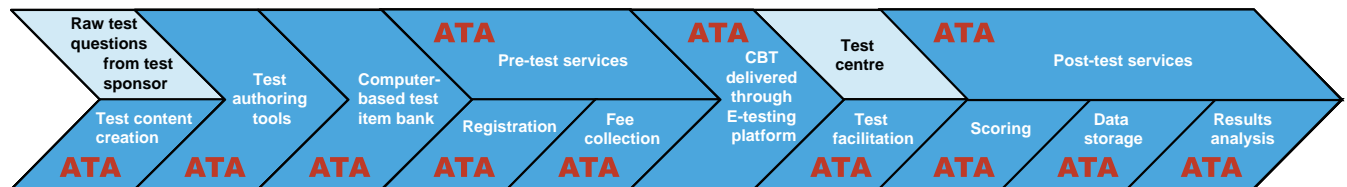


## CORPORATE OVERVIEW

### Industry Leading Products and Services

#### *Computer Based Testing Development and Delivery*

ATA's capabilities allows it to offer a comprehensive and integrated solution to enhance the effectiveness of the entire testing process, including the compilation, delivery, scoring and results analysis as well as the necessary logistical services such as test registration, scheduling and fee collection. The Company's E-testing platform is flexible and can be easily customized for many types of test content and to meet the specific requirements of the test sponsor. Its test delivery services are further enhanced by a nation-wide network of 1,886 test centers, which allows the Company to deliver tests on a large scale simultaneously to multiple locations and in a consistent, secure and cost-effective manner.



#### *Career-Oriented Educational Services*

ATA's career-oriented educational services include single course programs, degree major course programs and pre-occupational training programs. The Company markets these educational services to universities and vocational schools throughout China, often through regional marketing agreements with computer science or other relevant academic departments in key regional schools. The Company's educational services allow academic institutions to provide more career-oriented content and practical skills to assist students in more easily securing employment with leading IT industry businesses, which increasingly favor job candidates with real-world experience in operating and trouble-shooting their products and technologies. At the same time, the Company's educational services are attractive to IT vendors and other certification providers as they help to increase the market prevalence and acceptance of the software applications and technologies taught in the course program by "hooking" students onto those technologies and by motivating employers to adopt the technologies due to the larger talent pool proficient in operating them. The Company plans to expand our career-oriented educational service offerings beyond the IT industry by developing similar programs for students looking for careers in banking, securities, insurance and other industries by leveraging existing relationships with key licensure and certification providers.

#### *Test Preparation Solutions*

ATA has recently began offering test preparation solutions by integrating its testing and assessment technologies with test preparation content targeted at professional licensure and certification tests, building on its established reputation and in-depth understanding of the Chinese market for professional licensure and certification tests focusing on the securities, futures, banking, insurance and teaching industries. The Company also offers the NTET Tutorial Platform comprising a comprehensive set of training materials for preparing teachers for certification under the NTET test, which is conducted by China's Ministry of Education and delivered through its test delivery platform and test center network.

#### **Established Customer Relationships with Key Test Sponsors and Leading IT Vendors**

ATA enjoys strong client relationships with key test sponsors in China, including the PRC Ministry of

Labor, for which it has been delivering computer-based tests since 1999, the Ministry of Education, for which it has developed career-oriented course programs since 2002 and more recently its NTET Tutorial Platform software. In addition, the Company has developed relationships with various key professional services organizations, such as the Securities Association of China, the China Futures Association, the China Banking Association and the Insurance Association of China. The Company has also worked with leading IT vendors, such as Microsoft, Adobe, Borland, Corel, Digital China, H3C, Trend Micro and Turbolinux, for the development of performance-based and application-driven educational programs and tests. ATA's deep knowledge of career-oriented education content acquired through its relationships with leading IT vendors.

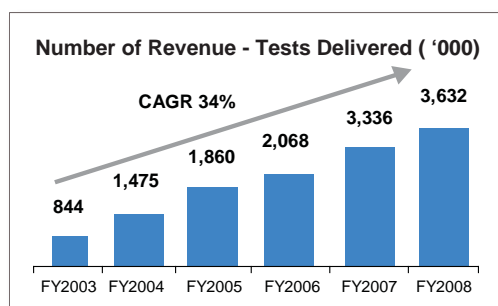
Major Clients			IT Vendor Content Providers			

### Cutting Edge Testing Development and Delivery Technology

ATA's proprietary technologies and software applications include its E-testing platform, test content creation and management tools, advanced performance-based testing technologies and web-based applications. The Company's research and development initiatives are designed to improve testing technologies and to develop new and innovative technologies. Its E-testing platform, ETX, is composed of a set of tools and applications for facilitating the computer-based testing process and includes sub-system for managing and transferring test content, test taker information and test results data in a secure and efficient manner and incorporates centralized servers, test site servers, test site management computers and individual testing computers. ETX is compatible with different testing modes, such as daily tests, on-demand tests and centralized tests.

In addition, ATA has also developed proprietary software applications and tools for the creation, illustration and operation of computer-based tests. These software applications include test item authoring tools, which are used to create and revise the visible display and operation of test items, and test engines, which are required to run tests and exchange test data on specific testing platforms. The Company's ATA Markup Language remains a key technology for a large base of clients who contract for the conversion of paper-based tests to computer-based tests. Its Dynamic Simulation Technology, or DST, allows simulation of complicated operating systems, software applications and network environments and its Real Environment Technology allows for the creation of test questions requiring the test taker to operate software applications to solve real-world problems.

## THE MARKET OPPORTUNITY



### Large Testing and Education Market with Significant Upside

#### China's Testing Market

China has one of the world's largest and fastest growing testing markets in terms of number of test takers with an estimated over 100 million test candidates a year and growing rapidly. Testing has played a prominent role in Chinese society for centuries, with successive Chinese dynasties and governments regularly administering standardized examinations as an integral part of

selecting members of China's civil service. This long tradition of testing continues today and its impact extends beyond government and education, with professional associations and businesses in China also relying on tests to issue professional licenses and certifications, assess ongoing professional skills, and select job candidates.

Key trends in China's Testing Market include increasing number of individuals seeking licensure and certification, increasing use of computer-based testing, increasing importance of performance-based testing, increasing demand for IT certification tests using computer-based simulation technology, and increasing demand for outsourced testing services. The above key trends provide significant growth potential for computer-based testing service providers in China.

### ***China's Education Market***

China's education market is experiencing rapid growth both in terms of the number of schools and the number of students, especially at the post-secondary higher education level. The number of students in post-secondary higher education programs has increased from 12.1 million in 2001 to over 25.0 million in 2006, according to China's Ministry of Education. Moreover, spending on education has risen from \$61,895 million in 2001 to \$125,697 million in 2006 with compound annual growth rate 15.2%. (Source: National Bureau of Statistics of the People's Republic of China)

As more people enter China's job market with higher education levels, the competition for higher paying jobs is expected to become more intense. Workers with comparable education levels will seek a competitive edge in testing for professional licenses and certifications. Test takers in China are expected to spend significantly more time and money on test preparation and learning exercises than on actual test taking. As the number of tests and the number of test takers continue to grow in China, test preparation spending will continue to enjoy significant growth in the next decade.

## **STRATEGY FOR GROWTH**

### **Continue to Seek Opportunities in Licensure and Certification Testing Services**

ATA will continue to identify industries where traditional licensure and certification tests can be adapted to computer-based testing methods to leverage ATA's computer-based testing expertise and technologies and extensive test delivery network.

### **Further Enhance Technology and Expand Test Center Network Reach**

Test content creation and delivery technologies are important components of ATA's products, services and market leadership. ATA will continuously upgrade its test content creation technologies and delivery systems in order to provide best-in-class testing services at competitive prices to clients.

### **Expand Test Preparation and Educational Program Offerings**

ATA's experience and leadership position in providing computer-based testing services provides the Company with an effective platform from which to expand ATA's service offerings into test preparation and educational services. ATA will leverage its relationships with key test sponsors to provide comprehensive services along the entire education value chain, from learning to test preparation to testing.

### **Increase Brand Recognition**

ATA intends to establish the ATA name as the leading provider of quality computer-based testing and test preparation solutions in China. ATA promotes wider recognition of the "ATA" brand among test



takers by placing its logo prominently outside ATA authorized test centers and in test and course program materials. The Company also engages in on-campus marketing activities through prominently placed marketing materials, such as posters and other advertising means.

#### **Pursue Selective Strategic Acquisitions and Alliances**

ATA intends to seek acquisition and alliance opportunities in the areas of testing, test preparation and education that can enhance the scope of ATA's products and services. The Company intends to pursue any acquisitions and alliances with prudence and only consider opportunities that are strategically complementary and can add long-term value to shareholders.

## **SEASONED GLOBAL MANAGEMENT TEAM**

**Kevin Xiaofeng Ma** - Chairman and Chief Executive Officer - Prior to co-founding ATA, Mr. Ma co-founded Dynamic Technology Corporation and served as its chief executive officer from 1996 to 1998. From 1990 to 1996, Mr. Ma served as general manager in the Hainan High-Tech Industry International Cooperation Center. Previously, Mr. Ma gained experience as vice president at the Beijing MDI High-Tech Center, as president at Beijing Zhongjia Integrated Intelligent System Engineering, and as director at China Radio International.

**Walter Lin Wang** - Co-Founder, Director and President – Prior to co-founding ATA, Mr. Wang practiced independent IT consulting. Mr. Wang also worked as an engineer and deputy department head at the PRC Ministry of Railways' Information Center. Mr. Wang holds a bachelor's degree in computer science from Southwest Jiaotong University and a master's degree in computer science from University of Central Florida.

**Carl Yeung** - Chief Financial Officer - Prior to joining us, Mr. Yeung worked as an analyst and associate at Merrill Lynch (Asia Pacific) Limited from 2002 to 2006. Mr. Yeung holds a bachelor's degree in economics with concentrations in finance and operations management from Wharton School, University of Pennsylvania, and a bachelor's degree in applied science with a concentration in systems engineering from School of Engineering and Applied Sciences, University of Pennsylvania.

**Patrick Tien** - Vice President - Mr. Tien is in charge of channel and sales of ATA. Prior to joining ATA, Mr. Tien worked as a project general director at Microsoft Learning from 1991 to 2005. Mr. Tien holds a bachelor's degree in computer science from Chung Yuan Christian University, and a master's degree in computer engineering from University of Massachusetts, Lowell.

**Alex Tong** - Vice President - Mr. Tong is in charge of business development of ATA. Prior to joining ATA, Mr. Tong worked as the Asia Pacific General Manager at the Royal Institution of Chartered Surveyors from 2003 to 2005. Prior to that, Mr. Tong worked for Thomson Prometric in the position of executive director from 1999 to 2003 and as the managing director at Pearson NCS Hong Kong Ltd. From 1997 to 1999. Mr. Tong graduated from University of Nottingham with a bachelor's degree in education and a master's degree of philosophy in education and from the Chinese University of Hong Kong with an executive MBA.

**Paul Hsu** - Vice President - Mr. Hsu is in charge of product development and marketing of ATA. Prior to joining ATA, Mr. Hsu worked as product marketing director at Microsoft Greater China Region from 1995 to 2006 and worked as a technical group manager at Digital Equipment Corp Taiwan from 1990 to 1995. Mr. Hsu holds a college degree in mechanical engineering from Taiwan DongNan College.

## SELECTED FINANCIAL DATA

Consolidated Income Statement	Year Ended March 31,			Three-month Period Ended June 30,	
	2007	2008	2008	2008	2008
	(audited) RMB	(unaudited) RMB	(unaudited) USD	(unaudited) RMB	(unaudited) USD
Net revenues	84,880,877	172,088,227	24,541,960	68,331,931	9,962,230
Cost of revenues	41,101,688	66,947,419	9,547,549	29,163,638	4,251,817
Gross profit	43,779,189	105,140,808	14,994,411	39,168,293	5,710,413
Operating expenses:					
Research and development	9,322,068	12,882,428	1,837,197	3,287,178	479,243
Sales and marketing	22,028,895	28,804,487	4,107,885	5,961,055	869,072
General and administrative	32,024,170	40,026,341	5,708,263	12,218,300	1,781,329
Total operating expenses	63,375,133	81,713,256	11,653,345	21,466,533	3,129,644
Income (loss) from operations	(19,595,944)	23,427,552	3,341,066	17,701,760	2,580,769
Equity in net losses of affiliates	(187,168)	—	—	—	—
Gain from sale of an affiliate	—	2,837,451	404,656	—	—
Gain from liquidation of an affiliate	1,509,228	988,133	140,920	—	—
Interest income	599,872	473,739	67,561	190,472	27,770
Foreign currency exchange losses, net	(908,998)	(235,742)	(33,619)	609,647	88,881
Earnings (loss) before income taxes	(18,583,010)	27,491,133	3,920,584	18,501,879	2,697,420
Income tax benefit (expense)	1,793,158	(7,321,354)	(1,044,118)	(6,054,172)	(882,648)
Net income (loss)	(16,789,852)	20,169,779	2,876,466	12,447,707	1,814,772
Basic earnings (loss) per ADS				0.56	0.08
Diluted earnings per (loss) ADS				0.54	0.08

Summary Balance Sheet	Period Ended			Period Ended	
	31-Mar-07	31-Mar-08	31-Mar-08	30-Jun-08	30-Jun-08
	RMB	RMB	USD	RMB	USD
Total current assets	76,655,742	403,308,654	57,516,921	408,001,602	59,483,256
Total assets	108,165,450	436,633,744	62,269,501	443,468,133	64,653,982
Total current liabilities	45,619,551	66,530,229	9,488,053	59,403,870	8,660,593
Total liabilities	53,516,785	73,556,200	10,490,045	66,297,212	9,665,585
Total shareholders' equity	54,648,665	363,077,544	51,779,456	377,170,921	54,988,397

### Company Contact

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**ATA**

### Business Risks and Forward-Looking Statements

This profile contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this corporate profile are forward-looking statements, including but not limited to, the Company's ability to raise additional capital to finance the Company's activities; the effectiveness, profitability, and the marketability of its products and services; general economic and business conditions; the volatility of the Company's operating results and financial condition; and other risks detailed in the Company's filings with the Securities and Exchange Commission. Readers are advised that this information is intended for the use of investment professionals. Anyone interested in obtaining information on the Company should contact the Company (ATA Inc.: ATA) or CCG Elite, as set forth above, to receive the Company's most recent financial reports. This profile was developed by the Company and is intended solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy the Company's securities. This profile is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by the Company as being accurate nor does it purport to be complete. Opinions expressed herein are those of management as of the date of publication and are subject to change without notice.