

# Return of an Old Favorite

by Ian L. Cooper

**77% in Round 1, 23% in Round 2, 77% in Round 3, and 40% in Round 4. Be prepared for Round 5 and another possible 77%.**

Each time the *Red Zone* Team has played **Varsity Group**, we've walked away with a quick and easy profit playing the back-to-school seasons in August and January. Over the past year and a half, we've raked in 77%, 40%, 23% and another 77% in profits playing this stock. Now it's time for Round 5 and another possible 77% gain by the end of January.

Most of us have painful and expensive memories of college bookstores. You pick all your books and supplies for the semester, stand in line for about an hour, and then find out that you have to fork over US\$453.67 for three books. Three books! After your last nerve has been plucked, you realize there is nothing you can do about it and fork over the cash while cursing the school.



By the end of the semester, when you're ready to sell back your books to the leeches of academia, you find out that those same three books you bought for US\$453.67 are now only worth US\$45. So the day after writing a 50-page paper, taking four mind-numbing regurgitated knowledge exams, and getting two hours of sleep in three days, you again curse the school and announce that you'll keep your books just to spite them.

That'll show 'em. Well, until the school prints "Master of Art" on your degree. True story. They actually left out the "s" in "Arts."

## **It's a fact – college bookstores charge unbelievable fees for required course books.**

It's a good business to get into, too. Varsity Group is in this business. VSTY is an online retailer of new textbooks and educational materials targeting the private middle and high schools, colleges, and distance and continuing education markets. Through its eduPartners division it can serve schools directly, offering a convenient, hassle-free, cheaper alternative to students.

VSTY makes most of its money in August and January. That means now. And there are plenty of catalysts for us to make another quick and easy profit this time around. Higher education continues to be a booming business. In fact, according to the US Census Bureau there are 15.5 million undergraduate and graduate students at more than 4,000 colleges and universities in the US alone.

Plus, there are more than 5.2 million students enrolled in private schools, with about 2.84 million students in the elementary and secondary level schools. Better still, according to the Council on American Private Education, secondary school enrollment is expected to increase as much as 8% between 2000 and 2006. That

should add nicely to VSTY's bottom line.

## **Last Earnings Report**

For Q3 2003, VSTY posted a net profit of US\$3.8 million, a 78% upsurge from the US\$2.1 million recorded in Q3 2002. Revenue shot up 49% to US\$21.5 million from US\$14.4 million.

The company's eduPartners division served some 200 schools in the last back-to-school season in September 2003. With the addition of more schools to VSTY's roster, the company expects to deliver record earnings for the fiscal year ending December 31, 2003.

If it sounds like we're excited about pulling in profits for the fifth time with VSTY, that's because we are.

**Buy Varsity Group under US\$4.10 (VSTY:OTCBB) on the back-to-school trend that has paid off handsomely four times before.** Contact: 1850 M Street, Suite 1150, Washington, DC 20036, tel. 202-667-3400, fax 202-332-5498. Visit: [www.varsity-group.com](http://www.varsity-group.com). ■