

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Unaudited Second Quarter Results

	Group		Increase/ (Decrease) %
	01/10/2005 to 31/12/2005 \$	01/10/2004 to 31/12/2004 \$	
Revenue	2,015,205	1,464,458	38
Other operating income	55,523	78,093	(29)
	<u>2,070,728</u>	<u>1,542,551</u>	34
Personnel expenses	(722,803)	(625,121)	16
Depreciation expenses	(79,233)	(38,710)	105
Other operating expenses	(819,948)	(945,292)	(13)
	<u>(1,621,984)</u>	<u>(1,609,123)</u>	1
Profit/(Loss) before income tax	448,744	(66,572)	n.m.
Income tax	(49,000)	-	n.m.
Profit/(Loss) after income tax	<u>399,744</u>	<u>(66,572)</u>	n.m.
Minority interests	27,155	5,472	396
Net profit/(loss) attributable to shareholders	<u>426,899</u>	<u>(61,100)</u>	n.m.
n.m. - not meaningful			
Notes to Income Statement:			
Amortisation expenses	(13,182)	-	
Foreign exchange (loss)/gain - net	(30,189)	52,448	
Loss on disposal of fixed assets	(597)	(2,820)	
Interest income	<u>26,592</u>	<u>2,161</u>	

Unaudited Results for the 6 Months Ended 31 December 2005

	Group		Increase/ (Decrease) %
	01/07/2005 to 31/12/2005 \$	01/07/2004 to 31/12/2004 \$	
Revenue	3,801,901	3,017,045	26
Other operating income	96,206	161,722	(41)
	<u>3,898,107</u>	<u>3,178,767</u>	23
Personnel expenses	(1,442,241)	(1,513,601)	(5)
Depreciation expenses	(136,425)	(76,945)	77
Other operating expenses	(1,658,625)	(1,987,266)	(17)
	<u>(3,237,291)</u>	<u>(3,577,812)</u>	(10)
Profit/(Loss) before income tax	660,816	(399,045)	n.m.
Income tax	(120,746)	-	n.m.
Profit/(Loss) after income tax	<u>540,070</u>	<u>(399,045)</u>	n.m.
Minority interests	34,411	(3,533)	n.m.
Net profit/(loss) attributable to shareholders	<u>574,481</u>	<u>(402,578)</u>	n.m.

n.m. - not meaningful

Notes to Income Statement:

Amortisation expenses	(18,993)	-
Foreign exchange (loss)/gain - net	(72,248)	119,710
Loss on disposal of fixed assets - net	(582)	(2,820)
Interest income	44,001	5,405
Underprovision of income tax in respect of FY2003	<u>(47,827)</u>	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Unaudited Balance Sheets

	Group		Company	
	31/12/2005	30/06/2005	31/12/2005	30/06/2005
	\$	\$	\$	\$
Non-current assets				
Fixed assets	737,381	509,315	5,691	9,351
Associate	-	-	-	-
Subsidiaries	-	-	865,493	675,803
Intangible asset - Course development costs	137,603	158,295	-	-
	<u>874,984</u>	<u>667,610</u>	<u>871,184</u>	<u>685,154</u>
Current assets				
Trade and other receivables	1,641,233	1,887,838	178,505	32,409
Due from related companies	141,420	106,831	1,443,102	1,442,410
Income tax recoverable	144,027	350,278	-	-
Cash and cash equivalents	11,389,457	4,841,532	9,127,543	3,299,380
	<u>13,316,137</u>	<u>7,186,479</u>	<u>10,749,150</u>	<u>4,774,199</u>
Less:				
Current liabilities				
Trade and other payables	3,787,267	3,355,442	530,512	139,061
Due to related companies	6,130	10,992	1,221,335	1,120,609
Current income tax payable	10,709	162,718	-	155,232
	<u>3,804,106</u>	<u>3,529,152</u>	<u>1,751,847</u>	<u>1,414,902</u>
Net current assets	<u>9,512,031</u>	<u>3,657,327</u>	<u>8,997,303</u>	<u>3,359,297</u>
Net assets	<u>10,387,015</u>	<u>4,324,937</u>	<u>9,868,487</u>	<u>4,044,451</u>
Equity				
Share capital	6,000,000	3,000,000	6,000,000	3,000,000
Share premium	3,570,896	750,200	3,570,896	750,200
Foreign currency translation reserve	50,733	46,347	-	-
Accumulated profits	620,509	430,028	297,591	294,251
Shareholders' equity	<u>10,242,138</u>	<u>4,226,575</u>	<u>9,868,487</u>	<u>4,044,451</u>
Minority interests	144,877	98,362	-	-
Total equity	<u>10,387,015</u>	<u>4,324,937</u>	<u>9,868,487</u>	<u>4,044,451</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2005		As at 30/06/2005	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/2005		As at 30/06/2005	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Unaudited Cash Flow Statement

	Group	
	01/10/2005 to 31/12/2005	01/10/2004 to 31/12/2004
	\$	\$
Cash flows from operating activities		
Profit/(Loss) before income tax	448,744	(66,572)
Adjustments for:		
Amortisation expenses	13,182	-
Depreciation expenses	79,233	38,710
Interest income	(26,592)	(2,161)
Loss on disposal of fixed assets	597	2,820
Gain on loan waiver from a subsidiary's shareholder	(16,239)	-
Foreign currency translation adjustment	6,011	69,819
Operating profit before working capital changes	<u>504,936</u>	<u>42,616</u>
Working capital changes:		
Trade and other receivables	441,836	133,122
Trade and other payables	70,322	46,449
Cash generated from operations	<u>1,017,094</u>	<u>222,187</u>
Income tax paid	(54,750)	-
Net cash from operating activities	<u>962,344</u>	<u>222,187</u>
Cash flows from investing activities		
Interest income received	26,592	2,161
Purchase of fixed assets	(357,049)	(41,794)
Proceeds from disposal of fixed assets	-	40
Net cash used in investing activities	<u>(330,457)</u>	<u>(39,593)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	5,820,696	-
Amount due from related companies	(14,047)	(215,439)
Amount due to a subsidiary's Director	-	21,268
Amount due to a subsidiary's shareholder	-	(7,410)
Proceeds from minority interests	-	16,360
Net cash from/(used in) financing activities	<u>5,806,649</u>	<u>(185,221)</u>
Net increase/(decrease) in cash and cash equivalents	6,438,536	(2,627)
Cash and cash equivalents at beginning of financial period	4,959,814	1,242,390
Exchange differences on cash and cash equivalents	(8,893)	(40,455)
Cash and cash equivalents at end of financial period	<u>11,389,457</u>	<u>1,199,308</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Unaudited Statements of Changes in Equity

GROUP	Share capital \$	Share premium \$	Foreign currency translation reserve \$	Accumulated profits/(losses) \$	Total \$
Balance as at 01/10/2005	3,000,000	750,200	53,260	577,610	4,381,070
Net profit for the financial period	-	-	-	426,899	426,899
Interim dividend	-	-	-	(384,000)	(384,000)
Currency translation differences	-	-	(2,527)	-	(2,527)
Issuance of share capital pursuant to rights issue	3,000,000	3,000,000	-	-	6,000,000
Expenses of rights issue	-	(179,304)	-	-	(179,304)
Balance as at 31/12/2005	6,000,000	3,570,896	50,733	620,509	10,242,138
Balance as at 01/10/2004	3,000,000	750,200	24,240	(238,879)	3,535,561
Net loss for the financial period	-	-	-	(61,100)	(61,100)
Currency translation differences	-	-	17,720	-	17,720
Balance as at 31/12/2004	3,000,000	750,200	41,960	(299,979)	3,492,181

COMPANY	Share capital \$	Share premium \$	Accumulated profits/(losses) \$	Total \$
Balance as at 01/10/2005	3,000,000	750,200	216,302	3,966,502
Net profit for the financial period	-	-	465,289	465,289
Interim dividend	-	-	(384,000)	(384,000)
Issuance of share capital pursuant to rights issue	3,000,000	3,000,000	-	6,000,000
Expenses of rights issue	-	(179,304)	-	(179,304)
Balance as at 31/12/2005	6,000,000	3,570,896	297,591	9,868,487
Balance as at 01/10/2004	3,000,000	750,200	(148,099)	3,602,101
Net profit for the financial period	-	-	101,086	101,086
Balance as at 31/12/2004	3,000,000	750,200	(47,013)	3,703,187

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for the acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued ordinary share capital

	Shares	\$
Balance as at 01/10/2005	60,000,000	3,000,000
Rights issue during the financial period	60,000,000	3,000,000
Balance as at 31/12/2005	120,000,000	6,000,000

The issued ordinary share capital was increased from \$3 million to \$6 million on 16 December 2005 by way of a rights issue of 60 million ordinary shares of \$0.05 each at a premium of \$0.05 per share, for cash, and on the basis of one ordinary share of \$0.05 each for every one share held. The newly issued shares rank pari passu in all respects with the previously issued shares.

The Company has no outstanding convertibles in respect of its shares as at 31 December 2005 and 31 December 2004.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has consistently applied the same accounting policies and methods of computation for the current reporting period ended 31 December 2005 as compared with the Group's audited financial statements for the year ended 30 June 2005.

5. **Is there any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all new and revised Financial Reporting Standards (FRS) which were issued by the Council on Corporate Disclosure and Governance effective for financial period beginning 1 July 2005. The adoption of these new and revised FRS has no material impact to the Group results for this quarter.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	01/10/2005 to 31/12/2005	01/10/2004 to 31/12/2004
Earnings per ordinary share of the Group for the financial period based on net profit/(loss) attributable to shareholders:		
(i) Based on weighted average number of ordinary shares in issue	0.61 cents	(0.10) cents
- Weighted average number of shares	70,434,783	60,000,000
(ii) Based on fully diluted basis*	Not applicable	Not applicable

* There were no potential dilutive ordinary shares in existence during the financial periods ended 31 December 2005 and 31 December 2004.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	31/12/2005	30/06/2005	31/12/2005	30/06/2005
Net asset value per ordinary share*	8.54 cents	7.04 cents	8.22 cents	6.74 cents

* The net asset value per ordinary share of the Group and the Company as at 31 December 2005 and 30 June 2005 were calculated based on the issued share capital of the Company of 120,000,000 shares as at 31 December 2005 and 60,000,000 shares as at 30 June 2005.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statement

The Group's turnover increased by 26% from \$3.0 million for the 6 months ended 31 December 2004 to \$3.8 million for the 6 months ended 31 December 2005. The increase in turnover was attributed to increase in student enrolment, which was a result of the Group's concerted marketing efforts and leveraging on the Raffles Education Corporation's regional marketing network to recruit students both locally and overseas.

Depreciation expenses for the 6 months ended 31 December 2005 increased by 77% compared to the corresponding period in the previous financial year due to higher fixed asset additions after the first half of FY2005. This was a result of the re-location of Hartford Institute in Singapore and Hong Kong as well as establishment of the new institute in Mongolia.

For the 6 months ended 31 December 2005, other operating expenses fell by \$329,000 or 17% compared to the same period in the last financial year due mainly to decrease in advertising and promotion expenditure of about \$515,000. However, the decrease was partly offset by the increase in office rental expenses of approximately \$101,000 due to the set up of Mongolia Institute and re-location of Hartford Institute in both Singapore and Hong Kong to offices with larger floor area.

The income tax expense in the current period consist of tax of \$73,000 on the current period's profit as well as underprovision of income tax in respect of FY2003 of \$48,000.

As a result of the continued focus on marketing and the efficiency of its operations, the Group recorded a net profit attributable to shareholders of about \$574,000 for the 6 months ended 31 December 2005, compared to a net loss of \$403,000 in the same period of last financial year.

Commentary on the Consolidated Balance Sheet

Fixed assets increased by about \$228,000 as compared to prior financial year end due mainly to the re-location of Hartford Institute Hong Kong in Q2 FY2006 to a bigger office space to accommodate its further expansion.

Trade and other receivables decreased by about \$247,000 due mainly to:

- collection of outstanding fee receivables from the university partners of about \$350,000; and
- increase of rental and other deposits by about \$75,000 due to relocation of Hartford Institute in Hong Kong.

Income tax recoverable decreased by \$206,000 as the difference was refunded by the tax authority in the current period.

The increase in trade and other payable by \$648,000 was mainly due to the following:

- increase of deferred income by \$503,000, which represented the unearned portion of commission income and course fees;
- proposed interim dividend payable of \$384,000; and
- payment of about \$357,000 to the university partners and other creditors in the normal course of business.

Current income tax payable fell from \$163,000 to \$11,000 due to the payment of income tax to the authorities in respect of tax accrued in previous financial years.

Commentary on the Group Cash Flow

Net cash generated from operations remained healthy at \$962,000. The net proceeds from the rights issue in the current quarter contributed about \$5.8 million to the positive cash flows from financing activities. As a result, the cash and cash equivalent of the Group increased from \$4.8 million as at 30 June 2005 to \$11.4 million as at 31 December 2005.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

With the completion of the organisational restructuring in FY2005, the Group has successfully streamlined its operations and achieved better cost efficiencies. It has also improved its revenue sharing with its university partners. In addition, the Group has aligned its sales and marketing activities and intends to continually strengthen its existing sales infrastructure and leverage on Raffles Education Corporation's marketing network to recruit regionally.

In January 2006, the Group acquired Thames Business School Limited in Auckland, New Zealand and renamed it as Harford Institute (New Zealand) Limited. This will offer Hartford students an additional choice of destination for their education.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	First interim
Dividend Type	Cash
Dividend Rate	0.40 cents per ordinary share less tax
Par Value of Share	\$0.05
Tax Rate	20%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

10 March 2006.

(d) Books Closure date

After market closing on 24 February 2006.

12. **If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

15. **A breakdown of sales**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year	Previous Full Year
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD

**Chew Hua Seng
Executive Chairman
6 February 2006**