

Financial Statements for the Second Quarter Ended 31 December 2006

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) %
	01/10/2006 to 31/12/2006 \$	01/10/2005 to 31/12/2005 \$	
Revenue	2,463,227	2,015,205	22
Other operating income	116,668	55,523	110
	<u>2,579,895</u>	<u>2,070,728</u>	25
Personnel expenses	(995,361)	(722,803)	38
Depreciation expenses	(106,348)	(79,233)	34
Amortisation expenses	(15,577)	(13,182)	18
Other operating expenses	(1,013,108)	(806,766)	26
	<u>(2,130,394)</u>	<u>(1,621,984)</u>	31
Profit before income tax	449,501	448,744	0
Income tax	(35,763)	(49,000)	(27)
Profit after income tax	<u>413,738</u>	<u>399,744</u>	4
Attributable to:			
Shareholders of the Company	376,636	426,899	(12)
Minority interests	<u>37,102</u>	<u>(27,155)</u>	n.m.
	<u>413,738</u>	<u>399,744</u>	4
n.m. - not meaningful			
Notes to Income Statement:			
Foreign exchange loss - net	(17,217)	(30,189)	
Gain/(Loss) on disposal of plant and equipment	372	(597)	
Interest income	<u>83,869</u>	<u>26,592</u>	

Unaudited Results for the 6 Months Ended 31 December 2006

	Group		
	01/07/2006 to 31/12/2006	01/07/2005 to 31/12/2005	Increase/ (Decrease) %
	\$	\$	
Revenue	4,907,039	3,801,901	29
Other operating income	229,811	96,206	139
	<u>5,136,850</u>	<u>3,898,107</u>	32
Personnel expenses	(1,962,121)	(1,442,241)	36
Depreciation expenses	(204,876)	(136,425)	50
Amortisation expenses	(31,707)	(18,993)	67
Other operating expenses	(1,964,703)	(1,639,632)	20
	<u>(4,163,407)</u>	<u>(3,237,291)</u>	29
Profit before income tax	973,443	660,816	47
Income tax	(143,810)	(120,746)	19
Profit after income tax	<u>829,633</u>	<u>540,070</u>	54
Attributable to:			
Shareholders of the Company	778,939	574,481	36
Minority interests	<u>50,694</u>	<u>(34,411)</u>	n.m.
	<u>829,633</u>	<u>540,070</u>	54
n.m. - not meaningful			
Notes to Income Statement:			
Foreign exchange loss - net	(13,188)	(72,248)	
Loss on disposal of plant and equipment	(17,168)	(582)	
Interest income	162,731	44,001	
Underprovision of income tax in respect of prior years	<u>-</u>	<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	
	31/12/2006	30/06/2006	31/12/2006	30/06/2006
	\$	\$	\$	\$
Non-current assets				
Plant and equipment	990,682	708,498	920	2,646
Associate	-	-	-	-
Subsidiaries	-	-	1,665,819	1,563,653
Goodwill on consolidation	717,076	717,076	-	-
Intangible assets	126,317	143,790	-	-
Deferred tax asset	17,936	17,863	-	-
	<u>1,852,011</u>	<u>1,587,227</u>	<u>1,666,739</u>	<u>1,566,299</u>
Current assets				
Trade and other receivables	2,075,654	2,252,557	10,904	7,787
Due from related companies	78,643	275,425	2,783,955	2,838,379
Income tax recoverable	242,765	109,500	208,812	109,500
Cash and cash equivalents	10,606,047	9,690,215	8,972,270	8,184,692
	<u>13,003,109</u>	<u>12,327,697</u>	<u>11,975,941</u>	<u>11,140,358</u>
Less:				
Current liabilities				
Trade and other payables	3,628,027	2,729,577	735,706	118,051
Due to related companies	134,159	13,134	2,587,614	1,977,843
Current income tax payable	166,698	109,301	-	-
	<u>3,928,884</u>	<u>2,852,012</u>	<u>3,323,320</u>	<u>2,095,894</u>
Non-current liability				
Deferred tax liability	16,185	16,185	-	-
Net current assets	9,074,225	9,475,685	8,652,621	9,044,464
Net assets	<u>10,910,051</u>	<u>11,046,727</u>	<u>10,319,360</u>	<u>10,610,763</u>
Equity				
Share capital	9,570,896	9,570,896	9,570,896	9,570,896
Reserves	181,676	103,164	176,477	65,464
Accumulated profits	959,527	1,217,259	571,987	974,403
Shareholders' equity	<u>10,712,099</u>	<u>10,891,319</u>	<u>10,319,360</u>	<u>10,610,763</u>
Minority interests	197,952	155,408	-	-
Total equity	<u>10,910,051</u>	<u>11,046,727</u>	<u>10,319,360</u>	<u>10,610,763</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 31/12/2006		As at 30/06/2006	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/2006		As at 30/06/2006	
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	
	01/10/2006 to 31/12/2006	01/10/2005 to 31/12/2005
	\$	\$
Cash flows from operating activities		
Profit before income tax	449,501	448,744
Adjustments for:		
Amortisation expenses	15,577	13,182
Depreciation expenses	106,348	79,233
Interest income	(83,869)	(26,592)
Loss/(Gain) on disposal of plant and equipment	(372)	597
Gain on loan waiver from a subsidiary's shareholder	-	(16,239)
Share-based payment expenses	69,564	-
Foreign currency translation adjustment	(13,928)	6,011
Operating profit before working capital changes	<u>542,821</u>	<u>504,936</u>
Working capital changes:		
Trade and other receivables	(175,266)	441,836
Trade and other payables	(273,693)	70,322
Cash generated from operations	<u>93,862</u>	<u>1,017,094</u>
Net income tax paid	(179,605)	(54,750)
Net cash (used in)/from operating activities	<u>(85,743)</u>	<u>962,344</u>
Cash flows from investing activities		
Cost incurred for course development	(21,745)	-
Interest income received	83,869	26,592
Purchase of plant and equipment	(256,266)	(357,049)
Proceeds from disposal of plant and equipment	2,630	-
Net cash used in investing activities	<u>(191,512)</u>	<u>(330,457)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	5,820,696
Dividend paid	(384,000)	-
Amount due from related companies	316,851	(14,047)
Net cash (used in)/from financing activities	<u>(67,149)</u>	<u>5,806,649</u>
Net change in cash and cash equivalents	(344,404)	6,438,536
Cash and cash equivalents at beginning of financial period	10,952,184	4,959,814
Exchange differences on cash and cash equivalents	(1,733)	(8,893)
Cash and cash equivalents at end of financial period	<u>10,606,047</u>	<u>11,389,457</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	← Attributable to shareholders of the Company →						
	Share capital \$	Share premium \$	Share option reserve \$	Foreign currency translation reserve \$	Accumulated profits \$	Minority interests \$	Total equity \$
Balance as at 01/10/2006	9,570,896	-	106,913	19,832	1,619,562	163,984	11,481,187
Net profit for the financial period	-	-	-	-	376,636	37,102	413,738
Dividends							
- Final 2006	-	-	-	-	(384,000)	-	(384,000)
- Interim	-	-	-	-	(652,671)	-	(652,671)
Currency translation differences	-	-	-	(14,633)	-	(3,134)	(17,767)
Cost of share-based payment	-	-	69,564	-	-	-	69,564
Balance as at 31/12/2006	9,570,896	-	176,477	5,199	959,527	197,952	10,910,051
Balance as at 01/10/2005	3,000,000	750,200	-	53,260	577,610	91,259	4,472,329
Issue of shares							
- Rights issue	3,000,000	3,000,000	-	-	-	-	6,000,000
- Expenses	-	(179,304)	-	-	-	-	(179,304)
Capitalisation of loan from minority interest	-	-	-	-	-	81,451	81,451
Net profit for the financial period	-	-	-	-	426,899	(27,155)	399,744
Interim dividend	-	-	-	-	(384,000)	-	(384,000)
Currency translation differences	-	-	-	(2,527)	-	(678)	(3,205)
Balance as at 31/12/2005	6,000,000	3,570,896	-	50,733	620,509	144,877	10,387,015
COMPANY		Share capital \$	Share premium \$	Share option reserve \$	Accumulated profits \$	Total \$	
Balance as at 01/10/2006		9,570,896	-	106,913	967,287	10,645,096	
Net profit for the financial period		-	-	-	641,371	641,371	
Dividends							
- Final 2006		-	-	-	(384,000)	(384,000)	
- Interim		-	-	-	(652,671)	(652,671)	
Cost of share-based payment		-	-	69,564	-	69,564	
Balance as at 31/12/2006		9,570,896	-	176,477	571,987	10,319,360	
Balance as at 01/10/2005		3,000,000	750,200	-	216,302	3,966,502	
Issue of shares							
- Rights issue		3,000,000	3,000,000	-	-	6,000,000	
- Expenses		-	(179,304)	-	-	(179,304)	
Net profit for the financial period		-	-	-	465,289	465,289	
Interim dividend		-	-	-	(384,000)	(384,000)	
Balance as at 31/12/2005		6,000,000	3,570,896	-	297,591	9,868,487	

- 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**

Share capital

There were no changes in the Company's share capital since the end of previous financial period reported on. As at 31 December 2006, the Company has 240,000,000 issued and fully paid ordinary shares.

Share Options

As at 31 December 2006, there were unexercised share options for 5,075,000 ordinary shares (31 December 2005: Nil) under the Hartford Share Option Scheme.

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 2006 as compared with the Group's audited financial statements for the year ended 30 June 2006.

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 2006. The adoption of these new and revised FRS has no material impact to the Group results for this financial period.

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	
	01/10/2006 to 31/12/2006	01/10/2005 to 31/12/2005
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:		
(i) Based on weighted average number of ordinary shares in issue - Weighted average number of shares #	0.16 cents 240,000,000	0.30 cents 140,869,566
(ii) Based on fully diluted basis* - Adjusted weighted average number of shares #	0.16 cents 241,925,273	Not applicable

The number of shares had been adjusted for the share sub-division of 1 into 2 shares on 4 August 2006.

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

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	
	31/12/2006	30/06/2006	31/12/2006	30/06/2006
Net asset value per ordinary share*	4.46 cents	4.54 cents	4.30 cents	4.42 cents

* The net asset value per ordinary share of the Group and the Company as at 31 December 2006 and 30 June 2006 were calculated based on the issued share capital of the Company of 240,000,000 shares which had been adjusted for the share sub-division of 1 into 2 shares on 4 August 2006.

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 revenue increased by 29% from \$3.8 million for the 6 months ended 31 December 2005 ("HY2006") to \$4.9 million for the 6 months ended 31 December 2006 ("HY2007"). The increase was attributed to increase in overall student enrolment, particularly in Hartford's own proprietary programmes and revenue contributions from the new institutes set up in second half of FY2006.

Other operating income increased by about \$134,000 for HY2007 compared to HY2006 mainly due to higher fixed deposit interest income.

Personnel expenses for HY2007 increased by \$520,000 or 36% compared to HY2006 due mainly to:

- expansion of Mongolia Institute and contributions from the new institutes established after first half of FY2006 as well as growth in Hartford's proprietary programmes, which resulted in additional personnel cost of about \$300,000 in the current financial period; and

- share-based payment expenses of about \$111,000 for 6 months arose from the granting of share options under the Hartford Share Option Scheme.

Depreciation expenses in HY2007 increased by about \$68,000 or 50% compared to HY2006 due mainly to re-location of Hartford Institute Hong Kong in second quarter of FY2006 and establishment of Hartford Institutes in New Zealand, Hanoi and Beijing after late FY2006.

For the 6 months ended 31 December 2006, other operating expenses increased by \$325,000 or 20% compared to the same period in the previous financial year. This was attributed mainly to increase in office rental expenses by approximately \$258,000 due to the establishment of Hartford Institutes in New Zealand, Hanoi and Beijing as well as re-location of Hartford Institute Hong Kong to bigger premises. With new centres being established and higher student enrolment, other operation costs such as marketing, utilities and agent commission also rose correspondingly.

The income tax expense in the current period pertained to tax on the current financial period's profit. HY2006 tax expense included underprovision of income tax in respect of prior years of approximately \$48,000.

The Group's net profit attributable to shareholders increased by 36% from \$574,000 in HY2006 to \$779,000 in HY2007.

Commentary on the Consolidated Balance Sheet

Plant and equipment increased by about \$282,000 over the previous financial year end as a result of new Hartford Training Centres set up in Hanoi and Beijing as well as re-location of Hartford Institute Mongolia in Q2 FY2007 to a bigger office space to accommodate further expansion.

Trade and other receivables decreased by about \$177,000 due mainly to collections from university partners and students during the period.

Income tax recoverable increased by approximately \$133,000 resulting from income tax paid for prior financial year which was refundable from the tax authorities due to availability of past tax losses.

The increase in trade and other payables by \$898,000 was mainly due to accruals made to university partners and other creditors in the normal course of business and proposed interim dividend payable of about \$653,000.

The changes in amount due from/to related companies was attributable to settlement as well as operating expenses paid on behalf by related companies incurred in the normal course of business.

Current income tax payable increased by approximately \$57,000 due mainly to current period's income tax provision of \$144,000 and tax payment to the authority of \$69,000 in respect of tax provisions made in the prior financial periods.

Commentary on the Group Cash Flow

As a result of fixed assets expenditure for the new set-ups and relocation of Mongolia Institute as well as final dividend paid in the current quarter, cash and cash equivalents of the Group decreased from \$11.0 million as at 30 September 2006 to \$10.6 million as at 31 December 2006.

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

In October 2006, Hartford received the approval from Beijing District Education Bureau to set up Hartford Training Centre, Beijing, a collaborative joint venture with China Textile and Apparel Education Society. This marks Hartford's first footprint into China.

The Group will continue to expand its footprint through setting up of new Hartford Institutes in emerging markets and focus on the development of new curricula and courses.

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	0.15 cents per ordinary share less tax
Tax Rate	20%

Name of Dividend	First interim
Dividend Type	Cash
Dividend Rate	0.15 cents per ordinary share under one-tier system
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	First interim
Dividend Type	Cash
Dividend Rate	0.20 cents per ordinary share less tax #
Tax Rate	20%

The number of shares had been adjusted for the share sub-division of 1 into 2 shares on 4 August 2006.

(c) Date Payable

9 March 2007.

(d) Books Closure date

After market closing on 23 February 2007.

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**

Not applicable.

17. **Negative assurance confirmation on second quarter financial results pursuant to Rule 705(4) of the Listing Manual**

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the three months ended 31 December 2006 to be false or misleading in any material respect. A statement signed by two directors is on record.

BY ORDER OF THE BOARD

**Chew Hua Seng
Executive Chairman
5 February 2007**