

Financial Statements for the First Quarter Ended 30 September 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 First Quarter Results

	Group		Increase/ (Decrease) %
	01/07/2006 to 30/09/2006 \$	01/07/2005 to 30/09/2005 \$	
Revenue	2,443,812	1,786,696	37
Other operating income	113,143	40,683	178
	<u>2,556,955</u>	<u>1,827,379</u>	40
Personnel expenses	(966,760)	(719,438)	34
Depreciation expenses	(98,528)	(57,192)	72
Amortisation expenses	(16,130)	(5,811)	178
Other operating expenses	(951,595)	(838,677)	13
	<u>(2,033,013)</u>	<u>(1,621,118)</u>	25
Profit before income tax	523,942	206,261	154
Income tax	(108,047)	(71,746)	51
Profit after income tax	<u>415,895</u>	<u>134,515</u>	209
Attributable to:			
Shareholders of the Company	402,303	147,582	173
Minority interests	<u>13,592</u>	<u>(7,256)</u>	n.m.
	<u>415,895</u>	<u>140,326</u>	196

n.m. - not meaningful

Notes to Income Statement:

Foreign exchange gain/(loss) - net	4,029	(42,059)
(Loss)/Gain on disposal of plant and equipment	(17,540)	15
Interest income	78,862	17,409
Underprovision of income tax in respect of prior years	-	(47,827)

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	
	30/09/2006	30/06/2006	30/09/2006	30/06/2006
	\$	\$	\$	\$
Non-current assets				
Plant and equipment	860,150	708,498	1,643	2,646
Associate	-	-	-	-
Subsidiaries	-	-	1,563,653	1,563,653
Goodwill on consolidation	717,076	717,076	-	-
Intangible assets	122,837	143,790	-	-
Deferred tax asset	17,788	17,863	-	-
	<u>1,717,851</u>	<u>1,587,227</u>	<u>1,565,296</u>	<u>1,566,299</u>
Current assets				
Trade and other receivables	1,900,388	2,252,557	16,870	7,787
Due from related companies	277,788	275,425	4,000,584	2,838,379
Income tax recoverable	109,500	109,500	109,500	109,500
Cash and cash equivalents	10,952,184	9,690,215	9,174,867	8,184,692
	<u>13,239,860</u>	<u>12,327,697</u>	<u>13,301,821</u>	<u>11,140,358</u>
Less:				
Current liabilities				
Trade and other payables	3,249,049	2,729,577	139,146	118,051
Due to related companies	16,453	13,134	4,082,875	1,977,843
Current income tax payable	194,837	109,301	-	-
	<u>3,460,339</u>	<u>2,852,012</u>	<u>4,222,021</u>	<u>2,095,894</u>
Non-current liability				
Deferred tax liability	16,185	16,185	-	-
Net current assets	9,779,521	9,475,685	9,079,800	9,044,464
Net assets	<u>11,481,187</u>	<u>11,046,727</u>	<u>10,645,096</u>	<u>10,610,763</u>
Equity				
Share capital	9,570,896	9,570,896	9,570,896	9,570,896
Reserves	126,745	103,164	106,913	65,464
Accumulated profits	1,619,562	1,217,259	967,287	974,403
Shareholders' equity	<u>11,317,203</u>	<u>10,891,319</u>	<u>10,645,096</u>	<u>10,610,763</u>
Minority interests	163,984	155,408	-	-
Total equity	<u>11,481,187</u>	<u>11,046,727</u>	<u>10,645,096</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 30/09/2006		As at 30/06/2006	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/09/2006		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	
	01/07/2006 to 30/09/2006	01/07/2005 to 30/09/2005
	\$	\$
Cash flows from operating activities		
Profit before income tax	523,942	206,261
Adjustments for:		
Amortisation expenses	16,130	5,811
Depreciation expenses	98,528	57,192
Interest income	(78,862)	(17,409)
Loss/(Gain) on disposal of plant and equipment	17,540	(15)
Share-based payment expenses	41,449	-
Foreign currency translation adjustment	(37,083)	3,457
Operating profit before working capital changes	<u>581,644</u>	<u>255,297</u>
Working capital changes:		
Trade and other receivables	352,169	(184,408)
Trade and other payables	519,472	78,916
Cash generated from operations	<u>1,453,285</u>	<u>149,805</u>
Net income tax paid	(21,341)	(24,659)
Net cash from operating activities	<u>1,431,944</u>	<u>125,146</u>
Cash flows from investing activities		
Interest income received	78,862	17,409
Purchase of plant and equipment	(271,785)	(9,464)
Proceeds from disposal of plant and equipment	-	65
Net cash (used in)/from investing activities	<u>(192,923)</u>	<u>8,010</u>
Cash flows from financing activity		
Amount due from related companies	956	(25,404)
Net cash from/(used in) financing activity	<u>956</u>	<u>(25,404)</u>
Net increase in cash and cash equivalents	1,239,977	107,752
Cash and cash equivalents at beginning of financial year	9,690,215	4,841,532
Exchange differences on cash and cash equivalents	21,992	4,719
Cash and cash equivalents at end of financial year	<u>10,952,184</u>	<u>4,954,003</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 01/07/2006	9,570,896	-	65,464	37,700	1,217,259	155,408	11,046,727
Net profit for the financial period	-	-	-	-	402,303	13,592	415,895
Currency translation differences	-	-	-	(17,868)	-	(5,016)	(22,884)
Cost of share-based payment	-	-	41,449	-	-	-	41,449
Balance as at 30/09/2006	<u>9,570,896</u>	<u>-</u>	<u>106,913</u>	<u>19,832</u>	<u>1,619,562</u>	<u>163,984</u>	<u>11,481,187</u>
Balance as at 01/07/2005	3,000,000	750,200	-	46,347	430,028	98,362	4,324,937
Net profit for the financial period	-	-	-	-	147,582	(7,256)	140,326
Currency translation differences	-	-	-	6,913	-	153	7,066
Balance as at 30/09/2005	<u>3,000,000</u>	<u>750,200</u>	<u>-</u>	<u>53,260</u>	<u>577,610</u>	<u>91,259</u>	<u>4,472,329</u>

COMPANY	Share capital \$	Share premium \$	Share option reserve \$	Accumulated profits \$	Total \$
Balance as at 01/07/2006	9,570,896	-	65,464	974,403	10,610,763
Net loss for the financial year	-	-	-	(7,116)	(7,116)
Cost of share-based payment	-	-	41,449	-	41,449
Balance as at 30/09/2006	<u>9,570,896</u>	<u>-</u>	<u>106,913</u>	<u>967,287</u>	<u>10,645,096</u>
Balance as at 01/07/2005	3,000,000	750,200	-	294,251	4,044,451
Net loss for the financial year	-	-	-	(77,949)	(77,949)
Balance as at 30/09/2005	<u>3,000,000</u>	<u>750,200</u>	<u>-</u>	<u>216,302</u>	<u>3,966,502</u>

- 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

	Shares	\$
Balance as at 01/07/2006	120,000,000	9,570,896
Share sub-division during the financial period	<u>120,000,000</u>	<u>-</u>
Balance as at 30/09/2006	<u>240,000,000</u>	<u>9,570,896</u>

Pursuant to the share sub-division of 1 into 2 shares on 4 August 2006, the number of ordinary shares of the Company increased from 120 million to 240 million.

Share Options

As at 30 September 2006, there were unexercised share options of 3,400,000 unissued ordinary shares (30 September 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 30 September 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	
	01/07/2006 to 30/09/2006	01/07/2005 to 30/09/2005
Earnings per ordinary share of the Group for the financial year 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 #	0.17 cents 240,000,000	0.12 cents 120,000,000
(ii) Based on fully diluted basis* - Adjusted weighted average number of shares #	0.17 cents 241,690,689	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 30 September 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	
	30/09/2006	30/06/2006	30/09/2006	30/06/2006
Net asset value per ordinary share*	4.72 cents	4.54 cents	4.44 cents	4.42 cents

* The net asset value per ordinary share of the Group and the Company as at 30 September 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 37% from \$1.8 million for the 3 months ended 30 September 2005 to \$2.4 million for the 3 months ended 30 September 2006. The increase was attributed to increase in overall student enrolment and revenue contributions from the new institutes set up in second half of FY2006.

Other operating income increased by about \$72,000 for the 3 months ended 30 September 2006 compared to the corresponding period of last financial year mainly due to higher fixed deposit interest income.

Personnel expenses for the 3 months ended 30 September 2006 increased by \$247,000 or 34% compared to the corresponding period of previous financial year due mainly to:

- expansion of Mongolia Institute which was a newly start-up in late FY2005 and contributions from the new institutes established in second half of FY2006, which resulted in additional personnel cost of \$149,000 in the current financial period; and
- share-based payment expenses of about \$41,000 arose from the granting of share options to Hartford staff and directors.

Depreciation expenses in the current financial period increased by about \$41,000 or 72% compared to corresponding period of last financial year due mainly to re-location of Hartford Institute Hong Kong in middle of FY2006 and establishment of Hartford Training Centre Hanoi in late FY2006.

For the 3 months ended 30 September 2006, other operating expenses increased by \$113,000 or 13% compared to same period in the previous financial year. This was attributed mainly to higher office rental expenses by approximately \$166,000 due to the establishment of Hartford Institutes in Hanoi and New Zealand as well as re-location of Hartford Institute Hong Kong to bigger premises. The increase was offset by the absence of foreign exchange loss in the current financial period, unlike in the first quarter of last financial year when there was a net exchange loss of about \$42,000.

The income tax expense in the current period pertained to tax on the current financial period's profit.

The Group's net profit attributable to shareholders increased by 173% from \$148,000 for the 3 months ended 30 September 2005 to \$402,000 for the 3 months ended 30 September 2006.

Commentary on the Consolidated Balance Sheet

Plant and equipment increased by about \$152,000 as compared to prior financial year end due mainly to the set up of Hartford Training Centre in Hanoi, Vietnam.

Trade and other receivables decreased by about \$352,000 due mainly to reduction of receivables from university partners and students as a result of collection during the period.

The increase in trade and other payable by \$519,000 was mainly due to:

- increase of deferred income by \$195,000, which represented the unearned portion of commission income and course fees; and
- increase in accruals by \$335,000 which is payable to university partners and other creditors in the normal course of business.

Current income tax payable increased by approximately \$86,000 due mainly to current income tax provision of \$108,000 and payment of income tax to the authority of \$21,000 during the current financial period.

Commentary on the Group Cash Flow

Net cash generated from operations remained positive at \$1.4 million, which contributed to the increase in cash and cash equivalents of the Group from \$9.7 million as at 30 June 2006 to \$11.0 million as at 30 September 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?

No.

(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

Not applicable.

(d) Books Closure date

Not applicable.

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

No dividend has been declared for the current financial period reported on.

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 first 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 30 September 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
10 November 2006**