

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 Full Year Results

	Group		Increase/ (Decrease)
	FY2006	FY2005	%
	\$	\$	
Revenue	8,547,947	6,302,505	36
Other operating income	288,190	498,825	(42)
	<u>8,836,137</u>	<u>6,801,330</u>	30
Personnel expenses	(3,546,118)	(2,670,205)	33
Depreciation expenses	(312,727)	(187,747)	67
Other operating expenses	(3,717,677)	(3,652,173)	2
	<u>(7,576,522)</u>	<u>(6,510,125)</u>	16
Profit before income tax	1,259,615	291,205	333
Income tax	(107,148)	-	n.m.
Profit after income tax	<u>1,152,467</u>	<u>291,205</u>	296
Attributable to:			
Shareholders of the Company	1,171,231	327,429	258
Minority interests	<u>(18,764)</u>	<u>(36,224)</u>	(48)
	<u>1,152,467</u>	<u>291,205</u>	296

n.m. - not meaningful

Notes to Income Statement:

Amortisation expenses	(54,763)	-
Foreign exchange (loss)/gain - net	(91,840)	177,146
Loss on disposal of property, plant and equipment	(14,344)	(14,013)
Interest income	196,312	188,994
Underprovision of income tax in respect of prior years	(47,827)	-
Refund of income tax paid in respect of prior years	<u>66,392</u>	<u>-</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	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	\$	\$	\$	\$
Non-current assets				
Property, plant and equipment	708,498	509,315	2,646	9,351
Associate	-	-	-	-
Subsidiaries	-	-	1,563,653	675,803
Goodwill on consolidation	717,076	-	-	-
Intangible assets	143,790	158,295	-	-
Deferred tax asset	17,863	-	-	-
	<u>1,587,227</u>	<u>667,610</u>	<u>1,566,299</u>	<u>685,154</u>
Current assets				
Trade and other receivables	2,252,557	1,887,838	8,786	32,409
Due from related companies	275,425	106,831	2,838,579	1,442,410
Income tax recoverable	109,500	350,278	109,500	-
Cash and cash equivalents	9,690,215	4,841,532	8,184,692	3,299,380
	<u>12,327,697</u>	<u>7,186,479</u>	<u>11,141,557</u>	<u>4,774,199</u>
Less:				
Current liabilities				
Trade and other payables	2,729,577	3,355,442	119,250	139,061
Due to related companies	13,134	10,992	1,977,843	1,120,609
Current income tax payable	109,301	162,718	-	155,232
	<u>2,852,012</u>	<u>3,529,152</u>	<u>2,097,093</u>	<u>1,414,902</u>
Non-current liability				
Deferred tax liability	16,185	-	-	-
	<u>9,475,685</u>	<u>3,657,327</u>	<u>9,044,464</u>	<u>3,359,297</u>
Net current assets	<u>9,475,685</u>	<u>3,657,327</u>	<u>9,044,464</u>	<u>3,359,297</u>
Net assets	<u>11,046,727</u>	<u>4,324,937</u>	<u>10,610,763</u>	<u>4,044,451</u>
Equity				
Share capital	9,570,896	3,000,000	9,570,896	3,000,000
Share premium	-	750,200	-	750,200
Reserves	103,164	46,347	65,464	-
Accumulated profits	1,217,259	430,028	974,403	294,251
Shareholders' equity	<u>10,891,319</u>	<u>4,226,575</u>	<u>10,610,763</u>	<u>4,044,451</u>
Minority interests	155,408	98,362	-	-
Total equity	<u>11,046,727</u>	<u>4,324,937</u>	<u>10,610,763</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 30/06/2006		As at 30/06/2005	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/06/2006		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	
	FY2006	FY2005
	\$	\$
Cash flows from operating activities		
Profit before income tax	1,259,615	291,205
Adjustments for:		
Allowance for doubtful receivables	-	1,010
Amortisation expenses	54,763	-
Depreciation expenses	312,727	187,747
Gain on waiver of loan from a subsidiary's shareholder	(16,239)	-
Interest income	(196,312)	(188,994)
Loss on disposal of property, plant and equipment	14,344	14,013
Share-based payment expenses	65,464	-
Foreign currency translation adjustment	41,095	122,594
Operating profit before working capital changes	<u>1,535,457</u>	<u>427,575</u>
Working capital changes:		
Trade and other receivables	57,333	(1,219)
Trade and other payables	(1,305,368)	125,880
Fixed deposits pledged	-	6,775
Cash generated from operations	<u>287,422</u>	<u>559,011</u>
Net income tax refunded/(paid)	79,384	(16)
Net cash from operating activities	<u>366,806</u>	<u>558,995</u>
Cash flows from investing activities		
Cost incurred for course development	-	(158,295)
Purchase of software system	(47,260)	-
Interest income received	196,312	188,994
Purchase of property, plant and equipment	(481,363)	(533,099)
Proceeds from disposal of property, plant and equipment	63	11,953
Acquisition of a subsidiary, net of cash acquired	(409,606)	-
Net cash used in investing activities	<u>(741,854)</u>	<u>(490,447)</u>
Cash flows from financing activities		
Amount due to a subsidiary's shareholder	-	7,204
Amount due from related companies	(166,452)	(79,827)
Amount due to a subsidiary's Director	-	22,747
Proceeds from issuance of ordinary shares	5,820,696	-
Payment of interim dividend	(384,000)	-
Proceeds from minority interests	-	134,586
Net cash from financing activities	<u>5,270,244</u>	<u>84,710</u>
Net increase in cash and cash equivalents	4,895,196	153,258
Cash and cash equivalents at beginning of financial year	4,841,532	4,771,137
Exchange differences on cash and cash equivalents	(46,513)	(82,863)
Cash and cash equivalents at end of financial year	<u>9,690,215</u>	<u>4,841,532</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-based payment reserve \$	Foreign currency translation reserve \$	Accumulated profits \$	Minority interests \$	Total equity \$
Balance as at 01/07/2005	3,000,000	750,200	-	46,347	430,028	98,362	4,324,937
Net profit/(loss) for the financial year	-	-	-	-	1,171,231	(18,764)	1,152,467
Currency translation differences	-	-	-	(8,647)	-	(5,641)	(14,288)
Value of employee services received for share-based payment	-	-	65,464	-	-	-	65,464
Proceeds from minority interest	-	-	-	-	-	81,451	81,451
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)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	3,570,896	(3,570,896)	-	-	-	-	-
Interim dividend	-	-	-	-	(384,000)	-	(384,000)
Balance as at 30/06/2006	<u>9,570,896</u>	<u>-</u>	<u>65,464</u>	<u>37,700</u>	<u>1,217,259</u>	<u>155,408</u>	<u>11,046,727</u>
Balance as at 01/07/2004	3,000,000	750,200	-	14,573	102,599	-	3,867,372
Net profit/(loss) for the financial year	-	-	-	-	327,429	(36,224)	291,205
Currency translation differences	-	-	-	31,774	-	-	31,774
Capital contribution from minority interest	-	-	-	-	-	134,586	134,586
Balance as at 30/06/2005	<u>3,000,000</u>	<u>750,200</u>	<u>-</u>	<u>46,347</u>	<u>430,028</u>	<u>98,362</u>	<u>4,324,937</u>

COMPANY	Share capital \$	Share premium \$	Share-based payment reserve \$	Accumulated profits \$	Total \$
Balance as at 01/07/2005	3,000,000	750,200	-	294,251	4,044,451
Net profit for the financial year	-	-	-	1,064,152	1,064,152
Value of employee services received for share-based payment	-	-	65,464	-	65,464
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)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	3,570,896	(3,570,896)	-	-	-
Interim dividend	-	-	-	(384,000)	(384,000)
Balance as at 30/06/2006	9,570,896	-	65,464	974,403	10,610,763
Balance as at 01/07/2004	3,000,000	750,200	-	34,668	3,784,868
Net profit for the financial year	-	-	-	259,583	259,583
Balance as at 30/06/2005	3,000,000	750,200	-	294,251	4,044,451

- 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 01/07/2005	60,000,000	3,000,000
Rights issue during the financial year	60,000,000	3,000,000
Balance as at 30/06/2006	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.

Share Options

As at 30 June 2006, there were unexercised share options of 1,210,000 unissued ordinary shares (30 June 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 year ended 30 June 2006 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 financial year except for a charge of about \$65,000 recognised in the Group income statement for the current financial year pursuant to FRS 102 Share-based payment as the Company issued employee share options for the first time in the current financial year.

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	
	FY2006	FY2005
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	1.27 cents	0.55 cents
- Weighted average number of shares	92,383,562	60,000,000
(ii) Based on fully diluted basis*	1.26 cents	Not applicable
- Adjusted weighted average number of shares	92,719,300	

* There were no potential dilutive ordinary shares in existence during the financial year ended 30 June 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	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Net asset value per ordinary share*	9.08 cents	7.04 cents	8.84 cents	6.74 cents

* The net asset value per ordinary share of the Group and the Company as at 30 June 2006 and 30 June 2005 were calculated based on the issued share capital of the Company of 120,000,000 shares as at 30 June 2006 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 36% from \$6.3 million for the financial year ended 30 June 2005 ("FY2005") to \$8.5 million for the financial year ended 30 June 2006 ("FY2006"). The increase was attributed to increase in overall student enrolment, especially in the overseas institutes as well as the Group's concerted marketing efforts and leveraging on the Raffles Education Corporation's regional marketing network to recruit students both locally and overseas.

Other operating income decreased by \$211,000 in FY2006 mainly because there was a net foreign exchange gain of \$177,000 in FY2005 and there was none in this financial year.

Personnel expenses in FY2006 increased by \$876,000 or 33% compared to FY2005 due mainly to:

- set up of Mongolia Institute in late FY2005 and acquisition of Hartford Institute New Zealand during FY2006 which contributed to additional personnel cost of \$730,000 in the current financial year; and
- share-based payment expenses of about \$65,000 arose from the granting of share options to Hartford staff.

Depreciation expenses for FY2006 increased by 67% compared to FY2005 due mainly to large fixed asset additions after the middle of FY2005 as Hartford Institute Singapore and Hartford Institute Hong Kong re-located to new offices and the establishment Hartford Institute Mongolia.

Other operating expenses increased by 2% compared to previous financial year. Advertising and promotion expenditure fell by about \$660,000 compared to last financial year but the decrease was offset by additional expenses associated with the set up of new institutes and expansion of existing institutes. In particular, office rental expenses rose by approximately \$365,000 mainly due to the set up of Hartford Institutes in Hanoi, Mongolia and New Zealand as well as re-location of Hartford Institute Hong Kong to bigger premises. With higher student enrolment, other related costs such as agent commission and course materials also increased correspondingly.

The income tax expense in FY2006 consist mainly of tax of \$127,000 on the current financial year's profit, underprovision of income tax in respect of prior years of \$48,000 and tax refund of \$66,000 in respect of tax paid in prior years.

As a result of the continued focus on marketing and improved efficiency of its operations, the Group's net profit attributable to shareholders increased by 258% from \$0.3 million in FY2005 to \$1.2 million in FY2006.

Commentary on the Consolidated Balance Sheet

Property, plant and equipment increased by about \$199,000 as compared to prior financial year end due mainly to the re-location of Hartford Institute Hong Kong in FY2006 to a bigger office premise to accommodate further expansion.

The goodwill on consolidation was attributed to the acquisition of Thames Business School in New Zealand (now renamed as Hartford Institute New Zealand) during the current financial year.

Intangible assets consist of unamortised cost for:

- \$107,000 relating to development of new Hartford proprietary courses in FY2005; and
- \$37,000 pertaining to student database management system developed by external vendor in FY2006.

Trade and other receivables increased by about \$365,000 due mainly to:

- prepayments increased by \$248,000 which mainly include advancements to renovation contractors, office furniture and equipment vendors and prepaid office rental; and
- increase of rental and other deposits by about \$62,000 from set up of Hartford Institute Hanoi and relocation of Hartford Institute Hong Kong.

Income tax recoverable decreased due to tax refund received from the tax authority in FY2006.

The decrease in trade and other payable by \$626,000 was mainly due to:

- decrease of deferred income by \$485,000, which represented the unearned portion of commission income and course fees; and
- payment of about \$40,000 to the university partners and other creditors in the normal course of business.

Share capital increased from \$3.0 million to \$9.6 million as at current financial year end due to rights issue during the year with net proceeds of \$5.8 million and the transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005.

Commentary on the Group Cash Flow

There was an increase in cash and cash equivalents by about \$4.8 million due mainly to \$5.8 million of net proceeds from the rights issue in FY2006 and was offset partially by the acquisition of new subsidiary in New Zealand for net consideration of \$0.5 million and payment of interim dividend of \$0.4 million in the current year. As a result, the cash and cash equivalent of the Group increased from \$4.8 million as at 30 June 2005 to \$9.7 million as at 30 June 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

The Group will continue to grow its business through setting up of new Hartford Institutes in emerging markets and 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	0.40 cents per ordinary share less tax *
Tax Rate	20%

* Based on 120,000,000 ordinary shares

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

Based on 240,000,000 ordinary shares pursuant to the share sub-division of 1 into 2 approved by the shareholders at the EGM held on 2 August 2006.

(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

The first interim dividend was paid on 10 March 2006. The proposed final dividend payment date will be advised at a later date.

(d) Books Closure date

The book closure date for the proposed final dividend will be advised at a later date.

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 yearBusiness segments

The Group's principal business segment is to provide business management courses, distance learning, consultancy and other related services and therefore, no business segment information is presented.

Geographical segments

The Group operates in two main geographical areas. Sales revenue is based on where the service is rendered and the country in which the customer is located. Segment assets consist primarily of property, plant and equipment, receivables, fixed deposits, cash and bank balances. Capital expenditure comprises additions to property, plant and equipment. Segment assets and capital expenditure are shown by geographical area in which the assets are located.

	Unaudited		
	Singapore	Overseas	Group
	\$	\$	\$
FY2006			
Total revenue from external customers	3,845,521	4,702,426	8,547,947
Segment assets	10,127,373	3,678,051	13,805,424
Capital expenditure	33,206	448,157	481,363
FY2005			
Total revenue from external customers	3,483,555	2,818,950	6,302,505
Segment assets	5,556,617	1,947,194	7,503,811
Capital expenditure	391,465	141,634	533,099

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

Turnover contribution from overseas Hartford Institutes constituted more than 50% of the Group's total turnover for the first time in FY2006 and was higher compared to last financial year. The increase was mainly attributed to higher student enrolment in the overseas institutes.

The segment assets of Singapore increased from \$5.6 million in FY2005 to \$10.1 million in FY2006 due mainly to the increase in cash and cash equivalents of the holding company in Singapore by \$4.9 million as a result of net proceeds of \$5.8m from the rights issue in FY2006.

15. A breakdown of sales

		Group	
	FY2006	\$'000 FY2005	Increase/ (Decrease) %
Sales reported for first half year	3,802	3,017	26
Operating profit/(loss) after tax reported for first half year	540	(399)	n.m.
Sales reported for second half year	4,746	3,286	44
Operating profit after tax reported for second half year	612	690	(11)

n.m. - not meaningful

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 *	768,000	-
Preference	-	-
Total	768,000	-

* Comprised of interim dividend of \$384,000 and proposed final dividend of \$384,000.

BY ORDER OF THE BOARD

Chew Hua Seng
Executive Chairman
21 August 2006