

## Financial Statements for the Full Year Ended 30 June 2007

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &amp; 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)
	FY2007	FY2006	%
	\$	\$	
Revenue	9,916,822	8,547,947	16
Other operating income	467,555	288,190	62
	<u>10,384,377</u>	<u>8,836,137</u>	18
Personnel expenses	(4,086,640)	(3,546,118)	15
Depreciation expenses	(409,682)	(312,727)	31
Amortisation expenses	(66,284)	(54,763)	21
Other operating expenses	(4,176,539)	(3,662,914)	14
	<u>(8,739,145)</u>	<u>(7,576,522)</u>	15
<b>Profit before income tax</b>	1,645,232	1,259,615	31
Income tax	(425,095)	(107,148)	297
<b>Profit after income tax</b>	<u>1,220,137</u>	<u>1,152,467</u>	6
<b>Attributable to:</b>			
Shareholders of the Company	1,264,247	1,171,231	8
Minority interests	<u>(44,110)</u>	<u>(18,764)</u>	135
	<u>1,220,137</u>	<u>1,152,467</u>	6
<b>Notes to Income Statement:</b>			
Foreign exchange gain/(loss) - net	82,736	(91,840)	
Loss on disposal of plant and equipment	(95,883)	(14,344)	
Interest income	309,155	196,312	
(Under)/Over provision of income tax in prior years	<u>(138,162)</u>	<u>18,263</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	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	\$	\$	\$	\$
<b>Non-current assets</b>				
Plant and equipment	767,771	708,498	-	2,646
Associate	-	-	-	-
Subsidiaries	-	-	1,643,477	1,563,653
Goodwill on consolidation	717,076	717,076	-	-
Intangible assets	173,724	143,790	-	-
Deferred tax asset	18,325	17,863	-	-
	<u>1,676,896</u>	<u>1,587,227</u>	<u>1,643,477</u>	<u>1,566,299</u>
<b>Current assets</b>				
Trade and other receivables	2,229,530	2,252,557	4,937	7,787
Due from related companies	575,224	275,425	3,575,838	2,838,379
Income tax recoverable	138,605	109,500	109,500	109,500
Cash and cash equivalents	10,980,084	9,690,215	8,888,641	8,184,692
	<u>13,923,443</u>	<u>12,327,697</u>	<u>12,578,916</u>	<u>11,140,358</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	2,975,274	2,729,577	112,921	118,051
Due to related companies	592,604	13,134	2,442,338	1,977,843
Current income tax payable	318,465	109,301	91,600	-
	<u>3,886,343</u>	<u>2,852,012</u>	<u>2,646,859</u>	<u>2,095,894</u>
<b>Net current assets</b>	10,037,100	9,475,685	9,932,057	9,044,464
<b>Non-current liability</b>				
Deferred tax liability	7,255	16,185	-	-
<b>Net assets</b>	<u>11,706,741</u>	<u>11,046,727</u>	<u>11,575,534</u>	<u>10,610,763</u>
<b>Equity</b>				
Share capital	10,024,408	9,570,896	10,024,408	9,570,896
Reserves	139,655	103,164	142,697	65,464
Accumulated profits	1,436,764	1,217,259	1,408,429	974,403
<b>Shareholders' equity</b>	<u>11,600,827</u>	<u>10,891,319</u>	<u>11,575,534</u>	<u>10,610,763</u>
Minority interests	105,914	155,408	-	-
<b>Total equity</b>	<u>11,706,741</u>	<u>11,046,727</u>	<u>11,575,534</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 30/06/2007		As at 30/06/2006	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

**Amount repayable after one year**

As at 30/06/2007		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	
	FY2007	FY2006
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before income tax	1,645,232	1,259,615
Adjustments for:		
Amortisation expenses	66,284	54,763
Depreciation expenses	409,682	312,727
Interest income	(309,155)	(196,312)
Gain on disposal of plant and equipment	95,883	14,344
Gain on waiver of loan from a subsidiary's shareholder	-	(16,239)
Share-based payment expenses	185,645	65,464
Foreign currency translation adjustment	(104,646)	41,095
Operating profit before working capital changes	<u>1,988,925</u>	<u>1,535,457</u>
Working capital changes:		
Trade and other receivables	23,027	57,333
Trade and other payables	<u>245,697</u>	<u>(1,305,368)</u>
Cash generated from operations	<u>2,257,649</u>	<u>287,422</u>
Net income tax (paid)/refunded	<u>(239,296)</u>	<u>79,384</u>
Net cash from operating activities	<u>2,018,353</u>	<u>366,806</u>
<b>Cash flows from investing activities</b>		
Cost incurred for course development	(106,224)	-
Interest income received	309,155	196,312
Purchase of plant and equipment	(582,095)	(481,363)
Purchase of computer software	-	(47,260)
Proceeds from disposal of plant and equipment	2,784	63
Acquisition of a subsidiary, net of cash acquired	-	(409,606)
Net cash used in investing activities	<u>(376,380)</u>	<u>(741,854)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares	345,100	5,820,696
Dividends paid	(1,044,742)	(384,000)
Amount due from related companies	<u>279,671</u>	<u>(166,452)</u>
Net cash (used in)/from financing activities	<u>(419,971)</u>	<u>5,270,244</u>
Net change in cash and cash equivalents	1,222,002	4,895,196
Cash and cash equivalents at beginning of financial year	9,690,215	4,841,532
Exchange differences on cash and cash equivalents	<u>67,867</u>	<u>(46,513)</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>10,980,084</u>	<u>9,690,215</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 \$
<b>Balance as at 01/07/2006</b>	9,570,896	-	65,464	37,700	1,217,259	155,408	11,046,727
Currency translation differences	-	-	-	(40,742)	-	(5,384)	(46,126)
Cost of share-based payment	-	-	185,645	-	-	-	185,645
Net gain/(loss) recognised directly in equity	-	-	185,645	(40,742)	-	(5,384)	139,519
Net profit for the financial year	-	-	-	-	1,264,247	(44,110)	1,220,137
<b>Total recognised gains/(losses)</b>	-	-	<b>185,645</b>	<b>(40,742)</b>	<b>1,264,247</b>	<b>(49,494)</b>	<b>1,359,656</b>
Share options exercised	453,512	-	(108,412)	-	-	-	345,100
Dividends							
- Final FY2006	-	-	-	-	(384,000)	-	(384,000)
- Interim FY2007	-	-	-	-	(660,742)	-	(660,742)
<b>Balance as at 30/06/2007</b>	<b>10,024,408</b>	-	<b>142,697</b>	<b>(3,042)</b>	<b>1,436,764</b>	<b>105,914</b>	<b>11,706,741</b>
<b>Balance as at 01/07/2005</b>	3,000,000	750,200	-	46,347	430,028	98,362	4,324,937
Currency translation differences	-	-	-	(8,647)	-	(5,641)	(14,288)
Cost of share-based payment	-	-	65,464	-	-	-	65,464
Net gain/(loss) recognised directly in equity	-	-	65,464	(8,647)	-	(5,641)	51,176
Net profit for the financial year	-	-	-	-	1,171,231	(18,764)	1,152,467
<b>Total recognised gains/(losses)</b>	-	-	<b>65,464</b>	<b>(8,647)</b>	<b>1,171,231</b>	<b>(24,405)</b>	<b>1,203,643</b>
Issue of shares							
- Rights issue	3,000,000	3,000,000	-	-	-	-	6,000,000
- Expenses	-	(179,304)	-	-	-	-	(179,304)
Effect of Companies (Amendment) Act 2005	3,570,896	(3,570,896)	-	-	-	-	-
Capitalisation of loan from minority interest	-	-	-	-	-	81,451	81,451
Interim dividend	-	-	-	-	(384,000)	-	(384,000)
<b>Balance as at 30/06/2006</b>	<b>9,570,896</b>	-	<b>65,464</b>	<b>37,700</b>	<b>1,217,259</b>	<b>155,408</b>	<b>11,046,727</b>

COMPANY	Share capital \$	Share premium \$	Share option reserve \$	Accumulated profits \$	Total \$
<b>Balance as at 01/07/2006</b>	9,570,896	-	65,464	974,403	10,610,763
Cost of share-based payment	-	-	185,645	-	185,645
Net gain recognised directly in equity	-	-	185,645	-	185,645
Net profit for the financial year	-	-	-	1,478,768	1,478,768
<b>Total recognised gains</b>	-	-	<b>185,645</b>	<b>1,478,768</b>	<b>1,664,413</b>
Share options exercised	453,512	-	(108,412)	-	345,100
Dividends					
- Final FY2006	-	-	-	(384,000)	(384,000)
- Interim FY2007	-	-	-	(660,742)	(660,742)
<b>Balance as at 30/06/2007</b>	<b>10,024,408</b>	-	<b>142,697</b>	<b>1,408,429</b>	<b>11,575,534</b>
<b>Balance as at 01/07/2005</b>	3,000,000	750,200	-	294,251	4,044,451
Cost of share-based payment	-	-	65,464	-	65,464
Net gain recognised directly in equity	-	-	65,464	-	65,464
Net profit for the financial year	-	-	-	1,064,152	1,064,152
<b>Total recognised gains</b>	-	-	<b>65,464</b>	<b>1,064,152</b>	<b>1,129,616</b>
Issue of shares					
- Rights issue	3,000,000	3,000,000	-	-	6,000,000
- Expenses	-	(179,304)	-	-	(179,304)
Effect of Companies (Amendment) Act 2005	3,570,896	(3,570,896)	-	-	-
Interim dividend	-	-	-	(384,000)	(384,000)
<b>Balance as at 30/06/2006</b>	<b>9,570,896</b>	-	<b>65,464</b>	<b>974,403</b>	<b>10,610,763</b>

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 year	120,000,000	-
Share options exercised during the financial year	2,030,000	453,512
Balance as at 30/06/2007	<u>242,030,000</u>	<u>10,024,408</u>

Share Options

As at 30 June 2007, there were unexercised share options for 1,735,000 ordinary shares (30 June 2006: 2,420,000\*) under the Hartford Share Option Scheme.

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

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 2007 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 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	
	FY2007	FY2006
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	0.52 cents	0.63 cents
- Weighted average number of shares*	240,905,781	184,767,124
(ii) Based on fully diluted basis	0.52 cents	0.63 cents
- Adjusted weighted average number of shares*	241,172,667	185,438,600

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

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	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Net asset value per ordinary share*	4.79 cents	4.54 cents	4.78 cents	4.42 cents

\* The net asset value per ordinary share of the Group and the Company as at 30 June 2007 and 30 June 2006 were calculated based on the issued share capital of the Company of 242,030,000 shares as at 30 June 2007 and 240,000,000 shares as at 30 June 2006, 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 16% from \$8.5 million for FY2006 to \$9.9 million for FY2007. The increase was attributed to increase in overall student population, particularly in Hartford's proprietary programmes and revenue contributions from new Hartford institutes established after late of FY2006.

Other operating income increased by about \$179,000 in FY2007 compared to FY2006 mainly due to higher fixed deposit interest income and net foreign exchange gain in the current financial year.

Personnel expenses for FY2007 increased by 15% compared to FY2006 due mainly to:

- new Hartford Institutes established in Hanoi and Beijing as well as growth in Hartford's proprietary courses, which resulted in higher personnel cost in the current financial year; and
- share-based payment expenses of about \$186,000 for FY2007 compared to \$65,000 for FY2006.

Depreciation expenses in FY2007 increased by about \$97,000 or 31% compared to FY2006 due mainly to re-location of Hartford Institute Mongolia as well as set up of new centres in Hanoi and Beijing.

Other operating expenses increased by \$514,000 or 14% compared to FY2006. This was attributed mainly to increase in office rental expenses by approximately \$409,000 due mainly to the establishment of Hartford Institutes in Hanoi and Beijing as well as re-location of Hartford Institute Mongolia 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 year consist of tax on the current financial year's profit of about \$296,000 (FY2006: \$127,000) and additional tax payable of \$138,000 in respect of prior years. The current year taxation of \$296,000 is higher than that in the previous year due to higher profits made by Singapore operations and full utilisation of tax losses by certain companies within the Group.

The Group's net profit attributable to shareholders increased by 8% from \$1.17m in FY2006 to \$1.26m in FY2007.

#### ***Commentary on the Consolidated Balance Sheet***

Plant and equipment increased by about \$59,000 over the previous financial year end mainly a result of new Hartford centres set up in Hanoi and Beijing as well as re-location of Hartford Institute Mongolia during the financial year to a bigger office space to accommodate further expansion.

Intangible assets increased by about \$30,000 due to cost incurred to develop new courses during the financial year.

Trade and other receivables decreased by about \$23,000 due mainly to collections from university partners and students during the financial year and increase of rental prepayments and deposits from setting up of Hartford Training Centre Beijing and relocation of Hartford Institute Mongolia.

Income tax recoverable increased by approximately \$29,000 resulting from income tax paid for prior financial year which was refundable from the tax authorities due to availability of past tax losses and over-payment previously.

The increase in trade and other payables by \$246,000 was mainly due to increase of deferred income by about \$226,000, which represented the unearned portion of commission income and course fees for future months.

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

Current income tax payable increased by approximately \$209,000 due mainly to current year tax provision less tax payment to the authority in respect of tax provisions made in the prior financial year.

Share capital increased by about \$454,000 due to exercise of share options by the staff during the financial year.

#### ***Commentary on the Group Cash Flow***

Cash and cash equivalents increased by about \$1.2m due mainly to positive cash flow from operating activities in the current financial year of \$2.0m and dividends payment of about \$1.0m. As a result, the cash and cash equivalent of the Group increased from \$9.7 million as at 30 June 2006 to \$11.0 million as at 30 June 2007.

**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 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	18%

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

Name of Dividend	Proposed final
Dividend Type	Cash
Dividend Rate	0.20 cents per ordinary share under one-tier system *
Tax Rate	Tax exempt

\* Based on 484,060,000 ordinary shares pursuant to the share sub-division of 1 into 2 shares on 3 August 2007.

**(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	0.40 cents per ordinary share less tax *
Tax Rate	20%

\* Based on 120,000,000 ordinary shares

Name of Dividend	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 shares on 4 August 2006.

**(c) Date Payable**

The proposed final dividend payment date will be on 14 November 2007.

**(d) Books Closure date**

The book closure date for the proposed final dividend will be on 31 October 2007. The Share Transfer Books and Register of Members will be closed on 31 October 2007 for the purpose of determining shareholders' entitlements to dividends. Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building Singapore 048424 up to 5.00 p.m. on 30 October 2007 will be registered before entitlements to the dividend are determined.

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**

Business segments

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

### Geographical segments

The Group operates in two main geographical areas namely Singapore and North Asia. Others include revenue from Malaysia, New Zealand and Vietnam. Sales revenue is based on where the service is rendered and the country in which the customer is located. Segment assets consist primarily of plant and equipment, receivables, fixed deposits, cash and bank balances. Capital expenditure comprises additions to plant and equipment. Segment assets and capital expenditure are shown by geographical area in which the assets are located.

	Unaudited			
	Singapore \$	North Asia \$	Others \$	Group \$
<b>FY2007</b>				
Total revenue from external customers	4,729,420	4,194,167	993,235	9,916,822
Segment assets	10,234,963	3,025,346	2,201,425	15,461,734
Capital expenditure	27,566	320,806	233,723	582,095
<b>FY2006</b>				
Total revenue from external customers	3,845,521	3,638,983	1,063,443	8,547,947
Segment assets	10,127,373	1,978,359	1,699,692	13,805,424
Capital expenditure	33,206	417,787	30,370	481,363

**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 Hartford Institutes outside of Singapore constituted more than 50% of the Group's total turnover and was higher compared to last financial year. The general increase was mainly attributed to higher student enrolment in the both Singapore and overseas institutes as well as set up of new centres overseas.

The higher segment assets and capital expenditure of overseas centres were due mainly to new Hartford centres set up in Hanoi and Beijing as well as re-location of Hartford Institute Mongolia during the financial year.

**15. A breakdown of sales**

	Group		Increase/ (Decrease) %
	FY2007	FY2006	
Sales reported for first half year	4,907	3,802	29
Operating profit after tax reported for first half year	830	540	54
Sales reported for second half year	5,010	4,746	6
Operating profit after tax reported for second half year	390	612	(36)

**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 *	1,628,862	768,000
Preference	-	-
Total	1,628,862	768,000

\* Comprised of interim dividend of \$660,742 (FY2006: \$384,000) and proposed final dividend of \$968,120 (FY2006: \$384,000).

**BY ORDER OF THE BOARD**

**Chew Hua Seng**  
Executive Chairman  
20 August 2007