

Financial Statements for the Third Quarter Ended 31 March 2007

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 Third Quarter Results

	Group		Increase/ (Decrease) %
	01/01/2007 to 31/03/2007 \$	01/01/2006 to 31/03/2006 \$	
Revenue	2,384,315	2,052,112	16
Other operating income	166,289	103,446	61
	<u>2,550,604</u>	<u>2,155,558</u>	18
Personnel expenses	(1,047,888)	(899,959)	16
Depreciation expenses	(107,854)	(80,897)	33
Amortisation expenses	(16,964)	(12,718)	33
Other operating expenses	(973,622)	(774,642)	26
	<u>(2,146,328)</u>	<u>(1,768,216)</u>	21
Profit before income tax	404,276	387,342	4
Income tax	(29,162)	35,275	n.m.
Profit after income tax	<u>375,114</u>	<u>422,617</u>	(11)
Attributable to:			
Shareholders of the Company	352,202	418,104	(16)
Minority interests	<u>22,912</u>	<u>4,513</u>	408
	<u>375,114</u>	<u>422,617</u>	(11)

n.m. - not meaningful

Notes to Income Statement:

Foreign exchange gain/(loss) - net	69,140	(6,833)
Gain on disposal of plant and equipment	425	-
Interest income	81,096	72,227
Underprovision of income tax in respect of prior years	(2,162)	-
Refund of income tax paid in respect of prior years	-	66,392

Unaudited Results for the 9 Months Ended 31 March 2007

	Group		Increase/ (Decrease) %
	01/07/2006 to 31/03/2007 \$	01/07/2005 to 31/03/2006 \$	
Revenue	7,291,354	5,854,013	25
Other operating income	396,100	199,652	98
	<u>7,687,454</u>	<u>6,053,665</u>	27
Personnel expenses	(3,010,009)	(2,342,200)	29
Depreciation expenses	(312,730)	(217,322)	44
Amortisation expenses	(48,671)	(31,711)	53
Other operating expenses	(2,938,325)	(2,414,274)	22
	<u>(6,309,735)</u>	<u>(5,005,507)</u>	26
Profit before income tax	1,377,719	1,048,158	31
Income tax	(172,972)	(85,471)	102
Profit after income tax	<u>1,204,747</u>	<u>962,687</u>	25
Attributable to:			
Shareholders of the Company	1,131,141	992,585	14
Minority interests	73,606	(29,898)	n.m.
	<u>1,204,747</u>	<u>962,687</u>	25
n.m. - not meaningful			
Notes to Income Statement:			
Foreign exchange gain/(loss) - net	55,952	(79,081)	
Loss on disposal of plant and equipment	(16,743)	(582)	
Interest income	243,827	116,228	
Underprovision of income tax in respect of prior years	(2,162)	(47,827)	
Refund of income tax paid in respect of prior years	-	66,392	

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	
	31/03/2007	30/06/2006	31/03/2007	30/06/2006
	\$	\$	\$	\$
Non-current assets				
Plant and equipment	889,999	708,498	332	2,646
Associate	-	-	-	-
Subsidiaries	-	-	1,665,817	1,563,653
Goodwill on consolidation	717,076	717,076	-	-
Intangible assets	146,936	143,790	-	-
Deferred tax asset	18,131	17,863	-	-
	<u>1,772,142</u>	<u>1,587,227</u>	<u>1,666,149</u>	<u>1,566,299</u>
Current assets				
Trade and other receivables	2,312,804	2,252,557	24,636	7,787
Due from related companies	356,494	275,425	3,008,414	2,838,379
Income tax recoverable	242,430	109,500	208,812	109,500
Cash and cash equivalents	10,710,677	9,690,215	8,635,481	8,184,692
	<u>13,622,405</u>	<u>12,327,697</u>	<u>11,877,343</u>	<u>11,140,358</u>
Less:				
Current liabilities				
Trade and other payables	3,429,868	2,729,577	110,131	118,051
Due to related companies	110,224	13,134	2,737,373	1,977,843
Current income tax payable	170,540	109,301	-	-
	<u>3,710,632</u>	<u>2,852,012</u>	<u>2,847,504</u>	<u>2,095,894</u>
Non-current liability				
Deferred tax liability	16,185	16,185	-	-
Net current assets	9,911,773	9,475,685	9,029,839	9,044,464
Net assets	<u>11,667,730</u>	<u>11,046,727</u>	<u>10,695,988</u>	<u>10,610,763</u>
Equity				
Share capital	9,981,080	9,570,896	9,981,080	9,570,896
Reserves	163,181	103,164	169,098	65,464
Accumulated profits	1,303,656	1,217,259	545,810	974,403
Shareholders' equity	<u>11,447,917</u>	<u>10,891,319</u>	<u>10,695,988</u>	<u>10,610,763</u>
Minority interests	219,813	155,408	-	-
Total equity	<u>11,667,730</u>	<u>11,046,727</u>	<u>10,695,988</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 31/03/2007		As at 30/06/2006	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/03/2007		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	
	01/01/2007 to 31/03/2007	01/01/2006 to 31/03/2006
	\$	\$
Cash flows from operating activities		
Profit before income tax	404,276	387,342
Adjustments for:		
Amortisation expenses	16,964	12,718
Depreciation expenses	107,854	80,897
Interest income	(81,096)	(72,227)
Gain on disposal of plant and equipment	(425)	-
Share-based payment expenses	57,705	36,196
Foreign currency translation adjustment	(621)	17,287
Operating profit before working capital changes	<u>504,657</u>	<u>462,213</u>
Working capital changes:		
Trade and other receivables	(255,470)	(271,939)
Trade and other payables	454,510	(246,501)
Cash generated from operations	<u>703,697</u>	<u>(56,227)</u>
Net income tax (paid)/refunded	<u>(23,160)</u>	<u>140,690</u>
Net cash from operating activities	<u>680,537</u>	<u>84,463</u>
Cash flows from investing activities		
Cost incurred for course development	(21,745)	-
Interest income received	81,096	72,227
Purchase of plant and equipment	(14,377)	(92,496)
Proceeds from disposal of plant and equipment	1,690	-
Acquisition of a subsidiary, net of cash acquired	-	(503,462)
Net cash from/(used in) investing activities	<u>46,664</u>	<u>(523,731)</u>
Cash flows from financing activities		
Proceeds from issue of new shares	345,100	-
Dividend paid	(660,742)	(384,000)
Amount due from related companies	(301,786)	(114,385)
Net cash used in financing activities	<u>(617,428)</u>	<u>(498,385)</u>
Net change in cash and cash equivalents	109,773	(937,653)
Cash and cash equivalents at beginning of financial period	10,606,047	11,389,457
Exchange differences on cash and cash equivalents	(5,143)	(30,538)
Cash and cash equivalents at end of financial period	<u>10,710,677</u>	<u>10,421,266</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 →				Accumulated profits \$	Minority interests \$	Total equity \$
	Share capital \$	Share premium \$	Share option reserve \$	Foreign currency translation reserve \$			
Balance as at 01/01/2007	9,570,896	-	176,477	5,199	959,527	197,952	10,910,051
Share options exercised	410,184	-	(65,084)	-	-	-	345,100
Net profit for the financial period	-	-	-	-	352,202	22,912	375,114
Adjustments to interim dividend declared in previous quarter	-	-	-	-	(8,073)	-	(8,073)
Currency translation differences	-	-	-	(11,116)	-	(1,051)	(12,167)
Cost of share-based payment	-	-	57,705	-	-	-	57,705
Balance as at 31/03/2007	<u>9,981,080</u>	<u>-</u>	<u>169,098</u>	<u>(5,917)</u>	<u>1,303,656</u>	<u>219,813</u>	<u>11,667,730</u>
Balance as at 01/01/2006	6,000,000	3,570,896	-	50,733	620,509	144,877	10,387,015
Effect of Companies (Amendment) Act 2005	3,570,896	(3,570,896)	-	-	-	-	-
Net profit for the financial period	-	-	-	-	418,104	4,513	422,617
Cost of share-based payment	-	-	36,196	-	-	-	36,196
Currency translation differences	-	-	-	(30,219)	-	(2,489)	(32,708)
Balance as at 31/03/2006	<u>9,570,896</u>	<u>-</u>	<u>36,196</u>	<u>20,514</u>	<u>1,038,613</u>	<u>146,901</u>	<u>10,813,120</u>
COMPANY		Share capital \$	Share premium \$	Share option reserve \$	Accumulated profits \$	Total \$	
Balance as at 01/01/2007		9,570,896	-	176,477	571,987	10,319,360	
Share options exercised		410,184	-	(65,084)	-	345,100	
Net loss for the financial period		-	-	-	(18,104)	(18,104)	
Adjustments to interim dividend declared in previous quarter		-	-	-	(8,073)	(8,073)	
Cost of share-based payment		-	-	57,705	-	57,705	
Balance as at 31/03/2007		<u>9,981,080</u>	<u>-</u>	<u>169,098</u>	<u>545,810</u>	<u>10,695,988</u>	
Balance as at 01/01/2006		6,000,000	3,570,896	-	297,591	9,868,487	
Effect of Companies (Amendment) Act 2005		3,570,896	(3,570,896)	-	-	-	
Net profit for the financial period		-	-	-	212,762	212,762	
Cost of share-based payment		-	-	36,196	-	36,196	
Balance as at 31/03/2006		<u>9,570,896</u>	<u>-</u>	<u>36,196</u>	<u>510,353</u>	<u>10,117,445</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 01/01/2007	240,000,000	9,570,896
Share options exercised during the financial period	2,030,000	410,184
Balance as at 31/03/2007	242,030,000	9,981,080

Share Options

As at 31 March 2007, there were unexercised share options for 2,820,000 ordinary shares (31 March 2006: 2,660,000) 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 March 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 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	
	01/01/2007 to 31/03/2007	01/01/2006 to 31/03/2006
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*	0.15 cents 241,620,889	0.17 cents 240,000,000
(ii) Based on fully diluted basis - Adjusted weighted average number of shares*	0.15 cents 242,409,902	0.17 cents 241,244,194

* 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	
	31/03/2007	30/06/2006	31/03/2007	30/06/2006
Net asset value per ordinary share*	4.73 cents	4.54 cents	4.42 cents	4.42 cents

* The net asset value per ordinary share of the Group and the Company as at 31 March 2007 and 30 June 2006 were calculated based on the issued share capital of the Company of 242,030,000 shares as at 31 March 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 by 25% from \$5.9 million for the 9 months ended 31 March 2006 ("YTD3Q06") to \$7.3 million for the 9 months ended 31 March 2007 ("YTD3Q07"). The increase was attributed to increase in overall student population, particularly in Hartford's proprietary programmes and revenue contributions from new Hartford institutes established during and after 3QFY06.

Other operating income increased by about \$196,000 for YTD3Q07 compared to YTD3Q06 mainly due to higher fixed deposit interest income.

Personnel expenses for YTD3Q07 increased by 29% compared to YTD3Q06 due mainly to:

- newly established Hartford Institutes established during and after 3Q06 in Auckland, Hanoi and Beijing as well as growth in Hartford's proprietary courses, which resulted in higher personnel cost in the current financial period; and
- share-based payment expenses of about \$169,000 for YTD3Q07 compared to \$36,000 for YTD3Q06.

Depreciation expenses in YTD3Q07 increased by about \$95,000 or 44% compared to YTD3Q06 due mainly to re-location of Hartford Institute Hong Kong in 2QFY06 and set up of new Hartford Institutes during and after 3QFY06.

For YTD3Q07, other operating expenses increased by \$524,000 or 22% compared to YTD3Q06. This was attributed mainly to increase in office rental expenses by approximately \$392,000 due to the establishment of Hartford Institutes in Auckland, Hanoi and Beijing as well as re-location of Hartford Institute Hong Kong and 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 period consist substantially of tax on the current financial period's profit. YTD3Q06 tax expense included income tax refund of about \$66,000 and underprovision of income tax in respect of prior years of approximately \$48,000.

The Group's net profit attributable to shareholders increased by 14% from \$993,000 in YTD3Q06 to \$1,131,000 in YTD3Q07.

Commentary on the Consolidated Balance Sheet

Plant and equipment increased by about \$182,000 over the previous financial year end mainly a result of new Hartford Training Centres set up in Hanoi and Beijing as well as re-location of Hartford Institute Mongolia in 2QFY07 to a bigger office space to accommodate further expansion.

Trade and other receivables increased by about \$60,000 due mainly to increase in rental prepayment and deposit from setting up of Hartford Training Centre Beijing and relocation of Hartford Institute Mongolia.

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 \$700,000 was mainly due to increase of deferred income by about \$548,000, which represented the unearned portion of commission income and course fees for future periods. The remaining increase was related to accruals for payments to university partners and other creditors in the normal course of business.

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 \$61,000 due mainly to current year provision for income tax.

Commentary on the Group Cash Flow

Net cash from operating activities in the current quarter contributed \$681,000 of positive cash flow and after payment for interim dividend of \$661,000, the cash and cash equivalent of the Group increased marginally from \$10.6 million as at 31 December 2006 to \$10.7 million as at 31 March 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?
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/recommendeded, 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 third 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 March 2007 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
7 May 2007**