

Statements of Operations

<i>(In thousands, except per share data)</i>	Year Ended December 31,		
	2006	2007	2008
Net revenue	\$ 72,111	\$ 99,326	\$ 161,309
Costs and expenses:			
Instructional costs and services	31,287	39,050	54,450
Selling and promotional, including \$3,742 in 2006, \$4,293 in 2007 and \$5,895 in 2008, to related parties	20,093	35,148	65,551
General and administrative	15,011	17,001	26,825
Royalty to former owner	2,678	3,782	1,686
Total costs and expenses	69,069	94,981	148,512
Operating income	3,042	4,345	12,797
Interest expense	(2,827)	(2,975)	(2,897)
Interest income	912	1,172	640
Income before income taxes	1,127	2,542	10,540
Income tax expense	529	1,016	3,855
Net income	598	1,526	6,685
Preferred dividends	(527)	(349)	(938)
Net income available to common stockholders	\$ 71	\$ 1,177	\$ 5,747
Earnings per share:			
Basic income per share	\$ 0.00	\$ 0.06	\$ 0.26
Diluted income per share	\$ 0.00	\$ 0.03	\$ 0.17
Basic weighted average shares outstanding	18,853	18,923	22,185
Diluted weighted average shares outstanding	36,858	35,143	33,430

The accompanying notes are an integral part of these financial statements.