EDT LEARNING INC
Form 10-Q
February 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE PERIOD ENDED DECEMBER 31, 2002

OR

( ) TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _________ to _________

Commission File Number 1-13725

EDT Learning, Inc.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0545043 (I.R.S. Employer Identification No.)
2999 North 44th Street, Suite 650, Phoenix, Arizona (address of principal executive offices)	85018 (Zip code)

(602) 952-1200
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ( ) No (X)

The number of shares of Common Stock of the Registrant, par value $.001 per share, outstanding at February 7, 2003 was 16,638,471.

FORM 10-Q REPORT INDEX

10-Q PART AND ITEM NO.

2

PART I--FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EDT LEARNING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 31, 2002	March 31, 2002
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 428	$ 1,498
Accounts receivable, net of allowance for doubtful accounts of $681 and $754, respectively	1,144	824
Prepaid and other current assets	108	427
Notes receivable from affiliated practices-current, net	324	536
Total current assets	2,004	3,285
Property and equipment, net	1,261	2,137
Goodwill	9,811	7,479
Intangible assets, net	1,860	1,984
Notes receivable from affiliated practices, net	418	493
Other assets	280	209
Total assets	$ 15,634	$ 15,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long term debt	$ 1,450	$ 1,337
Accounts payable and accrued liabilities	2,060	2,203
Current portion of deferred revenue	806	853
Current portion of capital lease liabilities	397	430
Total current liabilities	4,713	4,823
Long term debt, less current maturities	5,330	5,367
Capital lease liabilities	219	536
Deferred revenue	56	195
Total liabilities	10,318	10,921
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Current stock, $.001 par value 40,000,000 shares authorized, 17,818,101 and 15,281,485 issued, respectively	18	15
Additional paid-in capital	33,659	31,336
Accumulated deficit	(27,220)	(25,544)
Less: 1,179,630 treasury share at cost	(1,141)	(1,141)
Total shareholders' equity	5,316	4,666
Total liabilities and shareholders' equity	$ 15,634	$ 15,587

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS

EDT LEARNING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended December 31,		Nine De
	2002	2001	2002
Revenues			
Learning	$ 1,075	$ 1,396	$ 3,3
Dental contracts	642	1,629	2,6
Total revenues	1,717	3,025	5,9
Operating expenses			
Research and development	786	942	2,5
Sales and marketing	427	347	1,2
General and administrative	699	1,006	2,1
Depreciation and amortization	493	517	1,4
Total operating expenses	2,405	2,812	7,5
Earnings (loss) from operations	(688)	213	(1,5
Interest expense	(386)	(254)	(1,1
Interest income	25	53	1
Other income	82	525	8
Income (loss) before income taxes and extraordinary item	(967)	537	(1,6
Income taxes	--	--	
Income (loss) before extraordinary item	(967)	537	(1,6
Extraordinary item - gain on debt forgiveness (net of tax effect of $0)	--	101	
Net income (loss)	$ (967)	$ 638	(1,6
Earnings (loss) per common share - basic and diluted:			
Earnings (loss) before extraordinary item	$ (0.06)	$ 0.04	$ (0.
Extraordinary item	--	0.01	
Net earnings (loss)	$ (0.06)	$ 0.05	$ (0.
Weighted average shares outstanding:			
Basic	16,638	12,502	15,9
Diluted	16,638	13,111	15,9

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS

EDT LEARNING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)
(in thousands)

	Common Stock		Additional Paid -In	Accumulated	Treasury	S
	Shares	Amount	Capital	Deficit	Stock	
Balances, April 1, 2002	15,281	$ 15	$ 31,336	$(25,544)	$ (1,141)	
Issuance of common stock	2,537	3	2,323	--	--	
Net loss	--	--	--	(1,676)	--	
Balances, December 31, 2002	17,818	$ 18	$ 33,659	$(27,220)	$ (1,141)	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS

5

EDT LEARNING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS CASH FLOWS
(unaudited)
(in thousands)

	Nine months ended December 31,	
	2002	2001
Net cash used in operating activities	$(1,578)	$(1,359)
Cash flows from investing activities:		
Repayment of notes receivable	444	576
Proceeds from practice terminations	1,054	1,428
Issuance of notes receivable	(85)	--
Capital expenditures	(89)	(17)
Net cash provided by investing activities	1,324	1,987
Cash flows from financing activities:		
Repayment of long-term debt	(485)	(834)
Repayment of capital lease liabilities	(350)	(269)
Proceeds from stock option exercise	19	--
Financing costs	--	(59)
Net cash used in financing activities	(816)	(1,162)
Net change in cash and cash equivalents	(1,070)	(534)
Cash and cash equivalents, beginning of period	1,498	1,051

Cash and cash equivalents, end of period	$ 428	$ 517
	=======	=======
Non cash investing and financing activities:		
Issuance of common stock for acquisitions	$ 2,307	$ 995
Convertible subordinated notes offset against receivables from affiliated practices	307	--
Warrants issued in connection with financing costs	--	44
Issuance of common stock to settle debt	--	72
Issuance of debt for acquisition	500	1,102
Conversion of receivables from affiliated practices to note receivables	--	192

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS

6

EDT LEARNING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Headquartered in Phoenix, Arizona, EDT Learning, Inc., ("the Company") is a leading provider of custom, comprehensive e-Learning business solutions for corporate clients seeking to train non-technical users (individuals with less computer experience). The Company supports organizations requiring internal training, product demonstration and customer education programs with the goal of mapping e-Learning solutions to business results.

The Company began in March of 1998 as a dental practice management company under the name Pentegra Dental Group, Inc. Its formation included the simultaneous rollup of dental practices and an initial public offering raising $25 million in initial capital. The Company's initial goals were to provide training and practice enhancement services to its affiliated dental practices spread over 31 states. The Company subsequently shifted its focus away from the dental practice management industry and toward the e-Learning sector in the summer of 2001 and changed its name to EDT Learning, Inc.

The unaudited consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Pursuant to such regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The Company believes the presentation and disclosures herein are adequate to make the information not misleading, but do not purport to be a complete presentation inasmuch as all note disclosures required by generally accepted accounting principles are not included. In the opinion of management, the consolidated financial statements reflect all elimination entries and normal recurring adjustments that are necessary for a fair statement of the results for the interim periods ended December 31, 2002 and 2001.

Fiscal operating results for interim periods are not necessarily indicative of the results for full years. It is suggested that these consolidated financial statements be read in conjunction with the financial statements of the Company and related notes thereto, and management's discussion and analysis related thereto, all of which are included in the Company's annual report on Form 10-K for the year ended March 31, 2002, as filed with the SEC.

The accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

RECENT EVENTS, LIQUIDITY AND MANAGEMENT PLANS

The Company changed its business model from a dental practice management company to an e-Learning company in the first quarter of fiscal 2001. The Company is currently implementing its e-Learning strategy, has a limited operating history with regard to its e-Learning business and is continuing the development and enhancement of its e-Learning product and service offerings and related revenue streams. The Company acquired two e-Learning entities during fiscal 2002, one e-Learning company in June 2002 and a company that develops, markets and licenses interactive multimedia software in December 2002.

The Company reported a working capital deficit at March 31, 2002 and December 31, 2002 and negative cash flow from operations for fiscal year 2002 and the nine months ended December 31, 2002. Also, the Company's management service agreements with the affiliated dental practices begin to expire on April 1, 2003 and will continue to expire through December 31, 2003. This will reduce revenues and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results. During the nine months ended December 31, 2002, the Company used cash flows from operations of $1.6 million and reported a working capital deficit of $2.7 million. The items discussed above and the limited operating history as an e-Learning company raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan with regard to these matters include continued development, marketing and licensing of its e-Learning products and services through both internal growth and acquisition and acceleration of cash collections from affiliated dental practices by offering a sale of the dental practices management service agreements earlier than contractually required.

Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient revenues from its products and services to provide adequate cash flows to sustain operations. The consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might result from the outcome of this uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent asset and liabilities. The more significant areas requiring use of estimates relate to revenue recognition, bad debts, intangible assets, income taxes and contingencies and litigation. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumption or conditions.

REVENUE RECOGNITION

The Company recognizes revenue and profit as work progresses on learning contracts using the percentage-of-completion method, which relies on estimates of total expected contract revenue and costs. The Company follows this method since reasonably dependable estimates of the costs applicable to various stages of a contract can be made. Recognized revenues and profit are subject to revisions as the contract progresses to completion. Revisions in profit estimates are charged to income in the period in which the facts that give rise to the revision become known. Customers sometimes request modifications to projects in progress which may result in significant revisions to cost estimates and profit recognition, and the Company may not be successful in negotiating additional payments related to the changes in scope of requested services. Provisions for any estimated losses on uncompleted contracts are made in the period in which such losses become evident. There were no such losses at December 31, 2002.

In connection with the Company's initial sales of software licenses during the quarter ended September 30, 2002, the Company adopted Statement of Position 97-2 as issued by the American Institute of Certified Public Accountants. In accordance with SOP 97-2, the Company recognizes revenue from the sale of software if all of the following conditions are met:

* There is persuasive evidence of an arrangement with the customer;
* The product has been delivered to the customer;
* Collection of the fees is probable; and
* The amount of the fees to be paid by the customer is fixed or determinable.

For arrangements requiring customer acceptance, revenue is deferred until the earlier of the end of the acceptance period or until written notice of acceptance is received from the customer. We consider all arrangements with payment terms longer than normal not to be fixed or determinable. For arrangements involving extended payment terms, revenue recognition occurs when payments are due.

The Company has not added to or changed its critical accounting policies significantly since March 31, 2002 other than in relation to revenue recognition or the new prouncements discussed below. For a description of these policies, refer to Note 3 of the consolidated financial statements in the Company's annual report on Form 10-K for the year ended March 31, 2002.

NEW PRONOUNCEMENTS

In June 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued. The standard requires that legal obligations associated with the retirement of long-lived intangible assets be recorded at fair value when incurred and will be effective for the Company on April 1, 2003. The adoption of this statement is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2002, SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" was issued. This statement provides guidance on the classification of gains and losses from the extinguishment of debt and on the accounting for certain specified lease transactions. Under the new guidance of SFAS No. 145, losses from early extinguishments of debt will be classified as extraordinary items when the losses are considered unusual in nature and infrequent in occurrence. SFAS No. 145 will be effective for the Company on April 1, 2004.

In June 2002, SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. This statement provides guidance on the recognition and measurement of liabilities associated with disposal activities and is effective for the Company on April 1, 2003. The Company is currently reviewing the provisions of SFAS No. 146 to determine the standard's impact upon adoption.

In December 2002, SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FAS 123" was issued. This statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosures required by the statement are effective for the Company's fiscal year ended March 31, 2003. The adoption of this statement is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

EARNINGS PER SHARE

Earnings per share are computed based upon the weighted average number of shares of Common Stock and Common Stock equivalents outstanding during each period. Outstanding options to purchase approximately 1,881,169 and 1,767,080 shares of Common Stock at exercise prices above market value were excluded from the calculation of earnings per share for the three and nine months ended December 31, 2002 and 2001 respectively, because their effect would have been antidilutive.

3. GOODWILL

On April 1, 2002, the Company adopted SFAS 142, "Goodwill and Other Intangible Assets" and as a result, the Company's goodwill is no longer amortized. SFAS 142 requires that goodwill be tested annually (or more frequently if impairment indicators arise) for impairment. Upon initial application of SFAS 142, the Company determined there was no impairment of goodwill.

Had the Company adopted SFAS No. 142 on April 1, 2001, net income would have increased by $23,000 and $69,000 for the three and nine months ended December 31, 2001 respectively, due to the non-amortization of goodwill. The adoption of this statement would not have affected basic and diluted earnings per share before extraordinary item of $0.04 for the three ended December 31, 2001. The adoption of these statement would have increased the basic and diluted earnings per share before extraordinary item to $0.11 from $0.10 for the nine months ended December 31, 2001.

4. SEGMENT INFORMATION

During the periods ended December 31, 2002 and 2001, the Company had two reportable segments, learning and dental practice management. The learning segment included revenues and operating expenses related to the development and sale of the Company's learning products. The dental practice segment included revenues from service contracts, operating expenses related to the delivery of the dental services and other non-operating expenses.

There are no intersegment revenues. The Company does not review assets by operating segment.

	Three Months Ended	Nine Months End

	December 31,		December 31,	
	2002	2001	2002	20
Revenues				
Learning	$ 1,075	$ 1,396	$ 3,347	$ 1
Dental practice management	642	1,629	2,635	5
Total revenues	1,717	3,025	5,982	6
Operating expenses				
Learning	1,702	1,289	4,951	2
Dental practice management	703	1,523	2,569	3
Total operating expenses	2,405	2,812	7,520	5
Earnings (loss) from operations				
Learning	(627)	107	(1,604)	
Dental practice management	(61)	106	66	1
Total earnings (loss) from operations	(688)	213	(1,538)	1
Non operating income (expense)				
Learning	(198)	--	(98)	
Dental practice management	(81)	324	(40)	
Total non-operating expenses	(279)	324	(138)	
Income (loss) before income taxes				
Learning	(825)	107	(1,702)	
Dental practice management	(142)	430	26	1
Total income (loss) before income taxes and extraordinary item	$ (967)	$ 537	$(1,676)	$ 1

5. BUSINESS COMBINATION

On December 13, 2002, the Company acquired certain assets of LearnLinc Corporation (LearnLinc), a wholly-owned subsidiary of Mentergy, Inc., in exchange for $500,000 and the assumption of $462,000 of liabilities. In addition, the Company will pay a royalty of 20% for all revenues collected from the sale or license of LearnLinc software over a three-year period. The maximum amount due under the Royalty Agreement is $5,000,000. The operating results of LearnLinc are included with the Company's as of November 4, 2002, the date the Company assumed the operations of LearnLinc.

The purchase price has initially been calculated as follows:

	(In thousands)
Issuance of debt	$ 500
Acquisition costs	60
Net purchase price, including acquisition costs	$ 560
Assumed liabilities	462
Total purchase price	$1,022

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The total purchase price has initially been allocated to assets acquired and liabilities assumed based upon their estimated fair values in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations". The excess purchase price over the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed has been assigned to goodwill. EDT expects to complete the assessment during March 2003.

The purchase price has initially been allocated as follows:

	Purchase Price Allocation (in thousands)
Current assets	$ 124
Property and equipment	50
Goodwill	348
Identifiable intangible assets	500
Current liabilities, including deferred revenue	(1,022)
	$ --

The following unaudited pro forma summary of financial information presents the Company's combined results of operations as if the acquisition of LearnLinc had occurred at the beginning of the periods presented, after including the impact of certain adjustments including: (i) interest expense related to the debt issued as part of the acquisition and (ii) increase in amortization of the identifiable intangible asset recorded as part of the acquisition.

	December 31, 2002	
	Three months ended	Nine months ended
	Proforma	Proforma
	(in thousands, except per share data)	
Revenues	$ 1,846	$ 6,885
Loss from operations	(697)	(1,602)
Net loss	(977)	(1,830)
Loss per basic and diluted share	$ (0.06)	$ (0.11)
Weighted average shares outstanding:		
Basic and diluted	16,638	15,927

The pro forma financial information presented does not purport to indicate what the combined results of operations would have been had the merger occurred at the beginning of the periods presented or the results of operations that may be obtained in the future. Additionally, the pro forma financial information presented does not reflect the anticipated cost savings resulting from the integration of the Company's and LearnLinc's operations.

11

6. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

The Company has pending lawsuits against three affiliated practices for defaulting in the payment of the required service fees. The Company is seeking damages equal to past due and remaining service fees, consequential damages equal to the value of the intangible practice asset and attorney's fees. The Company is also party to two other legal disputes arising from the ordinary course of its e-Learning business.

On August 27, 2002 Computer Associates International Inc., filed in the Superior Court of the State of Arizona in and for the County of Maricopa claiming breach of software license/agreement and other fees for services in the amount of $389,000. The Company thereafter filed an answer and counterclaim on October 4, 2002 alleging damages in the amount of $389,000. On November 4, 2002 two former employees of Quisic Corporation, filed in the Superior Court of the State of California for the County of Los Angeles Central District claiming damages in the amount of $6.4 million against the Board of Directors of Quisic Corporation resulting from their employment termination by Quisic alleging among other things breach of contract. The Company is a third party defendant with a mere allegation of successor liability to the extent the Quisic defendants are found liable and to the extent the plaintiff proves successor liability by the Company. The Company only acquired certain assets of Quisic Corporation in an asset purchase transaction and does not believe it has any successor liability. The Company believes that it will prevail in these matters.

While in the opinion of management, resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows, the ultimate outcome of any litigation is uncertain. Were an unfavorable outcome to occur, the impact could be material to the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION AND ANALYSIS CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE BASED ON CURRENT PLANS AND EXPECTATIONS OF EDT LEARNING, INC. AND INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL FUTURE ACTIVITIES AND RESULTS OF OPERATIONS TO BE MATERIALLY DIFFERENT FROM THAT SET FORTH IN THE FORWARD-LOOKING STATEMENTS. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER INCLUDE, AMONG OTHERS, RISKS ASSOCIATED WITH THE E-LEARNING BUSINESS, FLUCTUATIONS IN OPERATING RESULTS AND VARIATIONS IN STOCK PRICE, CHANGES IN GOVERNMENT REGULATIONS, COMPETITION, RISKS RELATED TO THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN AND RISKS DETAILED IN EDT LEARNING'S SEC FILINGS.

OVERVIEW

Headquartered in Phoenix, Arizona, EDT Learning is a leading provider of custom, comprehensive e-Learning business solutions for corporate clients seeking to train non-technical users (individuals with less computer experience). The Company supports organizations requiring internal training, product demonstration and customer education programs with the goal of mapping e-Learning solutions to business results.

RESULTS OF OPERATIONS

As an extension of its educational and training background, the Company has broadened its reach to focus on the larger growing e-Learning and corporate training market. With the launch of the Company's state of the art learning management system and its e-Learning engine, the Company now provides a comprehensive array of e-Learning content, hosting and delivery services. The Company's synchronous and asynchronous content delivery solutions provide an array of e-Learning products that are customized to each corporate client. The Company is positioning itself in the corporate training sector of the e-Learning marketplace leveraging its existing infrastructure and using scale provided by an integrated product.

The Company continues to provide services to its Affiliated Practices in accordance with the modified service agreements. The actual terms of the various service agreements vary slightly on a case-by-case basis, depending on negotiations with the individual Affiliated Practices. Those modified service agreements require in general that the Company provide: access to online practice enhancement services; access to online tools and payroll services; access to certain on-site consulting and seminar programs; and the use of the tangible assets owned by the Company located at each affiliated dental practice location. The service fees payable to the Company under the modified service agreements are guaranteed by the owner-dentists. The Company's management service agreements with the affiliated dental practices begin to expire on April 1, 2003 and will continue to expire through December 31, 2003. This will reduce revenues and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results.

12

The operations of the Company involve many risks, which, even through a combination of experience, knowledge and careful evaluation, may not be overcome. These risks include the fact that the market for e-Learning products and services is in the early stages of development and may not grow to a sufficient size or at a sufficient rate to sustain the Company's business. The Company also faces intense competition from other e-learning providers and may be unable to compete successfully. Many of the Company's existing and potential competitors have longer operating histories and significantly greater financial, technical and other resources and therefore may be able to more quickly respond to changing opportunities or customer requirements. New competitors are also likely to enter this market in the future due to the lack of significant barriers to enter the market. The Company cannot assure investors that it will be able to contend effectively with such increased competition.

REVENUES

Total revenues generated for the three months ended December 31, 2002 and 2001 were $1.7 million and $3.0 million respectively, a decrease of $1.3 million. The Company recognized $1.1 million in learning revenues in the three months ended December 31, 2002 compared with $1.4 million of learning revenues in the three months ended December 31, 2001, a decrease of $321,000. The decrease is primarily attributable to a decrease in learning contract revenue in the three months ended December 31, 2002. Revenue from dental contacts decreased by $987,000 during the three months ended December 31, 2002 as compared to the three months ended December 31, 2001 due to the modification and termination of certain dental contracts. Dental contract revenue will continue to decline as the contracts reach their expiration dates, generally over the next 3 to 12 months. This will reduce revenue and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results.

Total revenues generated for the nine months ended December 31, 2002 and 2001 were $6.0 million and $6.8 million respectively, a decrease of $806,000. The Company recognized $3.3 million in learning revenues in the nine months ended December 31, 2002 compared with $1.7 million of learning revenues in the nine months ended December 31, 2001, an increase of $1.6 million. The increase is a result of the Company's continuing expansion into the e-Learning marketplace and has been fueled by the acquisitions in fiscal 2002 of Learning-Edge, Inc. and ThoughtWare Technologies, Inc., the acquisition of certain assets of Quisic Corporation in June 2002 and the acquisition of certain assets of LearnLinc Corporation in December 2002. Revenue from dental contracts decreased by $2.5 million during the nine months ended December 31, 2002 as compared to the nine months ended December 31, 2001 due to the modification and termination of certain dental contracts. Dental contract revenue will continue to decline as the contracts reach their expiration dates, generally over the next 3 to 12 months. This will reduce revenue and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results.

OPERATING EXPENSES

Operating expenses consist of research and development, sales and marketing, general and administrative and depreciation and amortization expenses. The Company incurred operating expenses of $2.4 million and $2.8 million for the three months ended December 31, 2002 and 2001, respectively, a decrease of $407,000. The Company incurred operating expenses of $7.5 million and $5.7 million for the nine months ended December 31, 2002 and 2001 respectively, an increase of $1.8 million.

Research and development expenses include expenses incurred in connection with providing e-learning services, development of new products and new product versions and consist primarily of salaries and benefits, communication equipment and supplies. Research and development expenses were $786,000 during the three

13

months ended December 31, 2002 compared with $942,000 during the three months ended December 31, 2001, a decrease of $156,000. The decrease is attributed to the decrease in learning revenue in the three months ended December 31, 2002. Research and development expenses were $2.6 million during the nine months ended December 31, 2002 compared with $1.4 million during the nine months ended December 31, 2001, an increase of $1.2 million. The increase is a result of the Company's continuing expansion into the e-Learning marketplace.

Sales and marketing expenses consist primarily of sales and marketing salaries and benefits, travel, advertising, and other marketing literature. Sales and marketing expenses were $427,000 and $1.3 million for the three and nine months ended December 31, 2002 compared with $347,000 and $772,000 for the three and nine months ended December 31, 2001, increases of $80,000 and $506,000, respectively. The increases are a result of the Company's continuing expansion into the e-Learning marketplace.

General and administrative expenses consist of the corporate expenses of the Company. These corporate expenses include salaries and benefits of executive, finance and administrative personnel, occupancy, bad debt expense, professional services, travel, office costs and other general corporate expenses.

For the three months ended December 31, 2002 and 2001, general and administrative expenses were $699,000 and $1.0 million respectively, a decrease of $307,000. General and administrative expenses decreased primarily due to decreases in salaries and benefits of $241,000 and professional services of $214,000. These were offset by increases in occupancy of $65,000, bad debt expense of $45,000 and insurance of $20,000.

For the nine months ended December 31, 2002 and 2001, general and administrative expenses were $2.2 million and $1.9 million respectively, an increase of $239,000. General and administrative expenses increased primarily due to increases in occupancy of $65,000, bad debt expense of $152,000 and insurance of $126,000. These were offset by decreases in salaries and benefits of $119,000 and professional services of $103,000.

Depreciation and amortization expenses were $493,000 and $1.5 million for the three and nine months ended December 31, 2002 compared with $517,000 and $1.6 million for three and nine months ended December 31, 2001, decreases of $24,000 and $107,000, respectively. The decreases are primarily due to the modification and terminations of the service agreements that returned ownership of dental practice equipment to the related dental practices. A portion of these decreases were offset by depreciation of the property and equipment purchased in the acquisitions of Learning-Edge, Inc., ThoughtWare Technologies, Inc., certain assets of Quisic Corporation and certain assets of LearnLinc Corporation.

INTEREST EXPENSE, INTEREST INCOME AND OTHER INCOME

Interest expense increased $132,000 from $254,000 for the three months ended December 31, 2001 to $386,000 for the three months ended December 31, 2002. Interest expense increased $338,000 from $814,000 for the nine months ended December 31, 2001 to $1.2 million for the nine months ended December 31, 2002. The increases are primarily attributable to the amortization of the warrant discount and beneficial conversion feature related to the Private Placement Offering consummated by the Company in March 2002. Interest expense related to the amortization of the warrant discount and beneficial conversion feature was $123,000 and $369,000 for the three and nine months ended December 31, 2002.

Interest income decreased $28,000 from $53,000 for the three months ended December 31, 2001 to $25,000 for the three months ended December 31, 2002. Interest income decreased $79,000 from $196,000 for the nine months ended December 31, 2001 to $117,000 for the nine months ended December 31, 2002. The decreases are attributable to note receivable collections and the subsequent declining principal balances on the Company's notes receivable.

Other income includes the gains recorded from terminating the service agreements of the Affiliated Practices and the sale of Company assets. Other income decreased $443,000 from $525,000 for the three months ended December 31, 2001 to $82,000 for the three months ended December 31, 2002. Other income increased $196,000 from $701,000 for the nine months ended December 31, 2001 to $897,000 for the nine months ended December 31, 2002.

14

INCOME TAX EXPENSE

The Company recorded no tax benefit during the three and nine months ended December 31, 2002, because it concluded it is not likely it would be able to recognize its net operating loss carry forwards due to the lack of operating history of its eBusiness plan. These net operating loss carry forwards begin to expire in 2018. At December 31, 2002, the Company also has a net deferred tax asset of $6.3 million with a corresponding valuation allowance. These tax benefits are scheduled to expire over a period of nine to fourteen years.

The Company recorded no tax expense during the three and nine months ended December 31, 2001 due to the utilization of its net operating loss carryforward.

NEW PRONOUNCEMENTS

In June 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued. The standard requires that legal obligations associated with the retirement of long-lived intangible assets be recorded at fair value when incurred and will be effective for the Company on April 1, 2003. The adoption of this statement is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2002, SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" was issued.

This statement provides guidance on the classification of gains and losses from the extinguishment of debt and on the accounting for certain specified lease transactions. Under the new guidance of SFAS No. 145, losses from early extinguishments of debt will be classified as extraordinary items when the losses are considered unusual in nature and infrequent in occurrence. SFAS No. 145 will be effective for the Company on April 1, 2004.

In June 2002, SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. This statement provides guidance on the recognition and measurement of liabilities associated with disposal activities and is effective for the Company on April 1, 2003. The Company is currently reviewing the provisions of SFAS No. 146 to determine the standard's impact upon adoption.

In December 2002, SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FAS 123" was issued. This statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosures required by the statement are effective for the Company's fiscal year ended March 31, 2003. The adoption of this statement is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

LIQUIDITY AND CAPITAL RESOURCES

The Company changed its business model from a dental practice management company to an e-Learning company in the first quarter of fiscal 2001. The Company is currently implementing its e-Learning strategy, has a limited operating history with regard to its e-Learning business and is continuing the development and enhancement of its e-Learning product and service offerings and related revenue streams. The Company acquired two e-Learning entities during fiscal 2002, one e-Learning company in June 2002 and a company that develops, markets and licenses interactive multimedia software in December 2002.

The Company reported a working capital deficit at March 31, 2002 and December 31, 2002 and negative cash flow from operations for fiscal year 2002 and the nine months ended December 31, 2002. Also, the Company's management service agreements with the affiliated dental practices begin to expire on April 1, 2003 and will continue to expire through December 31, 2003. This will reduce revenues and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results. During the nine months ended December 31, 2002, the Company used cash flows from operations of $1.6 million

and reported a working capital deficit of $2.7 million. The items discussed above and the limited operating history as an e-Learning company raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan with regard to these matters include continued development, marketing and licensing of its e-Learning products and services through both internal growth and acquisition and acceleration of cash collections from affiliated dental practices by offering a sale of the dental practices management service agreements earlier than contractually required. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient revenues from its products and services to provide adequate cash flows to sustain operations.

The Company has made acquisitions, and management expects that other e-learning businesses will be acquired in the future. There can be no assurance that the Company will be able to identify or reach mutually agreeable terms with acquisition candidates and their owners, or that the Company will be able to profitably manage additional businesses or successfully integrate such additional businesses into the Company at all, or without substantial costs, delays or other problems. There can be no assurance that businesses acquired will achieve sales and profitability that justify the investment made by the Company. Any inability on the part of the Company to control these risks effectively and integrate and manage acquired businesses could have a material adverse effect on the Company. Acquisitions may result in increased depreciation and amortization expense; increase interest expense, increased financial leverage or decrease operating results.

The Company's service agreements with affiliated dental practices begin to expire on April 1, 2003 and will continue to expire through December 31, 2003, which will reduce revenues and cash flow from this source and accordingly could negatively affect the Company's liquidity and operating results. During the nine months ended December 31, 2002, the Company received $1.1 million in cash from terminating the service agreements with Affiliated Practices. These cash collections accelerate the date at which the Company would be required to sustain its operations solely on cash collections derived from e-learning revenues. However, there can be no assurance that the Company's e-Learning strategies will be achieved or that the affiliated dental practices will continue to agree upon terms acceptable to the Company.

At December 31, 2002, the Company had a working capital deficit of $2.7 million. Current assets included $428,000 in cash and $1.5 million in accounts and notes receivable. Current liabilities consisted of $806,000 of deferred revenue, $1.5 million of current maturities of long-term debt and capital leases and $2.1 million in accounts payable and accrued liabilities.

During the nine months ended December 31, 2002 and 2001, the Company used $1.6 million and $1.4 million respectively for operating activities, primarily from the use of working capital.

The Company had outstanding total debt (secured and unsecured promissory notes) of $8.7 million at December 31, 2002. Of that amount, the Company has $5.8 million of convertible redeemable subordinated notes, which mature on March 29, 2012. The remaining balance of $2.9 million is owed to various parties with differing maturities as follows: $389,000 are unsecured notes which arose as part of the Company's initial public offering and are due on March 30, 2003; $250,000 is a promissory note related to the LearnLinc acquisition and is due in December 2003; $69,000 are unsecured promissory notes of which were issued to former shareholders of Omega Orthodontics, Inc. or were assumed by the Company as part of its acquisition of Omega Orthodontics, Inc. and are due in fiscal 2003 and 2004. $1.3 million are unsecured promissory notes of which $1.0 million were issued to former shareholders of Learning-Edge, Inc. and $0.3 million were assumed by the Company as part of its acquisition of Learning-Edge, Inc. These notes mature in fiscal 2004 and 2005. $849,000 are unsecured convertible promissory notes which were issued to dentists which the Company affiliated with as part of its dental practice management business and are due in July 2004.

The following schedule details all of the Company's indebtedness and the required contractual payments related to such obligations at December 31, 2002 (in thousands):

	Due in less	Due in one to	Due in four to	D

	Total	than one year	three years	five years	fi
Long term debt	$ 8,676	$ 1,450	$ 1,451	$ --	
Capital lease obligations	733	456	274	3	
Operating lease obligations	2,691	644	1,230	562	
Total commitments	$12,100	$ 2,550	$ 2,955	$ 565	

Cash generated from investing activities was $1.1 million and $1.4 million in cash received from service agreement terminations and $444,000 and $576,000 from the collection of notes receivable during the nine months ended December 31, 2002 and 2001 respectively. The Company used cash of $250,000 as the initial payment for the LearnLinc acquisition during the nine months ended December 31, 2002. Cash used in investing activities was $89,000 and $17,000 for capital expenditures and $85,000 and $-0- for the issuance of notes receivable during the nine months ended December 31, 2002 and 2001, respectively.

During the nine months ended December 31, 2002 and 2001, $585,000 and $1.1 million respectively was used to repay long-term debt and capital leases. The Company received $19,000 in cash from the exercise of stock options during the nine months ended December 31, 2002.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The following discusses our exposure to market risk related to changes in interest rates, equity prices and foreign currency exchange rates. Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest rates and market prices. We have not traded or otherwise bought and sold derivatives nor do we expect to in the future. We also do not invest in market risk sensitive instruments for trading purposes.

The primary objective of the Company's investment activity is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, the Company maintains its portfolio of cash equivalents in a variety of money market funds.

As of December 31, 2002, the carrying value of our outstanding convertible redeemable subordinated notes was approximately $3.9 million at a fixed interest rate of 12%. In certain circumstances, we may redeem this long-term debt. Our other components of indebtness bear fixed interest rates of 6% to 9%. Because the interest rates on these instruments are fixed, a hypothetical 10% change in interest rates would not have a material impact on our financial condition, revenues or operations. Increases in interest rates could, however, increase the interest expense associated with future borrowings, if any. We do not hedge against interest rate increases.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our Chief Executive Officer and our Vice President of Finance, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15-d-14(c) as of a date (the "Evaluation Date") within 90 days before the filing date of this quarterly report, have concluded that as of the Evaluation Date, our disclosure controls and procedures were adequate and designed to ensure that material information relating to us and our consolidated subsidiaries would be made known to them by others within those entities.

CHANGES IN INTERNAL CONTROLS

There were no significant changes in our internal controls or to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the Evaluation Date.

17

PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company has pending lawsuits against three affiliated practices for defaulting in the payment of the required service fees. The Company is seeking damages equal to past due and remaining service fees, consequential damages equal to the value of the intangible practice asset and attorney's fees. The Company is also party to two other legal disputes arising from the ordinary course of its e-Learning business.

On August 27, 2002 Computer Associates International Inc., filed in the Superior Court of the State of Arizona in and for the County of Maricopa claiming breach of software license/agreement and other fees for services in the amount of $389,000. The Company thereafter filed an answer and counterclaim on October 4, 2002 alleging damages in the amount of $389,000. On November 4, 2002 two former employees of Quisic Corporation, filed in the Superior Court of the State of California for the County of Los Angeles Central District claiming damages in the amount of $6.4 million against the Board of Directors of Quisic Corporation resulting from their employment termination by Quisic alleging among other things breach of contract. The Company is a third party defendant with a mere allegation of successor liability to the extent the Quisic defendants are found liable and to the extent the plaintiff proves successor liability by the Company. The Company only acquired certain assets of Quisic Corporation in an asset purchase transaction and does not believe it has any successor liability. The Company believes that it will prevail in these matters.

While in the opinion of management, resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows, the ultimate outcome of any litigation is uncertain. Were an unfavorable outcome to occur, the impact could be material to the Company.

ITEM 2. CHANGE IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS OF SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description Of Exhibits

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3.1(1)	Restated Certificate of Incorporation of Pentegra Dental Group, Inc.
3.2(1)	Bylaws of Pentegra Dental Group, Inc.
3.3(7)	Restated Certificate of Incorporation of Pentegra Dental Group, Inc.
3.4(7)	Amendment of Bylaws of Pentegra Dental Group, Inc.
3.5(8)	Restated Certificate of Incorporation of e-dentist.com, Inc.
4.1(1)	Form of certificate evidencing ownership of Common Stock of Pentegra Dental Group, Inc.
4.2(1)	Form of Registration Rights Agreement for Owners of Founding Affiliated Practices
4.3(1)	Registration Rights Agreement dated September 30, 1997 between Pentegra Dental Group, Inc. and the stockholders named therein
4.4(2)	Form of Stockholders' Agreement for Owners of Affiliated Practices

4.5(3)	Form of Indenture from Pentegra Dental Group, Inc. to U.S. Trust Company of Texas, N.A., as Trustee relating to the Convertible Debt Securities
4.6(7)	Form of certificate evidencing ownership of Common Stock of e-dentist.com, Inc. 4.7 Form of Convertible Redeemable Subordinated Note 4.8 Form of Redeemable Warrant
+10.1(1)	Pentegra Dental Group, Inc. 1997 Stock Compensation Plan
+10.2(1)	Form of Service Agreement
10.3(4)	Credit Agreement dated June 1, 1998 between Bank One, Texas, N.A. and Pentegra Dental Group, Inc.
10.4(5)	Modification to Credit Agreement between Pentegra Dental Group, Inc. and Bank One, Texas, N.A. dated September 9, 1998
10.5(5)	Agreement and Plan of Merger among Pentegra Dental Group, Inc., Liberty Dental Alliance, Inc., Liberty Acquisition Corporation, James M. Powers, Jr., Sylvia H. McAlister and William Kelly dated as of November 13, 1998
10.6(2)	First Amendment to Credit Agreement by and among Pentegra Dental Group, Inc. and Bank One, Texas, N.A. dated as of February 9, 1999
10.7(2)	First Amendment to the Agreement and Plan of Merger by and among Pentegra Dental Group, Inc., Liberty Dental Alliance, Inc., Liberty Acquisition Corporation, James M. Powers, Jr., Sylvia H. McAlister and William Kelly dated as of January 29, 1999
10.8(6)	Third Amendment to Credit Agreement
+10.9(7)	Employment Agreement dated November 12, 2000 between e-dentist.com and James M. Powers, Jr.
+10.10(7)	Employment Agreement dated February 15, 2001 between e-dentist.com and Charles Sanders
+10.11(7)	Employment Agreement dated February 15, 2001 between e-dentist.com and James Dunn, Jr.
10.12(7)	Asset Purchase Agreement by and among e-dentist.com, Inc. and Dexpo.com, Inc. 10.13(7) Fourth Amendment of Credit Agreement
10.14(9)	Plan of Reorganization and Agreement of Merger by and among EDT Learning, Inc., Edge Acquisition Subsidiary, Inc. and the Stockholders of Learning-Edge, Inc.
10.15(10)	Plan of Reorganization and Agreement of Merger by and among EDT Learning, Inc., TW Acquisition Subsidiary, Inc., ThoughtWare Technologies, Inc. and the Series B Preferred Stockholder of ThoughtWare Technologies, Inc.
10.16(11)	Asset Purchase Agreement by and among EDT Learning, Inc. and Quisic Corporation. Common Stock Purchase Agreement by and between EDT Learning, Inc., Investor Growth Capital Limited, A Guernsey Corporation and Investor Group, L.P., A Guernsey Limited

	Partnership and Leeds Equity Partners III, L.P.
10.17(12)	Asset Purchase Agreement by and among EDT Learning, Inc., and Mentergy, Inc. and its two wholly-owned subsidiaries, LearnLinc Corp and Gilat-Allen Communications, Inc.

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(1) Previously filed as an exhibit to EDT Learning's Registration Statement on Form S-1 (No. 333-37633), and incorporated herein by reference.
(2) Previously filed as an exhibit to EDT Learning's Registration Statement on Form S-4 (No. 333-78535), and incorporated herein by reference.
(3) Previously filed as an exhibit to EDT Learning's Registration Statement on Form S-4 (No. 333-64665), and incorporated herein by reference.
(4) Previously filed as an exhibit to EDT Learning's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1998.
(5) Previously filed as an exhibit to EDT Learning's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1998.
(6) Previously filed as an exhibit to EDT Learning's Annual Report on Form 10-K for the year ended March 31, 2000.
(7) Previously filed as an exhibit to EDT Learning's Annual Report on Form 10-K for the year ended March 31, 2001.
(8) Previously filed as an exhibit to EDT Learning's Annual Report on Form 10-K for the year ended March 31, 2002.
(9) Previously filed as an exhibit to EDT Learning's Form 8-K filed October 16, 2001.
(10) Previously filed as an exhibit to EDT Learning's Form 8-K filed January 30, 2002.
(11) Previously filed as an exhibit to EDT Learning's Form 8-K filed July 2, 2002.
(12) Previously filed as an exhibit to EDT Learning's Form 8-K filed December 20, 2002.

\+ Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to the requirements of Item 14(c) of Form 10-K.

REPORTS ON FORM 8-K

1) Current Report on Form 8-K dated December 20, 2002 (Item 7. Acquisition or Disposition of Assets).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant, EDT Learning, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EDT Learning, Inc.

Dated: February 14, 2003

By: /s/ James M. Powers, Jr.

Chairman of the Board, President and
Chief Executive Officer

By: /s/ Brian L. Berry

Vice President of Finance (Principal Financial Officer)

21

CERTIFICATION

I, James M. Powers, Jr. certify that:

1. I have reviewed this quarterly report on Form 10-Q of EDT Learning, Inc.,

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in

internal controls or in other factors that could significantly affect controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ James M. Powers, Jr.

James M. Powers, Jr.,
Chairman of the Board, President and
Chief Executive Officer
February 14, 2003

22

CERTIFICATION

I, Brian L. Berry certify that:

1. I have reviewed this quarterly report on Form 10-Q of EDT Learning, Inc.,

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Brian L. Berry

Brian L. Berry
Vice President of Finance
February 14, 2003

23

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of EDT Learning, Inc. (the Company) on Form 10-Q for the periods ending December 31, 2002 as filed with the Securities Exchange Commission on the date here of (the Report). I, James M. Powers, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C.ss.1350, as adopted pursuant toss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ James M. Powers, Jr.

James M. Powers, Jr.,
Chairman of the Board, President and
Chief Executive Officer
February 14, 2003

24

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of EDT Learning, Inc. (the Company) on Form 10-Q for the periods sending December 31, 2002 as filed with the Securities Exchange Commission on the date here of (the Report). I, Brian L. Berry, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all

material respects, the financial condition and result of operations of the Company.

By: /s/ Brian L. Berry

Brian L. Berry
Vice President of Finance
February 14, 2003