



Quarterly Report 30 September 2003

Highlights and Subsequent Events

- Consolidated sales improve 5. 0% against the previous corresponding quarter.
- Cash receipts decrease 15.6% for the quarter.
- Cash at bank at end of quarter improves \$75,000.
- Exercising of 1,750,000 listed options at \$0.10.
- Placement of \$500,000.
- Expansion into the greater Geelong region.
- Agreement to deliver vocational education into China.

Overview

The September quarter saw the Company focus on expanding its core operations in order to achieve its two-year objectives. This was clearly indicated in the recent Geelong and China announcements.

Consolidated sales for the quarter increased 5.0% to \$1,138,425 against the corresponding previous quarter consolidated sales of \$1,083,790.

Although consolidated sales receipts for the quarter decreased 15.6% to \$794,000 there were outstanding government payments of \$409,000 as at September 30. Of the outstanding amount \$334,000 is a liability of DET NSW and \$75,000 with OTTE Victoria.

Operational payments increased throughout the quarter due to quarterly superannuation and ATO payments relating to previous quarters and redundancies relating to the transition and restructuring of Educational Media Australia P/L (EMA).

Working capital payments increased during the quarter predominately due to the EMA restructure and the expansion into Geelong and China.

Notwithstanding the negative cashflow for the quarter, cash at bank improved by \$75,000 to (\$17,000) against the previous quarters (\$92,000). As of today's date the Company has \$157,000 cash at bank and as previously indicated a \$250,000 debt facility against which the Company can still draw down more than \$100,000. At this time management does not believe that it will need to draw down additional funds from this facility and believes that it has sufficient funds in order to continue its operations.

The Company will record positive cash flow for the month of October.

As the recent announcements are brought to book the Company believes that it will continue to improve its cash flow during future quarters and, as such, the Company will be in a position to fund its activities past the current quarter.

Exercising of 1,750,000 listed options at \$0.10

On 31 July 2003 the Company announced that 1,750,000 listed options were exercised at \$0.10 raising \$175,000 for the purposes of working capital.

Placement of \$500,000

The Directors were pleased to announce on September 3 that the Company had raised \$500,000 through placement of 5,000,000 shares at \$0.10.

Funds raised through this placement are be used for the development of the education business and general working capital.

Expansion into the greater Geelong region

On 24 September the Company was pleased to announce the immediate transfer of approximately 500 trainees to the Australian Open Learning Institute (AOLI) following the voluntary administration of a Geelong based Registered Training Organisation (RTO).

Under user choice guidelines 15 employers from the region will transfer their existing trainees along with their ongoing training requirements to AOLI. In return AOLI will ensure continuity of training and will engage a number of the Geelong based RTO's former employees.

Representing the retail and asset maintenance sectors the 500 trainees will immediately transition to AOLI's existing infrastructure.

It is anticipated that this immediate expansion into the Greater Geelong Region will generate revenues of approximately \$1.5M per annum for the Company and contribute around \$400K to the bottom line.

Didasko Limited, through its wholly owned subsidiary, The Australian Open Learning Institute (AOLI), is committed to developing a presence in the Greater Geelong Region and is continuing discussions relating to further potential trainees due to be enrolled with the Geelong based RTO.

Agreement to deliver vocational education into China

On 16 October 2003 Didasko was pleased to announce that its wholly owned subsidiary, the Australian Open Learning Institute Pty Ltd (AOLI), had entered into a Heads of Agreement with GWT Systems Inc. (GSI) to form a joint venture operation to deliver vocational training within China: the China–Australia Open Learning Institute (CAOLI). GSI is a significant Shanghai based business, part of the GWT Group of Companies that has supplied products and services to the telecommunications and IT industries for more than 16 years, primarily within China.

Under the terms of the Heads of Agreement, CAOLI will be 51% owned by the Australian Open Learning Institute. AOLI will also manage the day-to-day operations.

Under a licence arrangement to be entered into between AOLI and CAOLI, AOLI will:

- Provide access to Didasko Learning Resources content;
- Supply AOLI's web based learning management system; and
- Provide CAOLI with access to Australian recognised qualifications.

Under a separate arrangement GSI will provide all necessary technical services to the joint venture and clients for who the training will be delivered. In addition, GWT's local knowledge and relationships with Chinese government organisations, including a wide range of State Owned Enterprises (SOEs), will greatly assist in the planned rollout of the project.

The joint venture will market vocational education products directly to prospective students and form substantive relationships with SOEs, government departments, education institutions and international clients who have existing relationships with AOLI in Australia. Under the joint venture CAOLI will offer programs from February 2004 with an initial target of 2,000 students for the 2004 calendar year.

It is anticipated that revenues generated per student to the Didasko Group (via AOLI) will be in the order of \$3,000 (AUS), with an anticipated return to the bottom line of around 25%.

Further information on the CAOLI joint venture will be announced to the market in line with developments.

Didasko's Two Year Corporate Strategy includes:

- Developing a national, vocational training infrastructure, focusing on large corporate organisations;
- Growing The Australian Open Learning Institute's student population to more than 10,000 students;
- Expanding Didasko Learning Resources product offering (currently more than 5000 nominal hours of training) by 30% while continuing ongoing redevelopment of the existing product range;
- Increasing Didasko Learning Resources sales in line with the growth of AOLI; and

- Establishing a South East Asian presence.

About Didasko Limited

Didasko Limited comprises three wholly owned subsidiaries:

- Didasko Learning Resources P/L creates, develops and supplies innovative learning resources that utilise technology to enhance traditional learning processes and improve access to education within universities, TAFEs, secondary schools and Registered Training Organisations.
- The Australian Open Learning Institute P/L, underpinned by Didasko Learning Resources, has become Australia's leading national private Registered Training Organisation (RTO/TAFE).
- Educational Media Australia P/L (EMA) supplies more than 3000 short courses, learning content titles to business and training organisations nationally.

If you have any further questions relating to this release, please do not hesitate to contact either Mr Simon Nankervis or myself.

Yours faithfully,



Andrew Horton
Managing Director

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000.

Name of entity

DIDASKO LIMITED

ABN

47 060 891 796

Quarter ended ("current quarter")

30 SEPTEMBER 2003

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter \$A'000	Year to date (3 months) \$A'000
	Receipts from customers		794	794
1.2	Payments for	(a) staff costs	(901)	(901)
		(b) advertising and marketing	(2)	(2)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(476)	(476)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		-	-
1.5	Interest and other costs of finance paid		(12)	(12)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	- Final bandwidth payment		-	-
	Net operating cash flows		(597)	(597)

+ See chapter 19 for defined terms.

DIDASKO LIMITED - Appendix 4C

Quarterly report for entities admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(597)	(597)
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(73)	(73)
1.10 Proceeds from disposal of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other – Acquisition of Connect Employment and Training business (final payment)	-	-
Net investing cash flows	(73)	(73)
1.14 Total operating and investing cash flows	(670)	(670)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. (Net)	675	675
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	70	70
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	745	745
Net increase (decrease) in cash held	75	75
1.21 Cash at beginning of quarter/year to date	(92)	(92)
1.22 Cash acquired from purchase of business		
1.23 Cash at end of quarter	(17)	(17)

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	85
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL
1.26	Explanation necessary for an understanding of the transactions	
	N/A	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
	Nil	
2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest	
	Nil	

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil
3.2	Credit standby arrangements	Nil

+ See chapter 19 for defined terms.

DIDASKO LIMITED - Appendix 4C
Quarterly report for entities admitted on the basis of commitments

Reconciliation of cash

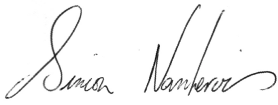
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	130	32
4.2	Deposits at call	-	-
4.3	Bank overdraft	(147)	(124)
4.4	Other (provide details) Blocked guarantee Deposit accounts	-	-
Total: cash at end of quarter (item 1.22)		(17)	(92)

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: 
(~~Director~~ / Company secretary)

Date: 31st October 2003

Print name: Simon Nankervis

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.