



Annual Report
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CEO's Message

To Our Shareholders:

The year ending November 30, 2002, was a difficult one for your Company. It was a year during which aggressive plans for growth and profitability went unrealized and, because of missed expectations, it was also a year in which restructuring and cost reductions became necessary. In the end, the Company managed to rebound and finished the year achieving its fourth quarter sales goals.

Fiscal 2001 was the first full year of the combined operations of the former Careerware and Bridges.com companies. In that year, high rates of revenue growth were achieved and EBITDA* levels reached record highs. In planning for 2002, management felt reason to be optimistic and used this optimism to fuel an aggressive plan for continued revenue and earnings growth. A bold plan for capital spending - started in 2001 - was put on course to conclude in 2002. At the end of the year, management expected to have achieved new financial records by producing revenues of \$24.7 million and EBITDA of \$6.0 million. Management felt, at the end of 2002, it would be poised for continued future performance on the strength of a new technical infrastructure and a new suite of products. All indications were that Bridges' market-leading position in its core markets would be enhanced by promising introductions to new market segments.

Unfortunately, 2002 got off to a bad start. At the end of the first quarter, revenues were not tracking to the expected 25% increase. Rather, revenues were down by more than \$1.0 million on a year-over-year basis. This, combined with planned, but much higher expenses, created an unexpected first quarter loss.

The cause of the revenue shortfall in the first quarter was misdiagnosed. During the quarter a significant internal system did not perform properly and many resubscription notices were not produced and delivered to our customers on a timely basis. This led management to believe that significant amounts of sales missed in the first quarter would be "caught up" in the second quarter of 2002. Unfortunately, this obscured some fundamental market changes that would become apparent later in the second quarter.

In the second quarter, the expected improvement in revenue did not occur. As the quarter ended, it was apparent that our customers - predominantly comprised of U.S. government-funded organizations - were beginning to feel the effects of funding reductions. Revenues continued to be well behind those of the previous year and expenses continued to be much higher than those of the comparative period. There is a cyclical lag in spending that follows the onset of economic recession. It became clear towards the end of the second quarter that Bridges' customers were facing the beginning of what could be a prolonged period of funding limitations.

At the end of the second quarter, your Board concluded that the Company required additional management resources to navigate through what was looming as a most difficult year. Early in the quarter, a new Chief Executive Officer and a new Vice President of Marketing were appointed. This expanded management team conducted two major initiatives during the third quarter: a strategic review and an expense-reduction plan. It also created a new focus on sales.

In the fourth quarter of 2002, the Company underwent a major restructuring and, in doing so, reduced staff by approximately 20% and operating expenses by an expected \$2.0 million per year. During the quarter, with new internal and external sales incentives in place, revenues stabilized at approximately the revenue levels of the prior year. In the end, a modest EBITDA of \$1.5 million was produced for fiscal 2002, but the Company took a significant restructuring charge of \$3.1 million and recognized a goodwill impairment of \$2.2 million. The restructuring included the planned closure of the Company's Ottawa office during 2003 and the migration of those job functions into the Kelowna, B.C., head office.

A company restructuring tests the endurance and commitment of a company. The restructuring of Bridges, although difficult, has been accomplished in a professional manner. Our employees showed great determination through this difficult event and with genuine resolve, absorbed additional job functions and sought other ways to accomplish efficiency throughout the Company. Remarkably, the restructuring was completed in parallel with the achievement of fourth quarter sales goals. This was no small feat.

Bridges faced trying market conditions in 2002 and we expect these conditions to continue through 2003 and possibly into 2004. But while market conditions will be difficult, our products and service to our customers maintain us as the market leader in our segment. Over the coming fiscal period (to June 30, 2003) we intend to carefully monitor and manage our expenses, scale back our investments and work doubly hard at sales and marketing. It is our commitment to produce outstanding financial results - in spite of market conditions. We intend to remain strong and capable of resuming rapid growth when funding cycles become more favourable.

These actions will not be hard to accomplish. The entire Bridges team is skilled, committed and capable of delivering on this mandate. As we do so, we remain grateful for the ongoing support of our shareholders.

On behalf of the Board of Directors,



John Simmons
Chief Executive Officer

**EBITDA - EBITDA has no standardized meaning under generally accepted accounting policies (GAAP) and is a non-GAAP measure. As a result, EBITDA is unlikely to be a comparable measure to other issuers. The reporting of EBITDA is intended to assist users in understanding the company's operations and unusual cash and non-cash items. The items excluded from net loss (income) in the determination of EBITDA include - interest and other income, taxes, depreciation, and amortization, impairment of goodwill, and restructuring charge.*

Management's Discussion & Analysis

Certain statements in this report may constitute forward looking statements. Such forward looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended November 30, 2002. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

OVERVIEW

Bridges develops, markets and delivers career information database products and services through the Internet and on CD-ROM. These resources are designed to assist individuals to explore, plan and apply for career and educational related opportunities. Bridges' product solutions are purchased by approximately 4,500 customers throughout most states and provinces in the U.S. and Canada. These purchases provide Bridges' products to over 15,100 schools, colleges, and government agencies – making it North America's leading provider of such resources to institutions and individuals in the career services marketplace. These customers are supported by a sales and service staff distributed across both countries, and by an office in Kelowna, B.C. A telephone based sales force and customer service call centre are located in Kelowna.

The Company strategy is to continue to support school guidance counsellors and career management counsellors by providing user-relevant, engaging, time leveraging products. School based products are also designed to comply with current and emerging educational trends and relate to higher level funding sources. The Company believes that it maintains a competitive advantage by offering products as both a CD-ROM and an Internet delivered platform. CD-ROM products are updated annually and Internet based products are constantly refreshed and updated.

The Company's products are used in high schools, middle schools, elementary schools, 'one stop' employment centres, two and four year post secondary educational institutions as well as prisons, libraries and other markets where career and educational planning is done. The buyer is either the school, institution or business, or may be a school district, province or state which purchases for multiple sites. Funds for purchasing the Company's products generally come from discretionary spending funds, and as such, initial spending and resubscription funding is subject to a periodic buying decision review by the customer. Often, funding is provided by senior levels of a state or by the federal government. Such funding can be for specific programs suited to the Company's products, or may be for general operating funds. In times of decreased funding or when senior government spending programs are reduced, the Company experiences a more challenging market condition.

The Company employs a sales staff at the Kelowna call centre to contact prospective customers and also attend conferences and venues which prospects attend. Administrative sales staff and customer support staff are used to contact existing customers regarding their annual resubscription. Additionally, the Company has regionally based sales staff distributed throughout the markets. This staff group supports existing customers, provides product training, and demonstrates product use to prospective customers.

Critical Accounting Policies

Revenue recognition

Revenue from all products is billed and due at the point of initial product delivery or initial subscription start date for those products sold with an annual site licence.

During 2002, the Company recognized revenue in four primary ways. Firstly, products that are entirely accessed over the web have revenue that is recognized ratably by month over the subscription period. Secondly, revenue is recognized in the month of shipment for CD ROM-based products that have no web access or ongoing user support. Thirdly, certain annual subscription products are sold which include both a shipped CD-ROM and web service access. The customer chooses which product delivery mode they use over the term of subscription, and this can vary during that period. The customer may use either web server access, or by installing the CD-ROM on the their local area network or a PC. The Company recognizes revenue for such sales based on the nature and relative fair values of the elements: CD-ROM upon delivery, customer acceptance and when collectibility is reasonably assured; and web accessed elements ratably over the life of the subscription period. In the event a bundled sale of multiple products is sold, the discount taken for purchasing a bundle of products is allocated ratably to the constituent products on the basis of the fair value of such components when sold separately. The determination of fair value of elements, bundled arrangements and customer requirements therefore impacts the timing of the revenue recognized, but not the invoicing or cash flow. Lastly, service revenues are generated from consulting services related to the implementation of information database products. Revenues from services are recognized upon substantial completion of service, provided the fee is fixed or determinable and collection is reasonably assured.

In November 2002, the Company introduced a new enabling technical infrastructure that will facilitate product (including CD ROM-based products) access to database information that is updated over time. The Company has announced a 2003 sales support program of user and administrator training during the term of subscription. The Company is considering merging individual product features into a more universal product. For these reasons, effective December 1, 2002, the Company will apply the fully ratably revenue recognition policy to all subscription products. In 2002, approximately 94% of billings of \$18,879,104 were subscription products. Use of this policy will result in less quarterly seasonality in revenue recognition. This policy will not impact the timing of invoicing, which peaks during the August to November period – when historically 60% to 65% of invoices are issued. As such, revenue recognition will not impact cash flow. The Company estimates that if

billings in 2003 were at similar levels to 2002, that deferred revenue would increase to between \$11,000,000 and \$12,000,000 by autumn 2003.

Capitalization of Infrastructure costs

During 2001 and 2002, the Company purchased technical hardware, software and consulting services to design and build customer facing systems and internal use systems. Additionally, certain existing and newly hired engineering and project management staff was assigned to the capital project. The direct costs from external suppliers and internal staff dedicated to the project were accumulated in capital works in progress accounts. These costs were capitalized and depreciation was charged at the point in time that the asset was commissioned. The direct labour costs of salaried staff capitalized during the 2002 year was \$965,000. The infrastructure project was commissioned in November. With the Company's infrastructure now commissioned, the Company expects that capitalized labour will be substantially reduced in future periods.

The customer-facing systems include an enabling new infrastructure to host web-delivered applications, design and build new product applications and technical delivery software, and provide authorization and authentication for customer use of products. The internal facing systems include hosting enterprise systems for accounting and regulatory compliance and a custom designed customer relationship management system, billing and sales analysis system, subscription control system, and shipping control system. Individual components are classified as to their estimated useful life to the Company, which is generally 3 to 5 years.

Goodwill and other intangibles

Effective December 1, 2001, the Company adopted the new accounting policy relating to the amortization of goodwill, and ceased the monthly amortization of goodwill. At May 31, 2002, the Company performed a transitional assessment of its remaining goodwill and concluded such amounts were unimpaired. During November 2002, as a result of the decision to restructure its operations, the Company's remaining goodwill was determined to be impaired, resulting in a charge of \$2,235,114.

Further information regarding the Company restructuring is included both below and in Note 3 to the Consolidated Financial Statements.

TRENDS

The Company derives in excess of 85% of revenue from customers in the United States, a trend expected to continue.

Under the Company's current business model, the predominant revenue source is licence resubscriptions by existing customers. Additionally, the Company has sales to new customers. In 2002, the installed site resubscription rate fell from approximately 90% to 84%. In 2002, amounts invoiced to customers declined by 5% from levels achieved in 2001. The Company has attributed the decline in resubscriptions to a more restricted funding environment in 2002, particularly in the United States markets. The Company expects that this difficult funding

environment will continue for several years to come. During 2000 and 2001, the Company experienced invoicing growth rates above 33%. The Company anticipated substantial growth rates in 2002 that did not materialize.

In 2000, the Company began a 24-month capital asset spending program. Objectives were:

- » to enable handling substantially increased customer service volumes for small incremental costs
- » to provide a scalable architecture to allow server expansion once current capacity was reached
- » to separate product design servers from product delivery servers, minimizing risk of service interruption
- » to facilitate software development in a more robust and efficient manner on staging servers
- » to be a platform to build new product applications more effectively and
- » to facilitate migration of predecessor Careerware products to a common technical platform.

This spending program was substantially completed and the new infrastructure was commissioned for use in November 2002. Due to the fall in installed site resubscription rates, current systems load is lower than expected. This new infrastructure has ample capacity to host higher service volumes, and the Company expects to improve customer service and reliability and also to reduce internal product development costs in the future. Capital spending for the infrastructure is largely complete, and the Company expects capital spending well below depreciation rates in the future.

The Company will continue to address market share penetration in our primary market of secondary schools in North America. We will also pursue leveraging current products into post secondary markets and related career transition counselling for working adults. While the Company believes that such initiatives will result in new sales, it has no basis upon which to accurately forecast sales from these segments.

2002 RESTRUCTURING

During the first half of the 2002 fiscal year, the Company experienced an unexpected decline in resubscription invoicing of about 5%, or \$1,000,000. Bridges had expected this shortfall would be recovered by increased sales in the final half of the year. However, during the final half year, as a result of a reduced education funding environment, there was no recovery of this shortfall. In the beginning of 2002, the Company had been staffed for continued growth and further product development. In November 2002, management responded to the sales trend and funding uncertainties by restructuring its operations. The Company incurred a restructuring charge of \$3,142,021 inclusive of cash costs of \$2,755,971 relating to severance and termination (\$2,237,638) and excess lease facilities costs (\$518,333). In addition the Company incurred non cash costs of \$386,050 relating to the write down of capital assets. These plans were announced November 6, and should be fully completed by

autumn 2003. As a result of the restructuring of its operations, the Company expects annual operating savings of \$2,400,000. As a result of the restructuring, the Company reassessed the carrying value of its goodwill, other intangibles and future tax assets. The Company recorded additional non cash charges of \$2,235,114 and \$542,127 relating to the impairment of goodwill and reversal of previously recognized future tax assets.

Note 3 to the Consolidated Financial Statements provides further details of the provision and payments made to November 30, 2002.

RESULTS OF OPERATIONS

Fiscal Year Ended November 30, 2002 (2002) Compared to Fiscal Year Ended November 30, 2001 (2001)

Revenue

The Company has a seasonal revenue pattern. Based on historical data, the Company would typically secure orders and invoice 30-35% of its annual invoice total in the first half of the fiscal year. Readers of the Company's financial statements should be aware of this seasonality.

Total revenue decreased by 5% to \$18,533,185 in 2002 from \$19,524,945 in 2001.

Revenue from the Company's U.S. customers accounted for \$16,302,649, or 88% of total revenue for 2002; compared to \$16,787,744, or 86% of total revenue for 2001. Revenue from the Company's Canadian subscribers accounted for \$2,230,536, or 12% of the total revenue for 2002; compared to \$2,737,201, or 14% of total revenue for 2001.

Deferred revenues can be impacted by sales mix. The Company monitors invoicing as a key business metric. In 2002, the Company issued invoices totalling \$18,879,104 compared to \$19,513,191 in 2001, a decline of \$634,087, or 3%. The Company invoices for collection of the entire annual subscription fee at the outset of the subscription date.

Change of Product Offering and Resulting Revenue Reporting

On November 6, 2002, Bridges announced that, beginning December 1, 2002, it would adjust its subscription service levels for all subscription products - those primarily delivered by CD-ROM as well as those that are Internet delivered. These new service levels, made possible by the commissioning of Bridges' new technical infrastructure, will give all subscribers access to ongoing and topical information via the Internet. Given this new level of service, the Company will recognize the revenue from all subscription products on a fully ratable basis.

Invoicing and cash flow will not be impacted by the adoption of fully ratable revenue recognition. Revenue from such products will continue to be invoiced annually at the outset of the subscription, with the full amount due at the start of the subscription. The revenue from these products will be recognized in equal monthly amounts over the term of the subscription, which is generally 12 months. Previously, revenue derived from CD-ROM and product sales was recognized both upon delivery and over the usage period and, as a result, the Company had

deferred revenue of about 15% to 18% of annual invoiced amounts. With a consistent product sales mix, which is expected, deferred revenue will rise to between 50% and 60% of invoiced amounts, once a fiscal 12-month cycle has been completed. The Company expects that as a result, subscription revenue recognized for the initial 12-month period commencing December 1, 2002, will be 35% below comparable 2002 levels.

Cost of Revenue and Gross Margin

Cost of revenue increased by 6% to \$6,031,521 in 2002 from \$5,715,298 in 2001. As a percentage of revenue, cost of services increased to 33% in 2002 from 29% in 2001.

Costs of revenue consist primarily of salaries and other personnel-related expenses for technical and product development related staff as well as material and shipping costs and royalty expenses. The increase in cost of revenue resulted from increases in staff levels. As noted above, the Company's restructuring and staff reductions are expected to improve the Company's gross margin in the longer term (after 12 months), once the impact of increases in deferred revenue are fully realized.

Sales and Marketing

Sales and marketing expense increased by 16% to \$7,429,412 in 2002 from \$6,406,281 in 2001. As a percentage of total revenue, sales and marketing expense increased to 40% in 2002 from 33% in 2001.

Sales and marketing expense includes salaries, commissions and other personnel-related costs, travel expenses, advertising programs and other promotional activities associated with selling and marketing the Company's products. Also included are all salaries and other personnel-related costs for customer support. In addition, the costs of trade shows, advertising, and marketing are included.

Additional sales and marketing staff resources and activities were incurred during the 2002 year to increase market share, add sales to existing customers, and to address new market segments. The Company has been unsuccessful to date in achieving these objectives, and accordingly has reduced staffing in this cost category as a part of the November 6, 2002, restructuring.

Research and Development

Research and development expense consists primarily of salaries and other personnel-related costs of technical personnel associated with the Company's research and product development activities. The Company classifies software engineering and product development expenses related to creating entirely new products as research and development. The costs of maintaining or further developing existing products is classified as cost of revenue.

The Company continued to apply its policy whereby research and development costs are expensed as incurred, unless they meet certain criteria under generally accepted accounting principles for deferral and amortization. The Company has determined that none of the research and development costs met those criteria.

Research and development expense decreased by 48% to \$326,386 in 2002 from \$632,015 in 2001. As a percentage of total revenue, research and development expense decreased to 2% in 2002 from 3% in 2001. Research and development expenses were reduced from 2001 levels as a result of the focus of the Company in 2002 to develop and install our new technical infrastructure. That project is now commissioned and the Company anticipates that product development will be re-examined based on a review of market demand.

General and Administration

General and administrative expense consists primarily of salaries and other personnel-related costs of administrative personnel, as well as professional fees and other administrative expenses.

General and administrative expense decreased by \$263,201, or 7% to \$3,236,322 in 2002 from \$3,499,523 in 2001. As a percentage of total revenue, general and administrative expense remained constant at 18%. The reduction in expenses reflects the consolidation of administrative functions in Kelowna, staff reductions and the Company's efforts to improve business processes.

Amortization

Amortization of capital assets was consistent with 2001 levels and was \$1,083,429 in 2002. As a result of the new capital infrastructure in late 2002, 2003 amortization expense is expected to increase substantially.

Amortization of intangibles decreased by 63% to \$806,010 in 2002 from \$2,200,697 in 2001. The decrease in 2002 results from the completion of the amortization of such assets.

Amortization of goodwill was \$1,559,649 net of future income taxes of \$116,686 in 2001. The reversal in sales and profit trends during 2002 led the Company to reassess the carrying amount of its goodwill resulting in an impairment charge of \$2,235,114.

Other Income

Interest Income. The Company earned interest income on its cash balances and treasury bills. Interest income decreased by 73% to \$101,867 in 2002 from \$378,375 in 2001. The decrease in interest income earned in 2002 is primarily the result of the reduction in cash balances as a result of investment in capital assets, and secondarily from lower market rates.

Foreign Currency

A significant portion of the Company's revenue is received in U.S. dollars and a substantial portion of the Company's expenses are incurred in Canadian dollars. As a result, a change in the value of the Canadian dollar relative to the U.S. dollar could materially affect the Company's operating results.

The Company experiences approximately an 80-day lag between the billing date and subsequent collection of accounts receivable. At each balance sheet date, the Company revalues accounts receivable denominated in U.S. funds to current rates. A currency translation gain or loss may be recognized.

The Company has an independent treasury service on annual retainer to provide advice and currency trading services and to place surplus funds on deposit at optimal rates. The Company maintains a cash reserve in U.S. dollars adequate to meet orderly payment of U.S. funds disbursement needs, and converts the balance of surplus U.S. funds to Canadian funds. During periods that a predominant trend of an appreciating Canadian dollar seems apparent, the Company may commit to forward purchase contracts to sell U.S. funds.

Foreign currency translation gains and losses arising from normal business operations are credited to or charged to other income in the period incurred. To date, the Company has from time to time used foreign exchange forward contracts to reduce its exposure to the foreign exchange fluctuations. As a result, fluctuations in the value of the Canadian dollar relative to the U.S. dollar have caused and will continue to cause currency translation gains and losses.

Foreign exchange losses increased to \$29,081 in 2002 from gains of \$150,916 in 2001. As a percentage of total revenue foreign exchange losses increased to 0.2% in 2002 from a gain of 0.8% in 2001.

The majority of the gains have arisen on transactions denominated in U.S. dollars and accordingly will recognize foreign exchange gains in times of a weakening Canadian dollar. Conversely, exchange losses will be recorded when the Canadian dollar increases in value. The Company estimates that a 1% decline (increase) in the Canadian dollar relative to the U.S. dollar would increase (decrease) revenue and net earnings by \$169,000. As at November 30, 2002, the Company had entered into foreign exchange contracts expiring at various dates between December 2, 2002, and February 28, 2003, to sell US \$600,000. The fair value of the contracts at November 30, 2002 was approximately \$940,000. The settlement value of these contracts at maturity is approximately \$952,000, which would result in a foreign exchange charge of \$12,000.

Income Taxes

Income tax expense increased to \$565,156 in 2002 from \$259,158 in 2001. As a result of the restructuring of the Company's operations in 2002, management reassessed the carrying amount of its future income tax assets and recorded a non cash expense of \$542,127. At November 30, 2002, the Company had a substantial tax loss carry forwards and significant tax depreciation to shelter future profits. See Note 8 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception the Company has financed its operations through the combination of a series of private and public sales of equity securities and cash generated by operations. The Company ended 2002 with cash and cash equivalents of \$4,328,116 compared to \$6,952,794 in 2001. The decrease in cash and short term investments is primarily due to purchase of capital assets (\$4,644,345) and purchase of the Company's common shares under the normal course issuer bid (\$1,159,235). The Company generated cash from operating activities of \$3,257,771 in 2002, up from the \$3,181,095 in 2001.

Cash balances are held in general operating bank accounts, and cash equivalents are held in highly liquid investments including money market accounts, treasury bills, and commercial paper. The Company closely monitors its credit risk on its deposits and short-term investments.

Subsequent to year end, the Company negotiated a term loan facility for \$1,200,000, secured by certain capital assets. The loan is repayable over 50 months and was borrowed for working capital purposes.

In December 2000, the Company negotiated an operating line of credit with a Canadian chartered bank of up to a maximum borrowing amount of \$3.0 million secured by a first charge and general security agreement over all assets. This line of credit bears interest at 150 basis points over market rates. At November 30, 2002, no funds had been drawn on this facility.

The Company expects that existing cash balances, cash generated by the Company's operations, and funds available under the Company's credit facility will be sufficient to finance any budgetary requirements for internal growth and meet any foreseeable working capital and capital expenditure requirements.

The Company is obligated under certain lease commitments for payments totaling \$458,074 in fiscal 2003. In addition, in 2003 the Company expects to complete its restructuring which may require the use of an additional \$2,300,000 of cash.

From time to time, the Company evaluates potential acquisitions of businesses, products or technologies that complement the business of the Company. The Company has no present agreements with respect to any material acquisitions of other businesses, products or technologies. Any such transactions, if entered into in the future, may use a portion of the Company's working capital or require the issuance of additional debt or equity.

NORMAL COURSE ISSUER BID AND CHANGES TO STOCK OPTIONS

In February 2002, the Company renewed a normal course issuer bid originally begun on February 21, 2001. Under the terms of the initial bid the Company, during the 12-month period beginning February 26, 2001, and ending February 25, 2002, purchased on the Toronto Stock Exchange the maximum of 661,713 common shares that was allowed. During 2002 the Company purchased 90,700 common shares of an allowed purchase of 643,378 common shares. The actual number of common shares, which may be purchased, and the timing of any such purchases, will be determined by the Company. The Company intends to cancel any common shares acquired under the bid.

On February 10, 2003, the Company announced that it had offered to employees a Toronto Stock Exchange-approved, Employee Share Option Reset Program. Under this program, non-executive employees had the one-time choice to surrender their options. Employees who chose to surrender their options are entitled to receive new share options at the ratio of one new share option per two share options surrendered. The

new share options will be issued at a strike price to be determined on June 23, 2003, based on the closing share price that day. As of the option cancellation date of December 20, 2002, a total of 229,100 share options had been surrendered and cancelled under this program.

CHANGE OF FISCAL YEAR

In an announcement dated November 6, 2002, the Company advised that it would seek regulatory approval to change its annual reporting period from November 30 to June 30, to better align with its customer buying patterns. This time period will enclose the seasonal lows of the annual billing cycle. Effective December 1, 2002, the Company introduced changes to its service delivery and began a constant customer service model. Approximately 94% of invoicing is expected to fall into the ratable revenue recognition category. For these reasons, the Company expects reported revenues would be significantly reduced during the forthcoming seven-month reporting period which will end June 30, 2003.

RISK FACTORS

Certain statements contained in this Annual Report, including statements, which may contain words such as "could", "expect", "believe", "will" and similar expressions, and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Bridges to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

These forward-looking statements relate to, among other things, plans and timing for the introduction or enhancement to the Company's services and products; expectations concerning future revenue and earnings; market opportunities; general economic and business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Bridges; changes in laws and regulations; Bridges' ability to compete successfully, and adapt to technological advances and changing industry standards and other factors.

All forward-looking statements in this Annual Report are based on management's reasonable beliefs, intentions and expectations with respect to future events and are subject to certain risks, uncertainties and assumptions as of the date of this release. In light of the many risks and uncertainties that may cause future results to differ materially from those expected, the Company cannot give assurance that the forward-looking statements contained in this report will be realized. Forward-looking statements are not guarantees of future performance. Bridges assumes no obligation to update its forward-looking statements to reflect subsequent information or events.

Management Report

The accompanying consolidated financial statements of Bridges.com Inc. and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

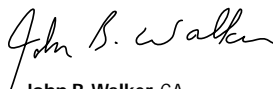
In support of its responsibility, management maintains a system of internal controls to provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of financial statements, and the assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its audit committee. The audit committee is appointed by the Board. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval by the Board of Directors. The auditors have full access to the audit committee, with and without the presence of management.

These financial statements have been examined by the auditors, Deloitte & Touche LLP, Chartered Accountants, and their report follows.



John C. Simmons
Chief Executive Officer



John B. Walker, CA
Chief Financial Officer

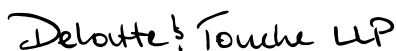
Auditors' Report

To the Shareholders of Bridges.com Inc.

We have audited the consolidated balance sheets of Bridges.com Inc. as at November 30, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, British Columbia
January 17, 2003

BRIDGES.COM INC

Consolidated
Balance Sheets

	N o v e m b e r 3 0	
	2002	2001
ASSETS		
Current		
Cash and cash equivalents	\$ 4,328,116	\$ 6,952,794
Accounts receivable	3,987,314	6,611,783
Prepaid expenses and other	656,875	690,369
	8,972,305	14,254,946
Capital assets (Note 4)	7,928,313	4,681,239
Future income taxes (Note 8)	-	542,127
Intangibles (Note 5)	-	842,232
Goodwill (Note 5)	-	2,235,114
	\$ 16,900,618	\$ 22,555,658
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,345,722	\$ 3,155,955
Deferred revenue	3,592,126	3,246,207
Accrued restructuring charge (Note 3)	2,330,856	-
Current portion of capital lease obligations (Note 6)	74,193	149,196
	8,342,897	6,551,358
Capital lease obligations, net of current portion (Note 6)	-	96,001
	8,342,897	6,647,359
Commitments (Note 6)		
SHAREHOLDERS' EQUITY		
Common stock (Note 7)	17,857,264	18,220,754
Deficit	(9,299,543)	(2,312,455)
	8,557,721	15,908,299
	\$ 16,900,618	\$ 22,555,658

APPROVED BY THE BOARD



John C. Simmons, Director



Terry M. Holland, Director

See Accompanying Notes to the Consolidated Financial Statements.

BRIDGES.COM INC

Consolidated
Statements of Operations and Deficit

	Years Ended	
	November 30 2002	2001
REVENUE	\$ 18,533,185	\$ 19,524,945
COSTS OF REVENUE	6,031,521	5,715,298
GROSS MARGIN	12,501,664	13,809,647
EXPENSES		
Sales and marketing	7,429,412	6,406,281
Research and development	326,386	632,015
General and administrative	3,236,322	3,499,523
	10,992,120	10,537,819
EARNINGS BEFORE RESTRUCTURING CHARGE, IMPAIRMENT OF GOODWILL, AMORTIZATION, OTHER INCOME, AND INCOME TAXES	1,509,544	3,271,828
Restructuring charge	(3,142,021)	-
Amortization of capital assets	(1,083,429)	(1,083,962)
Amortization of other intangibles	(806,010)	(2,200,697)
Other income	75,687	650,906
(LOSS) EARNINGS BEFORE INCOME TAXES, IMPAIRMENT, AND AMORTIZATION OF GOODWILL	(3,446,229)	638,075
Income tax expense (Note 8)	565,156	259,158
(LOSS) EARNINGS BEFORE IMPAIRMENT OF GOODWILL AND AMORTIZATION OF GOODWILL	(4,011,385)	(378,917)
Impairment of goodwill	(2,235,114)	-
Amortization of goodwill, net of future income taxes of (2001 - \$116,686)	-	(1,559,649)
NET LOSS	\$ (6,246,499)	\$ (1,180,732)
DEFICIT, BEGINNING OF YEAR	\$ (2,312,455)	\$ (956,572)
Excess of purchase cost over carrying value of common shares cancelled (Note 7 (c))	(740,589)	(175,151)
DEFICIT, END OF YEAR	\$ (9,299,543)	\$ (2,312,455)
Basic (loss) earnings before amortization of goodwill per share	\$ (0.32)	\$ 0.03
Basic and diluted loss per share	\$ (0.49)	\$ (0.09)
Diluted earnings before amortization of goodwill per share		\$ 0.03
Weighted average number of shares used to calculate basic (loss) earnings per share	12,668,979	12,995,409
Weighted average number of shares used to calculate diluted earnings before amortization of goodwill per share		13,576,192

See Accompanying Notes to the Consolidated Financial Statements.

BRIDGES.COM INC

Consolidated
Statements of Cash Flows

	Years Ended	
	November 30	2001
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (6,246,499)	\$ (1,180,732)
Items not affecting cash		
Amortization of capital assets	1,083,429	1,083,962
Amortization of intangibles	806,010	2,200,697
Non-cash portion of restructuring charge	386,050	-
Impairment of goodwill	2,235,114	-
Amortization of goodwill, net of future income taxes	-	1,559,649
Future income taxes	542,127	217,158
Changes in operating assets and liabilities (Note 9)	4,451,540	(699,639)
	<u>3,257,771</u>	<u>3,181,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets, net of related accounts payable	(4,644,345)	(2,735,160)
	<u>(4,644,345)</u>	<u>(2,735,160)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	55,156	23,725
Shares purchased for cancellation	-	(55,470)
Shares purchased and cancelled	(1,159,235)	(816,640)
Repayment of obligations under capital lease	(134,025)	(127,753)
Advances for share purchase loans (Note 7 (d))	-	(749,900)
	<u>(1,238,104)</u>	<u>(1,726,038)</u>
NET CASH OUTFLOW DURING THE YEAR	<u>(2,624,678)</u>	<u>(1,280,103)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,952,794</u>	<u>8,232,897</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,328,116</u>	<u>\$ 6,952,794</u>
Supplemental Cash Flow Disclosures:		
Interest paid	\$ 43,443	\$ 50,738

See Accompanying Notes to the Consolidated Financial Statements.

BRIDGES.COM INC.**Notes to the Consolidated Financial Statements**

November 30, 2002 and 2001

1. NATURE OF OPERATIONS

Bridges.com Inc. ("the Company") was incorporated on March 10, 1994 under the Business Corporations Act of Alberta and was registered extra provincially in British Columbia on December 15, 1994. The Company's principal business activity is the development, marketing and delivery of career information database products and services through the Internet and on CD-ROM.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) Basis of presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bridges.com Co. All significant intercompany balances and transactions are eliminated on consolidation.

(b) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used, but not limited to, the accounting for doubtful accounts, amortization, determination of net recoverable value of assets, deferred revenue, sales returns, taxes and contingencies.

(c) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Assets and liabilities denominated in currencies other than the Canadian dollar are translated using the rate of exchange prevailing at the balance sheet date. Revenue and expenses are translated using the exchange rate prevailing on the transaction date. Gains or losses on translation are included in operations.

(d) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to cash.

(e) Capital assets

Capital assets are recorded at cost less accumulated amortization. The carrying value of capital assets is reviewed periodically for any impairment in value. Amortization is provided annually using the

following methods and rates:

Furniture and equipment	20% declining balance basis
Computer equipment	30% to 100% declining balance basis
Leased computer equipment	3 years straight-line basis
Online network infrastructure costs	20% to 100% declining balance basis
Leasehold improvements	20% straight-line basis

The Company reviews for the impairment of capital assets whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected future cash flows.

(f) Goodwill and other intangibles

As of December 1, 2001, the Company adopted the standard in Section 3062 "Goodwill and Other Intangible Assets", of the Canadian Institute of Chartered Accountant Handbook to be applied prospectively. Under the new standard, goodwill is no longer amortized but tested for impairment on an annual basis and the excess of the carrying value amount over the fair value of goodwill is charged to earnings. Other intangibles include acquired software and trademarks which are amortized on a straight-line basis over periods of two and three years, respectively.

At the end of the fourth quarter of fiscal 2002, following the decision to restructure the Company, and due to economic events and circumstances relating to expected growth and changes in the family of products, the Company recognized an impairment of the remaining goodwill amounting to \$2,235,114 (Note 3).

(g) Revenue recognition

The Company generates revenue through two sources: (1) information database product revenues and (2) service revenues as follows:

(1) Information database product revenues are generated from the licensing of the right to use the Company's information database directly to end users. Service revenues are generated from consulting services related to the implementation of information database products.

Revenues from information database products are earned under three types of arrangements: (a) delivery of a CD-ROM information database; (b) on-line subscription services and database access provided over the licence period; and (c) both provision of CD-ROM information database and on-line subscription services.

Revenue from CD-ROM information database licences is recognized upon delivery of the CD-ROM where persuasive evidence of an arrangement exists, collection is probable, and the fee is fixed or determinable. Revenue from on-line subscription services and database access is recognized ratably over the term of the contract, typically one year. Where arrangements include the delivery of both an online subscription service and delivery of a CD-ROM information database, the Company recognizes revenue based upon external evidence of the fair value of the individual elements. This evidence is based on the price charged when the elements are sold and used separately by a customer and management's best estimate.

As of December 1, 2002, the Company will recognize revenue from all subscription products on a fully ratable basis. This is the result of the commissioning of the Company's new technical infrastructure which will give all subscribers access to ongoing and topical information via the Internet.

(2) Revenues from other services are recognized upon substantial completion of service, provided the fee is fixed or determinable and collection is reasonably assured.

Revenues that have been prepaid or invoiced but do not yet qualify for recognition under the Company's policies are reflected as deferred revenues. The Company has a high rate of resubscription for products licensed annually. Renewal sales are invoiced on receipt of a customer's purchase order or other form of customer commitment. When the invoice predates the subscription renewal date, related invoiced revenue is fully deferred and becomes recognized in accordance with the product type only once the subscription renewal date is passed.

(h) Income taxes

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized.

Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

(i) (Loss) earnings per common share

Basic (loss) earnings per common share has been computed by dividing (loss) income applicable to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted earning per share calculations assume exercise of options and warrants if dilutive, effective on their dates of issue.

(j) Stock-based compensation plans

The Company has a stock-based compensation plan which is described in Note 7. Under the plan, options are granted at fair value. No compensation expense has been recognized for options granted under the plan when stock options are issued to employees and directors. Any consideration paid by employees and directors on exercise of stock options is credited to share capital.

(k) Comparative figures and year end

Certain of the prior year's comparative figures have been reclassified to conform with current year's presentation. Subsequent to November 30, 2002, the Company changed its fiscal reporting period from a fiscal year ended November 30, to a fiscal year ended June 30, to align better with its customer buying patterns.

3. RESTRUCTURING CHARGE

Restructuring Activities	Restructuring Charge	Cumulative Drawdowns		Accrued Restructuring
		Cash	Non-cash	as at November 30, 2002
Workforce reduction	\$ 2,237,638	\$ 404,832	\$ -	\$ 1,832,806
Excess facility costs	518,333	20,283	-	498,050
Asset writedowns	386,050	-	386,050	-
	3,142,021	425,115	386,050	2,330,856
Impairment of goodwill	2,235,114	-	2,235,114	-
	\$ 5,377,135	\$ 425,115	\$ 2,621,164	\$ 2,330,856

During the fourth quarter of 2002, the Company recorded charges of \$3,142,021 in connection with the Company's decision to reduce its workforce and close the Ottawa branch office. These charges were recorded as restructure costs. The balance of accrued restructuring charge of \$2,330,856 at November 30, 2002 is expected to be substantially drawn down by the end of November 30, 2003.

As part of this restructuring, employee termination and related costs of \$2,237,638 for approximately 42 employees associated with the Company's operation will be paid to employees. At November 30, 2002, \$404,832 has been paid for these costs.

The Company accrued charges of \$518,333 relating to excess facility costs and other costs to be incurred by the Company. At November 30, 2002, \$20,283 has been paid for these costs.

In connection with its decision to reduce its workforce and close the Ottawa branch office, the Company evaluated the ongoing value of certain assets. Based on this evaluation, the Company identified approximately \$492,168 of capital and other assets that were determined to be impaired. These assets were written down by \$386,050 to their estimated fair market value.

At the end of the fourth quarter, following the decision to restructure the Company, and due to economic events and circumstances relating to expected growth and changes in the family of products, the Company recognized an impairment of goodwill amounting to \$2,235,114.

4. CAPITAL ASSETS

	Cost	November 30		
		Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Furniture and equipment	\$ 385,931	\$ 277,689	\$ 108,242	\$ 263,415
Computer equipment	2,367,949	1,717,521	650,428	954,631
Online network infrastructure costs	9,507,499	2,399,538	7,107,961	3,211,181
Leasehold improvements	139,680	77,998	61,682	252,012
	\$ 12,401,059	\$ 4,472,746	\$ 7,928,313	\$ 4,681,239

The net book value of assets under capital lease at November 30, 2002 totalled \$52,669 (November 30, 2001 - \$208,300), net of accumulated amortization of \$399,782 (November 30, 2001 - \$244,151).

5. GOODWILL AND OTHER INTANGIBLES

	N o v e m b e r 3 0	
	2002	2001
Intangibles:		
Acquired software (net of accumulated amortization of \$4,184,060; 2001 - \$3,486,716)	\$ -	\$ 697,343
Acquired trademarks (net of accumulated amortization of \$289,778; and impairment of \$36,222; 2001 - \$181,111)	-	144,889
	\$ -	\$ 842,232
Goodwill on acquisition of Careerware (net of accumulated amortization of \$2,793,892 and impairment of \$2,235,114; November 30, 2001 - \$2,793,892)	\$ -	\$ 2,235,114

6. COMMITMENTS

(a) Capital and operating leases

Minimum future payments under capital leases (secured by certain computer equipment) and non-cancellable operating leases for computer equipment, furniture and office space are as follows:

	Operating leases November 30, 2002	Capital leases November 30, 2002
2003	\$ 458,074	\$ 78,298
2004	319,876	-
2005	249,974	-
2006	160,301	-
Total minimum lease payments	<u>\$ 1,188,225</u>	\$ 78,298
Less: amounts representing imputed interest at 11% to 16% per annum		(4,105)
Present value of net future minimum lease payments		74,193
Less current portion		<u>(74,193)</u>
		\$ -

(b) Credit facilities

On January 7, 2003, the Company negotiated and drew on a term line of credit for \$1,200,000 with the Business Development Bank of Canada. This facility bears interest at 75 basis points over the bank's floating base rate and is secured by a direct charge against online network infrastructure assets of \$1,400,000 and a general security agreement. Funds from this facility will be used for general working capital purposes.

On December 20, 2000, the Company negotiated an operating line of credit with a Canadian commercial bank to borrow up to \$3,000,000, which bears interest at 150 basis points over prime rates and is secured by a first charge and general security agreement over all assets. As of November 30, 2002, no amounts were outstanding under the facility.

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

(b) Common shares issued and outstanding

	N o v e m b e r 3 0		N o v e m b e r 3 0	
	Shares	Amount	Shares	Amount
Balance, beginning of year	12,972,750	\$ 18,220,754	13,192,250	\$19,643,889
Shares repurchased and held in treasury	-	-	(18,800)	(55,470)
Shares repurchased and cancelled	(302,413)	(418,646)	(431,200)	(641,490)
Share purchase loans	-	-	-	(749,900)
Stock options exercised	126,366	55,156	50,500	23,725
	<u>12,796,703</u>	<u>\$ 17,857,264</u>	<u>12,792,750</u>	<u>\$18,220,754</u>

(c) Normal course issuer bid

On February 21, 2001, the Company announced a normal course issuer bid. Under the terms of the bid the Company, during the 12-month period beginning February 26, 2001, and ending February 25, 2002, was eligible to purchase on the Toronto Stock Exchange up to a maximum of 661,713 common shares in total. As at February 25, 2002, 661,713 shares have been purchased all of which have been cancelled as at February 28, 2002.

On February 21, 2002, the Company announced its intentions to initiate a second normal course issuer bid. Under the terms of the bid the Company, during the 12-month period beginning February 26, 2002, and ending February 25, 2003, may purchase on the Toronto Stock Exchange up to a maximum of 643,378 common shares in total. The actual number of common shares which may be purchased and the timing of any such purchases will be determined by the Company. The Company intends to cancel any common shares acquired under the bid. As at November 30, 2002, 90,700 shares have been purchased and cancelled.

During the year ended November 30, 2002, 302,413 shares were purchased at an average price of \$3.79 and a total cost of \$1,159,235. 321,213 shares were cancelled. The excess of the carrying value of the common shares over the purchase cost, amounting to \$740,589 has been charged to deficit.

(d) Share purchase incentive program

During the year ended November 30, 2001, share purchase loans of \$749,900 were issued for the purpose of purchasing 437,400 common shares of the Company at an average purchase price of \$1.71 per share. The loans have a maximum term of five years and bear interest at a rate of 5% per annum payable annually on December 31. Security for the loan consists of a pledge of the common shares acquired under the loan plus a promissory note in an amount equal to 50% of the value of the pledged common shares at the time the loan is called.

(e) Stock option plan

Under the Company's stock option plan, the Company may grant options to acquire common shares to directors, officers, employees and other key personnel of the Company.

The Company has options outstanding under this plan as follows:

	N o v e m b e r 3 0			
	2002		2001	
Options	Common Shares	Weighted-Average Exercise Price	Common Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	1,357,300	\$ 3.71	1,446,000	\$ 3.00
Granted	159,800	1.16	92,600	2.60
Exercised	(126,366)	0.44	(50,500)	0.47
Cancelled	(42,600)	3.80	(130,800)	5.29
Outstanding at end of year	1,348,134	3.71	1,357,300	3.71
Exercisable at end of year	958,266	\$ 4.07	817,800	\$ 3.53

The following tables summarize information about stock options outstanding and exercisable at November 30, 2002:

Options Outstanding				
Exercise Price per share	Number Outstanding	Average Remaining Contractual Life (in years)	Number Exercisable	
\$0.50	5,000	0.9	5,000	
0.65	29,500	1.0	29,500	
2.05	50,000	2.3	50,000	
4.75	299,000	1.5	299,000	
3.00	30,000	2.0	30,000	
4.60	50,000	3.3	34,000	
7.00	70,000	2.4	47,000	
3.90	150,000	2.5	150,000	
3.55	90,000	2.7	60,000	
3.65	155,600	2.8	104,000	
4.26	189,000	2.9	126,000	
3.80	10,500	3.1	3,500	
2.85	20,500	3.1	6,800	
2.62	9,634	3.3	3,200	
2.25	11,000	3.7	3,600	
1.55	3,200	3.8	1,066	
2.05	16,800	3.8	5,600	
3.35	7,000	4.0	-	
3.60	1,400	4.5	-	
1.01	150,000	4.9	-	
	<u>1,348,134</u>		<u>958,266</u>	

Subsequent to November 30, 2002, the Company undertook an employee share option reset program. Under this program non-executive employees had the choice of surrendering their options. Employees surrendering their options were entitled to receive new share options at the ratio of one new share option per two share options surrendered, issued at a strike price to be determined on June 23, 2003 based on the closing share price that day. As of the completion date, December 20, 2002, a total of 229,100 share options have been surrendered and cancelled under this program.

8. INCOME TAXES

The Company's income tax expense for the years ended November 30, 2002 and 2001 consists of the following:

	Years Ended	
	N o v e m b e r 3 0 2002	2001
Current tax expense	\$ 23,029	\$ 42,000
Future tax expense	542,127	217,158
	<u>\$ 565,156</u>	<u>\$ 259,158</u>

The reported income tax expense differs from the amount computed applying Canadian basic statutory rate to the income before income taxes. The reasons for this difference and the related tax effect are as follows:

	Years Ended	
	N o v e m b e r 3 0 2002	2001
Canadian basic statutory tax rate	37%	43%
Expected income tax (recovery) provision	\$ (2,101,000)	\$ 274,372
Non-deductible portion of expenses and goodwill impairment	454,000	94,457
Capital taxes included in provision	23,029	42,000
Benefit of accrued restructuring charge not recognized	854,000	-
Benefit of losses not tax effected	399,000	-
Benefit of temporary differences not recognized (recognized)	394,000	(151,671)
Reversal of benefit of previously recognized tax assets and rate reductions	542,127	-
	<u>\$ 565,156</u>	<u>\$ 259,158</u>

Temporary differences and carryforwards which give rise to the following future income tax assets and liabilities as at November 30 are as follows:

	Years Ended	
	N o v e m b e r 3 0 2002	2001
Future income tax assets		
Tax loss carryforwards	\$ 880,000	\$ 481,000
Deferred financing fees and other	431,000	449,000
Intangibles	1,185,000	773,000
Accrued restructuring charge	854,000	-
Valuation allowance for future income tax assets	(2,991,000)	(543,000)
Future income tax liabilities		
Capital assets	(359,000)	(617,873)
Net future income tax assets	<u>\$ -</u>	<u>\$ 542,127</u>

As of November 30, 2002, the Company assessed forecasts of future taxable income to support realization of the net future income tax assets, and concluded that the certainty and timing of realization of the future income tax asset of \$1,459,771 would be unknown until a profit trend was established.

As at November 30, 2002, the Company has Canadian tax loss carryforwards of approximately \$1,590,000, which expire on various dates between 2003 and 2009. In addition, the Company has U.S. net operating loss carryforwards of \$840,000.

9. CHANGES IN OPERATING ASSETS AND LIABILITIES

	N o v e m b e r 3 0	
	2002	2001
Accounts receivable	\$ 2,624,469	\$ (1,431,804)
Prepaid expenses and other	33,494	(77,953)
Accounts payable and accrued liabilities	(883,198)	821,872
Deferred revenue	345,919	(11,754)
Accrued restructuring charge	2,330,856	-
	\$ 4,451,540	\$ (699,639)

10. FINANCIAL INSTRUMENTS**(a) Fair value**

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities as reflected in the balance sheets approximates their respective fair values as at November 30, 2002 and 2001 because of the demand or short-term maturity of these instruments.

(b) Credit risk

The Company is subject to normal credit risk as it carries significant accounts receivable from many customers. Bad debt experience has not been significant. Cash and cash equivalents are held in high quality financial instruments to mitigate exposure to credit risk.

(c) Foreign exchange risk

The Company undertakes significant sales in United States dollars and as such is subject to risk due to fluctuations in exchange rates. From time to time the Company enters into forward exchange contracts to limit its exposure to foreign exchange risk.

As at November 30, 2002, the Company had entered into foreign exchange contracts expiring at various dates between December 2, 2002 and February 28, 2003 to sell US\$600,000. The fair value of the contracts at November 30, 2002 was approximately \$940,000. The settlement value of these contracts at maturity is approximately \$952,000, which would result in a foreign exchange charge of \$12,000.

11. SEGMENTED INFORMATION

The Company manages its operations in one business segment, the development, marketing and delivery of career information database products and services through the Internet and on CD-ROM. All of the Company's long-lived assets are located in Canada. The Company attributes revenue among geographical areas based on the location of the customers involved.

	N o v e m b e r 3 0			
		2002		2001
Canada	12%	\$ 2,230,536	14%	\$ 2,737,201
United States	88%	16,302,649	86%	16,787,744
		\$ 18,533,185		\$ 19,524,945

12. CONTINUITY OF DEFERRED REVENUE

The company invoices customers at the outset of the subscription or for non-subscription products, at the time of shipment. Revenue is recognized based on the nature of the product or service provided. The following is a continuity reconciling annual billings to revenue recognized:

	Years Ended	
	N o v e m b e r 3 0	2001
	2002	2001
Billings	\$ 18,879,104	\$ 19,513,191
Plus revenue brought forward from previous year	3,246,207	3,257,961
Less revenue deferred at the end of year	(3,592,126)	(3,246,207)
Revenue	\$ 18,533,185	\$ 19,524,945

13. RELATED PARTY TRANSACTIONS

During the year ended November 30, 2002, the Company paid \$195,165 (2001 - \$156,000) in consulting fees to the CEO who is also the chairman and a director of the Company. In addition, during the year ended November 30, 2002, the Company incurred charges of \$1,579,330 (2001 - \$170,122) relating to online network infrastructure costs (computer software and hardware of \$415,693 (2001 - \$11,254)), consulting of \$1,159,515 (2001 - \$156,320) and related expenses of \$4,122 (2001 - \$2,548) from a company related by way of a director in common.

Corporate Directory

BOARD OF DIRECTORS

Terry M. Holland (1) (2) (3) (5)

Chairman, Bridges.com Inc.

Chief Executive Officer and President of Trimin Capital Corp.

John C. Simmons (3)

Chief Executive Officer, Bridges.com Inc.

Chairman, Integrated Paving Concepts Inc.

Director, Epic Biosonics Inc.

Douglas J. Manning

President of Bridges.com Inc.

Edward J. Hall (1) (2)

Co-President of Canadian Adult Communities Ltd.

Scott B. Edmonds (1) (4)

Chief Financial Officer of Quadrus Financial Technologies Inc.

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Corporate Governance Committee

(4) Joined the Corporation's Board of Directors effective February 25, 2003

(5) Appointed Chairman of the Board of Directors effective February 25, 2003

MANAGEMENT AND OFFICERS

John C. Simmons

Chief Executive Officer

Douglas J. Manning

President

John B. Walker

Chief Financial Officer

Patricia H. Montgomery

VP, Sales and Marketing

Donald A. Phillips

VP, Product Development

William R. M. Spittle

VP, Information Technology

Norman R. Thompson

VP, Corporate Development and Secretary

AUDITORS

Deloitte & Touche LLP

Vancouver, British Columbia Canada

2800-1055 Dunsmuir Street

Vancouver, British Columbia V7X 1P4 Canada

LEGAL COUNSEL

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Robson Court

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Vancouver, British Columbia

V6Z 2M1 Canada

This annual report was designed and produced by Bridges' staff.

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Ogdensburg, New York 13669

Investor Information

SHAREHOLDER INFORMATION

Stock Listing

The common shares of Bridges.com Inc. are listed on the Toronto Stock Exchange (TSX) under the trading symbol BIT.

Common Shares (TSX)

A total of 12,616,703 common shares were outstanding as of November 30, 2002.

Investor Relations

Inquiries about the Company and requests for information should be directed to:

Norman Thompson

VP, Corporate Development and Secretary

1-800-281-1168 or 1-250-869-4200

investor-relations@bridges.com

Web Sites

For more information about our company, products, and services, visit our website at: www.bridges.com

REGISTRAR AND TRANSFER AGENT

CIBC Mellon Trust Company

Calgary, Alberta

Toronto, Ontario

Canada

ANNUAL GENERAL MEETING

The Annual General Meeting of the common shareholders of Bridges.com Inc. will be held at:

11:00 a.m., May 9, 2003

Bridges' Administration Office, located at:

2288 Hunter Road

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