

## CEO MESSAGE

For the first three months ending February 28, 1999, The Bridges Initiatives Inc. "Bridges.com" reported a net income of \$267,134 resulting in earnings of \$0.03 per share. Bridges.com reported revenues of \$1,042,199 with expenses of \$684,357 and amortization of \$90,708. This compares to a reported net income of \$102,053 on revenues of \$605,892 for the first quarter of fiscal 1998.

The first quarter featured the following developments:

Approximately half of 1999 Q1 revenues resulted from the purchase of Career Explorer (CX in the United States) for 750 English-speaking and 82 French-speaking Ontario secondary schools. The province-wide purchase by the Ontario Ministry of Education and Training allows schools to assess the resource for one year. Schools can elect to renew their subscription after the completion of the contract. As a result more than 32 per cent of Canada's middle and secondary schools now subscribe to Bridges.com's information services.

New site sales were twice the number projected by management, with 361 new sites generating \$443,350 in revenue. San Bernardino County in California contributed significantly to the increase, with 141 of their schools subscribing for two years. The number of subscribers to Career Explorer (CX) at the end of Q1 increased to 3,194, which is 120 per cent higher than the 1,450 subscribers in February, 1998.

Government funded pilot projects also contributed to first quarter revenues. Bridges.com completed a two-week daily education news pilot for young people, sponsored by CanLearn (Human Resources Development Canada). Bridges.com also developed prototypes for a national online portfolio on behalf of the National Life/Work Centre.



The Bridges Initiatives Inc.  
7B - 1404 Hunter Court  
Kelowna, BC, Canada V1X 6E6  
Telephone: 250-862-8722  
Fax: 250-862-8771  
E-mail: info@bridges.com

## OUTLOOK

Bridges.com intends to focus on the following four corporate goals during the second quarter of 1999:

### *Increase New Site Sales*

Five hundred-and-fifty new site sales are projected for the second quarter, the most ambitious quarterly projection to date — 306 new site sales were completed in Q2 of 1998.

### *Career Explorer (CX) Development*

Bridges.com intends to continue to promote new regional services in the second quarter. In addition, product migration strategies will be explored for enhanced content services and Career Explorer content in other languages. Career Explorer is currently available in American and Canadian editions, and regional services for Manitoba and North Carolina.

### *New Product Development*

Bridges.com intends to diversify its line of products and services. The new portfolio project will continue to develop during the second quarter. Planning for an information service for libraries, employment centres and post-secondary institutions will also be initiated.

### *Service Team Development*

In order to maintain Bridges.com's 90 per cent rate of resubscription, additional service personnel will be added to promote use of Career Explorer (CX) by existing subscribers.

## STOCK EXCHANGE

The Alberta Stock Exchange  
Trading Symbol: BIT

## CORPORATE INFORMATION

Doug Manning - Chairman and Chief Executive Officer  
Dave Cousins - Director and Secretary  
Ed Hall - Director  
John Simmons - Director  
Frank Bowers - President  
Mike Martin - Vice President of Sales  
Norman Thompson - Corporate Relations

## INTERIM REPORT 1

For the three months ending  
February 28, 1999



bridges.com

## THE BRIDGES INITIATIVES INC.

### Statements of Income

(Unaudited)

For the three months ended February 28, 1999 and 1998

|                                     | 1999              | 1998              |
|-------------------------------------|-------------------|-------------------|
| <b>Revenue</b>                      |                   |                   |
| On-line services                    | \$ 989,402        | \$ 502,745        |
| Other services                      | 44,867            | 101,100           |
|                                     | <u>1,034,269</u>  | <u>603,845</u>    |
| Interest income                     | 7,930             | 2,047             |
|                                     | <u>1,042,199</u>  | <u>605,892</u>    |
| <b>Expenses</b>                     |                   |                   |
| Content development and delivery    | 213,233           | 138,843           |
| General, selling and administrative | 471,124           | 278,056           |
|                                     | <u>684,357</u>    | <u>416,899</u>    |
| Income before amortization          | 357,842           | 188,993           |
| Amortization of                     |                   |                   |
| Deferred development costs          | 80,729            | 77,205            |
| Capital assets                      | 9,979             | 9,735             |
|                                     | <u>90,708</u>     | <u>86,940</u>     |
| <b>Net income for the period</b>    | <b>\$ 267,134</b> | <b>\$ 102,053</b> |
| <b>Earnings per share</b>           | <b>\$ 0.03</b>    | <b>\$ 0.01</b>    |

### Statements of Retained Earnings (Deficit)

(Unaudited)

For the three months ended February 28, 1999 and 1998

|   | 1999              | 1998                |
|---|-------------------|---------------------|
| Retained earnings (deficit), beginning of period  | \$ 47,878         | \$ (896,065)        |
| Net income for the period                         | 267,134           | 102,053             |
| <b>Retained earnings (deficit), end of period</b> | <b>\$ 315,012</b> | <b>\$ (794,012)</b> |

## THE BRIDGES INITIATIVES INC.

### Balance Sheets

(Unaudited)

February 28, 1999 and 1998

|   | 1999                | 1998                |
|---|---------------------|---------------------|
| <b>Assets</b>                               |                     |                     |
| <b>Current assets</b>                       |                     |                     |
| Cash  | \$ 1,041,720        | \$ 334,434          |
| Accounts receivable                         | 1,175,532           | 514,510             |
| Prepaid expenses                            | 55,148              | 77,069              |
| Deferred Income Taxes                       | 57,443              | -                   |
|   | <u>2,329,843</u>    | <u>926,013</u>      |
| Capital assets                              | 146,378             | 129,782             |
| Deferred development costs                  | 590,661             | 633,918             |
|   | <u>\$ 3,066,882</u> | <u>\$ 1,689,713</u> |
| <b>Liabilities and Shareholders' Equity</b> |                     |                     |
| <b>Current liabilities</b>                  |                     |                     |
| Accounts payable and accrued liabilities    | \$ 111,584          | \$ 60,107           |
| Deferred revenue                            | 150,000             | 93,690              |
|   | <u>261,584</u>      | <u>153,797</u>      |
| Shareholders' equity                        |                     |                     |
| Share capital                               | 2,490,286           | 2,329,928           |
| Retained Earnings                           | 315,012             | (794,012)           |
|   | <u>2,805,298</u>    | <u>1,535,916</u>    |
|   | <u>\$ 3,066,882</u> | <u>\$ 1,689,713</u> |

## THE BRIDGES INITIATIVES INC.

### Statements of Changes in Financial Position

(Unaudited)

For the three months ended February 28, 1999 and 1998

|                                    | 1999                | 1998              |
|------------------------------------|---------------------|-------------------|
| Cash provided by (used in):        |                     |                   |
| <b>Operations:</b>                 |                     |                   |
| Net income for the period          | \$ 267,134          | \$ 102,053        |
| Items not involving cash           |                     |                   |
| Amortization of                    |                     |                   |
| Deferred development costs         | 80,729              | 77,205            |
| Capital assets                     | 9,979               | 9,735             |
|                                    | <u>357,842</u>      | <u>188,993</u>    |
| Change in non-cash working capital | (403,610)           | (148,800)         |
|                                    | <u>(45,768)</u>     | <u>40,193</u>     |
| <b>Financing:</b>                  |                     |                   |
| Issuance of common shares          | 35,657              | -                 |
|                                    | <u>35,657</u>       | <u>-</u>          |
| <b>Investments:</b>                |                     |                   |
| Expenditures on                    |                     |                   |
| Deferred development costs         | 94,908              | 21,794            |
| Capital assets                     | 20,682              | 3,774             |
|                                    | <u>115,590</u>      | <u>25,568</u>     |
| Increase (decrease) in cash        | (125,701)           | 14,625            |
| Cash, beginning of period          | 1,167,421           | 319,809           |
| <b>Cash, end of period</b>         | <b>\$ 1,041,720</b> | <b>\$ 334,434</b> |