

## CEO's Message

For the first nine months ending August 31, 1998, Bridges reported a net income of \$602,270 resulting in earnings of \$0.07 per share. Revenues of \$2,118,689 were reported, with expenses of \$1,252,358 and amortization of \$264,061. This compares to a reported net loss of \$42,124 on revenues of \$1,059,050 for the first nine months of 1997.

Although the increases in revenue and net income were anticipated, Bridges generated revenues from two surprising sources in Q3. Almost \$578,000 was earned from the sale of 420 new site subscriptions – more than double original projections in a traditionally slow quarter. In addition, the increased value of the U.S. dollar provided a welcome source of additional revenues.

Bridges' third quarter featured the following developments:

Q3 was Bridges' most impressive sales quarter ever – with 420 new site sales. Bridges now has 2,178 subscribing sites, representing approximately six per cent of the North American middle and secondary school market.

Bridges also recorded its first 'million dollar quarter,' declaring revenues of \$1,082,649. Impressive new site sales, high rates of resubscription, and strong returns on U.S. site purchases drove the strong performance.

The Corporation also forged a relationship with Industry Canada in the third quarter – signing two agreements that will facilitate development of Bridges' online career portfolio. Bridges has agreed to produce a daily labor market news for the National Graduate Register. In addition, Bridges and Industry Canada will co-promote the use of Bridges' online portfolio, a resource that may provide a diversity of revenue opportunities in the future.

Finally, North Carolina became the first U.S. State to purchase a regional version of CX-98. With 150 site licences contracted for the state, North Carolina will provide a sales beachhead in the American market. The NC-SOICC Daily News can be viewed at [ncsoicc.bridges.com](http://ncsoicc.bridges.com).

## THE BRIDGES INITIATIVES INC.

### Statement of Income

(Unaudited)

For the nine months ended August 31, 1998 and 1997

	1998	1997
Revenue		
On-line services	\$ 1,855,323	\$ 764,491
Other services	256,555	294,559
	2,111,878	1,059,050
Interest income	6,811	-
	2,118,689	1,059,050
Expenses		
Content development and delivery	426,730	257,893
General, selling and administrative	825,628	580,915
	1,252,358	838,808
Income before amortization	866,331	220,242
Amortization of deferred development costs	231,616	218,138
Amortization of capital assets	32,445	44,228
	264,061	262,366
<b>Net income (loss) for the period</b>	<b>\$ 602,270</b>	<b>\$ (42,124)</b>

### Statement of Deficit

(Unaudited)

For the nine months ended August 31, 1998 and 1997

	1998	1997
Deficit, beginning of period	\$ (896,065)	\$ (785,819)
Net income (loss) for the period	602,270	(42,124)
<b>Deficit, end of period</b>	<b>\$ (293,795)</b>	<b>\$ (827,943)</b>

## THE BRIDGES INITIATIVES INC.

### Statement of Changes in Financial Position

(Unaudited)

For the nine months ended August 31, 1998 and 1997

	1998	1997
Cash provided by (used in):		
Operations:		
Net income (loss) for the period	\$ 602,270	\$ (42,124)
Items not involving cash		
Amortization of deferred development costs	231,616	218,138
Amortization of capital assets	32,445	44,228
	866,331	220,242
Change in non-cash working capital	(274,665)	(306,533)
	591,666	(86,291)
Financing:		
Issuance of common shares	-	201,587
	-	201,587
Investments:		
Expenditures on capital assets	29,019	7,471
Expenditures on deferred development costs	113,014	46,985
	142,033	54,456
Increase (decrease) in cash position	449,633	60,840
Cash position, beginning of period	319,809	87,325
<b>Cash position, end of period</b>	<b>\$ 769,442</b>	<b>\$ 148,165</b>



## THE BRIDGES INITIATIVES INC.

Balance Sheets  
(Unaudited)  
August 31, 1998 and 1997

	1998	1997
<b>Assets</b>		
Current assets		
Cash	\$ 769,442	\$ 148,165
Accounts receivable	746,710	435,697
Prepaid expenses	40,462	10,266
	1,556,614	594,128
Capital assets	132,316	142,343
Deferred development costs	570,728	553,256
	<b>\$ 2,259,658</b>	<b>\$ 1,289,727</b>

### Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 38,946	\$ 41,344
Deferred revenue	184,579	79,359
	223,525	120,703
Shareholders' equity		
Share capital	2,329,928	1,996,967
Deficit	(293,795)	(827,943)
	2,036,133	1,169,024
	<b>\$ 2,259,658</b>	<b>\$ 1,289,727</b>

## Outlook

Bridges will focus on four corporate goals during the fourth quarter of 1998:

### Continued Ambitious New Site Sales

More than 250 new site sales are targeted for the quarter, bringing the number of Bridges CX subscribers to seven per cent of the North American middle and secondary school market. This is projected to push final quarter new site earnings to over \$300,000.

### Continued High Rates of Resubscription

More than 250 sites will be re-billed in the quarter, generating over \$300,000 in resubscription revenues. The service and administrative teams are dedicated to maintaining the current 90+ per cent rate of resubscription.

### Development of New Products

Bridges will begin development of two new resources in Q4. The online portfolio will be developed and marketed through CX-98 and Industry Canada promotions. An adult career information resource will begin development in Q4, planned for distribution in early 1999. These two new resources will further diversify revenue sources in 1999.

### 1999 Strategic Planning

Bridges' Board, management and staff will finalize strategic plans for 1999 – the second year of Bridges' three-year growth plan. By the end of 2000, the Bridges intends to provide online career information services to at least 20 per cent of North American middle and secondary schools. These plans will be posted on the corporate Web site (bridges.com) in early December.

## Corporate Information

Doug Manning  
Chairman, CEO, Director

Ed Hall  
Director

Dave Cousins  
Director

Frank Bowers  
President

Mike Martin  
Vice President, Sales

Norm Thompson  
Corporate Relations

## Stock Exchange

The Alberta Stock Exchange  
Trading Symbol: BIT



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## INTERIM REPORT 3

For the nine months ending  
August 31, 1998