




**bridges.com**<sup>™</sup>

2000  
ANNUAL REPORT

# CONNECTING PEOPLE TO OPPORTUNITY



Bridges.com has grown to become North America's leading provider of career and educational planning solutions. Our market-leading resources effectively help people explore career and educational options, plan for their future, and apply for educational opportunities.

Our core business is the development and distribution of dynamic career information services and planning tools to North American schools, colleges and government agencies.

Our success to date has been both rapid and influential – we now set the standard for career development resources. We will maintain a strong commitment to growing our subscription business, as the online market for interactive career services expands.

High school graduation is the first career transition most individuals experience. More than a million graduating students in North America have access to Bridges' career services. We are uniquely positioned to take advantage of the emerging e-application business, enabling our students to prepare for and apply to post-secondary education programs. We plan to ambitiously pursue opportunities in this emerging market.

Bridges customizes its products to satisfy the unique needs of varied markets. Our experience in customizing products for diverse markets enables us to pursue lucrative opportunities serving corporate clients. We plan to provide product solutions to businesses seeking resources that support employee recruitment, retention, and training.

We built our record of success by recognizing emerging career service opportunities, being first to market with comprehensive online solutions, rapidly securing a strong market leadership position, and growing our position with exemplary customer service.

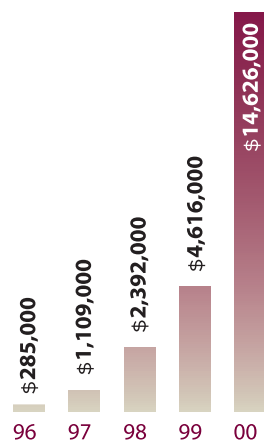
We will continue to build market-leading career development solutions while we maintain strong growth, accelerate our profitability, and increase shareholder value.

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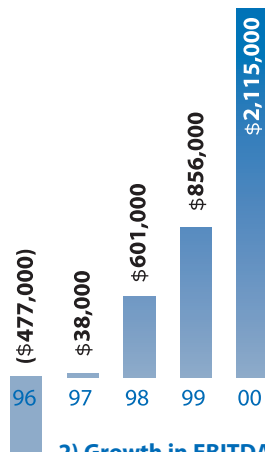
# 2000 PERFORMANCE HIGHLIGHTS

Highlights for Fiscal Years ending November 30



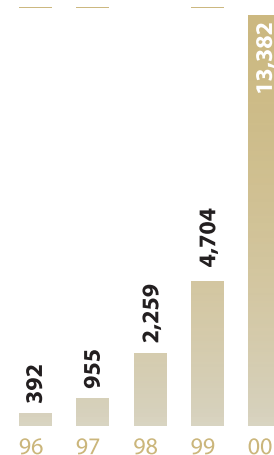
## 1) Growth in Revenue

increased 5,015% since 1996



## 2) Growth in EBITDA

increased 543% since 1996



## 3) Growth in Subscribing Sites

increased 3,313% since 1996

1) Revenue is stated in Canadian dollars (C\$).

2) EBITDA represents: earnings before amortization, other income and income taxes.

3) A "site" is an educational institution or government agency that purchases Career Explorer, CX Online, Choices, E-Choices, Choices CT, or Career Futures.

### CORPORATE ACHIEVEMENTS

- ▶ Completed **Toronto Stock Exchange listing** – February 16, 2000
- ▶ Completed **Special Warrants financing for C\$18 million** – March 30, 2000
- ▶ **Acquired Careerware for C\$11.6 million**, strengthening market position – March 31, 2000
- ▶ Ranked **9th fastest-growing Canadian technology company** by Deloitte & Touche – September 28, 2000
- ▶ Ranked **129th fastest-growing North American technology company** by Deloitte & Touche – November 16, 2000

### PARTNERSHIP GROWTH

The strength of the Bridges career services brand opened several key partnership opportunities in 2000. Bridges' content, adaptability, market position and experience supported these strategic joint ventures.

- ▶ Microsoft's **MSN.ca chose Bridges** to develop and distribute @bridges, a weekly consumer-focused online career magazine – February 1, 2000
- ▶ **Monster.ca selected Bridges** to co-develop a direct-to-consumer, fee-based career planning program to be distributed through Monster.ca – March 8, 2000
- ▶ **Xap Corporation signed with Bridges** to provide online access to college applications and financial aid information for Bridges' 1.2 million graduating seniors – October 12, 2000

### PRODUCT GROWTH

New consumer market products include subscription-based **Career Advantage** and three free online magazines targeted toward specific career-related markets: **Career Pro News**, **Career Parent Magazine** and **@bridges**. These products are designed to promote the Bridges brand and drive interest in our fee-based products.

### PRODUCT EXPANSION

- ▶ **Choices/Choices CT** - Through our acquisition of Careerware, the company added a formal 'career information delivery system' (CIDS) to our product selection, targeted at senior high schools, colleges and government agencies – April 2000
- ▶ **Career Futures** - completely upgraded our CD-ROM career product for middle/junior high schools – September 2000
- ▶ **PAWS In Jobland** - introduced new CD-ROM career product for elementary schools – September 2000

### MARKET GROWTH

- ▶ **Increased site subscriptions to 13,382 sites** – up from 4,704 subscriptions in 1999
- ▶ **Achieved dominant market share of 30 per cent** in North America's secondary and middle schools
- ▶ **Signed or re-signed large-scale state or provincial subscription agreements** including:

#### States

- ▶ North Carolina
- ▶ West Virginia
- ▶ Maine
- ▶ Kansas
- ▶ South Carolina
- ▶ Florida
- ▶ Iowa
- ▶ Mississippi
- ▶ Louisiana
- ▶ Illinois
- ▶ Utah
- ▶ Missouri

#### Provinces

- ▶ Ontario
- ▶ Newfoundland
- ▶ Manitoba
- ▶ Nova Scotia
- ▶ New Brunswick
- ▶ Prince Edward Island

#### Other Key Subscribers

- ▶ Defence Supply Service (Washington, DC)
- ▶ Workforce Development (Kentucky)
- ▶ Department of ECON Security (Minnesota)
- ▶ Employment Security (New Hampshire)
- ▶ Department of Labour (New York)
- ▶ Department of Labour (Pennsylvania)
- ▶ Department of Labour (Colorado)
- ▶ Rehabilitation Commission (Texas)

# To OUR SHAREHOLDERS

Dear Fellow Shareholder:

The integration of digital technologies into our society has changed the way we work, learn and live. Today's global workplace is constantly changing, with new opportunities emerging every day. People change jobs regularly, averaging 10 to 15 career transitions during their lifetime. Lifelong learning needs have driven an explosion in the education industry, with traditional colleges and private sector companies providing innovative e-learning/distance education solutions. As a result of this shift to an emerging knowledge economy, there has never been more availability of career and educational opportunities.

In this age of abundant opportunity, most people are overwhelmed with the choice and constant change. Traditional institutions that assist people with career transitions are equally overwhelmed, organized for another time when learning preceded work, when employers taught workers their craft, and when people changed employers only

two or three times. An ever-increasing chasm has emerged between our rapidly advancing digital workplace and the traditional institutions that help people to access education and/or employment.

“THE INTEGRATION OF DIGITAL TECHNOLOGIES INTO OUR SOCIETY HAS CHANGED THE WAY WE WORK, LEARN AND LIVE”

Bridges provides e-learning tools and information services that 'bridge the gap' between people and opportunity. These resources enable people to explore their career options, plan their futures and apply for career and educational opportunities. Enabled by our core strengths – unique content, exemplary service, market experience, and product adaptability – Bridges can rapidly enter new markets and establish leadership positions.

Today, our company is the primary solutions provider to institutions and individuals in the career services marketplace. Bridges' product solutions are used in over 13,000 schools, colleges and government agencies across North America, generating \$14.6 million in revenue in 2000. Bridges continues to create new opportunities to grow our revenue, increase our positive cash flow, and diversify the utility and application of our product solutions.

Looking forward, we intend to:

Continue to ambitiously grow our core business of subscription product sales to schools, colleges and government agencies in North America.

Leveraging from the expertise of our recent Careerware acquisition, Bridges has created regional sales and service teams that set new market standards for career program consultation, customer support and staff training. Our expanded product base enables us to increase the average revenue generated from each site, while better serving the needs of our customers. Expanded marketing initiatives will promote greater product and sales efficiencies. By the end of 2003 our target is that more than 21,000 North American schools, colleges and government institutions will use Bridges' resources as their primary career and educational planning solutions.

Provide high-quality e-application businesses with access to our market of graduating students, generating origination fee revenues from the venture.

A lucrative leverage opportunity revolves around the emerging e-applications market for high school students. Digital application services have been developed by several companies, providing students with online access to college applications, financial assistance, scholarships, SAT/ACT test prep services, college recruiters, and e-learning/distance education courses. Our present 40 per cent market position in North American secondary schools provides an excellent conduit for these companies to provide high-quality services to our students in return for an origination fee paid to Bridges. Our recent agreement signed with Xap Corporation is the first partnership designed to generate leveraged revenues from our market position in schools.

Expand on our core revenue base. We will leverage our proven products to emerging new markets seeking digital solutions for their staff, students or young adults.

Bridges has targeted three emerging markets we believe are excellent leverage opportunities for our existing products.

Fortune 1000 corporations are experiencing increasing staff turnover and escalating costs for staff recruitment and retention. We believe there is an excellent opportunity emerging for distribution of customized versions of our career databases and adult assessments, increasing staff services and providing tools for high-performing employees to seek relocation within their organization.

Additionally, parents are increasingly frustrated with the lack of career and educational commitment of their teenaged children. We believe there is an emerging market for our self-directed career and educational planning tools, sold directly to homes and supported by parent advisory tools and services.

Finally, we see opportunities overseas for distribution of our products demonstrating success in North America. By selecting well-positioned distribution partners for each of these ventures, Bridges can leverage its existing products to new markets at low cost while building value for shareholders.

Bridges is rare within the 'dot-com' world. We operate within our own balance sheet resources, and we have a successful revenue model leveraging digital resources to an established and expanding market. In addition, Bridges' management team has a proven record of finding and capitalizing on emerging opportunities in the career services industry. The company has a clear vision for future growth and has positioned itself strategically to become a significant provider of e-learning resources for the career services industry. Most importantly, our tools and information services make a difference to young people, adults in transition, and career professionals, enabling them to more effectively create a healthy, self-reliant existence for themselves or for their clients.

“BRIDGES’ MANAGEMENT TEAM HAS A PROVEN RECORD OF FINDING AND CAPITALIZING ON EMERGING OPPORTUNITIES IN THE CAREER SERVICES INDUSTRY”

Sincerely,



**Douglas J. Manning**  
Chief Executive Officer and President

# CORE STRENGTHS

Bridges' core strengths have enabled us to surpass every market and financial goal we have set for ourselves. Millions of people have accessed our career resources to plan their futures.

## CONTENT

Dynamic – Original – Relevant

Bridges creates, aggregates and syndicates career development content to help people design the future they desire – assisting them with powerful career information services and self-assessment tools. Our content is:

- ▶▶ Unique
- ▶▶ Proprietary
- ▶▶ Comprehensive
- ▶▶ Engaging
- ▶▶ Current

Bridges develops original and relevant new content every day to meet the needs of our clients. Over 700 customer requests and ideas are processed each month at Bridges.

## SERVICE

Helpful – Immediate – Accessible

Bridges is recognized by our clients for the quality of our support services. Our service excellence is reflected in:

- ▶▶ Very positive customer response collected continuously from user-group sessions, surveys and e-correspondence
- ▶▶ Our commitment to provide immediate solutions to customers' needs through human interaction
- ▶▶ Extensive access to training and support services provided through telephone, e-mail, face-to-face and self-directed Web services

For each of the past six years, more than 90 per cent of Bridges' clients chose to resubscribe to our career services.

## EXPERIENCE

Extensive – Focused – Connected

Bridges has the business and technical background, ability and infrastructure to successfully deploy new services for rapidly expanding e-learning markets. Our experience includes:

- ▶▶ 20 years serving North American career development industry
- ▶▶ Specific experience creating e-learning career development applications
- ▶▶ Pioneered subscription-based digital career information services
- ▶▶ Conforming to emerging national and regional career standards

Our staff and management team have extensive operational experience and over the past five years have built specific expertise in the career development sector of the e-learning market.

## ADAPTABILITY

Interactive – Responsive – Agile

Bridges continually adapts content and services to meet evolving market needs. Bridges' adaptability is reflected in:

- ▶▶ The daily adaptation of our content and continual improvement of all products and services
- ▶▶ Our customized products for regional audiences, including unique resources for Iowa, West Virginia, Michigan, Pennsylvania, Ontario and Manitoba
- ▶▶ Our ability to quickly reposition existing products for new markets

Content development, technical, administrative and sales teams are nimble and responsive to the evolving needs of our customers.

CORE MARKET

# LEADERSHIP

Bridges has established itself as North America's leading provider of career and educational planning solutions. We will build on our market-wide leadership and brand acceptance to secure a significantly larger position in our core market, aggressively growing revenues and profitability.

## LEADING OUR CORE MARKET

Schools and Government Agencies

Bridges' subscription-based e-learning tools and information services 'bridge the gap' between people and opportunity.

Our key products currently serve our largest revenue base – an ever-increasing number of schools, libraries, employment centres, post-secondary institutions, rehabilitation and correctional facilities and other government institutions. Our resources provide:

- ▶ Skill, interest and ability assessments
- ▶ Detailed occupation profiles
- ▶ Employability skill building tools
- ▶ Labour market information
- ▶ Career planning tools
- ▶ Post-secondary education information

Our products successfully serve the career development needs of a broad customer demographic. As a result, Bridges is the market leader with 13,000+ schools, colleges and government agencies across North America using our resources. This leadership position generated \$14.6 million in revenue in 2000.

Because of our rapid revenue growth, in 2000 Deloitte & Touche ranked Bridges as the 9th fastest growing technology company in Canada and 129th fastest growing in North America.

Bridges' leadership position will enable us to further grow our market share and reach an ever-increasing number of people.

## EXPANDING MARKET SHARE

Aggressive Growth Plan

Bridges successfully completed its initial three-year plan in 2000, establishing itself as the market leader in providing career and educational planning solutions to schools and government agencies. Building on that success, we have set out a bold new three-year growth strategy.

An important component of Bridges' new three-year plan is to grow our middle and secondary school market share position from 30 per cent today to 50 per cent by 2003. This objective will be achieved through:

- ▶ Newly integrated regional sales and support teams
- ▶ Increased levels of product use in schools
- ▶ Enhanced educator training
- ▶ Market responsive product development

Concurrently, we will substantially increase our position in the government institutional market. New opportunities exist in providing dynamic, customized e-learning career resources to adults in career transition through these channels.

We will increase our revenues per subscriber, and grow total schools and institutional subscriptions from 13,000+ to 21,000 by 2003.

We look forward to expanding our business and delivering outstanding solutions to our customers – a growing community of subscribers who have grown accustomed to the strength, value and integrity of working with Bridges' staff.

EXPANSION OPPORTUNITIES THROUGH

# EMERGING MARKETS

Bridges is strategically positioned for growth at the centre of a vibrant, rapidly emerging online career services industry. Through our expertise, adaptable products and unique market presence, Bridges is well positioned to successfully capitalize on these emerging opportunities.

## NEW OPPORTUNITIES

Leveraging Our Market Strength

### e-Applications

Serving Millions of Graduates

By leveraging our 40 per cent share in the North American secondary school market, we will provide an increasing array of e-application services to graduating high school students.

Providers of online application services pay origination fees for student referrals.

Graduates are referred as they:

- ▶▶ Apply for scholarships and financial aid
- ▶▶ Prepare and register for admissions tests
- ▶▶ Apply for college/university admission
- ▶▶ Apply for employment
- ▶▶ Apply for lifelong learning opportunities such as distance education and skills development

Over a million graduating students currently access Bridges' resources through our established school subscriber-base.

## NEW MARKETS

Leveraging Our Product Strengths

### Corporate

Employee Retention, Training and Recruitment

The increasing value of human capital in the knowledge economy has created emerging opportunities providing solutions to businesses seeking resources that support employee recruitment, retention and training.

According to research conducted by Deloitte & Touche and the Kellogg Graduate School of Management, Fortune 1000 corporations spend 31 per cent of their annual human resources budgets on recruitment and retention.

Over the next three years, distribution of customized Bridges resources will help companies:

- ▶▶ Increase services to staff
- ▶▶ Support career mobility of workers within their organization
- ▶▶ Expand access to employee training and retraining options
- ▶▶ Provide enhanced corporate recruitment opportunities

Our career information databases and assessment tools will be tailored to meet the specific human resources needs of Fortune 1000 companies.

### Consumer

Career Planning for Individuals

Bridges will aggressively market innovative e-learning services to a broad audience of highly motivated customers at home – parents, college students, job seekers and career changers – through relationships with strategic distribution partners.

These revenue-generating subscription services will allow Bridges to leverage our existing content at low cost to cultivate growth and new revenues in yet another emerging opportunity.

### Global

Exporting Our Career Planning Solutions

The North American market for Bridges' e-learning resources is extensive – these lucrative opportunities also exist abroad.

Bridges will leverage our product excellence and leading career-planning solutions into English-speaking countries through joint venture initiatives – strategically engaging new markets efficiently and effectively.

## MANAGEMENT'S DISCUSSION & ANALYSIS

*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, 2000. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.*

### OVERVIEW

#### Toronto Stock Exchange Listing

The Company began the year ending November 30, 2000, with its common shares listed on the Canadian Venture Exchange (CDNX). Effective February 16, 2000, the Company's common shares began trading on the Toronto Stock Exchange (TSE). The Company's common shares were jointly listed on the TSE and CDNX until March 14, 2000, at which time the Company voluntarily delisted its common shares from the CDNX, completing a successful transition to the TSE.

#### Financing

During the year ended November 30, 2000, the Company completed a private placement consisting of 3,250,000 special warrants issued at \$5.55 per special warrant, for gross proceeds of \$18,037,500. Total expenses for the private placement were \$1,266,005, net of related taxes, resulting in net proceeds of \$16,771,495. The special warrants were issued March 30, 2000, and qualified for trading in a final prospectus July 11, 2000.

Each special warrant entitled the holder to acquire a unit consisting of one common share of the Company and one half of a common share purchase warrant for no additional cost. Each full common share purchase warrant entitled the holder to purchase one common share at a price of \$5.90 until January 22, 2001. In addition, the Company granted the agents 325,000 agents' compensation options to acquire 325,000 agents' compensation warrants. Each agent's compensation warrant entitles the holder to acquire one common share and one-half of a common share purchase warrant for a price of \$5.90 until March 30, 2001. Each whole common share purchase warrant issued to the agents entitled the holder to acquire one common share at a price of \$5.90 until January 22, 2001.

During the year ended November 30, 2000, all 3,250,000 special warrants were converted into 3,250,000 common shares. Subsequent to November 30, 2000, all of the 1,625,000 common share purchase warrants, issued pursuant to the private placement, expired as of January 22, 2001.

#### Acquisition

During the year ended November 30, 2000, the Company acquired certain assets of Careerware, a business unit of ISM Information Systems Management Corporation, a subsidiary of IBM Canada Limited. As a consequence, results of operations include the operating results for Careerware from April 1, 2000.

The acquisition of Careerware was designed to complement and enhance the Company's market share, product offerings and distribution capabilities. Careerware has developed a significant market presence in the career development industry through the Choices line of products, which feature government-sourced data and content. The acquisition of Careerware significantly accelerated Bridges' growth in becoming the industry's market share leader. In addition the acquisition extended the application and functionality of its suite of products and expanded its depth of experience.

The purchase price for the Careerware assets acquired, less liabilities assumed, was \$11,550,563, which included \$1,978,042 in accounts receivable. The Careerware acquisition was accounted for as a purchase transaction resulting in intangible assets of \$9,539,066 including \$5,029,006 in goodwill, which is being amortized on a straight-line basis over 36 months, and \$4,510,060 in other intangibles, including \$4,184,060 in software and \$326,000 in trademarks, which are being amortized on a straight-line basis over periods of 24 months and 36 months, respectively.

Increases in revenue, costs of revenue, sales and marketing expenses, research and development, general and administrative expenses, and amortization reflect an overall increase in activities by the Company for the 2000 fiscal year compared to 1999. These increases reflect the growth of the Company's business both internally and externally and most notably, through the acquisition of Careerware.

The company has completed a reorganization of the sales and service teams and has integrated the administration and accounts systems to a central location. Based on these developments, the Company anticipates leveraging its existing

infrastructure into increased revenue opportunities resulting in decreases in expense-to-revenue ratios.

Further information about the acquisition is outlined in Note 3 to the Consolidated Financial Statements.

**RESULTS OF OPERATIONS**

**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

	November 30	
	2000	1999
Revenue	\$ 14,626,157	\$ 4,616,177
Cost of revenue	3,673,942	958,649
Gross margin	10,952,215	3,657,528
Expenses	8,836,495	2,801,077
EBITDA	2,115,720	856,451
Net (loss) earnings	\$ (812,424)	\$ 267,783
Basic earnings (loss) per share	\$ (0.07)	\$ 0.03

Year ended November 30, 2000, compared to year ended November 30, 1999. Results of operations include the operating results for Careerware from April 1, 2000.

**Revenue**

Total revenue increased by 217% to \$14,626,157 in the year ended November 30, 2000 from \$4,616,177 in the year ended November 30, 1999.

Revenue from the Company's U.S. subscribers accounted for \$12,088,659, or 83% of total revenue for 2000; compared to \$3,440,452, or 75% of total revenue for 1999. Revenue from the Company's Canadian subscribers accounted for \$2,537,498, or 17% of the total revenue for 2000; compared to \$1,175,725, or 25% of total revenue for 1999.

The Company recognizes revenue from two primary sources. The first is revenue from the information database products and the second is from service revenue. Information database product revenue is generated from licensing the right to use the Company's information database directly to end users or institutions. Service revenue is generated from consulting services related to the customization and implementation of the information database products.

Revenue from the information database products is earned through two methods of delivery, including a CD-ROM information database, and online subscription services and information database access over the licence period. Revenue from CD-ROM information database licences is recognized upon delivery of the CD-ROM. Revenue from online subscription services and information database access is recognized over the term of the contract, typically one year. Revenue that has been

prepaid or invoiced but does not yet qualify for recognition under the Company's policies is reflected as deferred revenue.

**Cost of Revenue and Gross Margins**

Cost of revenue increased by 283% to \$3,673,942 in the year ended November 30, 2000, from \$958,649 in the year ended November 30, 1999. As a percentage of revenue, cost of services increased to 25% in the year ended November 30, 2000, from 21% in the year ended November 20, 1999.

Costs of revenue consist primarily of salaries and other personnel-related expenses for technical and content-related staff.

The dollar increase in cost of revenue was primarily due to the increase in revenue related costs and in the expansion of staff and related production costs resulting from the acquisition of Careerware. The percentage increase in cost of revenue was primarily due to the higher marginal product costs for the Careerware line of products.

Gross margin increased by 200% to \$10,952,215 in the year ended November 30, 2000, from \$3,657,528 in the year ended November 30, 1999. As a percentage of revenue, gross margin decreased to 75% in the year ended November 30, 2000, from 79% in the year ended November 20, 1999.

**Sales and Marketing**

Sales and marketing expense increased by 220% to \$5,074,094 in the year ended November 30, 2000, from \$1,585,561 in the year ended November 30, 1999. As a percentage of total revenue, sales and marketing expense increased to 35% in the year ended November 30, 2000, from 34% in the year ended November 30, 1999.

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 also included.

The dollar increase in sales and marketing expense was primarily due to the increase in revenue-related costs and in the increase in the number of sales and marketing staff and related expenses resulting from the acquisition of Careerware. The percentage increase in sales and marketing expense was primarily due to the higher marginal sales costs for the Careerware line of products.

**Research and Development**

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 increased to \$725,725 in the year ended November 30, 2000, from zero reported expenses in the year ended November 30, 1999. As a percentage of total revenue, research and development expense was 5% in the year ended November 30, 2000.

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 dollar increase in research and development expense was primarily due to an increased level of investment in the Company's Internet delivered products and services, including increases in personnel and related resources.

#### General and Administrative

General and administrative expense increased by 150% to \$3,036,676 in the year ended November 30, 2000, from \$1,215,516 in the year ended November 30, 1999. As a percentage of total revenue, general and administrative expense decreased to 21% in the year ended November 30, 2000, from 26% in the year ended November 30, 1999.

The dollar increase in general and administrative expense was primarily due to the increase in personnel and associated costs related to the integration of the operations of Careerware and the investment in the infrastructure necessary to support the continued rapid growth of the Company.

The decrease in general and administrative expense as a percentage of total revenue was primarily due to the initial efficiencies gained through the acquisition of Careerware and the overall increase in revenue.

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.

#### Amortization

Amortization of capital assets increased by 84% to \$762,133 in the year ended November 30, 2000 from \$413,794 in the year ended November 30, 1999. The increase relates to amortization

of assets that resulted from the purchase of computer equipment related to staff increases and to upgrades to the Company's network infrastructure and from the assets acquired through the acquisition of Careerware.

Amortization of intangibles was \$1,467,130 in the year ended November 30, 2000, compared to zero amortization of intangibles in the year ended November 30, 1999. The increase relates to the amortization of \$4,510,060 of intangibles that resulted from the acquisition of Careerware, including \$4,184,060 in software and \$326,000 in trademarks, which are being amortized on a straight-line basis over periods of 24 months and 36 months, respectively.

Amortization of goodwill was \$1,012,599, net of future income taxes of \$104,958, in the year ended November 30, 2000, compared to zero amortization of goodwill in the year ended November 30, 1999. The increase relates to the amortization of \$5,029,006 of goodwill that resulted from the acquisition of Careerware, which is being amortized on a straight-line basis over a period of 36 months.

#### Other Income

**Interest Income.** The Company has earned interest income on its cash balances and treasury bills. Interest income increased by 412% to \$277,521 in the year ended November 30, 2000, from \$54,196 in the year in the year ended November 30, 1999. As a percentage of total revenue, interest income increased to 1.9% in the year ended November 30, 2000 from 1.2% in the year ended November 30, 1999.

The interest income earned in the year ended November 30, 2000, is primarily the result of the remaining post-Careerware acquisition proceeds from the special warrants financing received March 30, 2000.

**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. Foreign currency translation gains and losses arising from normal business operations are credited to or charged against other income for the period incurred. To date, the Company has not used derivatives instruments to reduce its exposure to the foreign exchange risk resulting in these gains or losses. 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 gains increased to \$259,929 in the year ended

November 30, 2000, from zero in the year ended November 30, 1999. As a percentage of total revenue, foreign exchange gains increased to 1.8% in the year ended November 30, 2000, from 0% in the year ended November 30, 1999.

The majority of the gains have arisen on translation of the U.S. subsidiary balances, and accordingly we will recognize foreign exchange gains in times of a weakening Canadian dollar. Conversely, exchange losses will be recorded when the Canadian dollar increased in value. The Company has not entered into any foreign exchange contracts to mitigate this exposure since sales contracts are paid up-front and contract services are rendered in Canada.

#### Income Taxes

In 1999, the Company adopted the new accounting standard related to future income taxes. As a result, the benefit of certain tax loss carryforwards was recognized as an asset. As a result, future operations will include income tax expense in fiscal periods where these loss carryforwards are utilized.

Setting up the future income tax benefits of losses and other items resulted in an asset of \$642,599 on the consolidated balance sheet as at November 30, 2000, compared with \$287,363 as at November 30, 1999. Income tax expense decreased to \$223,731 in the year ended November 30, 2000, from \$229,070 in the year ended November 30, 1999. The effective income tax rate was 52.8%, for fiscal 2000 and 46.1% for fiscal 1999. See Note 8 of the Notes to Consolidated Financial Statements for a reconciliation to the statutory rate, and calculation of the income tax expense and the future income taxes asset.

#### LIQUIDITY AND CAPITAL RESOURCES

Since its inception, the Company has financed its operations through a combination of a series of private and public sales of equity securities and cash generated by operations. The Company completed the year ended November 30, 2000, with positive working capital of \$8,797,144 compared to \$1,254,425 at November 30, 1999. The increase in working capital is primarily due to a special warrants financing transaction during 2000. The Company generated cash for operating activities of \$2,772,292 in fiscal 2000, up from the \$1,489,920 generated in fiscal 1999. The increase in fiscal 2000 over 1999 is consistent with the Company's expansion efforts. The Company is expecting cash provided by operating activities to continue to improve in fiscal 2001 as the Company's subscriber base continues to expand.

The Company completed the year ended November 30, 2000,

with cash and cash equivalents of \$8,232,897, an increase of \$6,045,885 compared to \$2,187,012 at November 30, 1999. Cash balances are held in general operating bank accounts, and cash equivalents are held in money market accounts and treasury bills. The Company has a policy of maintaining cash balances in high quality short-term securities such as treasury bills, bankers acceptances or commercial paper.

#### CONDENSED STATEMENT OF CONSOLIDATED ASSETS

	November 30	
	2000	1999
Cash and cash equivalents	\$ 8,232,897	\$ 2,187,012
Accounts receivable	5,179,998	1,249,877
Prepaid expenses and other	612,415	96,966
Deferred acquisition costs	-	120,327
Capital assets	2,538,408	904,586
Goodwill and other intangibles, net	6,954,379	-
Future income taxes	642,599	287,363
	<u>\$ 24,160,696</u>	<u>\$ 4,846,131</u>

#### CONDENSED STATEMENT OF CONSOLIDATED LIABILITIES

	November 30	
	2000	1999
Accounts payable and accrued liabilities	\$ 1,842,467	\$ 600,918
Deferred revenue	3,257,961	1,678,512
Current portion of capital lease obligations	127,738	-
Capital lease obligations, net of current portion	245,213	-
	<u>\$ 5,473,379</u>	<u>\$ 2,279,430</u>

Accounts receivable, prepaid expenses and other expenses, accounts payable, accrued expenses and deferred revenue were impacted by the Careerware acquisition made in fiscal 2000 and by the increased level of operations during the year ended November 30, 2000.

Net capital expenditures for the year ended November 30, 2000, were \$1,675,702 compared to \$606,222 in 1999. The Company's capital expenditures have related primarily to the purchase of hardware and software for product engineering, production, and service support facilities.

The Company has a stock-based compensation plan under which any consideration paid by employees and directors on the exercise of stock options is credited to share capital. During the year ended November 30, 2000, the Company granted 832,200 common share stock options at an average price of \$4.48 per share. In addition, 339,000 common share stock options were exercised at an average price of \$0.48 per share contributing \$161,545 in cash.

Subsequent to November 30, 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 (C\$) 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. Under the terms of the operating line, the Company is required to comply with certain financial covenants. At November 30, 2000, other than lease obligations, the Company had no long-term debt.

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.

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.

#### RISK FACTORS

Certain statements made in this annual report by the Company constitute forward-looking statements that involve risks and uncertainties. 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, and relating to the sufficiency of capital to meet working capital and capital expenditure requirements.

All forward-looking statements reflect management's current views, intentions and expectations with respect to future events and are subject to certain risks, uncertainties and assumptions. 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 analysis will be realized. Forward-looking statements are not guarantees of future performance.

#### OUTLOOK

The actions taken by the Company over the last two years and the results of the Careerware acquisition have set the stage for the future. Strengthened by significant market penetration and a recognized selection of market leading products, Bridges will continue to build shareholder value every day by being financially focused, action oriented and service driven. The Company is committed to developing new sources of revenue, innovative ways to repackage and distribute its products and content, reducing expenses, and leveraging opportunities through the Careerware acquisition, while continuing to provide the Company's subscribers with the service and products that have made us the market leader in the career services industry.

#### 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 and a majority of its members are outside directors. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval by the board of directors. The shareholders' auditors have full access to the audit committee, with and without the presence of management.

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



**Douglas J. Manning**  
Chief Executive Officer and President



**John B. Walker, CA**  
Chief Financial Officer

CONSOLIDATED  
BALANCE SHEETS

BRIDGES.COM INC

	November 30	
	2000	1999
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,232,897	\$ 2,187,012
Accounts receivable	5,179,998	1,249,877
Prepaid expenses and other	612,415	96,966
	14,025,310	3,533,855
Deferred acquisition costs	-	120,327
Capital assets (Note 4)	2,538,408	904,586
Goodwill and other intangibles, net (Note 5)	6,954,379	-
Future income taxes (Note 8)	642,599	287,363
	\$ 24,160,696	\$ 4,846,131
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,842,467	\$ 600,918
Deferred revenue	3,257,961	1,678,512
Current portion of capital lease obligations (Note 6)	127,738	-
	5,228,166	2,279,430
Capital lease obligations, net of current portion (Note 6)	245,213	-
	5,473,379	2,279,430
<b>COMMITMENTS (Note 6)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock (Note 7)	19,643,889	2,710,849
Deficit	(956,572)	(144,148)
	18,687,317	2,566,701
	\$ 24,160,696	\$ 4,846,131

APPROVED BY THE BOARD



Douglas J. Manning, Director



John C. Simmons, Director

See Accompanying Notes to the Consolidated Financial Statements.

## CONSOLIDATED

## STATEMENTS OF OPERATIONS AND DEFICIT

BRIDGES.COM INC

	Years Ended	
	November 30	
	2000	1999
<b>REVENUE</b>	\$ 14,626,157	\$ 4,616,177
<b>COSTS OF REVENUE</b>	3,673,942	958,649
<b>GROSS MARGIN</b>	10,952,215	3,657,528
<b>EXPENSES</b>		
Sales and marketing	5,074,094	1,585,561
Research and development	725,725	-
General and administrative	3,036,676	1,215,516
	8,836,495	2,801,077
<b>EARNINGS BEFORE AMORTIZATION, OTHER INCOME AND INCOME TAXES</b>	2,115,720	856,451
Amortization of capital assets	(762,133)	(413,794)
Amortization of other intangibles	(1,467,130)	-
Other income	537,449	54,196
<b>EARNINGS BEFORE INCOME TAXES AND AMORTIZATION OF GOODWILL</b>	423,906	496,853
Income tax expense (Note 8)	223,731	229,070
<b>EARNINGS BEFORE AMORTIZATION OF GOODWILL</b>	200,175	267,783
Amortization of goodwill, net of future income taxes of \$104,958	(1,012,599)	-
<b>NET (LOSS) EARNINGS</b>	(812,424)	267,783
<b>DEFICIT, BEGINNING OF YEAR</b>	(144,148)	(411,931)
<b>DEFICIT, END OF YEAR</b>	\$ (956,572)	\$ (144,148)
Basic earnings (loss) per share before amortization of goodwill	\$ 0.02	\$ 0.03
Basic earnings (loss) per share	\$ (0.07)	\$ 0.03

See Accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED  
STATEMENTS OF CASH FLOWS

BRIDGES.COM INC

	Years Ended	
	November 30	
	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) earnings for the year	\$ (812,424)	\$ 267,783
<b>Items not affecting cash</b>		
Amortization of capital assets	762,133	413,794
Amortization of other intangibles	1,467,130	-
Amortization of goodwill, net of future income taxes	1,012,599	-
Future income taxes	223,731	229,070
Changes in operating assets and liabilities (Note 9)	119,123	579,273
	<u>2,772,292</u>	<u>1,489,920</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Careerware (Note 3)	(11,430,236)	-
Deferred acquisition costs	-	(120,327)
Purchase of capital assets	(1,675,702)	(606,222)
	<u>(13,105,938)</u>	<u>(726,549)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of special warrants	16,297,486	-
Issuance of common shares	161,545	25
Repayment of obligations under capital lease	(79,500)	-
	<u>16,379,531</u>	<u>256,220</u>
<b>NET CASH INFLOW DURING THE YEAR</b>	6,045,885	1,019,591
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,187,012	1,167,421
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,232,897</u>	<u>\$ 2,187,012</u>

**Supplemental Cash Flow Disclosures:**

Interest paid	\$ 50,243	\$ -
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**Supplemental Non-Cash Investing and Financing Disclosures:**

Capital assets acquired under capital leases	\$ 452,451	\$ -
Common shares issued on conversion of special warrants	\$ 16,297,486	\$ -

See Accompanying Notes to the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements of BRIDGES.COM INC.

### 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 accounting principles generally accepted in Canada 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 transactions are eliminated on consolidation.

#### (b) Estimates

The preparation of financial statements in conformity with 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 earnings.

#### (d) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less.

#### (e) Deferred acquisition costs

Deferred acquisition costs relate to the acquisition of Careerware described in Note 3. These costs were added to the cost of that investment.

#### (f) 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	3 years straight-line basis
Leasehold improvements	20% straight-line basis

Amortization under the declining balance basis is provided for at one-half of the above rates in the year of acquisition. 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. No impairment losses have been identified by the Company for the years ending November 30, 2000 and 1999.

#### (g) Goodwill and other intangibles

Goodwill is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over a period of three years, the expected period of benefit. Other intangibles include acquired software and trademarks which are amortized on a straight-line basis over periods of two and three years, respectively. Among other considerations, to assess impairment, the Company periodically calculates estimated undiscounted future cash flows to determine that they exceed the unamortized balance of goodwill.

The Company reviews for the impairment of goodwill and other intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected future cash flows. No impairment losses have been identified by the Company for the year ending November 30, 2000.

#### (h) Revenue recognition

The Company generates revenue through two sources: (1) information database product revenues and (2) service revenues. 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 from the delivery of two elements: (1) delivery of a CD-ROM information database and (2) online subscription services and database access over the license period. Vendor-specific objective evidence exists to allocate the total fee charged to the elements of the sale. Vendor-specific objective evidence of the fair value of the individual elements is based on the price charged when an element is sold and used separately by a customer.

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 online subscription services and database access is recognized

ratably over the term of the contract, typically one year. Revenues from other services are recognized upon substantial completion of service, provided the fee is 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.

**(i) 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.

**(j) Earnings (loss) per common share**

Basic earnings (loss) per common share has been computed by dividing income applicable to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. The Special Warrants issued represent common share equivalents from the date of issue. Fully diluted earnings per share calculations assume exercise of options and warrants if dilutive, effective on their dates of issue. In the two years presented the potential dilutive effect of options and warrants is not material.

**(k) 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.

**(l) Comparative figures**

Certain prior year's comparative figures have been reclassified to conform with current year's presentation.

**3. BUSINESS ACQUISITION**

On March 31, 2000, the Company acquired Careerware, a business unit of ISM Information Systems Management Corporation ("ISM"), a subsidiary of IBM Canada Limited, for a total cash purchase price of \$11,550,563, including transaction costs of \$715,547 (including deferred acquisition costs of \$120,327). The transaction has been accounted for using the purchase method of accounting and the purchase price has been allocated to the estimated fair value of net assets acquired as follows:

Estimated fair value of net assets acquired:

Accounts receivable	\$ 1,978,042
Inventory	139,153
Prepaid expenses	57,529
Capital assets	267,802
Other intangibles	4,510,060
	6,952,586
Less:	
Accounts payable and accrued liabilities	24,265
Deferred revenue	406,764
	6,521,557
Goodwill	5,029,006
Purchase price (including transaction costs of \$715,547)	\$ 11,550,563

The results of operations of Careerware were consolidated by the Company from April 1, 2000, the effective date of the acquisition, to November 30, 2000. Goodwill relating to the acquisition is amortized on a straight-line basis over a period of three years, the expected period of benefit.

**4. CAPITAL ASSETS**

	N o v e m b e r 3 0			
	2000		1999	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 156,517	\$ 49,194	\$ 107,323	\$ 61,630
Computer equipment	1,757,162	642,612	1,114,550	171,696
Online network infrastructure costs	2,621,538	1,353,731	1,267,807	650,783
Leasehold improvements	78,970	30,242	48,728	20,477
	\$ 4,614,187	\$ 2,075,779	\$ 2,538,408	\$ 904,586

The net book value of assets under capital lease at November 30, 2000, totalled \$346,120 (November 30, 1999 - \$Nil), net of accumulated amortization of \$106,331 (November 30, 1999 - \$Nil).

**5. GOODWILL AND OTHER INTANGIBLES**

	N o v e m b e r 3 0	
	2000	
Goodwill on acquisition of Careerware (Note 3) (net of accumulated amortization of \$1,117,557)	\$	3,911,449
Acquired software (net of accumulated amortization of \$1,394,686)		2,789,374
Acquired trademarks (net of accumulated amortization of \$72,444)		253,556
	\$	6,954,379

## 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, 2000	Capital leases November 30, 2000
2001	\$ 266,411	\$ 177,204
2002	173,437	177,204
2003	43,086	101,237
Total minimum lease payments	\$ 482,934	\$ 455,645
Less: amounts representing imputed interest at 11% to 16% per annum		(82,694)
Present value of net future minimum lease payments		372,951
Less: current portion		(127,738)
		\$ 245,213

### (b) Operating line of credit

Subsequent to November 30, 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 market rates and is secured by a first charge and general security agreement over all assets.

## 7. SHARE CAPITAL AND WARRANTS

### (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			
	2000		1999	
	Shares	Amount	Shares	Amount
Balance, beginning of year	9,603,250	\$ 2,710,849	8,937,250	\$ 2,454,629
Conversion of Special Warrants (net of issue costs of \$1,740,014 and future income tax recovery of \$474,009)	3,250,000	16,771,495	-	-
Stock options exercised	339,000	161,545	316,000	134,720
Share warrants exercised	-	-	350,000	121,500
	13,192,250	\$ 19,643,889	9,603,250	\$ 2,710,849

During the year ended November 30, 2000, the Company completed a private placement consisting of 3,250,000 special warrants issued at \$5.55 per special warrant for gross proceeds of \$18,037,500. Each special warrant entitled the holder to acquire a unit consisting of one common share of the Company and one half of a common share purchase warrant for no additional cost. Each full common share purchase warrant entitles the holder to purchase one common share at a price of \$5.90 until January 22, 2001. In addition, the Company granted the agents 325,000 agents' compensation options to acquire 325,000 agents' compensation warrants. Each agents' compensation warrant entitles the holder to acquire one common share and one-half of a common share purchase warrant for a price of \$5.90 until March 30, 2001. Each whole common share purchase warrant issuable to the agents entitles the holder to acquire one common share at a price of \$5.90 until January 22, 2001.

During the year ended November 30, 2000, all 3,250,000 special warrants were converted into 3,250,000 common shares.

### (c) Common share purchase warrants, agents' compensation options and share warrants

As at November 30, 2000, all of the 1,625,000 common share purchase warrants issued pursuant to the private placement (Note 6(b)) remained outstanding.

During the year ended November 30, 1999, the Company issued 350,000 common shares upon exercise of outstanding share warrants for proceeds of \$121,500. As at November 30, 1999, no share warrants were outstanding.

### (d) Escrow shares

During the year ended November 30, 2000, 1,259,400 common shares were released from escrow under the terms of a voluntary escrow agreement.

### (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			
	2000		1999	
	Common Shares	Weighted- Average Exercise Price	Common Shares	Weighted- Average Exercise Price
Options				
Outstanding at beginning of year	958,000	\$ 2.05	755,000	\$ 0.42
Granted	832,200	4.48	519,000	3.43
Exercised	(339,000)	0.48	(316,000)	0.43
Cancelled	(5,200)	4.32	-	-
Outstanding at end of year	1,446,000	3.00	958,000	2.05
Exercisable at end of year	594,000	\$ 1.28	436,500	\$ 0.43

The number of common shares of the Company that may be issued under the Stock Option Plan is 2,000,000. The following tables summarize information about stock options outstanding and exercisable at November 30, 2000:

Exercise Price \$	Number Outstanding at November 30, 2000	Options Outstanding	
		Weighted Average Remaining Contractual Life	Number Exercisable at November 30, 2000
0.38	68,500	1.7 years	68,500
0.40	61,000	1.0 years	61,000
0.42	5,000	2.5 years	5,000
0.46	25,000	0.1 years	25,000
0.50	5,000	2.8 years	-
0.65	45,500	3.1 years	25,500
2.05	50,000	3.3 years	50,000
3.00	60,000	4.0 years	60,000
3.55	90,000	4.7 years	-
3.65	168,000	4.8 years	-
3.90	150,000	4.5 years	-
4.26	217,000	4.1 years	-
4.60	62,000	4.3 years	-
4.75	299,000	3.5 years	299,000
7.00	140,000	4.4 years	-
	<u>1,446,000</u>		<u>594,000</u>

## 8. INCOME TAXES

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

	November 30	
	2000	1999
Current tax expense	\$ -	\$ -
Future tax expense	223,731	229,070
	<u>\$ 223,731</u>	<u>\$ 229,070</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:

	November 30	
	2000	1999
Canadian basic statutory tax rate	44.50%	45.62%
Expected income tax provision	\$ 188,638	\$ 226,664
Non-deductible expenses and others	35,093	2,406
	<u>\$ 223,731</u>	<u>\$ 229,070</u>

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

	November 30	
	2000	1999
Future income tax assets		
Tax loss carryforwards	\$ 850,891	\$ 471,149
Deferred financing fees and other intangibles	600,594	19,690
Valuation allowance for future income tax assets	(528,539)	-
Future income tax liabilities		
Capital assets	(508,589)	(203,476)
Net future income tax assets	<u>\$ 642,599</u>	<u>\$ 287,363</u>

The recognized future tax benefits of \$474,009 relating to the deferred financing fees have been recorded against the related share issue costs. As at November 30, 2000, the Company has tax loss carry-forwards of approximately \$1,900,000 which expire on various dates between 2001 and 2007.

**9. CHANGES IN OPERATING ASSETS AND LIABILITIES**

	N o v e m b e r 3 0	
	2000	1999
Accounts receivable	\$ (1,952,079)	\$ (681,402)
Prepaid expenses and other	(318,767)	(17,292)
Accounts payable and accrued liabilities	1,217,284	518,254
Deferred revenue	1,172,685	759,713
	\$ 119,123	\$ 579,273

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

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities as reflected in the balance sheets approximates their respective fair values as at November 30, 2000 and 1999 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.

**(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. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

**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			
		2000		1999
Canada	17%	\$ 2,537,498	25%	\$ 1,175,725
United States	83%	12,088,659	75%	3,440,452
		\$ 14,626,157		\$ 4,616,177

**12. RELATED PARTY TRANSACTIONS**

During the year ended November 30, 2000, the Company paid \$150,000 (1999 - \$88,500) in consulting fees to a director of the Company.

In addition, during the year ended November 30, 2000, the Company incurred charges of \$666,525 (1999 - \$Nil) relating to online network infrastructure costs (computer software and hardware of \$416,505, consulting of \$241,216 and related expenses of \$8,804) from a company related by way of a director in common.

**Auditors' Report**

To the Shareholders of Bridges.com Inc.,

We have audited the consolidated balance sheets of Bridges.com Inc. as at November 30, 2000 and 1999 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, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*  
Chartered Accountants  
Vancouver, British Columbia  
December 15, 2000

## SELECTED FINANCIAL DATA

## STATEMENT OF OPERATIONS

N o v e m b e r 3 0	2000	1999	1998	1997	1996	1995
Revenue	\$ 14,626,157	\$ 4,616,177	\$ 2,392,880	\$ 1,109,160	\$ 285,933	\$ 141,699
Expenses	12,510,437	3,759,726	1,790,920	1,070,822	763,010	326,650
Earnings (loss) before interest, taxes, amortization	2,115,720	856,451	601,960	38,338	(477,077)	(184,951)
Interest, taxes, and amortization of capital assets	(448,415)	(588,668)	179,709	(347,462)	(143,574)	(36,110)
Amortization - other intangibles	(1,467,130)	-	-	-	-	-
Amortization - goodwill, net	(1,012,599)	-	-	-	-	-
Net earnings (loss) for the year	\$ (812,424)	\$ 267,783	\$ 781,669	\$ (309,124)	\$ (620,651)	\$ (221,061)

## BALANCE SHEET

N o v e m b e r 3 0	2000	1999	1998	1997	1996	1995
Current assets	\$ 14,025,310	\$ 3,654,182	\$ 1,815,570	\$ 781,962	\$ 194,517	\$ 40,858
Capital assets	2,538,408	904,586	712,158	825,072	903,509	418,283
Goodwill	6,954,379	-	-	-	-	-
Future income taxes	642,599	287,363	516,433	-	-	-
Total assets	\$ 24,160,696	\$ 4,846,131	\$ 3,044,161	\$ 1,607,034	\$ 1,098,026	\$ 459,141
Current liabilities	\$ 1,970,205	\$ 600,918	\$ 82,664	\$ 80,911	\$ 68,386	\$ 185,390
Deferred revenue	3,257,961	1,678,512	918,799	389,795	118,738	57,702
Capital lease obligations, net	245,213	-	-	-	-	-
Share capital	19,643,889	2,710,849	2,454,629	2,329,928	1,795,379	479,875
Deficit	(956,572)	(144,148)	(411,931)	(1,193,600)	(884,477)	(263,826)
Total liabilities and shareholders' equity	\$ 24,160,696	\$ 4,846,131	\$ 3,044,161	\$ 1,607,034	\$ 1,098,026	\$ 459,141

## COMMON SHARE MARKET INFORMATION \*

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2000	1999	2000	1999	2000	1999	2000	1999
High	\$ 9.00	\$ 2.60	\$ 8.25	\$ 6.40	\$ 4.10	\$ 4.35	\$ 4.85	\$ 3.90
Low	\$ 3.60	\$ 0.60	\$ 3.30	\$ 2.60	\$ 2.75	\$ 3.00	\$ 2.75	\$ 2.50
Average close	\$ 5.17	\$ 1.49	\$ 5.32	\$ 4.03	\$ 3.59	\$ 3.35	\$ 3.93	\$ 3.05
Average daily trading volume	22,640	40,066	15,241	54,364	9,032	10,598	24,157	11,438

\* Toronto Stock Exchange trading symbol – **BIT**

Bridges common shares traded on:

- ▶▶ The Alberta Stock Exchange from December 1, 1998 – November 26, 1999
- ▶▶ The Canadian Ventures Exchange from November 27, 1999 – March 14, 2000
- ▶▶ The Toronto Stock Exchange from February 16, 2000 – present

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **John C. Simmons** ●

Chairman, Bridges.com Inc.  
Chairman, Integrated Paving Concepts Inc.  
Director, Epic Biosonics Inc.

#### **Douglas J. Manning**

Chief Executive Officer and President of Bridges.com Inc.

#### **Edward J. Hall** ● ●

Co-President of Canadian Adult Communities Ltd.

#### **Terry M. Holland** ●

Chief Executive Officer and President of Trimin Capital Corp.

#### **James R. Yeates** ●

Chairman and Chief Executive Officer, Burnsand Inc.

- Member of the Audit Committee
- Member of the Compensation Committee

### MANAGEMENT & OFFICERS

#### **Douglas J. Manning**

Chief Executive Officer and President

#### **Claude A. Lapointe**

Executive VP, Sales and Marketing

#### **Norman R. Thompson**

Executive VP, Corporate Development

#### **Michael S. Martin**

VP, Sales

#### **Diane B. Stringer**

VP, Development Solutions

#### **John B. Walker**

Chief Financial Officer

#### **Michael D. Mooney**

Executive VP, Information Technology

#### **Donald A. Phillips**

Executive VP, Product Development

#### **David D.J. Cousins**

VP, Human Resources and Secretary

#### **Louise Logie-Verkerk**

VP, Publishing

### AUDITORS

Deloitte & Touche LLP  
Vancouver, British Columbia, Canada

### LEGAL COUNSEL

Osler, Hoskin & Harcourt LLP  
Toronto, Ontario, Canada

### REGISTERED OFFICE

Burstall Winger LLP  
Suite 3100 Home Oil Tower  
324 -8th Avenue S.W.  
Calgary, Alberta T2P 2Z2 Canada

### CORPORATE OFFICES

#### **Canadian**

7B-1404 Hunter Court  
Kelowna, British Columbia V1X 6E6  
Tel: 1-250-862-8722  
Toll Free: 1-800-281-1168  
Fax: 1-250-862-8771  
Toll Free: 1-888-349-3437

2300 St. Laurent Blvd.  
Ottawa, Ontario K1G 4K1

#### **U.S.**

808 Commerce Park Drive  
Ogdensburg, New York 13669

### INVESTOR INFORMATION

### SHAREHOLDER INFORMATION

#### **Stock Listing**

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

#### **Common Shares**

A total of 13,192,250 common shares were outstanding as of November 30, 2000.

#### **Investor Relations**

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

#### **Norman R. Thompson**

Executive VP, Corporate Development

#### **Rick B. MacCabe**

Investor Relations

1-800-281-1168 or 1-250-862-8722  
investor-relations@bridges.com

#### **Web Sites**

For more information on our products and services, visit our Web sites at  
[www.bridges.com](http://www.bridges.com)  
[www.corporate.bridges.com](http://www.corporate.bridges.com)

### REGISTRAR & TRANSFER AGENT

CIBC Mellon Trust Company  
Calgary, Alberta, Canada  
Toronto, Ontario, Canada

### ANNUAL GENERAL MEETING

The Annual General Meeting of the common shareholders of Bridges.com Inc. will be held at:  
3:00 p.m., April 5, 2001  
The Grand Okanagan Resort  
1310 Water Street  
Kelowna, British Columbia, Canada



Bridges.com Inc.  
7B-1404 Hunter Court  
Kelowna, British Columbia V1X 6E6  
Tel: 1-250-862-8722  
Toll Free: 1-800-281-1168

Toronto Stock Exchange: BIT