

**Balance Sheet
(Unaudited)**

February 28, 1997 and February 29, 1996

| | February 28 1997 | February 29 1996 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 81,773 | \$ 900,262 |
| Accounts receivable | 100,841 | 23,113 |
| Prepaid expenses | 13,929 | 6,047 |
| | 196,543 | 929,422 |
| Capital assets | 171,617 | 130,004 |
| Deferred development costs | 651,695 | 316,061 |
| | \$ 1,019,855 | \$ 1,375,487 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 68,544 | 16,987 |
| | 68,544 | 16,987 |
| Deferred revenue | 25,258 | 68,775 |
| Shareholders' equity: | | |
| Share capital | 1,915,401 | 1,768,855 |
| Deficit | (989,348) | (479,130) |
| | 926,053 | 1,289,725 |
| | \$ 1,019,855 | \$ 1,375,487 |

Outlook

Four Corporate goals will dominate the second quarter:

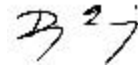
Increase New Subscriber Base - Many schools make purchase decisions for the following school year during the second quarter. To take advantage, sales strategies in the second and third quarters will focus on internally generated sales as opposed to distributors. Projected second-quarter sales are 150 new sites.

Customer Retention - Bridges will invoice \$187,000 in re-subscriptions during the second quarter. It is projected that our resubscription rate will exceed the 93% achieved last year.

New Regionalized Career News Product - Bridges will introduce regionalized Career News services for sale to Web sites seeking high quality career content. The new service will package existing Career Explorer content for customization and syndication through new selling channels.

Corporate Expansion - During the second quarter, Bridges management will develop a plan for corporate expansion. The plan will incorporate strategies to accelerate market penetration.

On behalf of the Board of Directors



Doug J. Manning
Chairman and Chief Executive Officer

Corporate Information

Doug Manning
Chairman, CEO, Director

Dave Cousins
Secretary

Jerry Scherle
Director

Ed Hall
Director

Frank Bowers
President

Mike Martin
Vice President, Sales
& Marketing



**For the Three Months Ending
February 28, 1997**

The Bridges Initiatives Inc.

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President's Message

THE BRIDGES INITIATIVES INC.

For the three months ending February 28, 1997, The Bridges Initiatives Inc. reported a net loss of \$203,529. Total reported sales for the three-month period were \$152,649.

Management is pleased with our sales performance in the first quarter of 1997. One-hundred and two new sales were completed, exceeding projections by 70%. The first quarter is traditionally slow in the school market. First quarter 1997 revenues of \$152,649 represent 45% of total sales in 1996.

Bridges' expansion into the American marketplace has resulted in increased sales. The well-funded U.S. School-To-Work initiative and government plans to connect all American schools to the Internet should produce additional sales opportunities.

Bridges' first quarter was marked by the following developments:

On December 9, 1996, Bridges cofounder Dave Cousins and partner Jerry Scherle purchased 1.845 million shares of Bridges from Knowledge Plus Multimedia Publishing Ltd. These shares, combined with additional shares held by Doug Manning and Mr. Cousins, place majority control of the Company with the founders.

Bridges' expansion outside of British Columbia has been positive. By the end of the first quarter, Career Explorer was being used in 23 provinces, states and territories. Bridges' goal is to establish at least one Career Explorer subscriber in every state and province in North America by November 1997.

In addition:

Eighteen schools and one employment centre in six states have been trained to take part in a national pilot of Career Explorer. Students in Illinois, Michigan, North Dakota, North Carolina, Iowa and Vermont will test Career Explorer during the second quarter. Results of the pilot will be presented to the National Occupational Information Coordinating Committee's (NOICC) conference in July 1997.

Magazine awards have raised Career Explorer's profile in the United States. What's New magazine awarded Career Explorer its Annual Portfolio 1997, honoring it for "the fine quality and intent of its instructional materials". Media and Methods magazine has honored Career Explorer with its 1997 Awards Portfolio. Bridges was also selected as a finalist for Florida's Business Recognition Award for the Corporation's work with Stonewall Jackson Middle School in Orlando, Florida.

Statement of Loss and Deficit (Unaudited)

For the Three Months Ending February 28, 1997
and February 29, 1996

| | February 28 1997 | February 29 1996 |
|-------------------------------|---------------------|---------------------|
| Revenue | \$ 152,649 | \$ 41,473 |
| Costs of Sales | 66,101 | 24,690 |
| | 86,548 | 16,783 |
| Expenses: | | |
| Amortization of | | |
| Assests | 86,891 | 17,951 |
| Selling, general | | |
| & administration | 203,186 | 177,055 |
| | 290,077 | 195,006 |
| Loss | 203,529 | 178,223 |
| Interest Income | - | 9,051 |
| Net Loss | 203,529 | 169,172 |
| Deficit, beginning of period | 785,819 | 309,958 |
| Deficit, end of period | \$ 989,348 | \$ 479,130 |

Statement of Changes in Financial Position (Unaudited)

For the Three Months Ending February 28, 1997
and February 29, 1996

| | February 28 1997 | February 29 1996 |
|-----------------------------|---------------------|---------------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Loss for the period | \$ (203,529) | \$ (169,172) |
| Add item not involving cash | | |
| Amortization | 86,891 | 17,951 |
| Add item involving cash | | |
| Deferred revenue | 5,179 | (35,058) |
| | (111,459) | (186,279) |
| Change in non-cash | | |
| working capital | (7,420) | (71,426) |
| | (118,879) | (257,705) |
| Financing: | | |
| Issuance of common shares | 120,022 | 1,288,980 |
| Net proceeds from loan | - | (35,000) |
| | 120,022 | 1,253,980 |
| Investments: | | |
| Expenditures on equipment | (6,695) | (45,734) |
| | (6,695) | (45,734) |
| (Decrease) Increase in cash | (5,552) | 950,541 |
| Cash, beginning of period | 87,325 | (50,279) |
| Cash, end of period | \$ 81,773 | \$ 900,262 |