

CEO's Message

For the first three months ending February 28, 1998, The Bridges Initiatives Inc. reported a net income of \$102,053. Revenues of \$605,892 were recognized, with expenditures of \$416,899 and amortization of \$86,940. This compares to a reported net loss of \$203,529 and revenues of \$152,649 in the first quarter of 1997.

Management is very pleased with the start to fiscal 1998. First quarter revenues of \$605,000 represent 46 per cent of last year's total earnings. Traditionally our slowest quarter, performance in Q1 1998 has been strengthened by a province-wide contract, impressive new sales, and revenues from two special projects.

The first quarter of 1998 was marked by the following developments:

Bridges signed its first region-wide sale. The Manitoba contract adds 350 new sites to Bridges' list of subscribers. The province's Department of Education and Training, and the local Human Resources Development Canada office, co-sponsored the purchase of one-year subscriptions to CX-98.

Bridges surpassed its sales projections for the quarter by over 100 per cent, with 145 new sales bringing \$188,000 in new revenue. The increase was attributed to Bridges' very successful Buy-Now sales program.

Bridges continued to diversify its revenue base, earning \$101,100 from special projects. The Central Okanagan Youth Employment Exchange project will examine the use of technology to link job seekers and employers more effectively. The Canada WorkInfoNet syndicated news service was also continued for another six-month period.

Other developments include the release of a new corporate Web site at www.bridges.com. It features regularly updated company information, corporate releases, and product information. Bridges also released CX-98 in Q1, a new version of our successful Career Explorer information service.

THE BRIDGES INITIATIVES INC.

Statements of Income (Loss)

(Unaudited)

For the three months ended February 28, 1998 and 1997

	1998	1997
Revenue		
On-line services	\$ 502,745	\$ 122,949
Other services	101,100	29,700
	603,845	152,649
Interest income	2,047	-
	605,892	152,649
Expenses		
Content development and delivery	138,843	74,613
General, selling and administrative	278,056	194,674
	416,899	269,287
Income (loss) before amortization	188,993	(116,638)
Amortization of deferred development costs	77,205	72,713
Amortization of capital assets	9,735	14,178
	86,940	86,891
Net income (loss)	\$ 102,053	\$ (203,529)

Statements of Deficit

(Unaudited)

For the Three months ended February 28, 1998 and 1997

	1998	1997
Deficit, beginning of period	\$ (896,065)	\$ (785,819)
Net income (loss) for the period	102,053	(203,529)
Deficit, end of period	\$ (794,012)	\$ (989,348)

THE BRIDGES INITIATIVES INC.

Statements of Changes in Financial Position

(Unaudited)

For the three months ended February 28, 1998 and 1997

	1998	1997
Cash provided by (used in):		
Operations:		
Income (loss) for the period	\$ 102,053	\$ (203,529)
Items not involving cash		
Amortization of capital assets	9,735	14,178
Amortization of deferred development costs	77,205	72,713
	188,993	(116,638)
Change in non-cash working capital	(148,800)	(2,241)
	40,193	(118,879)
Financing:		
Issuance of common shares	-	120,022
	-	120,022
Investments:		
Expenditures on capital assets	3,774	(6,695)
Expenditures on deferred development costs	21,794	-
	25,568	(6,695)
Increase (decrease) in cash position	14,625	(5,552)
Cash position, beginning of period	319,809	87,325
Cash position, end of period	\$ 334,434	\$ 81,773



THE BRIDGES INITIATIVES INC.

Balance Sheets
(Unaudited)
February 28, 1998 and 1997

	1998	1997
Assets		
Current assets		
Cash	\$ 334,434	\$ 81,773
Accounts receivable	514,510	100,841
Prepaid expenses	77,069	13,929
	926,013	196,543
Capital assets	129,782	171,617
Deferred development costs	633,918	651,695
	\$ 1,689,713	\$ 1,019,855

Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 60,107	\$ 68,544
Deferred revenue	93,690	25,258
	153,797	93,802
Shareholders' equity		
Share capital	2,329,928	1,915,401
Deficit	(794,012)	(989,348)
	1,535,916	926,053
	\$ 1,689,713	\$ 1,019,855

Outlook

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

High Rates of Resubscription

Bridges' most important goal is to maintain our current 91 per cent rate of resubscription. More than 700 schools will be contacted for rebilling in Q2 of 1998.

Aggressive New Sales

Q2 is traditionally Bridges' strongest selling period. Two-hundred-and-fifty new site sales are projected in the quarter, pushing Bridges' customer base to over 1,700 schools. A selling strategy for libraries, employment centres and post-secondary institutions will be developed and implemented later in the quarter.

Manitoba Sign-Up and Service

Bridges will register and train 350 sites in Manitoba before the end of the quarter to fully integrate CX-98 into the province's curriculum.

Special Projects

Bridges will implement the Youth Employment Exchange project and actively seek project partners to co-develop French, aboriginal, elementary and adult versions of CX-98. Developing partners in government, corporate and not-for-profit sectors, will remain a key focus.

Corporate Information

Doug Manning
Chairman, CEO, Director

Frank Bowers
President

Jerry Scherle
Director

Dave Cousins
Corporate Relations

Mike Martin
Vice President, Sales

Ed Hall
Director

Stock Exchange

The Alberta Stock Exchange
Trading Symbol: BIT



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INTERIM REPORT 1

For the three months ending
February 28, 1998



the bridges initiatives inc