

**Balance Sheet**

(Unaudited)  
As at May 31, 1997

	May 31 1997	May 31 1996
<b>Assets</b>		
Current assets:		
Cash	\$ 39,409	\$ 516,038
Accounts receivable	581,722	182,654
Prepaid expenses	11,910	6,967
	633,041	705,659
Capital assets	157,772	188,990
Deferred development costs	604,628	335,144
	<b>\$ 1,395,441</b>	<b>\$ 1,229,793</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 109,795	\$ 28,831
Deferred revenue	79,537	184,759
Shareholders' equity:		
Share capital	1,941,401	1,770,128
Deficit	(735,292)	(753,925)
	1,206,109	1,016,203
	<b>\$ 1,395,441</b>	<b>\$ 1,229,793</b>

**Outlook**

Four Corporate goals will dominate the third quarter:

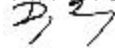
**Public Market Financing** - Bridges intends to raise funds to support an aggressive marketing strategy to North American schools in 1998.

**Internal Sales Staff Expansion** - The U.S. school market has several funding sources ideally suited to a career-related Internet product like Career Explorer. Internal sales staff have proven to be the most effective means to sell our product. Bridges plans to increase the number of internal sales staff to focus on securing a significant market share in the emerging Internet education market.

**Continuous Growth of New Subscribers** - In addition to the continued growth of our subscriber base, Bridges will pursue new markets, including American One-Stop Employment Centres and public libraries. Sixty new sites are projected for the third quarter.

**Product Development** - The BC career news service will be introduced in the third quarter. Career Explorer will continue to be upgraded. A self-employment training program and set of Web publishing tools will be developed for students and teachers in the Central Okanagan School District.

On behalf of the Board of Directors



Doug J Manning  
Chairman and Chief Executive Officer

For the Six Months  
Ending May 31, 1997



**Corporate Information**

**Doug Manning**  
Chairman, CEO, Director

**Dave Cousins**  
Corporate Relations

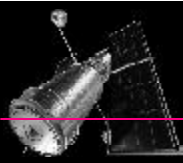
**Jerry Scherle**  
Director

**Ed Hall**  
Director

**Frank Bowers**  
President

**Mike Martin**  
Vice President, Sales





### CEO's Message



### Statement of Income and Deficit (Unaudited)

For the Six Months Ending May 31, 1997



### Statement of Changes in Financial Position (Unaudited)

For the Six Months Ending May 31, 1997

For the first six months ending May 31, 1997, The Bridges Initiatives Inc. reported an operating profit of \$224,751. Revenues of \$743,972 were reported with operating expenditures of \$519,221. Management is very pleased with our sales performance in the second quarter of 1997. One hundred and eighty-two new subscribers were added, matching projections of 180 for the period. New subscriptions for 1997 total 284, the majority coming from the American school market. Revenues were also generated in the second quarter from alternative sources. \$187,000 was invoiced for sites re-subscribing to the Career Explorer service. Contracts with BC WorkInfoNet and the Central Okanagan School District generated \$208,169 in invoices.

Bridges' second quarter was marked by the following developments:

Bridges continues to introduce Career Explorer to new jurisdictions — expanding into 11 new regions during the quarter. Twenty-five states, seven provinces and two territories have sites using the service.

The province of British Columbia became the first region to purchase Bridges' new regionalized career news service. Beginning in July of this year, Bridges will produce a daily, BC-specific edition of Career Explorer's news service. It will be provided free each day through the BC WorkInfoNet Web site.

Bridges and the Central Okanagan School District will co-develop a youth training program in self-employment and Web site production. Bridges will create the Web publishing structure, train students and teachers in business development, and provide on-going technical assistance. It is the first example of Bridges packaging and marketing its Internet publishing expertise.

Bridges' management have completed a plan for market expansion. Internal sales staff have proven to be the most effective means for marketing Career Explorer to the North American market. Public financing will be considered in the third quarter to more aggressively pursue the emerging opportunities in the American school marketplace.

	May 31 1997	May 31 1996
Revenue	\$ 743,972	\$ 101,997
Cost of sales	108,013	26,634
	635,959	75,363
Expenses:		
Selling, general & administration	411,208	497,699
Operating Income (Loss)	224,751	(422,336)
Amortization of Assets	(174,224)	(40,101)
Interest Income	-	18,470
<b>Net Income (Loss)</b>	<b>\$ 50,527</b>	<b>\$ (443,967)</b>

	May 31 1997	May 31 1996
Net Income (Loss)	\$ 50,527	\$ (443,967)
Deficit, beginning of period	785,819	309,958
<b>Deficit, end of period</b>	<b>\$ 735,292</b>	<b>\$ 753,925</b>

	May 31 1997	May 31 1996
Cash provided by (used in):		
Operations:		
Income (loss) for the period	\$ 50,527	\$ (443,967)
Add item not involving cash		
Amortization	174,224	40,101
Add item involving cash		
Deferred revenue	59,458	80,926
	284,209	(322,940)
Change in non-cash operating working capital	(445,031)	(220,043)
	(160,822)	(542,983)

Financing:		
Issuance of common shares	146,022	1,290,254
Net proceeds from loan	-	(35,000)
	146,022	1,255,254

Investments:		
Expenditures on equipment	7,471	116,994
Expenditures on deferred development costs	25,645	28,960
	33,116	145,954

(Decrease) increase in cash	(47,916)	566,317
Cash (deficit), beginning of period	87,325	(50,279)
<b>Cash, end of period</b>	<b>\$ 39,409</b>	<b>\$ 516,038</b>

THE BRIDGES INITIATIVES INC.

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