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THIRD QUARTER REPORT
NINE MONTHS ENDING AUGUST 31

C E O ' S M E S S A G E

Bridges' Q3 2001 achievements support its reputation as a rapid-growth Canadian company. \$5.917 million in revenue was generated in the quarter, 19% higher than third-quarter revenue in 2000. In the first nine months, revenue of \$12.567 million was 49% higher than the same period one year earlier. 15,387 North American schools and other sites now subscribe to Bridges' career and educational planning services, a 15% increase from the beginning of fiscal 2001. This continued growth in e-learning revenue has contributed to Bridges being recognized for the second year in a row by Deloitte & Touche as one of Canada's top-10 fastest-growing technology companies.

Bridges reported an EBITDA of \$1,604,727 in Q3, 38% higher than Q3 EBITDA in 2000. In the first nine months of 2001, Bridges has achieved an EBITDA of \$764,583. Bridges traditionally generates approximately two-thirds of its revenue and 54% of its expenses in the second half of its fiscal year. Q3 results represent a continuation of this trend.

Earnings for the quarter were \$129,268, or \$0.01 per share. In the first nine months, the Company reported a loss of \$1,884,907, or \$0.14 per share.

Bridges' earnings continue to be impacted by the amortization of goodwill, trademarks, and other intangibles related to the acquisition of Careerware. In the first nine months of fiscal 2001, \$2.9 million in Careerware-related amortization has been reported.

In the first nine months, 92% of revenue was generated by Bridges' core business - the sale of subscription services to schools, colleges and government agencies. Training/curriculum sales represented 5.3%, and the balance, 2.7%, came from the sale of 'Paws in Jobland.' New ventures in the corporate and adult markets have been delayed, as initial work with potential corporate clients indicated a need for more self-directed aspects to the eChoices resource. Although opportunities in these markets are not moving as quickly as we would prefer, Bridges remains convinced of the potential presented in these markets. As a result of research with prospective corporate clients, product modifications are underway for release early in Q1 2002.

Q3's most significant news is our venture with Peterson's, a Thomson Learning company. Together, we will create and distribute an eGuidance Center, a resource that incorporates Bridges' Career Explorer and eChoices products with a variety of Peterson's educational and test

prep tools. The benefit for schools that purchase the eGuidance Center is that their community's parents can assist in the preparation of their child for a successful post-secondary transition. With school counselors having a 1-to-600 ratio of counselor-to-students, it is very useful to involve the one-to-one relationship between parents and their children.



Schools also benefit, as the center will be localized with specific school information and can be funded by local or national sponsors. Bridges' primary benefit from this venture is the capacity to increase average revenue per school through bundled product or sponsored product sales. Peterson's gains access to Bridges' market share and its sales and support systems for secondary school products. The co-developed eGuidance Center is being developed in Q4 and will be released to the market in Q1 2002.

Integration of the Careerware business, acquired in fiscal 2000, has been a primary focus for the Company in 2001. During Q3, the new customer relationship management ("CRM") tool was integrated into the regular procedures of the sales, support and administrative teams. The CRM plays a vital role in customer acquisition and retention strategies in 2002.

During the quarter, Bridges repurchased 260,000 of its shares. All of these shares were cancelled in Q3. A total of 331,400 shares have been repurchased and cancelled since the Normal Course Issuer Bid was announced in March, representing 2.5% of shares outstanding. The Company may still purchase an additional 330,313 common shares remaining in the initial Normal Course Issuer Bid, which expires February 26, 2002. As of August 31, 2001, Bridges had 12,904,850 shares outstanding.

Finally, although Bridges was not materially affected by the events of September 11, these events have directly impacted members of the Bridges community -- our staff, customers and investors. These acts are the opposite of what we believe in at Bridges. Terrorism seeks to destroy the vitality and growth orientation of individuals, communities and nations. Here at Bridges, we grieve for the families of those whose lives were lost in this tragedy. Through these difficult times, we continue to move forward with confidence. Our business remains very strong. The events and general economic instability affecting many at this time will have minimal impact on Bridges' business growth. Our core market, the government-funded education sector, operates quite independently from events impacting the business sector. Indeed, if anything, our staff has a greater resolve to distribute our resources that help people to develop, or re-establish, a sense of purpose in their lives.

Fourth Quarter Objectives

- ▶ **New Product Sales and Resubscriptions** – Q4 is historically our highest sales quarter. The primary focus for sales, support and customer administration in Q4 is the generation and processing of core business subscriptions.
- ▶ **Retention Team** – In 2002, Bridges will improve upon its 90% rate of resubscription, primarily through the introduction of a focused retention team. This team will implement various retention strategies and tactics in Q4.
- ▶ **eGuidance Center Development** – Our product development and technology teams will work with Peterson's staff to create a common access authentication and self-directed curriculum for the eGuidance Center. The eGC will be released early in Q1 2002.
- ▶ **eChoices Development** – eChoices will be upgraded to include more self-directed components and prepared for release to the market early in Q1 2002. The product will also be assessed for its viability in serving adults in the government and corporate sectors during the quarter.
- ▶ **Staff Development** – A comprehensive staff development program will be introduced in the quarter, designed to increase productivity through goal-oriented professional development.



Douglas J. Manning
Chief Executive Officer and President

C O N S O L I D A T E D

BALANCE SHEETS

BRIDGES.COM INC.

	August 31 2001 (unaudited)	November 30 2000
ASSETS		
Current		
Cash and cash equivalents	\$ 6,309,393	\$ 8,232,897
Accounts receivable	5,641,229	5,179,998
Prepaid expenses	593,258	612,415
	<u>12,543,880</u>	<u>14,025,310</u>
Capital assets, net (Note 2)	4,223,157	2,538,408
Goodwill and other intangibles, net (Note 3)	4,046,604	6,954,379
Future income taxes	1,150,194	642,599
	<u>\$ 21,963,835</u>	<u>\$ 24,160,696</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,272,432	\$ 1,842,467
Deferred revenue	3,375,668	3,257,961
Current portion of capital lease obligations	143,519	127,738
	<u>5,791,619</u>	<u>5,228,166</u>
Capital lease obligations, net of current portion	135,499	245,213
	<u>5,927,118</u>	<u>5,473,379</u>
Commitments (Note 4)		
SHAREHOLDERS' EQUITY		
Common stock and other (Note 5)	18,969,416	19,643,889
Deficit	(2,932,699)	(956,572)
	<u>16,036,717</u>	<u>18,687,317</u>
	<u>\$ 21,963,835</u>	<u>\$ 24,160,696</u>

See Accompanying Notes to the Consolidated Financial Statements.

C O N S O L I D A T E D

STATEMENTS OF OPERATIONS AND DEFICIT

BRIDGES.COM INC. (unaudited)

	Three months ended August 31, 2001	Three months ended August 31, 2000 (Restated)	Nine months ended August 31, 2001	Nine months ended August 31, 2000 (Restated)
REVENUE	\$ 5,917,327	\$ 4,979,596	\$ 12,567,387	\$ 8,445,774
COSTS OF REVENUE	1,750,088	1,382,018	3,979,517	2,535,738
GROSS MARGIN	4,167,239	3,597,578	8,587,870	5,910,036
EXPENSES				
Sales and marketing	1,417,400	1,327,538	4,536,062	2,698,784
Research and development	154,413	181,432	441,826	544,294
General and administrative	990,699	924,846	2,845,399	1,941,641
	2,562,512	2,433,816	7,823,287	5,184,719
INCOME (LOSS) BEFORE AMORTIZATION, INTEREST AND TAXES	1,604,727	1,163,762	764,583	725,317
Amortization of capital assets	(284,667)	(178,177)	(673,640)	(396,471)
Amortization of other intangibles	(550,174)	(550,174)	(1,650,522)	(916,956)
Other income	181,723	88,314	424,328	180,785
INCOME (LOSS) BEFORE INCOME TAXES AND AMORTIZATION OF GOODWILL	951,609	523,725	(1,135,251)	(407,325)
Income tax expense (recovery)	403,257	238,826	(507,595)	(180,146)
NET INCOME (LOSS) BEFORE AMORTIZATION OF GOODWILL	548,352	284,899	(627,656)	(227,179)
Amortization of goodwill	(419,084)	(419,084)	(1,257,251)	(593,515)
NET INCOME (LOSS)	129,268	(134,185)	(1,884,907)	(820,694)
DEFICIT, BEGINNING OF PERIOD	(3,028,905)	(830,658)	(956,572)	(144,149)
Excess of purchase cost over carrying value of common shares cancelled	(33,062)	-	(91,220)	-
DEFICIT, END OF PERIOD	\$ (2,932,699)	\$ (964,843)	\$ (2,932,699)	\$ (964,843)
Basic earnings (loss) before amortization of goodwill per share	\$ 0.04	\$ 0.03	\$ (0.05)	\$ (0.02)
Basic earnings (loss) per share	\$ 0.01	\$ (0.01)	\$ (0.14)	\$ (0.08)
Fully diluted earnings (loss) before amortization of goodwill per share	\$ 0.04	\$ 0.02	\$ (0.04)	\$ (0.02)
Fully diluted earnings (loss) per share	\$ 0.01	\$ (0.01)	\$ (0.13)	\$ (0.06)
Weighted average number of shares used to calculate basic earnings (loss) per share	12,880,507	10,268,898	13,109,607	9,703,948
Weighted average number of shares used to calculate fully diluted earnings (loss) per share	14,353,707	13,766,098	14,582,807	13,201,148

See Accompanying Notes to the Consolidated Financial Statements.

C O N S O L I D A T E D
STATEMENTS OF CASH FLOWS
 BRIDGES.COM INC. (unaudited)

	Three months ended August 31, 2001	Three months ended August 31, 2000	Nine months ended August 31, 2001	Nine months ended August 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 129,268	\$ (134,185)	\$ (1,884,907)	\$ (820,694)
Items not affecting cash				
Amortization of capital assets	284,666	178,177	673,640	396,471
Amortization of other intangibles	550,174	550,174	1,650,522	916,957
Amortization of goodwill	419,083	524,042	1,257,251	698,473
Income tax expense (recovery)	403,257	133,868	(507,595)	(759,113)
Changes in operating assets and liabilities:				
Accounts receivable	(2,506,239)	(1,667,282)	(461,249)	(1,578,874)
Prepaid expenses and other	23,277	(66,626)	19,157	(132,265)
Accounts payable and accrued liabilities	607,340	153,637	278,212	454,505
Deferred revenue	480,833	1,140,545	117,707	1,223,092
	391,659	812,350	1,142,738	398,552
CASH FLOWS FROM INVESTING ACTIVITIES				
Asset acquisition (Careerware division)	-	-	-	(11,430,236)
Purchase of capital assets, net of related accounts payable	(642,238)	(558,669)	(2,206,616)	(666,578)
	(642,238)	(558,669)	(2,206,616)	(12,096,814)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of special warrants	-	(92,408)	-	16,323,408
Issuance of common shares	7	33,280	20,568	565,548
Shares purchased for cancellation	4,406	-	-	-
Shares purchased and cancelled	(423,591)	-	(585,006)	-
Repayment of obligations under capital lease	(32,536)	-	(93,933)	-
Advances for share purchase loans	(201,255)	-	(201,255)	-
	(652,969)	(59,128)	(859,626)	16,888,956
NET CASH INFLOW (OUTFLOW) DURING THE PERIOD	(903,548)	194,553	(1,923,504)	5,190,694
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,212,941	7,183,153	8,232,897	2,187,012
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 6,309,393	\$ 7,377,706	\$ 6,309,393	\$ 7,377,706
Supplemental Cash Flow Disclosures:				
Interest paid	\$ 13,367	\$ -	\$ 40,806	\$ 2,980

See Accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS OF BRIDGES.COM INC.

Nine months ended August 31, 2001

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include all information and footnote disclosures required under Canadian generally accepted accounting principles for interim financial statements. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows as at August 31, 2001, and for all periods presented, have been included.

The unaudited consolidated balance sheet, consolidated statement of operations and deficit and consolidated statement of cash flows have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements follow the same accounting policies and methods of applications as the most recent annual financial statements dated November 30, 2000. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the fiscal year ended November 30, 2000.

2. CAPITAL ASSETS

	August 31, 2001 (unaudited)			November 30, 2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 349,090	\$ 76,841	\$ 272,249	\$ 107,323
Computer equipment	2,100,406	1,055,341	1,045,065	1,114,550
Online network infrastructure costs	4,232,064	1,592,407	2,639,657	1,267,807
Leasehold improvements	322,390	56,204	266,186	48,728
	\$ 7,003,950	\$ 2,780,793	\$ 4,223,157	\$ 2,538,408

The net book value of assets under capital lease at August 31, 2001, totalled \$242,755 (November 30, 2000 - \$346,120), net of accumulated amortization of \$209,696 (November 30, 2000 - \$106,331).

3. GOODWILL AND OTHER INTANGIBLES

	August 31, 2001 (unaudited)	November 30, 2000
Goodwill on acquisition of Careerware (net of accumulated amortization of \$2,374,808; November 30, 2000 - \$1,117,557)	\$ 2,654,197	\$ 3,911,449
Acquired software (net of accumulated amortization of \$2,963,709; November 30, 2000 - \$1,394,686)	1,220,351	2,789,374
Acquired trademarks (net of accumulated amortization of \$153,945; November 30, 2000 - \$72,444)	172,056	253,556
	\$ 4,046,604	\$ 6,954,379

4. COMMITMENTS

On December 20, 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. As at August 31, 2001, the Company had not drawn on this line.

On May 2, 2001, the Company entered into an agreement to lease additional office space at \$8,738 per month until December 31, 2006. The Company has the option as of August 31, 2003, to cancel the lease without penalty subject to a minimum 90-day notice period.

5. SHARE CAPITAL, WARRANTS AND SHAREHOLDER LOAN

(a) Common shares issued and outstanding

	August 31, 2001 (unaudited)		November 30, 2000	
	Shares	Amount	Shares	Amount
Balance, beginning of period	13,192,250	\$ 19,643,889	9,603,250	\$ 2,710,849
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
Shares repurchased and cancelled	(331,400)	(493,786)	-	-
Share purchase loans	-	(201,255)	-	-
Stock options exercised	44,000	20,568	339,000	161,545
Balance, end of period	12,904,850	\$ 18,969,416	13,192,250	\$ 19,643,889

During the nine-month period ended August 31, 2001, 331,400 shares were purchased at an average price of \$1.75 and a total cost of \$585,006, and cancelled. The excess of the carrying value of the common shares over the purchase cost, amounting to \$91,220 has been charged to deficit.

During the year ended November 30, 2000, the Company completed a special warrants private placement. The private placement consisted of 3,250,000 special warrants being issued with one half of a common share purchase warrant attached, for a total of 1,625,000 common share purchase warrants. During the year ended November 30, 2000, all 3,250,000 special warrants were converted into 3,250,000 common shares.

On January 22, 2001, all of the 1,625,000 common share purchase warrants expired.

(b) Normal course issuer bid

On February 21, 2001, Bridges announced its intentions to make a normal course issuer bid. Under the terms of the bid the Company may, during the 12-month period beginning February 26, 2001, and ending February 25, 2002, purchase up to a maximum of 661,713 common shares in total. The actual number of common shares which may be purchased and the timing of any such purchases will be determined by the Company. The Company intends to cancel any common shares acquired under the bid.

(c) Earnings (loss) per share

During the nine-month period ended August 31, 2001, the Company retroactively adopted the new CICA recommendations regarding earnings per share. For all periods presented, the adoption of the new standard had no impact on previously reported earnings (loss) per share amounts.

(d) Common shares and other equity outstanding

As at September 19, 2001, there were 12,904,850 common shares issued and outstanding. As at September 19, 2001, there were 1,354,900 options issued and outstanding at exercise prices ranging from \$.40 to \$7.00 with remaining weighted average contractual lives of 0.3 years to 5.0 years.

(e) Share purchase incentive program

Share purchase loans of \$201,255 were issued for the purpose of purchasing common shares of the Company. The loans have a maximum term of five years and bear interest at a rate of 5% per annum payable annually on December 31. Security for the loan would consist of a pledge of the common shares acquired under the loan plus a promissory note in an amount equal to 50% of the pledged common shares at the time the loan is called.

6. 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.

	Three months ended August 31		Nine months ended August 31,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
Canada	6% \$ 384,611	15% \$ 758,131	13% \$ 1,667,728	18% \$ 1,508,674
United States	94% 5,532,716	85% 4,221,465	87% 10,899,659	82% 6,937,100
	\$ 5,917,327	\$ 4,979,596	\$ 12,567,387	\$ 8,445,774

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following comments should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended November 30, 2000, and the unaudited interim consolidated financial statements and notes thereto for the nine months ended August 31, 2001.

RESULTS OF OPERATIONS

During the year ended November 30, 2000, the Company acquired certain assets of Careerware. The results of operations for fiscal year ended November 30, 2000, included the operating results for Careerware from April 1, 2000, to November 30, 2000. As a result, the operating results for Careerware are included in the results of operations for the nine months ended August 31, 2001, and for five of the nine months ended August 31, 2000. The operating results of Careerware are included in the three months ending August 31, 2001, and in the three months ending August 31, 2000.

Revenue

Total revenue increased by 19% to \$5,917,327 for the three month period ended August 31, 2001, from \$4,979,596 for the three month period ended August 31, 2000. Total revenue increased by 49% to \$12,567,387 for the nine months ended August 31, 2001, from \$8,445,774 for the nine months ended August 31, 2000. The increase in revenue is directly related to the Company's internal efforts to expand market share and to provide additional products to existing customers.

Revenue from the Company's U.S. subscribers accounted for \$5,532,716, or 94% of total revenue for the three months ended August 31, 2001; compared to \$4,221,465, or 85% of total revenue for the three months ended August 31, 2000. Revenue from the Company's U.S. subscribers accounted for \$10,899,659, or 87% of total revenue for the nine months ended August 31, 2001; compared to \$6,937,100, or 82% of total revenue for the nine months ended August 31, 2000.

Revenue from the Company's Canadian subscribers accounted for \$384,611, or 6% of total revenue for the three months ended August 31, 2001; compared to \$758,131 or 15% of total revenue for the three months ended August 31, 2000. Revenue from the Company's Canadian subscribers accounted for \$1,667,728, or 13% of the total revenue for the nine months ended August 31, 2001; compared to \$1,508,674, or 18% of total revenue for the nine months ended August 31, 2000.

Costs of Revenue and Gross Margin

Costs of revenue increased by 27% to \$1,750,088 for the three months ended August 31, 2001, from \$1,382,018 for the three months ended August 31, 2000. Costs of revenue increased by 57% to \$3,979,517 for the nine months ended August 31, 2001, from \$2,535,738 for the nine months ended August 31, 2000. As a percentage of revenue, costs of revenue increased to 30% for the three months ended August 31, 2001, from 28% for the three months ended August 31, 2000. As a percentage of revenue, costs of revenue increased to 32% for the nine months ended August 31, 2001, from 30% for the nine months ended August 31, 2000.

The dollar increase in costs of revenue was primarily due to the increase in revenue-related costs, production costs as the production cycle for fall product releases reached its peak, 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 16% to \$4,167,239 for the three months ended August 31, 2001, from \$3,597,578 for the three

months ended August 31, 2000. Gross margin increased by 45% to \$8,587,870 for the nine months ended August 31, 2001, from \$5,910,036 for the nine months ended August 31, 2000. As a percentage of revenue, gross margin decreased to 70% for the three months ended August 31, 2001, from 72% for the three months ended August 31, 2000. As a percentage of revenue, gross margin decreased to 68% for the nine months ended August 31, 2001, from 70% for the nine months ended August 31, 2000.

Sales and Marketing

Sales and marketing expense increased by 7% to \$1,417,400, in the three months ended August 31, 2001, from \$1,327,538 in the three months ended August 31, 2000. Sales and marketing expense increased by 68% to \$4,536,062 in the nine months ended August 31, 2001, from \$2,698,784 for the nine months ended August 31, 2000. As a percentage of total revenue, sales and marketing expense decreased to 24% in the three months ended August 31, 2001, from 27% in the three months ended August 31, 2000. As a percentage of total revenue, sales and marketing expense increased to 36% in the nine months ended August 31, 2001, from 32% in the nine months ending August 31, 2000.

The dollar increase in sales and marketing expense was primarily due to the increase in revenue-related costs, the increase of the number of sales and marketing staff and related expenses resulting from the acquisition of Careerware. The percentage decrease in sales and marketing expense for the three months ended August 31, 2001, was primarily due to the efficiencies gained through the acquisition of Careerware and integration of the sales forces. The percentage increase in sales and marketing expense for the nine months ended August 31, 2001, was primarily due to the higher marginal sales costs for the Careerware line of products.

Research and Development

Research and development expense consists primarily of salaries and other personnel-related costs of publishing and technical personnel associated with the Company's development of new products. All costs associated with existing product maintenance are expensed through costs of revenue.

General and Administrative

General and administrative expense increased by 7% to \$990,699 for the three months ended August 31, 2001, from \$924,846 for the three months ended August 31, 2000. General and administrative expense increased by 47% to \$2,845,399 for the nine months ended August 31, 2001, from \$1,941,641 for the nine months ended August 31, 2000. As a percentage of total revenue, general and administrative expense decreased to 17% for the three months ended August 31, 2001, from 19% for the three months ended August 31, 2000. As a percentage of total revenue, general and administrative expense remained unchanged at 23% for the nine months ended August 31, 2001, and the nine months ended August 31, 2000.

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, centralization of services in Kelowna, and the overall increase in revenue.

Amortization

Amortization of capital assets increased by 60% to \$284,667 for the three months ended August 31, 2001, from \$178,177 for the three months ended August 31, 2000. Amortization of capital assets increased by 70% to \$673,640 for the nine months ended August 31, 2001, from \$396,471 for the nine months ended August 31, 2000. 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. As part of the Company's Internet infrastructure strategy, which commenced in the fourth quarter of 2000, development of the Company's enhanced Internet infrastructure has been capitalized.

Amortization of intangibles remained the same at \$550,174 for the three months ended August 31, 2001, and for the three months ended August 31, 2000. Amortization of intangibles increased to \$1,650,522 for the nine months ended August 31, 2001, from \$916,956 for the nine months ended August 31, 2000. The increase relates to the rapid amortization (over periods of 24 to 36 months) of \$4,510,060 of intangibles that resulted from the acquisition of Careerware.

Amortization of goodwill remained the same at \$419,084 for the three months ended August 31, 2001, and for the three months ended August 31, 2000. Amortization of goodwill increased to \$1,257,251 for the nine months ended August 31, 2001, from \$593,515 for the nine months ended August 31, 2000. The increase relates to the rapid amortization (over 36 months) of \$5,029,006 of goodwill that resulted from the acquisition of Careerware.

Other Income

Other income consists of foreign exchange gains and losses and interest income which varies with funds on deposit.

Income Taxes

Income tax recovery increased to \$507,595 for the nine months ended August 31, 2001, from \$180,146 for the nine months ended August 31, 2000. The effective income tax rate was 45%, for the nine months ended August 31, 2001, and 44% for the nine months ended August 31, 2000.

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 nine months ended August 31, 2001, with positive working capital of \$6,751,241 compared to \$8,797,144 as at November 30, 2000. The decrease in working capital is primarily due to the Company's investment in capital assets of \$2,358,387 (or \$2,206,616, net of related accounts payable) during the nine months ended August 31, 2001. The Company generated cash from operating activities of \$1,143,758 for the nine months ended August 31, 2001, up from cash generated in operating activities of \$398,553 for the nine months ended August 31, 2000. The increase for the nine months ended August 31, 2001, over for the nine months ended August 31, 2000, 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 nine months ended August 31, 2001, with cash and cash equivalents of \$6,309,393, a decrease of \$1,923,504 compared to \$8,232,897 as at November 30, 2000. Cash balances are held in general operating bank accounts, and cash equivalents are held in money market accounts, treasury bills, banker's acceptances or commercial paper.

Accounts receivable, prepaid expenses, accounts payable and accrued liabilities and deferred revenue were impacted by the Careerware acquisition made in fiscal 2000 and by the increased level of operations during the nine months ended August 31, 2001.

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 nine months ended August 31, 2001, the Company granted 67,000 common share stock options at an average price of \$2.85 per share. In addition, 44,000 common share stock options were exercised at an average price of \$0.47 per share contributing \$20,568 in cash.

On December 20, 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 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. At quarter end, the facility had not been drawn on.

Normal Course Issuer Bid

On February 21, 2001, the Company announced a normal course issuer bid. This allows the Company, during the 12-month period beginning February 26, 2001, and ending February 25, 2002, to purchase on the Toronto Stock Exchange up to a maximum of 661,713 common shares in total, being 5% of the 13,235,250 common shares issued and outstanding as at February 21, 2001. The company intends to cancel any common shares acquired under the bid. As at August 31, 2001, 331,400 shares have been acquired under the bid and have been cancelled.

Share Purchase Incentive Program

Effective June 11, 2001, the Company and regulatory authorities approved a Share Purchase Incentive Program for senior officers. Under the terms of this Incentive Program the Company would loan a maximum aggregate amount of \$750,000 to certain senior officers to purchase shares on the open market. The loans have a maximum term of five years and bear interest at a rate of five percent per annum payable annually on December 31. Security for the loans consist of a pledge of the common shares acquired under the loan plus a promissory note in an amount equal to 50% of the pledged common shares at the time the loan is called. As of August 31, 2001, loans amounting to \$201,255 have been advanced.

Forward-Looking Statements

Certain statements contained in this report, including statements which may contain words such as "could," "expect," "believe," "will" and similar expressions and statements relating to matters that are not historical facts, are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Bridges to be materially different from any future results, performances or achievements expressed or imposed by such forward-looking statements. Such factors include: general economic and business conditions; stock market volatility; supply and demand for services offered by Bridges; changes in laws and regulations; Bridges ability to compete successfully, protect its intellectual property rights, and adapt to technological advances and changing industry standards and other factors. The forward-looking statements in this report are based on management's reasonable beliefs as of the date of this report, and Bridges assumes no obligation to update them to reflect subsequent information or events. 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.



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.

Management & Officers

Douglas J. Manning

Chief Executive Officer and President

John B. Walker

Chief Financial Officer

Claude A. Lapointe

Executive VP, Sales and Marketing

Michael D. Mooney

Executive VP, Information Technology

Donald A. Phillips

Executive VP, Product Development

Norman R. Thompson

Executive VP, Corporate Development

Michael S. Martin

VP, Sales

David D.J. Cousins

VP, Human Resources and Secretary

Diane B. Stringer

VP, Development Solutions

Louise Logie-Verkerk

VP, Publishing

Registrar & Transfer Agent

CIBC Mellon Trust Company

Calgary, Alberta, Canada
Toronto, Ontario, Canada

Auditors

Deloitte & Touche LLP

Vancouver, British Columbia, Canada

Registered Office

Burstall Winger LLP

Calgary, Alberta, Canada

Corporate Offices

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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.

Investor Relations

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

Norman R. Thompson

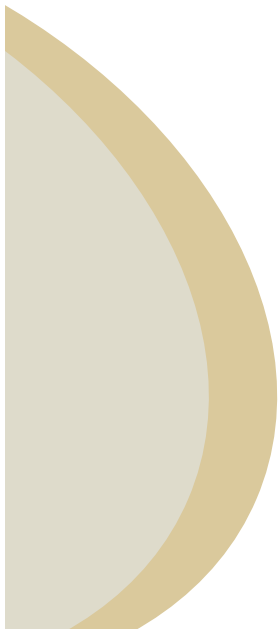
Executive VP, Corporate Development

1-800-281-1168 or 1-250-869-4200

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Web Sites

For more information on our products and services, visit our Web sites at
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corporate.bridges.com



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