

NEWS RELEASE

Bridges Announces Financial Results for the Year Ending June 30, 2004

For immediate release September 7, 2004

Kelowna, B.C. – Bridges Transitions Inc. (TSX: BIT) today releases its financial results for the year ending June 30, 2004.

In 2004, Bridges education customers in both the United States and Canada remained subject to continuing budget pressure. Tight funding and changing priorities in education made it difficult for many of the Company's customers to re-subscribe to services in the same quantities as in the past. While the Company has been successful in maintaining the vast majority of customers, many have reduced budgets and the average revenue per customer has fallen slightly. These reductions, as well as the effect of unfavourable currency exchange rates and more conservative revenue recognition policies have resulted in a revenue reduction in Fiscal 2004 as compared to the preceding 12-month period.

In spite of the revenue reductions in 2004, management is encouraged. Many in the education industry are forecasting increased spending through the 2004-2005 school year and beyond. At the close of Fiscal 2004, the Company was beginning to see signs of improving markets and management is hopeful that this is indicative of a trend that will make it easier for more customers to expand their purchases of Bridges' products and services.

Fiscal 2004 marks the end of a two-year restructuring period that was announced and began in November of 2002. The restructuring of Bridges was designed to increase the Company's efficiency, improve capability and prepare to resume the quest for growth and increased profitability. During Fiscal 2004, the management team successfully implemented virtually all of its restructuring plans while improving cash flow and building financial strength.

One of the primary goals in restructuring the Company was to reduce expenses without impacting on organizational capability. In the 12-month period preceding Fiscal 2004, total corporate cost of sales and operating expenses were \$15.2 million. In Fiscal 2004, these same expenses dropped to \$11.7 million -- a 23% reduction. These operating expense reductions were accomplished through the careful reorganization of every department at Bridges. Management has met its goal and the Company is now as efficient as any comparable education publishing company.

The operating efficiencies gained in 2004 contributed to a much brighter earnings picture for the Company. In spite of revenue declines, Fiscal 2004 EBITDA* was over \$2.2 million, nearly triple the result attained in the preceding twelve months. This improvement contributed to a strengthening of the balance sheet. In spite of the cash costs of restructuring, bank debt was reduced and cash balances grew by nearly \$2.0 million during the year.

About Bridges

Bridges is a leading provider of products and services used by schools, universities and agencies to help people achieve education and career success. Over 13,000 schools and agencies use Bridges' products and services. Bridges serves the needs of millions of people seeking educational or career planning assistance.

For more information, visit <http://www.bridges.com>. The Company is listed on the Toronto Stock Exchange under the symbol: BIT.

FOR MORE INFORMATION CONTACT:

Norm Thompson, VP, Corporate Development
Tel: 250-869-4200 or 1-800-281-1168 E-mail: nthompson@bridges.com

BRIDGES TRANSITIONS INC.
Consolidated Balance Sheets

June 30, 2004

June 30, 2003

ASSETS

Current				
Cash and cash equivalents	\$	4,250,069	\$	2,416,227
Accounts receivable		3,549,827		3,641,053
Prepaid expenses and other		501,146		346,535
Deferred costs		647,083		-
		8,948,125		6,403,815
Restricted cash		200,000		200,000
Property and equipment		2,663,385		6,700,471
	\$	11,811,510	\$	13,304,286

LIABILITIES

Current				
Accounts payable and accrued liabilities	\$	2,613,384	\$	1,745,376
Accrued restructuring charge		511,012		824,682
Current portion of long-term debt		340,800		216,000
Deferred revenue		7,540,847		5,968,896
		11,006,043		8,754,954
Long-term debt		662,200		864,000
		11,668,243		9,618,954

SHAREHOLDERS' EQUITY

Common stock		17,690,721		17,857,264
Contributed surplus		85,584		-
Deficit		(17,633,038)		(14,171,932)
		143,267		3,685,332
	\$	11,811,510	\$	13,304,286

BRIDGES TRANSITIONS INC.
Consolidated Statements of Operations and Deficit

	Three months ending June 30, 2004	Three months ending June 30, 2003	Year ending June 30, 2004	Year ending June 30, 2003	Seven months ending June 30, 2003
REVENUE	\$ 3,622,446	\$ 2,063,338	\$ 13,898,955	\$ 15,946,974	\$ 4,815,682
COSTS OF REVENUE	1,090,754	1,387,785	4,712,689	5,868,160	3,100,601
GROSS MARGIN	2,531,692	675,553	9,186,266	10,078,814	1,715,081
EXPENSES					
Sales and marketing	1,438,217	1,550,705	4,973,078	6,435,333	3,261,896
Research and development	66,084	2,825	212,466	210,618	63,670
General and administrative	500,078	665,272	1,771,528	2,666,904	1,357,843
	2,004,379	2,218,802	6,957,072	9,312,855	4,683,409
EARNINGS (LOSS) BEFORE RESTRUCTURING CHARGE, IMPAIRMENT OF PROPERTY AND EQUIPMENT AND GOODWILL, AMORTIZATION, FOREIGN CURRENCY EXCHANGE AND OTHER LOSS, AND INCOME TAXES*	527,313	(1,543,249)	2,229,194	765,959	(2,968,328)
Restructuring charge and related impairment of property and equipment	(4,034,246)	-	(4,034,246)	(3,142,021)	-
Impairment of property and equipment	-	(781,734)	-	(781,734)	(781,734)
Amortization of property and equipment	(407,894)	(315,214)	(1,628,457)	(1,114,812)	(741,940)
Amortization of intangibles	-	-	-	(100,450)	-
Loss on sale of property and equipment	(37,945)	-	(37,945)	-	-
Foreign currency exchange and other income (loss)	79,213	(175,662)	22,913	(301,134)	(392,736)
LOSS BEFORE INCOME TAXES	(3,873,559)	(2,815,859)	(3,448,541)	(4,674,192)	(4,884,738)
Income tax expense (recovery)	50,265	(16,997)	50,265	2,140,514	(12,349)
LOSS BEFORE IMPAIRMENT OF GOODWILL FOR THE PERIOD	(3,923,824)	(2,798,862)	(3,498,806)	(6,814,706)	(4,872,389)
Impairment of goodwill	-	-	-	(2,235,114)	-
NET LOSS FOR THE PERIOD	(3,923,824)	(2,798,862)	(3,498,806)	(9,049,820)	(4,872,389)
DEFICIT, BEGINNING OF PERIOD	(13,746,914)	(11,373,070)	(14,171,932)	(5,121,041)	(9,299,543)
Interest on shareholder loans	37,700	-	37,700	-	-
Excess of purchase cost over carrying value of common shares cancelled	-	-	-	(1,071)	-
DEFICIT, END OF PERIOD	\$ (17,633,038)	\$ (14,171,932)	\$ (17,633,038)	\$ (14,171,932)	\$ (14,171,932)
Basic loss per share	\$ (0.32)	\$ (0.23)	\$ (0.29)	\$ (0.74)	\$ (0.40)
Weighted average number of shares used to calculate basic loss per share	12,091,803	12,179,303	12,137,423	12,168,273	12,179,303

BRIDGES TRANSITIONS INC.
Consolidated Interim Statements of Cash Flows

	Three months ending June 30, 2004	Three months ending June 30, 2003	Year ending June 30, 2004	Year ending June 30, 2003	Seven months ending June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period	\$ (3,923,824)	\$ (2,798,862)	\$ (3,498,806)	\$ (9,049,820)	\$ (4,872,389)
Items not affecting cash					
Amortization of property and equipment	407,894	315,214	1,628,457	1,169,980	741,940
Impairment of property and equipment	3,289,758	781,734	3,289,758	781,734	781,734
Loss on sale of property and equipment	37,945	-	37,945	-	-
Amortization of intangibles	-	-	-	45,280	-
Non-cash portion of restructuring charge	-	-	31,908	386,050	-
Impairment of goodwill	-	-	-	2,235,114	-
Future income tax	-	-	-	2,151,032	-
Stock-based compensation	11,848	-	16,381	-	-
	(176,379)	(1,701,914)	1,505,643	(2,280,630)	(3,348,715)
Changes in operating assets and liabilities:					
Accounts receivable	(2,608,917)	(2,052,676)	91,227	(915,750)	345,811
Prepaid expenses and other	(46,767)	210,478	(154,612)	252,653	230,919
Deferred costs	(647,083)	-	(647,083)	-	-
Accounts payable and accrued liabilities	1,106,484	669,414	631,904	1,225,667	(608,640)
Deferred revenue	1,506,350	2,268,143	1,571,951	3,150,215	2,376,770
Accrued restructuring charge	337,927	(629,886)	(313,670)	(1,220,323)	(1,506,173)
	(528,385)	(1,236,441)	2,685,360	211,832	(2,510,028)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property and equipment, net of related accounts payable	(776,805)	(51,993)	(850,214)	(967,825)	(254,936)
Proceeds on sale of property and equipment	124,581	-	135,336	-	-
	(652,224)	(51,993)	(714,878)	(967,825)	(254,936)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of common shares	-	-	65	16,530	-
Shares purchased for cancellation	-	-	(8,988)	-	-
Shares purchased and cancelled	(48,767)	-	(88,417)	(35)	-
Interest on shareholder loans	9,348	-	37,700	-	-
Repayment of obligations under capital lease	-	(5,609)	-	(90,254)	(26,925)
Restricted cash	-	-	-	(200,000)	(200,000)
Proceeds from long-term debt	264,000	-	264,000	1,200,000	1,200,000
Repayment of obligations under long-term debt	(197,000)	(48,000)	(341,000)	(120,000)	(120,000)
	27,581	(53,609)	(136,640)	806,241	853,075
NET CASH INFLOW (OUTFLOW) DURING THE PERIOD	(1,153,028)	(1,342,043)	1,833,842	50,248	(1,911,889)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,403,097	3,758,270	2,416,227	2,365,979	4,328,116
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4,250,069	\$ 2,416,227	\$ 4,250,069	\$ 2,416,227	\$ 2,416,227
Supplemental Cash Flow Disclosure:					
Interest earned	\$ 27,201	\$ 25,744	\$ 100,434	\$ 91,759	\$ 60,235
Interest paid	\$ 14,746	\$ 29,869	\$ 71,391	\$ 76,451	\$ 48,396

**EBITDA – Earnings before Restructuring Charge, Impairment of Property and Equipment and Goodwill, Amortization, Foreign Currency Exchange and Other Loss and Income Taxes. The term EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. EBITDA should not be construed as the equivalent of net cashflows from operating activities. The Company considers EBITDA to be a useful measure in assessing ongoing performance.*

Forward-Looking Statements

The foregoing includes forward-looking statements which are based on management's beliefs as well as on a number of assumptions concerning future events made by and information currently available to management. These forward-looking statements relate to, among other things, plans and timing for the introduction or enhancement to the Company's services and products; customer demand for its products and services; expectations concerning future revenue and earnings; control of costs and expenses; loss of key employees; stock market volatility; changes in laws and regulations; Bridges' ability to compete successfully and adapt to technological advances and changing industry standards; currency exchange rate fluctuations; economic, political, and other risks associated with international sales and operations; U.S. government regulation; price and product competition; the ability to implement in a timely manner the Company's restructuring plans; the ability to form and implement alliances, and other factors and risks.

All forward-looking statements in this news release are based on management's reasonable beliefs, intentions, and expectations with respect to future events and are subject to certain risks, uncertainties, and assumptions as of the date of this release. In light of the many risks and uncertainties, readers are cautioned not to put undue reliance on such forward-looking statements which are not a guarantee of performance and are subject to a number of uncertainties and other factors -- many of which are outside of Bridges' control -- that could cause actual results, performances or achievements of Bridges to differ materially from any future results, performances or achievements expressed or implied by such forward-looking statements. The Company cannot give assurance that the forward-looking statements contained in this news release will be realized. Bridges assumes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.