

INTERNATIONAL ROAD DYNAMICS INC.

Interim Balance Sheet

May 31, 2001, with comparative figures for 2000

"Unaudited"

	2001	2000
Assets		
Current assets:		
Cash	\$ 698,206	\$ 457,662
Accounts receivable	11,475,472	9,701,937
Inventory	1,906,295	1,796,640
Investment tax credits recoverable	566,500	-
Prepaid expenses and deposits	337,740	330,478
	14,984,213	12,804,021
Deferred project costs	546,413	517,304
Capital assets	2,365,597	2,215,576
Intangible assets	453,286	492,761
	\$ 18,349,509	\$ 15,512,358

Liabilities and Shareholders' Equity**Current Liabilities:**

Short-term loans	\$ 2,840,504	\$ 3,381,488
Accounts payable and accrued liabilities	3,393,071	2,679,643
Deferred revenue	250,000	250,000
Future income taxes	495,100	-
Current portion of long-term debt	360,000	340,000

	7,338,675	6,651,131
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Long-term debt - net	508,852	856,999
Deferred revenue	452,532	351,462
Future income taxes	166,400	-
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	8,466,459	7,859,592
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Shareholders' Equity:		
Share capital	11,006,022	11,136,133
Deficit	(1,122,972)	(3,483,367)
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	9,883,050	7,652,766
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	\$ 18,349,509	\$ 15,512,358
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INTERNATIONAL ROAD DYNAMICS INC.
Interim Statement of Earnings and Deficit

"Unaudited"

	Three months ended May 31		Six months ended May 31	
	2001	2000	2001	2000
Sales	\$ 7,409,324	\$ 6,377,366	\$ 12,843,611	\$ 12,782,581
Cost of sales	4,763,973	4,235,646	8,315,591	8,879,895
	2,645,351	2,141,720	4,528,020	3,902,686
Administrative and marketing expenses	1,349,491	1,118,679	2,463,065	2,204,664
Operating earnings	1,295,860	1,023,041	2,064,955	1,698,022
Research and development	230,038	187,378	464,883	351,238
Earnings before undernoted items	1,065,822	835,663	1,600,072	1,346,784
Other expenses (income)				
Amortization	127,740	117,901	255,480	235,758
Interest on short-term debt	37,914	62,537	78,084	144,709
Interest on long-term debt	15,372	24,062	40,614	45,381
Investment tax credits recovered	(200,000)	-	(200,000)	-
Interest and other income	(9,715)	(5,893)	(62,360)	(83,485)
	(28,689)	198,607	111,818	342,363
Net earnings for the period before income taxes	1,094,511	637,056	1,488,254	1,004,421
Provision for income taxes	471,000	-	641,000	-
Net earnings for the periods after income taxes	623,511	637,056	847,254	\$ 1,004,421
Deficit, beginning of period	(1,742,738)	(4,120,423)	(1,944,948)	(4,487,788)
Shares repurchased in excess of book value	(3,745)	-	(25,278)	(4,487,788)
Deficit, end of period	\$ (1,122,972)	\$ (3,483,367)	\$ (1,122,972)	\$ (3,483,367)
Earnings per share - basic	\$ 0.05	\$ 0.05	\$ 0.07	\$ 0.08
- fully diluted	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.08

INTERNATIONAL ROAD DYNAMICS INC.
Interim Statement of Cash Flows

"Unaudited"

	Three months ended May 31		Six months ended May 31	
	2001	2000	2001	2000
Cash provided by (used in):				
Operations:				
Net earnings	\$ 623,511	\$ 637,056	\$ 847,254	\$ 1,004,421
Item not involving cash:				
Amortization	127,740	117,901	255,480	235,758
Deferred project cost amortized	43,810	-	87,235	-
Issue of common shares for expenses	22,995	34,968	59,870	56,968
Change in non-cash working capital:				
Accounts receivable	(2,542,890)	56,760	25,014	(105,916)
Investment tax credits recoverable	196,000	-	316,000	-
Inventory	(429,457)	(84,866)	(521,437)	(37,064)
Prepaid expenses and deposits	50,547	16,977	(66,320)	106,893
Accounts payable and accrued liabilities	1,170,692	(612,318)	388,318	(332,520)
Deferred revenue	-	32,058	(80,670)	(62,558)
	(737,052)	198,536	1,310,744	865,982
Financing:				
Net short-term loans	1,444,382	(117,544)	191,122	(692,512)
Issuance (repayment) of long-term debt	(155,303)	12,852	(211,455)	(30,355)
Issue share capital	600	3,600	35,599	3,600
	1,289,679	(101,092)	15,266	(719,267)

Investing:

Deferred project costs	-	(53,605)	-	(94,922)
Additions to capital equipment	(321,346)	(181,796)	(424,456)	(232,060)
Additions to intangible assets	(8,991)	(3,629)	(16,995)	(3,629)
Repurchase share capital	(38,396)	-	(324,391)	-
Proceeds on sale of manufacturing license	-	82,053	-	82,053
	(368,733)	(156,977)	(765,842)	(248,558)
Increase (decrease) in cash	183,894	(59,533)	560,168	(101,843)
Cash, beginning of period	514,312	517,195	138,038	559,505
Cash, end of period	\$ 698,206	\$ 457,662	\$ 698,206	\$ 457,662

Notes:

1) These interim financial statements are based on the same accounting policies as, and should be read in conjunction with, the most recent audited annual financial statements as of November 30, 2000.

2) The Company has recognized in these interim financial statements investment tax credits of \$325,000. Of this amount, \$125,000 pertains to research and development expenditures incurred during the fiscal year to date, and \$200,000 pertains to investment tax credits earned but not recognized at November 30, 2000. As of May 31, 2001, the Company still has unrecognized investment tax credits of \$736,500 available to reduce future income taxes payable.