

INTERNATIONAL ROAD DYNAMICS INC.

Interim Balance Sheet

August 31, 2001, with comparative figures for 2000

"Unaudited"

	2001	2000
Assets		
Current assets:		
Cash	\$ 166,339	\$ 232,271
Accounts receivable	13,614,244	10,659,792
Inventory	1,718,365	1,280,818
Investment tax credits recoverable	444,500	-
Prepaid expenses and deposits	296,498	265,692
	<u>16,239,946</u>	<u>12,438,573</u>
Deferred project costs	502,596	580,834
Capital assets	2,445,922	2,222,749
Intangible assets	448,110	491,352
	<u>\$ 19,636,574</u>	<u>\$ 15,733,508</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term loans	\$ 3,898,950	\$ 3,500,241
Accounts payable and accrued liabilities	2,756,947	1,821,024
Deferred revenue	350,000	250,000
Future income taxes	495,100	-
Current portion of long-term debt	250,000	340,000
	<u>7,750,997</u>	<u>5,911,265</u>
Long-term debt - net	583,208	798,968
Deferred revenue	503,220	558,018
Future income taxes	166,400	-
	<u>9,003,825</u>	<u>7,268,251</u>
Shareholders' Equity:		
Share capital	11,088,571	11,167,509
Deficit	(455,822)	(2,702,252)
	<u>10,632,749</u>	<u>8,465,257</u>
	<u>\$ 19,636,574</u>	<u>\$ 15,733,508</u>

INTERNATIONAL ROAD DYNAMICS INC.

Interim Statement of Earnings and Deficit

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2001	2000	2001	2000
Sales	\$ 7,603,377	\$ 6,738,621	\$ 20,446,988	\$ 19,521,202
Cost of sales	4,854,856	4,415,840	13,170,447	13,295,735
	2,748,521	2,322,781	7,276,541	6,225,467
Administrative and marketing expenses	1,482,441	1,114,648	3,945,506	3,319,312
Operating earnings	1,266,080	1,208,133	3,331,035	2,906,155
Research and development	230,869	221,263	695,752	572,501
Earnings before undernoted items	1,035,211	986,870	2,635,283	2,333,654
Other expenses (income)				
Amortization	127,740	117,902	383,220	353,660
Interest on short-term debt	70,524	73,856	148,608	218,565
Interest on long-term debt	17,834	26,071	58,448	71,452
Investment tax credits recovered	(300,000)	-	(500,000)	-
Interest and other income	(45,037)	(12,074)	(107,397)	(95,559)
	(128,939)	205,755	(17,121)	548,118
Net earnings for the period before income taxes	1,164,150	781,115	2,652,404	1,785,536
Provision for income taxes	497,000	-	1,138,000	-
Net earnings for the period after income taxes	667,150	781,115	1,514,404	1,785,536
Deficit, beginning of period	(1,122,972)	(3,483,367)	(1,944,948)	(4,487,788)
Shares repurchased in excess of book value	-	-	(25,278)	-
Deficit, end of period	\$ (455,822)	\$ (2,702,252)	\$ (455,822)	\$ (2,702,252)
Earnings per share - basic	\$ 0.05	\$ 0.06	\$ 0.12	\$ 0.14
- fully diluted	\$ 0.05	\$ 0.05	\$ 0.11	\$ 0.13

INTERNATIONAL ROAD DYNAMICS INC.

Interim Statement of Cash Flows

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2001	2000	2001	2000
Cash provided by (used in):				
Operations:				
Net earnings	\$ 667,150	\$ 781,115	\$ 1,514,404	\$ 1,785,536
Items not involving cash:				
Amortization	127,740	117,902	383,220	353,660
Deferred project costs amortized	43,817	-	131,052	-
Issue of common shares for expenses	24,639	29,375	84,509	86,343
Change in non-cash working capital:				
Accounts receivable	(2,138,772)	(957,855)	(2,113,758)	(1,063,771)
Investment tax credits recoverable	122,000	-	438,000	-
Inventory	187,930	515,822	(333,507)	478,758
Prepaid expenses and deposits	41,242	64,786	(25,078)	171,679
Accounts payable and accrued liabilities	(636,124)	(858,619)	(247,806)	(1,191,139)
Deferred revenue	150,688	206,556	70,018	143,998
	(1,409,690)	(100,918)	(98,946)	765,064
Financing:				
Net short-term loans	1,058,446	118,753	1,249,568	(573,759)
Issuance (repayment) of long-term debt	(35,644)	(58,031)	(247,099)	(88,386)
Issue share capital	57,910	2,001	93,509	5,601
	1,080,712	62,723	1,095,978	(656,544)
Investing:				
Deferred project costs	-	(63,530)	-	(158,452)
Additions to capital equipment	(190,065)	(107,342)	(614,521)	(339,402)
Additions to intangible assets	(12,824)	(16,324)	(29,819)	(19,953)
Repurchase share capital	-	-	(324,391)	-
Proceeds on sale of manufacturing license	-	-	-	82,053
	(202,889)	(187,196)	(968,731)	(435,754)
Increase (decrease) in cash	(531,867)	(225,391)	28,301	(327,234)
Cash, beginning of period	698,206	457,662	138,038	559,505
Cash, end of period	\$ 166,339	\$ 232,271	\$ 166,339	\$ 232,271

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 \$700,000. Of this amount, \$200,000 pertains to research and development expenditures incurred during the fiscal year to date, and \$500,000 pertains to investment tax credits earned but not recognized at November 30, 2000. As of August 31 2001, the Company still has unrecognized investment tax credits of \$436,500 available to reduce future income