

**INTERNATIONAL ROAD DYNAMICS INC.**

## Consolidated Balance Sheet

August 31, 2002, with comparative figures for November 30, 2001

"Unaudited"

	August 31	November 30
	2002	2001
<b>Assets</b>		
Current assets:		
Cash	\$ 612,407	\$ 395,657
Accounts receivable	12,409,620	12,376,268
Inventory	1,838,143	1,682,386
Investment tax credits recoverable	2,514,000	2,114,000
Prepaid expenses and deposits	155,462	263,882
	17,529,632	16,832,193
Deferred project costs	314,950	458,766
Capital assets	3,802,812	2,424,623
Intangible assets	364,560	417,732
	\$ 22,011,954	\$ 20,133,314
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Short-term loans	\$ 2,509,107	\$ 2,304,602
Accounts payable and accrued liabilities	1,624,680	2,608,315
Deferred revenue	458,000	497,000
Future income taxes	2,922,000	2,129,500
Current portion of long-term debt	210,000	200,000
	7,723,787	7,739,417
Long-term debt - net	1,200,162	539,629
Deferred revenue	511,365	577,886
Future income taxes	137,000	137,000
	9,572,314	8,993,932
Shareholders' Equity:		
Share capital	11,415,882	11,114,860
Retained earnings	1,023,758	24,522
	12,439,640	11,139,382
	\$ 22,011,954	\$ 20,133,314

**INTERNATIONAL ROAD DYNAMICS INC.**

## Consolidated Interim Statement of Earnings and Deficit

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2002	2001	2002	2001
Sales	\$ 7,766,669	\$ 7,603,377	\$ 21,617,256	\$ 20,446,988
Cost of sales	5,138,580	4,854,856	13,788,606	13,170,447
	2,628,089	2,748,521	7,828,650	7,276,541
Administrative and marketing expenses	1,630,710	1,482,441	4,736,844	3,945,506
Operating earnings	997,379	1,266,080	3,091,806	3,331,035
Research and development	302,264	230,869	728,351	695,752
Earnings before undernoted items	695,115	1,035,211	2,363,455	2,635,283
Other expenses (income)				
Amortization	168,938	127,740	473,634	383,220
Interest on short-term debt	49,676	70,524	125,267	148,608
Interest on long-term debt	15,759	17,834	41,044	58,448
Investment tax credits recovered	0	(300,000)	0	(500,000)
Interest and other income	(1,902)	(45,037)	(69,586)	(107,397)
	232,471	(128,939)	570,359	(17,121)
Net earnings for the period before income taxes	462,644	1,164,150	1,793,096	2,652,404
Provision for income taxes	202,500	497,000	792,500	1,138,000
Net earnings for the period after income taxes	260,144	667,150	1,000,596	1,514,404
Retained earnings (deficit), beginning of period	763,614	(1,122,972)	24,522	(1,944,948)
Shares repurchased in excess of book value	-	-	(1,360)	(25,278)
Retained earnings (deficit), end of period	\$ 1,023,758	\$ (455,822)	\$ 1,023,758	\$ (455,822)
Earnings per share - basic	\$ 0.02	\$ 0.05	\$ 0.08	\$ 0.12
- diluted	\$ 0.02	\$ 0.05	\$ 0.07	\$ 0.11

**INTERNATIONAL ROAD DYNAMICS INC.**

## Consolidated Interim Statement of Cash Flows

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2002	2001	2002	2001
Cash provided by (used in):				
Operations:				
Net earnings	\$ 260,144	\$ 667,150	\$ 1,000,596	\$ 1,514,404
Items not involving cash:				
Amortization	168,938	127,740	473,634	383,220
Deferred project costs amortized	47,972	43,817	143,816	131,052
Issue of common shares for expenses	13,448	24,639	44,139	84,509
Provision for future income taxes	202,500	497,000	792,500	1,138,000
Change in non-cash working capital:				
Accounts receivable	384,819	(2,138,772)	(33,352)	(2,113,758)
Investment tax credits recoverable	(155,000)	(375,000)	(400,000)	(700,000)
Inventory	(30,913)	187,930	(155,757)	(333,507)
Prepaid expenses and deposits	180,154	41,242	108,420	(25,078)
Accounts payable and accrued liabilities	(880,278)	(636,124)	(983,635)	(247,806)
Deferred revenue	49,044	150,688	(105,521)	70,018
	240,828	(1,409,690)	884,840	(98,946)
Financing:				
Net short-term loans	(307,330)	1,058,446	204,505	1,249,568
Issuance (repayment) of long-term debt	777,784	(35,644)	670,533	(247,099)
Issue share capital	55,814	57,910	261,980	93,509
	526,268	1,080,712	1,137,018	1,095,978
Investing:				
Additions to land and buildings	(408,177)	-	(1,171,450)	-
Additions to capital equipment	(125,104)	(190,065)	(626,373)	(614,521)
Additions to intangible assets	-	(12,824)	(828)	(29,819)
Repurchase share capital	-	-	(6,457)	(324,391)
	(533,281)	(202,889)	(1,805,108)	(968,731)
Increase (decrease) in cash	233,815	(531,867)	216,750	28,301
Cash, beginning of period	378,592	698,206	395,657	138,038
Cash, end of period	\$ 612,407	\$ 166,339	\$ 612,407	\$ 166,339
Supplemental cash flow disclosure:				
Interest paid	\$ 66,065	\$ 87,083	\$ 161,440	\$ 203,728

# INTERNATIONAL ROAD DYNAMICS INC.

Notes to Consolidated Interim Consolidated Financial Statements

For the Nine Months Ended August 31, 2002

"Unaudited"

## 1. Significant accounting policies

These consolidated 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, 2001.

## 2. Long-term debt

	August 31 2002	November 30 2001
Royal Bank mortgage:		
Mortgage repayable in monthly installments of \$5,461 including interest at a fixed rate of 7.31%. Secured by first charge on the building.	\$ -	\$ 501,797
Mortgage repayable in monthly installments of \$11,381 including interest at a fixed rate of 6.733%. Secured by first charge on the building.	1,306,919	-
Royal Bank computer loan:		
Term loan repayable in monthly installments of \$4,025 including interest at bank prime. Secured by a general security agreement.	-	31,430
Saskatchewan Opportunities Corporation:		
Term loan repayable in monthly installments of \$8,333 plus interest at a fixed rate of 9.75%. Secured by a general security agreement.	51,431	128,732
Ford Credit:		
Loans repayable in monthly installments of \$8,880 including interest at a fixed rate of 3.9%. Secured by a specific charge on certain automotive equipment.	34,550	55,557
Chrysler Financial Company LLC:		
Loan repayable in monthly installments of \$800 including interest at a fixed rate of 10%. Secured by specific charge on certain automotive equipment.	17,262	22,113
	1,410,162	739,629
Less current portion	210,000	200,000
	<u>\$ 1,200,162</u>	<u>\$ 539,629</u>

The following represents the expected aggregate principal payments over the next five years:

2003	\$ 210,000
2004	65,000
2005	55,000
2006	60,000
2007	65,000
Thereafter	955,162
	<u>1,410,162</u>

## INTERNATIONAL ROAD DYNAMICS INC.

Notes to Consolidated Interim Consolidated Financial Statements

For the Nine Months Ended August 31, 2002

"Unaudited"

### 3. Share capital:

	Number of shares	\$ amount
Balance, November 30, 2001	12,861,646	11,114,860
Shares issued in exchange for expenses	33,096	44,139
Shares issued for employee stock options exercised	403,967	261,980
Shares repurchased and returned to treasury	(5,900)	(5,097)
	<u>13,292,809</u>	<u>11,415,882</u>

There are currently 1,803,600 stock options outstanding; each of which may be exercised to purchase one common share of the Company at prices ranging from \$0.60 to \$2.75 per share.