

**INTERNATIONAL ROAD DYNAMICS INC.**

## Consolidated Balance Sheets

February 28, 2003, with comparative figures for November 30, 2002

"Unaudited"

	February 28 2003	November 30 2002
<b>Assets</b>		
Current assets:		
Cash	\$ 1,656,217	\$ 356,101
Accounts receivable	8,207,995	11,421,998
Inventory	2,344,648	2,063,418
Investment tax credits recoverable	1,859,000	1,689,000
Prepaid expenses and deposits	83,892	86,371
	<u>14,151,752</u>	<u>15,616,888</u>
Deferred project costs	325,496	153,560
Capital assets	3,779,786	3,775,543
Intangible assets	337,130	355,390
	<u>\$ 18,594,164</u>	<u>\$ 19,901,381</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Short-term loans	\$ 66,664	\$ 133,332
Accounts payable and accrued liabilities	2,280,473	2,613,596
Current income taxes payable	25,500	25,500
Deferred revenue	453,000	328,000
Future income taxes	1,428,000	1,698,000
Current portion of long-term debt	75,000	100,000
	<u>4,328,637</u>	<u>4,898,428</u>
Long-term debt - net	1,221,118	1,243,629
Deferred revenue	478,324	674,679
Future income taxes	95,000	95,000
	<u>6,123,079</u>	<u>6,911,736</u>
Shareholders' Equity:		
Share capital	11,600,762	11,636,948
Retained earnings	870,323	1,352,697
	<u>12,471,085</u>	<u>12,989,645</u>
	<u>\$ 18,594,164</u>	<u>\$ 19,901,381</u>

**INTERNATIONAL ROAD DYNAMICS INC.**

## Interim Consolidated Statement of Operations and Retained Earnings

"Unaudited"

	Three months ended February 28	
	2003	2002
Sales	\$ 4,753,476	\$ 6,299,107
Cost of sales	3,537,882	3,941,884
	1,215,594	2,357,223
Administrative and marketing expenses	1,554,761	1,425,285
Operating earnings (loss)	(339,167)	931,938
Research and development	197,610	170,771
Earnings (loss) before undernoted items	(536,777)	761,167
Other expenses (income)		
Amortization	166,133	145,896
Interest on short-term debt	11,704	33,831
Interest on long-term debt	22,806	13,066
Interest and other income	(3,032)	(34,447)
	197,611	158,346
Net earnings (loss) before provision for future income taxes	(734,388)	602,821
Provision for future income taxes	(270,000)	265,000
Net earnings (loss) for the period	(464,388)	337,821
Retained earnings, beginning of period	1,352,697	24,522
Redemption price of shares in excess of book value	(17,986)	(1,360)
Retained earnings, end of period	\$ 870,323	\$ 360,983
Earnings (loss) per share - basic and diluted	\$ (0.03)	\$ 0.03

**INTERNATIONAL ROAD DYNAMICS INC.**

## Interim Consolidated Statement of Cash Flows

"Unaudited"

	Three months ended February 28	
	2003	2002
Cash provided by (used in):		
Operations:		
Net earnings	\$ (464,388)	\$ 337,821
Item not involving cash:		
Amortization	166,133	145,896
Deferred project costs amortized	-	46,912
Issue of common shares for expenses	15,319	14,542
Change in non-cash working capital:		
Accounts receivable	3,214,003	20,445
Investment tax credits recoverable	(170,000)	(115,000)
Provision for future income taxes	(270,000)	265,000
Inventory	(281,230)	(224,155)
Prepaid expenses and deposits	2,479	36,911
Accounts payable and accrued liabilities	(333,123)	(493,739)
Deferred revenue	(71,355)	(41,536)
	<u>1,807,838</u>	<u>(6,903)</u>
Financing:		
Net short-term loans	(66,668)	722,289
Repayment of long-term debt	(47,512)	(52,799)
Issue share capital	9,500	159,689
Repurchase of share capital	(78,991)	(6,473)
	<u>(183,671)</u>	<u>822,706</u>
Investing:		
Additions to capital assets	(152,115)	(250,710)
Deferred project costs	(171,936)	-
	<u>(324,051)</u>	<u>(250,710)</u>
Increase in cash	1,300,116	565,093
Cash, beginning of period	356,101	395,657
Cash, end of period	<u>\$ 1,656,217</u>	<u>\$ 960,750</u>
Supplemental cash flow disclosure:		
Interest paid	\$ 36,446	\$ 47,151

# INTERNATIONAL ROAD DYNAMICS INC.

Notes to Consolidated Interim Financial Statements

Period ended February 28, 2003

"Unaudited"

## 1. Significant accounting policies

These interim financial statements are based on the same accounting policies and methods of their application as, and should be read in conjunction with the most recent audited annual financial statements as of November 30, 2002.

## 2. Share capital:

	Number of shares	\$ amount
Balance, November 30, 2002	13,657,796	11,636,948
Shares issued in exchange for expenses	12,358	15,319
Shares issued for employee stock options exercised	12,500	9,500
Shares repurchased and returned to treasury	(71,600)	(61,005)
	<u>13,611,054</u>	<u>11,600,762</u>

There are currently 907,000 stock options outstanding; each of which may be exercised to purchase one common share of the Company at prices ranging from \$0.60 to \$1.60 per share.