

INTERNATIONAL ROAD DYNAMICS INC.

Consolidated Balance Sheet

August 31, 2003, with comparative figures for November 30, 2002

"Unaudited"

	August 31	November 30
	2003	2002
Assets		
Current assets:		
Cash	\$ 770,235	\$ 356,101
Accounts receivable	8,423,645	11,421,998
Inventory	4,619,854	2,063,418
Investment tax credits recoverable	2,214,000	1,689,000
Prepaid expenses and deposits	145,376	86,371
	16,173,110	15,616,888
Deferred project costs	299,443	153,560
Capital assets	4,026,465	3,775,543
Goodwill and Intangible assets	821,554	355,390
	\$ 21,320,572	\$ 19,901,381
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term loans	\$ 2,985,000	\$ 133,332
Accounts payable and accrued liabilities	1,589,141	2,613,596
Current income taxes	-	25,500
Deferred revenue	350,000	328,000
Future income taxes	1,739,000	1,698,000
Current portion of long-term debt	75,000	100,000
	6,738,141	4,898,428
Long-term debt - net	1,184,249	1,243,629
Deferred revenue	433,672	674,679
Future income taxes	95,000	95,000
	8,451,062	6,911,736
Shareholders' Equity:		
Share capital	11,441,261	11,636,948
Retained earnings	1,428,249	1,352,697
	12,869,510	12,989,645
	\$ 21,320,572	\$ 19,901,381

INTERNATIONAL ROAD DYNAMICS INC.

Interim Consolidated Statement of Earnings and Retained Earnings

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2003	2002	2003	2002
Sales	\$ 6,303,669	\$ 7,766,669	\$ 18,065,122	\$ 21,617,256
Cost of sales	3,863,292	5,138,580	11,832,632	13,788,606
	2,440,377	2,628,089	6,232,490	7,828,650
Administrative and marketing expenses	1,627,724	1,630,710	4,826,438	4,736,844
Operating earnings	812,653	997,379	1,406,052	3,091,806
Research and development	208,043	302,264	608,889	728,351
Earnings before undernoted items	604,610	695,115	797,163	2,363,455
Other expenses (income)				
Amortization	178,683	168,938	523,677	473,634
Interest on short-term debt	26,819	49,676	44,301	125,267
Interest on long-term debt	21,744	15,759	65,238	41,044
Interest and other income	(2,213)	(1,902)	(10,678)	(69,586)
	225,033	232,471	622,538	570,359
Net earnings before income taxes	379,577	462,644	174,625	1,793,096
Provision for income taxes	109,000	202,500	41,000	792,500
Net earnings for the period	270,577	260,144	133,625	1,000,596
Retained earnings, beginning of period	1,168,931	763,614	1,352,697	24,522
Shares repurchased in excess of book value	(11,259)	-	(58,073)	(1,360)
Retained earnings, end of period	\$ 1,428,249	\$ 1,023,758	\$ 1,428,249	\$ 1,023,758
Earnings per share - basic	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.08
- diluted	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.07

INTERNATIONAL ROAD DYNAMICS INC.

Interim Consolidated Statement of Cash Flows

"Unaudited"

	Three months ended August 31		Nine months ended August 31	
	2003	2002	2003	2002
Cash provided by (used in):				
Operations:				
Net earnings	\$ 270,577	\$ 260,144	\$ 133,625	\$ 1,000,596
Items not involving cash:				
Amortization	178,683	168,938	523,677	473,634
Deferred project costs amortized	29,000	47,972	29,000	143,816
Issue of common shares for expenses	25,224	13,448	40,543	44,139
Provision for future income taxes	109,000	202,500	41,000	792,500
	612,484	693,002	767,845	2,454,685
Change in non-cash working capital:				
Accounts receivable	1,393,467	384,819	2,998,353	(33,352)
Investment tax credits recoverable	(190,000)	(155,000)	(525,000)	(400,000)
Inventory	(68,955)	(30,913)	(23,656)	(155,757)
Prepaid expenses and deposits	(14,802)	180,154	(59,005)	108,420
Accounts payable and accrued liabilities	(137,620)	(880,278)	(1,024,455)	(983,635)
Current income taxes payable	(5,087)	-	(25,500)	-
Deferred revenue	(41,445)	49,044	(219,007)	(105,521)
	1,548,042	240,828	1,889,575	884,840
Financing:				
Net short-term loans	2,086,670	(307,330)	2,851,668	204,505
Issuance (repayment) of long-term debt	(17,058)	777,784	(84,380)	670,533
Issue share capital	17,265	55,814	47,665	261,980
Repurchase share capital	(72,603)	-	(341,968)	(6,457)
	2,014,274	526,268	2,472,985	1,130,561
Investing:				
Deferred project costs	-	-	(174,883)	-
Additions to land and buildings	-	(408,177)	(59,884)	(1,171,450)
Additions to capital equipment	(156,596)	(125,104)	(541,855)	(626,373)
Business acquisition (note 2)	(3,171,804)	-	(3,171,804)	(828)
	(3,328,400)	(533,281)	(3,948,426)	(1,798,651)
Increase in cash	233,916	233,815	414,134	216,750
Cash, beginning of period	536,319	378,592	356,101	395,657
Cash, end of period	\$ 770,235	\$ 612,407	\$ 770,235	\$ 612,407
Supplemental cash flow disclosure:				
Interest paid	\$ 48,563	\$ 66,065	\$ 111,475	\$ 161,440

INTERNATIONAL ROAD DYNAMICS INC.

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended August 31, 2003, with comparative figures for November 30, 2002
"Unaudited"

1. Significant accounting policies

The interim consolidated financial statements of International Road Dynamics Inc. have been prepared by management and are based on the same accounting policies as, and should be read in conjunction with the most recent audited annual consolidated financial statements as of November 30, 2002. Certain footnote information has been condensed or omitted where there has been no material change from the most recent annual audited consolidated financial statements.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the balance sheet date. Revenue and expenses are translated into Canadian Dollars using the exchange rate on the date of the transaction. The resulting gains or losses are included in the statement of earnings. During the nine months to date of the current year the Company recorded an exchange loss of \$432,853.

2. Business Acquisition

The Company purchased substantially all of the assets of the traffic and telematics business of PAT GmbH located in Europe and the United States at a cost of \$3,171,804. The acquisition was accounted for by the purchase method and the results of operations have been recorded from August 8, 2003, the date of purchase. The purchase costs were paid in cash and were allocated to the assets acquired as follows:

Inventory	\$	2,532,780
Equipment		118,078
Goodwill and intangible assets		520,946
	\$	<u>3,171,804</u>

Analysis of goodwill and intangible assets included in the purchase price is being assessed and will be further categorized between assets that will be amortized and assets not subject to amortization.

3. Share capital:

	Number of shares	\$ amount
Balance, November 30, 2002	13,657,796	11,636,948
Shares issued in exchange for expenses	36,649	40,543
Shares issued for employee stock options exercised	61,000	47,665
Shares repurchased and returned to treasury	(333,200)	(283,895)
	<u>13,422,245</u>	<u>11,441,261</u>

There are currently 861,000 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.