

**INTERNATIONAL ROAD DYNAMICS INC.**

## Consolidated Balance Sheets

February 29, 2004, with comparative figures for November 30, 2003

"Unaudited"

	February 29 2004	November 30 2003
<b>Assets</b>		
Current assets:		
Cash	\$ 650,602	\$ 921,943
Accounts receivable	10,886,740	12,557,929
Inventory	4,370,836	4,555,876
Investment tax credits recoverable	715,000	715,000
Prepaid expenses and deposits	212,568	189,917
	<u>16,835,746</u>	<u>18,940,665</u>
Investment tax credits recoverable	1,939,000	1,739,000
Property, plant and equipment	4,564,587	4,578,574
Intangible assets	266,212	285,698
	<u>\$ 23,605,545</u>	<u>\$ 25,543,937</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Short-term loans	\$ 4,680,934	\$ 4,835,000
Accounts payable and accrued liabilities	2,132,438	3,354,169
Current income taxes payable	125,972	89,666
Deferred revenue	245,000	265,480
Future income taxes	526,000	881,000
Current portion of long-term debt	70,000	67,900
	<u>7,780,344</u>	<u>9,493,215</u>
Long-term debt - net	1,182,498	1,199,892
Deferred revenue	496,817	575,729
Future income taxes	744,000	744,000
	<u>10,203,659</u>	<u>12,012,836</u>
Shareholders' Equity:		
Share capital	11,736,650	11,571,863
Retained earnings	1,665,236	1,959,238
	<u>13,401,886</u>	<u>13,531,101</u>
	<u>\$ 23,605,545</u>	<u>\$ 25,543,937</u>

**INTERNATIONAL ROAD DYNAMICS INC.**

## Interim Consolidated Statement of Operations and Retained Earnings

"Unaudited"

	Three months ended	
	February 29 2004	February 28 2003
Sales	\$ 6,663,554	\$ 4,902,371
Cost of sales	5,232,545	3,537,882
	1,431,009	1,364,489
Administrative and marketing expenses	1,726,330	1,554,761
Operating (loss)	(295,321)	(190,272)
Research and development	223,637	197,610
(Loss) before undernoted items	(518,958)	(387,882)
Other expenses (income)		
Foreign exchange loss (gain)	(180,484)	148,895
Amortization	211,473	166,133
Interest on short-term debt	66,506	11,704
Interest on long-term debt	22,161	22,806
Interest and other income	(19,745)	(3,032)
	99,911	346,506
Net (loss) before provision for future income taxes	(618,869)	(734,388)
Provision for future income taxes	(324,867)	(270,000)
Net (loss) for the period	(294,002)	(464,388)
Retained earnings, beginning of period	1,959,238	1,352,697
Redemption price of shares in excess of book value	-	(17,986)
Retained earnings, end of period	\$ 1,665,236	\$ 870,323
(Loss) per share - basic and diluted	\$ (0.02)	\$ (0.03)

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## Interim Consolidated Statement of Cash Flows

"Unaudited"

	Three months ended	
	February 29 2004	February 28 2003
Cash provided by (used in):		
Operations:		
Net (loss)	\$ (294,002)	\$ (464,388)
Item not involving cash:		
Amortization	211,473	166,133
Issue of common shares for expenses	-	15,319
Change in non-cash working capital:		
Accounts receivable	1,671,189	3,214,003
Investment tax credits recoverable	(200,000)	(170,000)
Provision for current and future income taxes	(318,694)	(270,000)
Inventory	185,040	(281,230)
Prepaid expenses and deposits	(22,651)	2,479
Accounts payable and accrued liabilities	(1,221,731)	(333,123)
Deferred revenue	(99,392)	(71,355)
	<u>(88,768)</u>	<u>1,807,838</u>
Financing:		
Net short-term loans	(154,066)	(66,668)
Repayment of long-term debt	(15,294)	(47,512)
Common shares issued	164,787	9,500
Repurchase of share capital	-	(78,991)
	<u>(4,573)</u>	<u>(183,671)</u>
Investing:		
Additions to property, plant and equipment	(178,000)	(324,051)
	<u>(178,000)</u>	<u>(324,051)</u>
Increase (decrease) in cash	(271,341)	1,300,116
Cash, beginning of period	921,943	356,101
Cash, end of period	<u>\$ 650,602</u>	<u>\$ 1,656,217</u>
Supplemental cash flow disclosure:		
Interest paid	\$ 88,667	\$ 36,446

# INTERNATIONAL ROAD DYNAMICS INC.

Notes to Consolidated Interim Financial Statements

Period ended February 29, 2004

"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, 2003.

## 2. Share capital:

	Number of shares	\$ amount
Balance, November 30, 2003	13,566,177	11,571,863
Shares issued for employee stock options exercised	140,667	164,787
	<u>13,706,844</u>	<u>11,736,650</u>

There are currently 555,500 stock options outstanding; each of which may be exercised to purchase one common share of the Company at prices ranging from \$0.95 to \$1.60 per share.