

INTERNATIONAL ROAD DYNAMICS INC.

Consolidated Balance Sheet

May 31, 2004, with comparative figures for November 30, 2003

"Unaudited"

	May 31	November 30
	2004	2003
Assets		
Current assets:		
Cash	\$ 455,525	\$ 921,943
Accounts receivable	10,885,746	12,557,929
Inventory	5,356,958	4,555,876
Investment tax credits recoverable	715,000	715,000
Prepaid expenses and deposits	385,319	189,917
	17,798,548	18,940,665
Investment tax credit recoverable	2,209,000	1,739,000
Property, plant and equipment	4,685,288	4,578,574
Intangible assets	247,089	285,698
Equity investment	61,772	-
	\$ 25,001,697	\$ 25,543,937
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term loans	\$ 4,641,457	\$ 4,835,000
Accounts payable and accrued liabilities	3,826,176	3,354,169
Current income taxes	93,291	89,666
Deferred revenue	260,000	265,480
Future income taxes	793,000	881,000
Current portion of long-term debt	68,000	67,900
	9,681,924	9,493,215
Long-term debt - net	1,166,027	1,199,892
Deferred revenue	384,506	575,729
Future income taxes	407,000	744,000
	11,639,457	12,012,836
Shareholders' Equity:		
Share capital	11,758,139	11,571,863
Retained earnings	1,604,101	1,959,238
	13,362,240	13,531,101
	\$ 25,001,697	\$ 25,543,937

INTERNATIONAL ROAD DYNAMICS INC.

Interim Consolidated Statement of Operations and Retained Earnings

"Unaudited"

	Three months ended May 31		Six months ended May 31	
	2004	2003	2004	2003
Sales	\$ 7,553,395	\$ 7,374,445	\$ 14,216,949	\$ 12,246,477
Cost of sales	5,317,699	4,431,458	10,550,244	7,969,340
	2,235,696	2,942,987	3,666,705	4,277,137
Administrative and marketing expenses	1,905,496	1,643,953	3,631,826	3,198,714
Operating earnings	330,200	1,299,034	34,879	1,078,423
Research and development	274,038	203,236	497,675	400,846
Earnings before undernoted items	56,162	1,095,798	(462,796)	677,577
Other expenses (income)				
Foreign exchange loss (gain)	(127,190)	366,468	(307,674)	485,024
Amortization	217,589	178,861	429,062	344,994
Interest on short-term debt	48,525	5,778	115,031	17,482
Interest on long-term debt	21,604	20,688	43,765	43,494
Interest and other income	(15,397)	(5,433)	(35,142)	(8,465)
	145,131	566,362	245,042	882,529
Net earnings (loss) before income taxes	(88,969)	529,436	(707,838)	(204,952)
Provision for income taxes				
Current	42,166	-	72,299	-
Future (recovery)	(70,000)	202,000	(425,000)	(68,000)
	(27,834)	202,000	(352,701)	(68,000)
Net earnings (loss) for the period	(61,135)	327,436	(355,137)	(136,952)
Retained earnings, beginning of period	1,665,236	870,323	1,959,238	1,352,697
Shares repurchased in excess of book value	-	(28,828)	-	(46,814)
Retained earnings, end of period	\$ 1,604,101	\$ 1,168,931	\$ 1,604,101	\$ 1,168,931
Earnings per share - basic	\$ 0.00	\$ 0.02	\$ (0.03)	\$ (0.01)
- diluted	\$ 0.00	\$ 0.02	\$ (0.03)	\$ (0.01)

INTERNATIONAL ROAD DYNAMICS INC.

Interim Consolidated Statement of Cash Flows

"Unaudited"

	Three months ended May 31		Six months ended May 31	
	2004	2003	2004	2003
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$ (61,135)	\$ 327,436	\$ (355,137)	\$ (136,952)
Items not involving cash:				
Amortization	217,589	178,861	429,062	344,994
Issue of common shares for expenses	21,489	-	21,489	15,319
Provision for future income taxes	(70,000)	202,000	(425,000)	(68,000)
	107,943	708,297	(329,586)	155,361
Change in non-cash working capital:				
Accounts receivable	994	(1,609,117)	1,672,183	1,604,886
Investment tax credits recoverable	(270,000)	(165,000)	(470,000)	(335,000)
Inventory	(986,122)	326,529	(801,082)	45,299
Prepaid expenses and deposits	(172,751)	(46,682)	(195,402)	(44,203)
Accounts payable and accrued liabilities	1,693,738	(553,712)	472,007	(886,835)
Current income taxes payable	(32,681)	(20,413)	3,625	(20,413)
Deferred revenue	(97,311)	(106,207)	(196,703)	(177,562)
	243,810	(1,466,305)	155,042	341,533
Financing:				
Net short-term loans	(39,477)	831,666	(193,543)	764,998
Issuance (repayment) of long-term debt	(18,471)	(19,811)	(33,765)	(67,322)
Issue share capital	-	20,900	164,787	30,400
Repurchase share capital	-	(190,374)	-	(269,365)
	(57,948)	642,381	(62,521)	458,711
Investing:				
Additions to property, plant and equipment	(319,167)	(295,974)	(497,167)	(620,026)
Equity investment	(61,772)	-	(61,772)	-
	(380,939)	(295,974)	(558,939)	(620,026)
Increase (decrease) in cash	(195,077)	(1,119,898)	(466,418)	180,218
Cash, beginning of period	650,602	1,656,217	921,943	356,101
Cash, end of period	\$ 455,525	\$ 536,319	\$ 455,525	\$ 536,319
Supplemental cash flow disclosure:				
Interest paid	\$ 70,129	\$ 26,466	\$ 158,796	\$ 60,822

INTERNATIONAL ROAD DYNAMICS INC.

Notes to Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2004, with comparative figures for November 30, 2003

"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, 2003. Certain footnote information has been condensed or omitted where there has been no material change from the most recent annual audited consolidated financial statements.

2 Share capital:

	Number of shares	\$ amount
Balance, November 30, 2003	13,566,177	11,571,863
Shares issued in exchange for expenses	17,056	21,489
Shares issued for employee stock options exercised	140,667	164,787
	<u>13,723,900</u>	<u>11,758,139</u>

There are currently 1,219,000 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.