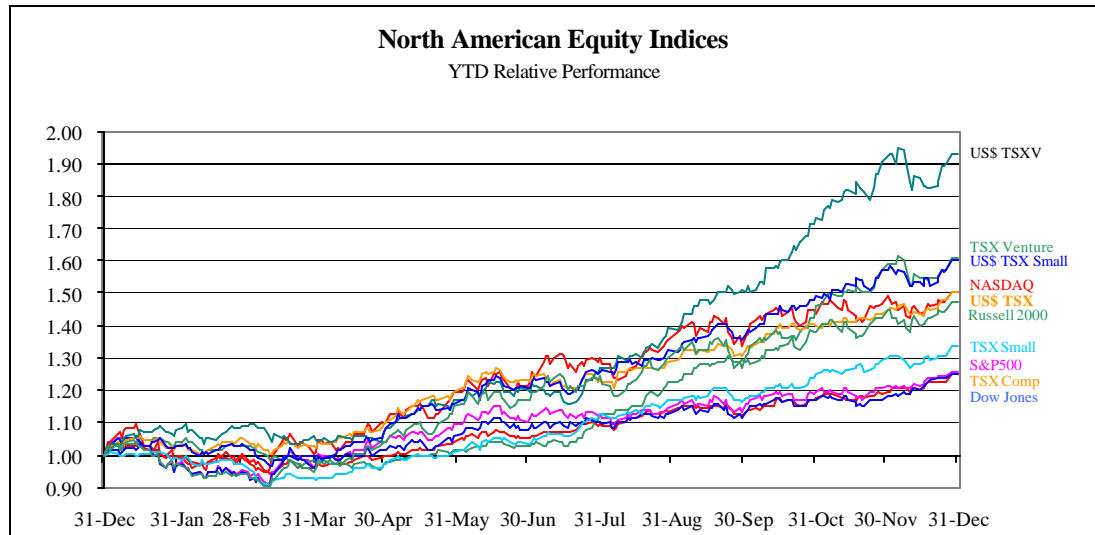




Market Overview

Not since the technology rally of 1998 through 2000 have the small and micro capitalized public companies so vastly outperformed their large cap brethren. However, it was not the technology companies that pushed the Small Company indices to record gains in 2003, it was the gold and other commodity-based companies which vaulted ahead. Commodities were the place to be in 2003, but the Canadian dollar was the other shocker, up almost 23%. If you were lucky enough to have converted your US Dollars into Canadian Commodity Equities at the beginning of 2003, you have likely done very well.



While Small and Micro-Cap companies have done well in 2003, we expect that the group, in general, may underperform the Large Cap issues in 2004. The strengthening U.S. economy and the improving profitability of Blue-Chip companies in particular will make them very attractive to investors. While on aggregate the performance of Small Caps may not be as good in 2004, there will still be individual issues which perform well. **It will be a stock picker's market.**

Overall, the Golden Capital Equity Research Coverage list underperformed its benchmark indices by a large proportion in the final three months of 2003. However, based on rating, rather than on aggregate, our Speculative Buy recommendations outperformed the indices. Unfortunately, the Buy and Strong Buy recommendations were flat due to some poor stock performance from several pharmaceutical issues.

Under further analysis, based on market capitalization the Coverage List was up 35% as the larger companies dramatically outperformed the small ones. Also, if \$1,000 was invested in each company upon initiation of coverage, that portfolio would be up 13% based on investment value in the last quarter compared to the basically flat performance of the equal weighting method to the right. Plus, neither of these analyses adjusts for recommendation, which would further strengthen their performance.

Index	Three Month Return Since	September 30, 2003
S&P/TSX Composite Index		10.8%
S&P/TSX SmallCap Index		14.2%
S&P/TSX Venture Composite Index		25.7%
S&P 500		11.6%
NASDAQ Composite Index		12.1%
Russell 2000 Index		14.2%
Wilshire Small Cap Index		14.0%
Golden Capital Coverage List		6.2%
Buy and Strong Buy		2.6%
Spec Buy		20.5%
Hold		-2.4%
Sell		-4.9%

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Coverage Review

During the last three months we have changed the rating, the recommendation or both on 15 of the 19 companies currently under coverage. Perhaps as a sign of the improving economic conditions, the majority of the changes were in a positive direction. However, weakness in several companies, whether from their industry or management decisions, resulted in several downgrades as well.

Current Coverage	Recommended		Price Sep 30-03	Price Dec 31-03	Price Target	% Price Change		Recommendation
	Price	Date				vs. Recommended	vs. Last Quarter	
ACD Systems International Inc	\$2.10	02 Q4	\$2.80	\$2.18	\$4.00 ▼	4%	-22%	Buy ▼
Cardiome Pharma Corp	\$4.60	98 Q3	\$4.70	\$4.62	\$8.50 ▲	0%	-2%	Strong Buy ▲
Computer Modelling Group Ltd	\$0.54	00 Q3	\$1.96	\$2.80	\$4.00 ▲	419%	43%	Buy
Home Capital Group Inc	\$15.35	03 Q1	\$25.40	\$33.25	\$45.00 ▲	117%	31%	Strong Buy ▲
Imaging Dynamics Company Ltd	\$10.00	00 Q3	\$0.65	\$0.80	\$0.75	-92%	23%	Hold
IMI International Medical Innovations	\$4.00	03 Q4	NEW	\$3.94	\$6.00	-2%	-2%	Buy
International Road Dynamics Inc	\$1.54	02 Q2	\$1.32	\$1.29	\$1.50	-16%	-2%	Buy
International Wex Technologies Inc	\$1.85	01 Q1	\$2.75	\$5.90	\$7.00 ▲	219%	115%	Speculative Buy ▲
Mad Catz Interactive Inc	\$2.17	01 Q4	\$1.05	\$1.27	\$1.50	-41%	21%	Hold ▼
Medmira Inc	\$0.80	03 Q4	NEW	\$0.79	\$0.50	-1%	-1%	Sell
Northstar Aerospace Inc	\$2.75	03 Q1	\$2.91	\$2.25	\$1.50 ▼	-18%	-23%	Sell ▼
Omni-Lite Industries Canada Inc	\$1.33	00 Q3	\$0.85	\$0.99	\$1.50 ▲	-26%	16%	Speculative Buy
Pheromone Sciences Corp	\$0.13	03 Q4	NEW	\$0.08		-42%	-42%	
Procyon Biopharma Inc	\$1.25	00 Q4	\$0.89	\$0.74	\$1.50 ▲	-41%	-17%	Speculative Buy ▲
Rainbow Group of Companies Inc	\$0.55	01 Q1	\$0.10	\$0.11	\$0.50	-81%	5%	Speculative Buy
Response Biomedical Corp	\$0.40	03 Q4	NEW	\$0.43	< \$0.30	8%	8%	ST Sell
Resin Systems Inc	\$1.28	00 Q4	\$0.96	\$0.88	\$1.00	-31%	-8%	Hold
Spectral Diagnostics Inc	\$3.05	03 Q4	NEW	\$2.65	\$5.00	-13%	-13%	Buy
SynX Pharma Inc	\$1.60	02 Q2	\$1.13	\$1.00	\$3.00	-38%	-12%	Speculative Buy ▼

*Price targets and recommendations in **bold** indicate a change since last quarter. Arrows indicate the direction of the change.

Our top performers for the fourth quarter of 2003 were International Wex Technologies (WXI-TSXV), Computer Modelling Group (CMG-TSX) and Home Capital Group (HCG-TSX). International Wex announced preliminary results from their Phase IIa clinical trials on cancer pain relief, pushing the stock up dramatically from its lows late last quarter. Computer Modelling Group regained its listing on the TSX senior exchange and saw its stock price increase as a result of the greater investor interest and the slow realization of the fundamental value of the company. Home Capital Group continues to meet their internal targets and is approaching its fundamental valuation. While the Company had traded at a discount for much of the past three years, the recent increases in the stock's price have brought it closer to the fundamental level.

Our worst performers of the quarter were from a wide range of industries, but all had had financial difficulties: Pheromone Sciences (PHS-TSXV), Northstar Aerospace (NAS-TSX) and ACD Systems (ASA-TSX). Pheromone Sciences is down 46% since the beginning of November after the Company announced that they were low on cash, that a proposed shareholder rights offering did not meet its minimum and that they were reducing corporate activities to almost nothing. Northstar Aerospace's stock price has been under pressure as a result of continued industry weakness; weakness which forced the closure of one of their facilities this quarter. The strength of the Canadian dollar is largely behind ACD Systems' failure to meet its previous revenue and earnings guidance. Management had mentioned earlier in the year that they were going to under take a currency hedging strategy, but they found the costs prohibitive.

Overall, Small and Micro Cap companies have all the afflictions that plague larger caps: the economy, the industry, corporate decisions, lawsuits, but additional problems specific to smaller companies. These additional problems include low or no liquidity in their stock, narrow product ranges, low investor awareness, lack of Canadian venture capital and marketing with an unrecognized brandname. We believe that Management in small and micro cap companies is perhaps the most important aspect after the product or service itself as the groups are small and generally have one key person. Good Management can sell a mediocre product, profitably, however, Bad Management will have difficulty selling even the best product or service. Look closely at the Management of any company in which you invest, but in Small and Micro Caps in particular.

International Road Dynamics (IRD-TSX)

Price	Dec-31-03	\$1.29
52 Week	High	\$1.47
Range	Low	\$0.89
Shares Outstanding		13.3 million
Market Cap		\$17.2 million
Fiscal Year End		November
Sales	2002 A	\$29.0 million
	2003 F	\$26.6 million
	2004 F	\$38.3 million
Price / Sales	2002 A	0.6 times
	2003 F	0.6 times
	2004 F	0.4 times
EPS	2002 A	\$0.10
	2003 F	\$0.05
	2004 F	\$0.17
Price / Earnings	2002 A	12.9 times
	2003 F	28.7 times
	2004 F	7.8 times
6 Month Price Target		\$1.50
Recommendation		Buy

As part of their PAT GmbH acquisition, **International Road Dynamics** did exercise their option to purchase the Chilean operations of the Intelligent Transportation Systems (ITS) Company. The rising Canadian dollar also worked in their favour in the transaction as the net purchase price was denominated in US Dollars. Revenues from the PAT acquisition should begin in earnest in the Company’s fourth quarter 2003, which ended November 30th.

Over the last two years, revenue growth has been the Company’s biggest challenge. The Company’s former target of \$50 million in organic revenue and \$100 million in total revenue by 2005, while not *impossible*, have principally faded away. The PAT acquisition will help IRD achieve the \$50 million level, but even that will be a significant challenge. We are projecting \$46.6 million in 2005.

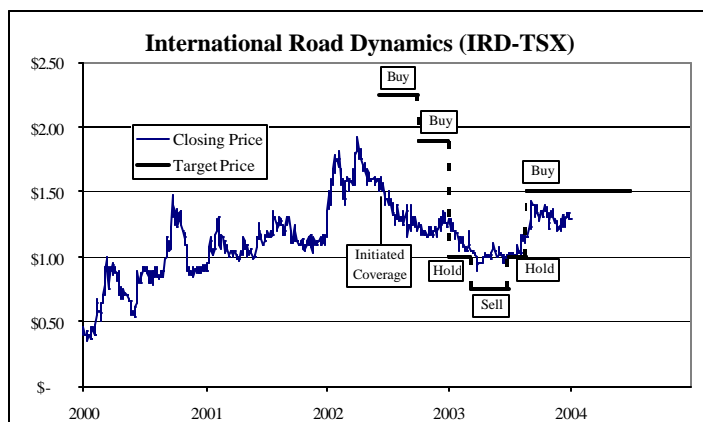
In pursuit of further revenue growth, IRD did report some sizable new sales and expansion of existing contracts and some diversification away from a high dependence upon the U.S. market. New contracts in the Honduras and India for a total of 35 lanes of toll collection systems will generate almost one million dollars

in 2004. The United States is still IRD’s largest geographic sales region and recent contracts included a \$1.5 million contract, plus further service revenues, with the New York State Department of Transportation and a \$600,000 expansion contract with the State of Georgia were for data collection and automated weigh stations, respectively.

In a December 9th announcement, IRD revealed that the Company had entered into a development agreement with Kyocera, who purchased Qualcomm’s CDMA assets, to develop a communications and GPS tracking system for fleet management systems. This new systems will reportedly be marketed through Siemens’ VDO as part of the German company’s cab fleet management hardware. The two year old agreement between Siemens and IRD for fleet management computers and diagnostic software has not generated the sales hoped for by either company up to this point. There was no mention of development costs or forecast revenues in the Kyocera agreement.

IRD has maintained a relatively low Debt-to-Equity ratio of 0.33 or lower for the past two years, down from a high of 0.88 in 1999. The Company continues to generate profitable operations even in a tough industry environment as out of the last 18 quarters, IRD has reported only one quarterly loss. We estimate that 2003 will also be a profitable year with earnings of 5¢ per share, but that significant revenue growth will boost earnings to 17¢ per share in 2004. International sales could be the key to future success for this ITS company.

While the forecast higher earnings are dependent upon an improving global ITS industry, we expect that further guidance about the future of the Company will be made available late in the first or in the second calendar quarters of 2004 when IRD’s Annual Report and Financials are released. Until that time **we are going to maintain our Buy recommendation and \$1.50 target price on International Road Dynamics.**

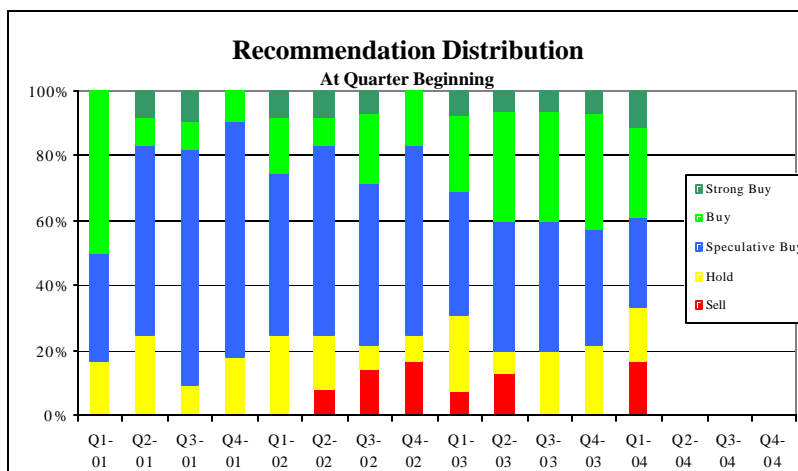


Recommendation Structure

Recommendation	Description
Strong Buy	Our Top Pick. A Strong Buy indicates a Company which we feel has the potential to offer superior short-term and long term capital appreciation for our clients. Characteristics of this type of Company would be a superior product or service, a high caliber management team and significant market potential with relatively high barriers to entry to their competition.
Buy	A Company whose stock is likely to appreciate substantially, relative to the overall market. When rated a Buy, a Company will have excellent potential in their market, but competition or some other factor will temper their results.
Speculative Buy	Often, early stage companies will have a high degree of uncertainty in their business model or in their market. However, if management is able to capitalize on the opportunity, there is the potential for significant upside in the stock price.
Hold	When a Company reaches a turning point in their development, investors may be uncertain as to whether to make a speculative purchase or cut loose the stock. A Hold rating indicates that we are awaiting some information regarding their development before issuing an outright sell or buy recommendation.
Sell	If a Sell recommendation is issued on a stock it could mean two things: First, that the Company's stock price has met our price target, surpassed it and is now overvalued. Or conversely, that the Company has run into difficulty, either financially or otherwise, and the near-term potential for the stock is likely negative.

As of December 31, 2003 Rating	GC's Equity Research Ratings Performance					
	Inception (July 2000)		2 Years		YTD	3 Month
	Total	Annualised	Total	Annualised		
Buy and Strong Buy	40.0%	10.1%	53.7%	24.0%	11.1%	2.6%
Speculative Buy	-31.0%	-10.0%	59.6%	26.3%	71.9%	20.5%
Hold	-78.4%	-35.5%	32.7%	15.2%	11.1%	-2.4%
Sell	-49.4%	-17.7%	-49.4%	-28.9%	-12.9%	-4.9%
TSX Composite	-27.2%	-8.7%	8.5%	4.2%	24.3%	10.8%

Unaudited



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