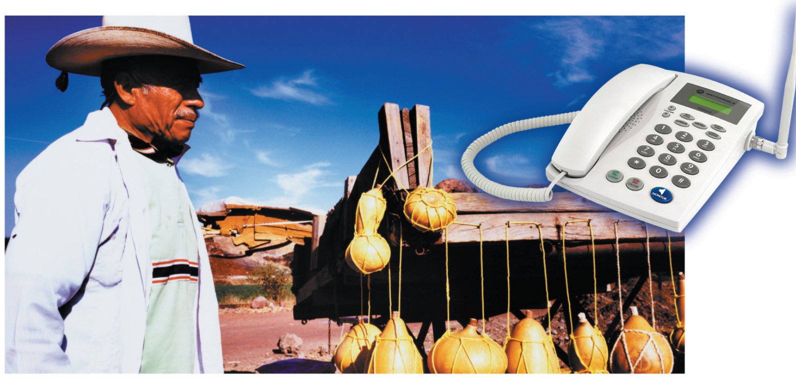
csi wireless™



Interim Report • Q3 • September 30, 2003

MESSAGE TO SHAREHOLDERS
Q3 – September 30, 2003

Third Quarter Highlights

The third quarter of 2003 was pivotal for CSI Wireless, with the key financial highlight of the quarter being the achievement of an improvement in third quarter bottom line results of $2.1 million when compared to the third quarter of 2002. This improvement was achieved despite challenging economic markets, the negative impacts of a weakening US dollar relative to the Canadian dollar, and the incurrence of unusual charges of $1.3 million in the quarter primarily relating to an unsuccessful arbitration claim against a former customer. The improvements in the third quarter of 2003 came from both business units and from all product lines.

GPS Products

The third quarter of 2003 saw GPS product sales increase by 61% from the third quarter of 2002, as well as improvements in gross margins from 41% to 49% in the same period. The precision agriculture segment remains the dominant source of revenue for the GPS Business Unit with a market share position well in excess of 50% for both the air and ground guidance systems. Kansas-based RHS Inc., who distributes the Outback family of products manufactured by CSI, continues to be the largest source of revenues for CSI's GPS business. Demand remains high and the outlook is even stronger next year for the Company's GPS precision guidance products. The growth strategy in this area is focused on both up-selling features and enhancements to the Company's very large installed base of guidance systems - such as the auto-steering product, and expanding the geographic reach of the product lines outside North America.

In addition to precision agriculture sales, revenues from the marine and GIS markets are beginning to represent a larger component of the GPS Business Unit. For the first 9 months of 2003, marine sales were up by over 50% when compared to 2002. A key contributor to this success is the Vector product line, which has achieved over $1 million in sales so far this year. Beyond the Vector product the Company is working on several new integrated GPS receivers and antennas that have recently completed type approvals.

During the third quarter of 2003, the Company announced that its Vector Sensor GPS product was used by NBC News in its system to broadcast images from moving news trucks reporting on the Iraq war to viewers back home in North America. The Vector heading system allowed NBC to precisely align truck-mounted satellite dishes to achieve on-the-run video transmissions, enabling greater immediacy and clarity of transmission than competing networks could provide using more conventional methods.

Also in the third quarter, CSI increased its portfolio of GPS-related intellectual property with two new patents being awarded. The first patent is for a ceramic frequency filter for differential GPS correction signals providing improved receiver sensitivity, better signal acquisition and less interference than traditional filters. The second patent is for an antenna splitter technology that uses a vehicle's standard AM/FM radio antenna to receive accuracy enhancing differential GPS signals. Both patents increase the competitive advantage of CSI's product offerings.

Telematics Products

Telematics revenues grew significantly over the third quarter 2002 based on continuing solid volumes. Most notably in the third quarter, CSI achieved continued improvement in its telematics product margins, driven by successes in cost reductions on the product line, greatly contributing to the improved results relative to the third quarter of 2002.

During the quarter, the Company announced the addition of a GSM version to the Asset-Link family of products at the Vehicle Telematics conference in London England. The GSM-based Asset-Link 400 is an asset tracking and telematics product for use with the GSM cellular technology. GSM - or the Global System for Mobile Communications - is the primary cellular network in more than 170 countries worldwide and represents 72% of global wireless subscribers.

The introduction of GSM technology opens up significant new markets for CSI and will lay the foundation for solid growth through 2004 and beyond. CSI is actively engaged with a number of customers on opportunities in the GSM space that will lead to new business in the later half of 2004. While it is expected that it will take time to reach its full potential, the market is giving clear indications in both North America and Europe that the GSM product will be a very successful addition to our Asset-Link family of products.

Fixed Wireless Products

The fixed wireless product line had a solid third quarter in 2003. However, as noted during the second quarter of 2003, fixed wireless shipments were down relative to the first two quarters of the year, driven by a build-up in end customer inventories. These inventories were caused by the large end customer purchases in the fourth quarter of 2002 and first quarter of 2003, coupled with the slower end-customer sales associated with the typically slower summer time period. However, to date the Motorola branded FX800t product remains the top selling TDMA phone in Latin & South America. The highlight of the third quarter of 2003 for the fixed wireless business was the continued improvement in gross margins. This improvement helped to compensate for the reduced volumes in the quarter. The Company continues to have success in product cost reductions and plans to continue to focus in this area.

Looking forward, based on guidance that has been received from distributors and customers, it is anticipated that the Company will continue to achieve a leading market share position in TDMA fixed wireless phones in Mexico. Looking long term, the Company sees annual growth in sales of fixed wireless phones in Latin and South America continuing strongly over the foreseeable future.

Currently, there are over 60 million homes in Latin and South America without telephone service. Fixed wireless is the fastest and most cost effective method for deploying telephone service to these homes, and is seen as the key driver of demand in developing areas. In addition, there are also key opportunities for fixed wireless in the developed countries. In the United States, the local number portability legislation may provide a market inflection point that could change the demand for fixed wireless in North America. Based on market opportunities such as these, Brightstar, CSI's distribution partner, has given indications that volume for 2004 will be well above those achieved in 2003.

Summary

In the third quarter of 2003, the Company reorganized its management team and operational processes to respond to the significant growth realized over the past several years and to further improve operating efficiencies. As part of this reorganization, Colin Maclellan was appointed to the newly created role of Chief Operating Officer where he assumed responsibility for both CSI's GPS and Wireless Business Units, as well as the consolidated operational performance and profitability of the Company. In addition, Cameron Olson was promoted to Chief Financial Officer from his former role as Vice-President of Finance for CSI's Wireless Business Unit. Finally, Michael Cummiskey was added to the CSI Wireless team as Vice-President of Business Development for fixed wireless and radio products. CSI is excited about these changes, and believe that they will lay the foundation for CSI to continue our strong track record of positive progress.

In summary, CSI Wireless has shown a dramatic year to date improvement in financial performance relative to 2002. The Company has achieved these improvements during very difficult economic circumstances through a combination of top line growth, margin improvement, greater efficiency and focused cost management. The Company believes that adhering to these strategies will result in continued strong performance in the years to come.

Stephen Verhoeff
President
November 25, 2003

Interim Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the September 30, 2003 financial statements and notes as contained herein. Further, the disclosures made, both within the interim management discussion and analysis, and the attached financial statements, are incremental to those included within the audited annual financial statements.

	For the Quarter Ended							
	Dec 31 2001	Mar 31 2002	Jun 30 2002	Sep 30 2002	Dec 31 2002	Mar 31 2003	Jun 30 2003	Sep 30 2003
Revenue	$ 10,027	$ 13,958	$ 10,761	$ 8,784	$ 20,633	$ 24,070	$ 21,895	$ 15,134
Cost of Sales	7,847	8,464	6,028	6,515	17,230	18,930	16,668	10,295
Gross Margin	2,180	5,494	4,733	2,269	3,403	5,140	5,227	4,839
Expenses:								
Research & development	2,029	1,912	2,187	2,207	1,743	1,898	1,795	1,592
Selling	967	1,007	1,049	1,150	1,138	1,001	1,057	1,003
General & administrative	994	1,044	1,364	1,255	1,213	1,180	1,184	980
Depreciation & amortization	299	284	272	294	301	334	235	288
Amortization of goodwill	590	-	-	-	-	-	-	-
	4,879	4,247	4,872	4,906	4,395	4,413	4,271	3,863
Income before the following	(2,699)	1,247	(139)	(2,637)	(992)	727	956	976
Foreign exchange (gain) loss	(16)	(116)	210	(84)	(13)	211	(86)	42
Interest on long-term debt	453	313	229	163	312	198	171	141
Loss from arbitration	-	-	-	-	-	168	292	1,154
Restructuring costs	-	-	-	-	-	-	-	160
Premium on pref. shares	-	-	-	-	322	46	74	51
Net income (loss for the period	$ (3,136)	$ 1,050	$ (578)	$ (2,716)	$ (1,613)	$ 104	$ 505	$ (572)
Net income (loss) per share	$ (0.15)	$ 0.06	$ (0.03)	$ (0.14)	$ (0.08)	$ 0.01	$ 0.02	$ (0.02)

Results of Operations

Revenue

For the three-month period ended September 30, 2003, consolidated revenues rose 72% to $15.1 million as compared with $8.8 million for the third quarter of 2002. The increase was driven by sales of the Company's Motorola-branded fixed wireless telephone and by an increase in GPS product revenues compared to the third quarter of 2002. On a year-to-date basis, revenues have increased by 82% to $61.1 million for the first nine months of 2003, compared to $33.5 million for the same period of 2002.

The Company's GPS Business Unit produced significant year-over-year revenue growth for the quarter, increasing 61% to $6.3 million from $3.9 million in the same period last year. This increase results from both improved sales into the precision agriculture market and strong marine sales resulting from the release of the new Vector product.

The Company's Wireless Business Unit also produced significant year-over-year revenue growth, with an increase of 80% to $8.8 million in 2003 from $4.9 million in the third quarter of 2002. This is due primarily to the sale of fixed wireless phones in 2003, but also due to increased sales of telematics devices resulting from an increased customer base.

A mitigating factor in the Company's revenue growth is that as revenues are denominated entirely in US dollars, the weakening US dollar relative to the Canadian dollar has offset the underlying revenue growth. Relative to the third quarter of 2002, the US dollar has weakened by 12%. Had the US dollar foreign exchange rate remained unchanged from the third quarter of 2002, revenue growth would have been 95%, as compared to the 72% reported.

Gross Margins

Gross margin improvements from the Company's Motorola-branded fixed wireless telephone, coupled with stronger margins on GPS products, resulted in blended gross margins of 32% for the Company in the third quarter, compared with 24% in the prior quarter and 26% in the same period of 2002. This increase relates to cost reductions on existing products put in place during the third quarter.

Gross margins earned on GPS Unit sales improved to 50% in the third quarter of 2003 from 43% in the second quarter of 2003 and from 40% in the third quarter of 2002, primarily related to product mix.

The Company's focus on margin improvement saw an increase in the Wireless Unit's blended margins to 20% in the third quarter 2003, from 16% in the prior quarter of 2003 and from 14% in the third quarter of 2002. These improvements enabled the Wireless Unit to make a positive operating income contribution before corporate administrative expenses, interest expense and arbitration and restructuring costs. The Company anticipates further margin improvements as cost reductions continue to take effect.

Research and Development

Research and development remains a top priority for CSI. New products, added functionality, and product cost improvements are the key focus of the Company's research and development activities, with an emphasis on projects that will produce revenue and cash flow for the Company in the near future. Investment in research and development in the third quarter decreased 28% to $1.6 million in 2003 from $2.2 million in 2002 as a result of general cost control and reduction initiatives and the timing of R&D project expenses. In addition, the declining US dollar has resulted in a reduction in expenses, as over 50% of CSI's engineering staff are located in the Scottsdale, Arizona and Milpitas, California offices. At September 30, 2003, research and development expense for the year to date was $5.3 million compared with $6.3 million at September 30, 2002.

Selling, General and Administrative

Total selling and general and administrative ("SG&A") expenses for the third quarter of 2003 were $2.0 million, as compared with $2.4 million for the same period of 2002, a reduction of 17%. For the nine-month period ending September 30, 2003, SG&A expenses were $4.7 million compared with $5.4 million for the period ending September 30, 2002. The Company, through strict management of expenses, has been able to reduce such costs, while simultaneously increasing revenue 82% during the same period.

Foreign Exchange

The Company recorded a foreign exchange loss of $42 thousand in the third quarter resulting from the translation and consolidation its US-based wholly-owned subsidiaries.

The Company estimates that the impact of the strengthening Canadian dollar on the year-to-date financial results has been a reduction in revenues of approximately $6 million and in net income of about $1.3 million when compared to the results that would have been reported if the foreign exchange rate remained unchanged from the first nine months of 2002. These comparative figures help to illustrate the fundamental underlying improvements that have been achieved in the Company during the last year that are not necessarily apparent from the financial results.

Arbitration and Restructuring Costs

In the third quarter of 2003, CSI Wireless was denied an arbitration claim against a previous customer for an alleged breach of contract. Total charges related to this claim were $1.2 million in the third quarter, including legal fees, tribunal hearing charges, inventory write-offs and other costs. Year-to-date costs related to this arbitration claim are $1.6 million. The arbitration case concluded in the third quarter and no additional costs are expected after September 30, 2003.

During the third quarter, the Company commenced a management restructuring in response to the dramatic sales growth realized in the last several years. Costs of $160 thousand were incurred by CSI during the third quarter in connection with this restructuring.

EBITDA and Net Earnings

Before arbitration and restructuring charges taken in the quarter, the Company had positive income of $742 thousand. This represents an improvement of more than $3.4 million from a net loss of $2.7 million, or ($0.14) per share, for the same quarter in 2002. After deducting arbitration and restructuring costs totaling $1.3 million in the third quarter, CSI reported a net loss of $572 thousand, or $(0.02) per share, a net improvement of $2.1 million from the third quarter of 2002.

CSI was profitable for the nine months ended September 30, 2003, with net earnings of $37 thousand after the deduction of the $1.8 million of arbitration and restructuring charges. This represents an improvement of $2.3 million relative to the net loss of $2.2 million in the first nine months of 2002.

EBITDA for the three months ended September 30, 2003 was negative $92 thousand, compared to negative EBITDA of $2.7 million for the three months ended September 30, 2002. For the nine months ending September 30, 2003, EBITDA was $1.6 million compared to negative EBITDA of $692 thousand for the same period last year.

In the third quarter, CSI's GPS Business Unit continued its strong performance record and demonstrated a significant improvement relative to the prior year. Before the deduction of corporate and unusual expenses, operating profit for the GPS Unit was $1.3 million, an improvement of $1.6 million from the third quarter of 2002.

The Company's Wireless Business Unit also continued to demonstrate improved performance, with operating profit before the deduction of corporate and unusual expenses of $164,000, an increase of $2.2 million compared to the third quarter of 2002.

Liquidity and Capital Resources

CSI continues to tightly manage its cash. During the third quarter, the Company reduced the utilization of its available operating line of credit by $1.4 million to $3.7 million from the June 30, 2003 balance of $5.1 million.

The key elements of cash-flow during the first nine months of 2003 include:

- The Company has generated positive cash-flow from operations of $458 thousand during the first nine months of 2003, after reflecting arbitration and restructuring costs of $1.8 million.
- Cash-flows generated from operations have funded the majority of the capital expenditures incurred during the year of $685 thousand.
- In August, CSI closed a private placement for gross proceeds of $5.3 million consisting of 3,305,750 units issued at a price of $1.60 per unit. Each unit was comprised of one CSI common share and one warrant to purchase a CSI common share at a price of $2.00 per share until August 8, 2005. Net proceeds, after the deduction of agents' fees, legal costs and other share issuance costs were $4.7 million. The net proceeds from the financing have been used to fund debt repayments of $2.3 million in the quarter, to improve working capital and to reduce the amount utilized on the operating line of credit.
- On a year-to-date basis, the Company has repaid principal on debt and capital lease obligations totaling $4.1 million.

At September 30, 2003, the Company had drawn $3.7 million against its $6.0 million line of credit. This balance continually fluctuates with large receipts and payments. The Company has reduced the amount drawn on the line by $1.4 million form the balance outstanding on June 30, 2003.

The above disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond CSI Wireless' control, including: the impact of general economic conditions, industry conditions, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to the announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. CSI Wireless' actual results, performance or achievement could differ materially from those expressed in, or implied by these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, CSI Wireless will derive therefrom.

CSI WIRELESS INC.

Consolidated Balance Sheets

September 30, 2003 and December 31, 2002

	2003	2002
	Unaudited	*Audited*

Assets

	2003	2002
Current assets:		
Accounts receivable	$ 10,919,072	$ 9,568,102
Inventories	6,243,889	9,251,148
Prepaid expenses and deposits	443,365	335,942
	17,606,326	19,155,192
Capital assets	4,317,589	3,510,208
Goodwill	18,624,676	18,071,676
	$ 40,548,591	$ 40,737,076

Liabilities and Shareholders' Equity

	2003	2002
Current liabilities:		
Bank indebtedness	$ 3,676,607	$ 4,031,400
Accounts payable and accrued liabilities	8,172,022	10,107,646
Current portion of capital leases	149,864	-
Current portion of senior long-term debt	1,238,133	1,905,852
Current portion of other long-term debt	264,718	701,260
Preferred shares (note 4)	2,335,154	-
	15,836,498	16,746,158
Capital lease obligations	442,547	-
Senior long-term debt	-	2,170,408
Other long-term debt	-	438,208
Preferred shares (note 4)	-	1,855,244
Shareholders' equity:		
Share capital (note 3)	46,361,647	41,812,078
Contributed surplus	156,049	-
Deficit	(22,248,150)	(22,285,020)
	24,269,546	19,527,058
	$ 40,548,591	$ 40,737,076

See accompanying notes to consolidated financial statements.

CSI WIRELESS INC.

Consolidated Statements of Operations and Deficit

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*
Sales	$ 15,133,600	$ 8,783,661	$ 61,097,950	$ 33,503,057
Cost of sales	10,294,776	6,515,312	45,892,527	21,007,854
	4,838,824	2,268,349	15,205,423	12,495,203
Expenses:				
Research and development	1,592,437	2,206,978	5,285,461	6,306,267
Selling	1,003,393	1,149,838	3,061,889	3,206,500
General and administrative	979,737	1,254,405	3,341,832	3,662,613
Depreciation and amortization	288,133	293,509	857,899	848,663
	3,863,700	4,904,730	12,547,081	14,024,043
Earnings (loss) before undernoted	975,124	(2,636,381)	2,658,342	(1,528,840)
Redemption premium on preferred shares	50,690	-	171,097	-
Foreign exchange loss (gain)	41,629	(82,684)	166,125	11,528
Interest expense	140,941	162,698	510,429	704,019
	741,864	(2,716,395)	1,810,691	(2,244,387)
Loss from unsuccessful arbitration	1,153,822	-	1,613,821	-
Restructuring costs	160,000	-	160,000	-
Net earnings (loss)	(571,958)	(2,716,395)	36,870	(2,244,387)
Deficit, beginning of period	(21,676,192)	(17,955,812)	(22,285,020)	(18,427,820)
Deficit, end of period	$(22,248,150)	$(20,672,207)	$(22,248,150)	$(20,672,207)
Earnings (loss) per common share:				
Basic	$ (0.02)	$ (0.14)	$ 0.00	$ (0.12)
Diluted	$ (0.02)	$ (0.14)	$ 0.00	$ (0.12)
Weighted average shares outstanding:				
Basic	23,673,428	19,113,822	22,397,984	18,650,040
Diluted	24,750,353	19,225,157	24,750,353	18,761,375

See accompanying notes to consolidated financial statements.

CSI WIRELESS INC.

Consolidated Statements of Cash Flows

	Three months ended September 30, 2003	Three months ended September 30, 2002	Nine months ended September 30, 2003	Nine months ended September 30, 2002
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*
Cash flows from (used in) operating activities:				
Net earnings (loss)	$ (571,958)	$ (2,716,395)	$ 36,870	$ (2,244,387)
Items not involving cash:				
Depreciation and amortization	288,133	293,509	857,899	848,663
Redemption premium	50,690	-	171,097	-
Foreign exchange gain	40,063	-	(244,185)	-
Options granted to non-employees	-	5,206	23,530	49,644
	(193,072)	(2,417,680)	845,211	(1,346,080)
Change in non-cash operating working capital:				
Accounts receivable	508,811	(1,338,610)	(1,350,970)	(566,572)
Inventories	1,107,797	(756,391)	3,007,259	1,158,741
Prepaid expenses and deposits	(85,058)	(101,002)	(107,423)	(39,101)
Accounts payable and accrued liabilities	(2,095,727)	2,880,535	(1,935,624)	1,447,572
	(757,249)	(1,733,148)	458,453	654,560
Cash flows from (used in) financing activities:				
Bank indebtedness	(1,424,662)	3,155,145	(354,793)	82,941
Senior long-term debt	(1,885,201)	(682,994)	(2,838,127)	(682,994)
Other long-term debt	(418,664)	(878,864)	(874,750)	(878,864)
Capital leases	(15,543)	-	(387,847)	-
Issue of share capital, net of share issue costs	4,671,229	16,381	4,682,088	1,900,362
	927,159	1,609,668	226,571	421,445
Cash flows used in investing activities:				
Purchase of capital assets	(169,910)	(223,330)	(685,024)	(1,076,005)
Increase (decrease) in cash position	-	(346,810)	-	-
Cash and cash equivalents, beginning of period	-	346,810	-	-
Cash and cash equivalents, end of period	$ -	$ -	$ -	$ -
Supplemental disclosure:				
Interest paid	$ 155,955	$ 188,428	$ 538,219	$ 642,721

See accompanying notes to consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements for CSI Wireless Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. The financial information included herein is unaudited. These interim financial statements follow the same accounting policies and methods of application as the most recent annual audited financial statements dated December 31, 2002, except where noted below. The disclosures herein are incremental to those included within the annual financial statements. These interim financial statements should be read in conjunction with the annual statements.

2. Future operations:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which is dependent upon the Company's ability to generate future profitable operations, and receiving continued financing to enable the Company to meet its obligations as they become due. Management believes the going concern assumption to be appropriate for these financial statements. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Common Shares:

(a) Issued:

	Number of Shares	Amount
Balance, December 31, 2002	22,448,077	$41,812,078
Loan receivable from director (note 6)	-	1,184,700
Cancelled shares from director (note 6)	(700,000)	(1,340,749)
Issued on exercise of stock options	27,306	33,360
Private Placement (net of share issue costs)	3,305,750	4,648,728
Options granted to non-employees (note 3(c))	-	23,530
Balance, September 30, 2003	25,081,133	$ 46,361,647

(b) At September 30, 2003 the following stock options and share purchase warrants are outstanding.

Share Option Plan	2,558,143
Wireless Link Acquisition Share Option Plan	235,593
Share Purchase Warrants – Exercise price of $1.80, expiring February 21, 2004	1,643,655
Share Purchase Warrants – Exercise price of $2.00, expiring August 8, 2005	3,305,750
Agents Warrants – Exercise prices of $1.42 - $2.00, expiring between Feb. and August 2004	763,410
Bankers Warrants – Exercise price of $2.50, expiring September 30, 2005	250,000

(c) On August 8, 2003, the Company successfully closed an offering of 3,305,750 Units. The Units were issued at a price of $1.60 per Unit for gross proceeds of approximately $5.3 million. Each Unit is comprised of one common share of the Company, and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $2.00 per share until August 8, 2005.

(d) The fair value of each option granted to non-employees is estimated on the date of grant using the Black-Sholes option pricing model with the following weighted average assumptions used for grants in 2003: zero dividend yield; expected volatility of 70%; risk-free rates of 5%; and expected lives of 5 years. At September 30, 2003, the Company recorded $23,530 as compensation expense for non-employees who have been granted stock options.

As the Company follows the intrinsic value method of accounting for stock options granted to employees, no compensation cost has been recognized for the nine-month period ended September 30, 2003. Had compensation cost for stock options granted to employees been determined based on the fair value method, the Company's pro-forma net earnings would have been reduced by $181,963 to a loss of $145,093 and the pro-forma loss per share would have been $0.01 for the nine-month period ended September 30, 2003.

4. Preferred Shares:

	September 30, 2003		December 31, 2002	
	Number of Shares	Amount	Number of Shares	Amount
Preferred shares issued	1,361,000	$ 2,335,154	1,011,000	$ 1,855,244

The terms of the preferred shares allows for the holder of the shares to demand retraction in the form of either shares or cash at any time after April 1, 2004, and accordingly the shares are shown as a current liability as at September 30, 2003. On January 1, 2004, a maximum of 150,000 preferred shares will be issued to the holder if defined performance criteria are met for 2003. This represents the final required performance-related issuance of preferred shares in accordance with the agreement under which the Company acquired certain business assets from the holder.

5. Segmented information:

(a) Operating segments:

The Company's method for determining what information to report about operating segments is based on the way that management organizes the operating segments within the Company for making operating decisions and assessing financial performance. The segments reported are consistent with those reported at December 31, 2002.

Period ended September 30:

	GPS Business Unit		Wireless Business Unit		Corporate		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
Sales	$ 19,752,792	$ 21,459,095	$ 41,345,158	$ 12,043,962	$ -	$ -	$ 61,097,950	$ 33,503,057
Interest expense	-	-	-	-	510,429	704,019	510,429	704,019
Depreciation and amortization	557,995	555,750	299,905	292,913	-	-	857,899	848,663
Net earnings (loss)	3,392,749	5,663,274	977,806	(5,678,456)	(4,333,685)	(2,229,205)	36,870	(2,244,387)
Capital assets and goodwill	7,316,422	5,764,446	15,625,843	15,810,706	-	-	22,942,265	21,575,152
Total assets	19,190,833	13,628,377	21,357,758	26,127,450	-	-	40,548,591	39,755,827
Capital expenditures	577,007	547,690	108,017	528,315	-	-	685,024	1,076,005

(b) Sales by geographic segment:

	2003	2002
United States	$ 51,930,348	$ 25,891,135
Canada	4,674,294	4,398,115
Europe	2,153,394	795,248
Other	2,339,914	2,418,559

Sales are attributed to geographic segments based on the location of the customer.

(c) Major customers:

Of the Company's sales for the period ended September 30, 2003, 73% (September 30, 2002 – 51%) were to 5 customers. The Wireless Business Unit had sales to one customer totaling $32,330,000, or 53% of revenue. The GPS Business Unit had sales to one customer totaling $6,384,000, or 10% of revenue.

6. Related party transactions:

On March 4, 2003, the Company cancelled 700,000 common shares that were previously held as security for a US$750,000 loan made to an officer and director of the Company. At December 31, 2002 share capital and accounts receivable were reduced by $1,184,700 in anticipation of the cancellation. On March 4, 2003 the shares were cancelled using the average paid up capital value per share, which resulted in contributed surplus of $156,049.

CSI WIRELESS INC.
Notes to Consolidated Financial Statements

Periods Ended September 30, 2003 and 2002
Unaudited

For more information, please contact

Stephen Verhoeff
CSI Wireless Inc.
Tel: 403•259•3311
Fax: 403•259•8866
e-mail: sverhoeff@csi-wireless.com
www.csi-wireless.com

Corbet Pala
E-Vestor Communications Inc.
Toll free: 1•877•657•5276
Tel: 416•657•2400
Fax: 416•657•2300
e-mail: cpala@e-vestorcom.com

Jeff Adams
CSI Public Relations Manager
Tel: 403•259•3311 Ext: 254
Fax: 403•259•8866
e-mail: jadams@csi-wireless.com
www.csi-wireless.com

CSI Wireless Inc.
4110 - 9th Street SE • Calgary • Alberta • T2G 3C4
Telephone: 403•259•3311 • Fax: 403•259•8866

Satloc LLC
7560 E. Redfield Road, Suite B • Scottsdale • Arizona • 85260
Telephone: 480•348•9919 • Fax: 480•348•6370

CSI Wireless LLC
1001 Murphy Ranch Road • Building 3, Suite 110 • Milpitas • California • 95035
Telephone: 408•434•0685 • Fax: 408•433•9647

csi wireless™
4110 - 9th Street SE • Calgary • AB • Canada • T2G 3C4
Phone 403•259•3311 • Fax 403•259•8866

www.csi-wireless.com