

Consolidated Statements of Cash Flow  
 Nine months ended September 30, 2000 and 1999  
 Unaudited

	Sept 30, 2000	Sept 30, 1999
<b>Operating Activities:</b>		
Net earnings (loss)	\$(3,557,520)	\$ 452,614
Items not involving cash:		
Depreciation and amortization	1,282,480	478,047
Gain on disposal of fixed assets	(2,120)	-
Foreign exchange	-	(24,208)
	(2,277,160)	906,453
<b>Changes in non-cash operating accounts:</b>		
Accounts receivable	(1,151,096)	1,083,040
Income taxes recoverable	38,967	-
Inventories	(1,176,253)	(238,729)
Prepaid expenses and deposits	98,938	(105,959)
Accounts payable and accrued liabilities	316,630	592,418
	(4,149,974)	2,237,223
<b>Financing activities:</b>		
Senior long-term debt	4,810,326	1,423,893
Issue of share capital, net of share issue costs	4,045,980	10,111
Subordinated debt	370,972	-
Repurchase of common shares	-	(69,428)
	9,227,278	1,364,576
<b>Investing activities:</b>		
Proceeds from disposal of fixed assets	35,000	-
Acquisition, net of cash acquired	(132,544)	(3,804,627)
Deferred development costs	(227,545)	(150,000)
Purchase of capital assets	(346,944)	(145,420)
	(672,033)	(4,100,047)
Increase (decrease) in cash	4,405,271	(498,248)
Cash position, beginning of period	62,776	1,186,032
Cash position, end of period	\$ 4,468,047	\$ 687,784



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Toronto Stock Exchange Symbol: CSY



positioned  
 for growth

A quarterly review  
 of what's up and  
 happening  
 in the world of  
 CSI Wireless



Report to Shareholders  
 Q3 Revenues up 46% and \$90M LOI

Consolidated revenues for the nine months ended September 30, 2000 were \$17,149,000, an increase of 43% over revenues of \$11,992,000 for the same period in 1999. CSI Wireless reported an EBITDA loss of \$1,871,000 for the nine months ended September 30, 2000, as compared with EBITDA of \$1,063,000 for the same period in 1999. After depreciation and amortization, the Company reported a net loss for the nine months of \$3,558,000, or (\$0.36) per share, as compared with net income of \$453,000, or \$0.07 per share reported for the same period last year. For the three-month period ended September 30, 2000, CSI reported a 46% increase in revenues to \$6,987,000, from revenues of \$4,769,000 for the same period last year. CSI Wireless reported an EBITDA loss of \$2,164,000 for the three months ended September 30, 2000, as compared with EBITDA of \$470,000 for the same period in 1999. After depreciation and amortization, the Company reported a net loss for the quarter of \$3,067,000, or (\$0.31) per share as compared with net income of \$148,000, or \$0.02 per share in the third quarter of 1999. Depreciation and amortization for the periods tripled on a year-over-year basis, largely as a result of the amortization required on the goodwill required to be booked on acquisitions, in accordance with Canadian Generally Accepted Accounting Principles.

While revenue growth remained strong, the Company experienced delays in customer shipments during the quarter, largely related to an industry-wide impact of component shortages.

The losses reported for the third quarter were in line with the Company's business plan, as the Company continued the integration of Wireless Link Corporation, which was acquired June 28th, 2000. Gross margins for the nine months ended September 30, 2000 were 34%, as compared with gross margins of 41% reported for the comparable period in 1999. Gross margins for the three months period were 24%, a decrease from the 42% gross margins posted for the third quarter of 1999. "The gross margins are lower primarily as a result of the integration of the new wireless customer segments, where aggressive, low-margin contracts were negotiated in order to establish market presence and market share leadership. In the longer term we are targeting margins in line with the industry average as we roll out lower-cost, next generation products in 2001," stated Stephen Verhoeff, President and CEO of CSI Wireless Inc.

\$90 Million Conditional Letter of Intent

CSI Wireless is pleased to announce it has signed a conditional Letter of Intent (LOI) towards a purchase order for its wireless hardware valued at approximately CDN \$90 million. The Company expects to sign a formal purchase contract following satisfactory testing of prototypes, which are to be delivered to the customer by December 15, 2000. The order is also conditional on the customer receiving its expected purchase order from its lead customer. A more detailed press release is expected to be issued during December on this significant opportunity.

## Customer Disputes

The Company reports it is currently involved in a dispute with two of its customers. These disputes are being assessed by management and discussions are being held with the customers to resolve the disagreements. At the present time, losses with respect to these disputes, if any, is indeterminable.

## Investing in the Future

Investment in future growth continues with year-over-year investment in Research & Development for the nine months nearly tripling. This is resulting in accelerating product time-to-market and the development of lower cost, higher margin products. In October, the Company unveiled AssetVision™ for MicroBurst®, a powerful wireless location tracking product, capable of tracking, monitoring, and managing vehicles and assets virtually anywhere in the United States, Canada and Mexico, and throughout much of South America. An innovative new technology solution integrating GPS with wireless packet data communications, the product is a highly configurable tool for vehicle tracking and control, and remote asset management, offering hundreds of diagnostic and command and control functions previously only available over higher cost networks.

Sales & Marketing efforts have also been increased to accelerate penetration of the new wireless market segments. Recently, CSI Wireless announced that Chris Carver joined the Company as Vice President of Marketing, Mobile Computing and Automotive Telematics. Mr. Carver will lead the execution of the CSI Wireless strategic growth plans for these markets.

## About CSI Wireless

With offices in Calgary, Silicon Valley, and Phoenix, CSI Wireless provides innovative, cost-effective, wireless and precision GPS products for mobile and fixed applications in both commercial and consumer markets. Through the integration of GPS and wireless, CSI Wireless is actively pursuing the emerging high growth markets with mobile-location solutions for Fleet Management, Asset Tracking, Consumer Telematics, Fixed Wireless Local Loop terminals and Mobile computing applications. The Company owns a number of patents and intellectual property relating to a variety of wireless networks and GPS technologies. CSI Wireless has licensed its cellular technology to GPS, cellular handset, and chipset manufacturers. The common shares of CSI Wireless trade on The Toronto Stock Exchange under the trading symbol "CSY", with approximately 14.75 million shares outstanding.



Stephen Verhoeff  
Chairman, President & CEO  
November 30, 2000

## Consolidated Statements of Operations and Deficit Periods Ended September 30, 2000 and 1999 Unaudited

	Nine months Sept 30, 2000	Nine months Sept 30, 1999	Three months Sept 30, 2000	Three months Sept 30, 1999
Sales	\$ 17,149,157	\$ 11,992,328	\$ 6,986,610	\$ 4,769,271
Cost of sales	11,376,338	7,118,386	5,330,590	2,764,612
	5,772,819	4,873,942	1,656,020	2,004,659
Expenses:				
Selling	2,713,602	1,726,648	1,150,297	704,358
General and administrative	2,343,979	1,114,084	1,110,168	402,079
Interest on long-term debt	403,941	131,869	146,735	116,794
Depreciation and amortization	1,282,480	478,047	756,355	205,390
	6,744,002	3,450,648	3,163,555	1,428,621
Earnings before undernoted item	(971,183)	1,423,294	(1,507,535)	576,038
Research and development	2,586,337	970,680	1,559,839	428,247
Net earnings (loss)	(3,557,520)	452,614	(3,067,374)	147,791
Deficit, beginning of period	(2,551,803)	(3,119,994)	(3,041,949)	(2,815,171)
Deficit, end of period	\$ (6,109,323)	\$ (2,667,380)	\$ (6,109,323)	\$ (2,667,380)
Net earnings (loss) per common share:				
Basic	\$ (0.36)	\$ 0.07	\$ (0.31)	\$ 0.02
Fully diluted	(0.36)	0.07	(0.31)	0.02
Issued and outstanding shares:				
Common shares	14,748,062	6,359,875		
Preferred shares	350,000	-		

## Segmented Information - Nine Months ended September 30, 2000 and 1999 Unaudited

	GPS Positioning Devices		Wireless Communication Devices		Corporate		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
Sales	\$ 14,073,194	\$ 11,992,328	\$ 3,075,963	\$ -	\$ -	\$ -	\$ 17,149,157	\$ 11,992,328
Interest Expense	-	-	-	-	403,941	131,869	403,941	131,869
Depreciation and amortization	776,664	478,047	505,816	-	-	-	1,282,480	478,047
Corporate costs	-	-	-	-	1,034,645	509,750	1,034,645	509,750
Net earnings	(325,074)	1,094,233	(1,793,859)	-	(1,438,587)	(641,619)	(3,557,520)	452,614
Capital assets and goodwill	4,571,614	4,007,198	17,566,138	-	-	-	22,137,752	4,007,198
Total assets	18,590,090	11,459,197	21,817,623	-	-	-	40,407,713	11,459,197
Capital expenditures excluding acquisition	294,199	145,420	52,745	-	-	-	346,944	145,420
<b>Sales by geographic segment</b>	<b>2000</b>	<b>1999</b>						
U.S.A.	\$ 8,762,000	\$ 6,802,777						
Europe	2,842,000	3,245,185						
Other	2,989,000	973,563						
Canada	2,556,000	970,802						

### Major customers

Percent of sales to top three customers      18%                      34%

## Consolidated Balance Sheets At Sept 30, 2000 and December 31, 1999

	Sept 30, 2000	Dec 31, 1999
	Unaudited	
<b>Assets</b>		
Current assets:		
Cash and term deposits	\$ 4,468,047	\$ 62,776
Accounts receivable	7,362,128	2,221,937
Income taxes recoverable	-	38,967
Inventories	5,762,456	4,008,731
Prepaid expenses and deposits	232,613	317,736
	17,825,244	6,650,147
Capital assets	2,418,717	1,524,045
Deferred development costs	444,717	405,224
Goodwill	19,719,035	2,829,441
	\$40,407,713	\$11,408,857
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$10,561,285	\$ 3,720,903
Vendor sub-ordinated debt	2,706,828	-
Current portion of long-term debt	572,508	292,329
	13,840,621	4,013,232
Vendor sub-ordinated debt	-	2,335,856
Senior long-term debt	5,553,357	1,023,210
Shareholders' equity:		
Share capital	27,123,058	6,620,362
Deficit	(6,109,323)	(2,551,803)
	21,013,735	4,068,559
Due from shareholders	-	(32,000)
	21,013,735	4,036,559
	\$40,407,713	\$11,408,857