MESSAGE TO SHAREHOLDERS

The first quarter of 2002 was an outstanding quarter for CSI Wireless. The most significant financial highlight for the first quarter of 2002 was achieving profitability following a period of losses in which the Company invested heavily in new product development. The Company posted net earnings for the first quarter of 2002 of $1,050,000 or $0.06 per share, compared with a net loss of $491,000, or ($0.03) per share, for the first quarter of 2001.

"Not only did we achieve our goal for positive cash flow ahead of schedule, we were able to exceed our bottom line targets and produce net earnings for the first time since the first quarter of 2000," stated Stephen Verhoeff, President & CEO of CSI Wireless Inc.

First quarter sales increased 14% to a Company-record level of $13,958,000, from $12,211,000 for the same period in 2001 - fueled by growth in both the GPS and the Wireless Business Units.

Gross margins for the quarter were 39%, as compared with 41% in the previous year. This decrease results from the change in the sales mix between the GPS and Wireless business units.

Profitability was driven by increased sales and reduced operating expenses for the quarter. Operating expenses were 31% lower than the same period last year, largely due to improved operating efficiencies and expense reduction efforts initiated during the second half of 2001, as detailed in the Company's 2001 annual report.

The Company's investment in research and development related to next-generation products increased 17% to $1,912,000 in the first quarter of 2002. Several new products were launched during the quarter, with several more due to be released throughout the remainder of the year. The CSI Wireless research and development spending is strongly oriented toward specific products and markets for which customers have been identified.

Q1 - MARCH 31, 2002

CSI Wireless Posts Record Earnings of $1,050,000

Message To Shareholders continued...

The value of this ongoing investing was demonstrated when the Company announced the signing of a $6.5 million sales contract with AirIQ for its recently released Asset-Link™ 200, the second in a family of innovative, cost-effective fleet-tracking, safety and security products that employ GPS and wireless technologies.

“Our aggressive R&D investment is beginning to pay off,” said Mr. Verhoeff. “Our forward-thinking engineering, in partnership with customers like AirIQ, ensures we are able to deliver what the market is looking for today – and tomorrow. We have already released six new products this year, with just as many still to come during the rest of 2002.”

Before the investment in research and development costs, the Company posted earnings of $2,962,000 as compared with earnings, before R&D costs, in the first quarter of 2001 of $1,149,000.

After investment in research and development, CSI Wireless reported earnings before interest, taxes, depreciation & amortization (“EBITDA”) for the first quarter of 2002 of $1,646,000, as compared with EBITDA of $553,000 reported for the first quarter of last year.

Net income for the quarter benefited from not only increased sales and lower operating expenses, but also from the non-amortization of goodwill, which reflects the adoption of the new accounting standards. Effective January 1, 2002, the Company adopted the new accounting standards for goodwill and other intangible assets. This new standard requires that goodwill not be amortized, but written down only if impaired. In accordance with the new standard, the carrying value of the CSI Wireless goodwill will be assessed for impairment annually. On a proforma basis, goodwill amortization would have been $580,000 for the quarter.

Goodwill increased $556,500 from December 31, 2001 to $18,071,676 at March 31, 2002, as preferred shares were issued as contingent consideration as part of the asset purchase agreement entered into in 1999 to purchase the business assets of Satloc Inc. Details of these preferred shares can be found in note 10(h) of the Company’s 2001 annual report.

“It is tremendously rewarding to begin 2002 with a stronger first quarter than expected, and to see the significant investments and hard work returning positive earnings,” said Mr. Verhoeff.

Fixed Wireless Telephone Sale Opportunity
The last update on this deal opportunity (formerly described as a conditional letter of intent) reported that 5,000 trial units were to be shipped to the end customer. These units were shipped by the first week of April and the end customer is continuing with its deployment and testing of these trial units.

S A Verhoeff

Stephen Verhoeff
President & CEO
May 7, 2002

Consolidated Balance Sheets

March 31, 2002 and December 31, 2001

	2002	2001
	Unaudited	*Audited*
Assets		
Current assets:		
Accounts receivable	$ 10,564,621	$ 8,986,632
Inventories	7,810,187	9,400,184
Prepaid expenses and deposits	308,726	346,927
	18,683,534	18,733,743
Capital assets	3,174,562	3,153,387
Deferred development costs	38,253	122,747
Goodwill	18,071,676	17,515,176
	$ 39,968,025	$ 39,525,053
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	$ 1,263,459	$ 3,072,204
Accounts payable and accrued liabilities	11,995,936	11,393,179
Current portion of senior long-term debt	1,429,382	952,921
	14,688,777	15,418,304
Senior long-term debt	3,806,335	4,282,796
Shareholders' equity:		
Share capital (note 4(a))	38,850,758	38,251,773
Deficit	(17,377,845)	(18,427,820)
	21,472,913	19,823,953
	$ 39,968,025	$ 39,525,053

See accompanying notes to consolidated financial statements.

Cory Pala
Investor Relations
E-vestor Communications Inc.
Phone: 416•657•2400
Fax: 416•657•2300
e-mail: cpala@e-vestorcom.com

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

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

Toronto Stock Exchange Symbol: CSY

Consolidated Statements Of Operations And Deficit

Three Months Ended March 31, 2002 and 2001

Unaudited	2002	2001
Sales	$ 13,958,234	$ 12,210,864
Cost of sales	8,464,507	7,223,599
	5,493,727	4,987,265
Expenses:		
Selling	1,007,292	1,111,845
General and administrative	928,088	1,681,566
Interest on long-term debt	312,502	251,290
Depreciation and amortization	283,862	261,499
Amortization of goodwill	-	531,638
	2,531,744	3,837,838
Earnings before undernoted item	2,961,983	1,149,427
Research and development costs	1,912,008	1,640,170
Net earnings (loss)	1,049,975	(490,743)
Deficit, beginning of period	(18,427,820)	(9,425,396)
Deficit, end of period	$ (17,377,845)	$ (9,916,139)
Earnings (loss) per common share:		
Basic	$ 0.06	$ (0.03)
Diluted	0.05	(0.03)

See accompanying notes to consolidated financial statements.

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

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

CSI Wireless LLC
1909 Milmont Drive • Milpitas • California • USA • 95035
Phone: 408•719•1100 • Fax: 408•719•9646

Consolidated Statements Of Cash Flows

Three Months Ended March 31, 2002 and 2001

Unaudited	2002	2001
Cash flows from (used in) operating activities:		
Net earnings (loss)	$ 1,049,975	$ (490,743)
Items not involving cash:		
Depreciation and amortization	283,862	261,499
Amortization of goodwill	-	531,638
Options granted to non-employees	39,311	-
	1,373,148	302,394
Change in non-cash operating working capital:		
Accounts receivable	(1,703,266)	(2,427,879)
Inventories	1,589,997	(3,147,237)
Prepaid expenses and deposits	38,201	(51,532)
Accounts payable and accrued liabilities	602,757	96,219
	1,900,837	(5,228,035)
Cash flows from (used in) financing activities:		
Increase in bank indebtedness	(1,808,745)	(1,425,919)
Senior long-term debt	-	(190,836)
Subordinated debt	-	(2,790,704)
Issue of special warrants, net of issue costs	-	9,481,310
Issue of share capital, net of share issue costs	3,174	1,098,679
	(1,805,571)	6,172,530
Cash flows from (used in) investing activities:		
Purchase of capital assets	(95,266)	(440,778)
Deferred development costs, net of incentives and grants	-	1,663
	(95,266)	(439,115)
Increase in cash position	-	505,380
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	$ -	$ 505,380
Supplemental disclosure:		
Interest paid	$ 165,849	$ 115,937

See accompanying notes to consolidated financial statements.

Notes To Consolidated Financial Statements

Three months ended March 31, 2002 and 2001
Unaudited

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, 2001, 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. Change in Accounting Policies:

   Effective January 1, 2002, the Company adopted the new accounting standards for stock based compensation. Under this standard, the Company follows the intrinsic value method for stock options granted to employees and the fair value method for stock options granted to non-employees. The Company discloses the effect of accounting for the stock options awarded to employees under the fair value method (See note 4).

   Effective January 1, 2002, the Company adopted the new accounting standards for goodwill and other intangible assets. This new standard requires that goodwill not be amortized, but only written down if impaired. In accordance with the new standard, the carrying value of goodwill will be assessed for impairment annually. Prior to the adoption of this new recommendation, goodwill was amortized on a straight-line basis over its estimated useful life

3. 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 and equity funding 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.

4. Share Capital:

   (a) Issued:

	Number of Shares	Amount
Balance, December 31, 2001	18,391,493	$ 37,275,173
Issued on exercise of stock options	3,850	3,174
Options granted to non-employees (note 4(c))	-	39,311
Balance, March 31, 2002	18,395,343	$ 37,317,658

	Number of Shares	Amount
Preferred shares issued:		
Balance, December 31, 2001	661,000	$ 976,600
Issued per asset purchase agreement	350,000	556,500
Balance, March 31, 2002	1,011,000	$ 1,533,100

4. Share Capital (continued)

(b) At March 31, 2002 the following stock options and share purchase warrants are outstanding:

Share Option Plan	2,576,325
Wireless Link Plan	475,421
Share Purchase Warrants	2,181,745

c) 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 2002: zero dividend yield; expected volatility of 50%; risk-free rates of 5%; and expected lives of 5 years. At March 31, 2002, the Company recorded $39,311 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 three-month period ended March 31, 2002. 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 $13,226 to $1,036,749 and the pro-forma earnings per share would have been $0.06 for the three-month period ended March 31, 2002.

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, 2001.

Period ended March 31:

	GPS Business Unit		Wireless Business Unit		Corporate		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Sales	$10,121,531	$8,571,373	$ 3,836,703	$ 3,639,491	$ -	$ -	$13,958,234	$12,210,864
Interest expense	-	-	-	-	312,502	251,290	312,502	251,290
Depreciation and amortization	214,714	291,571	69,148	501,566	-	-	283,862	793,137
Net earnings (loss)	3,720,396	2,518,017	(1,864,186)	(1,928,093)	(806,235)	(1,080,667)	1,049,975	(490,743)
Capital assets and goodwill	5,757,279	5,390,913	15,527,212	16,856,082	-	-	21,284,491	22,246,995
Total assets	17,197,809	20,043,160	22,770,216	23,239,403	-	-	39,968,025	43,282,563
Capital expenditures excluding acquisition	66,433	145,698	28,833	293,418	-	-	95,266	493,116

(b) Sales by geographic segment:

	2002	2001
U.S.A.	$ 10,425,797	$ 10,892,009
Europe	289,573	291,535
Other	536,952	557,618
Canada	2,705,912	469,702

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