GSI TECHNOLOGIES USA INC /DE
Form 10KSB
March 08, 2002

ANNUAL REPORT FOR GSI TECHNOLOGIES USA INC.

U.S. Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-KSB

(X) ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2001

Commission File No. 333-30474

GSI TECHNOLOGIES USA INC.

(Name of small business issuer in its charter)

Delaware	65-0902449
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification Number)

2001 McGill College Avenue, Suite 1310
Montreal, Quebec H3A 1G1

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code (514)-940-5262

Securities registered under Section 12(b) of the Exchange Act: None
Securities registered under Section 12(g) of the Exchange Act:

Class B Common Stock (Par Value $.001 per share)

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (x) Yes ( ) No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part 1II of this Form 10-KSB or any amendment to this Form 10-KSB. (X)

The Registrant's revenues for its most recent fiscal year were $596,409

The aggregate market value for the voting and non-voting common equity held by non-affiliates on October 31, 2001 was approximately $11,645,885. Shares of common stock held by each officer and director and by each person who owns 5% or more of the outstanding common stock of the Company have been excluded because such persons may be deemed to be affiliates.

The total number of shares of Class B Common Stock outstanding on October 31,2001 was 21,076,636.

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PART I

The Form 10-KSB contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially from those expressed or forecasted in any such forward-looking statements as a result of a number of factors which are not within the Registrant's control.

ITEM 1. Description of Business

(a) Organization

GSI Technologies USA Inc. ("GSI") is a Delaware corporation, originally established in July 1998 as I.B.C. Corporation. Following a change of control to the current principal shareholders and the creation of a new business plan, we acquired an exclusive worldwide license from GSI Technologies ("GSI Canada") relating to a unique technology in the field of electronic commercial advertising. The license includes proprietary software, hardware, and broadcasting systems enabling users to transmit and receive full-motion video, graphics, along with compressed or uncompressed audio on any kind of display units, whether mobile or static, indoor or outdoor. The technology offers users remote control through telephone lines, LANs, the internet, wireless systems, cell phones, global systems for mobile telecommunications, or GSMs, fiber optics and short waves. GSI also acquired broadcasting server technology from GSI Canada.

GSI participates in the information technology industry, specializing in broadcasting solutions principally for media operators, advertisers and others seeking to reach the greatest number of "viewers per day" at the street level. Street level advertising is the strategic placement of signage so they are readily visible to pedestrians and motorists. In addition to addressing potential consumers in busy urban and suburban settings, public service messages can also be conveyed using our technology.

Based upon our knowledge of the industry, we believe the potential market for which GSI intends to sell its products is large with opportunities for growth. The advertising industry, for example, is always looking for new ways to reach consumers. Having acquired our license from GSI Canada, we believe we are now able to respond to their needs as well as those of other industries. Whereas traditional media groups such as television, radio, and newspapers used to specialize in their respective activities, as reflected below, our research shows that there is a clear pattern of them utilizing newly developed electronic media in order to maintain and extend their reaching power.

Historical background

A predecessor entity called Groupe Solcom was founded in 1995 by a group of individuals experienced in the advertising and retail industries. The primary goal of the Montreal-based R&D firm was to find ways of channeling commercial messages to a wider range of viewers in a structured and targeted method via electronic remotely-controlled screens. Originally serving the casino and stadium industries, Groupe Solcom soon identified diverse locations across North America in which to successfully install, manage and remotely control automated display systems. From 1996 through September 1998, Group Solcom controlled and operated large electronic signs in Vancouver, Edmonton, Toronto, Montreal, Las Vegas, and Mississippi.

With the rapid evolution of electronic sign capabilities via full video broadcast signals, media companies were beginning to seek new ways of transferring images and information from remote stations to signs in a compressed and secure environment. Effectively using the Internet was the logical solution. In order to respond expeditiously to market trends and to concentrate all its resources in the completion of a fully integrated software-hardware package, Group Solcom next applied for advantageous governmental grants available in the area of multimedia R&D. As a result, in

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September 1998, GSI Canada was incorporated in order to qualify for and receive a CDTI Cite du Multimedia research license. Cite du Multimedia is a major provincial government-sponsored project in Montreal designed to bring together in the same location companies working in the information and communications technology field. The government subsidy is an exclusive twelve-year program of incentives that includes a subsidy of up to 40% of the salaries of research & development personnel (within individual limits), up to 40% subsidy of the capital cost for specialized R & D equipment, as well as other Federal tax credits and exemptions. From 1998 to 2000, in accordance with its strategic plan of vertical integration, GSI Canada made three acquisitions. Vertical integration has facilitated and accelerated the process of providing a complete turnkey solution to its target market, the media operators. These acquisitions included Lexton Group, Hi Tech Neon and ITS Services Inter-Teck.

In June 1999, with a view to financing the enterprise and eventually going public, the owners of GSI Canada founded GSI Technologies USA Inc, a Delaware incorporated company. GSI is headquartered in Orlando, Florida. By August 1999, the preliminary testing of the basic server system and software package were completed, and in October 1999, GSI Canada granted GSI an exclusive master license to market and commercialize its technology. In October 1999, we successfully completed a private placement of $1,000,000 under SEC Rule 504. On February 15, 2000, we filed a Registration Statement on Form SB-2 with the Securities and Exchange Commission. On August 3, 2000, we filed Form 8A to become a reporting company, and on September 13, 2000, began trading on the NASD over-the-counter bulletin board under the symbol GSITB.

Since February 2000 to date, the GSI raised funds in the amount of $4,572,263 million via a series of small private placements, through the exercise of warrants by existing shareholders, and through shareholder advances and advances from a commercial bank.

The technology

The basic technological advance achieved by GSI Canada and available to us by way of the master licensing agreement is the successful integration of various hardware components and specialty software for the transmission of broadcast signals in real time. Using our GSI Multimedia Pack software which is described below, we have the unique capability to broadcast from a central server to full video screens in remote locations anywhere in the world. The system is capable of updating pinpoint information virtually in real time by way of video compressing systems and other fully automated software systems.

By utilizing our products and services, media and advertisers will have an improved way of reaching consumers right in their daily out-of-home environment, especially in suburban shopping malls and the downtown cores where thousands of people circulate daily as pedestrians, as motorists or as they use public transportation going to and from work or to shop.

Hardware

To achieve its sales goals, GSI is commercializing products such as Citycolumn, Digicolumn, E-Column, and Skycolumn. These products can all be marketed directly by GSI to end-users or via sub-licensing agreements with media operators which are described below.

GSI's objective is to offer the possibility of what we call GSITV.COM, The Total Vision Network, linking large numbers of installations of our products in various locations. Animated advertising displays and information of public interest can be efficiently and economically managed from strategically placed servers in central locations. The content broadcast on the network will be continuously updated. For optimal exposure, the content will consist of a three minute loop divided into eighteen segments of ten seconds each. Besides advertising, these segments will include messages of public interest issued by our newsroom, drawing on the technical support of our control room. For example, six of the segments can be dedicated to local advertising while the other twelve are made available for regional or national advertising and the messages of public interest. The involvement of radio and television networks is being sought for this part of the network's offering.

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(b) Products

Software

GSI's software is the cornerstone of its broadcasting solution, providing a modern, economic alternative to static advertising media and an improved means of attracting the attention of pedestrians and motorists in high-traffic locations. This broadcast-enabling software, coupled with integrated hardware solutions, clearly distinguishes the Company from traditional static content providers. The GSI Multimedia Pack which enables virtually real time broadcasting consists of three sub-packs, each with its own applications, enabling users to schedule and send content to any number of display units and then to play it. The key advantage is that it enables intensive, pinpoint advertising campaigns and efficient changes to the content. Through this software the Company is able to effectively monitor and transmit up-to-the-minute news and commercials directly to each screen location. Demographic criteria such as average age, population size, gender, language, and nationality can be programmed for each screen. Consequently, GSI is able to provide its advertisers or strategic partners with a complete advertising campaign package. All together, the GSI Multimedia Pack consists of five applications. Innovative applications include: database graphical user interface (GUI), schedule manager, billing manager, file transfer manager and the multimedia player. The broadcasting servers are currently located in Montreal at GSI's principal business office. A broadcasting hub will be built in the Cite du Multimedia in Old Montreal.

Hardware

To effectively demonstrate the power of its broadcasting capability and the software that drives it, GSI has developed an array of actual and potential hardware applications. Designed, assembled and integrated in various forms and shapes suited for the precise out-of-home environment, GSI's know-how is constituted in the products we are currently commercializing such as Citycolumn, E-Column, Skycolumn, and Digicolumn, the latter two being the simplest of the units using LED and plasma screens. Other variants are under development. Customized user requirements can also be met. A key element of GSI's total media solution and market development strategy, the display units typically incorporate television screens, plasma screens, computer components and heating, ventilation, and control systems that are purchased from various suppliers. The design of the units truly differentiates the Company's solution from traditional static billboards, attracting and retaining viewers for longer periods of time. A brief description is found below of the different hardware alternatives offered by GSI.

Citycolumn

Citycolumn is an interior display unit or kiosk consisting of three television screens 36" wide. Full-size video, 3D animations and stereo sound can be broadcast on these units and they can be remotely controlled and reprogrammed via GSI's software from anywhere in the world. Adding a remote control unit can also extend Citycolumn's capabilities by providing advertisers with interactivity. The combination of video and computer digital displays makes changing commercials almost instantaneous, allowing for short advertising campaigns, special promotions, and the latest news headlines. In addition to the animated display there are two backlit display panels 28" wide and 40" high. Other features of the interactive kiosk include a tactile menu on a 15" tactile screen, promotional windows for advertisers as well as directories and location maps.

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Digicolumn

Part of the "high-tech" generation of communications products it has flat plasma-screens, having the same features and programming capabilities as the Company's Citycolumn unit. Plasma screens with a 50" diagonal width and only 3.5" deep, provide added image quality and purity of color. This screen can be installed in virtually any indoor location, effectively rendering all wall-space a potential advertising medium.

Skycolumn

Skycolumn is a giant outdoor screen, capable of transmitting video images from a server located anywhere in the world. Potential installation sites include airports, sport stadiums, and large expressways.

E-Column

E-column is an internet-enabled information kiosk that will provide consumers with animated information on products and services, and facilitate transactions such as express check out and event ticket purchases. Potential installations sites include high traffic areas such as airports, hotels, conference halls and large warehouse stores.

Novacolumn

In the category of what major advertisers call "urban furniture" or "street furniture," Novacolumn, is designed for outdoor displays and meeting the requirements of traditional advertisers. Via a single projector and providing a field of view of from 5 to 300 feet, the main display side features a large screen 36" wide by 42" high, the dimensions of a regular advertising poster. The other two sides include space for static backlit posters. This kiosk can be remotely controlled and reprogrammed via GSI's software. As with Citycolumn, the combination of video and computer digital display makes changing commercials almost instantaneous, allowing for short advertising campaigns, special promotions, and the latest headlines. Adding a remote control unit can also extend Novacolumn's capabilities, providing advertisers with interactive applications. For instance, the Novacolumn can be made to control another potential product offering, the interactive parking meter. Novacolumn's specifications include sturdy, composite materials and each unit is molded in sections. Providing climate control for installations in environments that will periodically experience extreme weather conditions, including hot and/or cold, Novacolumn is equipped with a CEMU or computerized environmental management unit.

Servicolumn

Servicolumn is a customized, outdoor, self-contained unit that is designed to be incorporated in the display portion of transit shelters. GSI's aim for this unit is to replace the static backlit display in the offerings of other manufacturers. 24" in depth, on one side will be a 36" X 48" display of animated content and on the other side pedestrians and public transportation users will have access to a 14" touch-screen, a smart card reader, and a wireless phone providing informational content, transactional functions and access to emergency or information phone numbers.

(c) Industry

Out-of-Home Advertising Industry

The out-of-home advertising industry encompasses media such as billboard advertising, transit advertising, stadium signage, urban buildings, and other distinctive forms of advertising that reach individuals outside of their domestic residences. The industry constitutes all types of advertising and is currently undergoing notable transformations. The key participants in the industry are the large media operators who seek to optimize the number of people exposed to advertising and enhance their rates of retention. The primary opportunity in out-of-home advertising stems from the fact that large audiences are available and can be reached by less expensive forms of media than radio, and the press. Industry analysts expect traditional approaches to advertising to give way to more creative solutions using new technologies. Many of the limitations associated with traditional out-of-home advertising approaches will disappear, yielding to multimedia-based approaches. Digital display product systems will provide advertisers with a new forum by which they are able to more profoundly impact their target audience. Thus the growth in deployment of interactive electronic display products is expected to continue at an accelerating rate.

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Industry Overview

According to the latest edition of Advertising Expenditure Forecasts published by Zenith Media, global advertising expenditure is projected to have increased by 8% to $332 billion in 2000. Spending in North America and Europe, the two regions targeted by the Company, is estimated to have grown at 8% to $233 billion, or approximately 70% of global spending.

From the same data source, spending in North America by advertising medium in 2000 comprised:

Advertising Medium	$ Spent (Billions)	% of Total

Television	53.9	38.6
Newspapers	48.1	34.4
Radio	18.1	13.0
Magazines	16.8	12.0
Outdoor	2.6	1.9
Cinema	0.1	0.1
Total	139.6	100.0

According to Zenith Media, advertising spending in North America and Europe is projected to increase to $273 billion by 2003, a compound annual growth rate of 5.5 %.

While television's relative position has been maintained, advances in technology now enable the consumer to select from more than 500 television channels at home. Many of these are specialized channels and pay television that do not broadcast advertising. Broadcasters are not able to reach the same number of in-home "viewers per day" as they used to. To maintain and increase reach, it has become strategically imperative for the advertisers and advertising agencies to seek other out-of-home possibilities. Mainly through mergers and acquisitions, media companies are now increasingly able to offer advertisers a variety of multimedia-based approaches. Clear Channel Corporation is in the forefront.

GSI believes that significant potential exists in the indoor sector of the market in particular. Unlike the outdoor sector which depends to a large extent on the approval of municipal authorities for the use of public sites, the indoor environment is inherently more hospitable, both from an environmental standpoint and due to the private ownership characteristic. Media operators are actively seeking to penetrate the indoor advertising market which is largely untapped and still in an embryonic stage of development. Shopping centers and office buildings offer excellent opportunities. Information about the shopping center industry was obtained from Scope 1999 from the website www.icsc.org of the ICSC. According to the National Research Bureau, there was a total of 43,600 shopping centers in the United States in 1998, an increase of 1.7% from 1997. Retail sales in shopping centers increased by 5.0% to $1,044.6 billion, representing 51% of total retail sales in the country, excluding auto dealer sales. In a typical month, 189 million adults shop at shopping centers and 94% of the population over 18 years of age. Similarly, in Canada, there were 4,298 shopping centers in Canada by the end of 1998, generating $94.2 billion in retail sales.

Media operators generally negotiate with the owners of public and private property sites suitable for advertising campaigns. Clear Channel Communications, an American multinational, is the largest in the world, operating over 550,000 display faces in 40 countries. It has erected over 700,000 out-of-home signs over a span of 28 years. Clear Channel's direct competitor is JC Decaux, a French multinational with extensive U.S. operations, which has deployed 160,000 backlit advertising panels and 205,000 units of urban furniture worldwide. Outdoor Systems is also a major operator in the out-of-home industry, having deployed its urban furniture products in 90 U.S. metropolitan regions and 13 Canadian cities.

Through our research and from our direct contacts with these dominant media operators, we have confirmed that they are actively seeking multimedia-based approaches to complement and enhance their traditional urban furniture products and to accelerate growth. In addition, national, regional, and local advertisers are expected to be more and more interested in the unique benefits offered by digital networks.

One clear trend in the out-of-home advertising industry is the consolidation of media operators as they seek to strengthen their national coverage and expand their network of installations. Leading industry players such as Clear Channel, TDI, Outdoor Systems and JC Decaux are primarily driving the trend of consolidation throughout the industry.

(d) Patents and trademarks

Intellectual property

GSI has acquired an exclusive worldwide license from GSI Canada, which has proprietary rights on the software required to operate the system. These rights are governed and protected by applicable commercial law. GSI intends to take all reasonable and practicable steps to obtain patent and trademark protection, when available, to protect its rights to the licensed technology. Our legal advisors specializing in trademarks are in the process of filing trademark applications for the following brand names used by the Company in the United States and Canada: Citycolumn; Novacolumn; GSI Multimedia Pack; GSI Technologies; GSITV.COM.

(e) Market Development

A key element of GSI's strategy is to establish relationships and alliances to assist in marketing, selling, and deploying its electronic urban furniture. We believe that strong global alliances are expected to achieve solid market penetration and to package and bundle turnkey solutions for customers. We are pursuing strategic alliances with the following companies:

Clear Channel International ("CCI"): Based in the UK, it is part of Clear Channel Communications, one of the largest media companies in the world whose key subsidiaries and divisions include: Adshel, More Group, and Eller Media. The association with a major media operator such as Clear Channel further strengthens GSI's attempt to gain more international exposure. We expect to provide Adshel, whose research center is located in London, with access to GSI's unique broadcasting technology and integrated advertising solution enabling remotely controlled updates, more targeted content and digital quality that encompasses interactive services to be provided on advertising display products. A master software access agreement is currently under negotiation. Adshel is Clear Channel's global urban furniture brand. Seeking to expand in the electronic advertising domain, we believe we are the ideal solution provider. According to the agreement being negotiated, GSI would provide CCI with continuous access to its software and related hardware for each project developed by CCI on an international basis. At this stage, however, no guarantee can be made that a contract will be formalized or that we will receive any revenues from this source.

Barco: Headquartered in Kuurne, Belgium, Barco operates six major lines of business: Projection, Display Systems, Automation, Machine Vision, Graphics and Communications. BARCO Projection Systems is an ISO 9001 registered world leader, developing and manufacturing large screen projection systems for a broad range of applications, entertainment, presentations, training, process control, and simulation. GSI, Adshel, and Barco have collaborated in pilot projects in Europe. Barco Daylight Display Systems USA and GSI Canada are currently negotiating a strategic alliance to pursue opportunities in the Canadian outdoor advertising market in which GSI Canada would become an exclusive distributor of their products in Canada. At this stage, however, no guarantee can be made that a contract will be formalized or that we will receive any revenues from this source.

Successful pilot projects demonstrating the power of animated advertising on attractive display products have already lead to contracts with leading Canadian real estate operators such as Ivanhoe, SITQ, and Toulon. We believe these three pilot projects should enable us to attract at least one of the world's leading media operators and lead to the rapid expansion of the network.

Other pilot projects have been completed in Europe to demonstrate GSI's technology. A significant breakthrough occurred in November when the Company helped Adshel, a division of Clear Channel International, secure a contract from the city of Nantes, the sixth largest city in France. Using GSI's technology during the pilot project, Adshel was able to displace JC Decaux, winning a 170 million French franc deal to install 2,100 pieces of its own Adshel brand of urban furniture, including 783 transit-shelters, 257 plasma display columns, and 60 sign faces each measuring 8 square meters in dimension. Adshel's new brand of urban furniture will replace the existing, outdated furniture. Deployment will be implemented from October 2001 to March 2002. The difference in Adshel's favor was its ability, by utilizing GSI's technology, to present attractive new information technology features and interactivity via a single server transmitting video images to electronic screens, 12 plasma screens and 7 giant LED screens. GSI's broadcasting technology provided the edge.

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(f) Customer Service and Technical Support

Our Technology Integration Group is responsible for providing these services. At this stage of our development we access the personnel, technical and equipment resources of GSI Canada and its subsidiaries in support of existing installations.

(g) Research and Development

In september 2001 our engineers have issued version 2 of GSI software interpreting service providing items with advertising contact broadcast. Our engineers continue to enhance the capabilities of our software by developing modular features to serve the advertising customers.

(h) Competition

The media industry is highly competitive. It encompasses broadcast and cable television, the Internet, radio, magazines, newspapers, traditional billboards and direct mail marketers. Operators compete in the out-of-home environment in locations such as highways, shopping centers and malls, airports, stadiums, movie theatres and supermarkets; as well as in transit shelters, and in taxis, trains, buses and subways. The out-of-home advertising industry is attracting numerous alternative media products, many of which will be direct competitors. Although the existing major media operators such as Clear Channel, JC Decaux, TDI and Outdoor Systems could become significant clients, they could also decide to develop their interactive display products and become competitors.

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Other firms are currently placing electronic-type display products in various locations such as retail outlets, elevators, airports and subways. Next Generation Network (NGN) is emerging within the US market having installed over 6,500 electronic billboards in locations throughout the United States. NGN's network infrastructure has attracted the attention of many industry analysts and is considered the influential source driving change in the out-of-home advertising sector. Other competitors include Fred Systems Ltd. of Waterloo, Canada, New York-based Golden Screen Interactive Technologies and Montreal-based Digital Advertising Network ("DAN"), Vert Intelligent Displays of Summerville, Massachusetts, Clarity Visual Systems of Willsonville, Oregon and Pioneer Electronic Corporation of Tokyo, Japan.

messages.

(i) Human Resources

At October 31, 2001, GSI had 15 direct employees consisting of 1 executive, 7 R&D, 2 development, 2 administrators and 3 in sales and marketing.

(j) Funding Operations

At October 31, 2001 GSI USA had $6,019 in cash. Cash used in operating activities during the year ending October 31, 2001 was $1,319,511, which was mainly attributable to the net cash loss from operations plus changes in net operating assets and liabilities.

Cash provided by investing activities during the yeas reflect additional short-term loans to GSI Canada in the amount of $801,656.

Cash provided from financing activities during the year of $519,469 reflects a private placement as well as funding provided by issuance of Notes payable.

In September 2000, GSI USA entered into formal loan arrangements with a group of existing investors borrowing funds totalizing $2,822,599. The promissory notes have a maturity date of September 7, 2001, bear interest at the rate of prime plus two per cent and are convertible at any time at the sole discretion of the Company into a certain number of shares for each holder. If converted, interest on the notes is waived. On May 3, 2001, the entire amount of the notes including interest of $151,088 were converted into 2,307,900 of Class B Common Shares.

ITEM 2. Description of Property

We own no real estate. Effective January 6, 2000, GSI entered into a new lease with 2849-3930 Quebec Inc represented by SITQ Inc for a term of 4 years, with an option to renew for an additional 5 years. The premises comprise 7,899 square feet of office space at 2001 McGill College Avenue, Suite 1310, Montreal, (Quebec) H3A 1G1 and is the Company's principle place of business. The annual minimum rental is $92,902.

Effective June 16, 2000, GSI also entered into a new lease with Suntrust Center L.L.C. for a term of 5 years. The premises comprise 2,231 square feet of office space at 200 South Orange Avenue, Suite 2150, Orlando, Florida, 32801 and is the Company's head office. The annual minimum rental is $55,775.

ITEM 3. Legal Proceedings

On December 15, 2000, we signed an agreement with the Quebec Securities Commission to conform to filing requirements for any sales of shares to residents of the Province. Our President also agreed that the sale of any shares directly by himself or shares owned by companies in which he has an interest would be in conformity with the filing requirements in the jurisdiction of

Quebec.

On September 2001, we concluded a partial settlement with the Quebec Securities for the release of promissory notes.

We remain party to one proceeding initiated by another party, a Mr. Jacques Biron, against GSI Canada, GSI, our President, and others in the Superior Court of the Province of Quebec, District of Montreal. An amount of $98,766 in Canadian dollars has been claimed for our alleged failure to pay a commission and consequent damages relating to negotiations with GSI Canada for an acquisition. We have retained legal counsel in Montreal, Mr. Marc Cote of Labelle, Boudrault, Cote & Associates, who advises that, in his opinion, Mr. Biron's case against the company is without merit; that he has no right in law to sue GSI Technologies USA Inc.

On September 2001, we received a law suit from Mr. Alex Zervakos a former employee of GSI USA. Our lawyer in Quebec is negotiating with the adverse party in order to resolve this matter.

ITEM 4. Submission of Matters to a Vote of Security Holders

None

PART II

ITEM 5. Market for Common Equity and Related Stockholder Matters

(a) Market for Common Stock

Our Common Stock has traded in the over-the-counter market on the "OTC Bulletin Board" since September 13, 2000 under the symbol GSITB. The quotations below from www.OTCBB.com/Nasdaq Trading & Market Services represents the high and low, closing bid and asked prices, by quarters, since that date. These do not include retail markups, markdowns or commissions. Nor do they represent actual transactions.

Stocks Information
Closing November 1st 2000, $1.03125

Closing October 25th 2001, $.18

On March 1st, 2002, closing bid and asked prices of the Common Stock on the OTC Bulletin Board were $0.22 and $0.14 per share, respectively.

(b) Recent Sales of Unregistered Securities

None

(c) Issuance of warrants

The following issuance of warrants was also authorized by the Board of Directors during the year ending October 31, 2001 as detailed below:

500,000 warrants with an exercise price of $1.10 to January 31, 2002 to the president of GSI as per an employment contract entered into October 29, 1999.

50,000 warrants with an exercise price of $1.10 to January 31, 2002 to the chief financial officer of GSI as per an employment contract entered into October 29, 1999.

(d) Cancellation of Class A Shares

None

(e) Grant of stock options

On August 1, 2000 the Board of Directors approved a Long Term Incentive Plan. Under the plan, stock options were approved for the directors, officers, and certain key employees of GSI and its affiliates; as well as for certain consultants to GSI. The initial design of the plan reflects the issuance of "Nonqualified Stock Options." A maximum of 10% of the authorized capital of the Corporation, being equivalent to a total of 5,500,000 Class B common shares, was reserved and available for distribution pursuant to the terms of the plan. Nonqualified Stock Options to purchase a total of up to 3,000,000 Class B common shares of GSI at a price of $2.00 per share were to be granted to certain employees and other eligible individuals, as determined by the Chief Executive Officer. One-third will vest on December 18, 2000; a following one-third will vest on December 18, 2001; the remaining one-third will vest on December 18, 2002. The stock options expire seven years from the date of the grant. Further grants may be made periodically at an exercise price not less than the closing price on the day prior to the date of the grant. On November 20, 2000, the Board of Directors approved a re-granting of the options at an exercise price of $1.25.

ITEM 6. Management's Discussion and Analysis or Plan of Operation

This report contains forward-looking statements that are based on the Company's beliefs as well as assumptions made by and information currently available to the Company. When used in this report, the words "believe," "expect," "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions, including without limitation, the overall strength of the national securities markets, the Company's present financial condition and the risks and uncertainties concerning the availability of additional capital as and when required, technological changes, increased competition, and general economic conditions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. The Company cautions potential investors not to place undue reliance on any such forward-looking statements, all of which speak only as of the date made.

Overview

GSI Technologies USA (GSI USA) specializes in broadcasting solutions principally for advertisers and others seeking to extend their reaching power for their commercial and public service messages. Holder of a world-wide license, GSI's proprietary software, hardware, and advanced broadcasting systems respond to their needs. In providing access to its remote control broadcasting capability, GSI USA enable users to transmit and receive full-motion video, graphics, and audio on an array of attractive, durable and interactive indoor and outdoor display products.

Results from operations

GSI USA is still in the development phase after starting up in 1999. During GSI's fourth quarter from August 1, 2001 to October 31, 2001, GSI USA incurred a loss of $1,739,528 or $0.0776 per share versus a loss of $468,990 or $0.0233 per share in the same period in 2000. The accumulated deficit to date during the development phase increased to $4,173,450 or $0.1863 per share.

Revenues

$48,750 in revenue was recognized during the quarter, versus $346,409 for the same period in the prior year. This is related to the sale of products, as well as a sub-license sold to Groupe Solcom International France S.A.S. ("Groupe Solcom") giving it commercialization rights for the territory of London, England, Nantes, France and a sub-license sold to GSI Technologies ("GSI Canada") giving it commercialization rights for the territory of Canada. Since inception, revenue totals $826,202, primarily from product sales.

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Cost of revenues and direct operating costs

According to the master license agreement with GSI Canada, GSI USA owns 60% of the price of any sub-license it sells to a new licensee. This amount is payable to GSI Canada by the end of the calendar quarter in which the sub-license is granted its sub-license. GSI USA has incurred $27,977 in direct operating cost for the quarter, versus $319,416 for the same quarter in the prior year. Since inception, cost of sales is $591,213, including $261,227 in royalties and $329,986 in product costs.

Operating expenses

During the three months ended October 31st, 2001, GSI USA has incurred $327,193 in operating expenses versus $524,110 for the same period in 2000. The increase is attributable primarily to an increase in rent charges and consulting fees.

Since inception, operating expenses total $3,495,575. These costs are primarily associated with the development of the company.

Other income

During the three months ending October 31st, 2001, $32,699 in interest was earned mainly on the outstanding loan to GSI Canada, while $102,538 in interest was brought into income due to the conversion of the Notes Payable. This amount includes $80,705 for loans from shareholders and affiliated parties.

Since inception a total of $394,035 in interest has been earned.

Equity in the loss of our European affiliate was $25,000 for the period versus nil for the same period of 2000. As explained further below.

Liquidity and capital resources

At October 31, 2001 GSI USA had $6,019 in cash. Cash used in operating activities during the year ending October 31, 2001 was $1,319,511, which was mainly attributable to the net cash loss from operations plus changes in net operating assets and liabilities.

Cash provided by investing activities during the year reflect additional short-term loans to GSI Canada in the amount of $801,656.

Cash provided from financing activities during the year of $519,469 reflects a private placement as well as funding provided by issuance of Notes Payable.

In September 2000, GSI USA entered into formal loan arrangements with a group of existing investors borrowing funds totaling $2,822,599. The promissory notes have a maturity date of September 7, 2001, bear interest at the rate of prime plus two per cent and are convertible at any time at the sole discretion of the Company into a certain number of shares for each holder. If converted, interest on the notes is waived. On May 3, 2001, the entire amount of the notes including interest of $151,088 were converted into 2,307,900 of Class B Common Shares.

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The result of all activities during the year ending October 31, 2001 was a net increase of $1,615 in our cash position.

From inception, net cash used in operations has been $2,324,995. A total of $2,241,636 has been used in investing activities, while $4,572,263 has been provided by financing activities, including $1,677,955 from sales of common stock.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the beginning of 2001, GSI USA has been refocusing our activities to concentrate on our core business.

Through its affiliate, GSI Canada, last summer GSI USA installed, successfully, 32 CityColumns as phase one of our pilot project for shopping centers owned by the Ivanhoe Group. Based on the results of this pilot project, we have refined our concept and adjusted our marketing strategy and product development program. Operating as the media operator, GSI Canada has been able to measure the impact of our concept on advertising customers, advertising agencies, and target consumers.

On March 6, 2001, GSI USA sold a license to Groupe Solcom for $1,000,000, payable in 10 annual installments of $100,000. Groupe Solcom is owned 75% by GSI Canada and 25% by GSI. Other sales of licenses are planned in the European Community. Groupe Solcom has successfully completed other pilot projects.

During the last quarter, Groupe Solcom successfully completed the installation of 80 projection systems for their client, the MCR Multimedia Group, which use the GSI Multimedia Pack to broadcast animated advertising images in the Milan, Italy subway system. The operating system and installations have been working find and provided the customers very satisfying business. The next phase have been delayed to the next quarter due to hold backs in the advertising industries after September 11th events.

Groupe Solcom has also completed a pilot project with the Societe Generale Bank, installing a network of plasma-screen based DigiColumns.

Cash requirements of approximately $150,000 are anticipated during our next fiscal quarter to January 31st 2002.

In the previous quarter, the board caped to 4 million funding to its affiliate GSI Canada.

As of October 31st, GSI Canada had repaid the sum of $1,865,419. At end of August, Groupe Solcom France repaid GSI USA the sum of $1,140,000 by replacing GSI USA with line of credit to the Societe Generale as guarantor. At term of the transaction, GSI USA reimbursement by affiliates was at $3,005,419. GSI USA is pursuing its activities of seeking for additional funding to sustain long term operation. We also, continue to negotiate with pin point investors and business partners that express their interest in participating in GSI USA capital structure. We believe we will be able to finalize agreements in beginning of year 2002.

We have been confronted to the facts that after September 11th events, the investment market was slowed down and projects and development were postponed to beginning of year 2002.

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We no have longer any line of credit or liabilities with the Societe Generale.

Investment in affiliates

Our 25% share in Groupe Solcom International from SAS is reflected as an investment in affiliates on the balance sheet. The value of this investment was $25,000 at October 31st versus nil for the same period of 2000.

Product sales and distribution and provision of services

Under the master license acquired in October 1999, from our Canadian affiliate, GSI Canada, GSI USA has access to one of the most advanced technologies currently available in the field of information broadcast and electronic advertising and information interactive display. The term of the license is 5 years to October 26th, 2004 and is automatically renewable for another 5 years at the sole discretion of GSI. The cost is $800,000, $200,000 paid in cash in November 1999; the balance in $600,000 worth of GSI'S common shares.

GSI Canada's R&D department continues to enhance the GSI Multimedia Pack Software, in response to the market test application on installations in Montreal, Paris, and Milan. The R&D team has been working overtime in order to deliver a full operational new version for September 17th 2001.

Working in conjunction with GSI Canada's R & D department, our New Media division, has fully integrated its E-Commerce Software in order to be able to offer transactional capabilities via our products, further enhancing their potential for acceptance in the fast-evolving market place.

The prototype phase has been completed and we are now marketing the following products:

- Citycolumn: an indoor display unit indoor/advertising unit, with interactive kiosk capability.

- Transacolumn: an indoor display advertising unit with transactional e-column kiosks and ATM cash machine.

- Skycolumn: a large outdoor full video advertising LED screen.

- Projecolumn: an indoor advertising display unit which used a projecting system.

o Digicolumn: a display kiosk using plasma screens.

Our objective is to ramp up revenues from sales of these products, as well as revenues from broadcasting, production of content, technical support, maintenance, and consulting contracts.

In April 2001, GSI USA sold licenses and operating systems to the More Group UK, part of the Adshel Group, a division of Clear Channel International. We are currently installing our broadcasting facilities in London as previously announced on March 5th, 2001. GSI USA is serving the More Group in 2 cities, Bristol and Swindon, in the first phase and will be operational in October 2001. Activities in other cities in the UK are in the planning phase. GSI USA anticipates that the ongoing association with Adshel will help to identify the principal media operators in the various countries in Europe, Asia, and the Americas and continue to ramp up our commercial operations.

Our management team has refined our market penetration strategy. The world's large media groups are only beginning to convert from conventional static advertising to full video motion and interactive two-way systems. GSI USA is, therefore, concentrating on selling license agreements with large, local media operators. The networking feature of its concept and the variety of its products enable us to customize state-of-the-art applications for reaching consumers-"What do you want to say to your consumer today and where?"

As a pioneer in the advertising media industry, GSI USA is rapidly gaining experience in the application of all aspects of our concept, ranging from the design of the display products, to the software that drives them to the content advertisers. Interest in our technology and networking concept is growing, particularly from the suppliers of display equipment. Potential partners have been identified in the fields of telecommunications, banking, ATM services, and the Internet service providers.

Our business development has entered a crucial phase. By signing agreements with Adshel in the outdoor/indoor out of home market, GSI USA needs to deploy its studio and broadcast installations to support its massive market penetration.

Canada

On August 15th, our affiliate was forced to restructure its operations by closing down all of its divisions and maintaining strictly R&D personal and development.

Our affiliate filed an intent engagement with its creditors at 0.60$/1.00$; the proposition was accepted by the creditors.

GSI Canada will now concentrate on research & development. Only one managing employee is maintained in position.

All of Canada sales are now assumed by GSI USA.

USA

The advertising industries in general did not escape from the economic slow down in North America.

We decided to restructure our US operations and closed down our offices in Orlando.

We moved our American operations to Miami. In order to save operations costs, we decided to focus on united States and Canada markets.

More so, we are mainly concentrating on sales of licenses to advertising partners and specific market applications such as :

1. Postal Service Kiosks
2. Virtual Banking Kiosks
3. Advertising Kiosks

By putting together partnerships ventures :

1. GSI Broadcast Software
2. Banking Authorities
3. Advertising sales groups
4. information content media
5. Land lord for network deployment

By venturing partners' energies together we have created a new business model offering multi services and revenues generating operating system. We are pursuing our negotiations with major business partners.

Several potential sub-licenses buyers have been identified and will be signed as soon as the Master License Agreement is completed.

By proceeding to this restructure we realize tremendous savings. We maintained all our focus on sales. The savings will have a great impact on our next quarter. We are confident to conclude important sales agreements in beginning of year 2002.

We have postponed till further notice our developments in South America and Mexico.

Europe

Significant opportunities are being identified in Europe. The appetite in Europe for new technologies favors the development and installation of GSI's hi-tech products and services. Through these opportunities and the progress of our European affiliate, Groupe Solcom, we are responding to increasing customer demand from, amongst others, the major participants in the out-of-home advertising industry and retail stores. Considered the most hospitable environments in Europe at this stage of our development, our focus is on France, England, Italy, and Portugal.

After a successful presentation in August 2000 in the city of Nantes, with our partners Adshel (Clear Channel) the French division of Adshel won the tender and announced the implementation of 7 LED screens, 150 Internet kiosks, and 10 multi-media columns for March 2002.

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Working in conjunction with the Adshel's sales force, GSI USA is planning to install broadcast systems and a production Center. This project will become a flagship concept for our partners that can be extended to other major cities worldwide. We anticipate the sub-license agreement will be completed shortly. GSI would also benefit from a production contract and fees from the maintenance of the network. We have proposed a 10-year contract.

In April 2001, Groupe Solcom International acquired Providence Technologique. This company has developed a unique and futuristic touch screen, which can be useful in public sites such as shopping Centers, museums, administrative buildings, etc. This touch screen is managed by versatile and friendly user software we named Icos.

Providence Technologique has completed an agreement with Bank of Bilbao VIZCAYA, installing surveillance equipment for value of 100,000 EUROS.

Groupe Solcom France signed a formal contract with Rond Point/Minute pub for city of Amiens, Lehaure, Chamberry, Rennes for a value of 200,000 EUROS.

Other agreements are in negotiation with le Stade de France for installation of LED Screens.

The ServiColumns have retained a lot of attention in the tourism sector as well as the shopping malls industries. A joint venture with the firm Multivisu has been signed for usage of GSI Software in their projects in France.

Italy

In January 2001, Groupe Solcom acquired an Italian company, TREDWEB S.R.L., which specializes in the creation of web sites and 3D animation. With this acquisition, the company has successfully penetrated the Italian market and has recruited experts in the field of animation. Supported by the GSI team, a wide-ranging project is underway: the installation of multimedia projectors using the GSI Multimedia Pack to broadcast animated advertising on the walls of the Milan subway system. The team is now in Phase 2 of the project. TREDWEB SRL also has contracts with major companies operating in Italy such as Young & Rubicam, Dlu, BDDO, ALMADEDIA, Touring Club and other large accounts for a turnover of US$750,000.

TREDWEB has signed an agreement with Yong and Rubican Milano for networking services value of 150, 000 EURO.

Groupe Solcom has also concluded or is in the process of concluding several agreements in Italy with several major companies:

April 21, 2001, with SERENAM srl: This Italian company is doing business in outdoor advertising, mainly in Milan and Rome. It manages both the advertising site and the sale of advertising. The 3-year agreement is to provide SERENAM with 35 LED screens (6mX3m) in the current year, as well as licenses for the GSI MULTIMEDIA PACK and servers. SERENAM is forecasting orders of a minimum of 10 LED screens in the following years.

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Implementation start up is anticipated for April 2002:

April 21, 2001, in tandem with HGV ADVERTISING srl: a company specializing in the sale of advertising and 3D animation, GSI USA has obtained several contracts with supermarkets such as Conad Pianeta, Gabrielli Group, Conad Lazio, Auchan Pescara and This D. Puglia for the implementation of a network of plasma screens in supermarkets. Groupe Solcom has entered into a 6-year agreement for the creation of a joint company named OMNIKEY. This company will realize the implementation of the plasma screens network and the software to enable the broadcasting in supermarkets. The partners plan to implement their network in more than 650 supermarkets in the central area of Italy.

Implementation start up is anticipated before end of September 2001:

May 17 2001,with PIELLEFFE srl: an Italian company specialized in the management of major projects in Italy. They also developed an impressive contact network at the national level. This company is seeking a partnership with Groupe Solcom for the creation of a joint company to be called W.A.Waiting Advertising. The purpose of this company is to present tenders for important projects such as the installation of plasma screens for the Telebingos in Italy, for the COOP, the airport of Rome, Bologna, Torino; as well as for the metros of Rome and Naples.

On May 28th 2001, Groupe Solcom International has entered into formal agreement with INFORMATICA E TELECOMUNICAZIONI after due diligence and further negotiations decision was taken not to pursue this venture.

On August 27th, Groupe Solcom International completed an agreement with SINAGI Corporation for implantation of 1 300 screens in Newspaper kiosk first phase 300 kiosks before end of year 2001, value of contract 3, 400,000 EURO, plus broadcast contract for production of content for 10 years.

ITEM 7. Financial Statements

Attached is Appendix A containing the following information:

- Independent Auditor's Report
- Balance Sheets as of October 31,2001 and 2000
- Statements of Operations for the years ended October 31, 2001 and 2000.
- Statements of Stockholders' Equity (Deficiency) for the years ended October 31, 2001 and 2000.
- Statements of Cash Flows for the years ended October 31, 2001 and 2000.
- Notes to Financial Statements

ITEM 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

ITEM 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act:

(a) Directors and Officers.

Our executive officers and directors are listed below. The term of each director is for one year.

Name	Office	Age
Michel de Montigny	Chief Executive Officer President and Director (from June 30, 1999 to September 18, 2001)	43
James A Hone	Senior Vice President Administration Chief Financial Officer Secretary, and Director (from June 30, 1999 to June 15, 2001)	57

Marc Cote	Director (Since October 23, 2000)	41
Michel Laplante	Senior Vice-President Advanced Research and Technology Integration (from October 23, 2000 to May 15, 2001)	43

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J. Michel de Montigny

Mr. de Montigny has over twenty years of hands-on and management experience in the fast-paced multimedia industry. In leading the Company, his primary focus is on sales and marketing. Mr. de Montigny was director of operations and director of marketing in a variety of companies before becoming president in 1988 of College Inter-Dec, a technical college in Montreal. As an advertising and marketing consultant, he was the driving force behind Montreal's most innovative advertising campaigns of the 1990's. A consultant to companies such as Labatt, Budweiser, and Michelin, he was also involved in projects creating an interactive bus shelter for Budweiser, special effects for the film Mortal Kombat (Alliance Films), and the inauguration campaign for a new Air Canada aircraft. He was president of Groupe Actuel Design from 1990 to 1992, crafting the design concepts behind the Bell Canada Teleboutiques, the Yves Rocher boutiques and the Societe des Alcools du Quebec stores. He founded Solcom Group in 1995, and GSI Technologies in 1998, in order to serve today's multimedia and communications industries. In addition to his responsibilities as CEO, Mr. De Montigny continues to directly oversee the sales and marketing function. Mr. De Montigny completed his MBA at the University of Quebec.

James A. Hone

Mr. Hone oversees the Company's administrative and financial affairs. His primary responsibility is directing the business planing and management process. Mr. Hone has extensive financial management and administrative experience with five major multinational companies in the automotive, aerospace, building systems, forest products, and telecommunications industries. After 10 years with Ford Motor Company, both in Toronto and Detroit, he was treasurer of Pratt & Whitney Canada in Montreal until 1982. He then served as assistant treasurer-international finance of United Technologies Corporation in Hartford, Connecticut until 1988; as Vice President-Treasurer of Abitibi-Price in Toronto and as Vice-President Finance of the Commercial Paper Group based in Quebec City and New York City to 1994; and, most recently, as Vice President-Finance and Administration of TMI Communications, a subsidiary of BCE Inc. in Ottawa. Mr. Hone is a graduate of McGill University and York University in Commerce and Business Administration in 1966 and 1969, respectively.

Marc Cote

A graduate in civil law from the University of Ottawa and a member of the Quebec Bar since 1985, Mr. Cote is a senior partner in the Montreal law firm of Labelle Bourdreault Cote. He currently specializes in the area of commercial law.

Michel Laplante

Responsible for project management and the integration of new technology, Mr. Laplante manages the Company's projects through the various stages: conception, production, installation and maintenance. Mr. Laplante became involved in the multimedia industry in its infancy. He served as an account manager for Yamaha from 1985-91. During 1991-92 he was a consultant for different firms such as Commodore Business Machines and Kawai. In 1992 he became national sales manager for MDL Technologies, a Desktop Video equipment distributor and integrator based in Montreal serving clients such as the Department of National Defence and Fortune 500 companies. He has acquired extensive experience in the field of television broadcasting and recording and expertise in the area of training in high-tech environments. Before joining GSI Canada in June 1999 as vice-president of research and development, Mr. Laplante owned a consulting firm specialized in audio and video computer applications, IT, networking, video compression and broadcasting. He has also served as a Multimedia consultant to the multimedia division of CESAM, a large consortium with representation from Bell Canada, CAE Electronics, Quebecor Multimedia, Teleglobe, and the four universities in Montreal, amongst others.

Mr. Laplante is a graduate of the University of Montreal with a degree in music.

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(b) Section 16(a) Beneficial Ownership Reporting Compliance.

Not applicable

ITEM 10. Executive Compensation

The following table shows for the fiscal year ended October 31, 2001, compensation awarded or paid to, or earned by, the Company's Chief Executive Officer and the three other most highly compensated executive officers who earned more than $100,000 in the fiscal year ended October 31, 2001, (collectively, the "Named Executive Officers"):

Summary Compensation Table

		Annual Compensation		Long-Term Compensation Awards
Name and Principal Position	Year	Salary ($)	Bonus ($)	Securities Underlying Options
Rene Arbic Chief Executive Officer	2001	$112,000.00		
Michel de Montigny President & CEO	2001	$100,000.00		
James Hone Sr. Vice President Administration CFO	2001	$ 60,000.00		
Michel Laplante Sr. Vice President Advanced Research & Technology	2001	$ 72,000.00		

Option Grants in Last Fiscal Year

The following table sets forth each grant of stock options made during the fiscal year ended October 31, 2001 to each of the Named Executive Officers:

Aggregated Fiscal Year-End Option Values

There were no option exercises by the Named Executive Officers during the fiscal year ended October 31,2000. The following table sets forth information with respect to the number and value of securities underlying unexercised options held by the Named Executive Officers as of October 31, 2000:

----

(1) The options referenced above become exercisable over a 3-year period. One-third will vest on December 18, 2000; a following one-third will vest on December 18, 2001; the remaining one-third will vest on December 18, 2002. The stock options expire seven years from the date of the grant.

(2) Based on options to purchase 3,000,000 shares granted to employees in the fiscal year ended October 31, 2000, including the Named Executive Officers.

Aggregated Fiscal Year-End Option Values

There were no option exercises by the Named Executive Officers during the fiscal year ended October 31,2000. The following table sets forth information with respect to the number and value of securities underlying unexercised options held by the Named Executive Officers as of October 31, 2000:

The Company has no arrangement for the remuneration of its directors. No remuneration was paid to the directors during the year ended October 31, 2001.

On October 29, 1999, GSI entered into an employment agreement with J. Michel de Montigny, our President. The term of his employment is for three years and the salary for his first year of employment was fixed at $100,000, commencing January 1, 2000. Mr. de Montigny also entered a non-competition and confidentiality agreement with GSI for as long as he remains an employee and for an additional year thereafter. In addition, Mr. de Montigny was granted warrants to purchase an aggregate of 500,000 shares of GSI's Class B Common Stock at an exercise price of $1.10 per share. On November 20, 2000, Mr. de Montigny was granted an option to purchase an aggregate of 500,000 shares of GSI's Class B Common Stock at an exercise price of $1.25 per share. The option will vest at the rate of 33.33 percent on December 18 in each of the three years commencing with the year 2000. The term of the option is for seven years.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial stock ownership of GSI's executive officers and directors, each person known by GSI to own five percent or more of the outstanding shares of its Common Stock, as well as all officers and directors as a group as of October 31, 2000.

* under 1%

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(1) Held by 3633730 Canada Inc. which is 100% owned by our President, Mr. J. Michel de Montigny. Includes 260,954 shares underlying currently exercisable warrants and which expire on January 31, 2002

(2) Held by 3633632 Canada Inc. which is 100% owned by our President, Mr. J. Michel de Montigny. Includes 347,938 shares underlying exercisable warrants and which expire January 31, 2002

(3) Held by Totalcom Inc. which is 100% owned by our President, Mr. J. Michel de Montigny. Includes 34,794 shares underlying exercisable warrants and which expire January 31, 2002

(4) Represents 500,000 shares underlying exercisable warrants held directly by our President, Mr. de Montigny, and which expire January 31, 2002.

(5) Represents one-third of the 500,000 shares subject to an option granted to Mr. de Montigny on October 2, 2000 which vest over a three year period which begins December 18, 2000 and which expires seven years from the date granted.

(6) Represents 50,000 shares underlying exercisable warrants held by Mr. Hone and which expire January 31, 2002.

(7) Represents one-third of the 300,000 shares subject to an option granted to Mr. Hone on October 2, 2000. Vest over a three year period which begins December 18, 2000 and expires seven years from the date granted.

(8) Represents one-third of the 100,000 shares subject to an option granted to Mr. Laplante, our Senior Vice-President Advance Research and Technology Integration, on October 2, 2000. Vest over a three year period which begins December 18, 2000 and expire seven years from the date granted.

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ITEM 12. Certain Relationships and Related Transactions.

On January 10, 2000 we entered into a consulting contract with Mr. Yves Lebel and 9035-2899 Quebec Inc., a shareholder of the company. Mr Lebel is a Director, the Chief Financial Officer and Executive Vice President of GSI Canada. The term of his contract is for one year and the remuneration was fixed at $78,000, effective January 1, 2000. Mr. Lebel entered a non-competition and confidentiality agreement with GSI for as long as he remains a consultant and for an additional year thereafter. On November 20, 2000, Mr. Lebel was granted an option to purchase an aggregate of 300,000 shares of the GSI's Class B Common Stock at an exercise price of $1.25 per share. This option will vest at the rate of 33.33 percent on December 18 of each of the three years commencing with the year 2000. The term of the option is for seven years.

During the year ending October 31, 2000, we received advances from shareholders, including affiliated parties, in the amount of $2,772,599. These advances have enabled the company to continue to operate at its planned pace. These funds were, in turn, advanced to GSI Canada, an affiliate of the company, to further invest and develop the business.

From November 1, 1999 to October 31, 2000, we incurred a total of $ 334,989 in consulting fees and financing expenses from Maxima Capital, a shareholder of the Company.

On June 02, 2000, GSI Canada placed an order with GSI for 35 Citycolumns for a total of $584,000.

On November 20, 2000, the Board of Directors approved the acquisition of GSI Canada subject to an independent valuation and fairness opinion and by way of a share exchange for all 2,426,866 of the issued and outstanding Class A shares of GSI Canada.

ITEM 13. Exhibits and Reports on Form 8-K

We did not file any reports on Form 8-K during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GSI TECHNOLOGIES USA INC.

Dated: March 4th, 2002 By: /s/Rene Arbic

Rene Arbic
Vice President

Dated: March 4th, 2002 By: /s/Dario Littera

Dario Littera
Director

Dated: March 4th, 2002 By: /s/Marc Cote

Marc Cote
Director

Dated : March 4th, 2002 By : /s/Julian Beardsley

Julian Beardsley
Chairman of the Board

APPENDIX A

GSI TECHNOLOGIES USA INC.

FINANCIAL STATEMENTS

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Mark Cohen C.P.A.
1772 East Trafalgar Circle
Hollywood, Fl 33020
(954) 922 - 6042

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
GSI Technologies USA Inc.

We have audited the accompanying balance sheet of GSI Technologies USA Inc. (a company in the development stage) as of October 31, 2001 and 2000 and the related statements of operations, shareholders' equity (deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GSI Technologies USA Inc. at October 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, the Company has experienced an operating loss that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Mark Cohen

Mark Cohen C.P.A.
A Sole Proprietor Firm

Hollywood, Florida
March 7, 2002

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GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
BALANCE SHEET

	October 31, 2001	Octo
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6 019	$
Receivables, net (principally related party)	1 619 292	
Other current assets	-	
Total current assets	1 625 311	
Property and equipment, net	36 248	
Intangible assets, net	283 567	
Other assets	19 908	
TOTAL ASSETS	1 965 034	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		

Accounts payable		733 080
Deferred Revenue		17 500
Notes Payable (principally related party)		68 273
Other current liabilities		176 321
Total current liabilities		995 174
Stockholder's Equity		
Common Stock, class A, $1.00 par value; authorized 5,000,000 shares; issued and outstanding none in 2001 and 2000		-
Common Stock, class B, $.001 par value; authorized 55,000,000 shares; issued and outstanding - 24,502,134 and 20,543,636 shares respectfully		24 502
Paid in Capital		5 118 419
Receivable from the sale of stock		-
Deficit accumulated during the development stage		(4 173 450)
Accumulated other comprehensive income		388
Total Shareholder's Equity		969 859
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$	1 965 034

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement.

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF INCOME

	Year Ended October 31, 2001	Year Ended October 31, 2000	Jul Oct
Revenues	$ 229 793	$ 596 409	$
Cost of Sales	121 797	469 416	
Gross Profit	107 997	126 993	
Operating Expenses:			
Marketing	92 298	209 739	
Management and administrative fees	707 533	506 722	
Salaries and related costs	229 770	99 825	
Rent	250 904	114 313	
Financing expense	15 000	30 342	
Professional fees	91 992	42 044	
Consulting	31 914	304 647	
Depreciation	3 893	393	

Amortization	95 382	95 062	
Travel	46 361	9 529	
Other selling, general and administrative	187 791	71 482	
Total operating expenses	1 752 839	1 484 098	
Loss before other income (expense)	(1 644 842)	(1 357 105)	
Other income (expense):			
Interest income (principally related party)	317 275	76 760	
Interest expense (principally related party)	(111 596)	(45 121)	
Loss on Affiliate Note Receivable	(1 033 652)		
Equity in net earnings (loss) of affiliates	(25 000)		
Foreign exchange gain (loss)	(54 562)		
Loss on disposal of assets	(36 968)		
Total other income (expense)	(944 503)	31 639	
Net Loss	(2 589 345)	(1 325 466)	
Basic weighted average common shares outstanding	22 403 444	20 149 092	
Basic Loss per common share	$ (0,1156)	$ (0,0658)	

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement.

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF STOCKHOLDERS' EQUITY

Common Class A Shares	Common Class A Amount	Paid in Capital	Receivable from sale of stock	Accumulated Deficit during Development Stage	Accumulated other Comprehensive Income/(loss)	Tot Shareho Equi
-	$ -	$ -	$ -	$ -		$
18 085 472	18 085	-		-		
500 000	500	-		-		
384 700	385	384 315		-		3

600 000	600	599 400		-		6
		(325 221)				(3
18 000	18	17 982		-		
20 200	20	20 180		-		
				(258 639)		(2
19 608 372	19 608	696 656	-	(258 639)	-	4
417 818	418	417 400				4
148 639	149	148 490				1
10 643	11	10 632				
75 000	75	74 925				

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF STOCKHOLDERS' EQUITY

Common Class A Shares	Common Class A Amount	Paid in Capital	Receivable from sale of stock	Accumulated Deficit during Development Stage	Accumulated other Comprehensive Income/(loss)	Tot Shareho Equi
51 264	51	56 339				
23 000	23	25 277				
12 000	12	13 188	(13 200)			

126 900	127	228 293				2
70 000	70	76 930				
				(1 325 466)		(1 3
					386	
20 543 636	$20 544	$1 748 131	$ (13 200)	$ (1 584 105)	$ 386	$ 1
125 000	125	124 875				1
(12 000)	(12)	(13 188)	13 200			
(24 764)	(25)	(27 216)				(
25 000	25	4 975				
400 000	400	99 600				1
20 000	20	4 980				
2 307 900	2 308	2 971 379				2 9
6 250	6	5 994				
1 111 112	1 111	198 889				2
				(2 589 345)		(2 5
					2	
24 502 134	$24 502	$5 118 419	$ -	$ (4 173 450)	$ 388	$ 9

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF CASH FLOWS

	October 31, 2001	October 31, 2000	O
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	$ (2 589 345)	$ (1 325 466)	$
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	99 276	95 455	
Loss on write down of Affiliate Note Receivable	1 033 652	-	
Issuance of stock for contract settlement	11 000	-	
Accrued Interest Expense (principally related party)	107 530	45 121	
Accrued Interest Income (principally related party)	(317 274)	(76 752)	
Changes in Operating assets and liabilities:			
Receivables and other current assets	(39 744)	72 381	
Other assets	41 196	(61 104)	
Accounts Payable and Accrued Liabilities	334 198	415 514	

Net cash provided by/(used in) operating activities	(1 319 511)	(834 851)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash provided by/(used in) investing activities			
Loan Receivable, principally related parties	801 656	(3 002 226)	
Purchase of property and equipment		(41 066)	
Net cash provided by/(used in) investing activities	801 656	(3 043 292)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from:			
Notes payable, principally related parties	118 391	2 492 932	
Notes payable - affiliate	203 318	-	
Sales of common stock	197 760	1 039 210	
Net cash provided by/(used in) financing activities	519 469	3 532 142	
Effect of exchange rate changes on cash and cash eqivalents		386	
Net increase (decrease) in cash and cash equivalents	1 615	(345 615)	
Cash and cash equivalents, beginning of period	4 404	350 019	
Cash and cash equivalents, end of period	$ 6 019	$ 4 404	$

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING
AND FINANCING ACTIVITIES:

Issuance of note for payment of license rights	200 000	200 000
Issuance of shares for license rights	274 779	274 779
Issuance of shares for dividend to affiliate	325 221	325 221
Issuance of shares for settlement of note payables	3 173 687	3 173 687

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement

GSI TECHNOLOGIES USA INC.

(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2001 AND 2000
(Audited)

October 31st 2001

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

GSI Technologies USA, Inc., formerly I.B.C. Corporation, was incorporated in the State of Delaware on July 06, 1998. The Company participates in the Information Technology (IT) industry, specializing in broadcasting solutions principally for advertisers and others seeking to reach the greatest number of "viewers per day" as well as to achieve other commercial and public service objectives. The basic advanced technology available to the company by way of a Master Licensing agreement is the successful integration of various hardware components and specialty software for the transmission of broadcast signals in real time via the Internet to remote locations. Using its universal transcoder system, the company has a unique capability in broadcasting from a central server to full video screens in remote locations anywhere in the world. The system is capable of updating pinpoint information minute by minute by way of video compressing systems and other fully automated software systems.

GSI Technologies USA, Inc. prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Financial statement items are recorded at historical cost and may not necessarily represent current values.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Certain amounts included in the financial statements are estimated based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of financial statements and actual results could differ from the estimates and assumptions. Every effort is made to ensure the integrity of such estimates.

Fair value of Financial Instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values because of the immediate or short-term maturity of these financial instruments.

Impairment of long-lived assets:

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and shall be used as the basis for the measurement, if available. If quoted market prices are not available, the estimate of fair value shall be based on the best information available in the circumstances. The estimate of fair value shall consider prices for similar assets and the results of

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

valuation techniques to the extent available in the circumstances. Valuation techniques include the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, option-pricing models, matrix pricing and fundamental analysis.

Cash and cash equivalents:

The Company considers all highly liquid investments with original maturities of ninety days or less to be cash and cash equivalents. Such investments are valued at quoted market prices.

Receivables:

The Company believes that the carrying amount of receivables at October 31, 2001 approximates the fair value at such date.

Property, equipment and depreciation:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives as follows when the property and equipment is placed in service:

	Estimate Useful Life (In Years)
Office Furniture and Equipment	10
Leasehold Improvements	5

Repairs and maintenance are charged to operations as incurred, and expenditures for significant improvements are capitalized. The cost of property and equipment retired or sold, together with the related accumulated depreciation, are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is included in operations.

License rights:

License rights are recorded at cost, less accumulated amortization. Licenses are amortized to operations using the straight-line method over the remaining term. The remaining term is 35 months for the current and only license which the company has rights to.

Revenue Recognition

Revenue from sales of display units are recorded at the time the units are delivered. Revenues from sub- licensing the master licensing agreement are recognized over the term of the sub-licensing agreement.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition," which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provide guidance for disclosures related to revenue recognition policies. Management believes that GSI Technologies USA, Inc.'s revenue recognition practices are in conformity with the guidelines of SAB 101.

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GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Earnings (Loss) per share calculation:

Earnings (Loss) per common share are calculated under the provisions of SFAS No. 128, "Earnings per Share," which establishes standards for computing and presenting earnings per share. SFAS No. 128 requires the Company to report both basic earnings (loss) per share, which is based on the weighted-average number of common shares outstanding during the period, and diluted earnings (loss) per share, which is based on the weighted-average number of common shares outstanding plus all potential dilutive common shares outstanding. Options and warrants are not considered in calculating diluted earnings (loss) per share since considering such items would have an anti-dilutive effect.

Recent Accounting Pronouncements:

The Statement of Financial Accounting Standards Board (SFAS) No. 141, "Business Combinations," was issued by the Financial Accounting Standards Board (FASB) in July 2001. This Statement establishes standards for accounting and reporting for business combinations. This statement requires the purchase method of accounting to be used for all business combinations, and prohibits the pooling-of-interests method of accounting. This Statement is effective for all business combinations initiated after June 30, 2001 and supercedes APB Opinion No. 16, "Business Combinations" as well as Financial Accounting Standards Board Statement of Financial Accounting Standards No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." The adoption of this statement by the Company did not have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 142, "Goodwill and Other Intangible Assets," was issued by the Financial Accounting Standards Board (FASB) in July 2001. This Statement addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisitiion. This statement requires goodwill amortization to cease and for goodwill to be periodically reviewed for impairment, for fiscal years beginning after October 31, 2001. SFAS No. 142 supercedes APB Opinion No. 17, "Intangible Assets." The Company does not expect the adoption of this statement to have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 143, "Accounting for Asset Retirement Obligation," was issued by the Financial Accounting Standards Board (FASB) in August 2001. This Statement will require companies to record a liability for asset retirement obligations in the period in which they are incurred, which typically could be upon completion or shortly thereafter. The FASB decided to limit the scope to legal obligation and the liability will be recorded at fair value. This Statement is effective for fiscal years beginning after June 15, 2002. The Company does not expect the adoption of this statement to have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued by the Financial Accounting Standards Board (FASB) in October 2001. This Statement provides a single accounting model for long-lived assets to be disposed of and replaces SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of." This Statement is effective for fiscal years beginning after December 15, 2001. The Company is evaluating the effect of the adoption of this statement.

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2001 AND 2000
(Audited)

NOTE 3 - DETAILS OF FINANCIAL STATEMENT COMPONENTS

	October 31, 2001	October 31, 2000
Receivables:		
Note Receivable- GSI Technologies (3529363 Canada Inc.)	$ 1,560,944	$ 3,058,950
Note Receivable - Group Solcom France	-	20,028
Receivable - GSI Technologies (3529363 Canada Inc.)	-	12,500
Due from Tax Authority	58,349	5,186
	1,619,292	3,096,664
Property and Equipment:		
Furniture and fixture	38,934	38,934
Leasehold improvements	2,133	2,133
Less: Accum depreciation & amortization	4,819	499
Property and equipment, net	$ 36,248	$ 40,568

Intangible Assets:		
License rights (Acquired from affiliate and recorded at predecessor basis with the cost over such basis recorded as a dividend to affiliate).	$ 474,779	$ 474,779
Accumulated amortization	(191,212)	(96,257)
	$ 283,567	$ 378,522

NOTE 4 - COMMITMENTS AND CONTIGENCIES

Office leases

On January 06, 2000 the Company entered into an office rent agreement with 2849-3930 Quebec Inc. for office space in Montreal, Quebec. This agreement is for a term of 4 year starting January 01, 2000 with a 5 year renewal option. The annual rent amount is $164,344.

On June 16, 2000 the Company entered into an office rent agreement with Suntrust Center, L.L.C. for office space in Orlando, Florida. This agreement is for a term of 5 years and 15 days starting June 16, 2000. The annual rent amount is $59,910.

Guarantor agreement

On March 24, 2000, the Company agreed to act as a guarantor for GSI Technologies (3529363 Canada Inc.), a shareholder of the Company and an affiliate in an agreement with Admiralty Leasing Ltd. for office furniture. The term is for 3 years. The annual amount is $20,400 CAD plus applicable taxes.

NOTE 4 - COMMITMENTS AND CONTIGENCIES (CONTINUED):

The following is a schedule by years of future minimum rental payments required under operating
leases that have initial or remaining noncancelable lease terms in excess of one year as of October 31, 2001:

Year ending October 31:	
2002 -	$252,320
2003 -	247,189
2004 -	244,200
2005 -	73,111
2006 -	- .
	816,820

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company reported a net loss of$2,589,345 and $1,325,466 for the twelve months ended October 31, 2001 and 2000 respectively as well as reporting net losses of $4,173,450 from inception (July 08, 1998) to October 31, 2001. As reported on the statement of cash flows, the Company incurred negative cash flows from operating activities of $1,319,511 and $834,851 for twelve months ended October 31, 2001 and 2000 respectively and has reported deficient cash flows from operating activities of $2,324,995 from inception (July 08, 1998). To date, these losses and cash flow deficiencies have been financed principally through the sale of common stock ($1,480,195). Continuation of the Company as a going concern is dependent upon obtaining sufficient working capital for its planned activity and the management of the Company has developed a strategy, which it believes will accomplish this objective through additional equity funding, and long term financing, which will enable the Company to operate for the coming year.

NOTE 6 - RELATED PARTY TRANSACTIONS

Sub-license agreement:

On May 04, 2000, the Company entered into a sub-license agreement with GSI Technologies (3529363 Canada Inc.), a shareholder of the Company and an affiliate, whereby giving all commercial rights relating to the technology in the territory of Canada to GSI Technologies (3529363 Canada Inc.). The term of the sub-license agreement is 10 years with annual payments of $25,000 US.

On March 6, 2001, the Company entered into a sub-license agreement with Groupe Solcom International France S.A.S. whereby giving all commercial rights relating to the technology in the territory of the European Union to Groupe Solcom International France S.A.S. The Company has a 25% interest in Groupe Solcom International France S.A.S. with the other 75% owned by GSI Technologies (3529363 Canada Inc.), an affiliate of the Company. The term of the sub-license agreement is 10 years with annual payments of $100,000 US.

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GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED):

Note receivable from stockholder:

From November 01, 1999 through October 31, 2001, the Company advanced funds to GSI Technologies (3529363 Canada Inc.), an affiliate of the Company in exchange for promissory notes in order to continue to develop the concept of GSITV.com, The Total Vision Network in Canada. The note has a term of one year, but has been extended indefinitely bearing interest at prime plus 2%. At October 31, 2001, the outstanding balance due from GSI Technologies (3529363 Canada Inc.) was $1,560,944 including interest and a write down of the receivable of approximately $1,034,000 due to GSI Technologies (3529363 Canada Inc.) approval from the Quebec Superior courts ratification of reorganization on October 9, 2001.

Note payable to affiliates

On September 07, 2000, the Company borrowed funds of $2,822,599 from several affiliates and stockholders of the Company and issued promissory notes having a term of one year bearing interest at prime plus 2%. The notes are convertible at any time into common shares at the discretion of the Company. On May 3, 2001, the entire amount of the notes including interest of $151,088 were converted into 2,307,900 of Class B Common Shares.

Marketing and Administrative Costs

From November 01, 1999 to October 31, 2001, the Company was charged marketing and administrative costs incurred by GSI Technologies (3529363 Canada Inc.) on behalf of the Company.

Consulting Agreement:

On January 10, 2000, the Company entered into a consulting agreement with Mr. Yves Lebel and 9035-2899 Quebec Inc., a shareholder of the company. Mr. Lebel is a Director, Chief Financial Officer and Executive Vice President of GSI Technologies (3529363 Canada Inc.). The term of the agreement is for one year with an additional year renewal term at the end of the initial year. The total amount of the agreement is $78,000 per year. Mr. Lebel also entered into a non-competition and confidentiality agreement with the Company for as long as he remains a consultant and for an additional year thereafter.

NOTE 7 - INCOME TAXES

The Company did not provide any current or deferred United States federal, state or foreign income tax provision or benefit for the period presented because it has experienced operating losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carryforwards, because of uncertainty regarding its realizability.

NOTE 8 - INVESTMENT IN AFFILIATES

The Company's investments in affiliates consists of a 25% interest of Groupe Solcom, headquartered in France, which participates in the electronic advertising and interactive information display. The Company accounts for its 25% interest in Group Solcom using the equity method. Condensed financial information for investments in affiliiiates accounted for under the equity method of accounting are summarized below.

	October 31, 2001	October 31, 2000
Current assets	3,158,385	0
Other assets	1,171,956	0
	4,330,341	0
Current liabilities	4,302,065	0
Shareholder's Equity	28,276	0

	4,330,341	0
Net Sales	2,415,733	0
Gross profit	1,855,652	0
Net income	(391,672)	0

NOTE 9 - SHAREHOLDERS' EQUITY

Common Stock

The Company has 5,000,000 shares of class A common stock which to date have never been issued. Management has no intent of issuing any of these shares and will be canceling these shares by filing an amendment to the articles of incorporation with the State of Delaware.

NOTE 10 - WARRANTS AND OPTIONS

On August 01, 2000 the Company adopted a Long Term Incentive Plan whereby directors, officers, certain key employees of the Company and its affiliates as well as certain consultants to the Company would be granted stock options. A maximum of 10% of the authorized Class B common shares totaling 5,500,000 can be reserved and available for distribution pursuant to the terms of the plan. On October 02, 2000, 925,000 options with an exercise price of $1.25 had been issued to consultants and other non employee affiliates for services rendered to the Company throughout the year. The options vest one-third on December 18, 2000, one third on December 18, 2001 and one third on December 18, 2002. The stock options expire seven years from the date they were granted.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation". The Company has determined that it will continue to account for employee stock-based compensation under Accounting Principles Board No. 25 and elect the disclosure-only alternative under SFAS No. 123. The fair value of a share of nonvested stock is measured at the market price of a share on the grant date. The proforma effect to net income and earnings per share is reflected as follows:

FAS 123 "Accounting for stock based compensation Paragraph 47 (a)	Year ended Oct. 31, 2001	Y Oc
1. Beginning of year - outstanding		
i. number of options/warrants	1,475,000	
ii. weighted average exercise price	1.19	
2. End of year - outstanding		

	i. number of options/warrants	308,333
	ii. weighted average exercise price	1.25
3.	End of year - exercisable	
	i. number of options/warrants	308,333
	ii. weighted average exercise price	1.25
4.	During the year - Granted	
	i. number of options/warrants	0
	ii. weighted average exercise price	0
5.	During the year - Exercised	
	i. number of options/warrants	0
	ii. weighted average exercise price	0
6.	During the year - Forfeited	
	i. number of options/warrants	661,667
	ii. weighted average exercise price	1.25
7.	During the year - Expired	
	i. number of options/warrants	550,000
	ii. weighted average exercise price	1.10

Paragraph 47 (b) Weighted-average grant-date fair value of options granted during the year:

1.	Exceeds market price	0

Paragraph 47 (c) Equity instruments other than options/warrants — none

Paragraph 47(d) Description of the method and significant assumptions used during the year to estimate the fair value of options:

1.	Weighted average risk-free interest rate	5.54%
2.	Weighted average expected life (in months	71.00
3.	Weighted average expected volatility	0.00%
4.	Weighted average expected dividends	0.00

Paragraph 47(e) Total compensation cost recognized in income for stock-based employee compensation awards. — 0

Paragraph 47(f) The terms of significant modifications of outstanding awards. — none

Paragraph 48 - Options outstanding at the date of the latest statement of financial position presented:

1.	(a) Range of exercise prices	$ 1.10-$1.25	$
	(b) Weighted-average exercise price	1.25	
2.	Weighted-average remaining contractual life (in months)	71.00	

GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
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(Audited)

	Year ended Oct. 31, 2001	Year ended Oct. 31, 2000	Inception Jul. 08, 1998 Through Oct. 31, 2001

Net Income after proforma effect	(2,589,345)	(1,576,216)	(4,424,200)
Earnings per share after proforma effect	$ (0.1156)	$ (0.0782)	

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GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
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(Audited)

PART II - OTHER INFORMATION

Item 1. Other information

Montreal, September 19, 2001 - Rene Arbic, chairman of the board of directors of GSI Technologies USA Inc. ("GSI USA"), announced today that Groupe Solcom International France S.A.S., will not proceed with the offer to acquire all of the issued and outstanding shares of GSI USA and that the board of directors of GSI USA approved the following resolutions:

WHEREAS on or around February 26, 2001, GSI USA had deposited a letter of intent to acquire the share capital of Groupe Solcom International France S.A.S.

WHEREAS on or around May 16, 2001, Groupe Solcom International France S.A.S. had deposited a letter of intent to acquire the share capital of GSI Canada (3529363 Canada Inc.) and GSI USA.

Pursuant to a feasibility study, due diligence, an evaluation of the current status of the economic markets, the Board of directors of GSI USA decided not to proceed with the above stated transactions. The board of directors of GSI USA will advise of new intentions and plans shortly.

Board Statute

On September 8th, 2001, Mr. de Montigny resigned from its position for health reason

On June 2001 Mr. James Hone retired and resigned from its position in GSI

On June 2001, Mr. Michel Laplante resigned from its position with GSI

On September 8th, 2001, Mr. Rene Arbic was nominated as President of GSI and Chairman of the Board.

Mr. Rene Arbic was president of Bridgepoint International Inc. He is 47 years old. On retiring in 1997 after 25 years career in operations and sales with Bell Canada and Stentor, the former Canadian alliance of telecommunications carriers, he lauched a successful telecommunications consulting firm. He then co-founded Bridgepoint International, a rapidly growing innovator in the field of shared networking facilities, voice and date switching, and local technical support.

- Mr. Julian R. Beardsley have a vast experience in private banking and presently held the position of Director in a large tax consulting practice in United Kingdom. Mr. Beardsley will also serve as chairman of the board for GSI since February 13th, 2002.

- Mr. Dario Litera is president of a large capital investment corporation. He also, act as trustee for various financial firm and government agencies, and he will also serve as a board member since February 13th, 2002.

We are extremely pleased to have them as members in our board.

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GSI TECHNOLOGIES USA INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: MARCH 4TH, 2002 GSI TECHNOLOGIES USA INC.

By: /s/ Rene Arbic

Rene Arbic
Executive vice president

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