GSI TECHNOLOGIES USA INC /DE
Form 10QSB/A
November 12, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB / A
AMENDMENT 1

(MARK ONE)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2003.

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to ________

COMMISSION FILE NUMBER: 0-31229

GSI TECHNOLOGIES USA INC.

(Exact name of small business issuer as specified in its charter)

Delaware	65-0902449
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 St Jacques West, Suite 500, Montreal, Quebec H2Y 1S1, Canada
(Address of principal executive offices)

(514) 282-9292
(Issuer's Telephone Number, including Area Code)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 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[ ]

As of September 22nd, 2003, there were 43,827,823 shares of the issuer's $.001 par value common stock issued and outstanding.

Transitional Small Business Disclosure Format (Check one): Yes [ ] No[X]

INDEX TO FORM 10-QSB

FOR THE QUARTER ENDED JULY 31, 2003

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GSI TECHNOLOGIES USA, INC.
BALANCE SHEET
AT JULY 31, 2003
(UNAUDITED)

ASSETS

Current Assets	
Cash	$ 707
Receivables - net	81,822
Other current assets	684

Total current assets	83,214
Property and equipment, net	145,682
Other assets	2,453
TOTAL ASSETS	231,349

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable	187,637
Notes Payable (principally related party)	403,641
Other current liabilities	38,376
Total current liabilities	629,654
Stockholder's Equity	
Common Stock, class A, $1.00 par value; authorized 5,000,000 shares; issued and outstanding none	-
Common Stock, class B, $.001 par value; authorized 55,000,000 shares; issued and outstanding - 43,827,823	43,828
Paid in Capital	6,573,903
Accumulated deficit	(7,017,167)
Accumulated other comprehensive income Foreign currency translation	1,133
Total Shareholder's Equity (Deficit)	(398,304)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 231,349

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

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GSI TECHNOLOGIES USA INC
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS ENDED JULY 31, 2003 AND 2002
(UNAUDITED)

	Three months ended July 31, 2003	Three months ended July 31, 2002	Nine mont Ended July 2003	
Revenues	$ -	$ -	$ 15,000	$
Cost of Sales	-	-	-	

Gross Profit	-	-	15,000	
Operating Expenses:				
Marketing	12,984	-	42,117	
Salaries and related costs	-	-	25,060	
Rent	14,189	-	38,773	
Professional fees	25,188	-	68,074	
Consulting	162,737	-	284,400	
Software development	204,787	-	324,326	
Depreciation	4,257	973	8,913	
Amortization	2,001	23,845	51,018	
Loss on licensing agreement write off	-	-	141,133	
Other selling, general and administrative	54,392	1,556	175,507	
Total operating expenses	480,534	26,374	1,159,322	
Loss before other income (expense)	(480,534)	(26,374)	(1,144,322)	
Other income (expense):				
Interest expense (principally related party)	(9,090)	(8,863)	(31,557)	
Total other income (expense)	(9,090)	(8,863)	(31,557)	
Net Loss	(489,624)	(35,237)	(1,175,878)	
Basic weighted average common shares outstanding	36,862,171	25,802,134	30,622,692	2
Basic and diluted Loss per common share	$ (0.01)	$ (0.00)	$ (0.04)	$

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

GSI TECHNOLOGIES USA, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED JULY 31, 2003 AND 2002
(UNAUDITED)

	Nine months ended July 31, 2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$(1,175,878)	$(267,715)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	59,931	74,457

Issuance of stock for contract settlement	-	38,996
Issuance of stock for consulting services	20,000	
Accrued Interest Expense	-	12,179
Loss on licensing agreement write off	141,133	-
Changes in Operating assets and liabilities:		
Receivables and other current assets	(82,506)	(4,871)
Other assets	(2,453)	
Accounts Payable and Accrued Liabilities	7,736	140,937
Net cash provided by/(used in) operating activities	(1,032,036)	(6,019)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by/(used in) investing activities		
Loan Receivable, principally related parties	-	-
Purchase of property and equipment	(94,833)	-
Net cash provided by/(used in) investing activities	(94,833)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Notes payable	383,055	-
Investment proceeds	481,377	-
Sales of common stock	263,144	-
Net cash provided by/(used in) financing activities	1,127,576	-
Net increase (decrease) in cash and cash equivalents	707	(6,019)
Cash and cash equivalents, beginning of period	-	6,019
Cash and cash equivalents, end of period	$ 707	$ (0)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Issuance of 1 million shares for default payment	50,000

penalty settlement	
Issuance of 2 million shares for settlement of note payable including accrued interest.	345,808
Issuance of 10.5 million shares for settlement of investment liability	625,000
Issuance of 1,336,800 shares for settlement of accrued financing cost	67,100
Purchase of 40% of LTS Networks, Inc.	500

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

GSI TECHNOLOGIES USA, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
JULY 31, 2003

NOTE 1 -BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements of GSI Technologies USA, Inc. have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. The financial statements reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

These financial statements should be read in conjunction with the audited financial statements and footnotes thereto included in GSI Technologies USA, Inc.'s 10K-SB as filed with the Securities and Exchange Commission.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and that effect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - NET EARNINGS (LOSS) PER SHARE

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.

NOTE 3 - DETAILS OF FINANCIAL STATEMENT COMPONENTS

	July 31st, 2003
Property and Equipment:	
Furniture and fixture	$ 38,934
Computer and other equipment	45,168
Leasehold improvements	83,168
Less: Accum depreciation & amortization	21,588
Property and equipment, net	$ 145,682

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NOTE 3 - DETAILS OF FINANCIAL STATEMENT COMPONENTS (CONTINUED):

Intangible Assets:	
License rights	$ 474,779
(Gross amount of $800,000 acquired from affiliate and recorded at predecessor basis with the cost over such basis of $325,221 recorded as a dividend to affiliate).	
Accumulated amortization	(333,646)
Loss on write down to realizable value	(141,133)
July 31, 2003 balance	$ -
Amortization expense for the nine month period	47,478

At April 30, 2003 the Company reviewed the carrying amount of license rights and determined that the amount of $141,133 was considered to be totally unrecoverable and exceeded its fair value by its book value. This determinations was based on its book value exceeding the sum of the undiscounted future cash flows expected to result from the assets use and disposition. The entire capitalized net amount of $141,133 for the license rights has been reflected as a loss in the current year interim financial statements.

NOTE 4 - NOTES PAYABLE

On May 15, 2002 the Company signed a promissory note for $330,000. The term of the note is for 60 days and the rate of interest is prime plus 2%. The Company also agreed to issue 2 million shares of Class B Common Stock to the lender as part of the transaction as an origination fee which was valued at .05 per share totaling $100,000. On June 20, 2002, a shareholder of the Company indirectly forwarded to the lender 1,114,000 shares as collateral for this transaction on behalf of the Company thereby assigning 55.7% ($55,700) of the origination fee liability from the lender to the shareholder. On June 20, 2002, another shareholder of the Company directly forwarded to the lender 886,000 shares as collateral for this transaction on behalf of the Company thereby assigning 44.3% (44,300) of the origination fee liability from the lender to the shareholder. On June 21, 2002 the Company agreed to issue 1,114,000 shares to the shareholder who advanced his shares to the lender as well as issuing an additional 222,800 for his assistance in this matter. The 222,800 were valued at .05 per share totaling $11,140 and reflected as interest in the October 31, 2002 financial statements. At October 31, 2002, no shares had been issued to the shareholder and the origination fee liability of $55,700 as well as the additional $11,400 in accrued interest remained reflected as liabilities in the October 31, 2002 financial statements . On June 21, 2002 the Company and the other shareholder who forwarded 886,000 shares to the lender agreed that he would not receive any shares from the Company for his assistance in the matter. The Company reflected this as relieving the balance of the accrued origination fee liability with an offset to Paid in Capital in the amount of $44,300 in the October 31, 2002 financial statements. At October 31, 2002, the note had not been paid back and the accrued interest totaled $4,837. As part of the agreement, the Company will issue an additional 1,000,000 shares as a default penalty valued at .05 per share totaling $50,000. At October 31, 2002, the Company had not issued any shares related to default penalty. The default penalty amounts have been accrued and reflected in the October 31, 2002 financial statements. At January 31, 2003, the note had not been paid back and accrued interest for the three month period ending January 31, 2003 of $5,362 has been reflected in the financial statements. This note including all interest associated with it was $340,199 at January 31, 2003. On March 28, 2003, the Company issued 1 million shares in settlement of the default penalty. At April 30, 2003, the note had not been paid back and accrued interest for the six month period

NOTE 4 - NOTES PAYABLE (CONTINUED):

ending April 30, 2003 totaled $10,519. This note including all interest associated with it was $345,356 at April 30, 2003. In May 2003 the Company received an additional $163,144 in investment proceeds and issued 2 million shares, 500,000 warrants exercisable at $0.25 and 516,000 warrants exercisable at $1.00 for settlement of the additional proceeds of $163,144 as well as the original principal amount of $330,000 and accrued interest of $15,808 totaling $345,808.

On December 18, 2002, the Company signed a promissory note for $440,000 CAD, approximately $290,980 USD with an unrelated party. The note bears interest of 11%. At January 31, 2003 interest of $3,946 has been accrued and reflected in the financial statements. The balance of the note, including interest, at January 31, 2003 is approximately $294,926 USD. At April 30, 2003 interest of $11,948 has been accrued and reflected in the financial statements. The balance of the note, including all interest associated with it was approximately $302,928 USD at April 30th 2003. At July 30, 2003 interest of $19,950 has been accrued and reflected in the financial statements. The balance of the note, including all interest associated with it was approximately $310,930 USD at July 31th 2003.

On June 19, 2003 the Company signed a promissory note for $100,000 USD with an unrelated party. The note bears interest of prime plus 2 percent and the term is one year. The Company has received $92,075 at July 31, 2003. At July 31, 2003, interest of $636 has been accrued and reflected in the financial statements. The balance of the note, including interest at July 31, 2003 is $92,711.

NOTE 5 - COMMITMENTS AND CONTIGENCIES

Investment agreement

On September 10, 2002 the Company entered into an investment agreement whereby an investment group will advance up to $300,000 from September 10, 2002 through February 1, 2003. In consideration for the proceeds, the Company will issue on February 1, 2003, 6 million shares of Class B Common Stock, 2,000,000 options at an exercise price of $0.10 expiring January 31, 2010 and 2,000,000 warrants at an exercise price of $1.20 expiring on February 1, 2005. At October 31, 2002, $143,623 had been advanced to the Company. During the three month period ending January 31, 2003, additional advances totaling $98,155 had been received. During the three month period ending April 30, 2003, additional advances totaling $58,222 had been received. At April 30, 2003, a total of $300,000 had been advanced to the Company. At April 30, 2003 the Company had not issued any shares to settle the investment proceeds liability. On June 19, 2003 the Company issued 6 million shares of Class B Common Stock, 2 million warrants exercisable $0.10 and 2 million warrants exercisable at $1.20 to settle the investment proceeds liability of $300,000.

In November 2002, the Company entered into an investment agreement whereby an additional investment group will advance up to $125,000 from November 2002 through February 2003. In consideration for the proceeds, the Company will issue on February 1, 2003, 2.5 million shares of Class B Common Stock, 2,000,000 options at an exercise price of $0.050 expiring January 31, 2010. During the three month period ending January 31, 2003, no advances had been received. During the three month period ending April 30, 2003 advances of $62,651 had been received. At April 30, 2003 the Company had not issued any shares to settle the investment proceeds liability. From May 1, 2003 to June 19, 2003 advances of $62,349 had been received. On June 19, 2003 the Company issued 2.5 million shares of Class B Common Stock and 2 million warrants to settle the investment proceeds liability of $125,000.

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NOTE 5 - COMMITMENTS AND CONTIGENCIES (CONTINUED):

In March 2003, the Company entered into an investment agreement whereby a third investment group will advance up to $200,000 from March 2003 through April 2003. In consideration for the proceeds, the Company will issue on June 1, 2003, 2 million shares of Class B Common Stock, 500,000 options at an exercise price of $0.10 and 500,000 options at an exercise price of $0.25 expiring January 31, 2010. During the three month period ending April 30, 2003, no advances had been received. From May 1, 2003 to June 19, 2003 advances of $20,000 had been received. On June 19, 2003 the Company issued 2 million shares of Class B Common Stock and 1 million warrants to settle the investment proceeds liability of $200,000.

Office leases

On September 1, 2002, the Company entered into a three year office lease for its Monteal office with monthly payments approximately $2,000.

On October 1, 2002, the Company entered into a one year office lease for its U.S. office with monthly payments approximately $1,000.

Legal Matters

We remain party to one proceeding initiated by another party 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. Legal counsel advises that, in his opinion, the case against the company is without merit.

On September 2001, we received a law suit from a former employee for unpaid salaries. We concluded an out of court settlement, on November 22nd, 2002, for the amount of approximately $7,750 US ($12,000 CAD) as final settlement. The $7,750 had been accrued and reflected in the October 31, 2002 financial statements.

The Company has been involved in litigation for unpaid business taxes with the City of Montreal. The litigation has been settled in the amount of approximately $23,000 of which approximately $5,000 has been paid by October 31, 2002 and the remaining $18,000 due to the City of Montreal has been reflected in accounts payable at October 31, 2002. During the three month period ending January 31, 2003 no payments were made towards this debt. During the three month period ending April 30, 2003 approximately $8,000 in payments were made towards this debt. At April 30, 2003, the outstanding balance totaled approximately $10,000. During the three month period ending July 31, 2003, approximately $10,000 in payments were made towards this debt and the balance at July 31, 2003 was zero.

In March 2002, a former Director, who was also an Officer in the Company, along with another employee of the Company, filed a civil action against the Company in the State of Florida alleging unpaid wages and expense reimbursements totaling approximately $225,000. The Company has not retained legal counsel but believed this complaint to be without merit and is in the process of negotiating a settlement and release agreement with these two individuals in the amount of approximately $13,000. The Company has received an oral confirmation to the $13,000 settlement and release agreement. The $13,000 had been accrued and reflected in the October 31, 2002 financial statements. The Company and these individuals signed the settlement agreement related to this matter on February 27, 2003 and the company forwarded the required payment $13,000 to settle this matter.

NOTE 5 - COMMITMENTS AND CONTIGENCIES (CONTINUED):

Consulting agreement

On May 27, 2002, the Company entered into a consulting agreement with a non affiliated individual. The agreement is for one year and the annual amount of the agreement is approximately $100,000.

NOTE 6 - SOFTWARE DEVELOPMENT

The Company is currently developing software for resale to prospective clients. The Company capitalizes cost of materials, consultants, interest, and payroll and payroll-related costs for employees incurred in developing computer software for resale once technological feasibility is attained. Currently, the Company has contracted with consultants to develop the software. Technological feasibility is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. Until technological feasibility is established, all costs associated with the software development are considered research and development expenditures and are charged to development expense in the period incurred.

NOTE 7 - 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 $1,175,878 (unaudited) for the nine months ended July 31, 2003 and a loss of $7,017,167 (unaudited) since inception. As reported on the statement of cash flows, the Company incurred negative cash flows from operating activities of $1,032,036 for the nine months ended July 31, 2003. Continuation of the Company as a going concern is dependent upon obtaining sufficient working capital for its planned activity. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence until attaining and sustaining profitable operations. The Company continues to aggressively pursue strategic alliances which will bring a cash infusion, restructuring and forward looking business plan.

NOTE 8 - RELATED PARTY TRANSACTIONS

Legal fees to Director's firm

During the nine month period ending July 31, 2003, the Company has retained legal services from a firm in which a director of the Company, Marc Cote, is a partner. The Company incurred approximately $28,800 in legal fees from this firm in the nine month period ending July 31, 2003 .

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NOTE 9 - INCOME TAXES

The provision for taxes on earnings for the nine months ended July 31, 2003, consist of:

	2003	2002
Current		
Federal	$ -	$ -
State	-	-
Foreign	-	-
Deferred		
Federal	$ -	$ -
State	-	-
Foreign	-	-

At July 31, 2003, the Company has a Federal tax net operating loss ("NOL") carryforward of approximately $6,000,000, which expires at various dates through 2015.

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 10 - 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.

The Company has 55,000,000 authorized shares of Class B common stock with a par value of $.001. Each share entitles the holder to one vote.

In March 2003 the Company issued 2 million shares of Class B common stock in a private placement for $100,000.

In March 2003 the Company issued 1 million shares of Class B common stock to settle accrued default payment penalties totaling $50,000.

In May 2003, the Company issued 2 million shares of Class B common stock to settle a note payable in the amount of $345,808 which includes all accrued interest and an additional receipt of proceeds in the amount of $163,144.

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NOTE 10 - SHAREHOLDERS' EQUITY (CONTINUED):

In June 2003, the Company issued 10.5 million shares of Class B common stock to settle an investment proceeds liabilities of $625,000.

In June 2003, the Company issued 200,000 shares of Class B common stock for consulting services.

In June 2003, the Company issued 1,336,800 shares of Class B common stock for settlement of an accrued financing cost liability

In June 2003, the Company issued 500,000 shares of Class B common stock for the purchase of 40% of LTS Networks.

NOTE 11 - WARRANTS AND OPTIONS

In May 2003, the Company issued 500,000 warrants exercisable at $0.25 and 516,000 warrants exercisable at $1.00 in connection to settle a note payable in the amount of $345,808 which includes all accrued interest and an additional receipt of proceeds in the amount of $163,144.

In June 2003, the Company issued 2 million warrants exercisable at $1.20, 500,000 warrants exercisable at $0.25, 2.5 million warrants exercisable at $0.10 and 2 million warrants exercisable at $0.05 in connection to settle an investment proceeds liabilities of $625,000.

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 On October 02, 2000, 925,000 options with an exercise price of $1.25 had been issued to consultants and other non employee affiliates who rendered services to the Company throughout the year. The services were rendered in the fiscal year ending October 31, 2000. The expense for such services were reflected in the financial statements ended October 31, 2000. As an incentive to maintain a relationship with these consultants and non employee affiliates, the Company issued these options for anticipated future services. These future services were not received. 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:

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NOTE 11 - WARRANTS AND OPTIONS (CONTINUED)

Nine months

FAS 123 "Accounting for stock based compensation Paragraph 47 (a)		July 31,
1.Beginning of year - outstanding		
i. number of options/warrants		3
ii. weighted average exercise price		
2. End of year - outstanding		
i. number of options/warrants		3
ii. weighted average exercise price		
3. End of year - exercisable		
i. number of options/warrants		3
ii. weighted average exercise price		
4. During the year - Granted		
i. number of options/warrants		
ii. weighted average exercise price		
5. During the year - Exercised		
i. number of options/warrants		
ii. weighted average exercise price		
6. During the year - Forfeited		
i. number of options/warrants		
ii. weighted average exercise price		
7. During the year - Expired		
i. number of options/warrants		
ii. weighted average exercise price		
Paragraph 47 (b) Weighted-average grant-date fair value of options granted during the year:		
1. Exceeds market price		
Paragraph 47 (c) Equity instruments other than options/warrants		
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		
Weighted average expected life (in months)		
Weighted average expected volatility		
Weighted average expected dividends		
Paragraph 47(e) Total compensation cost recognized in income for stock-based employee compensation awards.		
Paragraph 47(f) The terms of significant modifications of outstanding awards.		
Paragraph 48 - Options outstanding at the date of the lateststatement of financial position presented:		
1. (a) Range of exercise prices	$	1.10
(b) Weighted-average exercise price		
2. Weighted-average remaining contractual life (in months)		

		Nine months July 31,
Net Income after proforma effect		(1,1
Earnings per share after proforma effect	$	

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Explanatary Note.

This Amendment No. 1 on Form 10-QSB/A (this "Amendment") amends the Company's Quarterly Report on Form 10-QSB for the quarterly period ended July 31, 2003, originally filed on September 22, 2003 (the "Original Filing"). This Amendment is being filed to amend the financial statements and footnotes to address SEC comments and to clean up parts of Part II of the Original Filing. In addition, in connection with the filing of this Amendment and pursuant to the rules of the Securities and Exchange Commission, the Company is including with this Amendment certain currently dated certifications.

Except as described above, no other changes have been made to the Original Filing. This Amendment continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained herein to reflect any events which occurred at a date subsequent to the filing of the Original filing.

FORWARD LOOKING STATEMENTS.

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, international war and terrorism 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 Inc. is an Information Technology Company that offers products and solutions to the Out-of-Home Digital Signage Industry. The Company has developed a proprietary, enterprise scale, Digital Signage Network Management Software Suite. The Company is a Value Added Reseller for various related hardware products that make up its end-to-end Digital Signage Solution. The Company also offers various services related to the installation, management, operation and maintenance of large Digital Signage Networks worldwide.

Research firm iSupply/Stanford Resources sees the worldwide Digital Signage market growing from just over $ 3 billion this year to about $ 5 billion in 2006 and about $ 7 billion in 2008. CAP Ventures Inc., a research firm that tracks retail digital signage as a separate category, sees this niche growing still faster, from North America revenue of $ 388 million this year to nearly $ 2 billion in 2006; an increase of more than 400 percent.

GSI Technologies USA Inc. is particularly well positioned to exploit this growth as it offers one of the only true enterprise scale solutions in the world. The technology is being field tested by Clear Channel International, which is the largest player in the Industry.

RESULTS FROM OPERATIONS

Three and nine months ending July 31, 2003 and 2002

During GSI's third quarter from May 1,2003 to July 31, 2003, GSI USA incurred a loss of $489,624 versus a loss of $35,237 in the same period in 2002. The increased loss was due to higher operating expenses, specifically consulting and software development.

During GSI's nine month's from November 1, 2002 to July 31, 2003, GSI USA incurred a loss of

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$1,175,878 versus a loss of $267,715 in the same period in 2002. The increased loss was due to higher operating expenses, specifically consulting, software development and a loss on the Licensing Agreement writeoff.

REVENUES

Zero in revenue was recognized during the current year quarter, versus zero for the same period in the prior year.

$15,000 in revenue was recognized during the current year nine month period versus $23,750 for the same period in the prior year. This is related to sub-licensing agreements realized over the respective terms.

OPERATING EXPENSES

During the three months ended July 31, 2003, GSI USA has incurred $480,534 in operating expenses versus 26,374 for the same period in 2002. The increase was mainly attributable to marketing, software costs and consulting.

During the nine months ended July 31, 2003, GSI USA has incurred $1,159,322 in operating expenses versus 263,210 for the same period in 2002. The increase was mainly attributable to marketing, software costs, consulting and the write off of unamortized impaired licensing rights.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2003 GSI USA had $707 in cash. Cash used in operating activities during the six months ending April 30, 2003 was 1,032,036, which was mainly attributable to the net cash loss from operations plus changes in net operating assets and liabilities.

Net Cash used in investing activities during the period was $94,833 for property and equipment.

Net Cash provided from financing activities during the period was 1,127,576.

The result of all activities during the nine-month period ending January 31, 2002 was a net increase of $707 in our cash position.

MANAGEMENT DISCUSSION

GSI Technologies USA Inc. was created in 1998, with goals of supplying complete turn-key solutions to out-of-home advertising network operators. The company's offering went from digital signage network management software to installed screen, displays or street furniture, interacting with targeted audiences. GSI was then offering integration of network services but dealing with hardware suppliers for integration of computers and screens (plasma, LCD, LED or plain TV set).

The Company operates within the overall Information and Communication Technology (ICT) field, offering software, hardware and related services to manage dynamic and efficient communications networks. The information delivered can be advertising messages targeted to consumers while out of their homes or messages of more general interest like traffic and weather information.

The Company offers 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 it is 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.

To address the changing market and technology landscape, we initiated a comprehensive review of our position in the industry. During this exercise we drew upon the collective experiences of our own team as well as soliciting input from various individuals we believed to be knowledgeable about the industry. We concluded that in order to be in the forefront of the industry we would have to narrow our business focus and develop an entirely new software package.

We initially began offering products and services for sale in 2000. Our product offerings at that time included both software to manage a digital signage network and related hardware such as installed screens, displays or kiosks. In addition, we also owned and operated our own network of digital signage kiosks. The software products were offered pursuant to a Master License agreement with GSI Canada, the creator of the initial software, Multi Media Pack, or in short as MMP. The hardware products were purchased for resale from various brand name manufactures on an as needed basis. The Kiosk products were designed and built by GSI Canada.

At that time we also offered value-added services such as the integration of network services and the ability to deal with hardware suppliers to integrate and install computers and screens (plasma, LCD, LED or plain TV set). In other words, if a client came to us with an idea about something he would like to do, we would problem solve the matter and design an integrated solution, including managed services, which would allow the client to reach his goal. In cases where clients did not need any of our software or hardware products, we were still available to provide consulting services for operators to develop digital signage networks

The Company has re-evaluated its overall market approach and decided to focus more heavily on developing and selling digital network operations software rather than actually developing networks, installing and managing physical hardware, and actually selling and managing the digital content. With the re-focus of GSI in mid-2002, came a new philosophy and re-positioning of the company's activities. GSI is returning to the core expertise of its past, focusing on its original concept and vision, building the software that will help users store, inventory, deliver and use visual digital content on a variety of devices in a variety of applications. The Company now has a much clearer product and sales vision.

As a result, in early 2003, we changed our Product and Services Offering. Our main focus will now be to develop and sell a network based digital signage management software solution. We will also, in some cases, offer Digital

Signage and Network Managed Services as well as related hardware. We will no longer supply or manufacture kiosks or design/develop networks. We will continue to leverage our market knowledge by providing strategic consulting services for operators of digital signage networks.

As part of our comprehensive review, we decided to re-evaluate our core product, the GSI Multi Media Pack acquired under the Master Licensing Agreement with GSI Canada. We hired LTS Networks Inc. to perform a technical review of the software code. The report recommended that we rework the architecture of the product to take advantage of newer development tools and database tools to ensure that the product would be up to date and as technically advanced as possible. If undertaken, it was believed that our new product would also be well positioned for growth and enhancement in the future. In June 2003, we purchased a 40% equity interest in LTS Networks

As a result of their report, we hired LTS Networks to build for us a next generation product, based on our design, to offer to the Out-of-Home advertising industry. We solicited the assistance of Mr. de Montigny, to leverage his past experience with the Advertising and Media industry to work with LTS to design the functional requirements for the new software. It was anticipated that the new software would differ from the previous product in several key ways. The programming language would be different; the software design and architecture would be different; and the new product would pay close attention to standards, such as the Human Interface Guidelines and Data Warehouse Standards. We proceeded to implement this project and the resulting newly developed proprietary software product is expected to be released by the end of September 2003 and will be known as Digital Media Logistics Suite, or DMLS.

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We also revised our pricing and licensing structure. We will now sell and distribute our new software product on a per player software license basis. This is a significant departure from our previous revenue model of territorial licensing as we believe it better reflects the standard pricing and licensing model for our industry, and therefore should make our solution more competitive. In first 3 quarters of fiscal 2003 we spent $300,000 on Research and Development as compared to nothing in all of fiscal 2002.

In April 2003, we signed a special agreement with MCSI, a publicly traded corporation specialized in Technology Integration, whereby we have agreed to sell to MCSI up to 12,000 licenses of our DMLS software at a discounted price. The agreement is valid for a term of 24 months.

In May 2003, we initiated negotiations with Arcanes Technologies, a France-based corporation to act as sales agent to distribute our new line of products in France. Negotiations are in preliminary stage and the Company can not state when or whether an agreement will be reached.

In May 2003, we received a Letter Of Intent from TSA, a France-based corporation, specialized in Network Integration and Satellite Transmission to act as installation contractors and service corporation for our European based customers. We are currently negotiating contract agreements and anticipate conclusion by the end of 2003.

On May 15, 2002, Mr. Craig Perry advanced $330,000.00 to the Company. In consideration to this loan the Guarantor (Michel de Montigny) transferred 2,000,000 shares to Mr. Perry. This note has a term of 60 days bearing interest at prime rate plus 2% and a collateral / late payment penalty of 1,000,000 shares. On March 28, 2003 the Company issued 1,000,000 shares to Mr. Perry representing the Collateral /late payment penalty on this note. On May 8, 2003, Mr. Perry agreed to cancel his $351,000 payable note ($330,000 debt + 21,000 interest to date) and to invest a supplementary amount of $165,000 for the following considerations: 2,000,000 shares at a price per share of $0.25 plus 500,000 warrants exercisable at $0.25 and 516,000 warrants exercisable at $1.00. Mr. Craig Perry became a Director on April 28, 2003.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES TO AUTHORIZED SHAREHOLDERS' CAPITAL

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

In August, 2003, we signed a one year renewable Sales Representative agreement with Petters Group LLC. The agreement provides for us to act as a non-exclusive sales representative in the United States, Canada and Mexico in regards to their new suite of Digital Displays Products, branded under the name of Polaroid.

We are currently negotiating the sale of approximately 600 units including Polaroid 42" Digital plasma screens, compact computers and DMLS software licenses. If concluded on the proposed terms we expect to make an approximate gross profit in excess of $500,000 on these sales. No assurance can be given that the negotiations will result in any sale or that we will ultimately make any profit on this transaction.

In May 2003, the Company issued 2 million shares of Class B common stock to settle a note payable in the amount of $345,808 which includes all accrued interest and an additional receipt of proceeds in the amount of $163,144.

In June 2003, the Company issued 10.5 million shares of Class B common stock to settle an investment proceeds liabilities of $625,000.

In June 2003, the Company issued 200,000 shares of Class B common stock for consulting services.

In June 2003, the Company issued 1,336,800 shares of Class B common stock for settlement of an accrued financing cost liability

In June 2003, the Company issued 500,000 shares of Class B common stock for the purchase of 40% of LTS Networks.

MANAGEMENT

In May 2003, Mr. Rene Arbic resigned from his position as Chairman of the Board of GSI Technologies USA Inc.

In May 2003, the Board of Directors appointed Mr. Craig Perry, who is currently General Manager of InMetal and a shareholder of GSI, to join the Board of Directors as a Director and Chairman.

In June 2003, the Board of Directors appointed Mr. Gilles Addison to the position of President and Chief Executive Officer. Mr. Addison's contract is valid for one year period.

In June 2003, GSI Board of Directors appointed an Executive Advisory Board to manage and build the value of the Corporation on a day to day basis with the input of experienced individuals in various field of activities. We believe our Corporation will grow in a team environment and deliver positive results to the benefit of our shareholders. The Executive Advisory Board will report to the Board of Directors through the CEO, Mr. Addison. GSI's management is seeking to identify a Chief Financial Officer that will suit the needs of our Corporation. The Executive Advisory Board is composed by the following individuals:

- Mr. Gilles Addison, President and CEO
- Mrs. Marie El-Ahmar Eid, Business Development and Investor Relations Director
- Glen Pearson, Operations Director
- Michel de Montigny, Product, Sales and Marketing Director
- Paola Salcedo, Administration Director

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are contained in this 10-QSB:

99.1 Sarbans-Oxley Certifications.

CERTIFICATION

I, Gilles Addison, hereby certifie that:

I have reviewed this amended quarterly report on Form 10-QSB of GSI Technologies USA Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial position, results of operations, and cash flows of the issuer as of, and for, the periods presented in this report.

I am responsible for establishing and maintaining disclosure controls and procedures for the issuer and have:

Designed such disclosure controls and procedures to ensure that material information relating to the issuer is made known to me, particularly during the period in which the periodic reports are being prepared;

Evaluated the effectiveness of the issuer's disclosure controls and procedures as of July 31, 2003; and

Presented in the report our conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

I have disclosed, based on my most recent evaluation, to the issuer's auditors and the audit committee of the board of directors (or persons fulfilling the equivalent function):

All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize and report financial data and have identified for the issuer's auditors any material weaknesses in internal controls; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

I have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 23rd, 2003

By: /s/ Gilles Addison

Gilles Addison
President and CEO

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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: October 23rd, 2003 GSI TECHNOLOGIES USA INC.

By: /s/ Gilles Addison

Gilles Addison
President and CEO

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