GSI TECHNOLOGIES USA INC /DE
Form 10KSB/A
February 05, 2003

ANNUAL REPORT FOR GSI TECHNOLOGIES USA INC.

U.S. Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-KSB/A
AMENDMENT NO. 1

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

For the fiscal year ended October 31, 2002

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)

400, St-Jacques Street, Suite 500
Montreal, Quebec H2Y 1S1

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code (514)-282-9292

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 $23,750.00.

The aggregate market value for the voting and non-voting common equity held by non-affiliates on October 31, 2002 was approximately $15,668.00. 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 31,2002 was 26,068,134.

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, fibbers 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, the potential market for which GSI sells 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 out of home 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 and Montreal.

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

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.

The Company's cash position and stock values have deteriorated significantly in the past year, making it difficult to raise funds with which to continue essential R&D and marketing activities. This is a reflection more of over all market conditions in terms of market performance and the advertising industry. The Company believes in its technology advantage, and value proposition, and anticipates a turnaround in conditions in 2003.

Using cash on hand, we have continued operations in a reduced fashion, while pursuing appropriate strategies to realize market success of our products. The Company intends to pursue new sales opportunities aggressively, while re-organizing to attract new investors. As of year-end, we have entered into discussions which will reinforce our technology leadership, and lead to greater market penetration.

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 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.

(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.

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.

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.

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 were 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 750,000 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, England, 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. After successfully achieving pilot projects with Clear Channel in City of Bristol & Swindon, using GSI's Software Pack solution, we have received from Clear Channel's R&D department a list of requirements on specific applications of our software as well as full reports on technical bugs to our beta version. We have agreed that pursuant to the requirements specified, that we can successfully deliver an updated version ready to support Clear Channel's worldwide market development ambitions. Our engineering team has indicated that preliminary product upgrades can be completed by March 15th, 2003 and the second part of further modular applications would be ready for August 2003.

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 Ivanho , 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.

(f) Customer Service and Technical Support

At year end, we have initiated discussions with LTS Networks Inc. ("LTS"), a Montreal-based provider of Linux-based technology solutions to serve our customers and provide technical support to projects underway, and under discussion.

LTS Networks is a Network Systems development company specializing in Low Total Cost of Ownership (TCO) institutional network computing solutions. The company designs and builds commodity networks , vertical market computing appliances and client side software. LTS Networks leverages commodity computing hardware and Open Source software to deliver robust, scalable low cost solutions.

(g) Research and Development

Our in works agreement with LTS Networks as of Year-End envisages a partnership that will allow us to work closely together on the new development of our software enhancement. LTS Networks' engineering team will provide GSI with full analysis on our existing platform and going forward needs.

(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 theaters 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.

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.

(i) Human Resources

Subsequent to October 31st, 2002, we had no direct employees on payroll. Our president and other principals were strictly working on a consulting bases to allow restructuring of the corporation.

The Company believes that with a new business approach, it can attract new investor interest. Proceeds from which would be to rebuild an executive team

capable of executing the business plan, and providing investor confidence. The Company intends to be in a position to report such events in our 10-Q filing in March 2003.

ITEM 2. DESCRIPTION OF PROPERTY

We own no real estate. In January 6th, 2000, GSI USA entered into a co-sharing leasing agreement with our affiliate GSI Canada with 2849-3930 Quebec Inc. represented by SITQ Inc. for a term of 4 years. Due to our affiliate financial difficulties and to the market crash with technologies corporations, we entered during the year 2002, in negotiations with the land-lord (SITQ) to leave the premises.

Our monthly rent represented fees of approximately 20,000.00$ USD and was previously hosting 70 people. We concluded a final agreement with the SITQ on October 2002. Our total debt was $179,000.00 Cdn. We settled for $139,015.00Cdn and became free of our lease agreement.

In October 2002, we moved our Canadian offices to 400, St-Jacques Street, suite 500, Montreal, Quebec, Canada, H2Y 1S1 and signed a leasing agreement with Worldwide Business Consultant, for a term of 3 years at a monthly rent of $2,212.00 USD, taxes included. Our offices spaces are 3000 square feet, located on St-Jacques Street, in the center of Old Montreal, City known for its financial banking activities. We believe the savings represent tremendous savings for the corporation helping us growing our profitability immediately.

Effective June 16, 2000, GSI entered into a lease agreement with Sun Trust Center LLC for a term of 5 years at 200, South Orange Avenue, Suite 2150, Orlando, Florida.

As of November 1st, 2002, we have moved our US corporate offices to Plattsburg NY to realize traveling savings and to better coordinate our North American activities since both our new offices are one hour and a half away from each other.

Our new corporate office address in the United States is: 99, Trade Rd, Plattsburg, New York, USA 12901.

ITEM 3. LEGAL PROCEEDINGS

1. MR. JACQUES BIRON : We remain party to one proceeding initiated by another party, Mr. Jacques Biron, against GSI Canada, GSI, our former President 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.

2. MR. ALEX ZERVAKOS: On September 2001, we received a law sue from Mr. Alex Zervakos a former employee of GSI USA. we concluded an out of court settlement, on November 22nd, 2002, for the amount of $12,000.00 Cdn as final settlement.

3. CITY OF MONTREAL: 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 $21,080USD of which $4,800.00 USD has been paid by October 31, 2002.

4. SITQ, PREVIOUS LANDLORD: On October 8, 2002, the Company entered into a settlement and release agreement with its landlord in its original downtown Montreal office whereby the Company could cancel its lease with a one-time payment of approximately $77,848.00 USD. This payment was made during October 2002.

5. CVMQ: 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 former 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.

6. FORMER DIRECTOR AND OFFICER: In March 2002, a former Director and Officer along with another employee of the Company have 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 on this matter, but believes this complaint is without merit.

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 31ST 2002, $.01

(b) Recent Sales of Unregistered Securities

None

(c) Issuance of warrants

No warrants has been issued during fiscal year 2001-2002.

(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 exercisable price of $1.25. During the Corporation's restructuring phase, the principals of the Corporation have decided to postpone any grants or options until further notice. No grants or options have been issued during fiscal year ending October 31st, 2002.

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 specializes in offering broadcasting solutions principally for out home advertising, such as electronic billboards, interactive advertising kiosks and any type of animated electronic screens with full video capabilities. GSI USA's software enable user to transmit pinpoint animated information contact as well as receive full motion video, graphics and audio files. GSI's software and concept allows advertisers to reach more consumer on a daily bases and permits to measure impact of their ads by interacting with consumer.

RESULTS FROM OPERATIONS

During the fiscal year from November 1, 2001 to October 31, 2002, GSI USA incurred a loss of $1,552,752 or $0.06 per share versus a loss of $2,589,345 or $0.12 per share in the same period in the prior year. The current year loss can be attributed to limited revenue generated as well as a 1.1 million loss on write off of an affiliate note receivable.

REVENUES

$23,750 in revenue was recognized during the current fiscal year versus $229,793 for the same period in the prior year. These revenues are 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.

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 $10,634 in direct operating cost for the current fiscals year versus $121,797 for the same period in the prior year.

Operating expenses

During the current fiscal year ended October 31st, 2002, GSI USA has incurred $407,655 in operating expenses versus $1,752,839 for the same period in 2001. The decrease is attributable primarily to a drastic cut back in operations for the current year.

Other income

During the current fiscal year ending October 31st, 2002, $1,158,213 in other expenses were realized compared to $944,503 of other expenses in the prior year. These amounts are primarily attributable to the write offs of the Loss on Affiliate note receivables and advances.

Liquidity and capital resources

At October 31, 2002 GSI USA had zero cash as compared to $6,019 at October 31, 2001. Cash used in operating activities during the year ending October 31, 2002 was $382,749, which was mainly attributable to the net cash loss from operations plus changes in net operating assets and liabilities.

Cash used by investing activities during the current year are comprised of purchases of property and equipment totaling $33,502. Cash provided by investing activities during the prior year reflected additional short-term loans to GSI Canada in the amount of $801,656.

Cash provided from financing activities during the current year of $410,232 include the net effect of short-term borrowing through note payables as well as proceeds from an investment group. Cash provided from financing activities during the prior year of $519,469 reflects a private placement as well as funding provided by issuance of Notes Payable.

MANAGEMENT DISCUSSION AND ANALYSIS

Since beginning of our operations we worked closely with an affiliate company, "GSI Canada" (GSIC). The overall market strategy was that GSI Technologies USA Inc. (GSIUS) developed business through its unique understanding of the advertising industry, notably in providing custom, software, sales services and products to customers for electronic, out of home, advertising media applications and needs. We depended on GSIC as the technology developer, and in our dealings with that company, acquired exclusive licensing rights agreement on proprietary software technology.

As such, GSIUS has advanced funds to GSIC for the addition of significant upgrades and additional intellectual property of GSIUS to that base software.

In this regard, we have in the past, from time to time, supported our affiliate's development of technologies by advancing funds to enhance our modular software applications and allow us to remain ahead of competition. In addition, we had co-located certain of our activities with the affiliated company to ensure proximity to the development team and shared some of these costs (leases, communications, IT, etc.).

In the later part of 2001, GSIC was forced to file for receivership in Canada due to extraordinary circumstances and a downturn in overall market conditions. As such, in the period beginning November 2001 to Mid September 2002, GSIC had to shut down most of its operations and was not able to repay advances to our corporation or to provide us with necessary services.

During the course of 2002, GSIUS negotiated new agreements directly with suppliers to reduce our costs, while remaining a viable, stand-alone business having lost the services of GSIC. Significant downsizing at GSIUS accompanied this event, in an effort to cut costs, re-consider our business plan, and re-establish the Company's business foundation at time of turmoil in the electronic advertising industry in our core markets of the USA and Europe. An example of cost saving measures was to lease new offices facilities and move our operations from a $20,000.00 monthly rent to $2,500.00. Further, we didn't renew any employment contracts and negotiated our way out of consulting contracts to bring our operations to minimize expenses.

At the end of fiscal year October 31st, 2002, we decided to take a right off on our affiliate loan for an approximate value of $1,145,792.00.

We have negotiated a loan agreement allowing us to resolve most of pending financial issues and reduce our payables considerably by end of October 2002 and anticipate completing our restructuring program by end of next quarter. We are currently investigating the potential of transforming certain loans and

liabilities into equity partnerships and to seek into the possibility of raising new capital in the Corporation.

Based on a solid foundation, the Company anticipates a rebuilding phase in early

Fiscal 2003. We have initiated discussions with both customers and new suppliers to move forward with initial phase of upgrading and developing our own proprietary technology, in order to reduce our dependence on third party services and to build a long-term solution for the best interest of our customers and corporation's shareholders.

Our past experience allowed us to design and tailor an application plan based on pilot projects and market tests in real situation, with greater possibilities, more efficiencies, more durability and stability supported and combined with upgrades of hardware and other software development available in the industry.

Although, our affiliate's situation affected our sales potential, we maintained our 5-year relationship with a major customer based in the USA and one of the world's largest out-of-home media corporation. In the later part of year 2002, we have significantly moved forward to reach a new business agreement with that company to tailor new software in order to support their needs of worldwide development of electronic out-of-home media. At year end of Fiscal 2002, we received a purchase order for the first phase for a value of $30,000.00 and agreed with the Client's management team to negotiate through the course of year 2003 a longer term plan with more appropriate cost structure.

Their specifications are based on a 3 phase development plan, in which we eagerly anticipate closure soon after year end 2002. While preliminary, that agreement would call for the first beta version to be delivered by the end of March 2003. The second phase will be initiated after testing of version I by the Client's engineering team and GSI's R&D team.

We are currently preparing all necessary documentation to file and qualify for Canadian Government R&D programs for tax credit benefits and employees sponsoring program. These incentive programs will help us develop and maintain leading edge technology at a cost effective ratio for the benefit of our Corporation.

In July 2002, we completed a Letter of Intent with a Californian based Entertainment Company specialized in Internet market content. The agreement calls for the Client to install a network of full motion video plasma screens in approximately 200 preferred locations in the United States. As of year-end, we have been informed that our customer has succeeded in signing in over 100 locations and anticipates starting installation during the month of March 2003. We have negotiated a 10-year licensing agreement starting when the networks begin its operations, management of the network contract and content production service agreement. Based on our customer development plan, we anticipate starting to ramp up our revenues by summer 2003.

We have initiated discussions for strategic alliances and potential partnerships with new equity partners and allied strategic partners and anticipate new results at the outset of Fiscal 2003.

We strongly believe all these measures will help us re-establish our business presence and build value for the benefit of our Corporation and shareholders.

ITEM 7. FINANCIAL STATEMENTS

Attached is Appendix A containing the following information:

- Independent Auditor's Report - Balance Sheets as of October 31st, 2002 and 2001 - Statements of Operations for the years ended October 31st, 2002 and 2001.
- Statements of Stockholders' Equity (Deficiency) for the years ended October 31st, 2002 and 2001.
- Statements of Cash Flows for the years ended October 31st, 2002 and 2001.
- 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
Rene Arbic	Chief Executive Officer President and Director (Since September 18, 2001)	50
Marc Cote	Director (Since October 23, 2000)	42
Marie El-Ahmar Eid	Secretary of the board (Since May 27, 2002)	40

RENE ARBIC

Mr. Arbic has served on multiple boards of technologies companies after retiring from Bell Canada in 1996, where he occupied multiple functions as well in technical positions than management. In 1997, he was cofounder of a telecommunication consultant firm name Rave Communications. In 1997, he was cofounder of a publicly traded company: Bridgepoint International. Bridgepoint built and operated colocation central offices facilities in multiple cities in North America. Mr. Arbic will bring a long experience in marketing and management to GSI as a board member.

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.

MARIE EL-AHMAR EID

A graduated from Lebanese University in Beyrouth in Management of Networks Technologies since 1983. She has occupied multiple functions at the National Bank of Canada from 1993 to 1999. In 1999, she was hired by GSI Technologies USA as an Executive Assistant to the President and CEO. In year 2001 she became Human Resources Manager and Business Development Manager. She became board member of GSI on May 27, 2002.

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

Not applicable

ITEM 10. EXECUTIVE COMPENSATION

During the fiscal year, November 1st, 2001 to October 31st, 2002, the officers and directors of the corporation, considering the situation of the company's cash flow availability adopted a resolution accepting working without remuneration.

The objectives of the principals of the corporation were to restructure, refocus and re-capitalize the corporation and resolve all pending legal issues before allowing any benefits to individuals. Only necessary expenses were authorized to officers of the corporation during the fiscal year ending October 31st, 2002.

OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth each grant of stock options made during the fiscal year ended October 31, 2002 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 31,2002. 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, 2002:

(1)The option's program has been temporarily suspended and postponed until further notice for restructuring program reasons. The option program has been created on a merit base for employees who would perform and achieve budgets and targets, helping the corporation to grow. Since they haven't been any employee in the corporation during fiscal year ending October 31st, 2002, no options were granted.

AGGREGATED FISCAL YEAR-END OPTION VALUES

There were no option exercises by the Named Executive Officers during the fiscal year ended October 31,2001. 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, 2001:

The Company has no arrangement for the remuneration of its directors. No remuneration was paid to the directors during the year ended October 31, 2002.

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, 2002.

Officers and Directors:

Rene Arbic, President & CEO, certificate no: 1499	400,000 shares
Marc Cote, Director, certificate no: 1504	200,000 shares

Over 5% ownerships:

3633730 Canada Inc., owned by J. Michel de Montigny	7,754,424 shares
Craig Perry	2,000,000 shares

(1) Held by 3633730 Canada Inc. which is 100% owned by our former President, Mr. J. Michel de Montigny. Includes 260,954 shares underlying currently exercisable warrants and which expired on January 31, 2002 and were not exercised.

(2) Held by 3633632 Canada Inc. which is 100% owned by our former President, Mr. J. Michel de Montigny. Includes 347,938 shares underlying exercisable warrants and which expired January 31, 2002 and were not exercised.

(3) Held by Totalcom Inc. which is 100% owned by our former 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 former President, Mr. de Montigny, which expired January 31, 2002 and were not exercised.

(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. Since Mr. de Montigny has resigned on September 2001, only 2/3 of the options were granted.

(6) Represents 50,000 shares underlying exercisable warrants held by Mr. Hone and which expired January 31, 2002. They were not exercised.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

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: January 30th, 2003 By: /s/Rene Arbic

Rene Arbic
CEO & Chairman of the Board

Dated: January 30th,2003 By: /s/Marie El-Ahmar Eid

Marie El-Ahmar Eid
Director

Dated: January 30th, 2003   By: /s/Marc Cote

Marc Cote
Director

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. as of October 31, 2002 and 2001 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 in the United States of America. 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, 2002 and 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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
January 31, 2003

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

	October 31, 2002	October 31, 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ -	$ 6,019
Receivables, net (principally related party)	-	1,619,292
Total current assets	-	1,625,311
Property and equipment, net	63,302	36,248
Intangible assets, net	188,611	283,567
Other assets	-	19,908

TOTAL ASSETS	251,913	1,965,034

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable	102,749	733,080
Deferred Revenue	-	17,500
Notes Payable - short term	334,837	68,273
Investment proceeds liability	143,623	-
Other current liabilities	126,487	176,321
Total current liabilities	707,696	995,174
Stockholder's Equity		
Common Stock, class A, $1.00 par value; authorized 5,000,000 shares; issued and outstanding none in 2002 and 2001	-	-
Common Stock, class B, $.001 par value; authorized 55,000,000 shares; issued and outstanding - 26,291,023 and 24,502,134 shares respectfully	26,291	24,502
Paid in Capital	5,243,740	5,118,419
Deficit accumulated during the development stage	(5,726,201)	(4,173,450)
Accumulated other comprehensive income	388	388
Total Shareholder's Equity	(455,783)	969,859
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 251,913	$ 1,965,034

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.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF INCOME

	Year Ended October 31, 2002	Year Ended October 31, 2001
Revenues	$ 23,750	$ 229,793
Cost of Sales	10,634	121,797
Gross Profit	13,116	107,997

Operating Expenses:		
Marketing	55,602	92,298
Management and administrative fees	11,897	707,533
Salaries and related costs	45,275	229,770
Rent	71,334	250,904
Financing expense	32,774	15,000
Professional fees	42,920	91,992
Consulting	13,165	31,914
Depreciation	3,893	3,893
Amortization	96,231	95,382
Travel	-	46,361
Other selling, general and administrative	34,563	187,791
Total operating expenses	407,655	1,752,839
Loss before other income (expense)	(394,539)	(1,644,842)
Other income (expense):		
Interest income (principally related party)		317,275
Interest expense (principally related party)	(22,459)	(111,596)
Loss on Affiliate note receivable and advances	(1,145,792)	(1,033,652)
Equity in net earnings (loss) of affiliates	-	(25,000)
Foreign exchange gain (loss)	11,319	(54,562)
Loss on disposal of assets	(1,280)	(36,968)
Total other income (expense)	(1,158,213)	(944,503)
Net Loss	(1,552,752)	(2,589,345)
Basic weighted average common shares outstanding	26,175,802	22,403,444
Basic Loss per common share	$ (0.06)	$ (0.12)

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.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF STOCKHOLDERS' EQUITY

Common Class A			
Shares	Amount	Shares	A

Balance, October 31, 2000	-	-	20,543,636	2
Dec 20, 2000 - sale of Class B through private placement			125,000	
Dec 20, 2000 - cancellation of share subscription			(12,000)	
Dec 20, 2000 - cancellation warrant exercise			(24,764)	
February 13, 2001 - settlement of commission payable			25,000	
Apr 02, 2001 - sale of Class B through private placement			400,000	
Apr 02, 2001 - settlement of comission payable			20,000	
May 03, 2001 - settlement of notes payable			2,307,900	
August 13, 2001 - settlement of consulting fees			6,250	
September 6, 2001 - settlement of advances from affiliate			1,111,112	
Net loss - 12 months ended October 31, 2001				
Foreign currency translation adjustment				
Balance, October 31, 2001	-	-	24,502,134	2
February 7, 2002 - settlement of liabilities			1,788,889	
Net loss - 12 months ended October 31, 2002				
Balance, October 31, 2002	-	-	26,291,023	2

	Accumulated Deficit	Accumulated other Comprehensive Income/(loss)	Tota Sharehold Equit
Balance, October 31, 2000	(1,584,105)	386	171,
Dec 20, 2000 - sale of Class B through private placement			125,
Dec 20, 2000 - cancellation of share subscription			
Dec 20, 2000 - cancellation warrant exercise			(27,
February 13, 2001 - settlement of commission payable			5,
Apr 02, 2001 - sale of Class B through private placement			100,
Apr 02, 2001 - settlement of comission payable			5,
May 03, 2001 - settlement of notes payable			2,973,

August 13, 2001 - settlement of consulting fees			6,
September 6, 2001 - settlement of advances from affiliate			200,
Net loss - 12 months ended October 31, 2001	(2,589,345)		(2,589,
Foreign currency translation adjustment		2	
Balance, October 31, 2001	(4,173,450)	388	969,
February 7, 2002 - settlement of liabilities			127,
Net loss - 12 months ended October 31, 2002	(1,552,752)		(1,552,
Balance, October 31, 2002	(5,726,201)	388	(455,

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

	October 31, 2002	October 31,
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (1,552,752)	$ (2,58
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	100,124	9
Loss on write down of affiliate note receivable and advances	1,145,792	1,03
Issuance of stock for contract settlement	-	1
Issuance of stock in lieu of salaries	38,995	
Accrued Interest Expense (principally related party)	4,837	10
Accrued Interest Income (principally related party)	-	(31
Changes in Operating assets and liabilities:		
Receivables and other current assets	-	(3
Other assets	19,908	4
Accounts Payable and Accrued Liabilities	(206,658)	33
Net cash provided by/(used in) operating activities	(449,754)	(1,31
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by/(used in) investing activities		
Loan Receivable, principally related parties	-	80
Purchase of property and equipment	33,502	
Net cash provided by/(used in) investing activities	33,502	80

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Notes payable, principally related parties	-	11
Notes payable - affiliate	-	20
Notes payable - third parties	266,609	
Investment proceeds	143,623	
Sales of common stock	-	19
Net cash provided by/(used in) financing activities	410,232	51
Net increase (decrease) in cash and cash equivalents	(6,019)	
Cash and cash equivalents, beginning of period	6,019	
Cash and cash equivalents, end of period	$ (0)	$
SUPPLEMENTAL SCHEDULE OF NON CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of shares for settlement of note payables		3,17
Issuance of shares for settlement of liabilities	87,625	

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 FINANCIAL STATEMENTS
OCTOBER 31, 2002 AND 2001
(Audited)

October 31st 2002

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.

The accompanying financial statements reflect GSI Technologies USA, Inc. is no longer considered to be in the development stage. From inception (July 6, 1998) through October 31, 2001, the Company was considered to be in the development stage.

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 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.

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

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
Computer and Other Equipment	3
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 23 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.

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.

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

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 supersedes APB Opinion No. 16, "Business Combinations" as well as Financial Accounting Standards Board Statement of Financial Accounting Standards No. 38, "Accounting for Pre-acquisition 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 acquisition. 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 supersedes APB Opinion No. 17, "Intangible Assets." 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. 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.

NOTE 3 - DETAILS OF FINANCIAL STATEMENT COMPONENTS

	October 31, 2002	October 31, 2001
Property and Equipment:		
Furniture and fixture	38,934	38,934
Computer and other equipment	10,581	-
Leasehold improvements	22,921	2,133
Less: Accum depreciation & amortization	9,134	4,819

Property and equipment, net	$ 63,302	$ 36,248

Intangible Assets:		
License rights (Acquired from affiliate and recorded at predecessor basis with the cost over such basis recorded as a dividend to affiliate).		
Accumulated amortization	(286,168)	(191,212)
	$ 188,611	$ 283,567

NOTE 4 - NOTE 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. 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. At October 31, 2002, the Company had not issued any shares related to this matter, but a shareholder of the Company has forwarded to the lender 1,114,000 shares as collateral for this transaction on behalf of the Company.

NOTE 5 - COMMITMENTS AND CONTIGENCIES

Investment agreement

On September 10, 2002 the Company entered into an investment agreement whereby an investment group will lend 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 invested in the Company.

Office leases

On September 1, 2002, the Company entered into a three year office lease for its Montreal office with monthly payments approximately $2,000.
On October 1, 2002, the Company entered into a one year office lease for its U.S.A office with monthly payments approximately $1,000.
The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non cancelable lease terms in excess of one year as of October 31, 2002:

Year ending October 31:	
2003 -	35,000
2004 -	24,000
2005 -	20,000
2006 -	-
2007 -	- .
	$ 79,000

Legal Matters

On October 8, 2002, the Company entered into a settlement and release agreement with its landlord in its original downtown Montreal office whereby the Company could cancel its lease with a one time payment of approximately $44,000. This payment was made during October 2002.

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.

In March 2002, a former Director and Officer along with another employee of the Company have 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 on this matter, but believes this complaint is without merit.

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 $100,000.00

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 $1,552,752 and $2,589,345 for the twelve months ended October 31, 2002 and 2001 respectively. As reported on the statement of cash flows, the Company incurred negative cash flows from operating activities of $444,872 and $1,319,511 for twelve months ended October 31, 2002 and 2001. 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 is aggressively pursuing strategic alliances which will bring a cash infusion, restructuring and forward looking business plan.

NOTE 6 - RELATED PARTY TRANSACTIONS

Loss on write off - Note receivable and advances to affiliate

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. At October 31, 2002, due to GSI Technologies (3529363 Canada Inc.) continued financial difficulties, the Company wrote off the remaining balance of the receivable along with additional advances made during the year offset by a payable to a subsidiary wholly owned by GSI Technologies (3529363 Canada Inc.). The loss realized in the current year related to these items totaled approximately $1,146,000.

Legal fees to Director's firm

During the course of the year the Company has retained legal services from a firm in which a director of the Company, Marc Cote, is a partner. The Company incurred $20,000 in legal fees from this firm in the current year.

Promissory note to Shareholder

On March 6, 2002 the Company signed a promissory note with a shareholder in which the shareholder advanced $20,000 to the Company during the year. At October 31, 2002 the entire promissory amount of $20,000 had been paid back to the shareholder.

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 carry forwards, because of uncertainty regarding its realizability.

NOTE 8 - 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 9 - 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 non vested stock is measured at the market price of a share on the grant date. The pro-forma effect to net income and earnings per share is reflected as follows:

FAS 123 "Accounting for stock based compensation	Year ended Oct. 31, 2002	Year Oct.
Paragraph 47 (a)		
1.Beginning of year - outstanding		
i.number of options/warrants	308,333	

ii.weighted average exercise price	1.25
2.End of year - outstanding	
i. number of options/warrants	308,333
ii. weighted average exercise price	.25
3.End of year - exercisable	
i. number of options/warrants	308,333
ii. weighted average exercise price	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	
number of options/warrants	0
weighted average exercise price	0
7.During the year - Expired	
i.number of options/warrants	0
ii.weighted average exercise price	0

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

NOTE 9 - WARRANTS AND OPTIONS (CONTINUED):

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%	5.54%
(2)Weighted average expected life (in months	39.00	51.00
(3)Weighted average expected volatility	0.00%	0
(4)Weighted average expected dividends	0.00	0
Paragraph 47(e) Total compensation cost recognized in income for stock-based employee compensation awards.	0	0
Paragraph 47(f) The terms of significant modifications of outstanding awards.	none	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	$1.10-$1.2
(b) Weighted-average exercise price	1.25	1.25
2. Weighted-average remaining contractual life (in months)	39.00	51.00

	Year ended Oct. 31, 2002	Year ended Oct.31,2001
Net Income after pro-forma effect	(1,552,752)	(2,589,345)
Earnings per share after pro-forma effect	$ (0.06)	$ (0.12)

PART II - OTHER INFORMATION

ITEM 1. OTHER INFORMATION

On February the 4th, 2002, we became delinquent for late filing of our annual report 10-K. On March 5th, 2002, we were temporarily delisted from the OTCBB.

On March the 8th, 2002, we filed our annual 10-K report for period ending October 31st 2001. Since then, we have filed all of our reports on time. We are currently responding to all questions from market makers and SEC pursuant to the filing of our 15 C2-11 in fall 2002. We anticipate obtaining approval from regulator authorities shortly.

On May 2002, GSI entered into a loan agreement with private party Mr. Craig Perry for a sum of $330,000.00 USD, at bearing interest of prime rate +2%.

In Fall 2002, GSI completed a loan agreement with a private investment corporation for a bridge loan of $300,000.00 USD, which could become an equity investment by spring 2003, conditional to due diligence and approval of regulatory authorities. These funds were utilized to resolve pending issues with payables under governance of a law firm.

On December 2002, GSI entered into a loan agreement with private individual for an amount of $320,000.00 USD which could be converted into stocks subject to approval of regulator authorities.

We are currently negotiating other strategic partnerships and potential equity investments in our Corporation based on new administration vision and business plan possibilities.

BOARD STATUTE

Mr. Marc Cote has been a Director since October 23, 2000

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

On May 27, 2002, Mrs. Marie El-Ahmar Eid was nominated as a new board member.

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GSI TECHNOLOGIES USA INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2002 AND 2001
(Audited)

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: February 4, 2003 GSI TECHNOLOGIES USA INC.

By: /s/ Rene Arbic

Rene Arbic
Chief Executive Officer

CERTIFICATIONS

Each of the undersigned hereby certify that:

1. I have reviewed this quarterly report on Form 10-KSB of GSI Technologies USA, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report.

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

(i) 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;

(ii) Evaluated the effectiveness of the issuer's disclosure controls and procedures as of October 31, 2002; and

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

5. 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):

(i) 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

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

6. 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: February 4, 2003

Rene Arbic	______________________
Rene Arbic, CEO	________________, CFO