



CSI Wireless Earns \$1,050,000 in First Quarter

CSI Wireless Inc., a leader in GPS and wireless products for automotive, consumer and commercial applications, has reported a \$1.05-million profit in first-quarter 2002, after eight consecutive quarterly losses while the company was making heavy research and development investments. The latest quarter also saw CSI Wireless achieve a record-breaking \$14 million of revenues.

([PRWEB](#)) May 9, 2002 -- Company also records record quarterly sales of \$14,000,000

Toronto Stock Exchange Symbol: CSY

CALGARY, May 7, 2002 - CSI Wireless Inc. (TSX: CSY), a leader in GPS and wireless technology products for automotive, consumer and commercial applications, reported record sales and record net earnings for the three months ended March 31, 2002.

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

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

First quarter sales increased 14% to \$13,958,000, from \$12,211,000 for the same period in 2001 -- fueled by growth in both the GPS and the Wireless Business Units. Gross margins were 39%, as compared with 41% in the previous year.

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

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



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

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

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

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

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

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

Fixed Wireless Telephone Sale Opportunity

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

Conference Call for shareholders, analysts

A conference call for shareholders, analysts and other members of the investment community has been scheduled for 11:00 EST (Eastern Standard Time)



on Monday, May 7 to discuss this press release and provide updates on operations. To participate, please dial 1-888-881-4892, or 1-416-640-4127 approximately 10 minutes before the conference call. Please note that a live web cast of this conference call will also be available on the CSI Wireless Web site at <<http://www.csi-wireless.com>>. The web cast will also be archived there for later reviewing. A recording of the conference call will be available from 1:00 p.m. EST, Tuesday, May 7, until 11:59 p.m. EST Tuesday, May 14. Please dial 1-877-289-8525 and enter the reservation number 188365(pound key) to listen to the rebroadcast.

Annual General Meeting

The Company also invites its shareholders and members of the investment community to attend the CSI Wireless Annual General Meeting at 3:00 p.m. (Calgary time) on Tuesday May 14 in Calgary. It will take place in the Lakeview Endrooms of the Westin Hotel at 4th Avenue and 3rd Street S.W.

About CSI Wireless

CSI Wireless provides innovative, cost-effective, wireless and GPS vehicle and asset management products for mobile and fixed applications in the automotive, commercial and consumer markets. Through its integration of GPS and wireless, CSI Wireless is pursuing emerging high-growth markets with mobile-location solutions for Fleet Management, Asset Tracking, Automotive Telematics, and Mobile Computing applications. The Company, with offices in Calgary, Silicon Valley, and Phoenix, owns several patents and intellectual property related to a variety of wireless networks and GPS technologies. CSI Wireless has licensed its cellular technology to GPS, cellular handset, and chipset manufacturers. The common shares of CSI Wireless trade on The Toronto Stock Exchange under the trading symbol "CSY," with approximately 18.4 million shares outstanding. Visit the Company's Web site at www.csi-wireless.com

The above disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond CSI Wireless' control, including: the impact of general economic conditions, industry conditions, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to the announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. CSI Wireless' actual results, performance or achievement could differ materially from those expressed in, or implied by these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, CSI Wireless will derive therefrom.



CSI WIRELESS INC.
Consolidated Balance Sheets

March 31, 2002 and December 31, 2001

2002 2001

Unaudited Audited

Assets

Current assets:

Accounts receivable \$ 10,564,621 \$ 8,986,632
Inventories 7,810,187 9,400,184
Prepaid expenses and deposits 308,726 346,927

18,683,534 18,733,743

Capital assets 3,174,562 3,153,387

Deferred development costs 38,253 122,747

Goodwill 18,071,676 17,515,176

\$ 39,968,025 \$ 39,525,053

Liabilities and Shareholders' Equity

Current liabilities:

Bank indebtedness \$ 1,263,459 \$ 3,072,204
Accounts payable and accrued liabilities 11,995,936 11,393,179
Current portion of senior long-term debt 1,429,382 952,921

14,688,777 15,418,304

Senior long-term debt 3,806,335 4,282,796

Shareholders' equity:

Share capital 38,850,758 38,251,773
Deficit (17,377,845) (18,427,820)



21,472,913 19,823,953

\$ 39,968,025 \$ 39,525,053

CSI WIRELESS INC.
Consolidated Statements of Operations and Deficit

Period Ended March 31, 2002 and 2001
Unaudited

2002 2001

Sales \$ 13,958,234 \$ 12,210,864

Cost of sales 8,464,507 7,223,599

5,493,727 4,987,265

Expenses:

Selling 1,007,292 1,111,845

General and administrative 928,088 1,681,566

Interest on long-term debt 312,502 251,290

Depreciation and amortization 283,862 261,499

Amortization of goodwill - 531,638

2,531,744 3,837,838

Earnings before undernoted item 2,961,983 1,149,427

Research and development costs 1,912,008 1,640,170

Net earnings (loss) 1,049,975 (490,743)

Deficit, beginning of period (18,427,820) (9,425,396)



Deficit, end of period \$(17,377,845) \$ (9,916,139)

Earnings (loss) per common share:

Basic \$ 0.06 \$ (0.03)

Diluted \$ 0.05 \$ (0.03)

CSI WIRELESS INC.

Consolidated Statements of Cash Flows

Period Ended March 31, 2002 and 2001

Unaudited

2002 2001

Cash flows from (used in) operating activities:

Net earnings (loss) \$ 1,049,975 \$ (490,743)

Items not involving cash:

Depreciation and amortization 283,862 261,499

Amortization of goodwill - 531,638

Options granted to non-employees 39,311 -

1,373,148 302,394

Change in non-cash operating working capital:

Accounts receivable (1,703,266) (2,427,879)

Inventories 1,589,997 (3,147,237)

Prepaid expenses and deposits 38,201 (51,532)

Accounts payable and accrued liabilities 602,757 96,219

1,900,837 (5,228,035)

Cash flows from (used in) financing activities:

Decrease in bank indebtedness (1,808,745) (1,425,919)

Senior long-term debt - (190,836)

Subordinated debt - (2,790,704)

Issue of special warrants, net of



issue costs - 9,481,310

Issue of share capital, net of share

issue costs 3,174 1,098,679

(1,805,571) 6,172,530

Cash flows from (used in) investing
activities:

Purchase of capital assets (95,266) (440,778)

Deferred development costs, net of
incentives and grants - 1,663

(95,266) (439,115)

Increase in cash position - 505,380

Cash and cash equivalents, beginning
of period - -

Cash and cash equivalents, end of period \$ - \$ 505,380

Supplemental disclosure:

Interest paid \$ 165,849 \$ 115,937

For further information: please contact:

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Online Web 2.0 Version

You can read the online version of this press release [here](#).