PRELIMINARY PROSPECTUS dated January 19, 2001

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Ontario and Alberta but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority in Canada has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories or possessions. See "Plan of Distribution".

New Issue

GLOBAL DATA

GDI GLOBAL DATA INC.

7,082,978 Common Shares

Issuable Upon Exercise of 4,721,985 Special Warrants and 2,360,993 Warrants

We are hereby qualifying for distribution 4,721,985 of our common shares ("Common Shares"), which are issuable without additional consideration upon the exercise or deemed exercise of 4,721,985 special warrants ("Special Warrants") and 2,360,993 of our common share purchase warrants ("Warrants"), previously issued by us on December 8, 2000 and December 12, 2000. The Special Warrants were issued and sold at a price of C$0.75 per Special Warrant pursuant to an agency agreement between our Company and Paradigm Capital Inc. ("Paradigm") and Loewen, Ondaatje, McCutcheon Limited (the "Agents") dated December 8, 2000 (the "Agency Agreement"). Subject to the anti-dilution provisions contained in the certificates evidencing the Special Warrants and certain other provisions, each Special Warrant entitles the holder thereof to acquire at no additional cost, a unit consisting of one Common Share and one-half of one Warrant. Subject to the anti-dilution provisions contained in the certificates evidencing the Warrants, each Warrant will entitle the holder to acquire one Common Share at a price of C$1.00 at any time prior to the date which is 18 months following the earlier of (i) the Qualification Deadline (as hereinafter defined) and (ii) the Qualification Date (as hereinafter defined). The Special Warrants are exercisable at any time prior to 5:00 p.m. (Toronto time) on the earlier of: (i) the date that is five business days after the date on which we obtain a receipt for a final prospectus qualifying the issuance of the Common Shares and Warrants issuable on the exercise or deemed exercise of the Special Warrants from the last of the securities regulatory authorities in Alberta and Ontario (the "Qualification Date"); and (ii) December 10, 2001 (the "Expiry Date").

Any Special Warrants not exercised prior to 5:00 p.m. (Toronto time) on the Expiry Date will be deemed to have been exercised, as at such time, without any further action on the part of the holder. See "Plan of Distribution".

If the Qualification Date has not occurred prior to 5:00 p.m. (Toronto time) on April 9, 2001 (the "Qualification Deadline"), holders of Special Warrants will be entitled to thereafter receive, upon exercise or deemed exercise of each Special Warrant, 1.1 Common Shares and 0.55 Warrants in lieu of one Common Share and 0.50 Warrants otherwise receivable without payment of additional consideration (the "Penalty"). See "Plan of Distribution".

Price C$0.75 per Special Warrant

	Price to the Public[(1)]	Agents' Fee[(2)(4)]	Net Proceeds to the Company[(3)]
Per Special Warrant	C$0.75	C$0.06	C$0.69
Total Offering	C$3,466,250[(5)]	C$202,061	C$3,264,189

Notes:

(1) We established the sale price of the Special Warrants by negotiation with the Agents.

(2) The Agents' commission represents 8% of the gross proceeds from the distribution of the Special Warrants to the public. We paid the Agents' aggregate commission in respect of the sale of the Special Warrants of C$202,061 in cash and C$75,239 through the issue of 100,318 Special Warrants. No commission or fee is payable to the Agents in connection with the distribution of the Common Shares and Warrants upon the exercise or deemed exercise of the Special Warrants. See "Plan of Distribution".

(3) Before deducting the expenses associated with the distribution of the Special Warrants and this prospectus, which are estimated at C$225,000 and include legal and audit expenses.

(4) We have granted to the Agents broker warrants ("Broker Warrants") entitling the Agents to acquire that number of compensation options ("Compensation Options") equal to 10% of the aggregate number of Common Shares issuable upon exercise of the Special Warrants. Subject to the anti-dilution provisions contained in the certificates evidencing the Compensation Options, each Compensation Option will entitle the holder thereof to acquire one unit consisting of one Common Share and one-half of one Warrant at an exercise price of C$0.75 per unit at any time during a period commencing on the closing of the sale of the Special Warrants and ending on the date which is 18 months after the Qualification Date. In exercising the Compensation Options, the Agents may, in lieu of satisfying the exercise price in cash, elect to receive, for no additional consideration, that number of units having an aggregate fair market value equal to the product of (a) the number of Compensation Options being exercised and (b) the difference between the fair market value of the Common Shares and the exercise price of each Compensation Option divided by (c) the fair market value of the Common Shares. This prospectus qualifies the distribution of one-half of the Compensation Options issuable upon exercise of the Broker Warrants. See "Plan of Distribution".

(5) Calculated based upon 4,621,667 Special Warrants sold to the public.

An investment in the Common Shares involves a high degree of risk, should be considered highly speculative and is best suited for investors who can afford the loss of their entire investment in our Common Shares. The effective issue price of C$0.75 (US$0.51) per Common Share issuable upon exercise or deemed exercise of the Special Warrants exceeds the net tangible book value per Common Share as at September 30, 2000, after giving effect to the issue of 4,721,985 Common Shares to be issued upon exercise or deemed exercise of the Special Warrants but without giving effect to the exercise of the Warrants, by US$0.38 or 75%. See "Risk Factors", "Dilution" and "Financial Statements".

Our Common Shares are listed for trading on The Toronto Stock Exchange (the "TSE") under the trading symbol "GI". On December 7, 2000, the last trading day prior to the date on which the price per Special Warrant was determined and the issuance of the Special Warrants, the closing price of our Common Shares on the TSE (as reported by such exchange) was C$0.80. See "Price Range and Trading Volume of the Common Shares".

Definitive certificates for Common Shares and Warrants issuable upon the exercise or deemed exercise of the Special Warrants will be available for delivery upon the exercise or deemed exercise of the Special Warrants.

In this prospectus, the "Company", "GDI", "we", "us" and "our" refer to GDI Global Data Inc., a corporation amalgamated under the laws of the Province of Ontario, and its subsidiaries.

Certain legal matters relating to the securities to be distributed pursuant to this prospectus will be passed upon by McCarthy Tétrault, Toronto on behalf of the Company and by Goodman and Carr LLP, Toronto on behalf of the Agents.

TABLE OF CONTENTS

SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this prospectus. In addition to this summary, investors are urged to read carefully the entire prospectus, especially the discussion of the risks of investing in our Common Shares under "Risk Factors", before deciding whether to invest in our Common Shares. This prospectus includes our product names and trademarks and those of other organizations. For the definitions of certain technical terms used in this prospectus, see "Glossary".

The Offering

Special Warrants: We issued a total of 4,621,667 Special Warrants on December 8, 2000 and December 12, 2000 pursuant to prospectus exemptions under applicable securities legislation at a price of C$0.75 per Special Warrant, for aggregate gross proceeds of C$3,466,250, and an additional 100,318 Special Warrants to Paradigm in lieu of its commission of C$75,239 payable in connection with the Agency Agreement. Since the dates of distribution, no Special Warrants have been exercised. See "Plan of Distribution".

Exercise Details: *Special Warrants.* Subject to the anti-dilution provisions contained in the certificates evidencing the Special Warrants and certain other provisions, each Special Warrant entitles the holder thereof to acquire at no additional cost a unit consisting of one Common Share and one-half of one Warrant. The Special Warrants are exercisable at any time until and will be deemed to be automatically exercised at 5:00 p.m. (Toronto time) on the day (the "Expiry Date") which is the earlier of (i) five business days after the date on which we obtain a receipt for a final prospectus qualifying the issuance of the Common Shares and Warrants issuable upon exercise or deemed exercise of the Special Warrants from the last of the securities regulatory authorities in Alberta and Ontario (the "Qualification Date"), and (ii) December 10, 2001. If the Qualification Date has not occurred prior to 5:00 p.m. (Toronto time) on April 9, 2001, (the "Qualification Deadline"), holders of Special Warrants will be entitled to receive upon exercise or deemed exercise of each Special Warrant, 1.1 Common Shares and 0.55 Warrants in lieu of one Common Share and 0.50 Warrants otherwise receivable without payment of additional consideration.

Warrants. Subject to the anti-dilution provisions contained in the certificates evidencing the Warrants, each Warrant will entitle the holder to acquire one Common Share at a price of C$1.00 at any time prior to 5:00 p.m. (Toronto time) on the date which is 18 months following the earlier of (i) the Qualification Deadline, and (ii) the Qualification Date.

See "Plan of Distribution".

Use of Proceeds

The estimated net proceeds from the sale of Special Warrants to the public after deducting the expenses of this offering, estimated to be C$225,000, which includes legal and audit expenses, and after deducting the Agents' fee paid in cash of C$202,061 in respect of the Special Warrants, are C$3,039,189. We intend to use the net proceeds from the sale of the Special Warrants as follows:

Product development	C$ 1,500,000
Sales and marketing	600,000
Working capital requirements	939,189
Net proceeds	C$ 3,039,189

GDI Global Data Inc.

We provide remote communications solutions using wireless and wireline technology for commercial and industrial markets. We operate our business as units allowing for greater market focus and customer awareness. Our business units are noted below:

Global Data Wireless. Based in Signal Hill, CA with regional offices in Toronto, ON, Raleigh, NC and Albuquerque, NM, Global Data Wireless designs, develops, markets and supports products and services for automated meter reading and remote telemetry applications for the electric power industry.

StarComm Products. Based in Signal Hill, CA, StarComm Products is a leading developer of industrial rated wireline and wireless modems, Digital Subscriber Line, or DSL, devices and custom communications modules for industrial automation, transportation, security and card access and telecommunications markets. StarComm Products' development efforts are focused on deploying circuit switched and packet data services in a wide variety of commercial and industrial applications. StarComm Products' DSL and wireless products enable customers to transition their existing networks to a new generation of communications technology offering higher performance and reliability at reduced costs.

Granite Communications. Based in Amherst, NH, Granite Communications is a leading developer of application-specific wireless computing products for commercial markets. Specifically, Granite Communications provides custom wireless solutions for industry-leading Original Equipment Manufacturers and Systems Integrators.

Selected Financial Information

The following selected financial information provided below has been derived from, and should be read in conjunction with, our financial statements contained elsewhere in this prospectus**.** The financial information appearing below, and throughout the remainder of this prospectus, is presented in US dollars. We began reporting our financial results on this basis on July 1, 2000.

			Year ended June 30,		
	Three months ended September 30, 2000 (Unaudited)	**Three months ended September 30, 1999 (Unaudited)**	**2000**	**1999**	**1998**
Income Statement Data (in US Dollars)					
Net Sales	$ 2,128,360	$ 1,083,027	$ 4,955,106	$ 4,846,300	$ 6,805,557
Expenses	(2,429,117)	(1,119,349)	(6,176,290)	(8,072,958)	(8,411,711)
Net loss	$ (300,757)	$ (36,322)	$ (1,221,184)	$ (3,226,658)	$ (1,606,154)
Net loss per common share	$ (0.01)	$ (0.00)	$ (0.07)	$ (0.23)	$ (0.11)
Weighted average number of common shares outstanding	28,081,860	14,239,998	17,671,059	14,239,998	14,239,998

	As at September 30, 2000 (Unaudited)	As at June 30, 2000	1999	1998
Balance Sheet Data (in US Dollars)				
Cash and short-term investments	$ 695,406	$ 1,024,353	$ 111,993	$ 480,771
Working capital/(deficiency)	2,297,476	2,626,428	(99,444)	1,597,037
Total assets	4,811,183	5,198,458	1,448,487	5,064,301
Shareholders' Equity	3,492,388	3,792,478	65,258	3,291,916

RISK FACTORS

The acquisition of our Common Shares offered hereunder entails certain risks and any investment in our Common Shares should be considered as being highly speculative. See "Risk Factors" for a description of certain of the risks that should be considered in assessing an investment in our Common Shares.

EXCHANGE RATES

In this prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in United States dollars. The average exchange rate for the three months ended September 30, 2000 and September 30, 1999 and for the years ended June 30, 2000, 1999 and 1998 and the exchange rate at the end of each such period for the conversion of the United States dollars into Canadian dollars based on the Bank of Canada noon rate of exchange for United States dollars as reported on the Bank of Canada Internet website were as follows:

	Three months ended		Year Ended		
	September 30, 2000	September 30, 1999	June 30, 2000	June 30, 1999	June 30, 1998
End of Period	C$1.5070	C$1.4700	C$1.4793	C$1.4720	C$1.4716
Period Average	C$1.4822	C$1.4860	C$1.4732	C$1.5101	C$1.4176

GLOSSARY

AMPS	Advanced Mobile Phone System. An analog cellular telephone standard that was developed in the US AMPS is the world's most widely deployed cellular standard.
AMR	Automated meter reading.
Alphanumeric	A message or other type of readout containing both letters (alphabet) and numbers (numerics).
Analog Cellular	Circuit-switched voice telephone communications via cellular radio channels.
ARDIS	A wireless two-way data network jointly owned and operated by Motorola and IBM.
Bandwidth	A relative range of frequencies that can carry a signal without distortion on a transmission medium.
Baud Rate	The rate at which the modem is changing the state of a line of data. Baud and bits per second are often used interchangeably to indicate the speed of data sent via modem.
Bit	The smallest information unit used in data communications.
Bit Stream	A continuous series of bits transmitted over a communications link.
Broadband	A communications channel having a bandwidth greater than 64 kilobits per second and can provide higher speed data communications than a standard telephone circuit (also called wide band).
Bursty	A characteristic of data communications networks. It refers to the fact that the bandwidth needed for data communications tends to vary greatly from one moment to the next as data is sent in bursts.
CDMA	Code Division Multiple Access. A spread spectrum modulation technology that is used with the IS-95 cellular telephone standard developed by QUALCOMM.
Cells	A group of radio transmitters and receivers designed to provide wireless coverage to a given area. The basic geographic unit of a cellular system. Also, the basis for the generic industry term “cellular”.
Cellular	A system of mobile radio-telephone transmission in which multiple base stations are used, each covering a “cell”, and in which mobile devices are handed off from one cell to another as they move.
CDPD	Cellular Digital Packet Data. A digital cellular technology utilizing idle time between voice calls on the network to transmit packets of data.
CPE	Customer Premises Equipment. The apparatus at the subscriber's location that permits the subscriber to use a telephone or other communications services.
Channel	A path along which a communications signal is transmitted.
Decibel (dB)	A unit for measuring the relative strength of signal power.

Download	The process of transferring a file from a remote computer (called the host) to the user's computer.
DSP	Digital Signal Processor. A special type of processor chip capable of analog to digital and digital to analog conversions.
ESN	Electronic Serial Number. A code specific to a given cellular phone that is stored in ROM (Read-Only Memory) so that it cannot be changed. Along with the phone number of the phone, the ESN is used to verify that a specific unit is authorized to use the cellular system it has accessed.
FCC	Federal Communications Commission. The FCC is the federal agency in the United States of America charged with allocating frequencies and establishing rules and regulations for use of radio spectrum.
GHZ	Gigahertz. A measure of frequency representing one billion cycles per second.
GPRS	General Packet Radio Services. A packet-switched data service based on the GSM standard.
GPS	Global Positioning Satellite. A system of satellites that transmit accurate timing information from which a receiver anywhere on the Earth's surface can calculate latitude, longitude and elevation.
GSM	Global System for Mobile. Developed originally in Europe and using time division multiplexing technology, GSM is the most widely deployed digital cellular system internationally.
IEEE 802.11	Proposed LAN standard intended to provide for interoperability of wireless LAN products.
IrDA	Infrared Data Association. Established in 1992 to set and support hardware and software standards enabling IR-featured products to work together.
Infrared	Invisible light waves that form a deliberate or conscious connection between two compatible devices.
ISDN	Integrated Services Digital Network. A telephone service that brings a digital local loop to the telephone subscriber's premises and integrates all forms of information including voice, computer data and facsimile onto a single communications network.
Interface	A common boundary between two or more systems, integrated circuits, or pieces of equipment that ensures a proper connection between them.
Internet	A publicly accessible network of databases, switches, communications equipment and terminals that allows the free exchange of data between computers and other digital devices.
Intranet	A private version of the Internet, usually set up by a company for use by only its employees and trusted customers.
IS-41-SS7	Signaling protocol used by AMPS, D-AMPS and CDMA networks.

IS-136	US TDMA Standard.
IS-95	US CDMA Standard.
Kbps	Kilobits per second. The rate at which data is transferred in thousands of bits (ones and zeroes) per second.
Mbps	Megabits per second. The rate at which data is transferred in millions of bits (ones and zeroes) per second.
MHz	Megahertz. A measure of frequency. One megahertz represents one million cycles per second.
Mobitex	An international standard for two-way wireless packet switched data communications.
Modem	A modem modulates outgoing digital signals from a computer or other digital device to analog signals for a conventional copper twisted-pair telephone line and demodulates the incoming analog signal and converts it to a digital signal for the computer or digital device.
OEM	Original Equipment Manufacturer. Equipment (e.g., a modem) is sold by its manufacturer to an OEM for integration into the OEM's equipment (e.g., a telemetry device) for resale to the end user.
PCS	Personal Communications Services. A digital communications system that uses TDMA, CDMA or GSM technology and operates in the 1.9GHz frequency band.
RBOC	Regional Bell Operating Company. Local telephone operating companies that were split off from AT&T during divestiture.
RFID	Radio Frequency Identification.
Spread Spectrum	A form of wireless communications in which the frequency of the transmitted signal is deliberately varied, resulting in greater bandwidth.
Telemetry	Transmission and collection of data obtained by sensing conditions in a real-time environment.
TDMA	Time Division Multiple Access. A technology for digital cellular service that increases system's capacity by multiplexing, or time-slicing a radio signal.

RISK FACTORS

Investors should carefully consider the risks and uncertainties described below before making an investment decision. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and operating results could be materially harmed. In such case, the trading price of our Common Shares would likely decline and an investor could lose all or part of their investment.

Risks Associated with Our Business

We may require additional capital to finance our operations

As at September 30, 2000, we had cash and short-term investments of US$695,406. We believe available funds, including the net proceeds from the sale of the Special Warrants and interest income thereon, should be sufficient to finance our operations and product development efforts until the fourth quarter of fiscal 2001.

In order to meet our capital requirements beyond fiscal 2001, we may pursue additional capital raising opportunities. These activities will likely result in the issuance of additional equity securities. We have been given the approval of our shareholders to issue up to 21,324,425 Common Shares or other securities convertible or exchangeable into that number of Common Shares other than by way of prospectus at any time, and from time to time, prior to April 27, 2001. There can be no assurance that additional funding will be available or, if available, on acceptable terms. If adequate funds are not available, we may have to reduce substantially or eliminate expenditures for product development and marketing initiatives, or obtain funds through arrangements with corporate partners that require us to relinquish rights to certain of our technologies or products. There can be no assurance that we will be able to raise additional capital if our capital resources are exhausted. Our ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as our business performance. There can be no assurance that we will be successful in our efforts to arrange additional financing if needed or that any such additional financing will be available on terms satisfactory to us.

We have historically incurred losses and may incur operating losses in the foreseeable future

We have experienced substantial net losses in each fiscal period since our Company was formed. As at September 30, 2000, we had an accumulated deficit of US$17,922,342. The risk factors described in this prospectus, among other factors, make predicting our future operating results difficult. We expect to incur an operating loss for the fiscal year and may never achieve profitability. If we do achieve profitability, we may not be able to sustain it. Because we may be unable to sustain our revenue growth, investors should not consider our historical revenue or operating results indicative of our future revenue levels or operating results. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

Our quarterly operating results are subject to fluctuations and if we fail to meet the expectations of securities analysts or investors in any quarter, the price of our Common Shares may decline significantly

Our quarterly operating results have historically fluctuated and may fluctuate significantly in the future. Accordingly, our operating results in a particular period are difficult to predict and may not meet the expectations of securities analysts or investors. If this were to occur, the price of our Common Shares may decline significantly. Factors that may cause our operating results to fluctuate include:

- the level of demand for our products and services as well as the timing of new product releases;
- our dependence in any quarter on the timing of a few large sales, as described below;
- our ability to maintain and grow a significant customer base;

- the fixed nature of a significant proportion of our operating expenses, particularly personnel and product development initiatives;

- costs related to the expansion of our facilities;

- unanticipated product discontinuation, exchange or deferrals by our original equipment manufacturer, or OEM, customers;

- changes in our pricing policies or those of our competitors;

- currency exchange rate fluctuations, as described below, and other general economic factors;

- our effectiveness at integrating acquisitions with our existing operations; and

- timing of acquisitions and related costs.

Accordingly, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful. Investors should not rely on the results of one quarter as an indication of our future performance.

Our revenues are difficult to predict

Our revenues vary in frequency, and certain of our customers may or may not purchase our products and services in the future. In addition, our customers may defer the purchase of, or cease using, our products and services at any time, and certain licence agreements may be terminated by our customers at any time. Estimating future revenues is difficult because we generally ship our products within 4 to 8 weeks of receiving an order and, as such, we do not typically experience a significant backlog. Our expense levels are based, in part, on our expectations of future revenues and are largely fixed in the short term. We may not be able to adjust spending in a timely manner to compensate for any unexpected shortfall in revenues.

We may be unable to protect intellectual property rights, which would materially adversely affect our business, financial condition and operating results

We rely on one or more of the following to protect our proprietary rights: patents, trademarks, trade secrets, confidentiality procedures and contractual provisions. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy and may succeed in copying aspects of our product designs and products, or obtain and use information we regard as proprietary. Preventing the unauthorized use of our proprietary technology may be problematic because it may be difficult to discover such use. Stopping unauthorized use of our proprietary technology may be difficult, time-consuming and costly. While we believe that at least some of our products are covered by one or more of our patents, a court may not agree if the matter is litigated. There can be no assurance that we will be successful in protecting our proprietary rights and, if we are not, our business, financial condition and operating results could be materially adversely affected.

If we cannot successfully control our product defects and product liability, our business, financial condition and operating results would be materially adversely affected

Our products are highly complex, and from time to time, may contain design defects that are difficult to detect and correct. Errors, failures or bugs may be found in our products after we commence commercial shipment. Even if these errors are discovered, we may not be able to correct such errors in a timely manner or at all. The occurrence of errors and failures in our products could result in adverse publicity and the loss of, or delay in achieving, market acceptance of our products, and correcting such errors and failure in our products could require us to make significant capital expenditures. The sale and support of our products entails the risk of product liability or warranty claims based on damage to such equipment. In addition, the failure of our products to perform to customer expectations could give rise to warranty claims. The consequences of such errors, failures and claims could have a material adverse effect on our business, financial condition and operating results.

The lengthy sales and implementation cycles of our products and services could adversely affect our business, financial condition and operating results

The sale and implementation of our products and services typically involve a lengthy education process and technical evaluation by our customers. This process is also subject to the risk of delays associated with their internal budgeting and other procedures for approving capital expenditures, deploying new technologies within their networks and testing and accepting new technologies that affect key operations. As a result, the sales and implementation cycles associated with many of our products and services are generally lengthy, and we may not succeed in closing transactions on a timely basis, or at all. If orders expected for a specific customer for a particular period are not realized, our business, financial condition and operating results could be materially adversely affected.

We anticipate incurring increased operating expenses, which would materially adversely affect our business, financial condition and operating results if we do not correspondingly increase our revenue

We expect to increase our operating expenses as we:

- expand our sales and marketing efforts; and
- fund greater levels of product development.

If we do not increase our revenue to meet these increased operating expenses, our business, financial condition and operating results would be materially adversely affected.

Acquisitions could harm our financial condition and results of operations

We acquired StarComm Products, Inc. in March 2000. We may acquire additional businesses, technologies, product lines or services in the future. Acquisitions involve a number of risks, including:

- the difficulty of assimilating the operations and personnel of the acquired business;
- the potential disruption of our business;
- our inability to integrate, train, retain and motivate key personnel of the acquired business;
- the diversion of our management from its day-to-day operations;
- our inability to incorporate acquired technologies successfully into our products and services;
- the additional expense associated with completing an acquisition and amortizing any acquired intangible assets;
- the potential impairment of relationships with our employees, customers and strategic partners; and
- the inability to maintain uniform standards, controls, procedures and policies.

In addition, we may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of their operations would depend upon our ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, we may not be able to achieve the cost savings and other benefits that we would hope to achieve with these acquisitions.

Given that our management will have to devote time and attention to integrate the technology, operations and personnel of the businesses we acquire, we may not be able to serve our current customers properly or attract new customers. Also, our management faces the difficult and potentially time consuming challenge of implementing uniform standards, controls, procedures and policies throughout our North American offices. Any difficulties in this process could disrupt our ongoing business, distract our management, result in the loss of key personnel or customers, increase our expenses and otherwise materially adversely affect our business, financial condition and operating results.

In the event of any future acquisitions, we may issue equity shares, which would dilute our existing shareholders' equity interests, incur debt or assume liabilities. We cannot assure investors that we would be able to obtain any additional financing on satisfactory terms, or at all, and this failure would have a negative affect on our business, financial condition and operating results. Additional indebtedness would make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit our ability to compete and expand.

We depend on key personnel for our future success and we have no protection if they leave us

Our success is largely dependent on the performance of our key employees. Loss of the services of any of these key employees could have a material adverse affect on our business, financial condition and operating results. We do not maintain key person life insurance policies on any of our employees.

If we are unable to manage growth, our business would be disrupted

We intend to continue to grow in the foreseeable future and to pursue existing and potential market opportunities, including acquisitions. Such growth will place significant demands on our management and operational resources, particularly with respect to:

- recruiting and retaining skilled technical, marketing and management personnel in an environment where there is intense competition for skilled personnel;
- managing a larger, more complex international organization;
- expanding our sales and marketing efforts;
- providing adequate training and supervision to maintain our high quality standards;
- expanding our treasury and accounting functions to meet the demands of a growing company;
- strengthening our financial and management controls in a manner appropriate for a larger enterprise; and
- preserving our culture, values and entrepreneurial environment.

In order to manage growth effectively, we must concurrently develop more sophisticated operational systems, procedures and controls. If we fail to develop these systems, procedures and controls on a timely basis, our business, financial condition and operating results could be materially adversely affected.

We do not insure against all potential losses and our business, financial condition and operating results could be materially adversely affected and our reputation damaged by unexpected liabilities.

Although we generally attempt to limit our contractual liability for damages arising from negligent acts, errors, mistakes or omissions in rendering our goods and services, we cannot assure investors that we will be able to do so in all cases or that any limitations of liability set forth in our agreements will be enforceable in all instances or will otherwise protect us from liability for damages. In addition, our failure to meet customer expectations or to deliver error free goods and services may result in adverse publicity for us and damage our reputation.

We maintain general liability insurance coverage, including coverage for errors and/or omissions. However, we cannot assure investors that:

- our insurance coverage will be available in sufficient amounts to cover one or more significant claims that are successfully asserted against us;

- our insurance coverage will continue to be available to us in the future on reasonable terms, including reasonable premiums, deductible and any co-insurance requirements; or

- our insurer will not disclaim coverage of any future claim.

Our business, financial condition and operating results could be materially adversely affected if any of these developments were to occur.

Currency fluctuations could seriously harm our business, financial condition and operating results

The substantial portion of our revenues and our expenses are denominated in US dollars. We began reporting in US dollars on July 1, 2000. However, we have some material commitments and liabilities payable in Canadian dollars, such as principal and interest owing under our outstanding convertible debentures. As at December 31, 2000, an aggregate principal amount of C$300,000 of the convertible debentures are convertible at the option of the holders thereof into Common Shares on or prior to March 1, 2001 at a conversion price of C$0.15 per Common Share, being a rate of 6,667 Common Shares per C$1,000 principal amount of convertible debentures, and an aggregate principal amount of C$40,333 of the convertible debentures are convertible at the option of the holders into Common Shares on or prior to March 1, 2001 at a conversion price of C$0.20 per Common Share, being a rate of 5,000 Common Shares per C$1,000 principal amount of convertible debentures, subject to adjustment in certain circumstances. In addition, the proceeds received from recent financing initiatives, including the sale of the Special Warrants, have been in Canadian dollars. The exchange rate between US and Canadian dollars has been fluctuating for several years, and although the relative weakness of the Canadian dollar to the US dollar has been generally favourable to us, no assurance can be given that this trend will continue. Any devaluation of the US dollar relative to the Canadian dollar could have a material adverse effect on our business, financial condition and operating results.

Our share price is, and likely will continue to be, volatile

We expect that the market price of our Common Shares will fluctuate substantially as a result of variations in our quarterly operating results. These fluctuations may be exaggerated if the trading volume of our Common Shares is low. In addition, due to the technology-intensive and emerging nature of our business, the market price of our Common Shares may change dramatically in response to a variety of factors, including:

- announcements of technological or competitive developments;

- acquisitions or entry into strategic alliances by us or our competitors;

- the gain or loss of a significant customer or strategic relationship;

- changes in estimates of our financial performance or changes in recommendations by securities analysts regarding us, our industry or our customers' industries; and

- general market or economic conditions.

These risks may be heightened because our industry is evolving, characterized by rapid technological change and susceptible to the introduction of new competing technologies.

In addition, equity securities of many technology companies have experienced significant price and volume fluctuations. These price and volume fluctuations often have been unrelated to the operating performance of the affected companies. Volatility in the market price of our Common Shares could result in securities class action litigation. This type of litigation, regardless of the outcome, could result in substantial costs to us and a diversion of our management's attention and resources.

Our dependence on large contracts could materially adversely affect us

We are, from time to time, dependent on large, multiyear contracts that are subject to cancellation or rescheduling by customers. Cancellation or postponement of one or more of these contracts would have a material adverse effect on our business, financial condition and operating results.

Our dependence on new product development could materially adversely affect us

We have made, and expect to continue to make, substantial investment in product development. Our future success will depend, in part, on our ability to continue to design and manufacture new competitive products and to enhance our existing products. Our product development will require continued investment in order to maintain our market position. There can be no assurance that unforeseen problems will not occur with respect to the development, performance or market acceptance of our technologies or products. Development schedules for technology products are subject to uncertainty, and there can be no assurance that we will meet our product development schedules. We have previously experienced significant delays and cost overruns in the development of new products and there can be no assurance that delays or cost overruns will not be experienced in the future. Delays in new product development can result from a number of causes, including changes in product definition during the development stage, changes in customer requirements, initial failures of products or unexpected behaviour of products under certain conditions, failure of third-party-supplied components to meet specifications or lack of availability of such components, unplanned interruptions caused by problems with existing products that can result in reassignment of product development resources, and other factors. Delays in the availability of new products, or the inability to successfully develop products that meet customer needs, could result in the loss of revenue or increased service and warranty costs, any of which would have a material adverse effect on our business, financial condition and results of operations.

Our dependence on key vendors and internal manufacturing capabilities could materially adversely affect us

Certain of our products, subassemblies and components are procured from a single source, and others are procured only from limited sources. Our reliance on such components or on sole or limited-source vendors or subcontractors involves certain risks, including the possibility of shortages and reduced control over delivery schedules, manufacturing capability, quality and costs. In addition, we may be affected by worldwide shortages of certain components, such as memory chips. A significant price increase in certain of such components or subassemblies could have a material adverse effect on our results of operations. Although we believe alternative suppliers of these products, subassemblies and components are available, in the event of supply problems from our sole or limited-source vendors or subcontractors, our inability to develop alternative sources of supply quickly or cost-effectively could materially impair our ability to manufacture our products and, therefore, could have a material adverse effect on our business, financial condition and results of operations. In the event of a significant interruption in production at our manufacturing facilities, considerable time and effort could be required to establish an alternative production line. Depending on which production lines were affected, such a break in production would have a material adverse effect on our business, financial condition and results of operations.

Industry Specific Risks

Product development and technological change could materially affect us

The data communications industry is an emerging industry that is characterized by rapid technological change and frequent new product introductions. Accordingly, we believe that our future success depends upon our ability to enhance our current products and services and develop and introduce new products and services offering enhanced performance and functionality at competitive prices. In addition, technological innovation in the marketplace, such as in the area of AMR, may reduce the comparative benefits of our products and services and could materially adversely affect our business, financial condition and operating results. Our inability, for technological or other reasons, to enhance, develop and introduce products in a timely manner in response to changing market conditions, industrial standards, customer requirements or competitive offerings could result in our products becoming obsolete, or could otherwise have a material adverse effect on our business, financial condition and operating results. Our ability to compete successfully will depend in large measure on our ability to maintain a technically competent engineering and development staff and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of our products and services with evolving industry standards and protocols.

Dependence on the utility industry and uncertainty resulting from mergers and acquisitions and regulatory reform in the North American electric utility industry could materially adversely affect us

We derive a significant amount of our revenues from the sale of our products and services to the North American electric utility industry. We have experienced variability of operating results, on both an annual and a quarterly basis, due primarily to utility purchasing patterns and delays of purchasing decisions as a result of mergers and acquisitions in the North American utility industry and changes or potential changes in the North American regulatory framework within which that electric utility industry operates.

The utility industry is generally characterized by long budgeting, purchasing and regulatory process cycles that can take up to several years to complete. Our utility customers typically issue requests for quotes and proposals, establish evaluation committees, review different technical options with vendors, analyze performance and cost/benefit justifications and perform a regulatory review, in addition to applying the normal budget approval process within a utility. Purchases of our products and services are, to a substantial extent, deferrable in the event that utilities reduce capital expenditures as a result of mergers and acquisitions, pending or unfavourable regulatory decisions, poor revenues due to weather conditions, rising interest rates or general economic downturns, among other factors.

The North American electric utility industry is currently the focus of regulatory reform initiatives in virtually every state and province, which initiatives have resulted in significant uncertainty for industry participants and raised concerns regarding assets that would not be considered for recovery through ratepayer charges. Consequently, many utilities have delayed purchasing decisions that involve significant capital commitments. While we expect some states and provinces will act on these regulatory reform initiatives in the near term, and some states have, there can be no assurance that the current regulatory uncertainty will be resolved in the near future or that the advent of new regulatory frameworks will not have a material adverse effect on our business, financial condition and operating results. Such uncertainty can be currently seen in California, where the transition to deregulation has been met with significant challenges to Californian electric utilities.

Moreover, in part as a result of the competitive pressures in the utility industry arising from the regulatory reform process, many utility companies are pursuing merger and acquisition strategies. We have experienced considerable delays in purchase decisions by utilities that have become parties to merger or acquisition transactions. Typically, such purchase decisions are put on hold indefinitely when merger negotiations begin. The pattern of merger and acquisition activity among utilities may continue for the foreseeable future. If such merger and acquisition activity continues at its current rate or intensifies, our revenues may continue to be materially adversely affected.

We face intense competition that could materially adversely affect us

Our businesses operate in dynamic and evolving industries that are highly competitive. We anticipate that the quality, functionality and breadth of our competitors' product offerings will improve. Many of our competitors, such as Telenetics Corporation, Symbol Technologies, Inc. and Itron Inc. have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than us, and there can be no assurance that we will be able to compete effectively with such companies.

Uncertainty of the market's acceptance of new technology could materially adversely affect us

The AMR market is evolving, and it is difficult to predict the future growth rate and size of this market with any assurance. Further market acceptance of our new AMR products and systems will depend in part on our ability to demonstrate cost effectiveness, and strategic and other benefits, of our products and systems, the utilities' ability to justify such expenditures and the direction and pace of federal, state and provincial regulatory reform actions. In the event that the utility industry does not adopt our technology or does not adopt it as quickly as we expect, our future results may be materially adversely affected. International market demand for AMR systems varies by country based on such factors as the regulatory and business environment, labour costs and other economic conditions.

Risks Related to this Offering and Our Corporate Charter

Our management will have broad discretion in using the net proceeds from the sale of the Special Warrants and may spend a substantial portion in ways with which investors do not agree

We intend to use a portion of the net proceeds, as determined by management in its sole discretion, for the development and enhancement of our products and services, working capital and general corporate purposes. See "Use of Proceeds". Investors in this offering will rely upon the judgement of our management with respect to the use of the net proceeds. Our management may spend the net proceeds of this offering in ways with which investors do not agree and in ways that may not yield a favourable return. Our management's failure to spend the net proceeds effectively could have a material adverse effect on our business, financial condition and operating results.

Future sales of shares could materially adversely affect the price of our Common Shares

If our shareholders sell substantial amounts of our Common Shares in public markets following this offering, the market price of our Common Shares could fall.

The anti-takeover effect of certain of our charter provisions could delay or prevent an acquisition of us even if an acquisition would be beneficial to our shareholders

Our authorized capital consists of an unlimited number of Common Shares, an unlimited number of convertible shares and an unlimited number of preference shares issuable in one or more series. Our Board of Directors has the authority to issue preference shares and determine the price, designation, rights, preferences, privileges, restrictions and conditions, including voting and dividend rights, of these shares without any further vote or action by shareholders. The rights of the holders of Common Shares will be subject to, and may be adversely affected by, the rights of holders of any preference shares that may be issued in the future. The issuance of preference shares, while providing desirable flexibility in connection with possible acquisitions of our Company and other corporate purposes, or the issuance of additional Common Shares, could make it more difficult for a third party to acquire a majority of our outstanding voting shares, the effect of which may be to deprive our shareholders of a control premium that might otherwise be realized in connection with an acquisition of our Company. See "Description of Share Capital".

We do not intend to pay any cash dividends on our Common Shares in the foreseeable future and therefore our shareholders will not be able to receive a return on their shares until they sell them

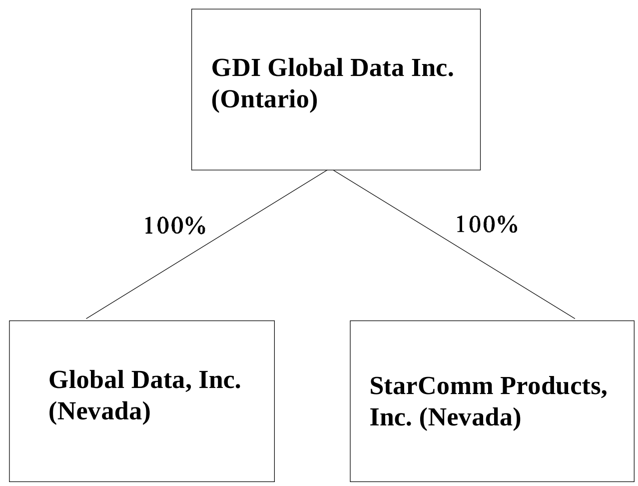
We have never paid or declared any cash dividends on our Common Shares and we intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our Common Shares in the foreseeable future. Until we pay dividends, which we may never do, our shareholders will not be able to receive a return on their shares unless they sell them.

Investors will suffer immediate and substantial dilution

The issue price per Special Warrant will significantly exceed our net tangible book value per share. Accordingly, investors acquiring Common Shares upon exercise of the Special Warrants will suffer immediate and substantial dilution of their investment. See “Dilution”.

GDI GLOBAL DATA INC.

GDI Global Data Inc. is a corporation amalgamated under the laws of the Province of Ontario. On December 8, 1998, we changed the name of the Company from Telular Canada Inc. to GDI Global Data Inc. Our registered office is located at 170 Attwell Drive, Suite 620, Toronto, ON, M9W 5Z5. We carry on our business activities principally through our two wholly-owned subsidiaries. Global Data, Inc., carrying on business as Granite Communications, is a corporation governed by the laws of Nevada, and is located at 13 Columbia Drive, Suite 6, Amherst, NH, 03031, USA. StarComm Products, Inc., carrying on business as StarComm Products and Global Data Wireless, is a corporation governed by the laws of Nevada, and is located at 2250 Obispo Ave., Suite 105, Signal Hill, CA, 90806, USA.



BUSINESS

Overview

Our Company provides remote communications solutions for commercial and industrial markets. We design, develop, manufacture, market and support a broad array of wireless, wireline and mobile communications products and services for application in markets characterized by extreme temperature and/or humidity, rugged usage and severe electrostatic discharge.

Our products and services allow end-users to securely access, collect and transmit data over traditional networks, such as the public switched telephone network and emerging networks such as wireless digital and internet protocol based networks. Our products are modular in design and can be customized to meet market demands quickly and cost effectively. We offer our customers a full range of wireline, wireless and mobile computing devices to meet their remote communications needs. Our modem products consist of low and high speed data, security and cellular modems for industrial applications and are installed in workplace environments, primarily for purposes of integrating data, voice and other types of information into corporate networks. Our wireless data products and services involve the transmission of data using radio frequencies over wide area networks for remote communications requirements where traditional solutions involving the public switched telephone network are not cost effective. Our mobile computing devices are microprocessor-based, lightweight and battery-operated and capture information by radio frequency identification tags or are manually entered by finger or stylus via a touch screen display. Once captured, the information collected can then be transmitted instantly to a host computer across a wireless local or wide area network.

Our primary vertical markets include energy, transportation, security and telecommunications. The vertical markets we participate in share a common requirement for remote communications solutions suitable for deployment in markets characterized by extreme temperature and/or humidity, rugged usage and severe electrostatic discharge.

Acquisition of StarComm Products, Inc.

Our business strategy is predicated on our ability to provide our customers with leading edge products and services on a timely basis. In early 2000, we undertook a review of our operations and determined that this strategy required us to secure an ability to increase our production infrastructure for our existing and future wireless products and to accelerate our product design capabilities.

This strategy culminated in our acquisition of all of the outstanding shares of StarComm Products, Inc. ("StarComm Products") on March 15, 2000, a private company located in Signal Hill, California. StarComm Products is a leading developer of industrial-rated wireline and wireless modems.

The purchase price paid by us for the shares of StarComm was satisfied by the payment of US$343,156 in cash and the issuance of 3,084,918 of our Common Shares. Of the total purchase price of approximately US$1.6 million, we have allocated approximately US$1.3 million to goodwill. The balance of the purchase price has been allocated to identifiable net assets, which consisted primarily of inventory and which we did not consider material to the transaction. See Note 15 to the audited consolidated financial statements included elsewhere in this prospectus. For a description of the business of StarComm Products, see "Business - StarComm Products".

In connection with this acquisition, we acquired a highly-skilled engineering team (all of whom remain employed by StarComm Products) and production infrastructure. Concurrent with this acquisition, we relocated our wireless product development and our wireless production facilities to StarComm Products' premises in California. This initiative has enabled us to significantly accelerate our wireless product development and production capabilities. In addition, most of StarComm Products' sales and marketing activities with respect to the energy industry, our largest vertical market, have been assumed by our Global Data Wireless unit, which has enabled us to expand the sales channels available to StarComm Products' suite of products.

Our Business Units

We conduct our business through three units, which are organized according to the markets which we serve and the market-recognition attached to each business name. A summary of these units is set out below.

Global Data Wireless

Industry Overview

We participate in the North American electric power industry, an industry undergoing fundamental structural changes. Current restructuring in the electric power utility industry is focused on opening the electric power generation and distribution industry to full competition and ultimately providing retail customers with access to multiple suppliers. Similar to regulatory changes that have already occurred in the North American transportation and telecommunications industries, customer demands and regulatory mandates by federal, state and provincial governments are paving the way for utilities to make the transition from regulated monopolies into competitive enterprises.

We believe that the advancement of regulatory reform initiatives will continue to motivate utilities and industry participants to increase operating efficiencies, enhance service quality and offer services not traditionally offered by utilities. As such, industry participants will require a variety of AMR alternatives to address diverse characteristics across service territories, which, in turn, will increase demand for AMR products and services. In light of the changing regulatory environment and resulting competition for customers, we believe that many established utilities will be motivated to retain and increase their respective market share, while new power market participants will seek to capture market share in the post-deregulation retail market. Our products and services help established utilities and new power market participants respond effectively to regulatory changes and enhance their performance in the competitive markets by providing an inexpensive, flexible and upgradeable means to reduce costs and deliver value-added services.

Business Strategy

Our business strategy is to design and deploy innovative wireless products and services for the North American electric power industry. We are well positioned as a niche supplier of wireless data communications products and are aggressively implementing our strategy of providing an expanding suite of wireless products and services to North American utilities. We believe that, as the North American electric industry continues to deregulate, there will be increased focus initially on serving the needs of commercial and industrial ("C&I") customers where the economic incentive to switch energy service suppliers is the greatest. We believe that the C&I market will provide us with the greatest growth opportunities over the next few years as utilities, energy service providers and other market players increasingly focus their attention on this critical customer group.

Market

We focus on the C&I segment of the electric power market as it presents us with the most commercially exploitable opportunities. Currently, 12% of all North American electricity customers are C&I and represent 62% of the revenues generated by North American utilities. We believe that the C&I segment of the market is the most lucrative and provides meaningful benefits to large power consumers and the utilities that supply energy to them.

Products and Services

Products

Our products use wireless technology to transmit meter data over cellular networks. Due to the geographic features and varying population densities of a utility's service territory, no one meter reading solution is ideally suited to all parts of the utility's service territory. Our products provide an immediate solution for high cost-to-read meters or geographically dispersed meters requiring advanced metering functionality. These advantages create an immediate financial return to our customers and facilitate a migration path to a more comprehensive AMR solution in the future.

Our CS-832 product line provides utilities with the capability of completely automating meter reading in desired segments of a utility's service area, thereby eliminating the need to send meter readers to or near customer premises. Our CS-832 product line provides a communications solution to support various utility-related applications, including daily or more frequent meter reads, time-of-use pricing, on-request meter reads for final reads or customer inquiries, tamper monitoring and reporting, high-level outage detection and power restoration reporting, load profiling and virtual connect/disconnect capabilities. These applications are essential for a utility to provide value-added services to their customer. Our CS-832 product line delivers reliable, real-time and cost-effective AMR and wireless telemetry solutions. The CS-832 interfaces with meter devices wherever telephone lines are unavailable, impractical, or cost-prohibitive and allows electric revenue meters to transmit power usage information to the utility, without the need for on-site monitoring. The CS-832 supports multiple standard data communications interfaces, operates seamlessly with any AMR-equipped commercial or industrial meter and is supported by all dial-up, circuit-switched AMR software hosts in use today, ensuring product compatibility.

We believe that the CS-832 represents a strong value proposition to the electric power industry, offering a modular design with several configurable options, including battery, internal antenna and modem and a multi-meter option board allowing several meters to be read at once. The advantages, value and flexibility of the CS-832 include:

(i) *Reliability*. Our products are protected from damage often caused by lightning and transient power spikes;

(ii) *Predetermined Cost*. Utilities are not faced with unforeseen costs commonly associated with the installation and on-going maintenance of traditional telephone lines;

(iii) *Cost Savings*. Transmitting data over a wireless network is often less expensive than transmitting data over traditional telephone lines due to the ability to transmit data over wireless networks in off-peak hours;

(iv) *Rapid Installation*. Our CS-832 product is typically installed in less than one hour by a service technician as compared to the installation of telephone lines, which often require several hours and multiple staff; and

(v) *Portability*. In the event that a utility loses a customer, the utility can easily reinstall our product at an alternate location so long as cellular coverage exists.

Our CS-832 modem option transforms the basic CS-832 into a high-performance, self-contained cellular data communications interface for a wide range of AMR applications. It has been designed for direct interface to the electric industry's most popular meters. Its wide range of features has been implemented to address the unique requirements of AMR. Multiple configuration options offer compatibility with leading meter manufacturers.

Services

National Wireless Data Network

Developments in computers, batteries, operating systems and application software have changed the paradigm of the wireless industry. Instead of focusing on people-to-people communications, we believe the future will see a groundswell of products and applications requiring electronic devices to communicate with each other. With deregulation of the North American electric power industry, real-time monitoring of power consumption becomes a competitive advantage for the service provider. As the industry becomes increasingly sophisticated, more and more information will be sought from remote devices. As the amount of data increases, so does the cost. To address this market opportunity, we entered into an agreement with Verizon Communications Inc. (formerly GTE Wireless) in September 1999 to access Verizon Communications' WIN^4 wireless data service. Verizon Communications is a wireless voice and data telecommunications provider. Our commercial agreement with Verizon Communications provides the electrical power industry with our branded solution, called TelemetryNet, which Network facilitates communication and related administration across what would otherwise be dozens of cellular carriers in North America.

WIN^4 is the first North American wireless service that provides a robust wireless network solution with built-in fraud prevention tools. WIN^4 is a strategic solution developed by Verizon Communications to provide the seamless connectivity of a national data service utilizing embedded wireless and wireline networks to route and deliver information. As a result of our commercial agreement with Verizon Communications, we enjoy agreements with carriers throughout North America to ensure call coverage facilitating the use of analog, all three digital standards (CDMA, GSM and TDMA) or any combination of these protocols.

TelemetryNet meets our customers' requirements for ubiquitous coverage in North America, two-way messaging, competitive pricing and a single point of contact for national service. TelemetryNet provides a very competitive solution without the worry of message size. Future applications are readily adaptable to the TelemetryNet platform with minimal cost. Accordingly, we believe that TelemetryNet represents a strategic solution for current and future advanced remote meter reading capabilities.

As further support of the growing demand for TelemetryNet, we announced on November 21, 2000 the receipt of a US$100,000 prepayment from American Electric Power Company, Inc. for TelemetryNet services.

Sales and Marketing

We launched our CS-832 product line in the fall of 1998. Since that time, we have sold product to over 150 utilities, of which over 30% have now placed follow on orders.

We utilize a direct sales and technical support team to serve our major accounts, with sales and technical support offices located in Albuquerque, NM, Raleigh, NC, Signal Hill, CA and Toronto, ON. We are currently in the process of introducing third party representatives with expertise in selling and marketing to utilities to complement our direct sales force.

Our marketing efforts focus on product awareness through direct sale, trade shows and direct mail. We participate at several major industry conferences including the Distribution Automation/Demand Side Management (Distributech) Conference, the National Meter Reading Conference held in June and the Automatic Meter Reading Association Conference held in September. We also enjoy a strong regional presence by attending several local meter schools, offered by the leading meter manufacturers.

On September 26, 2000, we announced the formation of a strategic marketing alliance with Asea Brown Boveri (“ABB”) one of the world's largest meter manufacturers, to market and sell Global Data's AMR solutions to electric utilities throughout North America. We believe that such agreements will play an important role in the widespread rollout of our AMR solutions.

Customers

Our customer base includes many of the leading North American electric power utilities as well as many of the new market entrants, including Meter Service Providers (“MSPs”) and Energy Service Providers (“ESPs”). With the pace of deregulation accelerating, we believe that many utilities will turn the operational control of certain of their transmission facilities over to MSPs, ESPs and aggregators. These utilities are expected to provide both electricity and natural gas to commercial, industrial and residential customers and may, in some jurisdictions, perform meter reading and customer billing. In addition to ESPs, a number of new entities will likely emerge to provide metering and data services. Such companies also may buy and sell electricity and may have to deal with the frequent specification of prices and costs for the transference of power. As such, our future customer base will likely be comprised of traditional utility companies, MSPs, ESPs and new market entrants.

Technical Support and Customer Service

We believe that our technical support and customer service programs have been a key factor in our successful growth. We offer on-site repair, extensive user documentation and a toll-free technical support hotline for our customers. Our technical analysts answer support calls directly and generally provide same-day response to questions that cannot be resolved in the initial phone call. Our products include a one-year limited warranty that permits customers to return product for repair or replacement if the product does not perform as warranted. To date, we have not encountered material warranty claims or liabilities.

Competition

We face competition from a variety of companies in the AMR market. The emerging market for AMR solutions for the utility industry led communications, electronics and utility companies to begin developing various systems. These competitors can be expected to offer a variety of technologies and communications approaches, as well as meter reading, installation and other services to utilities and other industry participants. We compete on the basis of product features, price, quality, reliability, brand name recognition, developed sales channels, product documentation, product warranties and technical support and service.

We believe that the primary competitor for wireless AMR solutions are the Regional Bell Operating Companies (“RBOCs”). The RBOCs compete with us by installing traditional wireline telephone lines at utility customer sites. We compete with the RBOCs based on price, service, functionality, and the ease of installation of our product. We also compete indirectly with a number of wireless AMR vendors such as Comverge Technologies Inc., Telenetics Corporation and SmartSynch, Inc.

Product Development

Our product development efforts are focused on further expanding and upgrading our AMR product offerings, including hardware and wireless data services. We expect to invest funds on new product development initiatives for the foreseeable future as we continue to expand and enhance our AMR product offerings. In particular, we expect to focus the majority of our efforts on continued improvement and expansion of our existing product offerings including cost reduction programs, developing data management applications and systems integration and implementing web-based communications services.

Intellectual Property

In July 1998, our fixed wireless patents were licenced on an exclusive basis to Nortel Networks Corporation for a ten-year period. Notwithstanding the competitive protections provided by these patents, we believe that the competence and creative ability of our personnel, the frequency of our product enhancements, the effectiveness of our marketing strategy and the timelines and quality of our customer service and support are more important to our competitive position than this limited patent protection, especially in light of the rapidly changing nature of the industry.

Production

Our production operations consist primarily of final assembly, programming, burn-in, functional testing, quality control and shipping. We use third-party contract manufacturers for certain component and circuit board assembly and testing and have developed strategic relationships with several qualified and reliable local assembly houses. Certain components used in our products are, and may in the future become, available only from single or limited sources, such as the OEM radio modules we purchase from Motorola Canada Limited. In certain circumstances, despite the availability of multiple sources, we may select a single source in order to maintain quality control and develop a strategic relationship with the supplier.

Concurrent with the acquisition of StarComm Products our production was relocated to the StarComm Products' facility in Signal Hill, CA to benefit from StarComm Products' close proximity to our customer base and superior supply chain.

Government Regulations

Our products are designed to transmit radio signals as part of their normal operation and are therefore subject to the applicable regulatory jurisdiction and approval of the Federal Communications Commission (“FCC”) in the United States and Industry Canada, in Canada. Such approvals are typically valid for the life of the product unless and until the circuitry of the product is altered in a manner that may necessitate additional regulatory consideration. We believe that our business is operated in compliance with applicable government, environmental, waste management and health and safety regulations.

StarComm Products

Industry Overview

StarComm Products participates in the multi-billion dollar data communications industry. This industry can be segmented between the consumer market, consisting of individuals who purchase modem products primarily to access the Internet, and the commercial market, consisting of businesses who purchase modem and data communication products for installation in a workplace environment, primarily for purposes of integrating data, voice and other types of information into corporate networks. We participate exclusively in the commercial sector of the data communications market.

We believe the future direction of our industry is driven primarily by two trends: (i) an increasing demand for information delivered through the Internet and corporate intranets; and (ii) a shift of emphasis from parallel networks

- separate data, voice and video infrastructures running side by side - to converged networks integrating all communications onto a single data infrastructure.

We also believe that data communications businesses must focus on incorporating intelligence into the network to be successful. For convergence to be successfully implemented, equipment throughout the network must be capable of performing in an intelligent fashion, routing network traffic based on both pre-established priorities and the particular needs of the individual network user. This intelligence must be concentrated at the edge and access points of the network. For example, a network carrying voice, video and data traffic must be able to distinguish between a telephone handset and a desktop computer and deliver the appropriate form of information.

Products

We are a leading developer of industrial rated modems, DSL devices and custom communications modules especially targeted to AMR and telemetry applications. Our innovative communications products are used for secure access, data collection and transmission in harsh environments characterized by extreme temperature and/or humidity, rugged usage and severe electrostatic discharge.

Standard Products. Our standard product line includes a full line of commercial and industrial quality modems ranging from low speed to higher 56kbps technology. A brief summary of our standard product line is as follows:

(i) *High Speed Modems*. We offer a full line of high-speed modems designed around two international standards for point-to-point full duplex modems.

(ii) *Security Modems*. As a leader in the field of remote access, we are aware of the rapid increase in damage and down time due to unwanted network intruders. Our family of security modems offers corporate users economical solutions to even complex security issues. In applications where access control is critical, our security modems provide password and caller ID protection and audit trail capabilities with precision timekeeping.

(iii) *Multi-Port Security Modems*. Our multi-port security modems allow corporate users to reduce phone line cost and increase security by replacing as many as eight standard modems with our multi-port security modem. Our multi-port security modems offer multiple RS-232 ports for selective communications with numerous devices.

(iv) *Industrial Cellular Modems*. In North America, analog cellular technology has evolved into a ubiquitous network of providers covering remote locations. Our industrial cellular modems operate on any North American AMPS cellular network. Radio options are available for operation at either 600 milliwatts or 3 watts. In addition to normal modem functions, our industrial cellular modems offer special quick connect sequences that may be enabled for transaction-oriented applications. These quick connect sequences dramatically decrease connect time, thereby reducing transaction time and the associated phone charges.

(v) *Low Power Standby Modems*. In solar or battery powered installations where power consumption is critical, our low power standby modems offer a low current standby state that is active when there is no phone call taking place.

(vi) *"No Ring" Modems*. Global Data's patent pending "Silent Ring" technology allows data collection operations to piggyback on existing telephone lines in a totally unobtrusive manner. Inserting the Silent Data Collection Controller on any incoming phone line will silently route incoming calls based on caller ID. By defining specific telephone numbers in the SDCC's internal routing table, incoming data collection calls can be directed to their destinations without ringing on-premises phone equipment. Calls may be routed to the modem when it is necessary to communicate with devices equipped with RS-232 or RS-485 serial ports. Modem speeds of 2400bps, 1200bps and 300bps are supported. Calls from numbers not registered in the routing table will be directed to the phones in the facility. In addition, the SDCC will arbitrate usage of the phone line so that the phone equipment in the facility is never blocked or interrupted by data collection operations. The routing table of the SDCC may be configured locally or by remote dial-in. The SDCC can also be configured to forward or block the flow of caller ID data to the phones in the facility.

(vii) *Rack Modems*. Global Data offers a wide range of rack-mount modems for implementation in data hubs and call centers. These modems offer the functionality of our standard high-speed data and Security Modems with the space-saving and power-saving efficiencies of rack mounting.

Custom Projects. As a result of extensive research and design efforts, we have become very effective in the design of microcontroller and DSP-based communications products. Some organizations have found that they can reduce development cost and time to market by outsourcing development projects to us.

Private Label. We develop products for Original Equipment Manufacturers ("OEMs") that incorporate a special application modem into other hardware equipment, such as automatic tellers, credit card verification machines and point-of-sale equipment. We also offer private label programs in situations where time to market or development cost make it more economical to re-market one of our products. All of our standard products are available under an economical private label program and can be rapidly customized to meet specific requirements. In many cases, OEM requirements can be realized through simple layout or firmware changes to an existing design.

Business Strategy

Our business strategy is to develop innovative data communications solutions allowing end users of our products to operate their business more effectively. To achieve this goal, we deploy circuit switched and packet data services in a wide variety of commercial and industrial applications. Our DSL products enable customers to transition their existing networks to a new generation of communications technology offering higher performance and reliability at reduced costs. We expect that in the near future, DSL technologies will offer commercial and industrial users the same cost-effective solutions currently being deployed for residential, small business and branch office subscribers.

Markets

Within the commercial sector of the data communications industry, we focus on four discreet markets, each of which present to us compelling market opportunities.

Industrial Automation Market. Responding to deregulation and other major industry changes, electric power utility companies have become leading advocates in promoting the implementation of automation and technological advancement as a means of achieving cost savings. From meter reading to substation monitoring and control, utilities are using communications technology to increase service levels and improve customer service, while reducing labour costs. We provide modem products for use in the utility market including single and multi-port port security modems for substation automation, low-speed quick-connect modems for AMR, no ring data collection devices for unobtrusive read-on-demand AMR and modems for supervisory control and data applications.

Transportation. Driven by ever increasing regulatory pressure and fuelled by record levels of federal and state funding, Intelligent Transportation Systems ("ITS"), are being implemented at a rapid pace. We believe that in the not-too-distant future, massive networks will synchronize intelligent intersections in every major city. Intelligent intersections now utilize video, audio and a range of traditional sensors to deliver traffic flow information to automated control centers. These control centers process information from the intersection and send commands back to specialized control systems that can modify traffic flow characteristics. We provide a variety of modem products for use in traffic monitoring and control applications. In response to these market trends, we are developing a variety of new products for use in traffic monitoring and control including cellular single-port security modems for intersection automation and monitoring applications, cellular multi-port security modems for intersection automation and video modem technology for intersection automation.

Security and Card Access. Remote access modems save significant cost and reduce network downtime by eliminating the need to dispatch personnel to remote sites to reconfigure alarm and control systems, phone switches, diagnostic ports, supervisory channels and remote access servers. However, typical modem implementation breeches the overall security of such systems. Companies spend vast amounts of time, money and energy protecting their networks with firewalls and network security systems and then significantly compromise this security when they install modems for remote access purposes. Our security modems offer immediate access to widely distributed remote devices and provide access, security, efficiency and accountability by incorporating the most advanced security features available. While the intelligence resides in the modems themselves, optional device management software automates audit trail data collection and simplifies the management of large distributed networks.

Telco and Central Office Infrastructure. RBOCs and Competitive Local Exchange Carriers ("CLECs"), are faced with increased competition requiring them to redefine their delivery mechanisms and product offerings. In doing so, they often find the need for customer premises equipment ("CPE"), or central office ("CO") equipment that will provide a cost or level of service advantage. We offer RBOCs and CLECs a number of solutions to serve this market, including rack and stand alone modems for CO installation and both single and multi-port security modems for remote management and co-located environments.

Sales and Marketing

We sell our products used by our customers in the energy industry primarily through the Global Data Wireless sales and technical support team. In addition, we also sell our products through a network of distributors and direct sales efforts to private label and OEM opportunities where direct technical interaction and planning is required.

Our marketing efforts focus on product awareness through trade shows, published papers and direct mail. We participate at several major industry conferences including the Distribution Automation/Demand Side Management (Distributech) Conference, the Computer Security Institute Conference and the American Meter Reading Association Convention.

Customers

Our customers include leading electric power companies, a growing base of city and state transportation systems and industry-leading security and card access companies. Additionally, several OEMs and system integrators use our specialty modem products on a sole source basis.

Technical Support and Customer Service

We believe that localized, high quality technical support and customer service programs have been a key factor in our growth and success. Our regional distribution network provides such localized support through our trained technicians. We offer extensive user documentation and a technical support hotline to our customers. Our products include a five-year limited warranty that permits customers to return product for repair or replacement if the product does not perform as warranted. To date, we have not encountered any material warranty claims or liabilities.

Competition

The data communications industry is intensely competitive and is characterized by rapid technological advances and changes in industry standards, resulting in constant pricing pressures. The changes in industry standards result in frequent introductions of new products with added features and capabilities and continuous improvements in the relative functionality and price of modems and other data communications products. Our failure to keep pace with technological advances would materially adversely affect our competitive position and results of operations. The commercial segment of the data communications industry in which we compete includes Peek Traffic Inc., Multi-Tech Systems, Inc. and Black Box Corporation. Our products compete primarily on the basis of product features, price, quality, reliability, brand name recognition, developed sales channel, product documentation, product warranties and technical support and service.

Product Development

Our product development efforts are focused on deploying circuit switched and packet data services in a wide variety of commercial and industrial applications. Our DSL products will enable customers to transition their existing networks to a new generation of communications technology offering higher performance and reliability at reduced costs. DSL solutions, ranging from ISDN to xDSL, allow the installed base of twisted-pair wiring in the telecom local loop to be used for high-volume data transmission. Its many variants allow us to offer greater bandwidth to customers and, therefore, compete more broadly. We expect that in the near future, DSL technologies will offer commercial and industrial users the same cost-effective solutions now being deployed for residential, small business and branch office subscribers. A brief summary of our current product development efforts is as follows:

ISDN Products. We are developing a family of modems for ISDN communications. ISDN is an increasingly available telephone service allowing existing phone lines to be used to transmit data digitally. ISDN service permits much higher data transmission rates than conventional analog telephone service. Basic ISDN service typically provides two channels at 64,000 bits per second ("bps") and one channel at 16,000 bps. The higher rates of data transmission achievable with ISDN can be particularly attractive for data-intensive applications such as the transmission of video telephony. In the case of telemetry and industrial automation, we believe that the migration to DSL technologies will begin with ISDN. Our investment in ISDN technology will allow our customers to transition their existing analog network topologies into modern, cost-effective, digital architectures that will facilitate future growth.

Compressed Video Communications. We have developed an expertise in compressed video communications. In many of our target markets, video communications is becoming nearly as important as data communications. Our product development efforts are focused on introducing video communications solutions including video modems, video ISDN technology and the ability to transmit video over IP technology.

Granite Communications

Industry Background

We participate in the mobile wireless data collection industry involving the transmission of data using radio frequencies ("RF") between wireless networks and mobile computing devices. Mobile computing devices facilitate the transmission and reception of data across wireless networks and allow for business to business data communications.

The growing complexity of manufacturing, warehousing and distribution operations, combined with competitive pressures created by global competition, have made logistics management a focal point of many corporations' strategies. Companies are now seeking new computer-based solutions for creating economic advantages and value-added services for customers through processes that emphasize productivity, mobility and flexibility. Wireless data communication systems support these requirements by providing a communications network that operates in real-time, allowing the mobile worker to remotely collect and transmit transaction data, access and update databases and receive host computer instructions that continually direct their work activities. By providing mobile computing devices for real-time communication, wireless data communication systems have created major opportunities for reducing distribution costs, improving operational efficiencies, meeting customer expectations for just-in-time order fulfilment and achieving higher asset utilization, accompanied by lower capital investment.

Business Strategy

Our business strategy is to develop and support a multi-platform family of wireless communications products that can be quickly developed and customized to meet our customers' individual market requirements. We have taken several steps in recent months to support our business strategy including:

(i) *Developing a Family of Enclosures Supporting Various End-User Requirements.* Historically, we focused our product development efforts on ergonomic touch screen hand-held computers. Since 1991, we have delivered in excess of 18,000 hand-held units for application in several markets including transportation, point-of-sale as well as various logistics markets. Over the past several years, our hand-held computers have been successfully used in a number of applications that would often require another type of enclosure such as a fixed terminal or tablet. In order to offer our business partners the ability to select from a number of form factors, we are introducing a fixed terminal and tablet enclosure to address specific market opportunities; and

(ii) *Offering Solutions Incorporating Leading Wireless Architectures.* Our projects have utilized existing wireless architectures and have allowed us to define new wireless architectures, as needed. Our engineers have worked with most cellular and packet data protocols, including AMPS, TDMA, CDMA, GSM, Mobitex, Ardis and CDPD for wide area networking applications and 802.11 RF compliant radios for local network area applications. We are committed to staying at the leading edge of wireless architectures so that we can develop wireless solutions with all leading wireless architectures. In March 2000, we joined the Bluetooth Special Interest Group. Bluetooth wireless technology is a de facto standard, as well as a specification, for small-form factor, low-cost, short-range radio links between mobile PCs, mobile phones and other portable devices. The Bluetooth Special Interest Group is an industry group consisting of leaders in the telecommunications and computing industries that are driving the development of this technology and bringing it to market. Bluetooth will enable users to connect a wide range of computing and telecommunications devices easily and simply, without the need to carry or connect cables.

Market

The Internet is becoming an indispensable global network for transferring information and providing services. According to International Data Corporation ("IDC") unit shipments of Internet appliances will surpass unit shipments of consumer desktop PCs by 2001. As the Internet provides a common technology platform for communication, we believe that the demand for wireless Internet appliances will grow as well.

We believe that market growth is driven by the global need for technologies and solutions that improve quality, productivity and cost-efficiency in business. Through logistics automation, supply chain management and enterprise resource planning solutions, companies of all sizes are turning to AIDC systems to reduce unnecessary operating expenses. We intend to continue to penetrate this market by designing and manufacturing custom-designed, application-specific, wireless data solutions for our customers and thus contribute directly to their efforts of cost reduction.

Products And Services

Our mobile computing devices are microprocessor-based, lightweight and battery-operated. Information may be captured by Radio Frequency Identification ("RFID") tags or may be manually entered by finger or stylus via a touch screen display. The information collected by the mobile computing device can then be transmitted instantly to a host computer across a wireless local area or wide area network or, in some instances, via modem.

Hand-held Products

Featherweight™. Our Featherweight™ product is a ten-ounce, pocket-sized bar code scanner and data collection platform. Utilizing a patented keyboard design, Featherweight™ sets a new standard for integration of full alphanumeric data entry with only thirteen keys. Barcode scanning is optimized for either hand by a centrally located "Enter/Scan" key. In November 1997, we entered into a technology transfer agreement with Intermec Technologies Inc. wherein the Featherweight™ intellectual property was sold in exchange for a royalty for five years at an average of US $25 per unit.

NOVAS™. Our NOVAS™ product line is a powerful data collection tool ideal for mobile service industry applications. NOVAS™ greatly improves the ease of mobile data collection by employing user-friendly touch screen technology, signature capture and industry standard DOS in a proven, rugged and ergonomic design. NOVAS™ utilizes the DOS 6.22 operating system and supports PenRight! for Windows, an object-oriented software development kit allowing programmers to rapidly develop and customize application software.

Fixed Terminal Products

WFT-100. WFT-100 was designed in response to customer needs for a robust wireless data communications product supporting local and wide area networking communications protocols, Global Positioning Satellite ("GPS") and two-way short messaging services ("SMS"). Featuring a user-friendly touch-screen interface, WFT-100 has been developed to support various analog and digital input and output boards to facilitate use in various vertical markets.

Peripheral Products

We also integrate a variety of peripheral products into or with our regular product line, including laser bar code readers, modular printers, chargers, cradles, modems and communication interfaces, some of which are purchased from outside vendors.

Sales and Marketing

We utilize a direct sales and technical support team to serve leading integrators, such as IBM, with sales and technical support offices located in Amherst, NH. In addition, we provide OEM services to industry leaders such as Micro Systems Inc., a worldwide leader in point-of-sale and hospitality equipment.

Our marketing efforts focus on product awareness through print advertising, trade shows and direct mail. We participate at several major industry conferences including ScanTech, held last year in Rosemont, IL.

Technical Support and Customer Service

We believe that our technical support and customer service programs have been key factors in distinguishing us from many other vendors of similar products. We offer extensive user documentation and a technical support hotline to our customers. Our technical analysts answer technical support calls directly and provide same-day or next-day response to questions that cannot be resolved in an initial phone call.

All of our products include a one-year limited warranty that permits customers to return any product for repair or replacement if the product does not perform as warranted. We have not encountered any material warranty claims or liabilities. All maintenance and repair services for our North American customers are provided from our facilities in Amherst, NH.

We offer a variety of service arrangements to meet customer needs. European product support is provided on our behalf pursuant to a strategic arrangement with IBM, who has been supplied our technical documentation, product update information and a revolving inventory of spare modules. Additionally, IBM personnel have been formally trained at our facilities. In October 2000, we received an order from IBM to supply 1000 NOVAS units as part of an upgrade project with France's postal service, Chronopost. To date, we have not encountered any material warranty claims or liabilities.

Competition

Our business is highly competitive and influenced by advances in technology, product improvements, new product introductions and price competition. We compete on the basis of product features, price, quality, reliability, brand name recognition, developed sales channels, product documentation, product warranties and technical support and service. Many firms are engaged in the manufacture and marketing of portable data collection systems and bar code reading equipment utilizing laser and other scanning technology. Furthermore, numerous companies, including present manufacturers of scanners, lasers, optical instruments, microprocessors, notebook computers, PDAs and data radios have the technical potential to compete with us. Historically, we competed with the principal manufacturers of mobile computing and communications systems including Intermec Technologies Inc. and Symbol Technologies, Inc.

As a result of our recent business strategy, we no longer compete with the traditional providers of hand-held data collection terminals, but rather a variety of businesses serving the wireless communications industry, particularly within the Internet hardware appliance segment. Additionally, as remote communications over the Internet increases, we will place a greater emphasis on providing Internet access appliances to facilitate wireless E-commerce.

Product Development

Our product development initiatives are focused on developing a multi-platform CPU board supporting various leading operating systems including DOS, Windows CE, Palm OS and Linux and developing a family of enclosures supporting various end-user requirements.

Intellectual Property

We regard certain of our hardware and software products as proprietary and rely on a combination of United States and foreign patent, copyright, trademark and trade secret laws and license and other contractual confidentiality provisions to protect our proprietary rights. Notwithstanding these protections, we believe that the competence and creative ability of our highly trained and creative personnel is as important to our competitive position as are the legal protections noted above, especially in light of the rapidly changing nature of the industry's technology.

Production

Our production operations consist primarily of final assembly, burn-in, functional testing, shipping and quality control. We use third party contract manufacturers for certain component and circuit board assembly and testing and have developed strategic relationships with several qualified and reliable local assembly houses. All components are procured from third party, ISO-certified suppliers. Our headquarters and assembly facility are located in approximately 7,500 square feet of leased space in Amherst, NH. The above facility is sufficient to support its operations for the foreseeable future.

Government Regulations

Certain of our products must comply with regulations promulgated by the FCC, Underwriters Laboratories (“UL”), the Canadian Standards Association (“CSA”), the European Community Standards (“ECS”) and other similar regulatory bodies. These regulations relate to laser light emissions, intentional or non-intentional RF energy emissions, standards for weighing instruments, European Electromagnetic Compatibility (“EMC”) directives and include mandates for warning labels, safety features, levels for laser power, weight measuring, voltage and electromagnetic fields. Our operations are also subject to certain federal, state and local requirements relating to environmental, waste management, health and safety regulations.

Human Resources

We currently employ 50 people. None of our employees is governed by a collective bargaining agreement. We believe that the working relationships with our employees are excellent.

Leased Properties

Our Canadian office is located at 170 Attwell Drive, Suite 620, Toronto, ON, M9W 5Z5. Our US offices are located at 13 Columbia Drive, Suite 6, Amherst, NH, 03031 and 2250 Obispo Ave., Suite 105, Signal Hill, CA, 90806. We lease all of these properties.

Our US and Canadian premises are leased for terms of 3 years expiring in April 2002 (Amherst, NH), April 2003 (Signal Hill, CA) and May 2003 (Toronto, ON). For the fiscal year ended June 30, 2001 lease costs for our Amherst, NH premises are US$3,900 per month, while lease costs for our Toronto, ON premises are C$3,500 per month and lease costs for our Signal Hill, CA premises are US$4,624 per month.

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at June 30, 2000, and September 30, 2000, respectively and as at September 30, 2000 after giving effect to this offering. This table should be read in conjunction with our financial statements and the notes thereto contained elsewhere in this prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operation”.

	Authorized	**As at June 30, 2000 (US$)**	**As at September 30, 2000 (US$) (Unaudited)**	**As at September 30, 2000 after giving effect to this offering[(1)(2)] (US$) (Unaudited)**
Convertible Debentures	-	$218,204	$218,204	$218,204
Shareholders' Equity				
Special Warrants	-	-		-
Common Shares and Convertible Shares	Unlimited	$ 21,387,773 (28,079,360 shares)	$ 21,388,440 (28,084,360 shares)	$ 23,593,073[(3)(4)] (32,806,345 shares and 2,360,993 Warrants)
Preference Shares	Unlimited	-	-	-
Equity Component of Convertible Debentures	-	26,290	26,290	26,290
Accumulated Deficit	-	$(17,621,585)	$(17,922,342)	$(17,922,342)
Total Shareholders’ Equity	-	$3,792,478	$3,492,388	$5,697,021
Total Capitalization	-	$4,010,682	$3,710,592	$5,915,225

Notes:

(1) After giving effect to the issuance of 4,721,985 Common Shares and 2,360,993 Warrants upon the exercise or deemed exercise of the Special Warrants. See “Plan of Distribution”. Excludes employee stock options outstanding at September 30, 2000 to purchase an aggregate of 2,403,234 Common Shares. Also excludes 316,444 Compensation Options to purchase that number of Common Shares at an exercise price of C$0.22, expiring May 24, 2001, and 500,000 Compensation Options to purchase that number of Common Shares at an exercise price of C$1.00, expiring June 6, 2001. See “Options to Purchase Common Shares”.

(2) Broker Warrants to acquire Compensation Options were issued to the Agents in connection with the offering of the Special Warrants. Each Compensation Option will entitle the holder thereof to acquire one unit consisting of one Common Share and one-half of a Warrant at an exercise price of C$0.75 per unit at any time during a period commencing on the closing of the sale of the Special Warrants and ending on the date which is 18 months after the Qualification Date. In exercising the Compensation Options, the Agents may, in lieu of satisfying the exercise price in cash, elect to receive, for no additional consideration, that number of units having an aggregate fair market value equal to the product of (a) the number of Compensation Options being exercised and (b) the difference between the fair market value of the Common Shares and the exercise price of each Compensation Option divided by (c) the fair market value of the Common Shares. See “Plan of Distribution”.

(3) Before deducting estimated share issue costs but after payment of the cash commission paid to the Agents in connection with the sale of the Special Warrants.

(4) Gross proceeds of the offering translated into US dollars at rate of C$1.00=US$0.6754.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion and analysis in conjunction with our financial statements and the related notes thereto appearing elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual financial condition and results of operations could differ materially from those that may be contemplated by these forward-looking statements as a result of those risks, uncertainties and assumptions. For additional information regarding those risks, uncertainties and assumptions, please see “Risk Factors”.

Overview

We provide remote communications solutions using wireless and wireline technology for commercial and industrial markets. We operate our business as units allowing for greater market focus and customer awareness. Our business units are noted below:

Global Data Wireless. Based in Signal Hill, CA with regional offices in Toronto, ON, Raleigh, NC and Albuquerque, NM, Global Data Wireless designs, develops, markets and supports products and services for automated meter reading and remote telemetry applications for the electric power industry.

StarComm Products. Based in Signal Hill, CA, StarComm Products is a leading developer of industrial rated wireline and wireless modems, Digital Subscriber Line, or DSL, devices and custom communications modules for industrial automation, transportation, security and card access and telecommunications markets. StarComm Products' development efforts are focused on deploying circuit switched and packet data services in a wide variety of commercial and industrial applications. StarComm Products' DSL and wireless products enable customers to transition their existing networks to a new generation of communications technology offering higher performance and reliability at reduced costs.

Granite Communications. Based in Amherst, NH, Granite Communications is a leading developer of application-specific wireless computing products for commercial markets. Specifically, Granite Communications provides custom wireless solutions for industry-leading Original Equipment Manufacturers and Systems Integrators.

We derive our revenues primarily from sales of products assembled by us using components primarily procured from third parties. In addition, a small amount of our revenue comes from royalties based upon per unit charges and maintenance fees. Maintenance services revenues are recognized rateably over the period.

Our expenses consist of product costs, selling and marketing, product development and general and administrative. Our cost of products sold consists primarily of the component cost of our hardware products manufactured by third parties to our specifications as well as the procured costs of third-party hardware. Our selling and marketing expenses consist primarily of employee salaries and commissions, and include related travel, public relations and corporate communications costs and trade shows, marketing programs and market research. Research and development expenses consist primarily of employee salaries. General and administrative expenses consist primarily of salaries and other personnel-related expenses for executive, financial and administrative personnel, as well as facility, telecommunications and professional services fees. In anticipation of business growth, we expect to incur significantly higher selling and marketing, product development, and general and administrative expenses and capital expenditures in subsequent periods. We may not continue to grow at a pace that will support these costs and expenditures. To the extent that our revenue does not increase at a rate commensurate with these additional costs and expenditures, our results of operation and liquidity would be materially adversely affected.

On March 15, 2000, we acquired all the outstanding shares of StarComm Products, Inc. The acquisition was completed for cash consideration of US$343,156 and the issuance of 3,084,918 of our Common Shares.

Three months ended September 30, 2000 compared to three months ended September 30, 1999

Net Sales

Net sales for the quarter ended September 30, 2000 were US$2.1 million, representing a 96% increase over US$1.1 million in net sales reported in the corresponding period of the prior year.

Net sales generated by Global Data Wireless for the three months ended September 30, 2000 were US$0.9 million compared to US$0.3 million in the same period in 1999. This increase reflects the continued rollout of our CS-832 product line and its strong acceptance in the marketplace. Additionally, no sales from our StarComm Products business unit were included in the quarter ended September 30, 1999, as it was not yet acquired. Net sales generated by StarComm Products for the three months ended September 30, 2000 were US$0.4 million. Net sales generated by Granite Communications for the three months ended September 30, 2000 were US$0.8 million compared to US$0.8 million in the same period in 1999.

Cost of Sales

Cost of sales for the three months ended September 30, 2000 was US$1.4 million (34% gross margin) compared to US$0.6 million (46% gross margin) for the three months ended September 30, 1999. The decrease of 12 percentage points in gross margin is attributed to increased allocations of overhead from expansion initiatives which have been included in cost of sales.

Operating Expenses

Operating expenses increased to US$1.0 million in the three month period ended September 30, 2000 from US$0.6 million in the three month period ended September 30, 1999. This increase is primarily attributable to the expansion of the business, including those operating expenses associated with our StarComm Products business unit acquired on March 15, 2000.

Year ended June 30, 2000 compared to year ended June 30, 1999

Net Sales

Our net sales amounted to US$5.0 million in fiscal 2000 compared to US$4.8 million in fiscal 1999, an increase of 2%. Net sales for the year ended June 30, 2000 reflect US$0.5 million as a result of our acquisition of StarComm Products on March 15, 2000.

Cost of Sales

Cost of sales for fiscal 2000 was US$3.0 million (39% gross margin) compared to US$3.3 million (31% gross margin). This margin increase of 8 percentage points was attributable to the introduction of higher margin proprietary products and lower operating overheads.

Operating Expenses

Our operating expenses amounted to US$3.1 million in fiscal 2000 compared to US$3.6 million in fiscal 1999, a decrease of 13%. This decrease was due primarily to cost cutting initiatives carried out over the year, net of the additional operating expenses associated with StarComm Products, the cost of relocating to a larger premises in Signal Hill, CA as well as a ramp up in several product development initiatives.

Year ended June 30, 1999 compared to year ended June 30, 1998

Net Sales

Net sales in fiscal 1999 were US$4.8 million compared to US$6.8 million in fiscal 1998. Net sales generated by Global Data Wireless were US$1.4 million compared to US$1.7 million in fiscal 1998, a 20% decrease attributable to exiting legacy products and focusing on sales of the CS-832 product line late in the second quarter of the fiscal year. Net sales generated by Granite Communications were US$3.4 million compared to US$5.1 million in fiscal 1998, a 32% decrease attributable to a slower than anticipated rollout of the NOVAS™ product line.

Cost of Sales

Cost of sales in fiscal 1999 was US$3.3 million (31% gross margin) compared to US$4.5 million (34% gross margin) in fiscal 1998. The decrease in gross margin in fiscal 1999 was caused by lower sales volumes and underutilized factory overhead.

Operating Expenses

Operating expenses declined from US$4.5 million in fiscal 1998 to US$3.6 million in fiscal 1999 as the result of a reduction in staff at Granite Communications as well as a series of cost reduction initiatives initiated at the corporate level commencing in the third quarter. We incurred expenses of US$1.1 million (22% of sales) in efforts to bring our CS-832 and NOVAS™ product lines to market. Additionally, we invested US$1.0 million (21% of sales) in marketing and sales channel development.

Our royalty and licensing income was US$0.1 million in fiscal 1999 compared to US$0.3 million in fiscal 1998. In fiscal 1999, we received a one-time payment of US$0.1 million for licensing certain fixed wireless patents to Nortel Networks Corporation.

During fiscal 1999, our portfolio investment in Telular Corporation was revalued to market and subsequently sold. Similarly, our investment in Triarx Gold Corporation was revalued to market at year-end. These actions resulted in a charge to earnings of US$0.1 million.

We conducted an extensive review of our intangible assets. This review resulted in a charge to earnings of US$0.6 million in fiscal 1999. Additionally, we conducted an extensive review resulting in a number of charges totalling US$0.2 million recorded in the fiscal year.

Liquidity and Capital Resources

In April 1999, we entered into a financing agreement with Montcap Financial Corporation ("Montcap") pursuant to which Montcap provides financing on a recourse basis of up to C$1.0 million by the factoring of accounts receivable. In February 2000, we used C$457,082 of the net proceeds from our Special Warrants financing in March 2000 to repay the indebtedness outstanding under this facility, which remains available to us.

In August 1999, we completed a private placement of convertible debentures in an aggregate principal amount of C$545,333, which bear interest at the rate of 15% per annum. The convertible debentures are convertible into our Common Shares at a rate of C$0.15 per share at the option of the holder with the exception of convertible debentures in an aggregate principal amount of C$45,333, which are convertible at a rate of C$0.20 per share. As at June 30, 2000, two debenture holders converted their holdings into Common Shares. 1,358,334 Common Shares were issued as the result of this conversion of C$205,000 of debentures, which had a book value of C$217,237 at that date.

In December 1999, we completed a rights offering for aggregate net proceeds of C$0.6 million. Under the rights offering, holders of our Common Shares received one right for each Common Share held by them. Four and one-half rights entitled a holder to purchase one Common Share at a subscription price of C$0.20.

In a separate financing which closed on January 26, 2000, February 24, 2000, and April 27, 2000, we completed the sale of an aggregate of 5,324,000 Class A, Class B and Class C special warrants, respectively, convertible into Common Shares at no additional cost, for gross proceeds of C$5.0 million. Net cash proceeds after deduction of the Agent's fees payable in cash and issue expenses were C$4.6 million.

We believe available funds, including the net proceeds from the sale in December 2000 of the Special Warrants for net proceeds of approximately C$3.0 million and interest income thereon, should be sufficient to finance our operations and product development efforts until the fourth quarter of fiscal 2001.

Impact of Year 2000 Issue

The Year 2000 issue relates to the way dates have traditionally been stored and used in computing systems. To conserve expensive memory space, years were stored as two digits, so that the year 2000 will appear in many computing systems as “00”. Many systems and computers will interpret “00” as the year 1900 instead of the year 2000. This could create difficulties in performing certain computing functions or potentially cause system failures. This in turn could result in miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in other normal business activities. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000.

We did not encounter any problems as a result of the Year 2000 issue.

Outlook

The telemetry marketplace is rapidly evolving due to advancements in communications technology and the demand for enhanced data collection and management. With this evolution, applications are becoming increasingly sophisticated. As a result, products and applications require electronic devices to not only communicate, but also interact with one another with a high degree of intelligence. In the electric utility industry, for example, rather than using telemetry simply to count kilowatts for billing purposes, this usage information can be used intelligently to balance power loads across distribution networks, thereby minimizing supply shortages, pricing spikes and, as a worst case, brown-outs.

A cornerstone of our business strategy is to migrate from hardware solutions to end-to-end telemetry solutions involving the deployment of data communications products capturing data in a meter or other end-point, transmitting the data over a public network and converting the data into essential business information. Our vertical market knowledge and data communications expertise provides us with compelling market positioning.

Our technology platform addresses numerous high-growth vertical markets. Using easily configurable core technologies, we meet specific market demands and respond quickly to an expanding and rapidly evolving marketplace. Utility and transportation users were early adopters of telemetry solutions due to their ability to deliver productivity improvements and cost reductions. Both of these markets plan dramatic growth in their use of telemetry systems. Our telemetry and remote management solutions focus on these markets in the future, other markets sharing the requirement for remotely accessing data from various end-points.

We enjoy a strong customer base, having sold product to more than 150 leading North American utilities as well as industry leaders in the transportation, telecommunications, security and other markets. We believe that we are well positioned to increase our strong market position by offering our existing customer base and new customers a much broader line of remote communications solutions in the near term.

PLAN OF DISTRIBUTION

Special Warrants and Warrants

We are hereby qualifying for distribution 4,721,985 Common Shares and 2,360,993 Warrants, which are issuable without additional consideration upon the exercise or deemed exercise of 4,721,985 Special Warrants previously issued by us on December 8, 2000 and December 12, 2000. The Special Warrants were issued and sold at a price of C$0.75 per Special Warrant pursuant to the Agency Agreement. The Agents' commission of C$277,300 was 8% of the gross proceeds from the distribution of the Special Warrants to the public. We paid the Agents' aggregate commission in respect of the sale of the Special Warrants of C$202,061 in cash and C$75,239 through the issue of 100,318 Special Warrants. No commission or fee is payable to the Agents in connection with the distribution of the Common Shares and Warrants upon the exercise or deemed exercise of the Special Warrants. Subject to the anti-dilution provisions contained in the certificates evidencing the Special Warrants and certain other provisions, each Special Warrant entitles the holder thereof to acquire at no additional cost a unit consisting of one Common Share and one-half of one Warrant. The Special Warrants are exercisable at any time until and will be deemed to be automatically exercised at 5:00 p.m. (Toronto time) on the day (the "Expiry Date") which is the earlier of (i) five business days after the date on which we obtain a receipt for a final prospectus qualifying the issuance of the Common Shares and Warrants issuable upon exercise or deemed exercise of the Special Warrants from has been issued by the last of the securities regulatory authorities in Alberta and Ontario (the "Qualification Date"); and (ii) December 10, 2001. If the Qualification Date has not occurred prior to 5:00 p.m. (Toronto time) on April 9, 2001 (the "Qualification Deadline"), holders of Special Warrants will be entitled to receive upon exercise or deemed exercise of each Special Warrant 1.1 Common Shares and 0.55 Warrants in lieu of one Common Share and 0.50 Warrants otherwise receivable without payment of additional consideration.

The Warrants will be evidenced by certificates. Subject to the anti-dilution provisions contained in the certificates evidencing the Warrants, each Warrant will entitle the holder to acquire one Common Share at a price of C$1.00 at any time prior to 5:00 p.m. (Toronto time) on the date which is 18 months following the earlier of (i) the Qualification Deadline, and (ii) the Qualification Date.

Definitive certificates for Common Shares and Warrants issuable upon the exercise or deemed exercise of the Special Warrants will be available for delivery upon the exercise or deemed exercise of the Special Warrants.

Subsequent to the Expiry Date, Special Warrant certificates will cease to evidence Special Warrants and will represent only the right of the registered holder to receive certificates for the applicable number of Common Shares and Warrants pursuant to the terms of the Special Warrant certificates.

Common Shares and Warrants issued to holders of Special Warrants in any province in which a receipt for this prospectus has not been issued may be subject to resale restrictions contained in the applicable securities legislation.

The securities offered under this prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered directly or indirectly, in the United States of America, its territories or possessions.

Compensation Options

We granted to the Agents Broker Warrants to acquire that number of Compensation Options equal to 10% of the aggregate number of Common Shares issuable upon the exercise of Special Warrants. Subject to the anti-dilution provisions contained in the certificates evidencing the Compensation Options, each Compensation Option will entitle the holder thereof to acquire one unit consisting of one Common Share and one-half of one Warrant at an exercise price of C$0.75 per unit at any time during a period commencing on the Closing Date and ending on the date which is 18 months after the Qualification Date. If the Qualification Date has not occurred prior to the Qualification Deadline, each Compensation Option will thereafter entitle the holder to acquire, at the same exercise price, 1.1 Common Shares and

0.55 Warrants (in lieu of one Common Share and one-half of one Warrant). This prospectus qualifies the distribution of one-half of the Compensation Options issuable upon the exercise of the Broker Warrants. In exercising the Compensation Options, the Agents may, in lieu of satisfying the exercise price in cash, elect to receive, for no additional consideration, that number of units having an aggregate fair market value equal to the product of (a) the number of Compensation Options being exercised and (b) the difference between the fair market value of the Common Shares and the exercise price of each Compensation Option divided by (c) the fair market value of the Common Shares.

USE OF PROCEEDS

The estimated net proceeds from the sale of Special Warrants after deducting the expenses of this offering, estimated to be C$225,000, which includes legal and audit expenses, and after deducting the Agents' fee paid in cash of C$202,061 in respect of the Special Warrants, are C$3,039,189. We intend to use the net proceeds from the sale of the Special Warrants as follows:

Product development	C$ 1,500,000
Sales and marketing	600,000
Working capital requirements	939,189
Net proceeds	C$ 3,039,189

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following table sets forth, for each of our directors, his name, municipality of residence, the year in which he became a director, and his principal occupation. Directors are elected or appointed until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

Name and Municipality of Residence	Director Since	Principal Occupation	Common Shares Held(1)
Lawrence E. Davis Toronto, ON	April, 1999	President and Chief Executive Officer of GDI Global Data Inc.	251,665(2)
David R. Dempster Burlington, ON	August, 1997	Partner, Malach & Fidler (Barristers and Solicitors)	305,803
Barry Hildred Burlington, ON	February, 1999	Chairman, The Equicom Group Inc. (investor relations consulting firm)	19,703
Phillip R. Sutter San Pedro, CA	September, 2000	Chief Technology Officer of GDI Global Data Inc. and President, StarComm Products, Inc	1,393,670
Richard A. Meeusen Milwaukee, WI	Pending regulatory approval	Vice President - Finance, Chief Financial Officer and Treasurer, Badger Meter, Inc.	Nil

Notes:
(1) As at December 31, 2000.
(2) Includes 201,665 Common Shares issuable upon the conversion of outstanding convertible debentures which mature on February 28, 2001.

Executive Officers

The table below sets forth the name, municipality of residence, the first year of employment and the position of each executive officer of the Company on the date hereof.

Name and Municipality of Residence	Appointed	Position
Lawrence E. Davis Toronto, ON	February, 1999(1)	President and Chief Executive Officer of GDI Global Data Inc.
Robert St. Amand Chester, NH	November, 1995	President, Granite Communications
Phillip R. Sutter San Pedro, CA	March, 2000(2)	Chief Technology Officer of GDI Global Data Inc. and President, StarComm Products, Inc.
Craig A. Laurence, CA Toronto, ON	February, 2000(3)	Vice President, Corporate Finance, Corporate Secretary of GDI Global Data Inc.

Notes:
(1) Prior to February, 1999 Mr. Davis was Vice President, Corporate Finance, Price Waterhouse.
(2) Prior to March, 2000 Mr. Sutter was President, StarComm Products, Inc.
(3) Prior to February, 2000 Mr. Laurence was Analyst, Investment Banking, Merrill Lynch Canada and prior to that, Senior Associate, Coopers & Lybrand.

Audit Committee

Our Board of Directors is required to elect annually from among its members an audit committee comprised of not less than three members. At present, the Audit Committee consists of Lawrence E. Davis, David R. Dempster and Barry Hildred. The Audit Committee must review our annual and interim financial statements and report thereon to the Board of Directors before such statements are approved by the Board of Directors.

Directors' and Officers' Insurance

We maintain liability insurance for our directors and officers. The policy does not distinguish between the liability insurance for its directors and officers, the coverage being the same for both groups. For the 12-month period ending June 30, 2000 we paid the premiums under this policy of approximately US$34,560. The coverage is subject to a maximum annual amount with a fixed corporate deductible per loss. Our individual directors and officers are insured against losses arising from claims against them for certain of their acts, errors or omissions in such capacity. We are insured against losses arising out of any liability to indemnify a director or officer.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table and related narrative below provide a summary of the compensation earned during our last three fiscal years by our President and Chief Executive Officer and other employees whose salaries and bonuses exceeded C$100,000 in the fiscal year ended June 30, 2000 ("Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Year	Salary (C$)	Bonus (C$)	Other Annual Compensation (C$)[4]	Long-Term Compensation Awards – Shares under Option (#)
Lawrence E. Davis[2] President and Chief Executive Officer	2000 1999	180,000 60,750	-	2,600	210,000 625,000
Christopher Naprawa[3] President, Global Data Wireless	2000 1999 1998	60,769 83,402 79,615	20,000[6]	8,893 51,397 26,766	- 30,000 36,500
Robert St. Amand President, Granite Communications	2000 1999 1998	89,152[1] 91,944[1] 80,231[1]	20,000[6] 17,000[1] 14,000[1]	5,000	- 30,000 36,500
Phillip R. Sutter [5] Chief Technology Officer	2000	37,917[1]	-	-	136,500

Notes:

(1) Expressed in US dollars.

(2) Mr. Davis was appointed Interim President and Chief Executive Officer on February 28, 1999. He was later appointed President and Chief Executive Officer and a Director on April 13, 1999. For the terms of his employment with the Corporation, please see the section titled "Employment Contracts" below.

(3) Mr. Naprawa was appointed as President, Global Data Wireless in July, 1999 and commenced employment with the Corporation in January, 1996. On January 7, 2000, Mr. Naprawa resigned from the Corporation.

(4) Perquisites and other personal benefits, securities and property did not exceed the lesser of C$50,000 and 10% of the total annual salary and bonus of each Named Executive Officer for the financial year.

(5) Mr. Sutter joined the Corporation on March 15, 2000 upon the acquisition of StarComm Products, Inc. He was President and shareholder of StarComm Products, Inc. prior to its acquisition.

(6) Messrs. Naprawa and St. Amand were granted 100,000 Common Shares each, priced at C$0.20, as a bonus payment in recognition of their performance within the Corporation. Shareholder approval to the issuance of such shares was given at the Annual General Meeting on November 1, 1999.

Option Grants During the Most Recently Completed Financial Year

The following table sets forth information regarding the grant to Named Executive Officers of options to purchase Common Shares during the year ended June 30, 2000.

Name	% of Total Options Granted to Employees and Directors in Fiscal Year	Exercise Price (C$/Share)	Market Value of Common Shares Underlying Options on Date of Grant (C$)	Expiration Date
Lawrence E. Davis	5.9% 9.9%	$0.30 $2.40	$ 37,500 $504,000	June 8, 2002 February 28, 2004
Christopher Naprawa [1]	5.7%	$0.20	$ 24,000	July 6, 2002
Robert St. Amand	3.00%	$0.20	$ 12,700	July 6, 2002
Phillip R. Sutter	6.44%	$2.00	$361,725	March 15, 2004

Notes:

(1) Following his resignation on January 7, 2000, all options granted to Mr. Naprawa expired on February 7, 2000.

Option Exercises During The Most Recently Completed Financial Year and Financial Year-end Option Values

The following table sets forth information concerning exercises of options to purchase Common Shares by Named Executive Officers during the year ended June 30, 2000 and the number and value of unexercised options held by them at June 30, 2000.

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized	Unexercised Options at June 30, 2000		Value of Unexercised In-The-Money Options at June 30, 2000	
	(#)	(C$)	Exercisable (#)	Unexercisable (#)	Exercisable (C$)	Unexercisable (C$)
Lawrence E. Davis	100,000	20,000	525,000	210,000	488,250	Nil
Christopher Naprawa(1)	133,328	55,263	Nil	Nil	Nil	Nil
Robert St. Amand	Nil	Nil	136,500	63,500	126,945	59,055
Phillip R. Sutter	Nil	Nil	Nil	136,500	Nil	Nil

Note:
(1) Following his resignation on January 7, 2000, all options granted to Mr. Naprawa expired on February 7, 2000.

Employment Contracts

Lawrence E. Davis performs his duties as the President and Chief Executive Officer for us pursuant to an employment contract made as of February 28, 2000 and is compensated at a rate of C$180,000 per annum. This agreement terminates on February 28, 2003, but is automatically renewable for successive periods of one year following the original three year term or any renewal term unless either party has given at least 30 days' written notice to the other that such agreement is to terminate at the end of the term in question. In the event that we terminate Mr. Davis' employment, other than for cause, Mr. Davis is entitled to be paid the amount of his salary for twelve months following termination or a lump sum payment of C$165,000 at Davis' election (less statutory deductions). Under the terms of our stock option plan, in the event Mr. Davis voluntarily terminates his employment with good reason, then all of Mr. Davis' options and other rights to acquire securities shall vest immediately. In addition, Mr. Davis' agreement provides for the payment of a bonus in the event that certain financial targets are met by the Company.

Phillip R. Sutter performs his duties as our Chief Technology Officer and President of StarComm Products pursuant to an employment contract made as of March 13, 2000 and is compensated at a rate of US$130,000 per annum. The agreement terminates on March 13, 2003, but is automatically renewable for successive periods of one year following the original three year term or any renewal term unless either party has given at least 90 days' written notice to the other that such agreement is to terminate at the end of the term in question. In the event that we terminate Mr. Sutter's employment, other than for cause, Mr. Sutter is entitled to be paid the amount of his salary for twelve months following termination. Under the terms of our stock option plan, in the event Mr. Sutter voluntarily terminates his employment with good reason, then all of Mr. Sutter's options and other rights to acquire securities shall vest immediately. In addition, Mr. Sutter's agreement provides for the payment of a bonus in the event that certain financial targets are met by the Company.

Robert St. Amand performs his duties as President of Granite Communications pursuant to an employment contract made as of December 11, 2000 and is compensated at a rate of US$100,000 per annum. The term of the agreement is indefinite. In the event that we terminate Mr. St. Amand's employment, other than for cause, Mr. St. Amand is entitled to be paid the amount of his salary for twelve months following termination. Under the terms of our stock option plan, in the event Mr. St. Amand voluntarily terminates his employment with good reason, then all of Mr. St. Amand's options and other rights to acquire securities shall vest immediately. In addition, Mr. St. Amand's agreement provides for the payment of a bonus in the event that certain financial targets are met by Granite Communications.

Compensation of Directors

In respect of the 2000 fiscal year, the compensation paid by the Company to independent directors consisted of cash remuneration. Cash remuneration includes a quarterly retainer of C$2,500, a C$500 fee per Board meeting and a C$500 fee per committee meeting. The Chairman received an additional monthly fee of C$1,500. For purposes of director compensation, the independent directors are Messrs. Dempster and Hildred. Compensation to other directors consists only of stock options. During fiscal 2000, Messrs. Dempster and Hildred received total cash compensation of C$25,500 and C$12,000, respectively.

On November 1, 2000, our Board of Directors approved an amendment to the compensation of the members of the Board of Directors. Retroactive to October 1, 2000, the Board agreed to pay each member of the Board including the Chairman US$1,500 per quarter and US$500 per Board meeting plus expenses.

During the period from November 1998 to March 1999, David Dempster provided certain consulting services related to the restructuring of our operations during that period. As payment for those services, we had made a cash payment of C$10,000 to Mr. Dempster and, after receiving approval of our shareholders at our Annual General Meeting on November 1, 2000 and applicable regulatory approval, we issued 100,000 Common Shares to Mr. Dempster.

Composition of the Compensation Committee

Our Board of Directors is comprised of Messrs. Dempster, Davis, Hildred, Sutter and Meeusen (subject to regulatory approval). Currently, matters relating to executive compensation are the responsibility of the entire Board of Directors, except for Messrs. Davis' and Sutter's compensation, which is determined by Messrs. Dempster and Hildred.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during our most recently completed financial year was, a director, executive officer or senior officer, nor any associate of any one of them is, or at any time since the beginning of our most recent completed financial year has been, indebted to us or any of our subsidiaries or was indebted to another entity, which such indebtedness is, or was at any time during our most recent completed financial year of the Company, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries.

DILUTION

The effective issue price of C$0.75 (US$0.51) per Common Share issuable upon exercise of the Special Warrants exceeds the net tangible book value per Common Share as at September 30, 2000 , after giving effect to the 4,721,985 Common Shares to be issued upon exercise of the Special Warrants but without giving effect to the exercise of the Warrants, by US$0.38 or 75%. The following table sets out the dilution per Common Share as at September 30, 2000:

Issue price per Special Warrant(1)		US$ 0.51
Net tangible book value per share as at September 30, 2000	US$ 0.08	
Net tangible book value per share attributable to the distribution of the Special Warrants	US$ 0.05	
Net tangible book value per share after giving effect to the distribution of the Special Warrants(2)		US$ 0.13
Dilution to holders of Common Shares issuable on exercise of the Special Warrants		US$ 0.38
Percentage of dilution in relation to the offering price for the distribution of the Special Warrants		75 %

Notes:

(1) After deducting the cash fee of C$202,061 paid to the Agents in connection with the sale of the Special Warrants and estimated expenses of the issue of C$225,000.

(2) Assuming the exercise or deemed exercise of each Special Warrant into one Common Share with one-half Warrant attached.

STOCK OPTIONS

Stock Option Plan

We maintain a stock option plan (the "Plan"). The Plan is designed to develop the interest of our directors, officers, employees and other persons who provide ongoing services to us in our growth and development by providing such persons with the opportunity to acquire an increased proprietary interest in us and to better enable us to attract and retain persons of desired experience and ability.

The maximum number of Common Shares reserved for issuance at any time pursuant to the Plan is 4,264,885. The vesting and expiry date of options granted under the Plan are determined by our Board of Directors at the time the options are granted provided that the expiry date cannot be later than five years from the date of grant of such option. The exercise price of options granted under the Plan is fixed by our Board of Directors and must be the closing price of the Common Shares on the TSE on the first date proceeding the date of grant.

OPTIONS TO PURCHASE COMMON SHARES

As at December 31, 2000, there were outstanding options to purchase a total of 2,367,234 Common Shares under the Plan and the following table sets out in detail all stock options issued and outstanding under the Plan.

	Amount	Grant Date	Expiry Date	Strike Price
Officers	136,500	06/01/00	03/15/04	C$ 2.00
	210,000	02/28/00	02/28/04	C$ 2.40
	50,000	02/01/00	02/01/04	C$ 1.45
	125,000	08/06/99	06/08/02	C$ 0.30
	63,500	07/06/99	07/06/02	C$ 0.20
	400,000	02/28/99	02/28/02	C$ 0.18
	30,000	08/17/98	08/17/08	C$ 0.63
	36,500	12/08/97	12/07/02	C$ 0.48
	70,000	06/04/96	06/04/01	C$ 0.75
Directors who are not Officers				
	75,000	10/30/00	10/30/04	C$ 1.10
	85,000	02/24/99	02/24/09	C$ 0.40
	50,000	08/17/98	08/17/08	C$ 0.63
	39,000	01/23/98	01/22/03	C$ 0.80
	60,000	08/13/97	08/31/02	C$ 0.65
Employees				
	15,000	07/10/00	07/10/04	C$ 0.86
	25,000	07/05/00	07/05/04	C$ 0.94
	10,000	06/26/00	06/26/04	C$ 0.90
	20,000	07/01/00	03/20/04	C$ 0.20
	75,000	07/01/00	01/05/04	C$ 0.75
	20,000	07/01/00	06/26/04	C$ 0.90
	10,000	07/01/00	06/05/04	C$ 0.91
	30,000	07/01/00	05/15/04	C$ 1.18
	10,000	07/01/00	05/01/04	C$ 1.20
	290,000	07/01/00	04/01/04	C$ 2.00
	10,000	05/29/00	05/29/04	C$ 0.94

Amount	Grant Date	Expiry Date	Strike Price
20,000	05/04/00	05/04/04	C$ 1.10
20,000	05/01/00	05/01/04	C$ 1.20
50,000	11/19/00	11/19/02	C$ 0.20
20,000	10/16/99	10/16/02	C$ 0.26
39,000	10/11/99	10/11/02	C$ 0.23
183,734	07/06/99	07/06/02	C$ 0.20
10,000	08/17/98	08/17/08	C$ 0.63
21,000	01/23/98	01/22/03	C$ 0.80
26,000	12/08/97	12/07/02	C$ 0.48
29,000	06/04/96	06/04/01	C$ 0.75
3,000	02/08/96	06/30/01	C$ 0.75
2,367,234			

In addition, 316,444 options were granted to Octagon Capital Corporation in December, 1999 pursuant to our rights offering. These options, which are not governed by the Plan, have a strike price of C$0.22 and expire on May 24, 2001.

In connection with a previous financing which was completed on January 26, 2000, February 24, 2000, and April 27, 2000, broker warrants were issued to Octagon Capital Corporation to acquire 500,000 Compensation Options at a price of C$1.00 on or before June 6, 2001.

Further, pursuant to the issuance of the Special Warrants, we granted to the Agents broker warrants to acquire the Compensation Options exercisable to purchase units at a price of C$0.75. See “Plan of Distribution - Compensation Options”.

Convertible Debentures

In August 1999, we completed a private placement with Saturn Capital Corporation whereby members of senior management and a group of private investors purchased convertible debentures of our Company. The convertible debentures bear simple interest at the rate of 15% per annum, mature on March 1, 2001 and are payable in cash or in Common Shares, in our sole discretion. As at December 31, 2000 an aggregate principal amount of C$300,000 of the convertible debentures, held by non-insiders, with a conversion price of C$0.15 per Common Share remained outstanding and an aggregate principal amount of C$40,333 of the convertible debentures, held by members of our senior management, with a conversion price of C$0.20 per Common Share remained outstanding.

DESCRIPTION OF SHARE CAPITAL

Our authorized share capital consists of an unlimited number of Common Shares, an unlimited number of convertible shares and an unlimited number of preferred shares. As of December 31, 2000, 28,255,860 Common Shares, 22,000 convertible shares (and no Preferred Shares) were issued and outstanding as fully paid and non-assessable. In addition, 4,264,885 Common Shares are reserved for issuance under the Plan.

The holders of Common Shares are entitled to dividends, if, as and when declared by the directors, to one vote per Common Share at meetings of the holders of Common Shares and, upon liquidation, to receive such assets as are distributable to the holders of the Common Shares. The attributes of the convertible shares are identical to those of the Common Shares, and they are convertible into Common Shares on a one-for-one basis. The preferred shares may be issued in one or more series, and the directors are authorized to fix the number of preferred shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series.

DIVIDEND POLICY

Since our incorporation, we have not paid any dividends on our outstanding Common Shares. The future payment of dividends will be dependent upon our financial requirements to fund future growth, our financial condition and other factors which the Board of Directors may consider appropriate in the circumstances. It is unlikely that dividends will be paid in the foreseeable future.

PRIOR SALES

In the twelve months prior to the date hereof, we have issued the following Common Shares.

Date of Issuance	Number of Common Shares	Issue Price Per Share	Nature of Consideration
November 1, 2000	37,500 100,000	C$1.00 C$0.20	Past services(3) Past services(4)
June 15, 2000	25,000	C$0.20	Debenture Conversion
June 12, 2000	1,333,334	C$0.15	Debenture Conversion
June 6, 2000	5,324,000	C$1.00	Special Warrant Financing
March 15, 2000	3,084,918	C$ 0.5625(1)	Shares(1)
January 1, 2000 to December 31, 2000	575,030	C$0.18 to C$0.75	Cash on exercise of Options(2)

Notes:
(1) Issued pursuant to the acquisition of StarComm Products. See "Business - Acquisition of StarComm Products, Inc.".
(2) Issued upon the exercise of outstanding stock options at a weighted average price of C$0.29 per share.
(3) Issued to an employee as a performance bonus.
(4) Issued to an independent director for past services rendered to us.

PRINCIPAL SHAREHOLDERS

The following table sets forth the particulars, as of December 31, 2000, with respect to those persons who, to the knowledge of our directors or officers, beneficially own or exercise control or direction over more than 10% of the Common Shares (including our convertible common shares):

Name	Number of Common Shares	Percentage of Common Shares
The Canadian Depository for Securities Limited	21,439,521	76%

As of December 31, 2000, to the knowledge of our directors and officers, there are no other persons who are holders of record or are beneficial owners, directly or indirectly, of shares conferring over 10% of the voting rights attached to the issued and outstanding Common Shares.

As at December 31, 2000, our current directors and officers as a group own, directly or indirectly, or exercise control or direction over a total of 2,070,841 Common Shares representing approximately 7.3% of the issued and outstanding Common Shares.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The Common Shares are listed for trading on the TSE. The following table summarizes the reported high and low trading prices in C$ and volume of trading of the Common Shares on the TSE for the periods indicated:

	High	Low	Volume
1999			
First Quarter	$0.70	$0.12	1,342,708

	High	Low	Volume
Second Quarter	0.40	0.16	605,022
Third Quarter	0.32	0.15	450,095
Fourth Quarter	0.70	0.20	4,902,871
2000			
First Quarter	$3.70	$0.70	16,189,083
Second Quarter	1.90	0.83	3,407,633
Third Quarter	1.79	0.72	7,980,951
October	1.35	1.00	701,549
November	1.10	0.75	1,247,864
December	0.80	0.50	2,483,973
January 1 to 18, 2001	0.65	0.50	364,621

On January 18 , 2001, the closing price of our Common Shares on the TSE (as reported by the TSE) was C$0.60.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The only transactions in which our directors or officers or any of our principal shareholders mentioned under "Principal Shareholders", or any associate or affiliate of any of the foregoing persons or companies has had, since December 31, 1997, a material interest, direct or indirect, which has materially affected or will materially affect us are as follows:

1. Phillip Sutter, our Chief Technology Officer, is a former shareholder of StarComm Products. We acquired all of the common shares of StarComm Products on March 15, 2000 and, in connection therewith, Mr. Sutter and his wife received an aggregate of 1,591,670 Common Shares and US$250,000 in cash; and

2. in August 1999, Lawrence E. Davis, our President and Chief Executive Officer purchased Convertible Debentures in an aggregate principal amount of C$25,333. In December 1999, Mr. Davis purchased Convertible Debentures in an aggregate principal amount of C$15,000 from Christopher Naprawa upon his departure from the Company. These Convertible Debentures are convertible into our Common Shares at a rate of C$0.20 per share.

MATERIAL CONTRACTS

Except for contracts entered into the normal course of its business, the only material contracts we entered into during the past two years prior to the date hereof are the following:

(i) the Agency Agreement with the Agents in connection with this offering;

(ii) the 15% convertible subordinate debentures issued and distributed by us on August 31, 1999 in the aggregate principal amount of C$545,333;

(iii) a merger agreement dated March 15, 2000 relating to the acquisition of StarComm Products; and

(iv) the Montcap Facility referred to under “Management’s Discussion and Analysis of Financial Condition and Results of Operation.”

Copies of the documents referred to above may be inspected at the offices of the Company located at 170 Attwell Drive, Suite 620, Toronto, Ontario, for a period of twenty days following the date of this prospectus during regular business hours.

LEGAL MATTERS

Certain legal matters relating to the securities to be distributed pursuant to this prospectus will be passed upon by McCarthy Tétrault, Toronto on behalf of the Company and by Goodman and Carr, LLP, Toronto on behalf of the Agents.

LEGAL PROCEEDINGS

We are not aware of any material existing or pending legal proceedings against us.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are Deloitte & Touche LLP, Chartered Accountants, located at Suite 1400, 181 Bay Street, BCE Place, Toronto, ON, M5J 2V1.

The transfer agent and registrar for our Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus or any amendment thereto. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, applicable securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus or any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant who acquires Common Shares upon the exercise of a Special Warrant as provided for in this prospectus, is or becomes entitled under applicable legislation to the remedy of rescission by reason of this prospectus or any amendment hereto containing a misrepresentation, the holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled, in connection with such rescission, to a full refund of all consideration paid to us on the acquisition of the Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant subscriber, that permitted assignee shall be entitled to exercise the rights of rescission and refund described herein as if the permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under section 168 of the *Securities Act* (Alberta) and section 130 of the *Securities Act* (Ontario) and similar sections of other applicable securities legislation or otherwise at law.

CONSOLIDATED FINANCIAL STATEMENTS

GDI GLOBAL DATA INC.

As at September 30, 2000 (unaudited) and the three month periods ended September 30, 2000 and 1999 (unaudited) and as at June 30, 2000, 1999 and 1998 and for each of the years in the three year period ended June 30, 2000

Auditors' Report

To the Directors of GDI Global Data Inc.:

We have audited the consolidated balance sheets of GDI Global Data Inc. as at June 30, 2000, 1999 and 1998 and the consolidated statements of operations, deficit 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2000, 1999, and 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Ontario
August 23, 2000
(except as to Note 19, which is as of January 16, 2001)

GDI Global Data Inc.
Consolidated Balance Sheets
(all dollar amounts are expressed in US dollars)

	As at September 30 2000 (Unaudited)	As at June 30 2000	1999	1998
Assets				
Current				
Cash and short-term investments	$ 695,406	$ 1,024,353	$ 111,993	$ 480,771
Accounts receivable	954,469	1,184,263	547,482	1,701,718
Inventory (Note 6)	1,412,666	1,351,133	513,841	1,127,769
Deposits, prepaid expenses and other assets	335,526	254,455	110,469	59,164
	3,398,067	3,814,204	1,283,785	3,369,422
Equipment and leaseholds (Note 7)	144,389	83,322	164,701	265,733
Long-term investments (Note 8)	25,327	25,327	-	517,175
Patent (Note 9)	1	1	1	619,441
Goodwill, net (Note 3)	1,243,399	1,275,604	-	292,530
	$ 4,811,183	$ 5,198,458	$ 1,448,487	$ 5,064,301
Liabilities				
Current				
Notes payable (Note 10)	$ -	$ -	$ 244,884	$ -
Accounts payable and accrued charges	1,024,839	1,063,593	1,116,020	1,759,791
Capital leases	-	-	-	3,755
Customer deposits	75,752	124,183	22,325	8,839
	1,100,591	1,187,776	1,383,229	1,772,385
Convertible Debentures (Note 11)	218,204	218,204	-	-
	1,318,795	1,405,980	1,383,229	1,772,385
Shareholders' Equity				
Stated capital (Note 14)	21,388,440	21,387,773	16,465,659	16,465,659
Equity portion of convertible debentures (Note 11)	26,290	26,290	-	-
Deficit	(17,922,342)	(17,621,585)	(16,400,401)	(13,173,743)
	3,492,388	3,792,478	65,258	3,291,916
	$ 4,811,183	$ 5,198,458	$ 1,448,487	$ 5,064,301

Approved by the Board of Directors:

(Signed) Lawrence E. Davis
Lawrence E. Davis
DIRECTOR

(Signed) David Dempster, LL.B.
David Dempster, LL.B.
CHAIRMAN

GDI Global Data Inc.
Consolidated Statements of Operations
(all dollar amounts are expressed in US dollars)

	3 month period ended September 30		Year ended June 30		
	2000 (Unaudited)	1999 (Unaudited)	2000	1999	1998
Net sales	$ 2,128,360	$ 1,083,027	$ 4,955,106	$ 4,846,300	$ 6,805,557
Cost of sales	1,411,076	579,830	3,002,901	3,331,464	4,522,939
Gross profit	717,284	503,197	1,952,205	1,514,836	2,282,618
Operating expenses excluding undernoted	985,150	590,567	3,129,110	3,611,386	4,452,623
Royalty and licensing income	-	(28,329)	(41,607)	(51,043)	(265,309)
Operating loss before undernoted	(267,866)	(59,041)	(1,135,298)	(2,045,507)	(1,904,696)
Amortization of goodwill	32,205	-	37,613	292,530	362,758
Restructuring provision (Note 4)	-	-	-	226,411	-
Operating loss	(300,071)	(59,041)	(1,172,911)	(2,564,448)	(2,267,454)
Interest and other income	9,298	53,127	83,357	53,196	79,771
Interest expense	(9,984)	(30,408)	(131,630)	-	-
Write-down of patent and investments (Note 5)	-	-	-	(677,991)	(59,089)
(Loss) gain on sale of long-term investment (Note 8)	-	-	-	(37,415)	640,618
Net loss for the period	$ (300,757)	$ (36,322)	$ (1,221,184)	$ (3,226,658)	$ (1,606,154)
Loss per share	$ (0.01)	$ -	$ (0.07)	$ (0.23)	$ (0.11)

GDI Global Data Inc.
Consolidated Statements of Deficit

	3 month period ended September 30		Year ended June 30		
	2000 (Unaudited)	1999 (Unaudited)	2000	1999	1998
Deficit at the beginning of the period	$ (17,621,585)	$ (16,400,401)	$ (16,400,401)	$ (13,173,743)	$ (11,567,589)
Net loss for the period	(300,757)	(36,322)	(1,221,184)	(3,226,658)	(1,606,154)
Deficit at the end of the period	$ (17,922,342)	$ (16,436,723)	$ (17,621,585)	$ (16,400,401)	$ (13,173,743)

GDI Global Data Inc.
Consolidated Statements of Cash Flows
(all dollar amounts are expressed in US dollars)

	3 month period ended September 30		Year ended June 30		
	2000 (Unaudited)	1999 (Unaudited)	2000	1999	1998
Net Inflow (Outflow) of Cash Related to the Following Activities					
Operating Activities					
Net loss for the period	$ (300,757)	$ (36,322)	$ (1,221,184)	$ (3,226,658)	$ (1,606,154)
Items not affecting cash					
Amortization of goodwill	32,205	-	37,613	292,530	362,758
Amortization of fixed assets and patent	15,880	18,945	91,309	246,380	353,735
Write-down of patent and investments	-	-	-	677,991	59,089
Loss (gain) on sale of long-term investment	-	-	-	37,415	(640,618)
Loss (gain) on sale of equipment	-	-	1,786	-	(73,337)
Non-cash interest expense	-	-	22,897	-	-
Employee compensation paid in shares	-	-	27,016	-	-
	(252,672)	(17,377)	(1,040,563)	(1,972,342)	(1,544,527)
Changes in working capital components excluding cash					
Accounts receivable	229,794	26,790	(510,910)	1,154,236	(1,077,687)
Inventory	(61,533)	120,755	(640,371)	613,928	462,789
Deposits, prepaid expenses and other assets	(81,071)	(124,497)	(120,071)	(51,305)	51,450
Accounts payable and accrued charges	(38,754)	(230,692)	(163,844)	(643,771)	140,307
Customer deposits	(48,431)	(13,171)	101,858	13,486	(26,791)
	(252,667)	(238,192)	(2,373,901)	(885,768)	(1,994,459)
Investing Activities					
Additions to equipment and leaseholds	(76,947)	(1,197)	(50,925)	(76,522)	(409,059)
Proceeds from sale of investment	-	-	-	352,383	3,949,305
Proceeds from sale of equipment	-	-	45,095	-	330,097
Long-term investments	-	(12,664)	(25,327)	-	-
Acquisition	-	-	(407,494)	-	-
	(76,947)	(13,861)	(438,651)	275,861	3,870,343
Financing Activities					
Issue of common shares	667	-	3,935,064	-	-
Issue costs	-	-	(333,590)	-	-
Issue of convertible debentures	-	368,319	368,319	-	-
Notes payable	-	14,427	63,833	244,884	-
Repayment of notes payable	-	-	(308,714)	-	-
Capital leases	-	-	-	(3,755)	(7,186)
	667	382,746	3,724,912	241,129	(7,186)
(Decrease) increase in cash and cash equivalents	(328,947)	130,693	912,360	(368,778)	1,868,698
Cash and cash equivalents, beginning of period	1,024,353	111,993	111,993	480,771	(1,387,927)
Cash and cash equivalents, end of period	$ 695,406	$ 242,686	$ 1,024,353	$ 111,993	$ 480,771
Cash and cash equivalents are comprised of:					
Cash and short-term investments	$ 695,406	$ 242,686	$ 1,024,353	$ 111,993	$ 480,771

GDI Global Data Inc.
Supplemental Disclosure of Financial Information
(all dollar amounts are expressed in US dollars)

	3 month period ended September 30		Year ended June 30		
	2000 (Unaudited)	1999 (Unaudited)	2000	1999	1998
Cash paid for:					
Interest expense	$ 9,984	$ 30,408	$ 110,000	$ -	$ -
Income taxes paid	-	-	-	-	-

(Amounts as at September 30, 2000 and for the three month periods ended September 30, 2000 and 1999 are unaudited.)

1. Basis of Presentation

These consolidated financial statements have been presented using accounting principles applicable to a going concern, which assume that GDI Global Data Inc. (the "Company") will continue in operation in the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. During the three month periods ended September 30, 2000 and September 30, 1999, the Company incurred net losses of approximately $0.3 million (unaudited) and $0.03 million (unaudited), respectively. During 2000, 1999 and 1998, the Company incurred net losses of approximately $1.2 million, $3.2 million and $1.6 million, respectively. These consolidated financial statements do not include any adjustments to the recoverability and classification of certain recorded asset amounts and classification of certain liabilities that might be necessary, if the Company were unable to continue as a going concern. The Company plans to achieve profitability through its continuing product development efforts and sales and marketing initiatives.

The consolidated financial statements for the fiscal years ended June 30, 2000, 1999 and 1998 and for the three months ended September 30, 1999 and as at June 30, 2000, 1999 and 1998 have been previously reported in Canadian dollars ("C$"). As a result of increased business activities denominated in US dollars, the US dollar has been adopted as the unit of measure and reporting effective July 1, 2000. Accordingly, the consolidated financial statements for all periods ending June 30, 2000 or prior have been restated in US dollars using the "Translation of convenience" method. This method translates all historical financial information at the rate in effect on June 30, 2000, namely C$1.4806 per US$1.00.

2. Significant Accounting Policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Basis of Consolidation. The consolidated financial statements include the accounts of GDI Global Data Inc. and its wholly owned subsidiaries, Global Data, Inc. and StarComm Products, Inc.

Inventory. Work-in-process and finished goods inventories are valued at the lower of cost and net realizable value. Raw materials are valued at the lower of cost and replacement cost. Cost is determined on a first in, first out basis and includes material, labour, and manufacturing overhead where applicable.

Equipment and Leaseholds. Equipment and leaseholds are stated at acquisition cost. Amortization on equipment is generally provided for by the straight-line method over three years. Leaseholds are amortized using the straight-line method over the term of the lease.

Long-term Investments. The Company accounts for its long-term investments using the cost method. On a quarterly basis, management and the Board of Directors review each investment with a view to determining whether a permanent decline in value has occurred.

Research and Development. Research costs are expensed as incurred. Development costs which meet generally accepted criteria, including reasonable assurance regarding future benefits, are deferred and amortized over periods ranging from three to seven years. No development costs have yet met the criteria to support their deferral.

Patents. Patents are recorded at acquisition cost and are amortized using the straight-line method over fifteen years, which approximates their useful lives. On a quarterly basis, management and the Board of Directors review the valuation of patents for permanent impairments. If such impairments are identified, appropriate write-downs are taken.

Revenue. Revenue is recognized when product is shipped or service is provided to the customer.

Incentive Stock Option Plan. The Company has an incentive stock option plan, which is described in Note 14. No compensation expense is recognized for this plan when stock options are granted to individuals. Shares issued under the plan are recorded at the grant price.

Goodwill. Goodwill is amortized on a straight-line basis over ten years. On a quarterly basis, management and the Board of Directors review the valuation of goodwill for permanent declines in value. This analysis includes consideration of external evidence and internal evidence such as valuation of the original intangibles purchased, customers, distribution channels, key personnel and manufacturing capabilities.

Foreign Currency Translation. Following the adoption of the US dollar as the measurement and reporting currency effective July 1, 2000 (Note 1), monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange prevailing at the period end. Foreign currency transactions are translated into United States dollars at rates of exchange in effect when the transactions were entered into. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses (other than amortization, which is translated at the same rates as the related capital assets) are translated at average rates of exchange for the period. Translation exchange gains or losses are reflected in operations.

Use of Estimates. The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The assets requiring management to make significant estimates and assumptions in determining carrying values include inventory, long-term investments, patents and goodwill.

Loss Per Share. Loss per share is based on the weighted average number of common shares outstanding during the period. The fully diluted loss per share is not presented as the amount is anti-dilutive.

Financial Instruments. The Company's short-term financial instruments, comprising cash and short-term investments, accounts receivable, accounts payable and accrued charges, and customer deposits, are carried at cost which, due to their short-term nature, approximates their fair value. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. Potential taxes and other transaction costs have not been considered in estimating fair value.

a) *Credit Risk*. The Company is subject to credit risk through trade receivables. The Company manages this risk through an ongoing evaluation and monitoring process.

b) *Commodity Price and Foreign Exchange Risks*. The Company operates using both the Canadian dollar and the US dollar, and as such may be negatively impacted by fluctuations in foreign exchange rates. The Company manages this risk by minimizing the number of transactions that result in the settlement currency differing from the currency of the initial transaction.

c) *Interest Rate Risk.* The Company has a secured line of credit with Montcap Financial Corporation for which it pays a variable interest rate on funded trade receivables. As such, the Company is exposed to a nominal level of interest rate risk through fluctuations in the prime interest rate.

GDI Global Data Inc.
Notes to the Consolidated Financial Statements

3. Goodwill

Goodwill consists of:

	September 30 2000 (Unaudited)	June 30 2000	1999	1998
Goodwill, beginning of period	$ 1,275,604	$ -	$ 292,530	$ 655,288
Additions during the period (Note 15)	-	1,313,217	-	-
Amortization for the period	(32,205)	(37,613)	(292,530)	(362,758)
Goodwill, end of period	$ 1,243,399	$ 1,275,604	$ -	$ 292,530

4. Restructuring Provision

In March 1999, the Company carried out a comprehensive reorganization of its Granite Communications business unit. This reorganization involved a reduction of staff, relocation of premises as well as a general repositioning of this business unit. The Company established a restructuring provision to reflect the costs associated with this plan as shown in the Year ended June 30 1999 column of the following table:

	3 months ended September 30 2000 (Unaudited)	1999 (Unaudited)	Year ended June 30 2000	1999	1998
Lease commitment costs, facility and equipment	$ -	$ -	$ -	$ 118,377	$ -
Expenses for legal and other outside services	-	-	-	30,393	-
Accelerated amortization of equipment placed out of service	-	-	-	28,193	-
Employee termination and severance obligations	-	-	-	19,587	-
Other restructuring costs	-	-	-	29,861	-
	$ -	$ -	$ -	$ 226,411	$ -

5. Write-down of Patent and Investments

	3 months ended September 30 2000 (Unaudited)	1999 (Unaudited)	Year ended June 30 2000	1999	1998
Write-down of investment in Triarx (Note 8)	$ -	$ -	$ -	$ 8,176	$ 24,528
Write-down of investment in Telular Corporation (Note 8)	-	-	-	119,201	34,561
Write-down of patent (Note 9)	-	-	-	550,614	-
	$ -	$ -	$ -	$ 677,991	$ 59,089

6. Inventory

	September 30 2000		June 30	
		2000	1999	1998
	(Unaudited)			
Raw materials	$ 1,034,525	$ 1,004,401	$ 331,023	$ 730,007
Work-in-process	261,040	272,251	146,353	141,144
Finished goods	117,101	74,481	36,465	256,618
	$ 1,412,666	$ 1,351,133	$ 513,841	$ 1,127,769

7. Equipment and Leaseholds

	September 30 2000		June 30	
		2000	1999	1998
	(Unaudited)			
Cost				
Equipment	$ 691,311	$ 614,364	$ 700,085	$ 1,080,364
Leaseholds	30,902	30,902	58,960	58,960
Total	$ 722,213	$ 645,266	$ 759,045	$ 1,139,324
Accumulated Amortization				
Equipment	$ 546,922	$ 531,042	$ 542,079	$ 836,091
Leaseholds	30,902	30,902	52,265	37,500
Total	$ 577,824	$ 561,944	$ 594,344	$ 873,591
Net Book Value				
Equipment	$ 144,389	$ 83,322	$ 158,006	$ 244,273
Leaseholds	-	-	6,695	21,460
Total	$ 144,389	$ 83,322	$ 164,701	$ 265,733

Equipment and leasehold costs and accumulated amortization for 1999 reflect the elimination of fully amortized, non-performing assets (cost: $456,801, accumulated amortization: $456,801). The amortization expense for the three months ended September 30, 2000 was $15,880 (unaudited) and for the three months ended September 30, 1999 was $18,945 (unaudited). The amortization expense for 2000 was $91,309 (1999 - $177,552, 1998 - $284,909). Asset additions for 2000 totalled $50,925 (1999 - $76,522; 1998 - $409,059).

8. Long-term Investments

	September 30 2000 (Unaudited)	June 30 2000	1999	1998
Telular Corporation	$ -	$ -	$ -	$ 508,999
Triarx	-	-	-	8,176
PEI Innovations Inc.	25,327	25,327	-	-
	$ 25,327	$ 25,327	$ -	$ 517,175

In fiscal 1999, the Company sold 265,000 Telular Corporation shares, realizing a loss of $37,415. At September 30, 2000 (unaudited), June 30, 2000 and 1999, the Company held no Telular Corporation shares (1998 - the Company held 0.8% of the shares of Telular Corporation). During the year ended June 30, 1999, Telular Corporation shares traded in a range from a low of $1-1/8 per share to a high of $7-7/8 per share. At June 30, 1998, the Telular Corporation shares had a quoted market value of $508,999 ($1-15/16 per share). In the fiscal year ended June 30, 1999, the investment in Telular Corporation was written down by $119,201 (1998 - $34,561) to an amount approximating its net realizable value at that time.

During the year ended June 30, 1999, the investment in Triarx was written down by $8,176 (1998 - $24,528) to an amount approximating its net realizable value. At June 30, 1999, the Company owned 1.21% (1998 - 1.21%) of Triarx. The quoted market value of this investment at June 30, 1999 was $2,044 (1998 - $8,176).

During the year ended June 30, 2000, the Company invested $33,770 in PEI Innovations Inc. The investment was comprised of 50 Cumulative Preferred Shares with a 10% coupon and a term of five years. Such an investment qualified for the Investors Incentive Program offered by the Province of Prince Edward Island (the "Province"). As a result, the Company received a 25% cash grant from the Province and, as such, the net investment held by the Company at June 30, 2000, is $25,327.

9. Patent

	September 30 2000 (Unaudited)	June 30 2000	1999	1998
Cost	$ 1,013,103	$ 1,013,103	$ 1,013,103	$ 1,013,103
Cumulative write-down of patent	550,614	550,614	550,614	-
Adjusted patent cost	462,489	462,489	462,489	1,013,103
Less: Accumulated amortization	462,488	462,488	462,488	393,662
	$ 1	$ 1	$ 1	$ 619,441

Amortization expense for fiscal 2000 was nil (1999 - $68,828 1998 - $68,826). During fiscal 1999, the patent was written down by $550,614 (1998 - nil) to an amount approximating its net realizable value.

10. Notes Payable

During the fourth quarter of fiscal 1999, the Company established a secured line of credit with Montcap Financial Corporation ("Montcap") wherein Montcap provides financing on a recourse basis of up to C$1,000,000 by the factoring of accounts receivable. Montcap advanced funds against selected accounts receivable in an amount up to 85% of approved accounts receivable. These funds were subject to a 1.5% discount fee on the face value of factored accounts receivable plus an interest charge calculated at a variable interest rate for the period the factored accounts receivable remained outstanding. These funds are secured by a general security agreement creating a first charge on all of the Company's assets. During fiscal 2000, the Company fully repaid all balances due under the line of credit with Montcap.

11. Convertible Debentures

In August 1999, the Company closed a private placement with Saturn Capital Corporation, members of senior management and a group of private investors generating gross proceeds of $368,319. Under the terms of the placement, the Company issued 18 month convertible debentures that bear simple interest at the rate of 15% per annum and are payable in cash or in Common Shares, at the sole discretion of the Company. The debentures are convertible at C$0.15 per share at the holders option with the exception of $30,618 held by insiders which are convertible at C$0.20 per share. Accounting presentation of the Convertible Debentures has been determined by calculating the present value of the liability and presenting the equity component as the residual amount from this calculation. In June 2000, two debenture holders converted their holdings into Common Shares. 1,358,334 Common Shares were issued as the result of this conversion of $138,457 of debentures, which had a book value of $146,722 at that date.

12. Rights Offering

In December 1999, the Company completed a Rights offering, raising approximately $427,529. Under the Rights offering, holders of Global Data's common shares received one Right for each common share held by them. Four and one-half Rights entitled a holder to purchase one common share at a subscription price of C$0.20.

13. Special Warrants Transaction

On January 26, 2000, the Company initiated a Special Warrants offering, raising gross proceeds of C$5,000,000 through the issuance of 5,324,000 Special Warrants. This offering closed in three separate installments raising, respectively, C$950,000, C$2,861,495, and C$1,188,505. Each Special Warrant was convertible into one Common Share upon the filing and receipt of a Prospectus by the respective Securities Commissions in Ontario, British Columbia and Alberta. The Prospectus was filed and receipt was acknowledged on May 31, 2000. The Special Warrants were then converted into Common Shares on June 6, 2000.

14. Stated Capital

Authorized

An unlimited number of convertible shares and common shares and an unlimited number of preference shares, issuable in series.

Issued and fully paid	Number of Common Shares	Stated Capital
Balance, June 30, 1997, 1998 and 1999	14,239,998	$ 16,465,659
Agency Fee	437,636	235,715
Employee Compensation Shares	200,000	27,016
Shares Issued for cash from Rights Offering (Note 12)	3,164,444	427,454
Shares Issued for the Purchase of StarComm Products, Inc. (Note 15)	3,084,918	1,146,902
Shares issued on conversion of Special Warrants (Note 13)	5,000,000	3,377,009
Shares issued on conversion of Convertible Debentures (Note 11)	1,358,334	146,722
Employee Stock Options Exercised	594,030	113,716
Costs of share issuance	–	(552,420)
Balance, June 30, 2000	28,079,360	$ 21,387,773
Employee Stock Options Exercised	5,000	667
Balance, September 30, 2000 (unaudited)	28,084,360	$ 21,388,440

The issued and fully paid common shares include 22,000 (1999 – 22,000, 1998 – 22,000) convertible shares that are identical in all respects to the common shares.

The Company has an incentive stock option plan for directors, officers and employees enabling them to purchase common shares. The total number of options outstanding at any time is limited to 4,976,884. The Company's Board of Directors approves all grants of options. The exercise price is approved by the Board of Directors at the time the grant is granted, and may not be less than the most recent closing price of the common shares at the date of grant. The stock options outstanding at June 30, 2000 expire at various dates up to February 24, 2009.

The following is a continuity of the options granted, exercised, expired and cancelled during fiscal 1998, 1999 and 2000 and during the three month period ended September 30, 2000:

	Options	Weighted-average Exercise price
Outstanding options, June 30, 1998	1,119,200	C$0.66
Options granted during the year	965,000	0.37
Options expired or cancelled during the year	(975,200)	0.65
Outstanding options, June 30, 1999	1,109,000	0.43
Options granted during the year	2,347,944	0.85
Options exercised during the year	(594,030)	0.28
Options expired or cancelled during the year	(123,236)	0.33
Outstanding options, June 30, 2000	2,739,678	0.83
Options granted during the period	40,000	0.91
Options exercised during the period	(5,000)	0.20
Options expired or cancelled during the period	(55,000)	0.53
Outstanding options, September 30, 2000 (unaudited)	2,719,678	C$0.83

The following table summarizes information about the stock options outstanding at September 30, 2000 (unaudited):

Options Outstanding				Options Exercisable	
Range of exercise price (C$)	Number outstanding at September 30, 2000	Weighted-average remaining contractual life (days)	Weighted-average exercise price (C$)	Number outstanding at September 30, 2000	Weighted-average exercise price (C$)
$0.18 - $0.50	1,109,734	825	$ 0.24	876,898	$ 0.24
$0.51 - $1.00	477,000	1,236	$ 0.75	332,000	$ 0.71
$1.01 - $1.50	180,000	1,295	$ 1.21	-	$ -
$1.51 - $2.00	426,500	1,266	$ 2.00	-	$ -
$2.01 - $2.50	210,000	1,246	$ 2.40	-	$ -

In addition, 316,444 options were granted to Octagon Capital Corporation in December, 1999 pursuant to a rights offering. These options, which are not governed by the Company’s stock option plan, have a strike price of C$0.22 and expire on May 24, 2001.

In connection with a previous financing which was completed on January 26, 2000, February 24, 2000 and April 27, 2000, broker warrants were issued to Octagon Capital Corporation to acquire 500,000 compensation options at a price of C$1.00 on or before June 6, 2001.

15. Acquisition of StarComm Products, Inc.

Effective March 15, 2000, the Company acquired all of the issued and outstanding share capital of StarComm Products, Inc., a privately held communications company incorporated and with operations in the United States. The acquisition has been accounted for using the purchase method and, accordingly, the purchase price was allocated to the acquired assets and liabilities based on their estimated fair value as at the acquisition date. The excess of the purchase price over the fair value of the identifiable net assets acquired has been recorded as goodwill and is being amortized on a straight-line basis over a period of ten years.

The results of operations related to this acquisition have been included in these consolidated financial statements from the effective date of acquisition. Details of the acquired assets and liabilities at fair value are as follows:

Net Identifiable Assets of StarComm Products, Inc.		
Assets		
Cash	$	834,631
Accounts Receivable		125,871
Inventory		196,922
Prepaid expenses and deposits		23,915
Fixed assets (net)		5,886
Liabilities		
Accounts payable and accrued liabilities		(108,796)
Intercompany payables		(826,554)
Deferred income taxes		(2,619)
Identifiable net assets		249,256
Goodwill on acquisition		1,313,217
	$	1,562,473
Consideration:		
Cash	$	338,915
Shares		1,146,902
Expenses related to acquisition		76,656
Total Consideration:	$	1,562,473

16. Lease Commitments

The minimum lease payments for the next five fiscal years are as follows:

	As at September 30, 2000 (Unaudited)	As at June 30, 2000
2001	$ 97,627	$ 121,599
2002	123,306	115,417
2003	66,643	58,665
2004	2,667	-
2005	-	-
	$ 290,243	$ 295,681

17. Income Taxes

The Company has accumulated tax losses as at June 30, 2000 of approximately C$6.2 million that may be applied to reduce Canadian taxable income in future periods. Of these losses C$4.6 million expire in 2002, C$1.1 million in 2006 and C$0.5 million in 2007. The Company also has undepreciated capital costs, for tax purposes, in excess of the net book value of equipment, aggregating approximately C$2.3 million. The Company has two wholly-owned United States subsidiaries. One of the subsidiaries has accumulated tax losses of approximately C$17 million (US $11.5 million), which may be applied to reduce future taxable income earned by this subsidiary. These losses expire from 2009 to 2020. The other subsidiary has accumulated tax losses of approximately C$0.3 million that begin to expire in 2015. No recognition has been given to the potential tax benefit of such losses in the financial statements.

The Company's income tax provision differs from the provision that would result from using the statutory income tax rate. The difference is explained as follows:

	September 30		June 30		
	2000 (Unaudited)	1999 (Unaudited)	2000	1999	1998
Income tax at the Canadian statutory rate	$ (133,717)	$ (16,149)	$ (532,892)	$ (1,439,957)	$ (716,601)
Effect of:					
Foreign operating losses tax effected at lower foreign rates	21,138	2,014	76,320	166,149	214,778
Tax benefit of losses not recognized	98,261	14,135	432,933	1,273,808	565,987
Other	14,318	-	23,639	-	(64,164)
Income tax at the effective rate	$ -	$ -	$ -	$ -	$ -

18. Segment Information

The Company and its wholly owned subsidiaries operate as three units: Global Data Wireless, Granite Communications and StarComm Products. Global Data Wireless designs, develops and markets wireless automatic meter reading products and services for the electric power and gas industries. Granite Communications designs, develops and markets application-specific mobile computing solutions incorporating wireless local area networking for data and bar code data capture solutions. StarComm Products is a leading developer of industrial-rated modems, DSL devices and custom communication modules. Additionally the Company operates in two geographic segments. A summary of the Company's identifiable assets, sales and operating loss by geographic area and by business unit is as follows:

	September 30		June 30		
	2000	1999	2000	1999	1998
	(Unaudited)	(Unaudited)			
By geographic area:					
Identifiable assets					
Canada	$ 386,669	$ 358,867	$ 731,974	$ 164,118	$ 1,660,570
United States	3,181,115	1,192,181	3,190,880	1,284,369	3,111,201
Other - goodwill	1,243,399	-	1,275,604	-	292,530
Total	$ 4,811,183	$ 1,551,048	$ 5,198,458	$ 1,448,487	$ 5,064,301
Sales to customers outside the Company					
Canada	$ 21,161	$ 71,391	$ 171,950	$ 210,224	$ 207,448
United States	2,107,199	1,011,636	4,783,156	4,636,076	6,598,109
Total	$ 2,128,360	$ 1,083,027	$ 4,955,106	$ 4,846,300	$ 6,805,557
Operating loss					
Canada	$ (123,267)	$ (60,817)	$ (317,043)	$ (961,759)	$ (411,454)
United States	(176,804)	1,776	(855,868)	(1,602,689)	(1,856,000)
Total	$ (300,071)	$ (59,041)	$ (1,172,911)	$ (2,564,448)	$ (2,267,454)

	September 30		June 30		
	2000	1999	2000	1999	1998
	(Unaudited)	(Unaudited)			
By business unit:					
Identifiable assets					
Granite Communications	$ 1,461,701	$ 1,062,652	$ 1,578,292	$ 980,943	$ 2,442,893
Global Data Wireless	649,246	413,021	953,072	467,543	852,048
StarComm Products	1,340,926	-	1,176,589	-	-
Other	1,359,310	75,375	1,490,505	1	1,769,360
Total	$ 4,811,183	$ 1,551,048	$ 5,198,458	$ 1,448,487	$ 5,064,301
Sales to customers outside the Company					
Granite Communications	$ 796,912	$ 780,171	$ 2,809,438	$ 3,438,459	$ 5,056,709
Global Data Wireless	924,628	302,856	1,683,533	1,407,841	1,748,848
StarComm Products	406,820	-	462,135	-	-
Total	$ 2,128,360	$ 1,083,027	$ 4,955,106	$ 4,846,300	$ 6,805,557
Operating loss					
Granite Communications	$ (70,561)	$ 109,001	$ (106,123)	$ (1,231,246)	$ (1,479,052)
Global Data Wireless	(162,330)	(130,203)	(688,668)	(259,364)	(536,405)
StarComm Products	10,391	-	(124,325)	-	-
Other	(77,571)	(37,839)	(253,795)	(1,073,838)	(251,997)
Total	$ (300,071)	$ (59,041)	$ (1,172,911)	$ (2,564,448)	$ (2,267,454)

19. Subsequent Events

In December 2000, the Company completed a Special Warrants offering, raising gross proceeds of C$3,466,250 through the issuance of 4,721,985 Special Warrants. Each Special Warrant is convertible into one Common Share and one-half of one Warrant upon the filing and receipt of a Prospectus by the respective Securities Commissions in Ontario and Alberta. A 10% penalty share issuance will apply if such receipt is not obtained by April 9, 2001.

Pro forma Unaudited Consolidated Financial Statements of

GDI Global Data Inc.

Compilation Report

To the Directors of GDI Global Data Inc.

We have reviewed, as to compilation only, the accompanying pro forma consolidated statement of operations of GDI Global Data Inc. for the year ended June 30, 2000 prepared in accordance with Canadian generally accepted accounting principles. This statement has been prepared for inclusion in the prospectus relating to the qualification for distribution of common shares issuable on the exercise of Special Warrants and Warrants.

In our opinion, the pro forma consolidated statement of operations of GDI Global Data Inc. has been properly compiled to give effect to the transactions and the assumptions described in the notes thereto.

Chartered Accountants
Toronto, Ontario
January 16, 2001

GDI Global Data Inc.
Pro forma Consolidated Statement of Operations
Year ended June 30, 2000
(Unaudited)

	GDI (actual) (Canadian $)	Foreign exchange adjustment	GDI (actual) (US $)	StarComm July 1, 1999 to March 15, 2000 (US $)	Pro Forma Adjustments (US $)	Pro Forma (US $)
Net sales	$ 7,336,530	$ (2,381,424)	$ 4,955,106	$ 783,535	$ -	$ 5,738,641
Cost of sales	4,446,095	(1,443,194)	3,002,901	624,730	-	3,627,631
Gross profit	2,890,435	(938,230)	1,952,205	158,805	-	2,111,010
Operating expenses excluding undernoted	4,632,960	(1,503,850)	3,129,110	142,173	-	3,271,283
Royalty and licensing income	(61,604)	19,997	(41,607)	-	-	(41,607)
Operating (loss) income before undernoted	(1,680,921)	545,623	(1,135,298)	16,632	-	(1,118,666)
Amortization of goodwill	55,690	(18,077)	37,613	-	93,020	130,633
Restructuring provision	-	-	-	-	-	-
Operating income (loss)	(1,736,611)	563,700	(1,172,911)	16,632	(93,020)	(1,249,299)
Interest and other income	123,417	(40,060)	83,357	(5)	-	83,357
Interest expense	(194,891)	63,261	(131,630)	-	-	(131,635)
Income taxes	-	-	-	-	-	-
Net income (loss) for the period	$ (1,808,085)	$ 586,901	$ (1,221,184)	$ 16,627	$ (93,020)	$ (1,297,577)
Loss per share	$ (0.10)					$ (0.07)
Weighted average number of shares	17,671,059					19,845,674

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of operations for the year ended June 30, 2000 has been prepared by GDI Global Data Inc. ("GDI") management based on the following financial statements which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"):

(a) The audited consolidated statement of operations for the year ended June 30, 2000 included elsewhere in the prospectus; and

(b) The unaudited statement of operations of StarComm Products, Inc. ("StarComm Products") for the period July 1, 1999 to March 15, 2000.

The business combination has been accounted for as a purchase transaction, in accordance with Canadian GAAP.

The pro forma consolidated statement of operations should be read in conjunction with the notes thereto and the historical consolidated financial statements of GDI included elsewhere in this prospectus. The pro forma operating results are not indicative of the results that actually would have occurred if the business combination had been in effect on the dates indicated or which may be obtained in the future.

2. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated statements of operations give effect to the above business combination as if it had occurred on July 1, 1999. The aggregate value of the consideration to be paid for StarComm Products (including acquisition costs) exceeds the book value of the net identifiable assets by $1,313,217. The pro forma consolidated statement of operations reflects the amortization of the intangibles on the acquisition of StarComm Products of $131,322 for the year ended June 30, 2000.

3. PRO FORMA EARNINGS PER SHARE

For the purpose of computation of the pro forma earnings per share, the weighted average number of common shares outstanding for the year ended June 30, 2000 have been adjusted to give effect to the issuance of 3,084,918 common shares as if the business combination occurred at July 1, 1999.

4. PRO FORMA BALANCE SHEET

The acquisition of StarComm Products is accounted for in the consolidated balance sheet of GDI as at June 30, 2000 included elsewhere in this prospectus and accordingly, a pro forma balance sheet is not required.

CERTIFICATE OF GDI GLOBAL DATA INC.

Dated: January 19, 2001

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 8 of the *Securities Act* (Alberta) and by Part XV of the *Securities Act* (Ontario) and by the respective regulations thereunder.

(Signed) LAWRENCE E. DAVIS President and Chief Executive Officer	(Signed) CRAIG A. LAURENCE Vice President, Corporate Finance as Chief Financial Officer

On behalf of the Board of Directors

(Signed) DAVID R. DEMPSTER Director	(Signed) BARRY HILDRED Director

CERTIFICATE OF THE AGENT

Dated: January 19, 2001

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 8 of the *Securities Act* (Alberta) and by Part XV of the *Securities Act* (Ontario) and by the respective regulations thereunder.

PARADIGM CAPITAL INC.	LOEWEN, ONDAATJE, McCUTCHEON LIMITED
(Signed) JOHN WARWICK	(Signed) CAMERON DUFF