

Hemisphere GPS Revenue Increases 35%

Hemisphere GPS has reported their financial results for the fourth quarter and year ended 31st December 2008. The company achieved a 35% increase in revenues to a record of USD72.7 million, versus USD53.7 million in 2007. 2008 growth was driven by strong market fundamentals in agriculture during the year including high farm incomes. Revenues in the Ground Agriculture business grew 34% for the year, while the Air Agriculture business grew 31%.

Strong grain commodity prices lead to record net farm income in the United States in 2007, and similarly in other countries, which in turn drove stronger sales of agricultural products. International sales growth for the year was 44%, contributing 30% of total revenues for the year, as compared to a contribution of 28% in 2007.

The most significant revenue growth from the Hemisphere GPS Ground Agriculture products was from the Outback S3(TM), introduced in February 2008 and the Outback S-Lite(TM) introduced late in 2007 - both of which have been very favourably received by the markets.

Even stronger growth of 45% was seen in sales to non-agriculture markets through the Precision Products segment - including sales to marine, GIS and original equipment manufacture ("OEM") customers. Revenues for these products are benefiting from a focused global sales channel initiative which has resulted in increased demand for GPS receivers and board level GPS equipment from OEMs and custom integrators, as well as for the marine line of Vector heading sensor products.

Gross margin in 2008 increased to 51% of revenues from 47% in 2007. Gross margin has improved as a result of the outsourcing of higher volume components and finished goods to third-party manufacturing overseas, product mix, and from the inclusion of software revenues from the Beeline integration which naturally generate very high gross margins.

Investment in research and development was USD8.1 million in 2008, compared to USD5.0 in 2007. The primary increase resulted from the acquisition of Beeline Technologies in December 2007 which added approximately 20 engineering employees, greatly strengthening software engineering capabilities. The investment in research and development activities is critical to maintain and build Hemisphere GPS' position in current and targeted markets. For 2008, research and development was 11% of revenue.

Hemisphere GPS reported restructuring costs of USD0.3 million arising from activities focused on improving the efficiency of manufacturing and sales activities - including the planned closure of the Company's office in Euless, Texas.

Hemisphere GPS reported net income of USD6.1 million in 2008, or USD0.11 per share (basic and diluted), compared to a loss of USD0.9 million, or (USD0.02) per share, (basic and diluted) in 2007.