

# Record Third Quarter for Hemisphere GPS

Hemisphere GPS, Canada, has reported financial results for the third quarter ended 30th September 2010. They show a 46% increase in revenues to USD13.2 million compared to USD9.1 million in the third quarter of 2009. This is the highest Q3 revenue level ever reported by Hemisphere GPS, driven primarily by sales to the Agriculture segment.

Total sales of ground-based agriculture products grew by 54% from the third quarter of 2009 while revenues for air-based agriculture products grew by 16%. Ground agriculture product sales to international distributors, OEMs and systems integrator customers were particularly strong during the quarter as a result of new products and improved market conditions for agriculture in general. Revenues from the Company's Precision Products segment grew by 39% versus the third quarter of 2009 with strength in sales of GPS receivers, Vector heading sensor products and GPS boards sold to OEM customers.

North American demand showed improvement with revenues up by 17% following a decline of 17% over the first half of 2010. International revenues continued to show strong growth, increasing 84% compared to the third quarter of 2009. Sales to customers in Europe increased by 62% and sales in Australia increased by 194% compared to third quarter of 2009. The introduction of the US Outback Guidance distribution model into the Australian market has contributed to growing Australian sales. Sales to other markets, including South America and Asia, were up by over 95% compared to the third quarter of 2009 continuing the strong growth seen in the second quarter.

The US agriculture sector has shown recent strength following significant increases in commodity pricing during the third quarter. In August, the US Department of Agriculture increased its projection for net farm income to USD77.1 billion, up from its February projection of USD63 billion, and up by 24% from 2009. This would make 2010 the fourth highest year ever in the United States.

Third quarter gross margins of USD6.1 million, or 46.1%, were up from USD3.9 million, or 43%, for the third quarter of 2009. Margins improved year over year primarily as a result of a lower impact from foreign exchange on the cost of sales compared to that experienced in the third quarter of 2009.

Operating expenses were USD8 million in the third quarter, an increase of USD0.4 million compared to the third quarter of 2009. Approximately half of the increase in operating expenses occurred as Canadian and Australian dollar expenses are converted and reported in US dollars at a lower rate.

Research and development expenses for the quarter of USD2.7 million increased by USD0.3 million or approximately 14% compared to 2009. In the third quarter, the Company announced a record number of new product introductions in a single quarter. The investment in research and development activities is critical for the Company to maintain and build its position in current and targeted markets.

Hemisphere GPS realised a loss of USD2 million, or (USD0.04) per share (basic and diluted) in the third quarter of 2010 compared to a loss of USD3.8 million, or (USD0.07) per share (basic and diluted) in the third quarter of 2009. The third quarter is typically the seasonally lowest revenue for Hemisphere GPS based on the buying cycle in the agricultural markets.

For the first nine months of 2010, Hemisphere GPS reported revenues of USD43.8 million, a 6% increase from revenues of USD41.5 million, for the same period in 2009. Gross margin for the first nine months of 2010 was 45%, down from 50% in the same period of 2009, impacted primarily by currency changes. Year-over-year expenses increased by USD1.9 million, with most of the increase resulting from stronger Canadian and Australian dollars. The loss for the first nine months of 2010 was USD5.6 million, or (USD0.10) per share (basic and diluted), compared to a net loss of USD3.4 million, or (USD0.06) per share (basic and diluted), in the first nine months of 2009.

At September 30, 2010, Hemisphere GPS held cash of USD7.8 million, as compared to USD7.9 million at June 30, 2010, and USD8.4 million at December 31, 2009. Working capital at the end of the third quarter was USD24.5 million.