



**November 27, 2006**

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**Price:** \$0.081  
**Symbol:** GPSN.OB

Market Cap (mil) \$27.04

#### Trading Data

Fiscal Year-End	Dec
52-Week Range	0.036-0.10
Shares Out (mil)	333.8
Float (mil)	179.2
Price/ Sales	4.26
Price / Book	n/a
Revenue (mil)	6.35
Revenue/Share	0.019
Gross Profit (mil)	1.85
Gross Margin	29.1%
Dividend Yield	0.00%
Avg. 10-Day Vol (th)	854.5
Total Cash (th)	12.8
DJIA	12,280.17
S&P 500	1,400.95

GPS Industries, Inc.  
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## GPS Industries, Inc. (GPSN.OB)

**Industry: Technology – Communication Equipment**

Short-Term Rating:	Buy	Short-Term Fair Value Estimate:	\$0.31
Long-Term Rating:	Speculative Buy	Mid-Term Fair Value Estimate:	\$1.50
Risk Profile:	Elevated	Long-term fair Value Estimate:	\$3.44

### INVESTMENT HIGHLIGHTS

- **GPS Industries, Inc. has developed and patented the world's first Wi-Fi enabled GPS golf management system, InforemerHD™.**
- **InforemerHD™ is currently installed at almost 100 golf courses on 5 continents after just 2 years of sales.**
- **GPSN owns 21 combinations of exclusive patents covering GPS, DGPS, and WAAS in 16 countries throughout the world including North America, Europe, Japan, and Australia.**
- **In addition to its North American sales team and distributors, GPSN has an international distributor network in place providing coverage to the major international golf markets of Australia, New Zealand Asia, Europe, and South Africa.**
- **High profile names involved in GPSN include Greg Norman, Mike Levy (former President of CBS Sportsline), Jeff Lurie (owner of the Philadelphia Eagles), along with a VP from Nike Golf and a USGA rules representative.**
- **A portion of the recently announced \$15.7 million investment into GPSN has been utilized to reorganize the financial structure, dramatically attack debt obligations, and fully capitalize the growth potential. The investment came from Great White Shark Enterprises and Leisurecorp, LLC, which is part of the Istithmar Group owned by the government of Dubai.**

### COMPANY DESCRIPTION

GPS Industries, Inc. is the leading innovator of Wi-Fi enabled GPS systems for golf facilities and residential communities. The company's patented InforemerHD™ GPS Management System provides precise GPS distance information, a Wi-Fi communications network with asset tracking capabilities, augmented by a powerful suite of operations management tools and revenue generating modules. Central to the system's functionality are the full color cart-mounted and/or portable handheld display units, which have been recognized for their remarkably vivid graphics and visual impact. For additional information on GPSI and the InforemerHD™ GPS Management System, please visit [www.gpsindustries.com](http://www.gpsindustries.com).

The information and opinions in this report were prepared by Michael A. Willingham, a research analyst. Mr. Willingham is not affiliated with any NASD Broker/Dealer firms, although he has passed the NASD Series 86 & 87 Registered Research Analyst exams. Mr. Willingham is also a Chartered Financial Analyst Level II Candidate and has a background in professional money management and investment banking.

## **GPSN: Utilizing Technology to Improve the Golfer's Experience**

### **GPSN's InforemerHD™ Makes Life on the Course More Enjoyable for Golfers and More Profitable for Golf Courses**

GPS Industries Inc. is a business solutions provider that is changing the way people play golf and how golf courses do business. The company's signature solution, the InforemerHD™, has reinvented the application of GPS to the game and the business of golf by enhancing both a golfer's game and a course's profitability like never before.

The technology utilized by GPSN has attracted the attention of some heavy hitters in the golf world. Most notably is Greg Norman or "The Great White Shark".

*"I was so impressed with the technology of GPS Industries that I had to become involved. GPS Industries knows golf and it knows how to use technology to help golf facilities to maximize profits."*  
– Greg Norman

And get involved he did, quickly becoming GPSN's largest shareholder and forging a partnership between Great White Shark Enterprises and GPSN. Other notable names on the company's board of advisors are Mike O'Donnell, VP of Nike Golf, Dr. Howdy Giles, USGA rules committee, Jeff Lurie, Philadelphia Eagles owner, and Mike Levy, former President and CEO of CBS Sportsline. These individuals are not just names that GPSN can throw around, rather they are advisors to the company that have regular contact and create value.

In addition to their patented GPS capability, GPSN is the only company in the industry to offer Wi-Fi on its courses and their surrounding residential communities. This technology allows for increased revenue streams from advertising on the handheld displays as well as connection fees for the use of the Wi-Fi network. Advertising has become a critical element for golf courses. The InforemerHD™ allows for an instant revenue stream that significantly or completely covers the cost of the investment in the product.

The most notable recent news is the funding GPSN has secured through an investment from Great White Shark Enterprises and Leisurecorp. Through a sale of securities, GPSN obtained an investment of \$15.7 million to be used in a plan of debt reduction and financial reorganization. A portion of this investment has already been used to pay off convertible debentures owned by N.I.R. Group, which cleans up the balance sheet of the company and clears out potential dilution down the road. A minority percentage of these investment funds were used to satisfy the N.I.R. convertible debentures, leaving a majority of the funds left to further reduce other debts and capitalize the potential growth of GPSN.

GPSN has effectively eliminated the long term debt from its balance sheet via the recent inflow of investment dollars. As it stands now, most of the debt is short term and much of it is owed to insiders. The company plans to use investment dollars to negotiate much of these debts to more favorable terms to GPSN and shareholders. As the capital is used to reduce the company's debt and to fund growth plans, Management will have a greater chance of reaching their forecast of installations.

The potential use of the GPS technology is endless. Some potential future uses could include locating lost golf balls, precise spotting of footballs in the NFL, tracking NASCAR drivers using handheld or seat mounted GPS systems, or maybe even tractor mounted units with real time commodity market information for the agricultural industry. For now, GPSN is trying to gain market share in a growing industry and focusing on golf course management systems.

## **Golf Industry Landscape**

The market is currently estimated to include 43,000 golf courses globally with 16,800 of those in the United States. An estimated 9,500 of the domestic courses fit the current GPS market profile, translating into a \$2.0 billion opportunity in the United States alone and possibly \$4.0 billion worldwide. The growth rate of GPS system installations at golf courses has been increasing over recent years. Over time, the target profile should expand as GPS systems gain wider acceptance and usage resulting in more demand from the consumer.

## **Competition in the Marketplace**

It is estimated that there are approximately 1,100 installed GPS systems at golf courses worldwide. GPSN is presently the # 3 company in the industry as measured by installations. Two other providers, ProLink and Uplink, have placed the majority of the remaining systems. ProLink is the largest entity in the market and has installed about 500 systems, and Uplink has an installed base of approximately 150 courses.

ProLink Solutions was originally founded as "ProLink" in 1992. The company's first incarnation blazed a trail in an industry, made possible when then U.S. President William Clinton made GPS technology available to the private sector. ProLink provided golfers with accurate distance measurements by means of vibrant cart-mounted monitors.

### **Update on GPSN v. ProLink**

*On November 10, 2005 the Company initiated court proceedings in the Patents County Court in the UK against ProLink Solutions LLC ("ProLink"), Elumina Iberica S.A. and Elumina Iberica Limited for an injunction, delivery up and/or damages or an account of profits arising from the defendant's infringement of European Patent (UK) 0617794 B1, which is owned by the Company, together with a claim for the Company's costs and expenses in the action*

*On October 26, 2006, GPS Industries, Inc. entered into a Settlement Agreement with ProLink Solutions LLC, Elumina Iberica S.A. and Elumina Iberica Limited (collectively, the "Defendants"). ProLink, for and behalf of the Defendants, agreed to pay GPSN \$1,200,000 in settlement of the claim that the Defendants infringed the GPSN European Patent 0 617 794 B1. GPSN had previously filed an action in the Patents County Court in England against the Defendants. The Settlement Payment is to be paid by an initial payment of \$202,500 and nineteen quarterly payments of \$52,500 commencing February 1, 2007. In consideration of the Settlement Payment, GPSN granted to ProLink a non-exclusive paid-up license in specified patents owned by GPSN in Australia, Japan and certain countries in Europe with respect to products for a golf course using GPS technology.*

Since 1998, Austin, Texas based UpLink Corporation has developed GPS-based business solutions to help golf courses, clubs and resorts across North America engage their golfers, secure their fleets and transform their bottom lines. UpLink recently introduced INOVA, a GPS golf business solution offering integrated widescreen dashview or roofview GPS displays, multimedia audio, integrated maintenance vehicle tracking applications and multi-event GPS advertising. UpLink is the exclusive GPS partner to leading golf car manufacturer, Club Car, Inc.

## **Competitive Advantages**

The following list shows the many advantages of the GPSN InforemerHD™ over its competition:

- Wi-Fi communications backbone
- Installation is independent of cart manufacturer
- Available as either a cart mount or fully portable unit
- Screen provides superior visibility in direct sunlight
- The only true tournament play software

- Full integration with security cameras
- Scalability allows for system upgrades and multiple course management
- Reported system down time of 0 percent versus 25 percent for competitor's products
- Priced competitively despite the enhanced features

### **The Company**

GPS Industries develops and markets GPS and wireless communication systems designed for golf courses. The InforemerHD™ product is a GPS and communication device that is either permanently attached on an electric or gas golf car or inserted into cradle affixed to the golf bag carried by a golfer. The GPS unit assists golfers in precise distance measurement, enables food and beverage ordering, real time updates of sports and other news, provides golf course management with golfers' locations, and is an advertising medium. The GPS system visually displays the layout of each hole on the golf course with accurate to the pin and hazard yardage, and can provide pro shop staff with a full tournament management solution. The InforeZone™ created with the Wi-Fi wireless network is a broadband wireless Internet access that enables two-way communications between a golfer and the clubhouse.



GPSN was incorporated in 1995 as Diversified Marketing Services. In 2000, the company changed its name to Inforetech Wireless Technology. In 2001, GPSN acquired ProShot Golf, which manufactured and installed GPS based distance measuring devices for golf courses. In 2002, two subsidiaries of the company, ProShot and Inforetech Golf Technology ceased operations and filed for bankruptcy protection. In 2003, the company changed its name to GPS Industries. In July 2004, GPSN purchased patents to Differential GPS from Pinranger. These patents were effective in Europe, Australia and Japan.

In November 2004, GPSN acquired Optimal Golf Solutions. Optimal was the holder of patents and patent applications for GPS technology related to the golf industry in the US and Canada. Critical patents held by Optimal were for the measurement of distances on a golf course using differential GPS. Competitors who provide GPS measuring systems to golf courses pay a royalty to the company for the licensing of technology related to the patents in the US. In 2004, Greg Norman provided financing to GPSN and became the largest single shareholder.

GPSN is both a pioneer and market leader in the development of GPS golf business solutions. The company has nearly a decade of experience in GPS and has invested heavily in its patented InforemerHD™ technology. GPSN partners with other leaders in sports and technology, such as Greg Norman's Great White Shark Enterprises and CBS Sportsline, to offer its customers and investors the ability to do more.

### **Products**

The InforemerHD™ is a GPS system with a large display screen suitable for the display of golf course graphics and other feature rich content. It can either be mounted on a golf cart or attached to a golf bag. The cart-mounted display is at eye level and has a mounting bracket that can attach to any golf cart. It has a color display and a 10.4-inch screen. There are two models that can be attached to a golf bag: a 5.5-inch black and white model and a 5-inch color model. Each of the units can give location data that is beneficial to golfers to determine the precise distance to the green, the pin, or to hazards. All of the units are durable in temperatures ranging from freezing to 120 degrees F, can operate in 90 percent humidity, and can be dropped from 4 feet onto concrete.



In addition to location information for the golfer, The InforemerHD™ system enables golfers to order food and beverages prior to the end of the round, prior to the turn, or from the beverage cart during their round. All of these features minimize delays on the course and in the clubhouse, which enhances the golfing experience as well as maximizing the number of players on the course. Golf course staff can also communicate wirelessly, which enables management to respond to emergency situations, pace of play bottlenecks and course maintenance concerns. This increases productivity and improves course management.

The use of Intel's StrongArm® RISC micro controller platform and Microsoft CE operating system creates an open architecture that allows for seamless integration of advertising, customer relationship management and other database applications. The open architecture enables the integration of customized features such as financial news, late breaking business and/or international news. Real time sports information is available from CBS Sportsline.

Additional revenues can be generated through ads triggered by location, and may be text only, a banner, panel or full screen. Messages sent to golfers on the course could remind them of equipment at the pro shop, identify discounts, and remind golfers of the menu at the restaurant.

The InforemerHD™ system also has the ability to integrate golf course security through strategically placed cameras. Visual data captured by these cameras can be centralized in the InforemerHD™ management screen and access restricted to certain staff. For tournament play or corporate outings, recorded play can be used for replay of highlights and verification of hole-in-one competitions.

The management software in the InforemerHD™ system provides location information on all golfers, which pinpoints pace-of-play issues. This can be used to focus a golf marshal's activities and may indicate when the golf shop can send additional golfers onto the course. The system can also be used as an electronic scoring system providing up to date information for tournament play. Hole sponsorships are also available during tournament play through advertisements on the InforemerHD™.



Golf course management is enhanced by the integration with Jencess, a back office software provider for golf course management. Jencess systems are installed in approximately 20 percent of all US golf courses. GPSN plans to integrate the InforemerHD™ with the software providers that cover the other 80 percent of the market.

Installation of the InforemerHD™ system takes 4 to 6 weeks, including customized course mapping, creating graphics for each hole and the course, installation of Wi-Fi towers and/or cameras and training. The InforemerHD™ system is completely scalable from the low-end black and white GPS system to the mid range with color GPS and two-way communications, and the high end with additional Wi-Fi communications, news streaming, and security features.

The Wi-Fi high-speed wireless network transforms the golf course and the residential area around certain courses into a wireless hot spot. GPSN retains ownership of the Wi-Fi footprint. The advantage of using Wi-Fi is the capability to connect all facilities on the golf course into one system. All voice, data, Internet and point of sale information can be managed in one system. Food and beverage carts can respond to golfer requests and management can respond to the cart's need for more products. In tournament play, the starter and course marshals can have laptops with full player information, course position details, and updated leaderboard positions.

## **Installed Courses**

Currently GPSN has almost 100 golf courses worldwide that have installed the InforemerHD™ system. Following are a few comments from current InforemerHD™ users.

*"We strive to provide our members with an experience that exceeds their expectations in every possible way. With Inforemer, we add a new dimension of technological excellence to the Tiburon experience."*

**Gary Wilcox, General Manager  
Tiburon Golf Club, Naples Florida**

*"When making a decision to introduce the latest in technology to offer to our members and guests, we took our time and researched all the options. Inforemer's not only a great product, but the price, back-up service and training are leaps and bounds ahead of the competitors."*

**David Townend, General Manager  
Brookwater Golf Club, Brisbane, Australia**

*"We've been using the Inforemer System for more than a year and it's given us a phenomenal advantage in hosting tournaments and generating more recurring revenue from our food and beverage sales."*

**Dave Hodgson, General Manager  
Mayfair Lakes Golf Club, Richmond BC Canada**

*"Noosa Springs thoroughly researched all competing products before deciding on the Inforemer as our GPS system of choice. The Inforemer is the only system golfers can enjoy regardless of their preference to walk the course or ride in carts. We are very impressed with how easy this system is to use and operate, and it has introduced a new source of rental revenue to our club."*

**Mark Brady, Acting Manager  
Noosa Springs Golf Club, Noosa Heads, Queensland Australia**

*"After using ... Parview's product for the previous 5 years ... we soon realized how drastically the technology and reliability had changed. The learning curve was not as difficult as we might have anticipated because of the customization. Because we are a high end all inclusive style golf resort, we feel offering an amenity such as the Inforemer truly helps drive more business and revenue, whether it's advertising, food & beverage or increased rounds."*

*"In the season of 2005 we generated roughly \$80,000 in advertising including giving away some promotional play. We feel this year will even be better. We look forward to a long relationship with GPS Industries and wish for the best."*

**Jim Harris, CFO  
Red Hawk Golf Club, Nevada, USA**

*"Diamond Woods LLC purchased 50 color cart-mounted and 20 monochrome hand-held GPS units from Satellite Golf in May 2004. After a previous trial with Uplink traditional units in May 2000 and our extensive research, we determined that GPSI/Satellite Golf was the GPS company to use.*

*The GPSI team was very efficient and professional in delivering the install on time, and working out bugs associated with our start-up. We have had very few problems with the product to date.*

*Our number one reason for wanting the GPS system was improved pace-of-play management. Since the install, pace-of-play has improved approximately 15 minutes per round, and our customer complaints have gone down significantly. The many other features of the system i.e. yardage, scoring, sports-line, have been well received as improving the golf experience.*

*The GPS system has definitely improved the golf experience at Diamond Woods and we are looking forward with anticipation for a positive economic impact as the word gets out to the customer."*

**Jeff Doyle, Owner Diamond Woods  
Diamond Woods Golf Course, Oregon, USA**

The following list shows some of the golf courses worldwide that currently use the InforemerHD™ system:

Mayfair Lakes Golf and Country Club British Columbia, Canada	Red Hawk Golf Club, Nevada, USA
Heritage Hills Golf Resort and Conference Center, Pennsylvania, USA	Seignosse Golf Course, France Golf De Sainte Maxime, France
Diamond Woods Golf Course, Oregon, USA	White Hawk Country Club, Indiana, USA
Stonewall Golf Club, Virginia, USA	Wildfire Golf Club, Arizona, USA
Point Roberts Golf and Country Club, Washington, USA	St. Andrews Bay Golf Resort & Spa, Scotland, UK
Maryland National Golf Club, Maryland, USA	Selborne, Kwa-Zulu Natal, South Africa
Dayton Valley Golf Club, Nevada, USA	Pecanwood, Broederstroom, South Africa
Noosa Springs Golf Club, Queensland, Australia	Jinji Lake Golf Club, Shanghai, China
Tiburón Golf Club, Florida, USA	Fort Lewis, Washington, USA
Brookwater Golf Club Queensland, Australia	Thundering Waters, Ontario, Canada
Granite Links Golf Club, Massachusetts, USA	Timber Ridge, Michigan, USA
Chestnut Ridge Resort, Pennsylvania, USA	Vila Sol Resort, Portugal
Abama Golf, Tenerife, Spain	Temenos Golf Club, British West Indies, Anguilla
Blue Ridge Trail Golf Club, Pennsylvania, USA	Prairie Green, South Dakota, USA
The Currituck Club, North Carolina, USA	Mount Edgecombe, Kwa-Zulu Natal, South Africa
Furry Creek Golf & Country Club, British Columbia, Canada	Morgan Creek, British Columbia, Canada
Glynns Creek Golf Course, Iowa, USA	Meloneras Golf, Gran Canaria, Spain
Hawk's Landing Golf Club, Florida, USA	Highpoint Country Club, New Jersey, USA
Golf Las Americas, Tenerife, Spain	Erinvale, Somerset West, South Africa
Makila Golf Club, Bassussarry, France	Elmwood Golf Course, South Dakota, USA
Mill Run Golf & Country Club, Ontario, Canada	Tustin Ranch, California, USA
Morefar Golf Club, New York, USA	Fostoria Country Club, Ohio, USA
Le Golf Parc de Nantilly, La Chaussée D'Ivry, France Paris	Sierra Golf Club, Pêtkowice, Poland
International Golf Club, Paris, France	Bolingbrook Golf Club, Illinois, USA
Pezula, Knysna, South Africa	

## **Management**

### **Robert C. Silzer, Sr. - President and CEO**

Robert ("Bob") is the founder, Chairman and Chief Executive Officer of GPS Industries. Under his guidance, the company developed the world's first hand held, portable information system for the golf industry – the InforemerHD™. His visionary leadership has been instrumental in all aspects of developing and bringing to market the company's first commercial product. Bob is also leading the corporate strategy to expand the company's proprietary technology applications to other recreational industries.

Bob is a seasoned businessman and successful entrepreneur having a long history with companies developing innovative products. Bob's extensive management experience with both private and public corporations includes raising over 100 million dollars in capital and commercializing new products throughout North America, Europe, and Asia.

Bob has a significant personal financial stake in GPSN.

### **Alex Doaga, M.Sc. - Senior Vice President, Operations & Engineering and CTO**

Alex's background encompasses over twelve years of business and engineering management experience in the hi-tech industries. After two years in the automobile design and manufacturing industry, Mr. Doaga focused on emerging telecommunications opportunities and founded two successful start-up companies in the Cable TV and Data Communication industries, leading both of them to national recognition. In 1999 he managed a successful license application project for a national microwave wireless communication system. Since 1996, Mr. Doaga has been actively involved in managing product design and development of wireless and GPS based systems. He holds a Masters Degree in Automotive Engineering from the Polytechnic University of Bucharest and a Diploma in Data Communications from Langara College of Vancouver.

### **Peter Lesyk, B.Eng. - Vice President, Wireless Solutions**

Mr. Lesyk comes to GPS Industries with more than 16 years of international experience in the wireless and high tech industry. His extensive background includes R&D, marketing, business development and sales with blue chip and emerging wireless companies. He began his career at CAE Electronics as a test engineer. He then moved to Ericsson for 10 years where he took on international assignments in R&D and marketing in Europe and the United States, respectively. Most recently, Mr. Lesyk was at VoiceAge Networks, a leading wireless multimedia transcoding company where he led the sales activities for Europe, Middle East and Africa. He subsequently went on to lead the global business development for the company. Mr. Lesyk holds a Bachelor of Electrical Engineering degree from Concordia University in Montreal.

### **Don Adamson - Director, Golf Development**

A 37-year golf industry veteran, Don has been described as a 'visionary' by the PGA. His impressive career includes the design and implementation of these significant industry-leading products: the original tournament application for the LeaderBoard Tournament Systems; the scannable scorecard technology being used by LeaderBoard; and the original scrolling functionality for sponsors and advertisers. These tournament applications have been used in the Nissan Open (Corporate Cup, Celebrity Am and Pro-Am), World Police and Fire Games and many other high profile golf events.

He is also the founder and former President of LeaderBoard Tournament Systems and Global Golf Marketing. Don was a member of the Canadian PGA for 22 years and a Director on the Boards of the British Columbia PGA and the Canadian PGA.

### **Steven Barrett - Director, Marketing & Communications**

Steve has 22 years of Marketing and Media experience. He was a founding partner of advertising agency Image Dynamics Corporation, serving a wide range of retail sector clients for more than a decade. For six years Steve was VP

Marketing for United Furniture Warehouse, one of North America's largest retail chains with more than 170 locations. Immediately prior to joining GPSI Steve worked with Gas Powered Games, a Seattle-based video game studio developing titles for THQ and Microsoft.

## **Julius Farkas - Director of Manufacturing**

Julius has managed manufacturing, quality assurance and engineering departments in North America and Europe for more than 25 years. He recently spent eight years as President as Synapse Ventures Corporation, a Far East based company providing research and development, engineering, procurement and manufacturing services to companies in the Pacific Northwest, helping to reduce high operating costs. Julius also spent more than nine years with Mitel Telecom Ltd., culminating as Senior Manager of Operations, responsible for manufacturing engineering, manufacturing training centre operations and test/manufacturing equipment maintenance and calibration in Europe, the Middle East and Africa. He has extensive experience implementing BS5750 and ISO 9001/2 quality systems for multi-lingual technology companies.

## **Rob Silzer - Director, Business Development**

Rob Silzer has been involved with the development of GPS Industries' flagship product, the Inforemer™, since its introduction in 1995 as Co-Founder and Corporate President for Inforetech Golf Technology. Rob has promoted the Inforemer™ all over the world and has gained an extensive knowledge of the Inforemer™ and its capabilities. In 2003, Rob continued his role with the company in sales, representing GPS Industries and the Inforemer® in British Columbia, Northern Washington and Hawaii. In 2006, Rob returns to the GPSI Management team, assuming the role of Director of Business Development, while continuing to promote the Inforemer™ as a veteran sales representative. Rob is currently developing the Fire at the Flag program, continuing its expansion in all parts of the world, following its successful first season introduction.

## **Michael Martin, CA - Corporate Controller**

A veteran of Coopers & Lybrand and Peat, Marwick, Mitchell, Michael is a Chartered Accountant with 20 years of experience with international, public, and private organizations. Before joining GPSI, he was Vice President of Finance for Axton Manufacturing where he successfully supervised a financial turnaround for the company. During his career, Michael has worked with a wide variety of companies, consulting with technology, professional services, and manufacturing companies on SEC filings, implementing CRM programs, building accounting departments, and implementing financial controls and operational enhancements.

## **Financials**

Sales for GPSN continue to increase year after year, which is directly related to the number of product installations the company is executing. The larger the number of installations, the greater amount of revenue the company will realize. For the 12 months ended September 30, 2006, the company booked sales in the amount of \$6.35 million, but the bottom line is still in the red.

The assets of the company, including the patents, are significantly less than the liabilities that are currently on the books. Given the recent headlines regarding funding and debt restructuring, GPSN is anticipating a significantly stronger balance sheet after some of this expected realignment occurs. With a round of funding completed with Great White Shark Enterprises and Leisurecorp, GPSN is focused on improving the financial fitness of the company along with fine tuning company operations. The recent funding of \$15.7 million is a very big step in the right direction for GPSN and should do wonders for the health of the company and help fund expansion activity as well.

Although GPSN is ten years old, the company is only in its third year of sales. First year sales were \$2.2 million, second year sales were \$5.8 million and in the first nine months of 2006 the company shows \$4.6 million in sales. The growth in sales represents the increasing market share that GPSN is gaining and will continue to gain in the golf course GPS market. The golf course GPS technology is becoming more accepted and sought after, so golf courses should continue to

add GPS to their offering in order to remain competitive and naturally GPSN should reap the benefits. The company will likely become cash flow positive in 2007.

The capital infusion that has been recently received by GPSN should prove useful in realigning the balance sheet and profitability in the future making the GPSN of next year an entirely different animal. On this basis, it has been estimated GPSN could generate Net Income in 2007 of approximately \$2,221,000 and the current shares outstanding shows 333,846,802 resulting in an estimated EPS for 2007 of \$0.0067. The current price of GPSN common stock is \$0.081, which represents current trading at a forward P/E of 12.18 times. A company in this technologically oriented space that appears set for worldwide growth, which also is in the process of tidying the balance sheet, escalating sales activities, and garnering investment dollars from the likes of Dubai-based Istithmar Group and one of golf's best known celebrities certainly should trade at a higher forward multiple than 12.18.

Using analysis derived from the leading company in this space, ProLink (PLKH.OB), (who recently lost a \$1.2 million patent suit to GPSN), a more applicable multiple can be identified. Currently, PLKH trades at a forward P/E based on estimated future net income of approximately 45.96 times. By applying this potential multiple to the GPSN common stock, a more suitable short-term value would be \$0.31 per share which would then be more reflective of the positive steps being taken in the right direction for the company and GPSN shareholders. A similar exercise can be applied to reach long-term value estimates of \$1.50 and \$3.44 per share, based on 2008 and 2009 profit projections of \$10,867,000 and \$24,955,000 respectively.

## Summary

GPSN has several key points that drive toward the likelihood of success at the company:

- Many high-profile names are involved with the company, while that rarely leads directly to revenue and profit, these influential people can often have strong weight in their suggestions for certain people to do business together. This possibility should drive sales for GPSN.
- GPSN is playing the role of the "up-and-comer" in the golf course GPS device industry. A significant step was the success of GPSN over ProLink in the patent infringement suit in Europe displaying GPSN is a force in the industry. Also, there are monetary rewards associated with this and potentially other infringements against GPSN licensed process and technology.
- The funding coming into the company in the form of investment dollars by very large outfits will allow GPSN to better itself and make for more profitable returns on dollars put to use in the company. By reducing the debts and convertible debentures, GPSN reduces the amount of interest eating away at capital and takes away potential dilutive outstanding securities.

GPSN's signature solution, the InforemerHD™, has reinvented the application of GPS to the game and the business of golf by enhancing both a golfer's game and a course's profitability like never before. The InforemerHD™ locates the pin easily with hands-free operation. It fleet swaps easily, is video ad ready with its Wi-Fi enhancements that make it a revenue generating real-time media outlet. When compared to the competition, the graphics are better, it is lighter, affordable, ergonomically best, user-friendly and serviceable. GPSN's cutting edge and innovative software seamlessly integrates with other software. With multiple language options and distance in yards or meters, the InforemerHD™ offers a flexible solution to connect golf facilities, provides the fastest tournament setup, and the mix-and-match engineering means it can be mounted on any cart.

GPSN has assembled an experienced management team and board of advisors with an extensive record of accomplishments in management, marketing, operations, finance and growth. Not only are they collectively adept at running the business from an operational standpoint, but they also possess the ability to create innovative products and programs to generate sales and continued exposure. This is primarily evidenced through the Wi-Fi enabled system and the Fire at the Flag™ program. These things set GPSN apart from its competition in the eyes of golf course management and golfers.

One month ago, the GPSN story would have been that the company was too underwater on its balance sheet to consider attractive and that the company didn't even have enough cash flow to meet the interest on its debts. Now, the company has secured a very significant level of financing from very notable parties on a worldwide scale and the prospects look much more appealing. The financial fitness of the company will be improved significantly with the inflow of capital, which is already evidenced by the removal of the N.I.R. convertible debentures. Next on the list is the negotiation of the insider held debt that is weighing heavy on the balance sheet, which when aligned appropriately will improve the look and feel even more.

The basics are that GPSN has spent a good sum of money (and shares) getting to where they are today. Positioned in the industry as third and rising, obtaining funding, reworking the financials, all while increasing the number of installed systems sets GPSN apart from the rest. Now the company just needs to reduce the liabilities as planned, then simply execute on expansion and reach the projections as stated.

#### **Sources:**

EDGAR Online, Pink Sheets, Yahoo Finance, management of the company, [www.gpsindustries.com](http://www.gpsindustries.com), [www.uplinkgolf.com](http://www.uplinkgolf.com), [www.goprolink.com](http://www.goprolink.com)

#### **Current Market News First disclaimer and 17b disclosure information regarding GPS Industries, Inc.**

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