



FOR IMMEDIATE RELEASE

OSI Geospatial Inc. Reports 2010 Fourth Quarter and Year End Results

**February 25, 2011
Ottawa, Canada**

OSI Geospatial Inc. (TSX: OSI) ("OSI Geospatial") today announced its financial results for the fourth quarter of fiscal year 2010 and 12 months ending November 30, 2010, reported in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

For the fourth quarter of 2010, OSI Geospatial reported consolidated revenue from continuing operations of \$4.6 million, an increase of 15% from the \$4.0 million reported in the fourth quarter of 2009. The consolidated revenue for the full year of 2010 from continuing operations was \$13.5 million compared to \$19.2 million in the prior year, a decrease of 30%.

For the fourth quarter of 2010, the Company reported a net loss from continuing operations of \$0.8 million before taxes and a net loss from continuing operations after taxes of \$0.5 million compared with net loss from continuing operations of \$5.3 million before taxes and losses from continuing operations after taxes of \$5.3 million in the fourth quarter of 2010. The fourth quarter of 2009 includes a one-time restructuring charge of \$0.4 million and a non-cash goodwill impairment charge of \$4.0 million. For the 12 months ending November 30, 2010, the Company reported a net loss from continuing operations of \$0.1 million before taxes and \$0.2 million after taxes compared to a \$7.4 million loss before taxes and a \$7.7 million loss after taxes in the same period of 2009. The 12 months ending November 30, 2010, include a one-time loss on sublease of \$0.4 million, a restructuring charge of \$0.9 million and a gain on sale of intellectual property of \$5.2 million. The 12 months ending November 30, 2009 include a one-time restructuring charge of \$0.7 million and a non-cash goodwill impairment charge of \$4.0 million.

During 2010, the Company engaged in a plan to sell its mapping business unit. The sale closed on January 31, 2011, for proceeds of \$1.15 million. The Mapcon business unit is presented as a discontinued operation in the Company's 2010 results. The loss from discontinued operations for the 12 months ended November 30, 2010, was \$0.1 million compared with \$0.3 million for the 12 months ended November 30, 2009.

For the fourth quarter of 2010, the net loss available to common shareholders was \$0.6 million or \$0.01 per share, compared to a net loss available to common shareholders of \$5.9 million or \$0.12 per share in 2009. For the full year of 2010, the net loss available to common shareholders was \$0.5 million or \$0.01 per share compared to the net loss available to common shareholders of \$8.3 million or \$0.18 per share in the prior year.



About OSI Geospatial

OSI Geospatial Inc. delivers advanced geospatial systems and software that enable shared real-time situational awareness for military, safety and security applications. Our products and services enable our customers to integrate and visualize live data with any combination of sensor data, imagery, maps and charts. This capability provides our customers with enhanced operational performance, safety and security through shared real-time situational awareness. OSI Geospatial systems and software are in use by military, government, and commercial customers around the world. For additional information please visit www.osigeospatial.com.

Forward-Looking Statements

This press release contains forward-looking statements and information which reflect the current view of OSI Geospatial Inc. ("OSI") with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties, and OSI's actual results of operations could differ materially from historical results or current expectations. Additional information on these and other potential factors that could affect OSI's financial results are detailed in disclosure documents filed from time to time with the applicable Canadian securities regulatory authorities.

The Toronto Stock Exchange has neither approved nor disapproved the form or content of this release.

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OSI Geospatial Inc.
Consolidated Balance Sheets
As at November 30, 2010 and 2009

In thousands of Canadian dollars

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 758	\$ 315
Restricted cash	513	-
Accounts receivable and unbilled revenue	3,522	3,897
Income taxes recoverable	131	-
Inventory	921	1,139
Prepaid expenses and deposits	292	367
Current portion of future income tax asset	101	1,041
Current assets held-for-sale	2,812	2,525
	<u>9,050</u>	<u>9,284</u>
Restricted cash	61	-
Deferred development costs	551	653
Future income tax asset	124	113
Equipment and furnishings	1,025	1,196
Intangible and other assets	314	275
Goodwill	4,198	4,324
	<u>\$ 15,323</u>	<u>\$ 15,845</u>
Liabilities		
Current liabilities		
Bank indebtedness	\$ -	\$ 685
Factored advances payable	325	240
Accounts payable and accrued liabilities	2,929	2,868
Unearned revenue	310	547
Current portion of capital lease obligations	25	68
Current portion of deferred rent	41	34
Current portion of accrued loss on sublease	134	-
Current liabilities held-for-sale	1,190	997
	<u>4,954</u>	<u>5,439</u>
Capital lease obligation	28	54
Unearned revenue	65	178
Deferred rent	219	211
Accrued loss on sublease	234	-
	<u>5,500</u>	<u>5,882</u>
Shareholders' Equity		
Issued and outstanding		
Class A, Series A preference shares	30	30
Class B, Series 2 preference shares	2,457	5,383
Common shares	31,112	29,876
	<u>33,599</u>	<u>35,289</u>
Warrants	-	4,546
Contributed surplus	9,765	3,322
Accumulated deficit	(32,025)	(31,838)
Accumulated other comprehensive loss	(1,516)	(1,356)
	<u>9,823</u>	<u>9,963</u>
	<u>\$ 15,323</u>	<u>\$ 15,845</u>

OSI Geospatial Inc.

Consolidated Statements of Operations For the years ended November 30, 2010 and 2009

In thousands of Canadian dollars, except share related data

	2010	2009
Revenue		
Maritime navigation and tactical solutions	\$ 6,059	\$ 9,562
Advanced technology research and development	7,442	9,674
	<u>13,501</u>	<u>19,236</u>
Cost of sales	<u>8,456</u>	<u>12,924</u>
Gross profit	<u>5,045</u>	<u>6,312</u>
Expenses (income)		
General and administrative	4,461	4,640
Sales and marketing	2,333	2,777
Engineering	534	872
Technology Partnerships Canada royalty	288	394
Amortization	318	390
Interest expense	70	111
Interest income	(11)	(8)
Foreign exchange loss	24	1
Loss on disposal of equipment and furnishings	10	-
	<u>8,027</u>	<u>9,177</u>
Loss before other items	(2,982)	(2,865)
Other items (expenses) recovery		
Gain on sale of intellectual property	5,214	-
Loss on sublease	(373)	-
Goodwill impairment charge	-	(4,027)
Restructuring costs	(852)	(652)
Income (loss) before income taxes	<u>1,007</u>	<u>(7,544)</u>
Future income tax expense (recovery)	931	(187)
Current income tax expense	186	9
Income tax expense (recovery)	<u>1,117</u>	<u>(178)</u>
Net loss from continuing operations	(110)	(7,366)
Net loss from discontinued operations	(72)	(345)
Net loss	<u>\$ (182)</u>	<u>\$ (7,711)</u>
Net loss available to common shareholders	\$ (540)	\$ (8,315)
Basic and diluted loss per share		
Continuing operations	\$ (0.01)	\$ (0.17)
Discontinued operations	(0.00)	(0.01)
Net loss	(0.01)	(0.18)
Weighted average number of common shares outstanding		
Basic and diluted	51,513,586	47,250,113

OSI Geospatial Inc.

Consolidated Statements of Cash Flows November 30, 2010 and 2009

In thousands of Canadian dollars

	2010	2009
Cash flows from (used in) operating activities		
Net loss from continuing operations	\$ (110)	\$ (7,366)
Items not affecting cash		
Amortization	385	506
Stock-based compensation	207	66
Gain on sale of intellectual property	(5,214)	-
Goodwill impairment charge	-	4,027
Future income taxes	931	(187)
Loss on disposal of equipment and furnishings	10	-
Loss on sublease	373	-
	<u>(3,418)</u>	<u>(2,954)</u>
Changes in non-cash working capital items		
Accounts receivable and unbilled revenue	319	4,049
Inventory	218	265
Prepaid expenses and deposits	70	(20)
Accounts payable and accrued liabilities	(148)	(328)
Income taxes payable	(131)	(16)
Unearned revenue	(347)	182
Deferred rent	(34)	(34)
	<u>(53)</u>	<u>4,098</u>
Cash provided by continuing operations	(3,471)	1,144
Cash provided by discontinued operations	108	773
Cash provided by operating activities	<u>(3,363)</u>	<u>1,917</u>
Cash flows from (used in) investing activities		
Net increase in restricted cash	(589)	-
Development costs deferred	(30)	(237)
Additions to equipment and furnishings	(81)	(148)
Additions to intangible and other assets	(195)	(24)
Proceeds from sale of intellectual property and related tangible assets, net of costs to dispose	5,431	-
Discontinued operations	(74)	(16)
	<u>4,462</u>	<u>(425)</u>
Cash flows from (used in) financing activities		
Net repayments of bank indebtedness	(685)	(1,275)
Net advances from factoring facilities	89	240
Repayment of capital lease obligations	(66)	(95)
Issuance of shares related to exercise of stock options	-	9
Class B preference share dividends declared and paid	(5)	(6)
	<u>(667)</u>	<u>(1,127)</u>
Effect of foreign exchange on cash balances	<u>15</u>	<u>36</u>
Increase in cash and cash equivalents	447	401
Cash and cash equivalents – beginning of year	401	-
Cash and cash equivalents – end of year	<u>\$ 848</u>	<u>\$ 401</u>
Cash and cash equivalents, continuing operations	\$ 758	\$ 315
Cash and cash equivalents, discontinued operations	90	86
	<u>\$ 848</u>	<u>\$ 401</u>