



FOR IMMEDIATE RELEASE

OSI Geospatial Inc. Reports 2009 Fourth Quarter and Year End Results

**March 1, 2010
Ottawa, Canada**

OSI Geospatial Inc. (TSX: OSI) today announced its financial results for the fourth quarter of fiscal year 2009 and 12 months ending November 30, 2009, reported in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The Company previously announced that it will present its results during a conference call scheduled for 5:00PM, Eastern Time, today March 1, 2010.

For the fourth quarter of 2009, OSI Geospatial Inc. reported consolidated revenue of \$4.7 million, a decrease of 42% from the \$8.1 million reported in the fourth quarter of 2008. The consolidated revenue for the full year of 2009 was \$23.0 million compared to \$26.9 million in the prior year, a decrease of 14%.

For the fourth quarter of 2009, the Company reported a net loss of \$5.7 million before taxes and a net loss after taxes of \$5.7 million compared with net earnings of \$363,000 before taxes and earnings after taxes of \$1.0 million in the fourth quarter of 2008. The fourth quarter of 2009 includes a one-time restructuring charge of \$387,000 and a non-cash goodwill impairment charge of \$4.5 million. For the 12 months ending November 30, 2009, the Company reported a net loss of \$7.9 million before taxes and \$7.7 million after taxes compared to a \$2.4 million loss before taxes and a \$1.4 million loss after taxes in the same period of 2008. The 12 months ending November 30, 2009 includes a one-time restructuring charge of \$652,000 and a non-cash goodwill impairment charge of \$4.5 million.

For the fourth quarter of 2009, the net loss attributable to common shareholders was \$5.9 million or \$0.12 per share, compared to a net income of \$873,000 or \$0.02 per share in 2008. For the full year of 2009, the net loss attributable to common shareholders was \$8.3 million or \$0.18 per share compared to the net loss available to common shareholders of \$2.0 million or \$0.04 per share in the prior year.

"In the fourth quarter, the Company recorded a non-cash goodwill impairment charge of approximately \$4.5 million. This action is primarily the result of the sustained decrease in market capitalization, reduced operating forecasts, and the divestiture of a non-core asset," said Ken Kirkpatrick, president and CEO. "Subsequent to the fourth quarter, we announced the divestiture of our soldier systems intellectual property for US\$6.5 million. These funds will significantly strengthen our balance sheet and provide us with the resources to take advantage of the growth opportunities that our niche maritime markets present for our world-leading technologies."

Conference Call

OSI Geospatial will present the results from the 2009 fourth quarter at 5:00PM Eastern Time (2:00 PM Pacific Time), Monday, March 1, 2010. To listen to the conference call live by telephone, dial +1-800-319-4610 for participants in North



America or +1-604-638-5340 for international participants approximately ten minutes before the call is scheduled to begin. A telephone playback will be available beginning approximately one hour after the call. Dial +1-800-319-6413 for North American callers or +1-604-638-9010 for international callers. Enter access code 7826#. A replay version of the webcast can be accessed on the Company's investor website at <http://www.osigeospatial.com/investors/default.htm>.

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. The Company is publicly traded on the Toronto Stock Exchange. 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.

Copyright © 2010 OSI Geospatial Inc. and its affiliated or related companies. ECPINS and COP-IDS are registered trademarks of Offshore Systems Ltd., an OSI Geospatial company. iGEN is a registered trademark of CHI Systems Inc., an OSI Geospatial company. Other company brand, product and service names are for identification purposes only and may be either trademarks, service marks or registered trademarks of their respective owners. Data subject to change without notice.

For more information:

Sandy Oneschuk
Investor Relations
+1 613 287 8004 or +1 888 880 9797
+1 613 287 0466 (FAX)
invest@osigeospatial.com



OSI Geospatial Inc.

Consolidated Balance Sheets (unaudited)

As at November 30, 2009 and 2008

In thousands of Canadian dollars

	2009	2008
<u>Assets</u>		
Current assets		
Cash	\$ 315	\$ -
Accounts receivable and unbilled revenue	5,880	11,183
Inventory	1,139	1,407
Prepaid expenses and deposits	375	388
Current portion of future income tax asset	1,041	338
	<hr/>	<hr/>
	8,750	13,316
Deferred development costs	653	437
Future income tax asset	113	823
Equipment and furnishings	1,473	1,735
Intangible and other assets	446	732
Goodwill	4,324	10,269
	<hr/>	<hr/>
	\$ 15,759	\$ 27,312
<u>Liabilities</u>		
Current liabilities		
Bank indebtedness	\$ 599	\$ 2,015
Factored advances payable	240	-
Accounts payable and accrued liabilities	3,806	4,519
Income taxes payable	-	9
Unearned revenue	550	256
Current portion of deferred rent	41	41
Current portion of capital lease obligations	68	88
	<hr/>	<hr/>
	5,304	6,928
Deferred rent	260	347
Capital lease obligation	54	156
Unearned revenue	178	290
	<hr/>	<hr/>
	5,796	7,721
<u>Shareholders' Equity</u>		
Issued and outstanding		
Class A, Series A preference shares	30	30
Class B, Series 2 preference shares	5,383	5,731
Common shares	29,876	29,748
	<hr/>	<hr/>
	35,289	35,509
Warrants	4,546	4,898
Contributed surplus	3,322	2,674
Accumulated deficit	(31,838)	(24,121)
Accumulated other comprehensive income	(1,356)	631
	<hr/>	<hr/>
	9,963	19,591
	<hr/>	<hr/>
	\$ 15,759	\$ 27,312



OSI Geospatial Inc.

Consolidated Statements of Operations (unaudited)
For the years ended November 30, 2009 and 2008

In thousands of Canadian dollars, except share related data

	2009	2008
Revenue		
Maritime systems	\$ 8,159	\$ 12,396
Land and air systems	11,077	10,154
Mapping	3,758	4,312
	<u>22,994</u>	<u>26,862</u>
Cost of sales	<u>15,541</u>	<u>17,077</u>
Gross profit	<u>7,453</u>	<u>9,785</u>
Expenses (income)		
General and administrative	5,275	5,621
Sales and marketing	3,164	4,086
Engineering	872	1,179
Technology Partnerships Canada royalty	394	562
Amortization	433	497
Interest expense	111	137
Interest income	(8)	(8)
Foreign exchange (gain) loss	(6)	74
Loss on disposal of equipment and furnishings	-	28
	<u>10,235</u>	<u>12,176</u>
Net loss before other items	<u>(2,782)</u>	<u>(2,391)</u>
Other items		
Goodwill impairment charge	(4,453)	-
Restructuring costs	(652)	-
	<u>(7,887)</u>	<u>(2,391)</u>
Net loss before income taxes	<u>(7,887)</u>	<u>(2,391)</u>
Future income tax recovery	(187)	(802)
Current income tax (recovery) expense	11	(220)
Income tax recovery	<u>(176)</u>	<u>(1,022)</u>
Net loss	<u>\$ (7,711)</u>	<u>\$ (1,369)</u>
Net loss available to common shareholders	<u>\$ (8,315)</u>	<u>\$ (1,994)</u>
Loss per share		
Basic and diluted	\$ (0.18)	\$ (0.04)
Weighted average number of common shares outstanding		
Basic and diluted	47,250,113	46,956,439



OSI Geospatial Inc.

Consolidated Statements of Cash Flows (unaudited)
For the years ended November 30, 2009 and 2008

In thousands of Canadian dollars	2009	2008
Cash flows from (used in) operating activities		
Net loss for the year	\$ (7,711)	\$ (1,369)
Items not affecting cash		
Amortization	637	724
Loss on disposal of intangible assets and equipment and furnishings	-	28
Stock-based compensation	66	21
Goodwill impairment charge	4,453	-
Future income taxes	(187)	(802)
	<u>(2,742)</u>	<u>(1,398)</u>
Changes in non-cash working capital items		
Accounts receivable and unbilled revenue	4,785	2,797
Inventory	265	(181)
Prepaid expenses and deposits	(24)	165
Accounts payable and accrued liabilities	(496)	(1,315)
Income taxes payable	(16)	(157)
Unearned revenue	186	153
Deferred rent	(41)	(42)
	<u>4,659</u>	<u>1,420</u>
	<u>1,917</u>	<u>22</u>
Cash flows used in investing activities		
Development costs deferred	(237)	(294)
Additions to equipment and furnishings	(164)	(182)
Additions to intangible and other assets	(24)	(99)
	<u>(425)</u>	<u>(575)</u>
Cash flows from (used in) financing activities		
Advances from (repayments of) bank indebtedness	(1,361)	1,089
Factored advances payable	240	-
Repayment of capital lease obligations	(95)	(50)
Issue of shares related to exercise of stock options	9	-
Class B preference share dividends declared and paid	(6)	(332)
	<u>(1,213)</u>	<u>707</u>
Effect of foreign exchange on cash balances	<u>36</u>	<u>(154)</u>
Increase in cash and cash equivalents	<u>315</u>	<u>-</u>
Cash and cash equivalents – beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents – end of year	<u>\$ 315</u>	<u>\$ -</u>