



FOR IMMEDIATE RELEASE

OSI Geospatial Reports 2007 Fourth Quarter and Full Year Results and Confirms Conference Call for March 6, 2008

**March 5, 2008
Ottawa, Canada**

OSI Geospatial Inc. (TSX: OSI; OTCBB: OSIIF) today announced its financial results for the fourth quarter and full year ended November 30, 2007, reported in US dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The company has also announced that it will present its results during a conference call scheduled for 4:30PM, Eastern Time, March 6, 2008.

For the fourth quarter of 2007, OSI Geospatial reported revenue of \$8.3 million, down from \$10.0 million for the same quarter in 2006, a decrease of 18%. Marine systems revenue was \$4.0 million compared with revenue of \$6.3 million in the same quarter of 2006, a decrease of approximately 37%. Land and air systems revenue was \$3.4 million compared with \$2.5 million in 2006, an increase of 35% and mapping revenue was \$915,000 compared with \$1.2 million for the same quarter last year, a decrease of 23%.

Full year 2007 consolidated revenue of \$25.3 million compares to \$24.1 million in the prior year, an increase of 5%. Revenue growth for 2007 was affected by unexpected delays in contracts. These contracts are expected to be secured in 2008. The revenue includes \$10.7 million in land and air systems revenue compared with \$8.8 million in 2006, an increase of 22%. Land and Air systems generated 42% of the revenue as compared to 36% in the previous year. Marine systems generated revenue of \$10.2 million as compared with \$11.3 million in the previous year, a decrease of 9% and it generated 40% of the total revenue compared with 47% in 2006. Total mapping revenue was \$4.4 million, an increase of 7% over the \$4.1 million in 2006. Its share of the total revenue remained consistent at 17% year to year.

For the fourth quarter of 2007, the company reported a net loss of \$798,000 compared to net earnings of \$2.8 million for the same quarter in 2006. For the full year of 2007, the net loss of \$2.9 million compares with the net earnings of \$932,000 in 2006. The net loss in 2007 was primarily driven by the decrease in revenue from our high gross margin marine systems business, completion of the R&D funding from Technology Partnership Canada, significant increase in the value of the Canadian dollar, investment in the expansion of our sales and marketing capabilities and non-recurring one-time expenses related to management changes and establishing our corporate office in Ottawa.

For the fourth quarter of 2007, the net loss attributable to common shareholders was \$960,000 or \$0.02 per share compared to the net income of \$2.6 million or \$0.08 per share in 2006. For the full year of 2007, the net loss attributable to common shareholders was \$3.6 million or \$0.09 per share compared to the net loss available to common shareholders of \$82,000 or \$0.00 per share in the prior year.

"2007 was a very challenging year for our company, as we were not able to close on a few key contracts in the United Kingdom and the United States. Despite disappointing financial results, I am encouraged by the progress that we are making towards developing our sales funnel, diversifying our product offerings and entering the high growth maritime security markets," said Ken Kirkpatrick, president and CEO of OSI Geospatial. "We remain confident that we will close and benefit from the delayed contracts in 2008. Our investment to expand the company's sales and marketing capabilities



has resulted in a significant increase in the number of qualified sales opportunities and, moving forward, this will greatly reduce our dependency on a few key contracts.”

The company established the following goals for the fiscal year ending November 30, 2007 and reports the following results:

1. Achieve revenue in the range of \$28 million to \$32 million for fiscal 2007 and be profitable
 - Reported revenue of \$25.3 million for 2007
 - Signed contracts worth approximately \$28 million in 2007
 - Awarded contracts worth approximately \$26 million in 2007 that are expected to be signed in 2008
 - Profitability was not achieved due to the reasons identified
2. Secure a significant U.S. Department of Defense (DOD) and U.K. Ministry of Defence (MOD) prime contract;
 - U.S. DOD contract awarded in 2007 and is expected to be signed by the end of Q2 2008
 - U.K. MOD contract awarded in 2007 and is expected to be signed by the end of Q2 2008
3. Continue to expand the company's customer base by securing new customers in each of the three defence domains: air, land, and sea. New customers include;
 - U.S. Department of Homeland Security
 - U.S. Navy Naval Expeditionary Combat Command
 - U.S. Marine Corps Training Systems
4. Continue to diversify into new market sectors by leveraging the company's core technology in the development of new products;
 - Developed a handheld situational awareness device for frontline medical personal in the U.S. Army
 - Developed a small boat asset control and tracking system (ACT) for maritime interdiction operations (MIOPS)
 - Developed a digital maritime operations plot system (DMOPS) for advanced submarine navigation operations and secured a contract with the Australian Navy
 - Developed a handheld situational awareness unit for military special operations and first responders operating in extreme environments (SUSA)
 - Developed a situational awareness command and control solution for the maritime security market
5. Establish the company as a creditable supplier in the global national security / homeland defence market
 - Launched the Layered Security Solutions Division in support of the significant U.S. maritime security market opportunity with an office in Norfolk Virginia and a staff base with extensive experience in this area
 - Signed a \$2.1M contract to provide integrated vulnerability assessment services to the U.S. Department of Homeland Security
 - Signed contract valued at approx. \$1.2 million to conduct a maritime integrated vulnerability assessment for a Tier I U.S. port region, Sabine Neches Region Maritime Security Committee in Texas



2008 Strategic Objectives

"We remain committed to the execution of our aggressive growth strategy. Moving forward, we will focus the majority of our resources on developing opportunities in the defence and national security markets in the United States, United Kingdom and Canada," continued Mr. Kirkpatrick. "These markets will drive our future growth and we are confident that our investment made to expand our sales and marketing capabilities in 2007 will lead to success in all of these markets in 2008."

The company has established the following goals for the fiscal year 2008;

- Secure new significant contracts in the United States, United Kingdom and Canadian defence and security markets
- Secure U.S. maritime/port security integrated vulnerability assessments contracts
- Close our first project to provide our naval situational awareness technology to the maritime security market
- Establish a new strategic partnership with large defence contractor to integrate our technology into their systems to provide the company entry to large programs and extend our reach into the international market
- Continue to leverage the company's core technology to develop and enter into adjacent and new markets

Conference Call

OSI Geospatial Inc. will present the results from the 2007 fourth quarter and year-end at 4:30PM, Eastern Time (1:30PM Pacific Time) the following day, March 6, 2008. The conference call can be accessed in North America, toll-free, by dialing +1-800-319-4610 and internationally by dialing +1-604-638-5340. Please phone in 10-15 minutes prior to the start of the call. The conference call will also be broadcast live over the Internet and on the company's investor site at www.osigeospatial.com. In addition, a replay of the call will be available via telephone for seven business days, beginning approximately two hours after the call. To listen to the telephone replay, North American callers please dial +1-800-319-6413 and international callers please dial +1-604-638-9010. Enter access code 7825 followed by the # key.

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 (OSI) and the Over the Counter Bulletin Board (OSIIF). For additional information please visit www.osigeospatial.com.



Forward-Looking Statements

Certain statements made in this news release that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and Section 138.4(9) of the Ontario Securities Act. These forward-looking statements are subject to risks and uncertainties. Actual results may differ from these projections. The risks associated with the Company's business include risks related to its reliance on international government contracts; the number of large customer transactions and the related lengthy sales cycles in executing those opportunities; uncertainties associated with competitive bidding processes and contract negotiations; actions by government authorities; the effects of general economic and political conditions; changing foreign exchange rates; and challenges related to the company's ability to introduce, develop and implement new products and enhancements to existing products that respond to customer requirements in a changing, complex, technological market. A complete discussion of the company's risk factors is presented in the company's most recent annual reports, filed with the United States Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators ("CSA"), as well as other periodic reports filed with the SEC and the CSA. The Company does not undertake any obligation to update the forward-looking statements.

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OSI Geospatial Inc

Consolidated Balance Sheets (Unaudited) (Canadian GAAP)

As at November 30, 2007 and 2006

In thousands of U.S. dollars	2007	2006 (restated)
Assets		
Current assets		
Accounts receivable and unbilled revenue	\$ 13,055	\$ 12,707
Income taxes recoverable	-	28
Inventory	1,216	1,063
Prepaid expenses and deposits	502	534
Current portion of future income tax asset	132	104
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	14,905	14,436
Deferred development costs	97	-
Future income tax asset	271	1
Equipment and furnishings	1,914	1,089
Intangible and other assets	861	794
Goodwill	8,300	8,130
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	\$ 26,348	\$ 24,450
Liabilities		
Current liabilities		
Bank indebtedness	\$ 822	\$ 904
Accounts payable and accrued liabilities	5,585	4,887
Income taxes payable	179	86
Unearned revenue	392	667
Current portion of deferred rent	38	-
Current portion of future income tax liability	25	15
Current portion of capital lease obligations	46	-
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	7,087	6,559
Deferred rent	347	-
Capital lease obligation	200	-
Future income tax liability	100	110
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	7,734	6,669
Shareholders' Equity		
Issued and outstanding		
30,262 Class A, Series A preference shares (2006 – 30,262)	19	19
178,530 Class B, Series 2 preference shares (2006 – 279,840)	4,542	7,115
46,956,439 common shares (2006 – 35,137,046)	21,293	15,887
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	25,854	23,021
Warrants	4,618	4,286
Contributed surplus	1,679	1,343
Accumulated deficit	(16,564)	(13,296)
Accumulated other comprehensive income	3,027	2,427
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	18,614	17,781
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	\$ 26,348	\$ 24,450



OSI Geospatial Inc

Consolidated Statement of Operations (Unaudited) (Canadian GAAP)

For the years ended November 30, 2007, 2006

	2007	2006	2005
		(restated)	(restated)
In thousands of U.S. dollars, except share related data			
Revenue			
Marine Systems	\$ 10,219	\$ 11,274	\$ 8,181
Land and air systems	10,703	8,761	-
Mapping	4,404	4,102	2,945
	<u>25,326</u>	<u>24,137</u>	<u>11,126</u>
Cost of sales	<u>15,560</u>	<u>13,484</u>	<u>5,696</u>
Gross profit	<u>9,766</u>	<u>10,653</u>	<u>5,430</u>
Expenses			
General and administrative	6,175	5,712	4,759
Engineering	1,361	1,783	1,527
Sales and marketing	3,859	2,527	2,354
Amortization	326	510	245
Interest expense	70	21	23
Interest income	(7)	(37)	(156)
Foreign exchange loss (gain)	316	(233)	90
Loss on sale of fixed assets	9	2	4
Technology Partnerships Canada royalty	471	493	243
Technology Partnerships Canada contribution	-	(760)	(1,090)
	<u>12,580</u>	<u>10,018</u>	<u>7,999</u>
Net earnings (loss) before income taxes	<u>(2,814)</u>	<u>635</u>	<u>(2,569)</u>
Future income tax expense (recovery)	(298)	(364)	726
Current income tax expense	358	67	204
Income tax expense (recovery)	<u>60</u>	<u>(297)</u>	<u>930</u>
Net earnings (loss)	<u>\$ (2,874)</u>	<u>\$ 932</u>	<u>\$ (3,499)</u>
Net loss available to common shareholders	<u>\$ (3,588)</u>	<u>\$ (82)</u>	<u>\$ (4,252)</u>
Loss per share			
Basic	\$ (0.09)	\$ (0.00)	\$ (0.15)
Diluted	\$ (0.09)	\$ (0.00)	\$ (0.15)
Weighted average number of common shares outstanding			
Basic	41,096,261	32,381,992	27,989,832
Diluted	41,096,261	48,843,168	27,989,832



OSI Geospatial Inc

Consolidated Statements of Cash flows (Unaudited) (Canadian GAAP)
For the years ended November 30, 2007, 2006 and 2005

In thousands of U.S. dollars	2007	2006 (restated)	2005 (restated)
Cash flows from (used) in operating activities			
Net earnings (loss) for the year	\$ (2,874)	\$ 932	\$ (3,499)
Items not affecting cash			
Amortization	554	763	404
Loss on disposal of equipment	9	2	3
Stock-based compensation	262	104	1,078
Future income taxes	(298)	(558)	678
	<u>(2,347)</u>	<u>1,243</u>	<u>(1,336)</u>
Changes in non-cash working capital items			
Accounts receivable	69	(1,995)	(1,222)
Inventory	47	(109)	(363)
Prepaid expenses and deposits	138	185	(362)
Accounts payable and accrued liabilities	459	809	1,079
Income taxes payable	86	(173)	131
Unearned revenue	(275)	197	356
Deferred rent	367	-	-
	<u>891</u>	<u>(1,086)</u>	<u>(381)</u>
	<u>(1,456)</u>	<u>157</u>	<u>(1,717)</u>
Cash flows used in investing activities			
Purchase of Liddy International Inc.	(25)	-	-
Purchase of CHI Systems, Inc., net of cash acquired	-	(8,146)	-
Purchase of Mapcon Mapping Consultants Inc., net of cash acquired	-	-	(973)
Decrease (increase) in restricted cash	-	189	(189)
Development costs deferred	(97)	-	-
Additions to equipment and furnishings	(400)	(290)	(70)
Additions to leaseholds	(663)	-	-
Additions to intangibles and other assets	(247)	(237)	(216)
	<u>(1,432)</u>	<u>(8,484)</u>	<u>(1,448)</u>
Cash flows from (used in) financing activities			
(Repayments to) advances from operating line of credit	(103)	904	-
Capital lease financing	246	-	-
Issue of common shares, net of issue costs	2,812	60	7
Issue of warrants	332	-	-
Issue of Class B Series 2 preference shares and warrants, net of issue costs	-	-	13,756
Class B preference share issue costs	-	6	-
Repurchase of Class B Series 1 preference shares	-	-	(2,281)
Class B preference share dividends declared and paid	(382)	(1,014)	(753)
	<u>2,905</u>	<u>(44)</u>	<u>10,729</u>
Effect of foreign exchange on cash balances	<u>(17)</u>	<u>149</u>	<u>446</u>
Increase (decrease) in cash and cash equivalents	<u>-</u>	<u>(8,222)</u>	<u>8,010</u>
Cash and cash equivalents – beginning of year	<u>-</u>	<u>8,222</u>	<u>212</u>
Cash and cash equivalents – end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,222</u>