



FOR IMMEDIATE RELEASE

OSI Geospatial Inc Reports 2008 Fourth Quarter and Year End Results

February 23, 2009
Ottawa, Canada

OSI Geospatial Inc (TSX: OSI) today announced its financial results for the fourth quarter of fiscal year 2008 and 12 months ending November 30, 2008, reported in US 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 February 23, 2009.

For the fourth quarter of 2008, OSI Geospatial Inc reported consolidated revenue of \$6.9 million, a decrease of 17% from the \$8.3 million reported in the fourth quarter of 2007. The consolidated revenue for the full year of 2008 was \$25.5 million compared to \$25.3 million in the prior year, an increase of 1%. The revenue in the fourth quarter of 2008 was negatively impacted by approximately \$1,000,000 due to the significant decline in the value of the Canadian dollar against the US dollar.

For the fourth quarter of 2008, the Company reported net earnings of \$241,000 before taxes and \$782,000 after taxes compared with a net loss of \$782,000 before taxes and a \$798,000 after taxes in the fourth quarter of 2007. For the 12 months ending November 30, 2008, the company reported a net loss of \$2.5 million before taxes and \$1.6 million after taxes compared to a \$2.8 million loss before taxes and a \$2.9 million loss after taxes in the same period of 2007. The net earnings before taxes in the fourth quarter of 2008 were negatively impacted by approximately \$250,000 due to the significant decline in the value of the Canadian dollar against the US dollar.

For the fourth quarter of 2008, the net income attributable to common shareholders was \$656,000 or \$0.01 per share, compared to a net loss of \$960,000 or \$0.02 per share in 2007. For the full year of 2008, the net loss attributable to common shareholders was \$2.1 million or \$0.05 per share compared to the net loss available to common shareholders of \$3.6 million or \$0.09 per share in the prior year.

Fourth Quarter Highlights

- Generated positive net earnings.
- Secured and began execution of security risk assessment contracts with the Port of Buffalo and Port of Miami.
- Announced and began the execution of a security training exercise project with U.S. Navy.
- Signed US\$1.2 million follow-on command and control (C2) contract with U.S. Army.
- Closed a contract to provide small boat command and control (SBC2) systems to the Canadian Navy Port Security Unit.
- Secured contracts to enhance the situational awareness command and control (SAC2) systems delivered to the UK Navy in 2007.



- Closed a contract to provide navigation software to the UK Royal Navy patrol vessels.

"It is clear from our fourth quarter financial results that the cost reduction initiatives that we implemented across the company in 2008 are beginning to yield results. These initiatives have significantly reduced our overhead expenses and we are well positioned to return the company to a profitable position in 2009," said Ken Kirkpatrick, president and CEO. "During the fourth quarter, we made good progress in developing our new market initiatives by securing two ports security risk assessment contracts, closing our first SBC2 system contract and signing enhancement contracts for the SAC2 systems previously delivered to the UK Navy. We strongly believe that these initiatives present significant opportunities for our company and we are optimistic that further success will be achieved in 2009."

Review of 2008 Objectives

In 2008, the company established and achieved the following objectives:

- Secure significant contracts in the United States, United Kingdom and Canadian defence and security markets
 - Secured US\$10 million contract to continue the development of our dismounted command and control system (DC4S) for the US Army.
 - Have developed several contract opportunities for the company in all of our key markets that are expected to close in 2009 and 2010.
- Secure U.S. maritime/port security integrated vulnerability assessments contracts
 - We have successfully closed four integrated vulnerability assessment contracts in 2008 and we have developed a significant sales funnel of projects that are expected to be awarded in 2009 and 2010.
- Close our first project to provide our naval situational awareness technology to the maritime security market
 - Closed our first SBC2 systems contract with the Canadian Navy Port Security Unit and we have developed a significant sales funnel of projects that are expected to be awarded in 2009 and 2010.
- Establish a new strategic partnership with a large defense contractor to integrate our technology into their systems to provide the company entry to large programs and extend our reach into the international market
 - In 2008 we have established several partnerships in support of pursuing business opportunities in all of our key markets.
 - In 2008 we developed a business relationship with a major defense contractor to pursue the soldier modernization program market. In early 2009 we signed a teaming agreement to pursue programs in the United States and Canada.
- Continue to leverage the company's core technology to develop and enter into adjacent and new markets
 - Continued to enhance our SAC2 technology for the UK Navy and introduced this capability to other customers.
 - Developed and delivered our SBC2 technology to the Canadian Navy port security unit in support of the Vancouver 2010 Olympics and other security requirements.



- Launched our Dismounted Close Combat, Command and Control system (DC4S) for the Special Operations Forces market.

"In 2008 we were successful in closing approximately \$40 million in new business and made significant progress in positioning the company for major programs in the U.S., UK and Canada. Our management team is committed to generating positive net earnings in 2009 and we strongly believe that we have taken the necessary steps to ensure this objective will be achieved," said Mr. Kirkpatrick. "I look forward to further discussing our plans for 2009 at our fourth quarter and 2008 year end conference call scheduled for February 23rd 2009."

Conference Call

OSI Geospatial will present the results from the 2008 fourth quarter at 5:00PM Eastern Time (2:00 PM Pacific Time), Monday, February, 23, 2009. 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 Vancouver and 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 Vancouver and international callers. Enter access code 7826#. For the live webcast, please go to <http://services.choruscall.com/links/osi081009.html>. 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 navigation and command and control systems that provide *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.

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OSI Geospatial Inc.

Consolidated Balance Sheets (Unaudited) (Canadian GAAP)

As at November 30, 2008 and 2007

In thousands of U.S. dollars

	2008	2007
Assets		
Current assets		
Accounts receivable and unbilled revenue	\$ 9,038	\$ 13,055
Inventory	1,137	1,216
Prepaid expenses and deposits	314	502
Current portion of future income tax asset	274	132
	<hr/> 10,763	<hr/> 14,905
Deferred development costs	353	97
Future income tax asset	665	271
Equipment and furnishings	1,402	1,914
Intangible and other assets	592	861
Goodwill	8,300	8,300
	<hr/> \$ 22,075	<hr/> \$ 26,348
Liabilities		
Current liabilities		
Bank indebtedness	\$ 1,629	\$ 822
Accounts payable and accrued liabilities	3,652	5,585
Income taxes payable	8	179
Unearned revenue	207	392
Current portion of deferred rent	33	38
Current portion of future income tax liability	-	25
Current portion of capital lease obligations	70	46
	<hr/> 5,599	<hr/> 7,087
Deferred rent	243	347
Capital lease obligation	125	200
Unearned revenue	234	-
Future income tax liability	-	100
	<hr/> 6,201	<hr/> 7,734
Commitments and contingencies		
Shareholders' Equity		
Issued and outstanding		
Class A, Series A preference shares	19	19
Class B, Series 2 preference shares	4,542	4,542
Common shares	21,293	21,293
	<hr/> 25,854	<hr/> 25,854
Warrants	4,181	4,618
Contributed surplus	2,138	1,679
Accumulated deficit	(18,486)	(16,564)
Accumulated other comprehensive income	2,187	3,027
	<hr/> 15,874	<hr/> 18,614
	<hr/> \$ 22,075	<hr/> \$ 26,348



OSI Geospatial Inc.

Consolidated Statements of Operations (Unaudited) (Canadian GAAP)

For the years ended November 30, 2008 and 2007

In thousands of U.S. dollars, except share related data

	2008	2007
Revenue		
Marine systems	\$ 11,343	\$ 10,219
Land and air systems	10,057	10,703
Mapping	4,098	4,404
	<hr/> 25,498	<hr/> 25,326
Cost of sales	<hr/> 16,290	<hr/> 15,560
Gross profit	<hr/> 9,208	<hr/> 9,766
Expenses (income)		
General and administrative	5,429	6,175
Sales and marketing	3,917	3,859
Engineering	1,144	1,361
Technology Partnerships Canada royalty	532	471
Amortization	479	326
Interest expense	136	70
Interest income	(7)	(7)
Foreign exchange loss	31	316
Loss on disposal of equipment and furnishings	28	9
	<hr/> 11,689	<hr/> 12,580
Net loss before income taxes	<hr/> (2,481)	<hr/> (2,814)
Future income tax recovery	(661)	(298)
Current income tax (recovery) expense	(236)	358
Income tax (recovery) expense	<hr/> (897)	<hr/> 60
Net loss	<hr/> \$ (1,584)	<hr/> \$ (2,874)
Net loss available to common shareholders	<hr/> \$ (2,143)	<hr/> \$ (3,588)
Loss per share		
Basic	\$ (0.05)	\$ (0.09)
Diluted	\$ (0.05)	\$ (0.09)
Weighted average number of common shares outstanding		
Basic	46,956,439	41,096,261
Diluted	46,956,439	41,096,261



OSI Geospatial Inc.

Consolidated Statements of Cash Flows (Unaudited) (Canadian GAAP)
For the years ended November 30, 2008 and 2007

In thousands of U.S. dollars	2008	2007
Cash flows from/(used in) operating activities		
Net loss for the year	\$ (1,584)	\$ (2,874)
Items not affecting cash		
Amortization	696	554
Loss on disposal of intangible assets and equipment and furnishings	28	9
Stock-based compensation	22	262
Future income taxes	(661)	(298)
	<u>(1,499)</u>	<u>(2,347)</u>
Changes in non-cash working capital items		
Accounts receivable and unbilled revenue	3,429	69
Inventory	(141)	47
Prepaid expenses and deposits	(182)	138
Accounts payable and accrued liabilities	(1,518)	459
Income taxes payable	(178)	86
Unearned revenue	155	(275)
Deferred rent	(41)	367
	<u>1,524</u>	<u>891</u>
	25	(1,456)
Cash flows used in investing activities		
Purchase of Liddy International Inc.	-	(25)
Development costs deferred	(309)	(97)
Additions to equipment and furnishings	(164)	(400)
Additions to leaseholds	(11)	(663)
Additions to intangible and other assets	(95)	(247)
	<u>(579)</u>	<u>(1,432)</u>
Cash flows from financing activities		
Advances from (repayments of) bank indebtedness	974	(103)
Capital lease financing	-	246
Repayment of capital lease obligations	(49)	-
Issue of common shares, net of issue costs	-	2,812
Issue of warrants	-	332
Class B preference share dividends declared and paid	(338)	(382)
	<u>587</u>	<u>2,905</u>
Effect of foreign exchange on cash balances	<u>(33)</u>	<u>(17)</u>
Decrease in cash and cash equivalents	-	-
Cash and cash equivalents – beginning of year	-	-
Cash and cash equivalents – end of year	<u>\$ -</u>	<u>\$ -</u>