



FOR IMMEDIATE RELEASE

OSI Geospatial Inc Reports 2009 Second Quarter Results

July 13, 2009
Ottawa, Canada

OSI Geospatial Inc (TSX: OSI) ("OSI") today announced its financial results for the second quarter ending May 31, 2009 reported in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles.

For the second quarter of 2009, OSI reported consolidated revenue of \$6.3 million, compared to the revenue reported in the second quarter of 2008 of \$6.6 million. For the six months ending May 31, 2009, the company reported revenue of \$12.0 million compared to \$12.4 million reported in the same period of 2008.

The Company reported a net loss of \$1.0 million before and after taxes compared with a net loss of \$1.4 million before taxes and \$1.2 million after taxes in the second quarter of 2008. The net loss attributable to common shareholders was \$1.2 million or \$0.02 per share, compared to the net loss of \$1.3 million or \$0.03 per share in 2009. For the six months ending May 31, 2009, the company reported a net loss of \$1.9 million before taxes and a \$1.7 million loss after taxes compared to a \$2.1 million loss before taxes and \$1.7 after taxes in the same period of 2008.

The Company has decided, in accordance with the Company's Articles of Incorporation and in light of current market conditions, to declare a partial dividend payment for its Class B Series 2 Preferred Shares and, thereby, preserve its financial resources. The Company will pay a dividend of \$0.0175 for each preferred share for the semi-annual payment due on May 31, 2009. The payment of future dividends will be evaluated on a semi-annual basis by the Company.

Second Quarter Business Highlights

- Announced partnership agreement with the Raytheon Company to pursue soldier modernization programs
- Won the first phase of U.S. soldier modernization program contract with the Raytheon Company valued at approximately \$1.5 million
- Announced the first contract with Turkish Navy to deliver navigation systems for a new build Corvette program
- Signed \$3.0 million of R&D contracts with U.S. Army to continue the development of our C2 technology
- Closed our sixth U.S. Port Security risk assessment project with the Port of Cleveland
- Announced the appointment of Steve Barnett and election of Dr. Adam Chowaniec to the Board of Directors and Peter Hunter to senior management team

"In the second quarter we experienced delays in finalizing several key contracts that negatively impacted our financial results for the period. These delays are a result of complex contract negotiations and lengthy government procurement processes. We expect that the majority of these contracts will be closed in the third and fourth quarter," said Ken Kirkpatrick, president and CEO. "We made considerable progress towards moving several contracts to closure in Q2 and remain confident that this effort will lead to strong performance in second half our fiscal year."



Conference Call

OSI Geospatial will present the results of the 2009 second quarter at 5:00PM Eastern Time (2:00 PM Pacific Time), Monday, July 13, 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/Lower Mainland 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#. The telephone replay will be available for three months. For the live webcast, please go to <http://services.choruscall.com/links/osi081009.html>. A replay version of the webcast can be accessed for three months on the company's investor website at <http://www.osigeospatial.com/investors/default.htm>.

About OSI Geospatial

OSI Geospatial Inc. delivers advanced marine 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 as OSI. 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)

In thousands of Canadian dollars

	May 31, 2009	November 30, 2008
Assets		
Current assets		
Cash	\$ 513	\$ -
Accounts receivable and unbilled revenue	6,361	11,183
Inventory	1,091	1,407
Prepaid expenses and deposits	544	388
Income taxes recoverable	82	-
Current portion of future income tax asset	616	338
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	9,207	13,316
Deferred development costs	473	437
Future income tax asset	531	823
Equipment and furnishings	1,608	1,735
Intangible and other assets	567	732
Goodwill	9,098	10,269
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	\$ 21,484	\$ 27,312
Liabilities		
Current liabilities		
Bank indebtedness	\$ 543	\$ 2,015
Accounts payable and accrued liabilities	3,718	4,519
Income taxes payable	-	9
Unearned revenue	143	256
Current portion of deferred rent	41	41
Current portion of capital lease obligations	82	88
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	4,527	6,928
Deferred rent	280	347
Capital lease obligations	84	156
Unearned revenue	234	290
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	5,125	7,721
Shareholders' Equity		
Issued and outstanding		
Class A, Series A preference shares	30	30
Class B, Series 2 preference shares	5,651	5,731
Common shares	29,828	29,748
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	35,509	35,509
Warrants	4,898	4,898
Contributed surplus	2,722	2,674
Accumulated deficit	(25,859)	(24,121)
Accumulated other comprehensive income	(911)	631
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	16,359	19,591
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	\$ 21,484	\$ 27,312



OSI Geospatial Inc.

Consolidated Statements of Operations (unaudited)

In thousands of Canadian dollars, except share related data	Three months ended May 31,		Six months ended May 31,	
	2009	2008	2009	2008
Revenue				
Marine systems	\$ 1,660	\$ 2,333	\$ 4,638	\$ 4,839
Land and air systems	3,225	2,486	5,712	5,292
Mapping	1,430	1,755	1,689	2,258
	6,315	6,574	12,039	12,389
Cost of sales	4,381	4,549	8,386	8,182
Gross profit	1,934	2,025	3,653	4,207
Expenses (income)				
General and administrative	1,575	1,704	2,785	2,949
Sales and marketing	813	1,189	1,627	2,103
Engineering	337	312	638	574
Amortization	110	115	223	265
Interest expense	20	21	50	55
Interest income	-	(1)	(2)	(4)
Foreign exchange loss (gain)	(16)	18	(16)	53
Loss on disposal of intangible and other assets	-	-	-	28
Technology Partnerships Canada royalty	113	94	208	246
	2,952	3,452	5,513	6,269
Net loss before income taxes	(1,018)	(1,427)	(1,860)	(2,062)
Future income tax (recovery) expense	12	(38)	(140)	(38)
Current income tax (recovery) expense	8	(215)	15	(309)
Income tax (recovery) expense	20	(253)	(125)	(347)
Net loss	\$ (1,038)	(1,174)	\$ (1,735)	\$ (1,715)
Accumulated deficit, beginning of period	\$ (24,821)	\$ (23,332)	\$ (24,121)	\$ (22,420)
Dividends on Class B, Series 2 preference shares	-	-	(3)	(332)
Tax expense on dividends	-	-	-	(39)
Accumulated deficit, end of period	\$ (25,859)	\$ (24,506)	\$ (25,859)	\$ (24,506)
Net loss attributable to common shareholders	\$ (1,192)	\$ (1,330)	(2,045)	\$ (2,027)
Loss per share - basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	47,010,787	46,956,439	46,983,911	46,956,439



OSI Geospatial Inc.

Consolidated Statements of Cash Flows (unaudited)

In thousands of Canadian dollars	Three Months ended May 31,		Six months ended May 31,	
	2009	2008	2009	2008
Cash flows from operating activities				
Net loss for the period	\$ (1,038)	\$ (1,174)	\$ (1,735)	\$ (1,715)
Items not affecting cash				
Amortization	159	169	320	369
Loss on disposal of equipment and furnishings	-	-	-	29
Stock-based compensation	48	5	48	10
Future income tax (recovery)	12	(38)	(140)	(38)
	(819)	(1,038)	(1,507)	(1,345)
Changes in non-cash working capital items				
Accounts receivable	2,366	520	4,380	3,660
Inventory	(43)	(223)	313	(255)
Prepaid expenses and deposits	34	174	(186)	(126)
Accounts payable and accrued liabilities	710	787	(621)	(1,051)
Income taxes payable	(97)	(215)	(92)	(306)
Deferred rent	(10)	(10)	(20)	(22)
Unearned revenue	(178)	(262)	(168)	(295)
	2,782	771	3,606	1,605
	1,963	(267)	2,099	260
Cash flows used in investing activities				
Deferred development costs	(35)	(159)	(53)	(246)
Additions to equipment and furnishings	(64)	(61)	(94)	(106)
Additions to intangible and other assets	(14)	(4)	(16)	(95)
	(113)	(224)	(163)	(447)
Cash flows used in financing activities				
Advances from (repayment of) operating line of credit	(1,343)	509	(1,409)	500
Repayment of capital lease obligations	(21)	(14)	(35)	(14)
Class B preference share dividends declared and paid	-	-	(3)	(329)
Tax on dividends	-	-	-	(39)
	(1,364)	495	(1,447)	118
Effect of foreign exchange on cash balances				
	27	(4)	24	69
Change in cash	513	-	513	-
Cash – beginning of period	-	-	-	-
Cash – end of period	\$ 513	\$ -	\$ 513	\$ -