



## OSI Geospatial Inc. Reports 2011 Third Quarter Results

**October 27, 2011  
Burnaby, Canada**

OSI Geospatial Inc. (TSX: OSI) today announced its financial results for the third quarter of fiscal year 2011 ended August 31, 2011, reported in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

For the three months ended August 31, 2011, OSI Geospatial Inc. reported consolidated revenue of \$3.2 million compared to \$2.8 million reported in the three months ended August 31, 2010. The Company reported a net income of \$352,000 before taxes and discontinued operations and a net income after taxes of \$457,000 for the three months ended August 31, 2011 compared with a net loss of \$1.1 million before taxes and discontinued operations and a net loss after taxes and discontinued operations of \$1.0 million for the three months ended August 31, 2010.

For the nine months ended August 31, 2011, the Company reported consolidated revenue of \$9.9 million compared to \$8.9 million reported in the nine months ended August 31, 2010. The Company reported a net loss of \$104,000 before taxes and discontinued operations and a net income after taxes of \$318,000 for the nine months ended August 31, 2011 compared with net income of \$1.8 million before taxes and discontinued operations and net income after taxes and discontinued operations of \$323,000 for the nine months ended August 31, 2010. The nine months ended August 31, 2010 included a gain before tax of \$5.2 million on the sale of its non-core soldier systems intellectual property.

The net income attributable to common shareholders for the three and nine months ended August 31, 2011 was \$395,000 and \$122,000 respectively with earnings (loss) per share of \$0.01 and \$0.00 respectively. The net income (loss) attributable to common shareholders for the three and nine months ended August 31, 2010 was (\$1.1 million) and \$32,000 respectively with earnings (loss) per share of (\$0.02) and \$0.00 respectively.

### **About OSI Geospatial**

OSI Geospatial Inc. operates two distinct business units: Offshore Systems Ltd. (based in Vancouver, British Columbia), a world-leading naval fleet supplier of integrated navigation and tactical solutions; and CHI Systems Inc. (based in Philadelphia, Pennsylvania), a leading-edge research, development, and systems integration supplier of technology solutions for defense, aerospace, health, and bioscience markets. OSI Geospatial systems and software are in use by military, government, and commercial customers around the world. The Company is publicly traded on the TSX Venture Exchange. For additional information please visit [www.osigeospatial.com](http://www.osigeospatial.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

### **Forward-Looking Statements**

This press release may include forward-looking information within the meaning of applicable securities laws including information concerning the business and future results of OSI Geospatial. Any such forward-looking statements are subject to risks and uncertainties and OSI Geospatial'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 Geospatial's financial results are detailed in disclosure documents filed from time to time with the applicable Canadian securities regulatory authorities.



# News Release

Data subject to change without notice.

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## OSI Geospatial Inc.

Interim Condensed Consolidated Balance Sheets (Unaudited)

In thousands of Canadian dollars	As at	
	August 31, 2011	November 30, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,204	\$ 1,271
Other current assets	3,582	7,779
	<hr/> 5,786	<hr/> 9,050
<b>Fixed assets</b>	974	1,025
<b>Other long term assets</b>	1,384	736
<b>Goodwill, intangible, and other assets</b>	4,293	4,512
	<hr/> \$ 12,437	<hr/> \$ 15,323
<b>Liabilities</b>		
Current liabilities	\$ 2,050	\$ 4,954
Long term liabilities	462	546
	<hr/> 2,512	<hr/> 5,500
<b>Shareholders' Equity</b>		
Capital stock and warrants	33,444	33,599
Contributed surplus	9,990	9,765
Accumulated deficit	(31,710)	(32,025)
Accumulated other comprehensive loss	(1,799)	(1,516)
	<hr/> 9,925	<hr/> 9,823
	<hr/> \$ 12,437	<hr/> \$ 15,323

## OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Deficit (Unaudited)

In thousands of Canadian dollars	Three Months ended	
	August 31, 2011	August 31, 2010
<b>Revenue</b>	\$ 3,207	\$ 2,832
Gross Profit	1,916	666
<b>Expenses</b>		
Sales, engineering, general and administrative, other	1,445	1,721
Amortization	79	80
Interest (income) expense	40	(5)
	<hr/> 352	<hr/> (1,130)
<b>Net income (loss) before income taxes</b>		
Income tax recovery	(105)	(247)
<b>Net income (loss) from continuing operations</b>	457	(883)
<b>Net income (loss) from discontinued operations</b>	-	(126)
<b>Net income (loss)</b>	<hr/> \$ 457	<hr/> \$ (1,009)
<b>Earnings (loss) per share - Basic</b>	\$ 0.01	\$ (0.02)
<b>Earnings (loss) per share - Diluted</b>	0.01	(0.02)



## OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Deficit (Unaudited)

In thousands of Canadian dollars	Nine Months ended	
	August 31, 2011	August 31, 2010
<b>Revenue</b>	\$ 9,905	\$ 8,914
Gross Profit	5,298	2,937
<b>Expenses</b>		
Sales, engineering, general and administrative, other	4,814	6,121
Amortization	231	234
Interest (income) expense	28	38
<b>Net income (loss) before other items</b>	225	(3,456)
Gain on sale of intellectual property	-	5,227
Restructuring costs	(253)	-
Loss on lease termination	(56)	-
Loss on disposal of furniture and fixtures	(20)	-
Net income (loss) before income taxes	(104)	1,771
Income tax expense (recovery)	(489)	1,401
<b>Net income from continuing operations</b>	385	370
<b>Net loss from discontinued operations</b>	(67)	(47)
<b>Net income</b>	\$ 318	\$ 323
<b>Earnings (loss) per share - Basic</b>	\$ -	\$ -
<b>Earnings (loss) per share - Diluted</b>	-	-

## OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars	Three Months ended	
	August 31, 2011	August 31, 2010
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the period from continuing operations	\$ 457	\$ (883)
Items not affecting cash	(99)	440
	358	(443)
Changes in non-cash working capital items	(1,189)	153
Cash used in continuing operations	(831)	(290)
Cash from discontinued operations	-	281
Cash used in operating activities	(831)	(9)
Cash from (used in) investing activities	(41)	1
Cash from (used in) financing activities	(12)	4
Effect of foreign exchange on cash balances	(124)	4
<b>Increase (decrease) in cash</b>	(1,008)	-
<b>Cash – beginning of period</b>	2,967	1,710
<b>Cash – end of period</b>	\$ 1,959	\$ 1,710



## OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars

	Nine Months ended	
	August 31, 2011	August 31, 2010
<b>Cash flows from (used in) operating activities</b>		
Net income for the period from continuing operations	\$ 385	\$ 370
Items not affecting cash	(192)	(3,451)
Changes in non-cash working capital items	193	(3,081)
Cash from (used in) continuing operations	181	1,429
Cash used in discontinued operations	374	(1,652)
Cash from (used in) operating activities	(134)	(693)
Cash from investing activities	240	(2,345)
Cash from investing activities	1,324	4,576
Cash used in financing activities	(277)	(875)
Effect of foreign exchange on cash balances	(86)	39
<b>Increase in cash</b>	<b>1,201</b>	<b>1,395</b>
<b>Cash – beginning of period</b>	<b>758</b>	<b>315</b>
<b>Cash – end of period</b>	<b>\$ 1,959</b>	<b>\$ 1,710</b>