



OSI Geospatial Inc. Reports 2011 Second Quarter Results

July 11, 2011
Burnaby, Canada

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

For the three months ended May 31, 2011, OSI Geospatial Inc. reported consolidated revenue of \$4.0 million compared to \$2.8 million reported in the three months ended May 31, 2010. The Company reported a net income of \$797,000 before taxes and discontinued operations and a net income after taxes of \$1.1 million for the three months ended May 31, 2011 compared with a net loss of \$1.4 million before taxes and discontinued operations and a net loss after taxes of \$750,000 million for the three months ended May 31, 2010.

For the six months ended May 31, 2011, the Company reported consolidated revenue of \$6.7 million compared to \$6.1 million reported in the six months ended May 31, 2010. The Company reported a net loss of \$456,000 before taxes and discontinued operations and a net loss after taxes of \$139,000 for the six months ended May 31, 2011 compared with net income of \$2.9 million before taxes and discontinued operations and net income after taxes of \$1.3 million for the six months ended May 31, 2010. The six months ended May 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 (loss) attributable to common shareholders for the three and six months ended May 31, 2011 was \$1.1 million and (\$259,000) respectively with earnings (loss) per share of \$0.02 and \$0.00 respectively. The net income (loss) attributable to common shareholders for the three and six months ended May 31, 2010 was (\$838,000) and \$1.1 million respectively with earnings (loss) per share of (\$0.02) and \$0.02 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.

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	
	May 31, 2011	November 30, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 3,211	\$ 1,271
Other current assets	3,785	7,779
	<hr/> 6,996	<hr/> 9,050
Fixed assets	1,018	1,025
Other long term assets	1,302	736
Goodwill, intangible, and other assets	4,270	4,512
	<hr/> \$ 13,586	<hr/> \$ 15,323
Liabilities		
Current liabilities	\$ 3,649	\$ 4,954
Long term liabilities	525	546
	<hr/> 4,174	<hr/> 5,500
Shareholders' Equity		
Capital stock and warrants	33,444	33,599
Contributed surplus	9,985	9,765
Accumulated deficit	(32,167)	(32,025)
Accumulated other comprehensive loss	(1,850)	(1,516)
	<hr/> 9,412	<hr/> 9,823
	<hr/> \$ 13,586	<hr/> \$ 15,323

OSI Geospatial Inc.

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

In thousands of Canadian dollars	Three Months ended	
	May 31, 2011	November 30, 2010
Revenue	\$ 4,008	\$ 2,752
Gross Profit	2,483	1,078
Expenses		
Sales, engineering, general and administrative, other	1,633	2,433
Amortization	75	75
Interest (income) expense	(22)	5
	<hr/> 797	<hr/> (1,435)
Net income (loss) before income taxes		
Income tax (recovery)	(348)	(311)
	<hr/> 1,145	<hr/> (1,124)
Net income (loss) from continuing operations		
Net income (loss) from discontinued operations	-	374
	<hr/> \$ 1,145	<hr/> \$ (750)
Earnings (loss) per share - Basic	\$ 0.02	\$ (0.02)
Earnings (loss) per share - Diluted	0.02	(0.02)



OSI Geospatial Inc.

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

In thousands of Canadian dollars	Six Months ended	
	May 31, 2011	November 30, 2010
Revenue	\$ 6,698	\$ 6,082
Gross Profit	3,382	2,271
Expenses		
Sales, engineering, general and administrative, other	3,212	4,400
Amortization	152	154
Interest (income) expense	(12)	43
Net income (loss) before income taxes	30	(2,326)
Gain on sale of intellectual property	-	5,227
Restructuring costs	(410)	-
Loss on lease termination	(56)	-
Loss on disposal of furniture and fixtures	(20)	-
Net income (loss) before income taxes	(456)	2,901
Income tax (recovery)	(384)	1,648
Net income (loss) from continuing operations	(72)	1,253
Net income (loss) from discontinued operations	(67)	79
Net income (loss)	\$ (139)	\$ 1,332
Earnings (loss) per share - Basic	\$ -	\$ 0.02
Earnings (loss) per share - Diluted	-	0.02

OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars	Three Months ended	
	May 31, 2011	November 30, 2010
Cash flows from (used in) operating activities		
Net income (loss) for the period from continuing operations	\$ 1,145	\$ (1,124)
Items not affecting cash	(262)	320
	883	(804)
Changes in non-cash working capital items	713	(5)
Cash from (used in) continuing operations	1,596	(809)
Cash used in discontinued operations	-	(38)
	1,596	(847)
Cash used in investing activities	(277)	(189)
Cash from (used in) financing activities	72	(92)
Effect of foreign exchange on cash balances	106	(7)
Increase (decrease) in cash	1,497	(1,135)
Cash – beginning of period	1,470	2,845
Cash – end of period	\$ 2,967	\$ 1,710



OSI Geospatial Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars

	Six Months ended	
	May 31, 2011	November 30, 2010
Cash flows from (used in) operating activities		
Net income (loss) for the period from continuing operations	\$ (72)	\$ 1,253
Items not affecting cash	(93)	(3,891)
	<hr/>	<hr/>
	(165)	(2,638)
Changes in non-cash working capital items	1,370	1,276
	<hr/>	<hr/>
Cash from (used in) continuing operations	1,205	(1,362)
Cash used in discontinued operations	(134)	(974)
	<hr/>	<hr/>
	1,071	(2,336)
Cash from investing activities	1,365	4,575
Cash used in financing activities	(265)	(879)
Effect of foreign exchange on cash balances	38	35
	<hr/>	<hr/>
Increase in cash	2,209	1,395
Cash – beginning of period	758	315
	<hr/>	<hr/>
Cash – end of period	\$ 2,967	\$ 1,710