GEOSENTRIC OYJ Q1 2011 INTERIM REPORT 26.5.2011 at 09:30

INTERIM REPORT 1-3/2011

Contents

1. Summary of key figures and results

The key figures summarizing the Group’s financial position and financial results from continuing operations were as follows (teuros unless indicated otherwise):

In period	1-3/2011	1-3/2010	2010
Net sales	29	0	54
Operating Result	-1500	-3280	-9536
Basic earnings per share (eur)	-0.00	-0.00	-0.01
At the end of the period			
Total assets	1335	4512	1420
Shareholders’ equity	-17163	-5882	-15024
Total liabilities	18498	10394	16444

2. Operational overview

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices, which provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. Its intellectual property is delivered as software and services in products which include the GyPSii product platform (“GyPSii”).

The business model for the GyPSii platform services and applications is via embedded licensing of IPR in terms of software technology and branded trademarks, and downstream revenue generation from services which generate advertising and subscription revenue. Thus during the reporting period Q1 2011 the Group continued its focus on securing partnerships with the major distribution partners to integrate product on to their new devices and services and to broaden the range of GyPSii supported devices. Major marketing and launch plans during Q1 2011 by the distribution partners, and by GyPSii itself, have driven increased volumes of GyPSii users.

The total net sales of the Group from the continuing operations of the GyPSii services in Q1 2011 were 29 teuros, up from 0 teuros total net sales from continuing operation in Q1 2010. The Group disposed of its TWIG handset business at the end of the 2010 financial year so all of these revenues from continuing operations derive from the GyPSii business and represent revenues from advertising delivered to the increasing numbers of GyPSii users and IPR licensing.

As recently announced, the Company has engaged in a co-operation agreement in China with a major media company, Sina, resulting in the launch of Sina’s new Weilingdi product on March 4, 2011. To support the successful and timely launch of this new product to the Chinese market, the Company has focused all its available resources in this co-operation project. The consequence of this has been decline in short-term revenue from Company’s own GyPSii products in China. Therefore the reported revenue in Q1 2011 of 29 teuros was below the Q4 2010 reported revenue of 39 teuros.

Total operating expenses from continuing operations were significantly lower in the reporting period compared to the prior period, going to 1529 teuros in Q1 2011, from 3280 teuros in Q1 2010, a 53% decrease. This was mainly driven by the Group consolidating its development, business development and marketing efforts in China while decreasing personnel and related costs in the rest of world. In addition the intangible assets/IPR that was booked on the acquisition of GeoSolutions BV in 2007, which was being written off over a three year period, was fully written off by the end of Q1 2010. This resulted in a lower amortization charge in Q1 2011 of 0 teuros compared to a charge of 500 teuros in Q1 2010.

As a result, the total result before taxes from continuing operations was -2305 teuros in Q1 2011, versus -3598 teuros in Q1 2010, a 36% decrease in the loss. Earnings per share from continuing operations for the reporting period were -0.00 euros per share.

The Group realized an overall loss from its discontinued operations (its TWIG business) in the financial year 2010 of 1987 teuros (Q1 2010: loss of 269 teuros). This is comprised of an operating loss of 1743 teuros in the financial year 2010 (Q1 2010: loss of 269 teuros) plus a net loss on disposal of the assets and liabilities of the TWIG business of 244 teuros which was realized in Q4 2010.

3. Material events in the period

The main events in the period 1-3/2011 were as follows:

In January 2011, the Company concluded an agreement, effective as of December 31, 2010, on the terms and conditions of the purchase of the Group’s former TWIG business with its then current management team.

The actual purchaser was a newly established company, Twig Com Oy, majority held by the MBO team ("Twig Com").

The parties agreed that the purchase price is a nominal EUR 1.00. However, as a part of the consideration and an integral part of the transaction, Twig Com assumes all liabilities and obligations with regards to the transferring business, including in relation to its employees and assets. Together with the liabilities that Twig Com assumes, the book value of the transaction for GeoSentric was approximately 0.3M€, being the net book value of transferred assets and liabilities. The following are the main terms of the agreement:

- The purchase transaction is for a nominal consideration of EUR 1.00, is effective as of 31 December 2010 and comprises of all TWIG mobile handset related inventories, fixed assets, manufacturing rights, trademarks, agreements and employees
- The net book value of the TWIG inventory being transferred is approximately EUR 225,000
- All relevant GeoSentric IPR's and third party IPR's are licensed royalty free in perpetuity to Twig Com to enable continued production and support of the TWIG products
- Twig Com has assumed all GeoSentric's liabilities, obligations and other responsibilities related to the TWIG mobile handset business including all product warranty responsibilities
- 14 TWIG employees are transferring their employment from GeoSentric to Twig Com including the MBO leadership team of Jukka Nieminen, Tomi Raita and Jouko Laine
- Twig Com has assumed all TWIG trade payables and receivables as of 31 December 2010 and has taken over the TWIG factory and office lease

The TWIG divestiture will have significant impact on the Company's financial performance in the short term as the TWIG business has been the main revenue generating business of the Company. As a result, although GyPSii revenue is expected to grow in 2011 compared to 2010, overall revenue for 2011 will be significantly lower than in the previous year. However, the cash flow effect of the TWIG disposal is estimated to be approximately €1m positive for the 2011.

In pursuance of the signing of the business purchase agreement Mr. Tomi Raita resigned from the position of the Company's Managing Director, and the Board of Directors has nominated board member Winston Guillory as GeoSentric's new Managing Director.

In January 2011, the Company agreed with its lead investor to extend the current financing structure with an additional financing of a maximum aggregate amount of 1.8M€ for the primary purpose of financing and supporting its GyPSii operations in China. The additional financing was raised in two tranches both received in January 2011 through the Company's wholly owned Dutch subsidiary GeoSolutions Holdings N.V. on the same terms as agreed and approved by the Annual General Meeting held on June 30, 2010. The Company has already before placed the shares and assets of the Company and GeoSolutions Holdings N.V. and its subsidiaries as a first ranking security to the financing, which security will cover also this additional financing.

In connection with the additional financing the Board of Directors of the Company has also, by virtue of the authorization granted by the Annual General Meeting, decided to issue at maximum 144,000,000 special rights to the lead investor, entitling them alternatively to convert their loan notes in GeoSolutions Holdings N.V. directly into the shares of GeoSentric, as agreed in the loan terms for the original 6M€ financing in June 2010.

In February 2011 Andy Van Dam resigned from the Board of Directors for personal reasons.

In March 2011, the Company's wholly owned Chinese subsidiary entered into a Cooperation Agreement with Sina (Beijing) Information Technology Co., Ltd., whose parent company, Sina Corp. is listed on the US NADAQ market under the symbol (SINA). The Cooperation Agreement provides for development, marketing and distribution co-operation between the two companies for a newly launched "Welingdi" Location Based Services ("LBS") and Social Networking Services ("SNS") service in China. Under this agreement, GeoSentric and Sina have jointly developed the new "Weilingdi" service and Sina will actively market it to its 100m+ "Weibo" application users. The "Weilingdi" service combines Sina's exclusive content such as entertainment, lifestyle information and VIP assets built on top of the existing "Lingdi" service launched by GeoSentric last year. This Cooperation Agreement is a vital step forward in progressing discussions for a deeper relationship between the two companies potentially resulting in a joint venture agreement but it is not expected to provide immediate short-term revenue to the group.

4. Material events after the end of the period

In April 2011 the Board received a proposal for short-term financing from Company's lead investor ("Proposal"). The Proposal sets the terms and conditions on which the lead investor is willing to commit to further funding for the business of the Group. According to the Proposal the lead investor would convert its existing preferred convertible notes ("Notes") issued by GeoSolutions Holdings N.V. ("GHNV") into the shares of GHNV, leaving the Company as a minority shareholder in GHNV with approximately a 21% shareholding. The conversion of Notes would be followed by further capitalization of GHNV in a form of rights offering ("GHNV Offering"), which could lead to further dilution of Company's ownership in GHNV down to a 7% level if the Company did not participate in the GHNV Offering to its pro-rata share, corresponding to an investment of approximately 1M€. To raise the required funds to participate in the GHNV Offering the Company needs to arrange a share issue ("GSOY Offering").

Under the Proposal the lead investor has also undertaken to provide the Group with further short term financing of 0.6M€ in a form of new Notes issued by GHNV, which financing the Company has now raised. Pursuant to the Proposal, this financing was directed 250 teuros to GHNV and its subsidiaries providing this sub-group with financing through to the end of April and 350 teuros to the Company giving the Company runway through Q2 2011 and time to arrange the GSOY Offering to raise funds for participating in the GHNV Offering and guaranteeing the sufficient liquidity of the Company in the medium term. The Company estimates that to achieve the above goal it should raise in the GSOY Offering approximately 1.8M€. In case of a successful GSOY Offering the Company would still hold a substantial share of approximately 21% of GHNV, which holds all the GyPSii business assets, and would retain the ability to enjoy the future upside potential of the business. As the Company has recently announced to the markets, the GyPSii business is now starting to show some positive development in China, especially through co-operation with Sina. The Company’s own operations would be reduced to a minimum and its sole business would be holding the GHNV shares.

On the other hand, if the GSOY Offering was unsuccessful and the required funds were not raised, the lead investor has undertaken to provide GHNV sufficient funding through the GHNV Offering, itself subscribing part of the Company’s prorata entitlement, and offering the rest to other potential investors. According to the Proposal, in this case, GHNV would give the Company a secured loan, supported by the lead investor, securing the minimum capital requirements of the Company until approximately mid 2012 and the Company would be left holding approximately 7% of GHNV shares. Any further funding of the Company would then be subject to support from the Company’s shareholders.

The Board of the Company has discussed the Proposal in depth with the lead investor to secure the best possible terms for the Company’s shareholders and other stakeholders and acknowledges that it is the only secure proposal for funding that the Company had, at the time, been made aware of. The Board has also assessed the proposal and concluded that it represents a better alternative for the shareholders of the Company compared to putting the Company into liquidation. Therefore, the Board of Directors approved the Proposal and raised the first part of the funding, i.e. 0.6M€ in accordance with the terms of the Proposal. The Board had called an Extraordinary General Meeting to have been held on May 12, 2011 to confirm the approval of the Proposal by the Board of Directors except as regards to above mentioned 0.6M€ financing raised already prior to Extraordinary General Meeting. However before commencement of the meeting, the Board decided to adjourn the Extraordinary General Meeting to a later date as certain of the larger shareholders informed that they wished to receive more information about the lead investors’ financing proposal and the Company’s future business outlook in order to be able make a more informed decision. To that end, the Company announced in May 2011, that the full text of the Proposal and other supporting materials had been posted onto the Company’s website. Some of the larger shareholders also informed that they might present an alternative financing proposal to the extended meeting and the preparation of these proposals will require some additional time and discussions with the lead investor.

Due to the cancellation of the Company’s Extraordinary General Meeting to have been held on May 12, 2011 and the subsequent delay in implementing the GHNV Offering and GSOY Offering according to the Proposal, the Company has agreed with its lead investor that there will be a re-allocation of the 600 teuros short term funds already raised in April. Part of the funds previously allocated to maintaining the liquidity of the Company has now been allocated to GHNV and its subsidiaries such that both GeoSentric and GHNV together with its subsidiaries now have sufficient liquidity through to the end of May 2011.

5. Review of the financial position and the financial results

The Company has during the period retained solidity and liquidity.

The key figures summarizing the Group’s financial position and financial results from continuing operations were as follows (teuros unless indicated otherwise):

In period	1-3/2011	1-3/2010	2010
Net sales	29	0	54
Operating Result	-1500	-3280	-9536
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Total assets	1335	4512	1420
Shareholders' equity	-17163	-5882	-15024
Total liabilities	18498	10394	16444
Cash	737	2141	892

6. Sufficient liquidity

The Company has, during the reporting period, retained sufficient liquidity.

As noted above, the Company has in April 2011 received a funding proposal from its lead investor which provides for the short term funding of the Group. The funding proposal would result in the parent company losing control of its subsidiaries with its own operations being reduced to that of a shell holding company. The proposal provides time and funding for the parent company to participate in a subsequent funding round of its current immediate subsidiary, GeoSolutions Holdings NV, in which case it could retain approximately a 21% stake in the subsidiaries. If the Company is not able to raise additional funds from its shareholders and participate in this subsidiary funding round, the parent company's stake would be reduced to approximately 7%. In this case the funding proposal provides for an intercompany loan to be made available from the current subsidiary company to the parent company to fund its reduced operations through to approximately mid 2012. After that it would need to look to its shareholders for further funding. The funding proposal has been approved by the Company's Board and has been referred to an EGM for shareholder confirmation of this approval. As noted above the EGM has been cancelled pending clarifications about the proposal requested by certain shareholders and pending further discussions being held concerning possible alternative funding proposals that certain of the larger shareholders are preparing. If the shareholders do not confirm their approval for the proposal and no alternative and acceptable funding proposals are forthcoming, it is likely that the Company could be declared insolvent.

7. Future Outlook

Market Outlook

There are over 4 billion mobile phone units in the market and over 1 billion new phones shipped every year. Internet Access, camera, location capabilities, and 3rd party application support has become standard on most devices.

GyPSii's applications are supported on the 7 major mobile platforms and allow the Group to address not only the fast growing smartphone market (lead by iPhone and Android) but also the feature phone market, which by industry polls in 2009 represents substantial percentage of the mobile phones in the world today.

With the widespread adoption of mobile internet and the ability to provide location/GPS information in real-time, the market has created new revenue opportunities around delivering location aware mobile advertising, promotional offers and couponing to consumers. GyPSii's expertise, technologies, and partnerships have positioned them to exploit this market opportunity on a very broad scale.

Business Development Outlook

The Group's business outlook and identified revenue during 2011 is based on expanding its current level of business subscription, advertising sales and IPR licensing.

The main focus of business development and the primary element for the business model and revenue generation is rapid growth of the GyPSii membership base that utilizes GyPSii's two main products in China, "Tuding" and "Weilingdi". This growth is being achieved almost exclusively in China by existing and developing partnerships with Mobile Operators (MO), Original Equipment Manufacturers (OEM), Original Device Manufacturers (ODM), Personal Navigation Device Manufacturers (PND) and leading mobile and Internet commerce companies as well as direct marketing campaigns by GyPSii. GyPSii membership has grown significantly during 2010 and early 2011 and has climbed to a total subscriber base of almost 3,250,000 registered users with a substantial and growing base of recurring monetizeable users. This membership base has begun to produce advertising revenues and the Company is targeting to grow these revenues during 2011 and beyond.

A second element of GyPSii's growing revenue base began with the development of its Open APIs (OeX) at the beginning of 2010. The Group has furthered business development opportunities with strategic service providers to deliver OeX into non-emerging markets. This approach allows GyPSii to reduce the risk and overhead associated with business development efforts in non-target markets while assessing geographies that may prove to be long-term opportunistic for the Company. Outside of China, GyPSii is developing partnerships for use of its LBS and SNS software platform "OEX". During 2010 an agreement was signed licensing OEX to a major PND provider in the United States. This agreement provides for monthly recurring revenue based on total usage. GyPSii will attempt to develop further partnerships for the licensing of OEX in 2011.

The third element of the GyPSii revenue strategy in 2011 was established by the launch of its new service offering that focuses on providing for Small and Medium Businesses (SMB) with location-based services and platforms. The "GyPSii CRM Platform" provides SMB's with a toolset for creating, managing and delivering promotional incentives to their customer base at a much lower distribution cost. The self-service platform gives business owners the ability to create customized coupon campaigns and discount programs for consumers that are delivered directly to their mobile devices. Using its location-based technology the GyPSii CRM Platform can assist businesses in converting these consumers to loyal customers by incentivizing them at the Point of Sale (POS) with relevant discounts and rewards. Additionally, the GyPSii CRM Platform collects, analyzes and produces detailed reports on customer interactions at the point of sale, granting businesses a new level of insight into marketing and promotional spending that they have never had before. The GyPSii CRM service “lingdi” was launched in China at the end of 2010. During 2011 this service will be available for use by Small and Medium Businesses for a monthly recurring subscription fee. To date no revenues have been earned from this service as it is in an early launch phase.

During 2010, the Company consolidated its efforts into developing the Chinese market. Efforts in prior years to penetrate the markets in the United States and Europe proved too costly for the Company to sustain compared to the operating cash available. Therefore, during 2010 and continuing into 2011, the Company began consolidating operating, development, business development and marketing resources into China with significant staff reductions elsewhere in the world. This has resulted in a significant reduction in monthly operating costs within the Group At the same time the Company began to focus its products and services almost entirely in China. This decision has resulted in significant increases in member acquisition and usage of the GyPSii products within China. This member growth led directly to the growth of page views and hence the generation of advertising revenues. This significant growth during 2010 establishes the ability to further grow the monetization of page views with advertising in 2011. In anticipation of and following the Cooperation Agreement noted below, the Company has been focussing all of its marketing and development efforts towards the newer products and this has resulted in a decline in advertising and related revenues in China.

As noted earlier, in March 2011, the Company’s wholly owned Chinese subsidiary entered into a Cooperation Agreement with Sina (Beijing) Information Technology Co., Ltd., whose parent company, Sina Corp. is listed on the US NADAQ market under the symbol (SINA). The Cooperation Agreement provides for development, marketing and distribution co-operation between the two companies for a newly launched "Welingdi" Location Based Services (“LBS”) and Social Networking Services (“SNS”) service in China. Under this agreement, GeoSentric and Sina have jointly developed the new “Weilingdi” service and Sina will actively market it to its 100m+ "Weibo" application users. The "Weilingdi" service combines Sina's exclusive content such as entertainment, lifestyle information and VIP assets built on top of the existing "Lingdi" service launched by GeoSentric last year. This Cooperation Agreement is a vital step forward in progressing discussions for a deeper relationship between the two companies potentially resulting in a joint venture agreement. These discussions are continuing well and, although a final agreement has not yet been reached, it is likely that the agreement, if concluded, would result in Sina taking a 60% controlling stake in the Group’s Chinese subsidiary in return for a cash investment into that business.

8. Assessment of significant operational risks

The global financial crisis and current global recession have had and may continue to have a negative impact also on the business of the Group. As announced previously, the Company expected to see positive development in GyPSii generated revenues starting from the last quarter of 2009. Continued financing negotiations and, especially during the year 2009, the global financing crisis have shifted the revenue expectations of GyPSii, yet revenues have started to be generated in 2010 and the Company expects to see further GyPSii generated revenues during 2011. The Company is also exploring additional business development opportunities including partnering arrangements with local media partners, which could lead to accelerated user adoption.

There is no certainty of the success regarding the implementation and realisation of the business plan. According to the business strategy, the Group is pursuing entrance also to new business segments with competitive situations new to it, or which may be only in the early market phase. Unless the Group is able to successfully respond to these developments it may significantly impair the Group´s operating results.

A key driver of the business model is sufficient and sufficiently rapid growth of users of the services, and the speed of adoption of mobile, UGC and location based advertising of which the Group has no certainty. Advertising budgets are under pressure with major brands and advertisers in certain areas and this could have an adverse affect on the adoption of mobile and location based advertising in 2011 and beyond.

The most significant risk relating to the business plan is the sustained growth of members. As the Company’s business model is driven by the acquisition and retention of new members, possible delays in funds available to the Company to drive marketing efforts of their new products to the markets and therefore the acquisition of new members, may have an adverse effect on the development of the Company’s business by decelerating the distribution and subscriber-adoption rate of the Company’s products and services.

Since 1997, the Company has not paid dividends. In the future, the re-payments of capital and other preferred loans will restrict the possibility to distribute dividends. The total amount of loans as at 31 March 2011 was 25413 teuros at nominal value. Regarding future dividend payments, there is also uncertainty about the ability of the Company to accrue distributable capital. According to the financial statements of the Company, there was no distributable capital in the latest balance sheet of the Company.

The Group´s business plan has been prepared by assuming that the Group´s result and cashflow will improve significantly. The Group’s financing plan also assumes additional external financing to be received, which financing has not yet been agreed to. Should the result and cashflow essentially fail to meet the planned figures, or the new financing be delayed, or the amount of financing turn out to be insufficient to meet the Group’s capital needs, this might force the Company to introduce further significant cost cutting measures, which could also have a material effect on the execution on the Company’s current business plan in the short term, and also cause an insolvency risk.

There are significant financial risks related to the Company’s business, competition and industry and it is possible that investors may lose all or a part of their invested capital.

Schroders & Co Limited and investor groups led by Horizon Group and GeoHolding B.V., have influence on GeoSentric. The Company trusts that the regulation and information obligation binding public companies, supported by the compliance with the corporate governance recommendations, together with the continuous external auditing activity maintained by a skilled and reputable auditing firm suffice to pre-empt a misuse of control power.

9. Review of R&D-activities

The volume of the Group’s R&D activities during the reporting period was significant due to the on-going R&D-programs by means of which the Group intends to significantly expand its business over the next few years. No capitalizations were made.

The Group maintains R&D units primarily in Portsmouth, RI (USA) and Shanghai (China).

Additionally, GyPSii server facilities are maintained in the US and China at present, with continued upgrades planned in the future.

10. Investments

Gross investments in period 1-3/2011 were 23 teuros (18 teuros in the period 1-3/2010). In the full year 2010 gross investments were 40 teuros.

11. Personnel and organization

The number of employed personnel in the Group in period 1-3/2011 averaged 72, of which 10, at most, were affected by alternate forced leaves. The alternate forced leave program, agreed in autumn 2007 to apply for the time being, continues also in 2011.

12. Environmental issues

The Company pays for its products a statutory recycling fee and has organised the recycling of disposed materials contractually through Jalopinta Ky. Altogether, the Group´s operations cause no significant environmental impact.

13. Financing and structural arrangements

In January 2011, the Company agreed with its lead investor to extend the current financing structure with an additional financing of a maximum aggregate amount of 1.8M€ for the primary purpose of financing and supporting its GyPSii operations in China. The additional financing was raised in two tranches both received in January 2011 through the Company’s wholly owned Dutch subsidiary GeoSolutions Holdings N.V. on the same terms as agreed and approved by the Annual General Meeting held on June 30, 2010. The Company has already before placed the shares and assets of the Company and GeoSolutions Holdings N.V. and its subsidiaries as a first ranking security to the financing, which security will cover also this additional financing.

The financing arrangements and negotiations after the end of the reporting period have been described above in section ”Material events after the end of the period”.

14. Board authorization

The Annual General Meeting convened on June 30, 2010 authorized the Board to increase the share capital by maximum of 4,000,000 euros and share amount by maximum of 850,000,000 new shares, option rights or special rights. The authorization is valid for two (2) years from the date of the Annual General Meeting. At the same time all the other authorizations were terminated.

At the end of the reporting period the remaining amount of Board’s authorization was 4,000,000 euros and 663,902,000 shares corresponding to 71.84 % of the currently registered share amount and 22.73 % shares after all shares and instruments entitled to shares, effecting a corresponding immediate dilution to existing shareholdings (including current authorization).

15. Company’s shares and shareholders

The shares of GeoSentric Oyj are listed on the NASDAQ OMX Helsinki (NASDAQ OMX: GEO1V) and issued in the book entry system held by Euroclear Finland, address PL 1110, FIN-00101 Helsinki, Finland. The ISIN-code of the share is FI 0009004204. The Company’s shares have been on the surveillance list since February 11, 2003.

The Company and its subsidiaries do not have any Company´s shares owned by or administered on behalf of the Company.

At the end of the reporting period the Company’s registered share capital was 8,955,761.65 Euros, consisting of 924,656,354 shares.

16. About the Company

GeoSentric is a developer of location-based technologies, delivering products and services with a market-leading mobile digital lifestyle application and geo-mobility social networking platform: connecting people, places and communities across networks and devices. GyPSii provides a geo-location social networking platform and services for mobile and web Internet-connected devices, and provides applications and bundled ODM/OEM solutions, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. For more information, visit www.geosentric.com or www.gypsii.com or www.gypsii.com.cn.

Based in Salo, Finland and Amsterdam, The Netherlands, GeoSentric operates offices in North America, Europe and Asia Pacific.

GeoSentric (NASDAQ OMX Helsinki-GEO1V) is listed on the NASDAQ OMX Exchange in Helsinki. The Company has been on the surveillance list since February 2003.

GEOSENTRIC OYJ

For more information, please contact: investors@gypsii.com

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GEOSENTRIC OYJ INTERIM REPORT 1Q/2011 (Unaudited)

GROUP STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	1Q/2011	1Q/2010	2010
Continuing operations				
Net sales		29	0	54
Cost of goods sold	5	0	0	0
Gross margin		29	0	54
Other operating income		0	0	0
General & Administrative expenses	5	570	677	2673
Research & Development expenses	5	573	1898	4671
Sales & Marketing expenses	5	386	705	2246
Operating result		-1500	-3280	-9536
Financial income		1	2	78
Financial expenses		-806	-320	-1783
Result before taxes		-2305	-3598	-11241
Income taxes		116	99	-146
Result for the period from continuing operations		-2189	-3499	-11387
Discontinued operations				
Result for the period from discontinued operations	4	0	-269	-1987
Result for the period		-2189	-3768	-13374
Translation difference		-4	-22	-13
Comprehensive income		-2193	-3790	-13387
Earnings per share, eur:				
Basic earnings per share, continuing operations		-0,00	-0,00	-0,01
Basic earnings per share, discontinued operations			-0,00	-0,00

Diluted earnings per share have not been computed because dilution effect would improve the key figure.

GROUP STATEMENT OF FINANCIAL POSITION

1000 EUR	Note	31.3.2011	31.3.2010	31.12.2010
ASSETS				
Non-current assets				
Property, plant and equipment		70	217	82
Goodwill		216	216	216
Other intangible assets		1	7	1
Other financial assets		5	66	5
Deferred tax assets		0	0	0
		292	506	304
Current assets				
Inventories		0	914	0
Trade receivables and other receivables		306	947	224
Prepaid expenses		0	4	0
Cash and cash equivalents		737	2141	892
		1043	4006	1116
Total assets		1335	4512	1420
EQUITY AND LIABILITIES				
Shareholders´equity				
Share capital	6	8956	8951	8956
Share premium account	6	13631	13631	13631
Translation difference		118	113	122
Invested distributable equity account	6	30912	30603	30912
Retained earnings		-70780	-59180	-68645
Total shareholders´ equity		-17163	-5882	-15024
Non-current liabilities				
Deferred tax liabilities		0	0	0
Interest-bearing debt	8	15086	7152	13112
		15086	7152	13112
Current liabilities				
Trade payables and other payables		3299	2303	3219
Provisions		0	37	0
Interest bearing debt	8	113	902	113
		3412	3242	3332
Total liabilities		18498	10394	16444
Total shareholders´ equity and liabilities		1335	4512	1420

GROUP CASH FLOW STATEMENT

1000 EUR	1Q/2011	1Q/2010	2010
Cash flow from operations			
Result for the period	-2189	-3768	-13374
Adjustments	264	892	1505
Changes in working capital:			
Change of trade and other receivables	-82	-245	482
Change of inventories	0	302	761
Change of trade and other liabilities	80	-331	548
Paid interests	0	-630	-630
Received interest payments	1	1	18
Cash flow from operations, net	-1926	-3779	-10690
Cash flow from investments, net	-23	-19	46
Cash flow from financing			
Proceeds from issue of share capital	0	0	67
Transaction expenses of share issues	0	0	-3
Transaction expenses of loans	-6	0	-467
Proceeds from long term borrowings, equity	0	0	0
Proceeds from long term borrowings, liability	1800	0	6000
Net cash flow from financing	1794	0	5597
Change in cash	-155	-3798	-5047
Cash at beginning of period	892	5939	5939
Cash at end of period	737	2141	892

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

	Share capital (1000eur)	Translation difference (1000eur)	Share premium account (1000eur)	Inv. distrib. equity account (1000eur)	Accrued result (1000eur)	Total (1000eur)
Shareholders´ equity 31.12.2009	8951	135	13631	30603	-55556	-2236
Items booked directly into shareholders´ equity	0	-22	0	0	0	-22

Result for the period	0	0	0	0	-3768	-3768
Comprehensive income	0	-22	0	0	-3768	-3790
Booked expense of stock options to key personnel and partners	0	0	0	0	144	144
Equity portions of liabilities	0	0	0	0	0	0
Shareholders´ equity 31.3.2010	8951	113	13631	30603	-59180	-5882
Shareholders´ equity 31.12.2010	8956	122	13631	30912	-68645	-15024
Items booked directly into shareholders´ equity	0	-4	0	0	0	-4
Result for the period	0	0	0	0	-2189	-2189
Comprehensive income	0	-4	0	0	-2189	-2193
Booked expense of stock options to key personnel and partners	0	0	0	0	54	54
Equity portions of liabilities	0	0	0	0	0	0
Shareholders´ equity 31.3.2011	8956	118	13631	30912	-70780	-17163

KEY FIGURES, ALL OPERATIONS

	1Q/2011	1Q/2010	2010
Net sales, 1000 EUR	29	607	1851
Operating result, 1000 EUR	-1500	-3549	-11523
Result before taxes, 1000 EUR	-2305	-3867	-13228
Gross investments, 1000 EUR	23	19	40
Average personnel	72	130	116
Earnings per share, EUR	-0,00	-0,00	-0,01
Equity per share, EUR	-0,02	-0,01	-0,02
Weighted average number of shares in period, 1000 pcs	624462	897926	903645
Number of shares at the end of the period, 1000 pcs	924656	897926	922156

1. BASE INFORMATION OF THE COMPANY

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices, which provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. Its intellectual property is delivered as software and services in products which include the GyPSii product platform ("GyPSii"). The company has deep expertise and technology IP in User Generated Content Management, Location Based Services, Open Social Networking, Ad-Targeting and Integration, for Social Media markets and users on mobile phones, the web, personal navigation and internet connected devices. Based in Salo, Finland, and Amsterdam, The Netherlands, GeoSentric operates offices in North America, Europe and Asia Pacific. GeoSentric is listed in NASDAQ OMX Helsinki Ltd (NASDAQ OMX: GEO1V).The parent company of the group is GeoSentric Oyj (formerly Benefon Oyj). The registered domicile is Salo, Finland, with street address Meriniitynkatu 11, 24100 Salo, Finland, and mail address PL 84, FIN-24101 Salo, Finland. A copy of the group financial statements is available at the internet address www.geosentric.com or at the company head office at address Meriniitynkatu 11, FIN-24100 Salo, Finland.

2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Foundation:
The group interim report has been prepared in accordance with International Financial Reporting Standards ("IFRS") and has been prepared to the accounting standard IAS 34, Interim Reports. An interim report shall be read together with the financial statements for year 2010.

Accounting principles:
The utilised principles of preparation are identical with those utilised by the Group in financial statements for year 2010. IASB has published new standards and interpretations and changes in existing standards, application of which is mandatory on 1.1.2011 or thereafter, and which the group has not adopted earlier voluntarily. The group will adopt the following standards (and their amendments) and interpretations from 1.1.2011 onwards: Change to IAS 32, Financial instruments: presentation method - Classification of Rights Issues. Change concerns booking of options, subscription rights or other rights regarding shares made in other currency than issuer´s functional currency. IFRIC 19, Liquidation of financial debt with equity terms instruments. Interpretation make clearer booking in case that issues to creditor equity terms instruments to liquidate financial debt. Changes to interpretation IFRIC 14, Payments in advance based minimum funding demand. The group has not this kind of payments. Reformed IAS 24, Information regarding related party in financial statements. The group is specifying definition of related party. IFRS 9, Financial instruments (in force 1.1.2013 or in beginning account period after it). Valuation methods simplifies and classification changes. Numbers from previous period need not correct if standard takes to use before 1.1.2012 beginning account period. Standard is not yet accepted to apply in EU. Improvements to IFRSs - changes. Small changes without material effect to financial statement.

3. SEGMENT INFORMATION

The group has only one distinct segment, location based services. Its share of net sales has been 100% in the period and in the reference period.

4. DISCONTINUED OPERATIONS

The group divested on December 2010 its TWIG mobile handset business through MBO by oral agreement. The majority of business transferred to Twig Com Oy on December 31, 2010 and the parties signed a business purchase agreement on January 10, 2011.

The result of business, result of divesting and share of cash flows are presented below:

1000 EUR	1Q/2011	1Q/2010	2010
Result of TWIG mobile handset business			
Net sales	0	607	1797
Cost of goods sold	0	-492	-1823
Other operating income	0	0	4
General & Administrative expenses	0	-22	-425
Research & Development expenses	0	-101	-366
Sales & Marketing expenses	0	-261	-930
Income taxes of discontinued operations	0	0	0
Profit before/after taxes	0	-269	-1743
Result of divesting before/after taxes			-244
Income taxes of divesting			0
Result for the period from discontinued operations			-1987
General & Administrative expenses			
Cash flow of TWIG mobile handset business			
Cash flow from operations			-1031
Cash flow from investments			45

Effect of Twig mobile handset business divesting to financial position of group	31.12.2010
Fixed assets	24
Other intangible assets	1
Other financial assets	20
Inventories	223
Trade receivables and other receivables	192
Prepaid expenses	5
Trade payables and other payables	-184
Provisions	-37
Assets and liabilities total	244
Purchase price in cash	0

5. COSTS BY CATEGORY

1000 EUR	1Q/2011	1Q/2010	2010
Increase/decrease in inventories of finished products	0	178	375
Impairment loss in inventories	0	0	455
Use of raw materials and consumables	0	191	571
Total expense of direct employees	0	123	422
Cost of goods sold total	0	492	1823
Discontinued operations	0	-492	-1823
Total expense of indirect employees	1002	2103	6993
Redundancy provision	0	0	509
Depreciations	35	545	682
Other operating expenses	492	1016	3371
Expenses by cost category, total	1529	3664	11555
Discontinued operations	0	-384	-1965
Continuing operations	1529	3280	9590

6. SHAREHOLDERS´ EQUITY

	Number of shares (1000)	Share capital (1000eur)	Share premium account (1000eur)	Invested distributed equity account (1000eur)	Total (1000eur)
31.12.2010	922156	8956	13631	30912	53499
Share issue free 7.1.2011	2500				0
31.3.2011	924656	8956	13631	30912	53499

According to the Company´s articles of association registered there is no maximum for the shares and there is only one category of shares at the Company. Also the clause about maximum amount of share capital has been removed. The shares carry no nominal value. All outstanding shares are fully paid.

7. OPTION RIGHTS

Special right:
The Board decided to issue 2.500.000 shares without price to Raymond Kalley as part of the agreed placement fee of drawn loans. The shares have been registered in trade register on 7.1.2011.

Cost of options booked in the period according to IFRS 2. Consideration is given as options. The counter-item of costs bookings is income statement is shareholders´equity.

1000 EUR	1Q/2011	1Q/2010	2010
Key persons	54	35	160
Board	0	57	74
Other interest groups	0	52	52
Total	54	144	286

8. FINANCIAL LIABILITIES

1000 EUR	Nominal loan value 1Q/2011	1Q/2011	1Q/2010	2010

Non-current:				
Loan 2008	10000	2196	2604	2392
Loan 2009	7500	4965	4548	4853
Loan 2010	6000	6066	0	5867
Loan 2011	1800	1859	0	0
Non-current total		15086	7152	13112
Current:				
Cbl 2004A	113	113	113	113
Loan 2008		0	789	0
Current total		113	902	113

Convertible bond loan 2004A:
This loan with a nominal principal of 1130 teuros was raised on year 2004 and was converted during the conversion period before 31.12.2008 in all 1017 teuros. The remaining amount of loan is 113 teuros. The interest is 4%. No interest was paid. The loan capital, interest and other benefit may be paid in case of dismantling or bankruptcy of company only with priority after the other creditors. The principal may be returned otherwise only providing that a full coverage for the bound equity and other non-distributable items in the confirmed financial statements for the latest expired financial year is retained. Interest or other benefits may be paid only in case the paid amount may be used for profit distribution in the confirmed balance sheet for latest expired financial period.

Financing round 2008:
The subscription period of the loan note for raising a maximum amount of 16,000 teuros ended on May 15, 2009 and the total amount of subscription was 10,000 teuros. The maximum amount of new shares to be subscribed by virtue of the subscribed note is 94,339,622. As a result of the note the Company´s share capital may increase by a maximum of 943 teuros. The annual interest of the loan is 12.5 %, paid twice a year, however interest of period 1.7.-31.12.2009 was paid in January 2010. The loan will end on August 25, 2013. Effective it was agreed that interest payments are suspended and all interest will accrue and roll up until maturity.

Financing round 2009:
The subscription period of the loan note for raising a maximum amount of 25,000 teuros was originally to end on March 31, 2010, but has been extended until the end of the year 2010. The group has received and withdrawn the investment commitment of 7,500 teuros during the year 2009. The loan note was raised by the subsidiary GeoSolutions Holdings N.V. (GHNV"). The loan note entitles to subscribe shares of GHNV. The amount of shares will in all events be less than half of GHNV´s outstanding shares and share capital. Alternatively the investors have the option to convert their notes into GeoSentric´s shares corresponding the same proportional amount of fully diluted shares as the investor otherwise would have received of GHNV´s shares. The note will expire in five years. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of up to 6% of the amount raised. The note accrues interest at the rate of 5% p.a. Which shall be deferred until redemption of conversion. The conversion rate shall be calculated based on the lower of the market capitalisation of GeoSentric at March 31, 2010, the market capitalisation at the date of conversion and the valuation implied by an external financing round or bid, all discounted by 50%. In the event that the notes have not been redeemed or converted by the maturity date or in the event of insolvency, a further 15% discount shall be applied to the conversion rate. The

note is secured by a pledge over the share capital of GeoSentric and GHNV and over other assets of the group.

Financing round 2010:
The 2010 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of 6,000 teuros of which 2,500 teuros has been drawn on June 30, 2010 and 2,500 teuros on September 1, 2010 and 1,000 teuros on November 10, 2010.

Financing round 2011:
The 2011 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of 1,800 teuros, all of which was drawn down in January 2011.

9. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	1Q/2011	1Q/2010	2010
Collateral for own liabilities:			
Pledged non-current financial assets	5	5	5
Pledged current financial assets	0	58	0

10. RELATED PARTY TRANSACTIONS

The parent and subsidiary company relations in the group were as follows:
Parent company GeoSentric Oyj. Subsidiaries with parent company ownership and voting rights of 100 % are GeoSolutions Holdings N.V., and its through (100%) subsidiaries GeoSolutions B.V., GeoSentric (UK) Ltd., GyPSii (Shanghai) Co Ltd. and GyPSii Inc..

Related party transactions have been presented in the Financial Statements from year 2010. No essential changes have taken place in the reporting period.

11. EVENTS AFTER THE END OF THE PERIOD

In April 2011, as part of an overall funding proposal received from the Company's lead investor, the 2011 loan note was further extended by an additional 600 teuros on the same terms, all of which amount was drawn down in April. The proposal, which was approved by the Board in April, would, if implemented, lead to the Company losing control of GHNV and the group operating subsidiaries, as more fully described in the Operating Report.