GEOSENTRIC OYJ

OPERATING REPORT
FINANCIAL STATEMENTS
ANNUAL REPORT
2011

OPERATING REPORT AND FINANCIAL STATEMENTS 2011

OPERATING REPORT FOR FINANCIAL YEAR 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	10-12/2011	2011	10-12/2010	2010
Net sales	0	49	39	54
Operating Result	-248	12739	-1752	-9536
Basic earnings per share (eur)	0.00	0.01	-0.00	-0.01
At the end of the period				
Total assets		1171		1420
Shareholders' equity		931		-15024
Total liabilities		240		16444

2. OPERATIONAL REVIEW

The Company has not had direct operational activities of its own since disposing of the TWIG business at the end of 2010 and all of its indirect operational activities were under GeoSolutions Holdings N.V. ("GHNV") and its respective subsidiaries, the Company acting as a holding company.

As described in more detail in Section 3, "Material events in the year 2011", during the period Q3 the Company became a minority shareholder in its former subsidiary GHNV with approximately a 15%

holding. As further described in Section 3, the Company concluded in Q4, after a directed rights offering to its largest shareholders, a €1m investment in GHNV and repaid the €10M Convertible Bond Loan 2008-B. These transactions together increased the Company's holding in GHNV to approximately 24%. As a result of the above-mentioned transactions the Company continues as a holding company for its shareholding in GHNV but instead of holding 100% of GHNV it holds approximately 24%.

GHNV carries on its business as a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. GHNV develops a leading geo-integration platform for mobile 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 and as an application development platform and services, which include the GyPSii product platform ("GyPSii").

The business model for the GyPSii platform services and applications is via licensing of intellectual property in terms of software technology and branded trademarks, and revenue generation from services which generate advertising and subscription revenue.

The total net sales from continuing operations of the Company, which during the financial year included 100% of GHNV's operations up to the date of de-consolidation (August 4, 2011), were 49 teuros in year 2011, compared to 54 teuros total net sales from continuing operation in year 2010. The Company disposed of its TWIG handset business at the end of the 2010 financial year so all revenues from continuing operations derive from the GyPSii business and represent revenues from intellectual property licensing and advertising delivered to GyPSii users.

As announced in March 2011, the Company engaged, via GHNV, in a co-operation agreement in China with a major public media company, Sina Corp. The agreement resulted in the launch of Sina's new Weilingdi product on March 4, 2011. Later, in June 2011, the Company announced that GHNV had signed an agreement with Sina to take the necessary next steps to create a joint venture with Sina Corp. to address the Chinese market and this joint venture was successfully created in September 2011. To support the successful and timely launch of the new Weilingdi product to the Chinese market and to secure the finalisation of the joint venture arrangements, the Company focused all its available resources into this co-operation project. The consequence of this was a decline in revenue from GyPSii products.

A significant (non-cash, non-recurring) gain of 16690 teuros was booked as "other operating income" in Q3 2011 as a result of the de-consolidation of the GHNV sub-group on August 4, 2011. This transaction is described in more detail in Section 3, "Material events in the year 2011". The gain arises because the Company no longer consolidates the net liabilities of the GHNV sub-group but instead carries its investment in GHNV as an "Investment in Associate Company" as a new line item in the Non-Current Assets section of its group balance sheet, valued at an estimated fair market value. Also included within the Company's result before taxes in 2011 is -231 teuros representing the Company's estimated share of the net profit after taxes of GHNV, prepared on a consolidated basis. Management has estimated the net profit after taxes on an IFRS basis, as GHNV now prepares its group accounts on the basis of Dutch GAAP.

As a result of the repayment of the Convertible Bond Loan 2008-B, the Company realised in Q4 a one-time gain of 4264 teuros, which was booked as financial income.

Total operating expenses from continuing operations decreased 58% in the financial year compared to the prior year, decreasing to 4000 teuros in 2011 from 9590 teuros in 2010. This was mainly driven by two factors. First, the de-consolidation of the GHNV sub-group from August 4, 2011. Second, prior to the de-consolidation, there was considerable effort made to re-focus GHNV’s product development, business development and marketing efforts into China. This resulted in a significant decrease in 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 2011 of 0 teuros compared to a charge of 500 teuros in 2010.

As a result of the above factors, the total result before taxes from continuing operations saw a significant improvement of 14836 teuros in 2011, versus -11387 teuros in 2010. Earnings per share from continuing operations for the financial year were 0.01 euros per share.

The Company realized an overall loss from its discontinued operations (its TWIG business) in the financial year 2010 of 1987 teuros.

3. MATERIAL EVENTS IN THE YEAR 2011

The main events in the financial year 2011 were as follows:

Decisions by the AGM

At the Company’s Annual General Meeting (“AGM”) on June 29, 2011 as extended to July 1, 2011, the meeting approved the 2010 audited financial statements of the Group (which ceased to be a group on August 4, 2011 due to de-consolidation of the GHNV sub-group), agreed to re-elect the auditors, Ernst & Young, to set the auditors’ remuneration and the compensation of the Board’s non-executive directors as disclosed in the market bulletin at the time and agreed to discharge the members of the Board and the Managing Director from liability. In addition, the meeting resolved that the number of Board members shall be three and elected Michael Po, Victor Franck and Jeffrey Crevoiserat to the board, with a subsequent Board meeting later electing Victor Franck as Chairman and Michael Po as Managing Director. Further, the general meeting confirmed the Board’s prior approval of the terms of the lead investor’s financing Proposal as described below “Financing arrangements”. Finally the meeting granted authorization to the Board to issue up to 5,000,000,000 new shares, option rights or special rights entitling to shares in the Company.

Financing arrangements

Earlier in the year (April 2011) the Board received a financing proposal from the Company’s lead investor, Schroder & Co. Ltd (“Proposal”) regarding further funding for the business of the Group. The main terms of the Proposal included: 1) the conversion of the existing preferred convertible notes ("Notes") issued by GHNV into shares of GHNV; 2) a rights offering by GHNV ("GHNV Offering") to its shareholders resulting in material dilution of the Company's shareholding in GHNV (especially if the Company did not participate in the GHNV Offering to its pro-rata share) corresponding to an investment of approximately €1 million; and 3) to raise the required funds to participate in the GHNV Offering the Company planned to arrange its own share issue ("GSOY Offering").

After lengthy and detailed discussions between the parties, in August 2011, the Company confirmed that full agreement had been reached between Schroder & Co. Ltd and a group of the Company's largest shareholders, concerning the manner of execution of the Proposal described above, introducing some changes to the terms of the Proposal, and the planned support and participation of this group of largest shareholders in this planned financing. Separately, the Company called an Extraordinary General Meeting ("EGM") of shareholders to be held on September 8, 2011 to approve certain aspects of the financing package and full details of the package were released with the EGM call on August 16, 2011.

On August 3, 2011, Schroder & Co. Ltd, GHNV and the Company entered into a Subscription and Shareholders Agreement ("SSA") in respect of GHNV, which, amongst other things, provided the Company with additional minority shareholder rights protection in respect of its ownership of GHNV. On August 4, 2011, the first part of the Proposal, which was already approved at the Company's AGM on June 29, 2011 as extended to July 1, 2011, was implemented and involved Schroder & Co. Ltd converting its existing Notes plus accrued interest as issued by GHNV, into the shares of GHNV. The conversion left the Company as a minority shareholder in GHNV with approximately a 20% shareholding. The SSA provided for this conversion of Notes to be followed by further capitalizations of GHNV in the form of rights offerings ("GHNV Offerings"). As agreed in the SSA, Schroder & Co. Ltd fully subscribed for an initial 750 teuros in a first tranche of the GHNV Offering and GHNV paid to the Company a fee of 150 teuros. The SSA provided that this fee, together with a further fee of 350 teuros, to be paid to the Company following the second tranche of the GHNV offering in October, would be non-refundable if the Company fully subscribed for its agreed share of the GHNV Offering amounting to an investment in GHNV of €1 million. These transactions in August 2011 secured the Company and GHNV cash runway until the end of September 2011. Following this first tranche of the GHNV Offering, the Company's ownership in GHNV became approximately 15%. As a result of the conversion and the fact that the Company owns a minority percentage of GHNV, the Company has, as from August 4, 2011, been no longer consolidating its previously wholly owned subsidiaries but is applying the equity method of accounting for its investment in GHNV in its group accounts. This has the effect of reducing its reported group accounts revenues and costs in 2011.

In September 2011, the Company secured shareholder approval at the EGM for the required elements of the financing package including approval for the repayment of the €10 million Convertible Bond Loan 2008-B issued by the Company. It also confirmed that, to raise the required funds to participate in the GHNV Offerings, the Company was arranging a directed share issue ("GSOY Offering") to its largest shareholders. The GSOY Offering was primarily intended to allow the Company to participate in the planned second tranche of the share offering of GHNV, its previously wholly owned subsidiary (now an associate company). The GSOY Offering was also intended to finance operations of the Company into 2013. The second tranche of the GHNV share offering, which was agreed to be executed on 14 October 2011 at the latest, was intended to raise €2 million directed equally to Schroder & Co. Ltd and to the Company, each being entitled to subscribe for new GHNV shares for the amount of €1 million. The key terms of the GSOY Offering were announced in September to be as follows:

- Target amount to be raised: €1.25 million with a minimum amount of 250 teuros
- Shares to be issued at a 96% discount to the current quoted market price of €0.01
- Targeted initially to known individual shareholders (or consortia) owning 5,000,000 or more shares (approximately 0.54%), so that the number of subscribers shall be less than 100; below this ownership level at the discretion of the Board

The Company also announced that it was planning to execute a reverse share split after the GSOY Offering in ratio of approximately ten to one to improve the marketability and liquidity of the Company's shares.

On October 12, 2011, it was announced that the Company had raised a total amount of 757 teuros in a first tranche of the GSOY Offering by issuing a total amount of 1,893,750,000 new shares at €0.0004 per share. In addition, the Company received a short-term convertible loan for the amount of 250 teuros ("Loan") from one of its largest shareholders. The Loan could, at the option of the note holder, before October 31, 2011, be repaid in cash or converted into shares or special subscription rights on the same terms as the GSOY Offering providing that, at all times, the total amount raised in the GSOY Offering shall remain at least €1 million. On October 14, 2011, the aforementioned funds raised in the first tranche of the GSOY Offering, including the Loan, enabled the Company to subscribe for all the new GHNV shares offered to it in the second tranche of the GHNV Offering for the amount of €1 million.

On October 24, 2011, it was announced that the Company had resolved to issue a further 643,750,000 new shares at €0.0004 per share in a second tranche of the GSOY Offering thereby raising 257.5 teuros and making the total amount raised in the GSOY Offering 1,015 teuros. This amount included 22.75 teuros as Loan conversion. The remaining part of the Loan of 227.25 teuros was retained as a short-term loan on the same terms as described above except that its end date was extended until November 30, 2011. Subsequently, on November 18, 2011, at the election of the note holder, the Loan was repaid in full.

On November 10, 2011, the Company announced that it had resolved to issue a further 28,090,000 new shares to participants at €0.0004 per share in a third and final tranche of the GSOY Offering, thereby raising 11.24 teuros and making the total amount raised in the GSOY Offering 1,026 teuros, roughly 250 teuros short of the desired 1,250 teuros. The total 2,565,590,000 new shares issued in the GSOY Offering outlined above represented approximately 277.5 % of the outstanding shares and votes before the issue and 73.5% of the Company's outstanding shares and votes after the issue and approximately 42.7 % of the fully diluted shares and votes.

As referred to above, the Company participated fully in the second and final tranche of the GHNV Offering as agreed in the SSA by investing €1 million in GHNV. In addition, as agreed in the SSA and approved at the EGM, it has, on November 4, 2011 fully repaid the Convertible Bond Loan 2008-B by transferring to Schroder & Co. Ltd the agreed number of GHNV shares. After subscribing all the shares offered to it in the second tranche of the GHNV share offering and repaying the Convertible Bond Loan 2008-B, the Company’s shareholding in GHNV has increased to approximately 24%. As agreed in the SSA, GHNV may issue an option pool to its Board and management of up to 15% of its issued share capital. This may decrease the Company’s ownership of GHNV down to approximately 21%. Further, as agreed in the SSA, the Minority Rights Agreement and other security agreements in favour of Schroder & Co. Ltd have, on October 28, 2011, been terminated. As a result of the repayment of the Convertible Bond Loan 2008-B, the Company realised in Q4 a one-time gain of 4264 teuros.

The Company had intended to call an Extraordinary General Meeting as soon as the new shares issued in the GSOY Offering had been registered in the Trade Register to decide on a proposed reverse stock split in the ratio of approximately ten to one to improve the marketability and liquidity of the Company’s shares. Due to technical reasons not attributable to the Company, the planned reverse stock split cannot be affected until the new shares issued in the GSOY Offering have been listed following the publication of a Prospectus. This process can take several months and accordingly the Company must wait until this has been completed before implementing the planned reverse stock split.

Other arrangements

As noted in previous bulletins and quarterly reports, the Company’s then wholly owned Chinese subsidiary (through GHNV), GyPSii (Shanghai) Co. Ltd. (“GSSH”) had, on March 18, 2011 signed a Cooperation Agreement with Sina (Beijing) Information Technology Co., Ltd., whose parent company, Sina Corp. is listed on the US NASDAQ market under the symbol (SINA). The Cooperation Agreement provided for development, marketing and distribution cooperation between the two companies for a newly launched "Weilingdi" Location Based Services (“LBS”) and Social Networking Services (“SNS”) service in China. Under this agreement, GSSH and Sina would jointly develop the new “Weilingdi” service and Sina would 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 GSSH in 2010. The Cooperation Agreement was a vital step forward in progressing discussions about a deeper relationship between the two companies working towards the goal of a joint venture agreement. The Company had concluded that, in order to be able to exploit the potential of the Chinese market, it was necessary to partner with an established local partner who can bring large numbers of local users and also local marketing expertise and financing.

Further to this Cooperation Agreement with Sina, in June 2011, the Company announced that GHNV had signed an agreement with Sina Hong Kong Ltd (“Sina HK”) for both companies to take the necessary next steps towards establishing a Joint Venture (“JV”) between GSSH and Sina HK. Once the necessary preconditions for completion had been fulfilled, Sina HK would invest approximately €4.5m into GSSH by way of newly created share capital thereby obtaining a 60% controlling interest in GSSH. Sina would then contribute to the JV its 100M+ "Weibo" user base, marketing resources and distribution channels to promote the new products and data center services. GSSH, as the JV, will then exclusively operate all of Sina’s LBS and SNS services in

China. It will then continue to develop and progress the initiatives outlined by the two companies in March 18, 2011 Cooperation Agreement, specifically the delivery of the "Weilingdi" and "Tuding" products. GHNV has granted in June 2011, through its then wholly owned Dutch subsidiary, GeoSolutions BV, to GSSH an exclusive royalty free license to use the GyPSii IP within China and will enjoy joint IP ownership rights to all new or enhanced IP created by GSSH plus exclusive royalty free rights to use such IP outside of China. The JV will be one of the largest social networks of mobile consumers and merchants in China and will also be focused on providing merchants with a robust set of tools to improve customer loyalty and relationship management and consumers with financially incentive driven mobile applications.

In July 2011, the Company announced that, as a result of the agreement described above with Sina to form the JV in China using the Company's then GHNV wholly owned Chinese subsidiary, GSSH, as the vehicle, Sina had provided advance funding to GSSH, pursuant to implementing the JV agreement, of 400 teuros. This was sufficient to finance GSSH through to the expected date of final government approval and final creation of the JV, which was expected to take place before the end of Q3. This cash advance indirectly extended the cash runway for the remaining group outside of China to the end of July 2011.

In September 2011, it was announced that the Company had been informed by GHNV that the necessary pre-conditions for completion of the JV have been fulfilled, including obtaining Chinese government and regulatory approval. As a result, Sina HK had invested approximately €4.5 million, inclusive of the advance funding received earlier in June, into GSSH by way of newly created share capital thereby obtaining a 60% controlling interest in GSSH forming the JV. This investment secured the JV's operations through 2012 and beyond.

It should be noted that, as a result of the implementation of the funding package for the Company as outlined above, the Company now owns a minority percentage of GHNV, the former parent company of GSSH, which in turn owns 40% of GSSH. It is expected that GHNV will not be consolidating the results of the JV (i.e. GSSH) in its group accounts but will apply the equity method of accounting to its 40% investment. Current projections indicate that the JV will not be profitable in its initial user acquisition phase and it may be several years before there may be dividends flowing from the JV to GHNV and further from GHNV to the Company.

Legal Proceedings

Magi.tel has continued its litigation in Italy against the Company despite the fact that, pursuant to the Finnish Corporate Reorganization Act, any Magi.tel liability ceased on 19 March 2004 when Turku Court approved the GeoSentric Oyj / Benefon Oyj reorganization program. In any case, any claims or damages sustained by the Company related to this litigation should be indemnified and/or reimbursed by TWIG Com Oy, which acquired the TWIG business operations from the Company. The Company does not have any other pending or threatening legal proceedings, which the Company would consider to have material impact on the Company's financial position or profitability.

4. MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

The Company released on January 16, 2012 that the amount of €1,026,000, raised in a directed offering closed in November 2011, was €224,000 short of the Company's targeted amount to be raised in the offering of €1.25 million and that it had been continuing to explore all options available to it to ensure that it had sufficient liquidity to secure its operations through 2012 and beyond and as previously announced, Company's current cash resources are sufficient to finance the business into Q1 2012 and any alternative funding options should therefore be completed by the end of Q1 2012. As announced on February 20, 2012, the Company tried to raise a convertible loan note of at minimum €350,000 and at maximum €500,000 from its major shareholders. However, as reported on February 20 and 27 and further on March 6 and 9, the major holders were not interested to subscribe for the secured loan note offered by the Company.

Then on March 6, 2012, as first announced to the markets, the Company received a non-binding funding offer of €250,000 from an independent advisory business representing a number of individual investors. After a difficult negotiation process as reported to the markets at various times during March and April 2012, the Company and the above-referred independent advisory business finally found a solution that did not require that certain pre-conditions be met, which at the earlier phase of the process had already once stopped the execution of the proposal. The offer of 350 teuros of secured funding, which secures Company's funding through 2012 into 2013, was announced to the markets on April 23, 2012. The funding, secured by the GHNV shares held by the Company, will be confirmed by the Annual General Meeting estimated to be held in June 2012.

During the negotiations the trading was suspended as of April 3, 2012 on the request of the Company due to the Company´s inability to secure additional funding by April 3, 2012. At the same time the Company informed that the Board was left with no choice other than start preparing the process for inviting the shareholders' meeting to decide on the placing of the company into liquidation. However, as result of successful negotiations with respect to the 350 teuros funding described above, the Company did not need to invite the shareholders to decide on the placing of the company into liquidation but instead shall convene the Annual General Meeting as stated above.

5. REVIEW OF THE FINANCIAL POSITION AND THE FINANCIAL RESULTS

The Company has during the financial year 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	10-12/2011	2011	10-12/2010	2010
Net sales	0	49	39	54
Operating Result	-248	12739	-1752	-9536
Basic earnings per share (eur)	0.00	0.01	-0.00	-0.01
At the end of the period				

Total assets	1171	1420
Shareholders' equity	931	-15024
Total liabilities	240	16444
Cash	131	892

Sufficient liquidity

The Company has, during the financial year, retained sufficient liquidity.

As noted above, the Company secured incoming new equity investment totalling 1,026 teuros in the GSOY Offering. This amount was 224 teuros short of the Company's targeted amount to be raised in the GSOY Offering of €1.25 million. In October, as agreed in the SSA (Subscription and Shareholders Agreement in respect of GHNV, as explained above), the Company invested €1 million in GHNV shares as part of the second tranche of the GHNV Offering. As a result and as agreed in the SSA, the Company received a non refundable fee from GHNV in October of 350 teuros and secured confirmation that the 150 teuros fee received from GHNV in August, following the first tranche of the GHNV Offering, was also non-refundable. As a result of the above transactions, and in particular the fact that the amount raised in the GSOY Offering was short of the targeted amount, the Company was forced to continue exploring any other funding options available to it. As announced on April 23, 2012, the Company has now succeeded to secure a commitment for an additional €350,000 secured funding from an advisory business that secures the Company's funding through 2012 and into 2013.

6. OUTLOOK

Market Outlook

Due to forming the JV with Sina and refocus of the GHNV development, sales and marketing activities into China, the future business outlook of the Company's associate company, GHNV, is almost completely focused on the China market. In partnership with Sina, China's third largest internet company, the immediate focus is to leverage the now very large +200M Sina user base to spread the use of the GyPSii platform and applications to as many mobile phone users as possible over the next few years. The JV will combine the IP of GeoSolutions B.V., a 100% owned subsidiary of GHNV, with Sina's large user base, marketing and sales activities to develop the China market for the Tuding and Weilingdi products and the GyPSii Location Based Services Platform. Seeding this market should give rise to opportunities in 2013 and beyond for income to the JV based on advertising, IP licensing and small to medium business subscriptions. The China market for mobile technology is experiencing extremely rapid growth compared to the rest of the world. This is expected to continue alongside China's economic expansion well into the decade. This strong growth of mobile technology is a natural pull for the Sina and GyPSii products.

Outside of China, GHNV is exploring opportunities to leverage its IP and products in other developing countries with similar user demographics and similarly strong smart phone growth as China. This involves creating other potential partnerships with a business model similar to the JV with Sina.

Financial and Business Development Outlook

Following the conversion of the Notes into the shares of GHNV by Schroder & Co. Ltd, as described in Section 3 above, the Company's currently remaining business comprises solely its minority holding in GHNV. This in turn is currently focussed mainly on its holding in its wholly owned Chinese subsidiary, GSSH. And this in turn, as described above, has now become a JV with Sina addressing the Chinese market. As further stated above, the current projections indicate that the JV will not be profitable in its initial phase and it may be several years before there may be dividends flowing from the JV to the Company via GHNV. Unless the Company decides to start some new operational activities of its own, it is likely that the Company will not generate any income of its own and will not recognise dividend income from the JV until the JV turns profitable or becomes liquid through merger or acquisition and starts to distribute profits. Therefore, despite minimal operational costs, the Company is likely to make losses through this period. The Company may also sell part or all of its holding in GHNV in the future, which may generate an accounting and distributable profit.

During 2010 and 2011, the Group 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 had been consolidating operations, development, business development and marketing resources into China, with significant staff reductions elsewhere in the world.

As a result of the business consolidation, the main focus of business development and the primary element for the business model and revenue generation in China is rapid growth of the GyPSii membership base, in partnership with Sina that utilizes GyPSii's two main products in China, "Tuding" and "Weilingdi". This growth is being achieved exclusively in China primarily through its Joint Venture with Sina as well as through direct marketing campaigns by GyPSii. GyPSii membership has grown significantly during 2010 and 2011 and has climbed to a total subscriber base of almost 5,500,000 registered users with a substantial and growing base of active recurring users.

A second element of GyPSii's strategy began with the development of its Open APIs (OeX) at the beginning of 2010. This approach allows GyPSii to reduce the risk and overhead associated with business development efforts and at the same time tap into the rapidly expanding base of mobile applications that have need for GyPSii functionality. In partnership with Sina, GSSH has developed and deployed an Application Programming Interface (API) set in the Chinese market. This has resulted in a rapid rise in the GyPSii user base.

Outside of China, GyPSii is exploring 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 the 2012.

7. ASSESSMENT OF SIGNIFICANT OPERATIONAL RISKS

As a result of the financial arrangements described in Section 3 above, the Company became a minority shareholder in GHNV with its currently approximately 24% holding. As a minority shareholder of GHNV the Company does not have the control over the activities of GHNV and is dependent on the actions of the other shareholders of GHNV. The Company’s future value and cash flow is currently highly dependent on the success of GSSH’s business and JV in China. There is no certainty that these efforts will succeed.

As agreed in the SSA, GHNV may issue an option pool to its Board and management of up to 15% of its issued share capital. This may decrease the Company’s current ownership of GHNV down to approximately 21%.

The global financial crisis and current global recession have had and may continue to have a negative impact also on the GyPSii business although the business is now almost exclusively focussed on China, which continues to enjoy strong economic growth.

There is no certainty of the success regarding the implementation and realisation of the GHNV business plan. According to the business strategy, GHNV 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 GHNV is able to successfully respond to these developments it may significantly impair its operating results affecting consequently to operating results of the Company.

A key driver of the GHNV 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 there is no certainty.

Since 1997, the Company has not paid dividends and, in the future, there may be restrictions on the ability to distribute dividends. 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 balance sheet of the Company. The total amount of loans was 113 teuros at nominal value. The Company plans to convert with shares the remaining portion of the CBL 2004A loan.

The Company´s business plan has been prepared by assuming that the Company can derive long-term value from it’s holding in GHNV but this potential value creation is uncertain. The Company’s financing plan assumes that the additional €350K external financing as explained in section “material events after the end of the reporting period” is required to fund the Company into Q1 2013. In addition, the Company will need further external funding to secure sufficient liquidity in the long term (past Q1 2013) and also to enable further investments in GHNV. Should the new financing be delayed or prove to be unavailable, this could cause an insolvency risk and/or further dilution of Company’s holding in GHNV. The Company’s go-forward budget and cash sufficiency estimates have been prepared assuming further decreased cost levels. Should the actual cost levels be higher, the Company would need to raise additional external capital and the availability of this additional capital is uncertain.

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, have influence on GeoSentric. As a result of the directed share offering closed in November 2011, Jeffrey Crevoiserat, a Board member of the Company, has a substantial holding in the Company. 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.

8. REVIEW OF R&D ACTIVITIES

Prior to the de-consolidation of GHNV, the volume of the Group’s R&D activities during the reporting period was significant due to the on-going R&D-programs in China. No capitalizations were made.

Prior to the de-consolidation of GHNV, the Group’s main R&D unit was in Shanghai (China). Additionally, GyPSii server facilities were maintained in the US and China. After the de-consolidation of GHNV, no further R & D activity has been undertaken by the Company.

9. INVESTMENTS AND FINANCING

Gross investments in year 2011 were 1043 teuros, of which 1000 teuros was used to purchase shares in the GHNV Rights Offering. In the year 2010 gross investments were 40 teuros.

10. PERSONNEL AND ORGANIZATION

The number of employed personnel in the Group in year 2011 averaged 44, of which 10, at most, were affected by forced leaves. At the end of 2011 the Company employed a total of three employees in addition to managing director.

11. ENVIRONMENTAL ISSUES

The Company’s operations cause no significant environmental impact.

12. BOARD OF DIRECTORS AND AUDITORS

According to the Company’s articles of association the Board of Directors consists of not less than three (3) but no more than nine (9) ordinary members. The term of the members of the Board of Directors begins at the end of the Annual General Meeting of shareholders and expires at the end of the next Annual General Meeting of the shareholders following the election.

The Annual General Meeting on June 29, 2011 as extended to July 1, 2011 resolved that the number of Board members is three. The Board consists of Victor Franck (Chairman), Michael A. Po and Jeffrey Crevoiserat.

The Company has established committees to enhance the preparation of matters falling within the competence of the Board. The committees are 1) Audit and Finance Committee; 2) Corporate Governance and

Nominations Committee; 3) Compensation Committee; and 4) Strategic Options Committee.

In financial year 2011, the audit firm Ernst & Young Oy continued to serve as the ordinary auditor of the Company, with Mr. Erkka Talvinko, CPA, as the responsible auditor.

13. GROUP STRUCTURE

As a result of de-consolidation of GHNV sub-group on August 4, 2011 the Company ceased to be a part of the Group. The Company's only external holding is its approximately 24% holding in GHNV, an associated company.

14. BOARD AUTHORIZATION

The Annual General Meeting convened on June 29, 2011 as extended to July 1, 2011 authorized the Board to increase the share capital by maximum of 5,000,000 euros and share amount by maximum of 5,000,000,000 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 financial year the remaining amount of Board's authorization, as granted by the extended meeting on July 1, 2011, was 5,000,000 euros and 2,434,410,000 shares corresponding to 69.75 % of the registered share amount at the end of financial year and 68 % shares after all shares and instruments entitled to shares, effecting a corresponding immediate dilution to existing shareholdings (including current authorization).

15. STRUCTURAL ARRANGEMENTS AND CHANGES IN AMOUNTS OF SHARES

On October 12, 2011, it was announced that the Company had raised a total amount of 757 teuros in a first tranche of the GSOY Offering by issuing a total amount of 1,893,750,000 new shares at €0.0004 per share. In addition, the Company received a short-term convertible loan for the amount of 250 teuros ("Loan") from one of its largest shareholders. The Loan could, at the option of the note holder, before October 31, 2011, be repaid in cash or converted into shares or special subscription rights on the same terms as the GSOY Offering providing that, at all times, the total amount raised in the GSOY Offering shall remain at least €1 million. On October 14, 2011, the aforementioned funds raised in the first tranche of the GSOY Offering, including the Loan, enabled the Company to subscribe for all the new GHNV shares offered to it in the second tranche of the GHNV Offering for the amount of €1 million.

On October 24, 2011, it was announced that the Company had resolved to issue a further 643,750,000 new shares at €0.0004 per share in a second tranche of the GSOY Offering thereby raising 257.5 teuros and making the total amount raised in the GSOY Offering 1,015 teuros. This amount included 22.75 teuros as Loan conversion. The remaining part of the Loan of 227.25 teuros was retained as a short-term loan on the same terms as described above except that its end date was extended until November 30, 2011. Subsequently, on November 18, 2011, at the election of the note holder, the Loan was repaid in full.

On November 10, 2011, the Company announced that it had resolved to issue a further 28,090,000 new shares to participants at €0.0004 per share in a third and final tranche of the GSOY Offering, thereby raising 11.24 teuros and making the total amount raised in the GSOY Offering 1,026 teuros, roughly 250 teuros short of the desired 1,250 teuros. The total 2,565,590,000 new shares issued in the GSOY Offering outlined above represent approximately 277.5 % of the outstanding shares and votes before the issue and 73.5% of the Company’s outstanding shares and votes after the issue and approximately 42.7 % of the fully diluted shares and votes.

As referred to above, the Company participated fully in the second and final tranche of the GHNV share offering as agreed in the SSA by investing €1 million in GHNV. In addition, as agreed in the SSA and approved at the EGM, it has, on November 4, 2011 fully repaid the Convertible Bond Loan 2008-B by transferring to Schroder & Co. Ltd the agreed number of GHNV shares. After subscribing all the shares offered to it in the second tranche of the GHNV share offering and repaying the Convertible Bond Loan 2008-B, the Company’s shareholding in GHNV has increased to approximately 24%. As agreed in the SSA, GHNV may issue an option pool to its Board and management of up to 15% of its issued share capital. This may decrease the Company’s ownership of GHNV down to approximately 21%. Further, as agreed in the SSA, the Minority Rights Agreement and other security agreements in favour of Schroder & Co. Ltd have, on October 28, 2011, been terminated. As a result of the repayment of the Convertible Bond Loan 2008-B, the Company realised in Q4 a one-time gain of 4264 teuros.

As a conclusion the amount of registered securities of the Company changed over the reporting year as follows:

Number of registered shares on 1.1.2011	922,156,354
New shares issued in directed share issue	2,568,090,000
Number of registered shares on 31.12.2011	3,490,246,354

The financing arrangements and latest developments have been described in more detail above in sections ”Material events in the year 2011” and “Material events after the end of the financial year”.

16. CAPITAL LOANS

The Company did not raise any new capital loans in 2011.

The loan decided on February 26, 2004 and remaining 112,762.57 euros has been matured and entitles no longer new shares of the Company. Until now, no payments have been made of the Loan. The loan will accrue a fixed annual interest of 4 % also paid on mentioned date of June 30 of each year providing that the requirements set in the Companies´ Act regarding interest payments on equity loans are met. Until now, no interest has been paid on the loan.

17. 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. As of April 3, 2012 the trading with Company's shares has been suspended on the request of the Company.

The Company does not have any Company´s shares owned by or administered on behalf of the Company.

At the end of the financial year the Company's registered share capital was 8,955,761.65 Euros, consisting of 3,490,246,354 shares.

The number of outstanding shares in the beginning of the financial year 2011 was 924,656,354.

As of 31.12.2011 according to share register of the Euroclear Finland shareholders who hold their shares under a name of a nominee own a total amount of 712,140,067 shares corresponding 20.40 % of the Company's registered shares and votes. It should be noted that the above nominee registered holdings do not include the new 2,565,590,000 issued in the Company's directed share issue in November 2011 as those shares have not yet been publicly listed and therefore form a separate species of shares with equal rights to the old shares.

Shareholder	Shares	% of votes and shares
Nordea Pankki Suomi Oyj (custodian shares)	490,560,498	14.06 %
Skandinaviska Enskilda Banken (custodian shares)	203,469,023	5.83 %
Svenska Handelsbanken AB (custodian shares)	18,110,546	2.04 %
TOTAL	712,140,067	20.40 %

According to information received by the Company during the reporting year, the holdings of the following shareholders are (including the the new 2,565,590,000 issued in the Company's directed share issue in November 2011):

Shareholder	Shares	% of votes and shares
Ansa Group	468,377,779	13.42 %
Nobolles Investments Limited	616,107,806	17.65 %

The number of fully diluted shares as of 31.12.2011 was as follows:

Registered listed shares	924,656,354
Registered un-listed shares	2,565,590,000
Registered rights entitling to shares	90,718,555
Board authorization	2,434,410,000
TOTAL	6,015,374,909

The Company's all issued instruments including authorization entitled to shares together correspond to approximately 172.35 % of the share amount after all instruments entitled to shares issued by the Company and board authorization, effecting a corresponding direct dilution to existing holdings.

18. SHAREHOLDING OF BOARD MEMBERS AND MANAGING DIRECTOR

The share holdings and potential holdings by virtue of instruments entitling to share subscriptions of the Board members and managing director, including the holdings by controlled corporations, are as follows:

Person	Direct shares/holdings of interest parties	Stock options	Total securities	% shares and votes
Frack, Victor	78,500,000	-	78,500,000	2.25
Po, Mike	-	3,000,000	3,000,000	0.09
Crevoiserat, Jeffrey	616,107,806	-	616,107,806	17.65

19. RELATED PARTY TRANSACTIONS

There were no related party transactions made during the financial year 2011.

As a part of the terms relating to the investors investment in the Company in previous financing round arranged in August-September 2007 and simultaneously agreed restructuring of Company's ownership, the Board approved an incentive carve-out agreement entered into with key senior managers who are holders in GeoHolding B.V. for a successfully completed exit transaction. The incentive carve-out is based on the valuation of the Company in pre-defined exit events, requiring shareholders' approval to take place, and may not exceed 10 percent of the valuation. The agreement shall be valid until July 31, 2017.

20. BOARD PROPOSAL REGARGING THE HANDLING OF THE RESULT

The Board proposes to the Annual General Meeting that no dividend is distributed and that the profit for the period is booked to the prior years´ result account.

21. NOTICE

In the Notes to the Financial Statements there is more detailed and additional information about the Company's operations in the financial year 2011.

According to Finnish Securities Market Act, Chapter 2, Section 10 c, GeoSentric Oyj has published the annual summary of the stock exchange releases and announcements published during the year 2011. The summary is available at: www.geosentric.com.

The Company has prepared a separate Corporate Governance Statement according to the recommendation 54 of the Finnish Corporate Governance Code issued by the Securities Market Association. The statement is presented as a separate report from the Operating Review by the Board of Directors and is available at: www.geosentric.com.

In Salo, April 28, 2012

Victor Franck Chairman of the Board	Jeffrey Crevoiserat Member of the Board

Michael Po
Member of the Board
Managing Director

GROUP STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	1.1.-31.12.2011	1.1.-31.12.2010
Continuing operations			
Net sales	3	49	54
Cost of goods sold	7	0	0
Gross margin		49	54
Other operating income	6	16690	0
General & Administrative expenses	7	1969	2673
Research & Development expenses	7	1224	4671
Sales & Marketing expenses	7	807	2246
Operating result		12739	-9536
Financial income	12	4265	78
Financial expenses	13	-2066	-1783
Share of Associate Company result	18	-231	0
Result before taxes		14707	-11241
Income taxes	14	129	-146
Result for the period from continuing operations		14836	-11387
Discontinued operations			
Result for the period from discontinued operations	4	0	-1987
Result for the period		14836	-13374
Translation difference		-34	-13
Comprehensive income		14802	-13387
Earnings per share, eur:			
Basic earnings per share, continuing operations	15	0,01	-0,01
Diluted earnings per share, continuing operations	15	0,01	-0,01
Basic earnings per share, discontinued operations	15		-0,00

GROUP STATEMENT OF FINANCIAL POSITION

1000 EUR	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
Property, plant and equipment	16	2	82
Goodwill	17	0	216
Other intangible assets	17	0	1
Investment in Associate Company	18	988	0
Other financial assets		0	5
Deferred tax assets	19	0	0
		990	304
Current assets			
Inventories		0	0
Trade receivables and other receivables	20	50	224
Prepaid expenses		0	0
Cash and cash equivalents	21	131	892
		181	1116
Total assets		1171	1420
EQUITY AND LIABILITIES			
Shareholders´equity			
Share capital	22	8956	8956
Share premium account	22	13631	13631
Translation difference		0	122
Invested distributable equity account	22	29056	30912
Retained earnings		-50712	-68645
Total shareholders´ equity		931	-15024
Non-current liabilities			
Deferred tax liabilities	19	0	0
Interest-bearing debt	24	0	13112
		0	13112
Current liabilities			
Trade payables and other payables	25	127	3219
Provisions		0	0
Interest bearing debt	24	113	113
		240	3332
Total liabilities		240	16444
Total shareholders´ equity and liabilities		1171	1420

GROUP CASH FLOW STATEMENT

1000 EUR	Note	1.1.-31.12.2011	1.1.-31.12.2010
Cash flow from operations			
Result for the period		14836	-13374
Adjustments	26	-16282	1505
Changes in working capital:			
Change of trade and other receivables		174	482
Change of inventories		0	761
Change of trade and other liabilities		-3092	548
Paid interests		0	-630
Received interest payments		501	18
Cash flow from operations, net		-3863	-10690
Cash flow from investments, net		-1043	46
Cash flow from financing			
Proceeds from issue of share capital		1026	67
Transaction expenses of share issues		0	-3
Transaction expenses of loans		-31	-467
Proceeds from long term borrowings, equity		0	0
Proceeds from long term borrowings, liability		3150	6000
Net cash flow from financing		4145	5597
Change in cash		-761	-5047
Cash on January 1		892	5939
Cash on December 31	21	131	892

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

	Share capital (1000eur)	Translation difference (1000eur)	Share prem 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	-13	0	0	0	-13
Result for the period	0	0	0	0	-13374	-13374
Comprehensive income	0	-13	0	0	-13374	-13387
Share issue, cash	5	0	0	62	0	67
Share issue expenses	0	0	0	-3	0	-3
Booked expense of stock options to key personnel and partners	0	0	0	0	285	285
Equity portions of liabilities	0	0	0	250	0	250
Shareholders´ equity 31.12.2010	8956	122	13631	30912	-68645	-15024
Items booked directly into shareholders´ equity	0	-122	0	0	88	-34
Result for the period	0	0	0	0	14836	14836
Comprehensive income	0	-122	0	0	14924	14802
Share issue, cash	0	0	0	1026	0	1026
Share issue expenses	0	0	0	0	0	0
Booked expense of stock options to key personnel and partners	0	0	0	0	127	127
Equity portions of liabilities	0	0	0	-2882	2882	0
Shareholders´ equity 31.12.2011	8956	0	13631	29056	-50712	931

NOTES TO THE GROUP FINANCIAL STATEMENTS

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1. BASE INFORMATION OF THE COMPANY

Prior to August 4, 2011, GeoSentric wholly owned its subsidiary, GeoSolutions Holdings NV ("GHNV"). On August 4, 2011, its holding in GHNV became a minority holding and GeoSentric´s sole business then became holding its minority investment in GHNV.
GHNV 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"). It 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.
GeoSentric is based in Salo, Finland.
GeoSentric is listed in NASDAQ OMX Helsinki Ltd (NASDAQ OMX: GE(Trading has been suspended as of April 3, 2012. The parent company of the group is GeoSentric 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. The Board has approved these group financial statements for public distribution on April 28, 2012. According Finnish Companies Act, the shareholders has possibility to accept or reject the financial statements, even the General Meeting is after financial statements is released. General Meeting has also possibility to make desicion about changing financial statements.

2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Accounting principles:
The group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applying the IAS and IFRS standards and the SIC and IFRIC interpretations valid on 31.12.2011 and as approved by the EU.
The notes to the group financial statements fulfil also the requirements in the Finnish legislation concerning accounting practices and companies

The group financial statements have been prepared on the basis of original purchase costs except financial assets and liabilities, except sellable financial assets or financial assets and liabilities expensed at fair value. Payments with shares have been booked at fair value on their provision date.
Numeric information is presented in thousands of euros.

Since 1.1.2011 the group has applied the following new standards and interpretations:
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.
No effect on the group financial statements.
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.
No effect on the group financial statements.
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 has specified definition of related party.
Improvements to IFRSs -changes. Small changes without material effect to financial statement.

Preparation of financial statements according to IFRS standards requires the management to make certain valuations and considerations in the application of the preparation principles. Management evaluations have affected eg. the amounts of assets, liabilities and expenses in the reporting period.
Evaluations are based on the best view of the management at the time of evaluation and but it is possible that the realised figures may deviate from the estimates used in the financial statements.

The group financial statements have been prepared on the going concern principle. The going concern principle is based on the business and financing plan approved by the Board, and on assesment about the sufficiency of cash.

Accounting principles:
2.1. Consolidation
The consolidated financial statements include the parent company and all subsidiaries in which over 50% of the subsidiary`s voting rights are controlled directly or indirectly by the parent company and associates. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated when that control ceases. The group uses the purchase method of accounting for the acquisition of subsidiaries. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Subsidiary has changed to associate company beginning date when control changed to signifigant influence.
Associates are companies in which the Group has signifigant influence. Associates has consolidated to group statements under the equity method. If Group´s share of associate´s loss exceed carrying amount of investment, investment will mark to zero value to statement. The share of profit of associate is shown in income statement as own item after operating result.

2.2. Foreign currency transactions:
The consolidated financial statements are presented in euros, which is the company`s functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into euros at the exchange rates prevailing at the balance sheet date.

2.3. Tangible assets:
Tangible assets are valued at the original acquisition cost less accrued depreciation and devaluations. Asset items are amortized with even write-offs over the economic utility period which for machines and furniture has been 5 years. Residual value of the asset items and their economic utility period are checked at the every financial statement date and adjusted as needed.
Sales profits and losses incurred with decomissioning and sale of asset items are included either in other income or in other expenses of operations.

2.4. Intangible assets
Goodwill represents the part of the acquisition cost that exceeds the share of the net assets acquired in the acquired unit at fair value at the time of acquisition. Goodwill is not amortised, but it is tested annually for impairment and carried at cost, less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Intellectual Property Rights (IPR) are booked at their original purchase cost and are amortised in evenly over 3 years. They are tested annually for eventual value impairment and are carried at original purchase cost less amortisation and value impairments.
The purchase expense of software is booked as intangible assets if they will generate future economic benefit. Capitalized software is amortized using the straight-line method over its useful life which has been estimated at 5 years. Other intangible assets are amortized using the straight-line method over 10 years.

2.5. Rental agreements:
The company has no notable financing leasing agreements or other rental agreements.
Rent payments based on other rental agreements are expensed.

2.6. Impairments:
The group evaluates continuously whether there are indications that the value of some asset items have been decreased. With any such indication, the potentially available cash generation from such items is estimated. However, the potentially available cash generation is always in any case estimated for goodwill, intangible assets with economic non-limited influence time and non-finished intangible asset items.
The accruable amount of cash equals the fair value of an asset item less the expenses of its sale, or the use value higher than that. The use value means estimated accruable future net cash flows, discounted to present moment, of the said asset item or cashflow producing unit.
An impairment loss is booked in the profit and loss account immediately when the book value of an asset item is greater than the accruable cash value of it.
An impairment loss from the business value is revoked in case that a change has occurred in assesments used for determining the cash accruable from an asset item.
An impairment loss revoke, however, cannot be more than the amount of the book value of the asset item before booking of the de-valuation loss.

2.7. Employee benefits:
Pension arrangements are expensed as they are paid. In the group, there are option programs as part of incentive programs. Option rights are assessed at fair value on the date of grant and such fair value is booked in the result report as cost in the period of earning the right.
The group updates the assumption of the final amount of option rights on every book closing date.
Changes in the assumed amounts are booked in the profit and loss account.

2.8. Provisions:
A provision is booked in the balance sheet in case, as the result of some prior event, some legal or factual liability has been incurred for the group, realization of the liability is probable and the amount of the liability can be estimated reliably.

2.9. Income taxes:
Tax expense in the profit and loss account consists of the taxable income in the period and of deferred tax. Deferred taxes are computed from the temporary difference between book value and and taxation value. Deferred tax receivables and liabilities are offset by taxation authority. Deferred tax receivable due to losses are booked at the amount up to which it is likely that in the future there will be accrued taxable income against which the interim difference may be exploited.

2.10. Revenue recognition:
Sales of deliverables are booked as income when the significant risks and benefits related to ownership have been transferred to the buyer and the group does not have the products in possession.
The group has no long term contracts but partial booking of income is applied when needed.
Sale of services and advertising is booked as income in linear fashion over the contract or delivery period or a period during which the sales right has been created.

2.11. Discontinued operations
Result of discontinued operations is presented as own item in income statement.

2.12. Financial instruments:
The group classifies financial instruments within scope of IAS 39 in the following categories: loans and receivables, available-for-sale financial assets and loans and borrowings. The group determines the classification of its financial assets at initial recognition and the classification depends on the purpose for which the financial instruments were acquired.

Financial instruments are recognized initially at the settlement date at fair value plus directly attributable transaction costs. The subsequent measurement of financial instruments depends on their classification. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.
The group´s financial instruments includes cash, trade and other receivables and loans and borrowings. The group does not use derivative instruments. The carrying value of loans and receivables and loans and borrowings does note materially differ from the fair value.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets:
Available-for-sale assets are non derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded directly in equity is recognized in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the income statement. Unlisted equity securities for which fair value cannot be measured reliably, are recognized at cost less impairment.

Loans and borrowings:
Loans and borrowings are included in non-current liabilities, except for items with maturity less than 12 months after the balance sheet date. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process. At the balance sheet date the group has issued convertible loans which have been divided into the components of debt and equity as required by IAS 32. The deviation is based on the actual and contractual terms of the loans as well as managements judgments.

Impairment of financial assets:
The group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired at each balance sheet date.

2.13. Preparation principles needing management consideration and related uncertainty factors:
In preparing the financial statements, the group needs to make assesments and assumptions about the future, which may deviate from the actual outcome. In addition, the group has to use consideration when applying the financial statements preparation principles. The estimates are based on the best view of the management at the moment of book closing. Eventual changes in assesments and assumptions are booked in the period of adjustment.
The most significant items in the group requiring management consideration are payments in shares, impairments, determination of loans and equity components and R&D capitalisations.
These are presented in notes 9, 11, 23, 24, 29 and 30.

2.14. New standards and interpretations:
IASB has published new standards and interpretations and changes in existing standards, application of which is mandatory on 1.1.2012 or thereafter, and which the group has not adopted earlier voluntarily.
The group will adopt the following standards (and their amendments) and interpretations from 1.1.2012 onwards, or in case that effective date is some other than first day of accounting period, so onwards beginning of next accounting period:
Change to IFRS 7, Financial instruments: Disclosures (in force 1.7.2011 or in beginning account period after it). Change bring more transparence regarding transaction presentation of disposal of financial instruments. Change is not yet accepted to apply in EU.
Change to IFRS 1, First time adoption of IFRS (in force 1.7.2011 or in beginning account period after it).
Change is not yet accepted to apply in EU. No effect on the group.
Change to IAS 12, Income taxes (in force 1.1.2012 or in beginning account period after it). Change concern valuation method effects of selected assets to deferred taxes.
Change is not yet accepted to apply in EU. No effect on the group.
Change to IAS 1, Presentation of financial statements (in force 1.7.2012 or in beginning account period after it). Central change is demand for grouping of other comprehensive income items according if they will possible carry later to earnings acting with filling certain condition.
Change is not yet accepted to apply in EU.
Change to IAS 19, Employee benefits (in force 1.1.2013 or in beginning account period after it).
Change concerns recognition method of acturalial gains and losses.
Change is not yet accepted to apply in EU. No effect on the group.
IFRS 9 Financial instruments (effective date still open). IFRS 9 is first stage of bigger project which aim to replace IAS 39 by new standard. Standard is not yet accepted to apply in EU.
IFRS 10 Consolidated financial statements (in force 1.1.2013 or in beginning account period after it).
Standard determines according to existing principles that authority is central factor when decides should community combine to consolidated financial statements. Besides standard give additional directions to specify control then when it is difficult to assess. Standard is not yet accepted to apply in EU.
IFRS 11 Common arrangements (in force 1.1.2013 or in beginning account period after it). Standard emphasizes in common arrangements´ accounting prosessing rather following rights and obligations from them than their legal form. Common arrangements are two types, common oprations and joint ventures.
Standard requires equity method in reporting of joint ventures. Standard is not yet accepted to apply in EU.
IFRS 12 Disclosures of shares in other communities (in force 1.1.2013 or in beginning account period after it). Standard includes notes requirements regarding different shares in other comminities, including associate companies, common arrangements, special purpose companies and other, outside statement companies. Standard is not yet accepted to apply in EU.
IFRS 13 Fair value designation (in force 1.1.2013 or beginning account period after it). Standard give exact fair value definition and join requirements to fair value designation and notes to same standard.
Standard is not yet accepted to apply in EU.

IAS 27 (revised 2011) Separate financial statements (in force 1.1.2013 or in beginning account period after it). Reviced standard includes requirements regarding separate financial statements, which are left, when control items have included to new IFRS 10. Revised standard is not yet accepted to apply in EU.
IAS 28 (revised 2011) Investments in associates and joint ventures (in force 1.1.2013 or in beginning account period after it). Reviced standard includes requirements both associates and joint ventures handling with equity method in consequence of IFRS 11. Revised standard is not yet accepted to apply in EU.

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.

Net sales of geographic areas is presented by customer location and non-current assets are presented by its location.

GEOGRAPHIC AREAS

1000 EUR	2011	2010
Net sales:		
Finland	0	269
Rest of Europe	38	1264
Rest of world	11	318
Total	49	1851
Discontinued operations	0	-1797
Continuing operations	49	54
Non-current assets:		
Finland	990	226
The Netherlands	0	41
Rest of world	0	37
Total	990	304

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	1.1.-31.12.2011	1.1.-31.12.2010
Result of Twig mobile handset business		
Net sales	0	1797
Cost of goods sold	0	-1823
Other operating income	0	4
General & Administrative expenses	0	-425
Research & Development expenses	0	-366
Sales & Marketing expenses	0	-930
Income taxes of discontinued operations	0	0
Profit before/after taxes	0	-1743
General & Administrative expenses		
Result of divesting before/after taxes	0	-244
Income taxes of divesting	0	0
Result for the period from discontinued operations	0	-1987
Cash flow of Twig mobile handset business		
Cash flow from operations	0	-1031
Cash flow from investments	0	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. ACQUISITIONS

In the financial period there were no acquisitions.

6. OTHER OPERATING INCOME

1000 EUR	2011	2010
Subsidiary GHNV change to associate company	16690	0

As a result of the de-consolidation of GHNV, the Company realized a one time, non cash gain.

7. COSTS BY CATEGORY

1000 EUR	2011	2010
Increase/decrease in inventories of finished products	0	375
Impairment loss in inventories	0	455
Use of raw materials and consumables	0	571
Total expense of direct employees	0	422
Cost of goods sold total	0	1823
Discontinued operations	0	-1823
Total expense of indirect employees	2370	6993
Redundancy provision	0	509
Depreciations	66	682
Other operating expenses	1564	3371
Expenses by cost category, total	4000	11555
Discontinued operations	0	-1965
Continuing operations	4000	9590

8. OTHER OPERATING COSTS

1000 EUR	2011	2010
Rental costs	116	479
Travel expenses	222	458
Market communications	177	469
R&D outsourcings	20	147
External services	724	903
Other cost items	305	915
Total	1564	3371
Discontinued operations	0	-422
Continuing operations	1564	2949

Compensation of the auditors 1000 euros:	2011	2010
Audit	28	49
Other services	23	27
Total	51	76

9. DEPRECIATIONS AND VALUE ADJUSTMENTS / WRITE-DOWNS

1000 EUR	2011	2010
Depreciations of tangible assets:		
Machinery and equipment	65	176
Depreciations of intangible assets:		
Other intangible assets	1	506
Total of depreciations and devaluations	66	682
Discontinued operations	0	-32
Continuing operations	66	650

10. TOTAL EXPENSE OF EMPLOYEES

1000 EUR	2011	2010
Salaries	1701	5611
Pension costs - defined contribution plans	119	332
Invoiced salary costs, GeoSolutions	202	1001
Granted stock options	127	234
Other social security costs	221	746
Total	2370	7924
Discontinued operations	0	-1511
Continuing operations	2370	6413
Average number of personnel	44	116

Information about management benefits are presented in note 28 Related party transactions.

11. RESEARCH AND DEVELOPMENT EXPENSES

1000 EUR	2011	2010
Ordinary R&D expenses	1224	4413
Option costs	0	124
Depreciations of IPR	0	500
Research and development costs expensed	1224	5037

12. FINANCIAL INCOME

1000 EUR	2011	2010
Interest income	1	12
Dividend income	0	6
Other financing income	4264	52
Currency exchange profits	0	8
Total	4265	78

As a result of the repayment of CBL2008B, the Company realized a one time, non cash gain of 4264 teuros.

13. FINANCIAL EXPENSES

1000 EUR	2011	2010
Interest expense from liabilities valued at amortized cost	2066	1783

14. INCOME TAXES

1000 EUR	2011	2010
Income tax from ordinary operations	129	-274
Change in booked tax liability	0	128
Income tax in P/L statement	129	-146
Adjustment calculation between tax cost and computed tax with group tax base		
Result of continuing operations	14836	-11387
Result of discontinued operations	0	-1987
Tax base	26 %	26 %
Tax from continuing operations with tax base of the group	-3857	2960
Tax from discontinued operations with tax base of the group	0	517
From tax free income	5448	0
From non-booked losses deductible in taxation	-1552	-3636
From items non-deductible in taxation	90	12
From items deductible in taxation	0	1
Total tax in the income statement	129	-146
Effective tax rate	0,9 %	1,1 %

Deferred tax credit from accrued losses has not been booked because the Company is making losses.

15. EARNINGS PER SHARE

	2011	2010
Result of the period 1000 EUR	14836	-13374
Average weighted number of shares, 1000 pcs	1031507	903645
Earnings per share, eur:		
Basic earnings per share, continuing operations	0,01	-0,01
Diluted earnings per share, continuing operations	0,01	-0,01
Basic earnings per share, discontinued operations		-0,00

16. TANGIBLE ASSETS

1000 EUR	2011	2010
Machinery and equipment		
Acquisition cost per 1.1.	517	680
Additions	45	40
Subtractions	-554	-203
Acquisition cost per 31.12.	8	517
Accrued depreciations per 1.1.	-435	-441
Depreciations in the period	-65	-176
Accrued depreciations of the subtractions	554	203
Accrued depreciations per 31.12.	-435	-435
Book value per 1.1.	82	240
Book value per 31.12.	2	82

17. INTANGIBLE ASSETS

1000 EUR	2011	2010
Goodwill		
Purchase price 1.1.	216	216
Subtractions	-216	0
Purchase price 31.12.	0	216
Book value 1.1.	216	216
Book value 31.12.	0	216
Other intangible assets		
Acquisition cost per 1.1.	6	6051
Subtractions	-6	-6045
Acquisition cost per 31.12.	0	6
Accrued depreciations per 1.1.	-5	-5549
Depreciations in the period	-1	-506
Accrued depreciations of the subtractions	6	6045
Accrued depreciations per 31.12.	-6	-5
Book value per 1.1.	1	510
Book value per 31.12.	0	1

18. INVESTMENT IN ASSOCIATE COMPANY

	1000 EUR
Value of investment at beginning of August 2011	463
Additions	1000
Subtractions	-244
Share of result, August-December 2011	-231
Value of investment at end of period	988

Domicile of GeoSolutions Holdings N.V. is Holland.
GeoSentric´s interest was 24% at the end of December 2011.

Assets at end of period	4947
Liabilities at end of period	163
Net sales, August-December 2011	17
Result, August-December 2011	-868

19. TAX RECEIVABLES AND LIABILITIES

1000 EUR	1.1.2010	Booked in result account	31.12.2010	Booked in result account	31.12.2011
Tax receivables					
Confirmed losses	27179	0	27759	0	18552
Temporary difference	10	0	0	0	0
Total	27189	0	27759	0	18552
Net from accounted tax liability	0	0	0	0	0
Accounted net tax credit	27189	0	27759	0	18552
Tax credit in the balance sheet	0	0	0	0	0
Tax liabilities:					
From GeoSolutions acquisition	1530	0	1530	0	1530
From amortisation of acquisition purch. price	-1402	-128	-1530	0	-1530
Temporary difference	0	0	0	0	0
Total	128	-128	0	0	0
Net from accounted tax credit	0	0	0	0	0
Accounted net tax liability	128	-128	0	0	0
Tax liability in the balance sheet	128	-128	0	0	0

Confirmed losses:			Loss (1000eur)	Tax 24,5% (1000eur)
Loss in fiscal year 2002	Finland	Expires in 2012	9997	2449
Loss in fiscal year 2003	Finland	Expires in 2013	20414	5001
Loss in fiscal year 2004	Finland	Expires in 2014	3894	954
Loss in fiscal year 2005	Finland	Expires in 2015	3228	791
Loss in fiscal year 2006	Finland	Expires in 2016	11457	2807
Loss in fiscal year 2007	Finland	Expires in 2017	14427	3535
Loss in fiscal year 2008	Finland	Expires in 2018	887	217
Loss in fiscal year 2009	Finland	Expires in 2019	4255	1042
Loss in fiscal year 2010	Finland	Expires in 2020	4788	1173
Loss in fiscal year 2011 estim.	Finland	Expires in 2021	2376	582
Total			75722	18552

20. TRADE RECEIVABLES AND OTHER RECEIVABLES

1000 EUR	2011	2010
Trade receivables	0	10
Deferred receivables	37	27
Other receivabels	13	187
Total	50	224

21. CASH ASSETS

1000 EUR	2011	2010
Cash at hand and in the banks	131	892

22. SHAREHOLDERS´ EQUITY

	Number of shares (1000)	Share capital (1000eur)	Sh prem account (1000eur)	Invested distribut. equity acc (1000eur)	Total (1000eur)
31.12.2009	897926	8951	13631	30603	53185
Share issue free 4.10.2010	23750				0
Share issue, cash 26.11.2010	480	5		62	67
Costs of share issues				-3	-3
Equity components separated from liabilities				250	250
31.12.2010	922156	8956	13631	30912	53499
Share issue free 7.1.2011	2500				0
Share issue, cash 16.12.2011	2565590			1026	1026
Equity components separated from liabilities				-2882	-2882
31.12.2011	3490246	8956	13631	29056	51643

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.

23. OPTION RIGHTS

The Company carries fourteen on-going stock option programs. In all of these, one option right entitles to subscribe for one new share of the Company.

Option program 2005A:
The EGM decided on 5.9.2005 to issue a maximum of 1.500.000 option rights to the Managing Director of the Company Mr. Tomi Raita. The EGM of 1.2.2007 decided to amend the option terms such that all conditions limiting the exercise of option rights were removed. The share subscription price with all option rights is 0,10 euros. The share subscription period have begun and will expire on 31.12.2012.

Option programs 2006A and 2006B:
The Board based on authorisation by the annual general meeting of 24.5.2006 decided to issue a total of 4,425,000 option rights to Luben Limited as a compensation for the no-interest loans of a total of 2,950 teuros to the Company. The share subscription period of the option rights have begun and it will end on 31.12.2012. The share subscription price is 0.10 euros per share.

Option program 2007-1:
The Board decided on 27.4.2007 by virtue of authorisation by annual general meeting on 16.4.2007 to issue a maximum of 9,778,500 option rights to key persons of GeoSolutions. Option rights are divided into nine categories. The share subscription period have begun and will end depending on the option category between 27.4.2012 and 7.4.2014. EGM on 10.9.2007 decided to amend share subscription price to 0.045 euros. Of the option rights 4,961,000 pcs have become null and void.

Option program 2007-2:
The Board decided on 7.5.2007 by virtue of authorisation by annual general meeting on 16.4.2007 to issue 666,667 option rights to Killarney Partners in relation to directed share issue.
Share subscription price is 0.15 euros.
Share subscription period have ended on 31.5.2011, shares have not paid.

Option program 2007-3:
The Board decided on 21.5.2007 by virtue of authorisation by annual general meeting on 16.4.2007 to issue a maximum of 3,375,000 option rights to Tradewind Investment and Biggles Ltd in relation to directed share issue. Share subscription price is 0.15 euros.
Share subscription period have ended on 30.6.2011, shares have not paid.

Option program 2007-6:
The Board decided on 19.10.2007 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue 35,305,555 option rights and 102,171,068 special rights to GeoHolding in relation to financing arrangements in the autumn. Option rights were subscribed for with accepted financing agreement. Share subscription price with option rights is 0.045 euros per share and with special rights 1 euro per 100.000 shares. Share subscription period have begun and will end on 2.1.2013.
Special rights were converted into shares on 12.5.2008.

Option program 2007-7:
The Board decided on 19.11.2007 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 3,367,500 option rights to certain key persons of the Company.
Share subscription price is 0.07 euros.
Share subscription period have ended on 19.11.2011, shares have not paid.

Option program 2008-1:
The Board decided on 15.2.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 4,451,632 option rights to certain key persons of the Company.
The Board decided on 20.11.2008 to extend the share subscription period until 19.2.2012.
Share subscription price is 0.06 euros.
Of the subscribed option rights 2,651,632 pcs have returned and nullified.

Option program 2008-2:
The Board decided on 18.4.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 577,000 option rights to certain key persons of the Company. Share subscription period have begun and will end on 31.12.2012. Share subscription price is 0.06 euros.
Option rights have returned and nullified.

Option program 2008-3:
The Board decided on 16.5.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 24,500,000 option rights to the members of the Board of the Company.
Every Board member is entitled to subscribe for a maximum of 3.500.000 option rights. Option rights were granted as part of the incentive program approved by the annual general meeting of 16.5.2008.
Share subscription period have begun and will end on 31.12.2012. Share subscription price is 0.045 euros.
Of the subscribed option rights 17,500,000 pcs have returned and nullified.

Option program 2008-4:
The Board decided on 15.8.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 2,877,000 option rights to certain key persons of the Company. Option rights have been divided into D and E series and further into 16 sub-categories. Share subscription period has been staged by sub-category such that the options shall vest on quarterly basis. The share subscription period begins no earlier than 15.12.2008 but no later than 15.12.2012 and ends with all options on 15.12.2013. Share subscription price is 0,06 euros. Option rights have returned and nullified.

Option program 2008-5:
The Board decided on 20.11.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 9,505,000 option rights to key persons of the Group.
Option subscription period has ended and total of 9,479,500 pcs were subscribed. Option rights are divided into 5 separate series as decided by the Board. The options in each series shall vest on quarterly basis during four year period. Share subscription period begins no earlier than 1.1.2009 but no later than on 1.1.2010. The share subscription period for each option series ends after six (6) years from the first vesting date, however on 1.1.2016 at the latest. The share subscription price for each series is determined to equal the trade volume weighted average share price of the Company share (GEO1V) in NASDAQ OMX during the 30 days period preceding the first vesting quarter of the series i.e. on December 2008 (0,0346€). Of the subscribed option rights 6,479,500 pcs have returned and nullified.

Option program 2008-6:
The Board decided on 20.11.2008 by virtue of authorisation by extraordinary general meeting on 10.9.2007 to issue a maximum of 495,000 option rights to certain key persons of the Company. The options shall vest on quarterly basis during four year period and are divided in to 16 sub-categories. Share subscription period begins on 1.1.2009 and ends on 1.1.2015. The share subscription price is determined to equal the trade volume weighted average share price of the Company share (GEO1V) in NASDAQ OMX during 30 days period preceding the first vesting quarter of the series i.e. on December 2008 (0,0346 €).
Of the subscribed option rights 472,500 pcs have returned and nullified.

Option program 2009-1:
The Board decided in its meeting on May 14, 2009 to adopt Option Plan 2009-1 and issue a total amount of 3,000,000 option rights by virtue of the authorization granted by the EGM on September 10, 2007.
The options are directed to the Board´s advisors without charge as decided by the Board. The options may be subscribed into corresponding amount of new shares during the share subscription period ending on December 31, 2012 with a share subscription price of 0.045 euros per share. Option rights have been subscribed when issued.

Option program 2009-2:
The Board decided in its meeting on May 15, 2009 to adopt Option Plan 2009-2 and issue a total amount of 24,500,000 option rights to the members of the Board of Directors without charge by virtue of the authorization granted by the AGM on May 15, 2009. The options may be subscribed into corresponding amount of new shares during the share subscription period ending on December 31, 2013 with a share subscription price of 0.045 euros per share.
Of the subscribed option rights 14,000,000 pcs have returned and nullified.

Option program 2009-3:
The Board decided in its meeting on August 13, 2009 to adopt Option Plan 2009-3 and issue a total amount of 1,500,000 option rights to the secretary of the Board of Directors without charge under the same terms and conditions as Option Plan 2009-2 directed to the Board members. The options may be subscribed into corresponding amount of new shares during the share subscription period ending on December 31, 2013 with a share subscription price of 0.045 euros per share. Option rights have returned and nullified.

Option program 2009-4:
The Board decided in its meeting on November 13, 2009 to adopt Option Plan 2009-4 and issue a total amount of 3,500,000 option rights to the financial advisor without charge. The options may be subscribed into corresponding amount of new shares during the share subscription period ending on February 17, 2015 with a share subscription price of 0.0475 euros per share.

Option programs 2010-1and 2010-2:
The Board decided in its meeting on September 3, 2010 to adopt Option Plans 2010-1 and 2010-2 and issue a total maximum amount of 15,848,000 new option rights to the employees and key engineering recources of the group without charge. The options are issued on standard terms used by the company in its option plans. Each option right entitles its holder to subscribe for one new share at subscription price of 0.03 euros that equals to volumeweighted average price of company´s share on stock exchange during September 2010. The options will vest on quarterly basis and the share subscription period on all options ends on October 1, 2016.

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.

The base information of the option programs is presented by program in the below schedule.

Option program	Class	Shares total pcs	Share subscript period begins	Share subscript period ends	Subscript price euroa/ share	Shares per option
2005A	A-C	1.500.000	begun	31.12.2012	0,100	1:1
2006A		2.175.000	begun	31.12.2012	0,100	1:1
2006B		2.250.000	begun	31.12.2012	0,100	1:1
2007-1	A	4.612.500	begun	27.4.2012	0,045	1:1
2007-1	B1	25.625	begun	26.7.2012	0,045	1:1
2007-1	B2	25.625	begun	24.10.2012	0,045	1:1
2007-1	B3	25.625	begun	22.1.2013	0,045	1:1
2007-1	B4	25.625	begun	22.4.2013	0,045	1:1
2007-1	B5	25.625	begun	19.7.2013	0,045	1:1
2007-1	B6	25.625	begun	9.10.2013	0,045	1:1
2007-1	B7	25.625	begun	8.1.2014	0,045	1:1
2007-1	B8	25.625	begun	7.4.2014	0,045	1:1
2007-6		35.305.555	begun	2.1.2013	0,045	1:1
2008-1		1.800.000	begun	19.2.2012	0,060	1:1
2008-3	C1-C4	7.000.000	begun	31.12.2012	0,045	1:1
2008-5		2.250.000	begun	1.1.2015	0,03459	1:1
2008-5		750.000	2012	1.1.2015	0,03459	1:1
2008-6		16.875	begun	1.1.2015	0,03459	1:1
2008-6		5.625	2012	1.1.2015	0,03459	1:1
2009-1		3.000.000	begun	31.12.2012	0,045	1:1
2009-2		10.500.000	begun	31.12.2013	0,045	1:1
2009-4		3.500.000	begun	17.2.2015	0,0475	1:1
2010-1		8.210.000	begun	1.10.2016	0,030	1:1
2010-2		7.638.000	begun	1.10.2016	0,030	1:1
Total		90.718.555				

Number of shares subscribed with options and their average weighted subscription price:

	Shares 1000 pcs	Act. Price/ weighted average
Outstanding in the beginning of 1.1.2010	161.476	0,069 EUR
Granted in the period	15.848	0,030 EUR
Lost in the period	1.072	0,053 EUR
Realised in the period	480	0,140 EUR
Become due in the period	32.220	0,140 EUR
Outstanding at the end of period 31.12.2010	143.552	0,049 EUR
Granted in the period	0	-
Lost in the period	46.466	0,045 EUR
Realised in the period	0	-
Become due in the period	6.367	0,121 EUR
Outstanding at the end of period 31.12.2011	90.719	0,046 EUR
Useable for share subscription 31.12.2010	143.552	0,049 EUR
Useable for share subscription 31.12.2011	90.719	0,046 EUR

At the end of period 31.12.2011 the weighted remaining validity time of outstanding options was 1,9 years and the fluctuation range of the exercise price 0.03€ - 0.10€.

Used methods and assumtions for determining the fair value of options.
The fair value of personnel options on grant date according to IFRS 2 has been determined with Black & Scholes -model.
The expected volatility used in valuation is based on the realised volatility in the 12 month period preceding the grant date.
The costs of the option rights related to loans have been booked as financing costs.

The weighted assumptions used in valuation are as follows:

	2011	2010
Share subscription price	-	0,03 euros
Share market price	-	0,03 euros
Expected volatility	-	81 %
No-risk interest yield	-	1,6 %
Expected validity time of options	-	6,1 years
Dividend yield	-	0,0 %
Weighted fair value of granted options on date of grant	-	0,02 euros
Weighted average share price on the day of exercise regarding options exercised in the period	-	0,02 euros

1000 EUR	2011	2010
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.		
Key persons	127	160
Board	0	74
Other interest groups	0	52
Total	127	286

24. FINANCIAL LIABILITIES

1000 EUR	Nominal loan value 2011	2011	2010
Non-current:			
Loan 2008	0	0	2392
Loan 2009	0	0	4853
Loan 2010	0	0	5867
Non-current total		0	13112
Current:			
Cbl 2004A	113	113	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 loan note with a nominal principal of 10,000 teuros was raised on year 2008. The loan note entitled to subscribe shares of GeoSentric. The loan ended on August 25, 2013. The annual interest was 12.5 %. Effective it was agreed that interest payments are suspended on January 2010 and all interest accrued and rolled up until maturity. The loan with accrued interest paid using GHNV shares in the beginning of November 2011.

Financing round 2009:
The loan note with a nominal principal of 7,500 teuros was raised on year 2009. The loan note was raised by the subsidiary GeoSolutions Holdings N.V. (GHNV"). The loan note entitled to subscribe shares of GHNV or alternatively the investors had the option to convert it into GeoSentric´s shares. The note expired in five years. The note accrued interest at the rate of 5 % p.a. which deferred until redemption of conversion. The note secured by a pledge over the share capital of GeoSentric and GHNV and over other assets of the group. The note with accrued interest converted to GHNV´s shares in the beginning of August 2011.

Financing round 2010:
The 2010 loan note had the same terms as the 2009 note except that the note accrued interest at the rate of 12% p.a.. This loan note with a nominal principal of 6,000 teuros was raised on year 2010. The note with accrued interest converted to GHNV´s shares in the beginning of August 2011.

Financing round 2011:
The 2011 loan note had the same terms as the 2009 note except that the note accrued interest at the rate of 12% p.a.. This loan note with a nominal principal of 3,150 teuros was raised on year 2011, of which was drawn 1,800 teuros in January 2011, 600 teuros in April 2011 and 750 teuros in June 2011. The note with accrued interest converted to GHNV´s shares in the beginning of August 2011.

The above convertible loans has been divided in the financial statements into equity and debt as required by IAS 32. The deviation is based on careful evaluation of the actual and contractual terms of the convertible loan as well as judgments made by the management of the group.

The part of the convertible loan presented as debt consist of the discounted present value of the future interest payments not avoidable to the group regardless of the conversion. The remaining interest and main part of the convertible loan is presented as equity, as the management of the group considers using the conversion right as highly probable. The part of the loan presented as debt will be amortized during the contractual maturity of the loan.

The discount interest rate used in valuation of the debt part of the convertible loan is based on the interest rate the group could expect to negotiate for a corresponding loan from third parties.
The interest rate used consist of risk free interest rate and of a group specific risk premium.
Risk premium estimated by management was 5 %. Effective loan interests range from 16,2 to 28,3 %.

The fair value of financial assets or liabilities does not materially differ from the carrying value.

25. OTHER DEBTS

1000 EUR	2011	2010
Purchase debt	60	289
Accrued liabilities	62	2833
Other liabilties	5	97
Total	127	3219

26. ADJUSTMENT OF OPERATIONAL CASHFLOWS

1000 EUR	2011	2010
Depreciations	66	682
Devaluations	0	455
Interest costs	2066	1783
Interest income	-4265	-78
Stock options to personnel and marketing	127	286
Subsidiary`s change to associate company	-16690	0
Share of associate company result	231	0
Other adjustments	2183	-1623
Total	-16282	1505

27. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	2011	2010
Contingent liability	0	0
Collateral for own liabilities:		
Pledged non-current financial assets	0	5

28. RELATED PARTY TRANSACTIONS

The parent and subsidiary company relations in the group were to beginning of August 2011 as follows: Parent company GeoSentric Oyj. Subsidiaries with parent company ownership and voting rights of 100 % were GeoSolutions Holdings N.V., and its through (100%) subsidiaries GeoSolutions B.V., GyPSii (Shanghai) Co Ltd. and GyPSii Inc.. GeoSentric (UK) Ltd was sold in June 2011. In August 2011 the parent company´s interest in GHNV was reduced to a minority holding of approximately 15%, and it was 24% at the end of December 2011.

1000 EUR	2011	2010
Employee benefits of the management:		
Salaries and bonuses	685	2070
Pension payments	47	53
Other costs	484	865
Cost of granted option rights to management and other key persons	127	234
Total	1343	3222

Annual General Meeting on June 29, 2011 and extended meeting on July 1, 2011 elected the following persons to the Board: Michael Po, Jeffrey Crevoiserat and Victor Franck. The Board elected Victor Franck as Chairman. Michael Po was elected as the Managing Director of GeoSentric on July 8, 2011. The related party comprised also other members of the Board and the top team during the year 2011.

Board members were paid a fee of 1500 euros per meeting, or a total of 45 teuros for year 2011. In 2011 Managing Directors Winston Guillory and Michael Po was paid salary and fees totalling 235 teuros and other costs 128 teuros. No new options were granded to the management in 2011.

Other related party transactions:
On basis of significant influence (shareholding), Horizon Group, as a representative of several large shareholders is a related party to the Company. In addition, firms in which Board members have shareholdings or other influence are related parties. Such firms are Nobolles Investment Ltd. and Vanguard Ltd.

Carve out agreement:
As a part of the terms relating to the investment in year 2008, financing round arranged in August-September 2007 and the simultaneously agreed restructuring of Company´s ownership, the Board has approved an incentive carve-out agreement entered into with key senior managers who are holders in GeoHolding B.V. for a succesfully completed exit transaction. The incentive carve-out is based on the valuation of the Company in pre-defined exit events, requiring shareholders´approval to take place, and may not exceed 10 percent of the valuation.
The agreement shall be valid until July 31, 2017.

Based on the assistance provided in connection with the Directed Share Offering closed in November 2011 Jeffrey Crevoiserat was paid a one-off fund raising fee of 15t euros.

29. BALANCE SHEET ITEMS WITH SIGNIFICANT RISK

1000 EUR	2011	2010
Investment in Associate Company	988	0

30. GOING CONCERN

As noted below (see note 31) the Company has received a funding proposal from an independent advisory business which provides for the funding of the Company through 2012 and into 2013. The funding proposal has been approved by the Company´s Board and has been referred to an AGM to be held by the end of June 2012 for shareholder approval. If the shareholders do not approve thr proposal and no alternative and acceptable funding proposal are forthcoming, it is likely that the Company would be declared insolvent.
If the proposal is approved by the AGM it will, according to management's forecast secure Company's working capital needs through 2012 and into 2013. The management forecast used is based on the 2012 business plan, budget and availability of external funding. The management has also assessed the valuation of GeoSolutions Holdings N.V.'s shares in the Company's balance sheet and concluded that based on the valuation applied in the most recent financing round of GeoSolutions Holdings N.V. closed in Q3 2011, its business plan and the recent development of GyPSii business in China, as further explained in the Operating Report, the shares of GeoSolutions Holdings N.V. carry at least the book value they have in the Balance Sheet of the Company.

31. EVENTS AFTER THE END OF THE PERIOD

The Company has received in April 2012 a financing offer for the amount of 350t euros from an independent advisory business, which proposal the Board of Directors has accepted. The proposal is still subject to final approval by the Company's Annual General Meeting to be held by the end of June 2012. The Company has already received the first tranche of financing satisfying its imminent working capital needs. The remaining financing will secure Company's working capital needs through 2012 and into 2013. The financing is secured by the shares of GeoSolutions Holdings owned by the Company. The investor is in addition entitled to receive special subscription rights entitling to Company's shares to the amount agreed in the financing terms and a one-off investment fee payable in Company's shares to be issued to the investor without charge after Annual General Meeting approval.

32. FIVE YEAR STATISTICS

	2011 IFRS	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS
Net sales	49	1851	2491	4374	4435
Export share of net sales %	100,0	85,5	90,7	91,3	83,4
Operating result, 1000 EUR	12739	-11523	-15538	-11919	-18726
Share of net sales %	-	-622,5	-623,8	-272,5	-422,2
Result before taxes, 1000 EUR	14707	-13228	-16187	-11865	-19010
Share of net sales %	-	-714,6	-649,8	-271,3	-428,6
ROE %	-	-	-403,7	-99,8	-160,9
ROI %	-	-544,3	-154,1	-85,7	-135,9
Solidity %	79,5	-1058,0	-25,4	60,8	74,8
Gross investments, 1000 EUR	1043	40	208	119	6283
Share of net sales %	-	2,2	8,4	2,7	141,7
R&D expenses, 1000 EUR	1224	4360	5854	3507	3933
Share of net sales %	-	235,5	235,0	80,2	88,7
Average personnel	44	116	120	94	83
EPS, EUR	0,01	-0,01	-0,02	-0,01	-0,06
Equity per share, EUR	0,00	-0,02	-0,00	0,01	0,02
Dividend per share, EUR	0,00	0,00	0,00	0,00	0,00
P/E	-	neg.	neg.	neg.	neg.
Share price 31.12., EUR	0,01	0,01	0,04	0,03	0,04
Period´s low, EUR	0,01	0,01	0,02	0,02	0,04
Period´s high, EUR	0,02	0,05	0,06	0,09	0,27
Period´s average, EUR	0,01	0,03	0,04	0,05	0,12
Market cap 31.12., milj. EUR	9,2	9,2	35,9	26,9	21,0
Share turnover 1000 pcs	118561	80578	89185	103489	115746
Share turnover %	11,5	8,9	9,9	13,3	35,3
Weighted average number of shares in period, 1000 pcs	1031507	903645	897651	779047	327772
Number of shares 31.12. 1000 pcs					
S-share	924656	922156	897926	895096	524583
S-share, not listed	2565590	0	0	0	0
Total	3490246	922156	897926	895096	524583

COMPUTING FORMULAS OF KEY FIGURES

ROE %	100 x	Result of period / Equity + minority share (average)
ROI %	100 x	Operating result / Total of balance sheet - non-interest debt (average)
Solidity %	100 x	Equity + minority share / Total of balance sheet - received advance payments
EPS, EUR		Result of period / Weighted average number of shares
Equity/share, EUR		Equity / Number of shares
P/E		Share price 31.12. / EPS

33. DISTRIBUTION OF SHARE HOLDINGS AND INFORMATION ABOUT SHAREHOLDERS

Stock distribution by sector:

According to share register on 31.12.2011	% share capital	% votds
Financing and insurance companies (mostly custodian shares)	88,7	88,7
Households	9,7	9,7
Companies	1,4	1,4
Others	0,2	0,2
Total	100,0	100,0

Distribution by holding amount:
According to share register on 31.12.2011

Shares pcs	Number of sharehold	% of sharehold	Nr of shares 1000 pcs	% of shares
1-100	859	11,3	64	0,0
101-1000	1876	24,8	1029	0,0
1001-10000	2604	34,4	12694	0,4
10001-	2234	29,5	3475730	99,6
	7573	100,0	3489517	100,0
On common accounts and special accounts			729	0,0
Total in book entry system			3490246	100,0

Biggest shareholders:

According to share register on 31.12.2011	% share capital	% of votes
Savolainen Kari	1,2	1,2
Vilen Arto	0,9	0,9
Halyard Oy	0,8	0,8
Nieminen Jorma U.	0,8	0,8
Kuusisto Pertti	0,8	0,8
Vänni Kauko	0,5	0,5
Malmi Jukka	0,4	0,4
Arboinvest Oy	0,2	0,2
Kokkonen Kari	0,2	0,2
Vuokila Erik	0,1	0,1
Custodian account shares	88,8	88,8
Others	5,3	5,3
Total	100,0	100,0

The Board members and the MD held or controlled on 31.12.2011 a total of 694,6 million shares, representing 19,9 % of all shares and votes.

34 Litigation, Claims or Assessments

Magi.tel has continued its litigation in Italy against the Company despite the fact that, pursuant to the Finnish Corporate Reorganization Act, any Magi.tel liability ceased on 19 March 2004 when Turku Court approved the GeoSentric Oyj / Benefon Oyj reorganization program. In any case, any claims or damages sustained by the Company releated to this litigation should be indemnified and/or reimbursed by TWIG Com Oy, which acquired the TWIG business operations from the Company. The Company does not have any other pending or threatening legal proceedings, which the Company wuold consider to have material impact on the Company’s financial position or profitability.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY RESULT REPORT

1000 EUR	Note		1.1.-31.12.2011		1.1.-31.12.2010
Net sales	1		0		1797
Inventory change of finished products and work-in-process			0		-830
Other operating income			0		4
Material and services					
Material and consumables					
Purchases in period		0		406	
Change of inventories	3	0		162	
External services		0	0	3	-571
Cost of personnel	2		-226		-2130
Depreciations and value adjustments					
Depreciations according to plan	3	2		35	
Value adjustments	3	221	-223	20458	-20493
Other operating expense	4		-1077		-1962
Operating result			-1526		-24185
Financing income	5		13553		226
Financing costs	5		-1059		-1251
Result before one-off items			10968		-25210
Result before appropriations and taxes			10968		-25210
Result in the period			10968		-25210

PARENT COMPANY BALANCE SHEET

1000 EUR	Note		31.12.2011		31.12.2010
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Intangible rights	6		0		1
Tangible assets					
Machinery and equipment	7		2		4
Investments					
Shares in the group companies	8	0		452	
Investment in Associate Company	8	988		0	
Other receivables	8	0	988	5	457
CURRENT ASSETS					
Current receivables					
Receivables from group companies		0		437	
Other receivables		13		40	
Accrued income / prepaid expense		37	50	27	504
Cash at hand and in the banks			131		165
			1171		1131
LIABILITIES					
SHAREHOLDERS´ EQUITY					
Share capital	9	8956		8956	
Share premium fund	9	14233		14233	
Invested distributable equity fund	9	26082		25056	
Retained earnings	9	-59292		-34082	
Result of the period	9	10968	947	-25210	-11047
OBLIGATORY PROVISIONS					
Other obligatory provisions			0		0
LIABILITIES					
Non-current liabilities					
Convertible loan			0		10000
Current liabilities					
Convertible loan		113		113	
Procurement liabilities		60		174	
Liabilities to group companies		0		176	
Other current liabilities		5		53	
Accruals and deferred income / accrued exp	10	46	224	1662	2178
			1171		1131

PARENT COMPANY CASHFLOW STATEMENT

1000 EUR	1.1.-31.12.2011	1.1.-31.12.2010
Operating cashflow		
Result before one-off items	10968	-25210
Adjustments:		
Depreciations according to plan	2	35
Value adjustments	221	20458
Devaluations of inventories	0	455
Financing income and costs	-12494	1025
Other adjustments	1255	-622
Changes in working capital		
Changes in trade and other receivables	454	2999
Changes in inventories	0	770
Changes in trade and other liabilities	-1954	246
Paid interests	0	-630
Received interest payments	1488	226
Net operating cashflow	-60	-248
Net investment cashflow	-1000	86
Financing cashflows		
Payments of share issues	1026	67
Convertible loans	0	0
Net financing cashflow	1026	67
Change of cash	-34	-95
Cash in the beginning of period	165	260
Cash at the end of period	131	165

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

The financial statements of the parent company have been prepared according to the Finnish Accounting Standards.

Tangible assets:
Acquisition expenses comprise immediate expenses. Acquisition expense includes items the acquisition expenses of which have not yet been expensed as amortization according to plan. Amortizations according to plan have been made with straight-line method based on the useful life of the asset items.

Items in foreign currency:
Receivables and liabilities in foreign currencies have been converted into euros at exchange rate of the day published by the European Central Bank.

Accounted tax credit:
Accounted tax credit has not been booked in the balance sheet. On basis of confirmed losses from prior periods and from this period the Company is entitled to a tax credit of approximately 18,552,000 euros.

1. NET SALES BY MARKET AREA

1000 EUR	2011	2010
Finland	0	269
Rest of Europe	0	1264
Rest of world	0	264
Total	0	1797

2. COST OF PERSONNEL

1000 EUR	2011	2010
Salaries	291	2231
Pensions, defined contribution plans	64	332
Other personnel social security costs	14	63
Intra-group invoicing	-143	-496
Total	226	2130
Average number of personnel	3	42

MANAGEMENT SALARIES AND BONUSES

1000 EUR	2010	2010
CEO and Board members	104	269

3. DEPRECIATIONS AND VALUE ADJUSTMENTS

Depreciation according to plan has been recorded on straight-line basis over the estimated useful life. The length of useful economic life in depreciation calculations for capitalised R&D expenses is 1-3 years, 5 years for intangible assets, 10 years for other long term expenditures and 5 years for machines and furniture.

1000 EUR	2011	2010
Depreciation according to plan		
Intangible rights	1	6
Machines and furniture	1	29
Total	2	35
Devaluations of current assets:		
Materials and consumables	0	455
Value adjustments of non-current assets:		
Shares in the group companies	221	20458

4. OTHER OPERATING COSTS

1000 EUR	2011	2010
Rental costs	3	132
Travel costs	28	75
External services	909	1331
Other cost items	137	424
Total	1077	1962

Compensation of the auditors 1000 euros:	2011	2010
Audit	28	28
Other services	23	27
Total	51	55

5. FINANCING INCOME AND COSTS

1000 EUR	2011	2010
Dividend yields	0	6
Interest income	0	1
Intra-group interest income	989	159
Exchange rate gains	0	8
Other financing income	12564	0
Other financing income	0	52
Financing income total	13553	226
Interest costs	1058	1250
Exchange rate losses	1	1
Financing costs total	1059	1251

6. INTANGIBLE ASSETS

1000 EUR	2011	2010
Intangible rights		
Acquisition cost 1.1.	6	51
Additions	0	0
Subtractions	-6	-45
Acquisition cost 31.12.	0	6
Accrued depreciations 1.1.	-5	-42
Depreciations in period	-1	-6
Accrued depreciations of subtractions	6	44
Accrued depreciations 31.12.	-6	-5
Book valus 1.1.	1	9
Book value 31.12.	0	1

7. TANGIBLE ASSETS

1000 EUR	2011	2010
Machines and furniture		
Acquisition cost 1.1.	8	211
Additions	0	0
Subtractions	0	-203
Acquisition cost 31.12.	8	8
Accrued depreciations 1.1.	-4	-155
Depreciations in period	-2	-29
Accrued depreciations of subtractions	0	179
Accrued depreciations 31.12.	-6	-4
Book valus 1.1.	4	55
Book value 31.12.	2	4

8. INVESTMENTS

1000 EUR	2011	2010
GeoSolutions Holdings N.V., Netherlands, shareholding 24%	988	452
Pledged deposit	0	5
Total	988	457

9. SHAREHOLDERS´ EQUITY

	Share capital (1000eur)	Share prem account (1000eur)	Inv. distrib. equity fund (1000eur)	Acrrued profits (1000eur)
Equity 31.12.2009	8951	14233	24994	-34082
Share issue 26.11.2010	5		62	
Result of period				-25210
Equity 31.12.2010	8956	14233	25056	-59292
Share issue 16.12.2011			1026	
Result of period				10968
Equity 31.12.2011	8956	14233	26082	-48324

Main terms of the convertible equity bond loans:
Capital, interest and other benefits can only be paid, in dissolution or bankruptcy of the Company, with prority after all other loans. Capital can only be redeemed if there is full coverage on non-distributable income, according to the financial statements confirmed from the latest fiscal year, on share capital and all other non-distributable income. Any interest and/or any other benefit may only be distributed to the loan holders provided that payable amount does not exceed the amount of profit freely distributable to shareholders, according to the latest balance sheet.

Distributable assets 31.12.

1000 EUR	2011	2010
Result from prior periods	-59292	-34082
Result of period	10968	-25210
Invested distributable equity fund	26082	25056
Interest of convertible loans and capital loans	-35	-30
Distributable assets 31.12.	-22277	-34266

10. ACCRUED EXPENSES

1000 EUR	2011	2010
Holiday salary reservation	22	325
Social expanses	4	64
Loan interests	0	1250
Other	20	23
Total	46	1662

11. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	2011	2010
Collateral provided for own liabilities:		
Pledged non-current financing assets	0	5
Other liabilities	35	30

BOARD PROPOSAL TO THE GENERAL MEETING FOR MEASURES REGARDING THE PROFIT OF THE PERIOD

The Company has no distributable assets.
The result of the period of the parent company is 10,967,965.56 euros (FAS).

The Board proposes to the General Meeting that no dividend is distributed and that profit for the period is booked on the account of Retained earnings.

In Salo, April 28, 2012

Victor Franck
Chairman of the Board

Jeffrey Crevoiserat
Member of the Board

Michael Po
Member of the Board, Managing Director

The Auditor´s Note

Our auditor´s report has been issued today.

In Helsinki, April 30, 2012

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

USED BOOKS

Daily book.	ADP printouts
Main book	ADP printouts
Procurement register	ADP printouts
Salary books	ADP printouts

VERIFICATIONS

10 Purchase invoices
30 Bank receipts
50 Memo receipts

Accounting material is stored as paper copies.

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Auditor's report

Translation

To the Annual General Meeting of GeoSentric Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of GeoSentric Plc for the financial period 1.1. - 31.12.2011. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other matter

The Company received a funding offer estimated to provide sufficient funding for 2012, subject to the annual general meeting approval. More detailed information regarding this funding offer and the company's options are presented in the footnotes 30 and 31. The Report of the Board of Directors describes the current business model and risks related to it.

Helsinki, April 30, 2012

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant