

GEOSENTRIC OYJ Q1 2010 INTERIM REPORT 31.05.2010 at 11:45

INTERIM REPORT 1-3/2010

Contents

1. Summary of key figures and results
2. Operational overview
3. Material events in the period
4. Material events after the end of the period
5. Review of the financial position and the financial results
6. Sufficient liquidity
7. Outlook
8. Assessment of significant operational risks
9. Review of R&D activities
10. Investments
11. Personnel and organization
12. Environmental issues
13. Financing and structural arrangements
14. Board authorization
15. Company's shares and shareholders
16. About the Company
17. Financial Statements, Q1 2010 (not audited)

1. Summary of key figures and results

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

In period	<u>Q1/2010</u>	<u>Q1/2009</u>	<u>2009</u>
Net sales	607	939	2491
Operating Result	-3549	-3827	-15538
Basic earnings per share (eur)	-0.00	-0.00	-0.02

At the end of the period

Total assets	4512	13303	8893
Shareholders' equity	-5882	6430	-2236
Total liabilities	10394	6873	11129

2. Operational overview

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices. It 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") together with ready-to-use integrated GPS/GSM devices for navigation and object tracking and customisable software solutions for industry specific uses ("TWIG"). In addition, GeoSentric offers Internet-based locating services with which the user may locate other GeoSentric devices. The GyPSii platform and TWIG product line complement each other and enable GeoSentric to

utilize its overall intellectual property rights to software and services in an efficient manner with delivery of products and services to two different markets, GyPSii offerings to the geo social networking/LBS sector and TWIG offerings to the LBS/B2B sector.

The business model for the GyPSii platform services and applications is via embedded licensing of IPR in terms of software technology and branded trademarks, and downstream advertising revenue generation from the platform in partnerships with mobile operators and carriers. Thus during the reporting period Q1/2010 the Group focused on securing contracts with the major distribution partners to integrate product on to their new devices and services and to broaden the range of GyPSii supported devices. Major marketing and launch plans during 2010 by the distribution partners have driven significant volumes of GyPSii users on a global basis, which is expected to have a positive impact on revenues from GyPSii during 2010. The global financial crisis has delayed the launches of certain new products by some of the Company's distribution partners. This has caused some lag to the Company's business plans but has not had any significant effect on the future outlook for GyPSii business.

The total net sales of the Group in Q1/2010 were 607 teuros, down (-35.4%) on total net sales in Q1/2009 of 939 teuros, while the total cost of sales in Q1/2010 were also down from that of the prior period of Q1/2009, going to 492 teuros from 600 teuros, an 18.0% reduction. Revenue in the period was substantially all from the TWIG product and TWIG IP. The revenue reduction was caused by a decline in sales of the older Discovery Pro product which was not offset by the newly launched Protector product. The gross margin for the reporting period was 115 teuros (18.9%), compared to a gross margin of 339 teuros (36.1%) for the prior period Q1/2009. This gross margin decline reflects further price erosion in the Twig product line up as the TWIG Discovery products reach the end of their market lives.

Total operating expenses decreased in the reporting period compared to the prior year period, going to 3664 teuros in Q1/2010, from 4166 teuros in Q1/2009, a 12.0% decrease. This was mainly driven by reductions R&D expense compared to the prior period and also unusually high legal costs in the prior period related mainly to litigation ongoing at that time which has subsequently been resolved.

The total earnings before taxes were -3867 teuros in Q1/2010, versus -3920 teuros in Q1/2009. Earnings per share for the reporting period were -0.00 Euros per share.

3. Material events in the period

In February 2010, at Mobile World Congress (MWC) in Barcelona Spain the Company announced the following new applications and partnerships:

Tweetsii - GyPSii announced Tweetsii™, a new application to connect people with places and networks by integrating the Twitter experience for a real time web social media experience. The application stems from GyPSii's core mission "Connect, Create, Share" and seeks to energize a people-powered index of the world, supported by real time user created content, that is shared and accessed when it's most useful. Tweetsii is a ready-to-use app for current Twitter users.

OpenDeveloper - GyPSii announced a plan to open their API to the developer community with OpenDeveloper™, a premier source of next generation technologies to connect people; create, share and search content; and monetize applications with contextual advertising. OpenDeveloper seeks to accelerate innovation in the mobile and social media ecosystem by arming developers with powerful technologies to create sticky apps. As consumers are increasingly eager to connect with mobile technologies the API will enable developers to get creative in the pursuit of compelling new solutions.

China Telecom - GyPSii has been selected to be the branded China Telecom solution "le tu", (Happy Trails in English) powered by GyPSii to be launched on and around 2010 Shanghai Expo with China Telecom Shanghai Telecom. GyPSii will deliver "le tu", powered by GyPSii OEx API and distribution through China Telecom. The initial deployment will be to Shanghai during 2010 Shanghai Expo, in and around May 1, 2010. Subsequent deployment geographies include 14 other provinces including Jiangsu, Zhejiang, Fujian, Shandong, Hainan, Shanxi, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi, Guizhuo and Yuan. This partnership will supply GyPSii with subscription and advertising revenue into the China Telecom subscriber base that is estimated to be a 65M subscriber market size.

Genasys/Telefonica - GyPSii has been selected by Genasys to be the exclusive LBS social media partner in Telefonica's location based application portfolio in Latin America. The agreement between GyPSii and Genasys provides subscription revenue to GyPSii for a 5 year term. GyPSii will deliver a co-branded Telefonica / "Powered by GyPSii" WebTop, WAP site and handheld apps into Telefonica's approximately 130 million subscriber base in Latin America.

Intrinsyc - GyPSii and Intrinsyc will be going to market with a social network and navigation application. The application will provide a compelling integrated mapping, navigation and social content solution to their current customer base, operators and into new navigation markets, incremental to GyPSii's core mobile lifestyle markets. The agreement provides 2 revenue streams for GyPSii, the first includes a support services fee per user. The second calls out an advertising split for all advertisements served within the social mapping and navigation application.

China Ad Partners - GyPSii announced several important on-line and mobile advertising and coupon distribution partners in China.

Working with Shanghai coupon provider Kubang, GyPSii connects users with coupons for nearby restaurants that the user views alongside user-created content on the GyPSii network. If the user searches "food" for example they might receive a coupon for a nearby restaurant. This not only adds value to the user experience but also drives transaction and referrals for the restaurant on GyPSii.

GyPSii has also partnered with leading Chinese mobile advertising network MADhouse to help deliver inventory for major global and regional brands. GyPSii has other deals in place with Admob, search engine company Baidu, and CHANet, the leading mobile marketing affiliate network in China.

In addition, GyPSii continues to expand its extensive index of Points of Interest for GyPSii users to search and explore. Content relationships with 5757577 and Gudumani connect GyPSii users with new restaurant and dining POIs: Avantouch for theatre information: and

City8 for travel POI. This additional content enhances the GyPSii user experience, providing more information and greater choice for members to access and use on their mobile device.

In the Magi.Tel case the Finnish Enforcement Authority approved the Company's appeal against enforcement of the decision of the Court of First Instance of Rome and ruled that the respective payment has lapsed in its entirety due to the Company's earlier reorganization program.

GyPSii launched Tweetsii on the iPhone to the public at South SouthWest (SXSW), a major internet and social media event, annually held in Austin, Texas. Tweetsii is a real time app that supports a mobile lifestyle, with user created tweets, images, reviews, comments, checkins, tips, and more. It builds an aggregated real world index of places, not a corporate created index, with updates from Twitter users and location-based services, including GyPSii, Gowalla and FourSquare, among others. All content contributes to a place-based index that delivers real time, mobile, location-specific content creation and search to connect users with the people, places, activities and ideas they're interested in.

On March 29, 2010 the Company announced to extend its current financing round until the end of the year 2010.

4. Material events after the end of the period

The top industry group for Mobility and the Internet awarded GyPSii as the 2010 Most Innovative Location Based Service at the 7th annual 2010 Wireless Communication Conference in Beijing. The organizers of the conference include the major mobile carriers in China (China Mobile, China Telecom, and China Unicom) and a host of other Internet companies such as Sina, Baidu, QQ/Tencent, Kaixin.

Tweetsii launched on Android and added major new enhancements on iPhone. The application now has additional features to connect users with what's happening and where, while design enhancements make viewing and creating content easy for the mobile user.

Garmin and GyPSii elected to renew their existing contract into a 3rd year. The extension of the contract allows Garmin to continue to leverage GyPSii's API into Garmin's mobile phone and connected PND product lines.

China Telecom and GyPSii launched a new application for the Shanghai World Expo, started in May 2010. As an official sponsor, China Telecom and its 'Happy Trail' application (powered by GyPSii) is the mobile SNS and destination guide for the Shanghai World Expo.

Lenovo has chosen GyPSii as a top 10 application to be distributed on phones and via download from the Lenovo Mobile Market.

Robin Halliday, CFO and member of the management team has resigned from the Group during the Q2. He will continue to work for the Company as a consultant.

The Company's Annual General Meeting originally planned to be held on May 14, 2010 was cancelled and postponed later due to reasons attributable to the current financing round and as informed to the markets in the stock exchange release published on May 12, 2010. Also, as informed in the stock exchange release published on May 31,

2010 the Company has now agreed to the preliminary terms for the financing of 6M€.

5. Review of the financial position and the financial results

The Company has during the period retained solidity and liquidity.

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

In period	<u>Q1/2010</u>	<u>Q1/2009</u>	<u>2009</u>
Net sales	607	939	2491
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At the end of the period			
Total assets	4512	13303	8893
Shareholders' equity	-5882	6430	-2236
Total liabilities	10394	6873	11129
Cash	2141	7167	5939

6. Sufficient liquidity

The Company has, during the reporting period, retained sufficient liquidity. However, as Company announced in its Financial Statements 2009 release on March 31, 2010, the working capital would not be sufficient for the next twelve (12) months without raising additional external financing. To secure sufficient liquidity in all circumstances, the Company decided upon extending the financing round until the end of the year 2010 as announced to the markets on March 29, 2010. The Company also announced in its Financial Statements 2009 release that it will need to raise at minimum 6M€ of external financing during the Q2 2010 to secure sufficient liquidity.

As announced in the stock exchange release published on May 31, 2010 and described in the section "Material events after the end of the reporting period" the Company has now agreed to the preliminary terms for the financing of 6M€ with its lead investor, providing the Company with the required additional financing of 6M€ to secure sufficient liquidity. With this new financing, the Company will retain sufficient liquidity through the next twelve (12) months period.

7. Future Outlook

Market Outlook

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

GyPSii's applications are supported on the 7 major mobile platforms and allow the company to address not only the fast growing smartphone market (lead by iPhone and Android) but also the feature phone

market, which by industry polls in 2009 represents nearly 80% of the mobile phones in the world today.

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

Business Development Outlook

Over the past year the Group has progressed significantly in its strategy and targeting of emerging markets. Leveraging the prior year's foundational work with the handset manufacturers, GyPSii has moved forward to secure partnerships with all three carriers in China (China Mobile, China Telecom, and China Unicom) re-iterating the maturing value that location based mobile applications hold to the operators. In 2010, the Group will continue to work with each carrier closely to refine rollout schedules, aligning rollout of Operator 3G services, OEM Strategic Devices, and next generation GyPSii applications in target markets.

Additionally, GyPSii has further advanced on its emerging market strategy by expanding into Latin America. GyPSii's exclusive contract with Genasys to provide Location-centric Mobile Social networking to Telefonica enables reach into twelve (12) new geographies. Telefonica, Genasys and GyPSii are developing a go to market strategy to deliver an integrated "Powered by GyPSii" solution in the second half of 2010. As in China, GyPSii is partnering with a major operator to facilitate the execution of a go to market strategy that is targeted at over 130 million existing subscribers. This approach allows GyPSii to reduce costs by leveraging the breadth of Telefonica resources in the region and joint marketing funds.

Building on the cornerstone accounts above, in 2010 GyPSii is expanding its business development efforts in Latin America to gain mind share with the other regional carriers to provide similar offering.

With the development of its Open APIs the Group has also furthered business development opportunities with strategic service providers to deliver GyPSii into other non-emerging markets. This approach allows GyPSii to reduce the risk and overhead associated with business development efforts in non-target markets while assessing geographies that may prove to be long-term opportunistic for the company. In 2010, GyPSii is exploring several indirect opportunities in China and Korea with highly reputable potential business partners.

In summary, the Group has seen increased interest from Mobile Operators to provide location based applications on their networks. GyPSii and its application/platform are being seen as a means for emerging market operators to up-sell data packages and improve ROI on significant network upgrades while forging diversified mobile advertising strategies. The Group sees a continuation of this activity in the second half of 2010, and increased demand for GyPSii.

As announced previously, the Company expected to see positive development in GyPSii generated revenues starting from the last quarter of 2009. Ongoing financing negotiations and the global financing crisis have shifted the revenue expectations of GyPSii

further to the future, yet revenues have started to be generated and the Company expects to see accelerated positive development in GyPSii generated revenues during 2010.

TWIG product demand has declined as the TWIG Discovery reaches the end of its product life and the newer TWIG Protector has so far been disappointing in terms of new sales achievement. The TWIG Discovery Pro GSM/GPRS/GPS handset is targeted at the safety and security market and the TWIG Locator tracking unit for the asset and vehicle tracking market. Due to above-mentioned reasons the company is now exploring alternatives to divest its mobile handset business.

8. Assessment of significant operational risks

The global financial crisis and current global recession may have a negative impact also on the business of the Group. The Group's business model is partner driven and possible delays in partners' launching their new products to the market may have an adverse effect on the development of the Group's business by decelerating the distribution and user-adoption rate of the Group's services.

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

A key driver of the business model is sufficient and sufficiently rapid growth of users of the services, and the speed of adoption of mobile, UGC and location based advertising of which the Group has no certainty. Advertising budgets are being reduced by major brands and advertisers and this could have an adverse affect on the adoption of mobile and location based advertising in 2010 and beyond.

In addition, the Company carries a limited risk connected with the TWIG product inventory. Should the Company not be able to sufficiently protect its industrial rights and other intangible assets, its competitive position may suffer. It is also possible that other parties may bring action against the Company on grounds of alleged infringement of industrial or intellectual property rights and, should they be successful, the Company may be obligated to pay significant compensation.

Since 1997, the Company has not paid dividends. In the future, the re-payments of capital loans will restrict the possibility to distribute dividends. The total amount of loans as at 31 March 2010 was 10113 teuros at nominal value. Regarding future dividend payments, there is also uncertainty about the ability of the Company to accrue distributable capital. According to the financial statements of the Company, there was no distributable capital in the latest balance sheet of the Company.

The Group's business plan has been prepared by assuming that the Group's result and cashflow will improve significantly. Should the result and cashflow essentially fail to meet the planned figures, the Group's financing plan may turn out to be insufficient causing a need to secure additional financing. The Company has already decided upon new financing round through its subsidiary. Should the new financing

be delayed this might enforce the Company to introduce significant cost cutting plan, which would also have material effect on execution on Company's current business plan in the short term, and also cause an insolvency risk.

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

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

9. Review of R&D-activities

The volume of the Group's R&D activities continued to be significant due to the on-going R&D-programs by means of which the Group intends to significantly expand its business over the next few years. No capitalisations were made.

The Group has R&D units in Salo (Finland), Amsterdam (the Netherlands), Windsor (UK), Warwick, RI (USA) and Shanghai (China).

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

10. Investments

Gross investments in period 1-3/2010 were 19 teuros. In the full year 2009 gross investments were 208 teuros. There were no new investments made into the Company and no new sources of finance established in the period 1-3/2010.

11. Personnel and organization

The number of employed personnel at GeoSentric in period 1-3/2010 averaged 130, of which 32, at most, were affected by alternate forced leaves. The alternate forced leave program, agreed in autumn 2007 to apply for the time being, continues also in 2010.

12. Environmental issues

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

13. Financing and structural arrangements

The Board has decided to approve the proposed preliminary terms for additional financing of 6M€ to be adopted by issuing preferably convertible notes of Company's fully owned Dutch subsidiary GeoSolutions Holdings N.V.

14. Board authorization

The Annual General Meeting convened on May 15, 2009 authorized the Board to increase the share capital by maximum of 3,000,000 euros and share amount by maximum of 300,000,000 new shares. The authorization is valid for two (2) years from the date of the Annual General Meeting. At the same all the other authorizations were terminated.

At the end of the reporting period the remaining amount of Board's authorization was 2,705,000.00 euros and 270,500,000 shares corresponding to 30.12 % of the currently registered share amount and 18.88 % shares after all shares and instruments entitled to shares, effecting a corresponding immediate dilution to existing shareholdings.

15. Company's shares and shareholders

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

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

At the end of the reporting period the Company's registered share capital was 8,950,961.85 Euros, consisting of 897,926,354 shares.

16. About the Company

GeoSentric is a developer of location-based technologies, delivering products and services with a market-leading mobile digital lifestyle application and geo-mobility social networking platform: connecting people, places and communities across networks and devices. GyPSii provides a geo-location social networking platform and services for mobile and web Internet-connected devices, and provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. For more information, visit www.geosentric.com or www.gypsii.com or www.gypsii.com.cn.

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

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

GEOSENTRIC OYJ

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GEOCENTRIC OYJ INTERIM REPORT 1Q/2010 (Unaudited)

GROUP STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	1Q/2010	1Q/2009	2009
Net sales		607	939	2491
Cost of goods sold	4	492	600	2141
Gross margin		115	339	350
Other operating income		0	0	2
General & Administrative expenses	4	699	835	3111
Research & Development expenses	4	1999	2120	8211
Sales & Marketing expenses	4	966	1211	4568
Operating result		-3549	-3827	-15538
Financial income		2	77	74
Financial expenses		-320	-170	-723
Result before taxes		-3867	-3920	-16187
Income taxes		99	126	409
Result for the period		-3768	-3794	-15778
Translation difference		-22	4	11
Comprehensive income		-3790	-3790	-15767
Earnings per share, eur				
Basic earnings per share, eur		-0,00	-0,00	-0,02

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

GROUP STATEMENT OF FINANCIAL POSITION

1000 EUR	Note	31.3.2010	31.3.2009	31.12.2009
ASSETS				
Non-current assets				
Property, plant and equipment		217	179	240
Goodwill		216	216	216
Other intangible assets		7	2018	510
Other financial assets		66	66	66
Deferred tax assets		0	0	0
		<u>506</u>	<u>2479</u>	<u>1032</u>
Current assets				
Inventories		914	1865	1216
Trade receivables and other receivables		947	1784	696
Prepaid expenses		4	8	10
Cash and cash equivalents		2141	7167	5939
		<u>4006</u>	<u>10824</u>	<u>7861</u>
Total assets		4512	13303	8893
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	5	8951	8951	8951
Share premium account	5	13631	13631	13631
Translation difference		113	128	135
Invested distributable equity account	5	30603	28012	30603
Retained earnings		<u>-59180</u>	<u>-44292</u>	<u>-55556</u>
Total shareholders' equity		-5882	6430	-2236
Non-current liabilities				
Deferred tax liabilities		0	511	128
Interest-bearing debt	7	<u>7152</u>	<u>3394</u>	<u>7061</u>
		7152	3905	7189
Current liabilities				
Trade payables and other payables		2303	2225	2634
Provisions		37	62	37
Interest bearing debt	7	<u>902</u>	<u>681</u>	<u>1269</u>
		3242	2968	3940
Total liabilities		10394	6873	11129
Total shareholders' equity and liabilities		4512	13303	8893

GROUP CASH FLOW STATEMENT

1000 EUR	1Q/2010	1Q/2009	2009
Cash flow from operations			
Result for the period	-3768	-3794	-15778
Adjustments	892	529	3991
Changes in working capital:			
Change of trade and other receivables	-245	860	1946
Change of inventories	302	-460	-295
Change of trade and other liabilities	-331	248	632
Paid interests	-630	0	-930
Received interest payments	1	71	145
Cash flow from operations, net	-3779	-2546	-10289
Cash flow from investments, net	-19	-14	-208
Cash flow from financing			
Proceeds from issue of share capital	0	0	0
Transaction expenses of share issues	0	-27	-68
Transaction expenses of loans	0	0	-750
Proceeds from long term borrowings, equity	0	0	2591
Proceeds from long term borrowings, liability	0	0	4909
Net cash flow from financing	0	-27	6682
Change in cash	-3798	-2587	-3815
Cash on January 1	5939	9754	9754
Cash on December 31	2141	7167	5939

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital (1000eur)	Translation difference (1000eur)	Share premium account (1000eur)	Inv. distrib. equity account (1000eur)	Accrued result (1000eur)	Total (1000eur)
Shareholders' equity 31.12.2008	8951	124	13631	28039	-40692	10053
Items booked directly into shareholders' equity	0	4	0	0	0	4
Result for the period	0	0	0	0	-3794	-3794
Comprehensive income	0	4	0	0	-3794	-3790
Share issue expenses	0	0	0	-27	0	-27
Booked expense of stock options to key personnel and partners	0	0	0	0	194	194
Equity portions	0	0	0	0	0	0

of liabilities						
Shareholders' equity	8951	128	13631	28012	-44292	6430
31.3.2009						
Shareholders' equity	8951	135	13631	30603	-55556	-2236
31.12.2009						
Items booked directly into shareholders' equity	0	-22	0	0	0	-22
Result for the period	0	0	0	0	-3768	-3768
Comprehensive income	0	-22	0	0	-3768	-3790
Share issue expenses	0	0	0	0	0	0
Booked expense of stock options to key personnel and partners	0	0	0	0	144	144
Equity portions of liabilities	0	0	0	0	0	0
Shareholders' equity	8951	113	13631	30603	-59180	-5882
31.3.2010						

KEY FIGURES

	1Q/2010	1Q/2009	2009
Net sales, 1000 EUR	607	939	2491
Operating result, 1000 EUR	-3549	-3827	-15538
Result before taxes, 1000 EUR	-3867	-3920	-16187
Gross investments, 1000 EUR	19	14	208
Average personnel	130	108	120
Earnings per share, EUR	-0,00	-0,00	-0,02
Equity per share, EUR	-0,01	0,02	-0,00
Weighted average number of shares in period, 1000 pcs	897926	896826	897651
Number of shares at the end of the period, 1000 pcs	897926	897926	897926

1. BASE INFORMATION OF THE COMPANY

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices, which provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. Its intellectual property is delivered as software and services in products which include the GyPSii product platform ("GyPSii") together with ready-to-use integrated GPS/GSM devices for navigation and object tracking and customisable software solutions for industry specific uses ("TWIG"). The company has deep expertise and technology IP in User Generated Content Management, Location Based Services, Open Social Networking, Ad-Targeting and Integration, for Social Media markets and users on mobile phones, the web, personal navigation and internet connected devices. Based in Salo, Finland, and Amsterdam, The Netherlands, GeoSentric operates offices in North America, Europe and Asia Pacific. GeoSentric is listed in NASDAQ OMX Helsinki Ltd (NASDAQ OMX: GEO1V). The parent company of the group is GeoSentric Oyj (formerly Benefon Oyj).

The registered domicile is Salo, Finland, with street address Meriniitynkatu 11, 24100 Salo, Finland, and mail address PL 84, FIN-24101 Salo, Finland. A copy of the group financial statements is available at the internet address www.geosentric.com or at the company head office at address Meriniitynkatu 11, FIN-24100 Salo, Finland.

2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Foundation:

The group interim report has been prepared in accordance with International Financial Reporting Standards ("IFRS") and has been prepared to the accounting standard IAS 34, Interim Reports. An interim report shall be read together with the financial statements for year 2009.

Accounting principles:

The utilised principles of preparation are identical with those utilised by the Group in financial statements for year 2009.

IASB has published new standards and interpretations and changes in existing standards, application of which is mandatory on 1.1.2010 or thereafter, and which the group has not adopted earlier voluntarily. The group will adopt the following standards (and their amendments) and interpretations from 1.1.2010 onwards:

Reformed IFRS 3, Business combinations. Changes affect the goodwill amount of recognised acquisition and profit effect items. According to the rules of change-over to IFRS, business combinations which are already carried out will be not corrected.

Changed IAS 27, Consolidated financial statements and separate financial statements. May have impact on the recognition of possible changes in subsidiaries ownership's.

Change to IAS 39, Financial instruments: recognition and measurement to hedged items acceptable items. The group has no hedged items as defined.

IFRIC 17, Non cash dispensation to ownerships. Concerning dispensation of dividends. No effect on the group.

IFRIC 18, Asset transfers from customers. No effect on the group.

Changes for "Improvements to IFRS". Small changes relate to 12 different standards but they have no significant effects on the financial statements.

Changes to IFRS 2, Share-based payments - Share-based businesses paid in cash in group. Concerning non cash paid share-based payments. May have impact to financial statement in future.

Change to IAS 32, Financial instruments: presentation method - Classification of Rights Issues. Concerns booking of shares, options or subscription rights made in other currency than issuer's functional currency. No effect on the group.

3. SEGMENT INFORMATION

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

4. COSTS BY CATEGORY

1000 EUR	1Q/2010	1Q/2009	2009
Increase/decrease in inventories of finished products	178	184	-164
Impairment loss in inventories	0	0	484
Use of raw materials and consumables	191	281	1288
Total expense of direct employees	123	135	533
Cost of goods sold total	492	600	2141
Total expense of indirect employees	2103	2195	8710
Depreciations	545	529	2172
Other operating expenses	1016	1442	5008
Expenses by cost category, total	3664	4166	15890

5. SHAREHOLDERS' EQUITY

	Number of shares (1000)	Share capital (1000eur)	Share premium account (1000eur)	Invested distributed equity account (1000eur)	Total (1000eur)
31.12.2009	897926	8951	13631	30603	53185
31.3.2010	897926	8951	13631	30603	53185

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.

6. OPTION RIGHTS

Shares without charge:

Based to the loan of 7.500.000 eur raised by the subsidiary GeoSolutions Holdings N.V. during the year 2009, the Board has agreed as preconditions for the investment to pay and industry standard placement fee which shall be paid partially in cash and partially in company's shares. The amount of fee shall depend on the final terms of financing round to be confirmed.

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

1000 EUR	1Q/2010	1Q/2009	2009
Key persons	35	91	276
Board	57	76	557
Other interest groups	52	27	81
Total	144	194	914

7. FINANCIAL LIABILITIES

1000 EUR	Nominal loan value	1Q/2010	1Q/2009	2009
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	1Q/2010			
Non-current:				
Loan 2008	10000	2604	3394	2605
Loan 2009	7500	4548	0	4456
Non-current total		7152	3394	7061
Current:				
Cbl 2004A	113	113	113	113
Loan 2008		789	568	1156
Current total		902	681	1269

Convertible bond loan 2004A:

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

Financing round 2008:

The subscription period of the loan note for raising a maximum amount of 16,000 teuros ended on May 15, 2009 and the total amount of subscription was 10,000 teuros. The maximum amount of new shares to be subscribed by virtue of the subscribed note is 94,339,622 representing approximately 10.51 % of the registered share amount and 8.11 % of all outstanding securities. As a result of the note the Company's share capital may increase by a maximum of 943 teuros. The annual interest of the loan is 12.5 %, paid twice a year, however interest of period 1.7.-31.12.2009 was paid until January 2010. The loan will end on August 25, 2013.

Financing round 2009:

The subscription period of the loan note for raising a maximum amount of 25,000 teuros, originally decided to end on March 31, 2010, has been extended until the end of the year 2010. The group has received and withdrawn the investment commitment of 7,500 teuros during the year 2009. The loan note was raised by the subsidiary GeoSolutions Holdings N.V.. The loan note entitles to subscribe shares of GeoSolutions. The amount of shares will in all events be less than half of GeoSolution's outstanding shares and share capital. Alternatively the investors may be offered option to convert their notes into GeoSentric's shares corresponding the same proportional amount of fully diluted shares as the investor otherwise would have received of GeoSolution's shares. The note will expire in five years. The final terms shall be confirmed after closing the offering. As precondition for the investment the Company has agreed to pay an industry standard placement fee. The amount of fee depends on the final terms of the offering.

8. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	1Q/2010	1Q/2009	2009
Collateral for own liabilities:			
Pledged non-current financial assets	5	46	5
Pledged current financial assets	58	57	57

9. RELATED PARTY TRANSACTIONS

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

Close circle events have been presented in the Financial Statements from year 2009. No essential changes have taken place in the reporting period.

10. EVENTS AFTER THE END OF THE PERIOD

The Company's Annual General Meeting planned to be held on May 14, 2010 was cancelled and postponed to be held at a later date by the end of June 2010 as announced on May 12, 2010.

The Company has agreed to preliminary terms for raising additional financing of 6M€ through its Dutch subsidiary GeoSolutions Holdings N.V. as announced on May 31, 2010.