GEOSENTRIC OYJ Q2 2010 INTERIM REPORT 19.08.2010 at 13:35

INTERIM REPORT 1-6/2010

Contents

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	4-6/2010	1-6/2010	4-6/2009	1-6/2009	2009
Net sales	447	1054	548	1487	2491
Operating Result	-3243	-6792	-3943	-7770	-15538
Basic earnings per share (eur)	-0.00	-0.01	-0.00	-0.01	-0.02
At the end of the period					
Total assets	3748		9665		8893
Shareholders' equity	-9407		2554		-2236
Total liabilities	13155		7111		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, 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"). 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 1-6/2010 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 the second half of 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 long term effect on the future outlook for GyPSii business.

The total net sales of the Group in 1-6/2010 were 1054 teuros, down (-29.1%) on total net sales in 1-6/2009 of 1487 teuros. Total cost of sales in 1-6/2010 were 1283 teuros, an increase of 29.7% from that of the prior period 1-6/2009 of 989 teuros. 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 newer Protector product. The gross margin for the reporting period 1-6/2010 was -229 teuros (-21.7%), compared to a gross margin of 498 teuros (33.5%) for the prior period 1-6/2009. This gross margin decline and the increased cost of goods sold reflect an inventory write down of 455 teuros and further price erosion in the Twig product line-up, both resulting from the fact that the Twig Discovery products are now reaching the end of their market lives.

Total operating expenses decreased in the reporting period compared to the prior year period, going to 6564 teuros in 1-6/2010, from 8268 teuros in 1-6/2009, a 20.6% decrease. This was mainly driven by reductions in the use of external R & D contractors compared to the prior period and also legal costs in the prior period related mainly to litigation ongoing at that time which has subsequently been resolved. 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 1-6/1010 of 500 teuros compared to a charge of 1000 teuros in 1-6/2009.

The total earnings before taxes were -7240 teuros in 1-6/2010, versus -8034 teuros in 1-6/2009. Earnings per share for the reporting period were -0.00 Euros per share.

3. Material events in the period

The main events in the period 4-6/2010 were as follows:

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

Shanghai Media Group's(SMG) ChannelYoung and the Company entered into a framework agreement in May 2010 to distribute a ChannelYoung branded client app for iPhone and Android. The app is built using the Company's Open Experience API Platform, and utilizes its patent pending "check-in" features, among others. With the agreement, SMG has provided 15,000 partner businesses to be accessed by the new app, including their address, contact information, and offerings. This information is now a part of the GyPSii platform data set, enabling users to search, check-in, and receive offers and coupons from the partners. ChannelYoung shall provide marketing outreach programs and promotions through Direct Marketing, Online Marketing, and TV spots during Enjoy Young's daily food channel airing starting in August, as part of the framework agreement.

The Company secured additional funding from its lead investor by way of a €6m secured convertible loan note issued by its wholly owned Dutch subsidiary, GeoSolutions Holdings NV ("GHNV"). The first tranche of €2.5m of this loan note was drawn down in June 2010 with the second tranche of €3.5m expected to be drawn down in Q3. As part of this financing round the final conversion and other terms of the €7.5m 2009 loan note issued by GHNV were agreed to and approved at the company's Annual General Meeting on June 30, 2010. The terms of financing are presented below in section "Financing and structural arrangements".

Further, at the Company's AGM on June 30, 2010 the meeting approved the 2009 audited financial statements of the group and 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. In addition the terms of the financing round as described above were approved and approval was given for the Board to explore the possibilities of the Group divesting its mobile handset business.

The AGM decided the number of the Board members to be seven and re-elected the six then current directors: Hans van der Velde, Dan Harple (CEO), Mike Vucekovich, Gary Bellot, Andy van Dam, Winston Guillory, and elected Mike Po to the Board as new member. The Board elected Hans van der Velde as the Non-Executive Chairman of the Board.

Raymond Kalley resigned from the Board on 9th June, 2010. During Q2 Robin Halliday, CFO, announced his resignation from the service of the Company but has agreed to continue as Interim CFO on a contractor basis.

4. Material events after the end of the period

On 9th July the Company announced that it was commencing a consultation procedure with its Finnish workforce with a view to rightsizing its workforce in line with diminishing TWIG product sales. The Company targets to achieve yearly cost savings of up to 1M€. The Company has also continued implementing its business plan and the required cost reductions to meet the conditions of the additional financing approved by the Annual General Meeting on June 30, 2010.

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	4-6/2010	1-6/2010	4-6/2009	1-6/2009	2009
Net sales	447	1054	548	1487	2491
Operating Result	-3243	-6792	-3943	-7770	-15538
Basic earnings per share (eur)	-0.00	-0.01	-0.00	-0.01	-0.02
At the end of the period					
Total assets	3748		9665		8893
Shareholders’ equity	-9407		2554		-2236
Total liabilities	13155		7111		11129
Cash	2233		4087		5939

6. Sufficient liquidity-

The Company has, during the reporting period, retained sufficient liquidity. As announced in the stock exchange release published on June 30, 2010 the Company has signed and entered into the definitive financing agreement with the lead investor, enabling the Company to receive financing up to the aggregate of 6M€, of which the first tranche of 2.5M€ was raised immediately on June 30, 2010. Raising the remaining up to €3.5m is subject to the further conditions agreed between the parties to be met and is expected to be drawn down during

Q3. With this new financing, the Company will retain sufficient liquidity through the next twelve (12) months period.

The above statement is based on Company's current business plan, which assumes that result and cashflow will improve significantly, and its current financing plan. The Company is exploring additional business development opportunities, which would provide accretive cash flow, some of which may require additional growth capital, which the current lead investor has indicated support if needed, to supplement the sufficient liquidity. The Company is currently in a process of implementing reductions of the operational costs as required in the terms of the additional financing described above. If required to satisfy the working capital needs the Company is also ready to implement further cost reductions or raising further additional financing in the future.

7. Future Outlook

Market Outlook

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

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

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

Business Development Outlook

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 is continuing 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 in China, in 2010 GyPSii will be 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 strategic 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 interested 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, yet revenues have started to be generated and the Company expects to see accelerated positive development in GyPSii generated revenues during the second half of 2010. The Company is also exploring additional business development opportunities, which would provide accretive cash flow in the short term.

TWIG product demand has declined as the TWIG Discovery reaches the end of its product life and the newer TWIG Protector has delivered marginal sales performance. 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 have had and may continue to 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 continue to 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 and other preferred loans will restrict the possibility to distribute dividends. The total amount of loans as at 30 June 2010 was 20113 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. Should the new financing be delayed, or the amount of financing appeared to be insufficient to meet the capital needs, this might enforce the Company to introduce further significant cost cutting plan, which would also have material effect on execution on Company’s current business plan in the short, 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 Company released into production it’s next generation of server architecture and infrastructure and was immediately deployed in its China and US data centers. This next generation system adds significant capabilities in terms of functionality and scalability and will give the Company superior competitive resiliency.

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 and China at present, with continued upgrades and new locations planned in the future.

10. Investments

Gross investments in period 1-6/2010 were 25 teuros. In the full year 2009 gross investments were 208 teuros.

11. Personnel and organization

The number of employed personnel at GeoSentric in period 1-6/2010 averaged 131, 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

Financing round 2009:
The subscription period of the 2009 loan note for raising a maximum amount of €25m through Company’s Dutch subsidiary GeoSolutions Holdings N.V. (“GHNV”), which originally was to end on March 31, 2010, was extended in March 2010 until the end of the year 2010. The Group received and drew down an investment commitment of €7.5m during the year 2009. The terms of the 2009 note were later amended by the Annual General Meeting held on June 30, 2010 as described below.

The loan note is fully transferrable and entitles to subscribe shares in GHNV or the investors may, at their discretion convert their notes into GeoSentric shares. The note will expire in five years. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of 6%, payable in equal portions in cash and in shares, to Raymond Kalley who assisted with the fund raising. The note accrues interest at the rate of 5% p.a. which, it has been agreed, shall be deferred until redemption or conversion. The detailed terms of the financing have been disclosed and can be found in the call to the Annual General Meeting released on June 9th 2010.

Financing round 2010:
The new 2010 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of €6m of which €2.5m has been drawn on June 30, 2010 with the remaining up to €3.5m to be drawn on or after August 1, 2010

subject to certain terms and conditions. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of 5%, all payable in shares to be issued without charge, to Raymond Kalley who assisted with the fund raising.

The Board and AGM have approved the terms for additional financing of 6M€ to be adopted by issuing preferred convertible notes of Company's wholly owned Dutch subsidiary GeoSolutions Holdings N.V. At the same the AGM decided to issue 948,750,000 special subscription rights to the holders of the notes, entitling them to alternatively subscribe for the shares of the Company, and approved certain changes to the terms of Company's Convertible Bond Loan 2008-B.

14. Board authorization

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

At the end of the reporting period the remaining amount of Board's authorization was 4,000,000.00 euros and 850,000,000 shares corresponding to 94.66 % of the currently registered share amount and at maximum 28.70 % of 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, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. For more information, visit www.geosentric.com or www.gypsii.com or www.gypsii.com.cn.

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

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

GEOSENTRIC OYJ

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

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GEOSENTRIC OYJ INTERIM REPORT 2Q/2010 (Unaudited)

GROUP STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	2Q/2010	1-2Q/2010	2Q/2009	1-2Q/2009	2009
Net sales		447	1054	548	1487	2491
Cost of goods sold	4	791	1283	389	989	2141
Gross margin		-344	-229	159	498	350
Other operating income		1	1	0	0	2
General & Administrative expenses	4	764	1463	724	1559	3111
Research & Development expenses	4	1375	3374	2163	4283	8211
Sales & Marketing expenses	4	761	1727	1215	2426	4568
Operating result		-3243	-6792	-3943	-7770	-15538
Financial income		19	21	-5	72	74
Financial expenses		-249	-569	-166	-336	-723
Result before taxes		-3473	-7340	-4114	-8034	-16187
Income taxes		-117	-18	128	254	409
Result for the period		-3590	-7358	-3986	-7780	-15778
Translation difference		21	-1	14	18	11
Comprehensive income		-3569	-7359	-3972	-7762	-15767
Earnings per share, eur						
Basic earnings per share, eur		-0,00	-0,01	-0,00	-0,01	-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	30.6.2010	30.6.2009	31.12.2009
ASSETS				
Non-current assets				
Property, plant and equipment		182	310	240
Goodwill		216	216	216
Other intangible assets		5	1515	510
Other financial assets		66	66	66
Deferred tax assets		0	0	0
		469	2107	1032
Current assets				
Inventories		382	1692	1216
Trade receivables and other receivables		657	1778	696
Prepaid expenses		7	1	10
Cash and cash equivalents		2233	4087	5939
		3279	7558	7861
Total assets		3748	9665	8893
EQUITY AND LIABILITIES				
Shareholders´equity				
Share capital	5	8951	8951	8951
Share premium account	5	13631	13631	13631
Translation difference		134	142	135
Invested distributable equity account	5	30603	27972	30603
Retained earnings		-62726	-48142	-55556
Total shareholders´ equity		-9407	2554	-2236
Non-current liabilities				
Deferred tax liabilities		0	383	128
Interest-bearing debt	7	9612	3013	7061
		9612	3396	7189
Current liabilities				
Trade payables and other payables		3393	2591	2634
Provisions		37	62	37
Interest bearing debt	7	113	1062	1269
		3543	3715	3940
Total liabilities		13155	7111	11129
Total shareholders´ equity and liabilities		3748	9665	8893

GROUP CASH FLOW STATEMENT

1000 EUR	1-2Q/2010	1-2Q/2009	2009
Cash flow from operations			
Result for the period	-7358	-7780	-15778
Adjustments	2424	1024	3991
Changes in working capital:			
Change of trade and other receivables	42	873	1946
Change of inventories	379	-287	-295
Change of trade and other liabilities	-759	614	632
Paid interests	-630	0	-930
Received interest payments	13	147	145
Cash flow from operations, net	-5889	-5409	-10289
Cash flow from investments, net	-25	-191	-208
Cash flow from financing			
Proceeds from issue of share capital	0	0	0
Transaction expenses of share issues	0	-67	-68
Transaction expenses of loans	-292	0	-750
Proceeds from long term borrowings, equity	0	0	2591
Proceeds from long term borrowings, liability	2500	0	4909
Net cash flow from financing	2208	-67	6682
Change in cash	-3706	-5667	-3815
Cash on January 1	5939	9754	9754
Cash on December 31	2233	4087	5939

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

	Share capital (1000 eur)	Translation difference (1000 eur)	Share premium account (1000 eur)	Inv. distrib. equity account (1000 eur)	Accrued result (1000 eur)	Total (1000 eur)
Shareholders´ equity 31.12.2008	8951	124	13631	28039	-40692	10053
Items booked directly into shareholders´ equity	0	18	0	0	0	18
Result for the period	0	0	0	0	-7780	-7780
Comprehensive income	0	18	0	0	-7780	-7762
Share issue expenses	0	0	0	-67	0	-67

Booked expense of stock options to key personnel and partners	0	0	0	0	330	330
Equity portions of liabilities	0	0	0	0	0	0
Shareholders´ equity 30.6.2009	8951	142	13631	27972	-48142	2554
Shareholders´ equity 31.12.2009	8951	135	13631	30603	-55556	-2236
Items booked directly into shareholders´ equity	0	-1	0	0	0	-1
Result for the period	0	0	0	0	-7358	-7358
Comprehensive income	0	-1	0	0	-7358	-7359
Share issue expenses	0	0	0	0	0	0
Booked expense of stock options to key personnel and partners	0	0	0	0	188	188
Equity portions of liabilities	0	0	0	0	0	0
Shareholders´ equity 30.6.2010	8951	134	13631	30603	-62726	-9407

KEY FIGURES

	2Q/2010	1-2Q/2010	2Q/2009	1-2Q/2009	2009
Net sales, 1000 EUR	447	1054	548	1487	2491
Operating result, 1000 EUR	-3243	-6792	-3943	-7770	-15538
Result before taxes, 1000 EUR	-3473	-7340	-4114	-8034	-16187
Gross investments, 1000 EUR	6	25	177	191	208
Average personnel	131	131	121	115	120
Earnings per share, EUR	-0,00	-0,01	-0,00	-0,01	-0,02
Equity per share, EUR	-0,01	-0,01	0,00	0,00	-0,00
Weighted average number of shares in period, 1000	897926	897926	897926	897376	897651

pcs					
Number of shares at the end of the period, 1000 pcs	897926	897926	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	2Q/2010	1-2Q/2010	2Q/2009	1-2Q/2009	2009
Increase/decrease in inventories of finished products	102	280	180	364	-164
Impairment loss in inventories	455	455	0	0	484
Use of raw materials and consumables	103	294	75	356	1288
Total expense of direct employees	131	254	134	269	533
Cost of goods sold total	791	1283	389	989	2141
Total expense of indirect employees	1955	4058	2177	4372	8710
Depreciations	43	588	549	1078	2172
Other operating expenses	902	1918	1376	2818	5008
Expenses by cost category, total	2900	6564	4102	8268	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
30.6.2010	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

Option program 2004A:
Share subscription period with the options expired on June 15, 2010 when in total of 480,000 shares were subscribed at 0.14€ share subscription price. The rest 32,220,000 of the granted option rights have permanently expired.

Shares without charge:
In respect of the loan of 7.500.000 eur raised by the subsidiary GeoSolutions Holdings N.V. during the year 2009, and 2.500.000 eur raised during the year 2010, the Board has agreed as preconditions for the investment to pay an industry standard placement fee. According to the final terms of the financing 225,000 has been paid in cash and 350,000 eur will be paid in shares by issuing approximately 17,500,000 shares without charge.

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	1-2Q/2010	1-2Q/2009	2009
Key persons	62	82	276
Board	74	221	557
Other interest groups	52	27	81
Total	188	330	914

7. FINANCIAL LIABILITIES

1000 EUR	Nominal loan value 2Q/2010	2Q/2010	2Q/2009	2009
Non-current:				
Loan 2008	10000	2755	3013	2605
Loan 2009	7500	4645	0	4456
Loan 2010	2500	2212	0	0
Non-current total		9612	3013	7061
Current:				
Cbl 2004A	113	113	113	113
Loan 2008		0	949	1156
Current total		113	1062	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 b 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 in January 2010. The loan will end on August 25, 2013. Effective from June 30, 2010 it was agreed that interest payments are suspended and all interest will accrue and roll up until maturity.

Financing round 2009:
The subscription period of the loan note for raising a maximum amount of 25,000 teuros, 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. The note accrues interest at the rate of 5% p.a. which shall be deferred until redemption or conversion. The conversion rate shall be calculated based on the lower of the market capitalisation of GeoSentric at March 31, 2010, the market capitalisation at the date of conversion and the valuation implied by an external financing round or bid, all discounted by 50%. In the event that the notes have not been redeemed or converted by the maturity date or in the event of insolvency, a further 15% discount shall be applied to the conversion rate. The note is secured by a pledge over the share capital of GeoSentric and GeoSolutions and over other assets of the group.

Financing round 2010:
The 2010 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of €6m of which €2.5m has been drawn on June 30, 2010 with the remaining up to €3.5m to be drawn on or after August 1, 2010 subject to certain terms and conditions.

8. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	2Q/2010	2Q/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.

The Annual General Meeting on June 30, 2010 elected the following persons to the Board: Hans van der Velde, Daniel Harple, Michael Vucekovich, Gary Bellot, Andy van Dam, Winston Guillory, and Mike Po as a new member. The Board meeting elected Hans van der Velde as Chairman.

10. EVENTS AFTER THE END OF THE PERIOD

The company started on July 9, 2010 co-operation procedure in its Salo office. The target is to reduce headcount by up to 35 persons and achieve yearly cost savings up to 1M€.