

BENEFON OYJ BULLETIN 22.5.2007 AT 16.00 HRS

INTERIM REPORT 1-3/2007

SUMMARY HIGHLIGHTS

- Peter Bamford, Ex Vodafone CEO Appointed as Chairman
- Simon Wilkinson and Dan Harple appointed Directors
- Acquisition of GeoSolutions
- Benefon China launch's into PND business
- Financing plan
- Mobile hardware shifts to OEM business model
- Creation of three operating divisions
- Strategic shift of the business to services and solutions

1. Highlights of the last quarter

Distribution agreement expanded in China

In mid-January Benefon announced an expansion of its distribution agreement with China Potevio's Capitel group and Lextel to cover the sales, marketing, and distribution of Benefon's navigation and location products. Under the terms of the agreement, Lextel Group committed to order an amount of €3,750,000 of Benefon's TWIG DISCOVERY devices. The order is conditional on getting CTA approval and Benefon expected the deliveries to start during the second quarter of 2007. Due to additional time required in getting CTA approval the Company now expects the deliveries to commence during second half of 2007.

TWIG DISCOVERY Product Update

On February 9, 2007, Benefon announced that Travel Safety Group ("TSG") from Florida has placed an USD 10 million order for Benefon's TWIG Discovery navigation devices that were expected to be shipped during the first half of 2007. TSG's market introduction of the product is now expected to commence in June 2007 and sales are now anticipated to commence during the third quarter. Additionally, with TWIG Discovery being end of life affecting the demand for the product from other existing customers, it is expected that TSG will only receive a small allocation of their initial order and that the remaining order will not be fulfilled, with both parties agreeing to work towards sales on the future products.

Product Roadmap Update

On February 21, 2007, Benefon announced three new smart devices for its 2007 product portfolio. The new range, comprising the products TWIG Talisman, TWIG Totem and TWIG Monolith, is a sophisticated collection of WiFi enabled 2.75G and 3.5G Windows smartphone solutions to suit individual preferences. The first new Twig devices were expected to be available starting in June 2007, with other versions being released in the last half of the year. The company is now reviewing its product roadmap for 2008.

GeoSolutions acquisition

Benefon Oyj announced on March 5, 2007, that it has signed a letter of intent to acquire GeoSolutions BV, a developer of location-based technologies, products, and services for mobile and Internet-connected devices. This start-up firm employs 13 people and it did not have activities in 2006.

The announced acquisition was closed after the end of the reporting period on May 2, 2007, and the principal terms are as detailed in the following.

By virtue of the authorisation granted to it by the Annual General Meeting of April 16, 2007, the Board of Directors of the Company has decided to issue agreed number of Benefon Oyj's new investment series shares to GeoHolding B.V., to the sole owner of GeoSolutions B.V., and agreed number of option rights to key resources of GeoSolutions B.V. as follows:

The initial purchase price agreed in the terms of the share Exchange Agreement entered into with GeoHolding B.V. consists of two parts. The first part is agreed to be paid by issuing 21,000,000 new investment series shares at closing and the Company has committed to pay the remainder by issuing 9,000,000 new investment series shares, with the needed share issue authority to the Company's Board registered at the trade register. Due to technical reasons the above-mentioned shares shall be issued in two separate issues.

The maximum number of new investment series shares offered for subscription in the first directed share issue ("First Issue") is 21,000,000 and subscription price is EUR 0.14 per share, corresponding to EUR 2,940,000. The subscription price for the shares issued in the Issue shall be paid as a contribution in kind by transferring all outstanding shares of GeoSolutions B.V., representing the whole authorised share capital of the company, to Benefon Oyj as agreed in the Exchange Agreement.

In addition to the Issue the Board of Directors has, in accordance with the Exchange Agreement, decided to issue a maximum of 9,000,000 new investment series shares for subscription by GeoHolding without charge ("Second Issue"). The shares shall be deposited in escrow and released upon meeting the conditions set forth in the Exchange Agreement. If the conditions are not met within the agreed time period the shares issued in the Second Issue shall be returned to Benefon without charge and the purchase price shall be decreased correspondingly to the agreed value of such shares. At the same with the Second Issue company's share capital shall be increased by EUR 0.01 for each share issued by transferring a correspondent amount from the premium fund to share capital. As a result company's share capital may increase by a maximum of EUR 90,000.00 and the premium fund may correspondingly decrease by a maximum of EUR 90,000.00.

In addition to aforementioned directed share issues, the Board of Directors has decided to issue at maximum 9,778,500 option rights to the key resources of GeoSolutions B.V. as agreed in the Exchange Agreement. The option rights shall be offered to the senior management, members of the board of directors and key employees of GeoSolutions B.V. as specified in the terms and conditions of the option plan. The share subscription price for the option rights is EUR 0.14 per share and the share subscription period begins on April 27, 2007, at the earliest and ends on April 7, 2014, at the latest. The option rights are divided into nine (9) series and the share subscription periods are different for different series.

Subscription period for the Issue and Second Issue begins on April 27, 2007, and ends on May 2, 2007. The Board also decided that all subscription made in accordance with the respective issue terms shall be accepted. As a result of subscriptions and share capital increase from the premium fund the share capital of the company shall increase by a maximum of EUR 300,000.00. The shares offered for subscription in the directed share issues represent at maximum 10,22 % and the option rights at maximum 3,33 % of the company's registered shares prior the respective increase in share capital. Subscription period for the option rights begins on April 27, 2007, and ends on April 27, 2012.

Financing program

The Company announced on January 12, 2007, that it had agreed with Octagon Solutions Limited about extending the financing commitment between the parties announced on September 28, 2006, to cover also the agreed additional financing, and that the Board had accordingly decided to raise the sixth tranche of the extended commitment. With that decision, the Board directed shares and a convertible loan of a total of 400,000 euros to Ashland Partners LP. The maximum number of new S-series shares was 1,666,667 and the subscription price 0.21 euros per share. The amount of the convertible loan was 50,000 euros and the maximum number of shares it entitles to be subscribed for at a share subscription price of 0.09 euros per share is 555,556.

To enable the Company to extend the financing program, the extraordinary general meeting of the Company convened on February 1, 2007, decided to grant an authorization to the Board to decide on the increase of share capital by a maximum of EUR 526,832.71 and on issue of new investment series shares, option rights or specific rights in terms of Article 1 of Chapter 10 of the Companies Act in one or more installments such that the maximum number of new investment series shares issued is 52,683,271. The annual general meeting of the Company convened on April 16, 2007, cancelled this authorisation and granted the Board a new authority detailed in section 4. hereinafter.

On February 27, 2007, the Company announced that the Board of Directors had decided to change the terms of the two loans granted by Luben Limited in connection with tranches 4 and 5 described above into a convertible bond loan such that each EUR 0.14 of the loan principal entitles to subscribe for one new investment series share by December 31st, 2012. The maximum number of shares that can be subscribed for by virtue of the loan is 21,071,429. The change has been accepted by Luben Limited. The reason for changing the terms is to enable the company to continue its ongoing financing plan as required and at the same also to keep its capital structure in balance.

Benefon also announced on February 27, 2007 that it has decided to call the seventh tranche of financing according to the extended Financing Agreement. The Board of Directors of the company decided to issue shares and convertible bond loan for a total maximum amount of EUR 1,400,000 to Villiers Securities Limited. The maximum number of new investment series shares offered for subscription is 5,104,167 and subscription price is EUR 0.21 per share. The principal amount of convertible bond loan is EUR 328.125, and each EUR 0.05 of the loan principal entitles to subscribe for one new investment series share. The maximum number of shares that can be subscribed for by virtue of the loan is 6,562,500.

After the end of the reporting period Benefon announced on May 8, 2007, that the company and Octagon Solutions Limited have agreed to the terms of the 8th tranche of financing to be provided under the extended Financing Agreement entered into

with Octagon Solutions Limited and disclosed on September 28th 2006. The 8th tranche may amount up to 5 million euros and is to be raised in several parts as separately agreed. Accordingly the Board of Directors has decided to raise the first part of 400,000 euros.

According to the financing agreement, Octagon Solutions shall have the first right to make the investments in tranche 8, or, at its option, to assign the investment right to third party investors in accordance with the extended Financing Agreement and to the maximum amount of the tranche 8.

The Board has approved the terms for the tranche 8 investments and agreed to receive such investments as offered by the investors according to the approved terms. The approved terms are as follows. The share subscription price for the directed share issues under tranche 8 shall be EUR 0.15 per share. In addition to new investment series shares the company shall issue convertible bond loan at share subscription price of EUR 0,025 per share. Each investment is also combined with issuance of agreed number of option rights at share subscription price of EUR 0.15. The maximum number of new investment series shares that may be issued under the tranche 8 is 50,000,000 along with 10,500,000 option rights. In connection with agreeing to the above terms the Board has also decided to balance the pricing of previous investments made by Ashland Partners LP as described below.

1. Raising the first part of tranche 8 financing

The Board of Directors has according to the above terms decided to call the first part of the eighth tranche as follows.

The Board decided to issue shares and convertible bond loan for a total amount of EUR 400,000 to Killarney Partners ("directed offering"). The maximum number of new investment series shares offered for subscription is 2,400,000 and subscription price is EUR 0.15 per share. The principal amount of convertible bond loan, which includes a specific right to use the loan to set off subscription price of shares as according to Chapter 10, Clause 1 of the Finnish Companies Act, is EUR 40.000 and each EUR 0.025 of the loan principal entitles its holder to subscribe for one new investment series share. The maximum number of shares that can be subscribed for by virtue of the loan is 1,600,000. As a part of the directed offering Killarney Partners is also offered for subscription at maximum 666,667 option rights entitling to subscribe for corresponding amount of new investment series shares at share subscription price of EUR 0.15 per share during the share subscription period from May 18, 2007 to May 31, 2011.

Of the share subscription price EUR 0.01 is booked to share capital and the remainder in invested unrestricted equity fund. As a result of share issue company's share capital may increase by a maximum of EUR 24,000.00 and as a result of convertible bond loan by a maximum of EUR 16,000.00.

Subscription period for the directed offering, forming the first part of the 8th tranche investments, begins on May 7, 2007 and ends on May 11, 2007. The shares offered for subscription in the directed offering represent at maximum 0.82 %, the convertible bond loan at maximum 0.55 % and option rights 0.23 % of the company's registered shares. The new shares subscribed for are equivalent of their right with company's existing investment series shares and will be applied for listing as soon as the respective share subscriptions have been made and shares registered in trade register. Listing of the shares subscribed for in the

directed offering of shares is estimated to take place approximately on May 18th, 2007.

2. Balancing the pricing of certain investments

To balance the pricing of previous investments by Ashland Partners LP to correspond the pricing agreed to with the group of investors participating the investments under the extended Financing Agreement and to correct an error in the original pricing the Board also decided to issue a maximum of 1,111,111 new investment series shares for subscription by Ashland Partners LP without charge ("issue"). At the same the company's share capital shall be increased by EUR 0.01 for each share issued by transferring a correspondent amount from the premium fund to share capital. As a result company's share capital may increase by a maximum of EUR 11,111.11 and the premium fund may correspondingly decrease by a maximum of EUR 11,111.11.

Subscription period for the issue begins on May 7, 2007 and ends on May 11th, 2007. The shares offered for subscription in the directed share issue represent at maximum 0.38 % of the company's registered shares prior the respective increase in share capital. The new shares subscribed for are equivalent of their right with company's existing investment series shares and will be applied for listing as soon as the respective share subscriptions have been made and shares registered in trade register. Listing of the shares subscribed for in the issue is estimated to take place approximately on May 18th, 2007.

2. Outlook for the remainder of 2007

During 2007 the company established three operating divisions all focusing on GPS enabled devices and location technology.

The first being the traditional GPS/GSM mobile handset business which will compete in the B2B and consumer space

Secondly the creation of a services and solutions business which will allow the company to refocus within this marketplace and the Companies acquisition of Geosolutions

And thirdly the entrance into the Personal Navigation Devices (PND) market into emerging and less saturated markets. The creation of Benefon China will allow the company to enter the relatively immature PND market within China.

The market outlook for navigation devices continues to be promising. The Western European market alone is projected to need more than 100 million devices over the next five years (source: Canalys, August 2006). A number of new competitors are expected to enter the market during 2007, and the Company believes that pricing in the market will become very competitive. On the other hand, this growth in the market is expected to increase customer awareness of GSM/GPS products as well as increasing the demand and market share of mobile phones with navigation functionality.

The Company is currently streamlining its operations during 2007, and has expanded its sales organisation to secure the favourable development of the current and future product sales and is putting measures in place to improve the time needed for launch of new products. TWIG Discovery and TWIG Locator have

been launched in a number of Western European countries, and the TWIG Discovery has also been launched in the U.S. Due to intensified competition and price sensitivity, the delays occurred in the launch of Twig Discovery have decreased its competitiveness in the marketplace. The Company expects to sell the remaining stock of TWIG Discovery and then to introduce the Talisman product. However, the introduction of TWIG Discovery Pro for the B2B safety and security market improved the demand for the TWIG Discovery product. TWIG Discovery Pro is a product variant of the TWIG Discovery platform with extended telematics features, but without navigation functionality.

The focus in the current year is in growing the sales volumes and expansion of the market, launch of TWIG Discovery Pro product for business users, preparations of the launch of TWIG Talisman to consumer market, manage end-of-life material planning and logistics of TWIG Discovery and increased marketing efforts of the web-based back-end applications and solutions.

The sales development in first half of 2007 has been below expectations due to intensified competition and price erosion, and the Company has decided to focus on bringing new products to the market. These products are based on product platforms of OEM-manufacturers as well as refocusing the future business more on services and solutions where the profitability is significantly higher in that segment as compared to mobile hardware and the working capital cycles are more manageable.

Key tasks in the second half of 2007 include the introduction of TWIG Discovery Pro to B2B sales channels, managing the end-of-life of TWIG Discovery by selling the existing stock to Europe, USA and China and pursuing the TWIG Talisman product program.

Sales of TWIG Discovery in China are expected to start in the second half of 2007. The products marketed in China will be sold under the combined "China Potevio Capitel" brand. Capitel is a leading mobile phone brand in China and China Potevio is a division of one of the largest state-owned telecommunications firms in China.

The realised market launch in the second quarter of the new product version TWIG Discovery Pro directed to the business market is expected to strengthen the position of the Company in B2B-markets and will enable the company to sell the remaining products of TWIG Discovery.

The Company via its acquisition of Geosolutions has entered into a new business area. Geosolutions is engaged in the business of location aware software and services. The Geosolutions technology provides Benefon with access to a core proprietary search and mobile social networking solution. The acquisition provided the company with a product, the technology and an experienced team which will allow the company to, a) provide an integrated content rich location services platform to its product line, b) exploit the opportunity provided to location enabled various social networking installed bases and, c) deliver an integrated solution for most network operators and mobile phone manufacturers. The cost of GeoSolutions personnel will increase the Company costs starting from the second quarter of 2007.

3. Operational Review

The main operational focus during the first quarter was to continue the TWIG Discovery and TWIG Locator market introductions. Benefon launched both products in Russia at the end of January as well as participated the 3GSM Congress held in Barcelona in the middle of February.

R&D activities were focussed on finalizing the TWIG Discovery Pro development as well as completing some special features for the animal tracking market.

The Salo factory served as a configuration and distribution centre for the Company's global customer deliveries.

4. Developments after the reporting period

The Company's Annual General Meeting convened on April 16, 2007, resolved that the number of Board members is six and elected the following persons to the Board: Peter Bamford, Brian Katzen, Jeffrey Crevoiserat, Juha Kiikeri, Simon Wilkinson and Dan Harple. It was also resolved that the Chairman of the Board is paid an annual fee of 35,000 GBP corresponding approximately EUR 51,000. No fees are paid to other Board members. The Board convened immediately after the Annual General Meeting and appointed Mr. Peter Bamford to the Chairman of the Board. As a part of his appointment to Chairman Mr. Bamford shall be proposed to be granted option rights up to amount of 7,500,000. The General Meeting resolved to keep the number of ordinary auditors in one and re-elected Ernst & Young Oy, CPA Mr. Erkkä Talvinko acting as its responsible auditor, to its auditor, and CPA Mr. Veikko Soinio to deputy auditor.

The Annual General Meeting accepted the purchase of the entire share capital of GeoSolutions B.V. through a share exchange in accordance with the proposal of the Board. The Board was also authorized to decide on increasing the share capital and issuing new shares, option rights and specific rights such that the maximum amount of share capital increase is EUR 1,902,500 and number of issued new investment series shares 190,250,000. The share capital can be increased by means of using the premium fund or invested unrestricted equity fund for the increase. The authorization entitles the Board to deviate from the pre-emptive right of shareholders and also accept set-off or other consideration in kind as a payment for the shares, option rights or specific rights. The shares can also be issued without payment provided that there is an especially weighty financial reason for this as required by the Companies Act. The Board has the right to decide the terms of any issue by virtue of the authorization for all other parts.

The authorization is valid for two years from the date of the Annual General Meeting. At the same the new authorization cancels the previous authorization granted by the Extraordinary General Meeting of February 1, 2007 for the unused part.

The Annual General Meeting accepted the amendment of the management agreement entered between the company and Octagon Consulting Limited in accordance with the proposal of the Board to include also special projects such as mergers, acquisitions and divisions.

On April 27, 2007, the Company informed that Simon Wilkinson who was elected as the member of the Board in the annual general meeting April 16th, 2007, will work closely with the Board in developing the Company's future strategy and also with the Management of the business to assist in the delivery of operational plans and objectives.

On May 4, Benefon announced that it now offers a free three-month introductory TWIG Web Finder service subscription with purchase of TWIG Locator GPS/GSM tracking device. The TWIG Web Finder is a service for tracking vehicles and other mobile assets as well as for securing persons. The location of mobile objects can be seen on detailed street maps on three continents. The service enables users of TWIG products also to receive locations on normal mobile phones as address information. Further features include alarm reception, history functions, sending of SMS messages and workstation operation from multiple sites. The TWIG tracking solutions are made with easy use and competitive prices in mind. No installations are required. Further credits and service extensions can be conveniently purchased at the TWIG eShop.

On May 10, 2007, Benefon announced its formal entry into the rapidly growing and dynamic Chinese market with the opening of an office in Shanghai. The office is planned to have a staffing level scaling up to 15 employees. Jeff Lin, a seasoned location technologies leader has been recruited as Managing Director to spearhead company's local activities. Mr. Lin, a digital map and technology veteran who guided NAVTEQ's entry into China, will use his experience to leverage both product development and distribution in the region. The creation of the new Benefon China Division is in response to strong interest on the part of consumer and business enterprise users in the company's offerings for location enabled mobile devices and software solutions. The company's goal is to be the pre-eminent provider of location based mobile technology in China. Priorities for the new division will include localizing the Benefon Twig product line, development of a personal navigation product line for vehicles, cultivating local software content, and expanding the company's Chinese-language database of Web solutions.

On May 14, 2007 Benefon announced that, related to the announcement on May 2, 2007, about the purchase of GeoSolutions B.V. in accordance with the terms of the share exchange agreement entered into with GeoHolding B.V. on March 22nd, 2007, the Board of Directors of Benefon Oyj has also decided to establish a subsidiary in the Netherlands, Benefon Solutions B.V., for holding the GeoSolutions shares, and according to original transaction plan transfer the GeoSolutions shares to Benefon Solutions. The transfer price of the shares shall equal the original purchase price of the shares paid by Benefon Oyj, which amount Benefon Oyj shall lend to Benefon Solutions B.V. for paying the transfer price. As the amount of original purchase price has not yet been determined finally the transfer price and the respective loan are subject to further adjustments correspondingly to the conditions set forth in the share exchange agreement.

5. Financial Review

Financial Performance in the period

The net sales of the company in Q1/2007 were 1233 teuros. The comparable net sales in Q1/2006 were 1124 teuros.

The operating profit in Q1/2007 was -4123 teuros. The comparable operating profit in Q1/2006 was -1207 teuros.

The total of the balance sheet at the end of Q1/2007 was 14,308 teuros. The total of the balance sheet at the end of the previous quarter Q4/2006 was 17,397 teuros and at the end of the same period Q1/2006 in the previous year it was 14,321 teuros.

The total shareholders' equity at the end of Q1/2007 was 7384 teuros, or about 52% of the balance sheet, when at the end of the previous quarter Q4/2006 it was 10,421 teuros, or about 60%. At the end of the same period Q1/2006 in the previous year it was 12,003 teuros, or about 84%.

The book value of interest-carrying debt at the end of Q1/2007, including the capital loans, was 2705 teuros. The total liabilities at the end of Q1/2007 were 6924 teuros, whereas they were 6976 teuros at the end of the prior quarter Q4/2006 and 2318k euros at the end of the same quarter Q1/2006 the previous year. Cash and cash equivalents at the end of the period was 2,018 teuros of which 373k euros were pledged.

The Company adopted the International Financial Reporting System (IFRS) during financial year 2005 and the financial statements for the year 2005 and onwards, including the interim reports, have been prepared according to IFRS.

Report on sufficient liquidity in period 04/2007-06/2008

The below cash flow statement assumes that sales targets set in financial projections for financial years 2007 and 2008 are met. These projections are highly dependent on timely deliveries and sales success of the Company's new TWIG branded product range.

Cash Flow Statement 04/2007-06/2008	million euros
Cash flow from operations	-3.8
Share subscription payments	3.7
Investments	-0.3
Change in cash	-0.4
Cash in the beginning of the period	2.0
Cash at the end of the period	1.6

6. Company information

The number of personnel in quarter 1Q/2007 averaged 84, of whom 24 persons were affected by alternate forced leaves.

Benefon share (BNFSV) is listed on the small cap -list of OMX Nordic Exchange in Helsinki.

Founded in 1988 in Finland by the early GSM pioneers, BENE FON is a leader in GSM/GPS mobile telematics terminals and solutions. Benefon is at the forefront of innovation and research in mobile telephony and GPS navigation. It is now with the dawn of TWIG that BENE FON is able to truly offer the world a navigation system and a series of TWIG handsets that can be easily understood and enjoyed in both professional and leisure contexts.

Tomi Raita
CEO

BENEFON OYJ INTERIM REPORT 1Q2007 (NOT AUDITED)

GROUP INCOME STATEMENT	REPORTING PERIOD		
	1000 EUR	1Q/2007	1Q/2006
Net sales	1233	1124	6959
Other operating income	0	1	25
Increase (+)/decrease (-) in inventories of finished products	-206	-10	2625
Production for own use	0	0	0
Use of raw materials and consumables	-579	-706	-7190
Total expense of employees	-1427	-1000	-4915
Depreciations	-703	-23	-563
Impairment loss	0	0	-872
Other operating expenses	-2441	-1448	-11775
Capitalised R&D expenses	0	855	4163
Operating result	-4123	-1207	-11543
Financial income	13	15	145
Financial expenses	-290	-81	-162
Result before taxes	-4400	-1273	-11560
Income taxes	0	0	0

Result for the period	-4400	-1273	-11560
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Earnings per share, eur			
Basic earnings per share, eur	-0,02	-0,01	-0,05

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

The interim financial statements have not been audited.

GROUP BALANCE SHEET

REPORTING PERIOD

1000 EUR	Note	31.3.2007	31.3.2006	31.12.2006
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ASSETS

Non-current assets

Property, plant and equipment	263	126	244
Development costs	2166	855	2841
Other intangible assets	35	26	32
Other financial assets	62	61	61
Deferred tax assets	0	0	0
	<u>2526</u>	<u>1068</u>	<u>3178</u>

Current assets

Inventories	5954	1136	6194
Trade receivables and other receivables	2516	1497	4585
Prepaid expenses	1294	569	898
Cash and cash equivalents	2018	10051	2542
	<u>11782</u>	<u>13253</u>	<u>14219</u>

Total assets	14308	14321	17397
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Equity and liabilities

Shareholders' equity

Share capital	5	2703	2138	2634
Share issue		561	0	400

Share premium account	5	15936	15936	15936
Invested distributable equity account	5	5930	0	4866
Retained earnings		-17746	-6071	-13415
Total shareholders' equity		7384	12003	10421
Non-current liabilities				
Deferred tax liabilities		0	0	0
Interest bearing debt	7,8	909	937	2319
		909	937	2319
Current liabilities				
Trade payables and other payables		4062	1266	4500
Provisions		157	47	157
Interest bearing debt	7,8	1796	68	0
		6015	1381	4657
Total liabilities		6924	2318	6976
Total shareholders' equity and liabilities		14308	14321	17397

GROUP CASH FLOW STATEMENT

REPORTING PERIOD

1000 EUR	1Q/2007	1Q/2006	2006
Cash flow from operations			
Result of the period	-4400	-1273	-11560
Adjustments	663	212	4391
Changes in working capital			
Change of trade and other receivables	1673	-69	-3343
Change of inventories	240	146	-4912
Change of trade and other liabilities	-438	-804	2540
Paid interests	-1	-12	-62
Received interest payments	10	5	140
Cash flow from operations, net	-2253	-1795	-12806
Cash flow from investments, net	-51	-871	-4393

Cash flow from financing			
Proceeds from issue of share capital	1418	11676	16476
Transaction expenses of share issues	-71	-296	-1022
Proceeds from long-term borrowings, equity	0	0	1225
Proceeds from long-term borrowings, liabilities	433	0	1725
Cash flow from financing, net	1780	11380	18404
Change in cash	-524	8714	1205
Cash in the beginning of the period	2542	1337	1337
Cash at the end of the period	2018	10051	2542

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital (1000eur)	Share issue (1000eur)	Share premium account (1000eur)	Inv. distrib. equity account (1000eur)	Accrued result (1000eur)	Total (1000eur)
Chareholders' equity 31.12.2005	1313	0	1211	0	-4855	-2331
Share issue, cash	556	0	11120	0	0	11676
Share issue, offset with capital						
Loans and trade receivables	227	0	4407	0	0	4634
Conversion of convertible bonds into shares	42	0	425	0	0	467
Share issue expenses	0	0	-1227	0	0	-1227
Booked expense of stock options to key personnel and partners	0	0	0	0	57	57
Result of the period	0	0	0	0	-1273	-1273
Shareholders' equity 31.03.2006	2138	0	15936	0	-6071	12003
Shareholders' equity 31.12.2006	2634	400	15936	4866	-13415	10421

Share issue, cash	63	161	0	1274	0	1498
Conversion of convertible bonds into shares	6	0	0	45	0	51
Booked expense of share issues	0	0	0	-255	0	-255
Stock options to key personnel and partners	0	0	0	0	69	69
Result of the period	0	0	0	0	-4400	-4400
Shareholders' equity 31.03.2007	2703	561	15936	5930	-17746	7384

KEY FIGURES

REPORTING PERIOD

	1Q/2007	1Q/2006	2006
Net sales, 1000 EUR	1233	1124	6959
Operating result, 1000 EUR	-4123	-1207	-11543
Result before taxes, 1000 EUR	-4400	-1273	-11560
Gross investments, 1000 EUR	51	871	4393
Average personnel	84	76	82
Earnings per share, EUR	-0,02	-0,01	-0,05
Equity per share, EUR	0,03	0,04	0,04
Weighted average number of shares in period, 1000 pcs	266806	177460	213490
Number of shares at the end of the period, 1000 pcs	270342	213793	263416

NOTES TO THE GROUP INTERIM REPORT

1. BASIC INFORMATION ABOUT THE COMPANY

Benefon Oyj ("Group") is a provider of navigation devices intended for personal

and professional use,
and that of services enabling navigation, tracking and locating by means of
personal mobile devices.

The Group sells products in 30
countries.

The parent company of the Group is Benefon Oyj. Its registered
domicile is Salo, Finland, with
street address Meriniitynkatu 11, 24100 Salo, Finland, and mail address PL 84,
FIN-24101 Salo, Finland.

Copy of the Group financial statements FY2006 is available at the internet
address www.benefon.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 the International
Financial Reporting

Standards ("IFRS"), and it has been prepared according to the
accounting standard IAS 34.

Interim reports. An interim report shall be read together with the financial
statements for year 2006.

Principles of preparation:

The utilised principles of preparation are identical with those utilised by the
Group in financial statements
for FY 2006.

IASB has published new standards and interpretations and changes in
existing standards,
application of which is mandatory on 1.1.2007, and which the group has not
adopted earlier voluntarily.

The group has adopted the following standards (and their amendments)
and interpretations
from 1.1.2007

onwards:

IAS 1, Presentation of financial statements, amendments in
sections 124A-C.

IFRS 7, Financing instruments:

Notes.

IFRS 8, Business segments. The Company provides an assessment about
segment reporting

in context of the business
acquisition.

IFRIC 11, Group and Treasury Share
transactions.

IFRIC 12, Service Concession Arrangements. Its new interpretation is not
applicable to Group's industry.

New standards, interpretations or amendments have not had significance or
essential effect to information

in the interim
report.

3. SEGMENT INFORMATION

The primary reported segments of the group comprise business segments. Number of distinct segments at the moment is one: mobile telematics equipment. Its share of net sales, result and assets was almost 100% in the reporting period and in the prior period.

4. ACQUISITIONS

There were no business acquisitions in the financial period nor in the preceding period. However, Benefon Oyj has agreed in March 2007 about acquisition of a Netherlands firm GeoSolutions BV. The purchase price of approximately 6 million euros is to be paid in two parts. The transaction is due to be finalised in May 2007. The effect of the to-be-acquired firm is estimated to be small in 2007 but growing thereafter. The said firm is in pre-revenue phase of commercialising products and services.

5. SHAREHOLDERS' EQUITY

	Number of shares (1000)	Share capital (1000eur)	Share premium account (1000eur)	Inv. distrib. equity account (1000eur)	Total (1000eur)
31.12.2006	263416	2634	15936	4867	23437
Share issue 1.2.2007	1667	16		334	350
Share conversion of CBL2007A 22.3.2007	556	6		44	50
Share issue 22.3.2007	4703	47		940	987
Costs of share issues				-255	-255
31.03.2007	<u>270342</u>	<u>2703</u>	<u>15936</u>	<u>5930</u>	<u>24569</u>

Maximum number of shares in the Company, as stipulated in the articles of association, is 1000 million.

The share carries no nominal value but the book parity value at the moment is 0.01 euros per share.

Maximum share capital is 50 million euros. All outstanding shares are fully paid.

6. OPTION RIGHTS

No new option rights were given in the reporting period.

In the reporting period, booked cost of prior given option rights in accordance with IFRS 2 was 69 teuros.

Options have been used as payment for services. In result report, counter account for booked cost is equity account.

7. DEBTS WITH NOMINAL INTEREST

1000 EUR	Nominal loan value 1Q/2007	1Q/2007	1Q/2006	2006
Non-current loans:				
Cbl 2004A	955	909	937	898
Current loans:				
Cbl 2004A		0	68	0

8. DEBTS WITH NO NOMINAL VALUE

1000 EUR	Nominal loan value 1Q/2007	1Q/2007	1Q/2006	2006
Non-current loans:				
Interest-free loan 1450 teur, year 2006		0	0	703
Interest-free loan 1500 teur, year 2006		0	0	718
Total		<u>0</u>	<u>0</u>	<u>1421</u>
Current loans:				
Cbl 2007B	2950	1494	0	0
Cbl 2007C	302	302	0	0
Total		<u>1796</u>	<u>0</u>	<u>0</u>

Interest-free loans with nominal value of 1450 teur and 1500 teur, year 2006:

In March 2007, these loans were converted into convertible loan 2007B.

Convertible loan 2007B was converted into shares in April 2007.

9. COLLATERAL COMMITMENTS AND CONTINGENCIES	REPORTING PERIOD		
	1Q/2007	1Q/2006	2006
1000 EUR			
Contingent liabilities relating to chattel mortgage	1700	1655	1689
Collateral for own liabilities:			
Chattel mortgage as collateral for contingent liabilities	12068	12068	12068
Pledged non-current financial assets	42	41	41
Pledged current financial assets	373	358	373

10. RELATED PARTY TRANSACTIONS

Inner circle transactions have been presented in the financial statements for year 2006. No essential changes have taken place in the reporting period.

Interest free loans with a nominal capital of 2950 teuros, raised from Luben Limited in year 2006, were converted in March 2007 into convertible loan 2007B, which was converted into shares in April 2007.

11. EVENTS AFTER THE END OF THE PERIOD

Market bulletin on
16.4.2007

Resolutions of the annual general meeting of Benefon Oyj:

The general meeting adopted the financial statements of year 2006 and resolved that no dividend is paid.

The general meeting resolved that the number of Board members is six and elected in the Board the

following persons: Peter Bamford (new), Brian Katzen, Jeffrey Crevoiserat, Juha Kiiikeri, Simon Wilkinson (new) and Dan Harple (new). The Board elected Peter Bamford as the chairman.

The general meeting approved the acquisition of GeoSolutions B.V. and authorised the Board to decide

about increase of share capital and about issuance of new shares, option rights and special rights.

Market bulletin on
2.5.2007

The Board of Benefon Oyj has decided to acquire GeoSolutions B.V. The

acquisition price is 6.000.000 euros, paid in two parts. In addition, the Board decided to issue 9.778.500 option rights to key persons of GeoSolutions B.V..

Market bulletin on
8.5.2007

Benefon Oyj and Octagon Solutions Limited have agreed about terms of Tranch Eight of the extended financing agreement made public in 28.9.2006. The total amount of Tranch Eight may be a maximum of 5 million euros and it will be raised in multiple allotments. The Board has decided to raise the first allotment of 400.000 euros.