

PRESS RELEASE 28 SEPTEMBER 2006

**BENEFON'S NEW GSM/GPS DEVICE TO BE LAUNCHED IN OCTOBER  
NEW FINANCING PLAN GUARANTEES BUSINESS CONTINUITY**

Benefon announced today that it will launch its new TWIG Discovery GSM/GPS handset in October 2006. Launch dates for China and Russia will remain on track for December 2006.

The revision of the launch date is caused by a delay in the mass production. The manufacturing in the China production unit has been delayed for approximately three weeks, but now the problems have been solved and the plant is in full use.

Because of the delay Benefon will be revising its forecast guidance published in August. The company will publish updated projections by October 3, 2006.

"Despite the recent challenges in launching our latest handset, Benefon still has the opportunity for a strong product launch in Western Europe. The continued interest in our products provides us with continued confidence. We will have a great portfolio of products over the coming 12 to 18 months and a strong line of innovative GSM/GPS devices to offer our customers", stated Jonathan Bate, Benefon CEO.

**Business continuity from financing plan**

Benefon also announces a new financing plan that will guarantee the sufficiency of company's working capital. The company has agreed on a financing package comprising subscriptions in shares, convertible bond loan issues, options and debt instruments with Octagon Solutions Ltd. and Ashland Partners LP., totaling at maximum of 7.35 million euros. The funding is secured and committed by Octagon Solutions Ltd. and the total number of investors providing the funds may not exceed ten. The agreed funding is divided into five tranches each of which the Board of Directors is entitled to call separately. Investors' financing commitment is valid for six months until March 28, 2007.

Provided that the maximum amount of the funding is raised, the investors may subscribe to up to 16,761,905 new investment series shares at €0.21. In addition, an equity convertible bond loan of the amount of 880,000 euros is offered to investors that can be used to subscribe for a maximum of 17,600,000 new investment series shares. 2,950,000 euros of the 7.35 million may also be issued as interest free debt securities at the company's option. As a part of the agreement the investors will also be entitled to subscribe for a maximum of 4,425,000 option rights with €0.10 strike price in proportion to their financing commitments.

The now announced financing plan is aimed at securing that Benefon will maintain its capability to continue introducing new products despite the additional costs resulting from the recent delays with TWIG Discovery.

Contact information:  
Juha Kiikeri  
+358 40 549 3216  
[Juha.kiikeri@ecagroup.net](mailto:Juha.kiikeri@ecagroup.net)