

**UPDATE TO FINANCIAL PROJECTIONS**

Benefon today announced further details of its outlook for the remainder of the year.

Benefon updates and replaces its earlier projections released on the 3<sup>rd</sup> October, 2006 and per the 3<sup>rd</sup> quarter interim report released November 17<sup>th</sup>, 2006. The company expects to take delivery of at minimum 20,000 and at maximum 40,000 handsets by the end of the year.

Benefon also updates and replaces its net sales target for the year 2006 released in bulletins of October 3<sup>rd</sup> 2006 and November 17<sup>th</sup> 2006 and announces that its net sales for this year should marginally exceed the level of year 2005 net sales.

The company has experienced strong demand for the TWIG Discovery model in the US market and expects to make initial shipments into that market prior to year end as compared to original expectations of shipping during the middle of 2007.

The company has also begun commercial shipments of TWIG Discovery into selected European markets. It is anticipated that UK operator acceptance will take place in early 2007, which will result in delays to the fulfilment of the UK's 20:20 contract. Network conformance for TWIG Discovery in the UK has been delayed due to technical issues that have taken time to resolve. These issues have now been corrected and Benefon is awaiting the results of the re-testing.

The Chinese launch of TWIG Discovery is expected to take place in Q1 07, a slight delay, due to longer than anticipated Chinese regulatory approval. Chinese shipments will be co branded with China Potevio's Capitel brand. Capitel is a leading handset provider and division of China Potevio, one of the largest state owned telecommunications companies in mainland China.

**This bulletin contains forward looking statements. Any statements that are not based on historical fact are forward looking statements. Although such statements are based on the company's current estimates and expectations and currently available competitive, financial and economic data forward looking statements are inherently uncertain. Users of this bulletin are therefore cautioned that there are a variety of factors which could cause business conditions and results to differ materially from the forward looking statements contained herein.**

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