

**DECISION ON THE EQUITY FUNDING AND RELATED DIRECTED SHARE ISSUE OF BENEFON OYJ**

Benefon Oyj announced today that it is negotiating with certain investors of new financing to be provided for the purpose of securing the working capital of the company and supporting its business plan. The Board has approved the terms for the financing as follows. The financing consists of new investment series shares of the company and convertible bond loan entitling to subscription of new investment series shares and it may amount up to EUR 9,000,000. The agreed financing is conditional for restructuring the ownership of the company by issuing new investment series shares to GeoHolding B.V. without charge. The restructuring shall be performed in order to correct the valuation of the acquisition of GeoSolutions B.V. executed on April 27<sup>th</sup> 2007 and defined by the company which has proven to be false.

At first the Board has decided to raise a maximum of EUR 4,950,000 by virtue of authorization granted by the Annual General Meeting of April 16<sup>th</sup> 2007, by offering new investment series shares and convertible bond loan to certain investors. In order to execute rest of the above mentioned financing arrangement the Board has decided to call the Extraordinary General Meeting of the shareholders to be convened. The call to the Extraordinary General Meeting shall be released separately on Thursday August 23<sup>rd</sup>, 2007 at the latest.

Consequently the rest of the financing, totalling a maximum of EUR 4,050,000 shall be raised after the upcoming Extraordinary General Meeting has decided to grant a new authorization to the Board. In addition the directed share issue without charge to GeoHolding B.V. shall be arranged afterwards.

Accordingly the Board has decided to issue new investment series shares and convertible bond loan for a total maximum amount of EUR 4,950,000 (the "Offering") to be directed to certain institutional and qualified investors not exceeding 100 and accepted by the Board. The maximum number of new investment series shares offered for subscription is 22,000,000 and subscription price is EUR 0.18 per share. Each subscribed share shall entitle the investor to subscribe for four (4) convertible notes with a principal value of 0.01125 each. The maximum 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 990,000 and each EUR 0.01125 of the loan principal entitles its holder to subscribe for one new investment series share. The maximum number of new investment series shares that can be subscribed for by virtue of the loan is 88,000,000.

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 the share issue company's share capital may increase by a maximum of EUR 220,000.00 and as a result of convertible bond loan by a maximum of EUR 880,000.00.

Subscription period for the Offering begins on August 21<sup>st</sup>, 2007 and ends on September 10<sup>th</sup>, 2007. The Board has a right to continue the subscription period. The new investment series shares offered for subscription in the Offering represent at maximum 6.50 % and the

convertible bond loan at maximum 26.01 % of the company's registered shares prior the Offering. 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 Offering shall take place as soon as possible in practice.

Condition for the aforementioned financing

The investors have set the following additional conditions for the entire equity financing:

The company shall issue new investment series shares and option rights to GeoHolding B.V without charge in order to restructure the acquisition of GeoSolutions B.V. executed on April 27<sup>th</sup> 2007 and to increase the fully diluted ownership of GeoHolding B.V. up to 30 % as agreed with the investors. Accordingly the company has agreed to issue a maximum of 221,007,003 new investment series shares and maximum of 35,305,555 new option rights to GeoHolding without charge in pursuance of executing the rest of the financing.

Of the issued shares 103,333,333 shares and all new option rights are directed in order to correct the misevaluation of the purchase price defined by the company. The corrected valuation is based on the valuation agreed with the investors and shall balance the prior acquisition price to correspond the correct price. At the same the terms of option rights 2007-1, directed to the key resources of GeoSolutions B.V., shall be amended such that the share subscription price is decreased to correspond the agreed price of EUR 0,045 per share.

The Board has approved the above mentioned arrangement which is conditional for the confirmation and authorization of the upcoming Extraordinary General Meeting.

August 21<sup>st</sup>, 2007

BENEFON OYJ

Tomi Raita  
CEO

For more information, please contact:  
Tomi Raita, CEO, tel. +358-2-77400  
[www.benefon.com](http://www.benefon.com)

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