

BENEFON OYJ BULLETIN AUGUST 17, 2004 at 09.00
GENERAL

As reported earlier, the re-organization program proposed for the company was confirmed on 19.3.2004, with which also the resolutions of the extraordinary general meeting of 26.2.2004 came in force. With the same came in force also the financial statements of FY 2002 and financial statements of the interim reports of FY 2003, all of which were made conditional to the confirmation of the re-org program.

The details of the package handled by the general meeting in 26.2.2004 as well as information about the re-organization program were made public in market bulletins issued on 26.1.2004 and 27.2.2004, in the listing prospectus made public on 9.2.2004 and in the result report bulletin of 19.2.2004.

The ordinary general meeting of 28.5.2004, in addition to resolving the ordinary items on the agenda, decided also to amend the details of the shareholder's rights issue, being part of the re-organization program, regarding the timing of the issue and the treatment of the un-subscribed shares, and to replace the equity issue authority granted to the Board on 26.2.2004 with a new one. Both decisions have been reported in detail in the market bulletin issued on 28.5.2004.

The financial situation of the company was strengthened in the quarter by means of capital loans granted by the main shareholder and totalling 500 teuros.

SALES, MARKETING AND BUSINESS DEVELOPMENT

The business of the Company is to offer mobile telematics terminals, software and solutions for securing lives and property and for improving field management.

Mobile telematics sales are directed to about 20 countries and the sales efforts were focused especially on customer projects in Europe and in USA. The share of mobile telematics sales of all sales exceeded already 90 %.

The range of mobile telematics products covers personal security applications as well as field management applications, vehicular and machine communications (M2M) applications and asset tracking. The objective is to continue introductions of novel terminal and software products and product versions in the most central markets for increased sales opportunities.

FINANCIAL PERFORMANCE IN THE PERIOD

The sales in the second quarter stayed roughly on the level of the prior quarter. The company has implemented strong cost-cutting and reduction of personnel with the incurred one-time charges booked as costs in the balance sheet.

The net sales of the company in 4-6/2004 were 1706 teuros, when they were 1658 teuros in the preceding quarter 1-3/2004. The net sales in the same quarter 4-6/2004 a year before were 1719 teuros.

The operating result in period 4-6/2004 before one-off items was -865 teuros. The comparable figure in the previous quarter 1-3/2004 was -746 teuros and the same in the same quarter 4-6/2003 a year before was -1207 teuros. The net result in period 4-6/2004 was -849 teuros.

The total of the balance sheet at the end of period 4-6/2004 was 6520 teuros. The total of the balance sheet at the end of the previous quarter 1-3/2004 was 6951 teuros and at the end of the same period 4-6/2003 a year before it was 15303 teuros. The amount of shareholders' equity at the end of 4-6/2004, including capital loans, was 2037 teuros, or 31%, when at the end of prior quarter 1-3/2004 it was 2373 teuros, or 34%. The interest-carrying net debt was 1570 teuros.

The total liabilities at the end of the period 4-6/2004 were 4441 teuros, when they were 4536 teuros at the end of the prior quarter 1-3/2004 and 19429 teuros at the end of the same quarter 4-6/2003 a year before. Of the total liabilities at the end of 4-6/2004, non-current liabilities were 1863 teuros and current liabilities 2578 teuros. Cash at hand and in the banks at the end of the period was 302 keuros.

Included in the interim financial statements for the quarter there are the raised capital loans totalling 500 teuros and the conversion of a minor portion of the convertible bond loan 2004A into shares.

REPORT ON SUFFICIENT LIQUIDITY IN PERIOD 07/2004-09/2005

The account on the sufficient cashflow provided hereinafter is based on a business plan construed on the basis of the confirmed re-organization program. Existing order stock does not make a significant part of the estimated sales in the period.

The account includes the re-payments of the re-organization debt according to the re-org program but it does not include the shareholders' rights issue according to the re-org program.

Cashflow account of period 07/2004-09/2005 / 1000 euros

Operating result before	
extraordinary items	-1172
Depreciations	585
Reduction of current receivables	373
Reduction of inventories	2044
Change of non-interest bearing debt	-172
Payment of re-organization debt	-456

Paid interests	-71
Investments	-143
Paid share issue	0
Extraordinary income	0
Change of interest bearing debt	0
Change of cash at hand	988

Should the future development deviate from current information or estimates, it may significantly affect the construed cashflow account.

INVESTMENTS

The total investments in the period were insignificant.

PERSONNEL

The number of employed personnel in the period 4-6/2004 averaged 92. At the end of the period the number of personnel was 92 when at the end of the prior quarter 1-3/2004 it was 96 and at the end of the same quarter 4-6/2003 a year before it was 144. In quarter 4-6/2004, temporary forced leaves touched about 36 people of the employed personnel. In May-July, the company terminated the employment of 40 people who had been for long time on forced leaves for the time being.

FUTURE OUTLOOK

The company concentrates now on increasing the sales of current and new mobile telematics products mainly in current markets together with continuing efforts to improve operational efficiency. The objective is to reach improved profitability and result with this. Uncertain sales outlook may, however, adversely affect the financial development of the company.

EQUITY ISSUE AUTHORITY OF THE BOARD

The ordinary general meeting of 28.5.2004 decided to cancel the authorisation granted on 26.2.2004, and authorized the Board of Directors, within the time limit of one year from the meeting granting the authorization, to decide on the increase of share capital by rights issue, issue of options or convertible bonds in one or more instalments so that in the issue of convertible bonds or options or in the rights issue a total maximum of 23,332,804 new investment shares with a book parity value of EUR 0.01 per share shall be entitled to be subscribed for. Therefore, the share capital may, based on the authorization, be increased by a maximum of 233,328.04 euros.

The authorization includes the right to deviate from the pre-emptive right of the shareholders, referred to in Chapter 4, Section 2 of the Companies Act, to subscribe for new shares, convertible bonds or options and the right to decide on prices of the subscriptions, those entitled to subscription, the terms and conditions of the subscription and the terms and conditions of the convertible bonds and options. The authorizations may be used in deviation from the shareholders' pre-emptive right provided that there is a weighty financial reason from the company's point of view, such as financing of corporate acquisition or other arrangement relating to the development of the company's business operations or strengthening the company's balance sheet, to do so.

When the share capital is increased by a rights issue on other basis than convertible bonds or options, the Board of Directors is authorized to decide that the shares can be subscribed for in kind, using the right of set-off or on other specific terms.

For the time being, this authority has not been used.

BENEFON OYJ

Tomi Raita
CEO

INTERIM REPORT 1-6/2004

	4-6/04 1000 EUR	1-3/04 1000 EUR	4-6/03 1000 EUR
Net sales	1706	1658	1719
Other operating income	7	6	1055
Costs of operations	-2461	-2294	-3827
Depreciation according to plan	-117	-116	-154
Operating profit before one-off items	-865	-746	-1207
One-off items	0	0	-1006
Operating profit	-865	-746	-2213
Financial income and expenses	16	23	-314
Profit before extraordinary items	-849	-723	-2527
Extraordinary income	0	12459	0

Profit before income taxes	-849	11736	-2527
Profit for the period	-849	11736	-2527
Fixed assets			
Intangible assets	77	100	187
Tangible assets	357	447	715
Investments	63	30	87
Current assets			
Inventories	4030	4365	10051
Receivables	1691	984	4054
Cash in hand and at banks	302	1025	209
Shareholders' equity	61	893	-5926
Convertible equity bond loan	1126	1130	1750
Capital loan	850	350	0
Obligatory reserves	42	42	50
Long-term liabilities	1863	1863	991
Current liabilities	2578	2673	18438
Balance sheet total	6520	6951	15303
Gross investments in fixed assets	36	5	15
Average number of personnel	92	97	145
Pledged assets and contingencies			
Liabilities relating to chattel mortgage	1484	1484	6138
Chattel mortgage nominal value	12068	12068	12068
Pledged investments	40	7	63
Other commitments	0	0	1000
Earnings/share, EUR	-0,01	-0,04	-0,25
Shareholders' equity/share, EUR	0,01	0,01	-0,42

The interim financial statements have not been audited.

INTERIM REPORT 1-6/2004

1-6/04

1-6/03

1-12/03

	1000 EUR	1000 EUR	1000 EUR
Net sales	3364	3352	6737
Other operating income	13	2872	3156
Costs of operations	-4755	-9045	-14390
Depreciation according to plan	-233	-308	-563
Operating profit before one-off items	-1611	-3129	-5060
One-off items	0	-9214	-15146
Operating profit	-1611	-12343	-20206
Financial income and expenses	39	-452	-561
Profit before extraordinary items	-1572	-12795	-20767
Extraordinary income	12459	0	0
Profit before income taxes	10887	-12795	-20767
Profit for the period	10887	-12795	-20767
Fixed assets			
Intangible assets	77	187	124
Tangible assets	357	715	535
Investments	63	87	30
Current assets			
Inventories	4030	10051	4515
Receivables	1691	4054	895
Cash in hand and at banks	302	209	55
Shareholders' equity	61	-5926	-13904
Convertible equity bond loan	1126	1750	1750
Capital loan	850	0	0
Obligatory reserves	42	50	41
Long-term liabilities	1863	991	41
Current liabilities	2578	18438	18226
Balance sheet total	6520	15303	6154
Gross investments in fixed assets	41	16	32
Average number of personnel	95	147	140
Pledged assets and			

contingencies			
Liabilities relating to chattel mortgage	1484	6138	6389
Chattel mortgage nominal value	12068	12068	12068
Pledged investments	40	63	7
Other commitments	0	1000	0
Earnings/share, EUR	-0,02	-1,29	-1,44
Shareholders' equity/share, EUR	0,01	-0,42	-0,64

The interim financial statements have not been audited.