P R O H A

Financial Statements 2009

Table of Contents

PROHA PLC, FINANCIAL STATEMENTS 2009

1. Review by the Proha Board of Directors January 1 - December 31, 2009 (IFRS)

Proha's Q4 result negative, operative result positive

SUMMARY

(last year's corresponding period in parentheses, unless otherwise stated)

October - December 2009

- **Net sales EUR 15.3 (EUR 15.9) million – decrease 3.8%**
- **Dovre's net sales EUR 14.3 (15.0) million – decrease 4.2%**
- **Camako's net sales EUR 0.9 (0.9) million – growth 5.2 %**
- **Net result EUR 0.2 (0.4) million - decrease 36,8%**
- **Non-recurring items of the operating result EUR -0.4 (0.0) million**
- **Result for the period EUR -0.3 (0.6) million**
- **Earnings per share EUR -0.00 (0.01)**

Financial year January 1 - December 31, 2009

- **Net sales EUR 60.7 (62.4) million – decrease 2.7%**
- **Dovre's net sales EUR 57.5 (59.3) million – decrease 3.1%**
- **Camako's net sales EUR 3.3 (3.0) million – growth 7.8%**
- **Net result EUR 0.3 (0.4) million - decrease 26.9%**
- **Non-recurring items of the operating result EUR -0.8 million**
- **Result for the financial year EUR -0.7 (-0.1) million**
- **Earnings per share EUR -0.01 (0.00)**

KEY RATIOS OCTOBER - DECEMBER 2009

(EUR million)	10-12 2009	10-12 2008	Change. %
Net sales	15.3	15.9	-3.8 %
Operating result	0.2	0.4	-36.8 %
% of net sales	1.5 %	2.6 %	
Result before taxes	0.2	0.8	-77.3 %
Result for the period	-0.3	0.6	-148,7 %
Return on equity. %	-8.1 %	17.6 %	
Return on investment. %	15.4 %	28.9 %	
Cash and cash equivalents	3.8	3.1	20.5 %
Cash flow from operations	0.1	2.0	-92.6 %
Debt-equity ratio. %	-2.0 %	-11.2 %	
Equity-ratio. %	46.5 %	49.0 %	
Earnings per share. (EUR)			
Basic	-0.00	0.01	-148,7 %
Diluted	-0.00	0.01	-148,7 %
Equity per share. (EUR)	0.22	0.21	4.8 %

KEY RATIOS JANUARY 1 - DECEMBER 31, 2009

(EUR million)	1-12 2009	1-12 2008	Change. %
Net sales	60.7	62.4	-2.7 %
Operating result	0.3	0.4	-26.9 %
% of net sales	0.4 %	0.6 %	
Result before taxes	-0.1	0.6	-114,3 %
Profit/loss for the financial year	-0.9	-0.2	-299,2 %
Return on equity, %	-5.6 %	-0.8 %	
Return on investment, %	6.7 %	7.7 %	
Cash and cash equivalents	3.8	3.1	20.5 %
Cash flow from operations	-1.3	1.2	-204,1 %
Debt-equity ratio, %	-2.0 %	-11.2 %	
Equity-ratio, %	46.5 %	49.0 %	
Earnings per share, (EUR)			
Basic	-0.01	0.00	-298,5 %
Diluted	-0.01	0.00	-298,5 %
Equity per share, EUR	0.22	0.21	4.8 %

ILKKA TOIVOLA, CEO

The Proha Group's operating result for the fourth quarter was slightly positive EUR 0.2 million after the non-recurring items. Without the non-recurring items Proha's operating result was positive EUR 0.6 million.

Our market demand developed well in Q4 and especially Dovre North-America and international operations were growing. The market's for Dovre's services in Norway were challenging, and we had to adjust to the market conditions. This lead to net sales and result decline in Norway. In 2009, Safran was part of the Dovre Division.

Camako's operative result was positive in Q4 totaling EUR 0.1 million. After one-off product development impairments the net result was EUR 0.0 million. Datamar Oy and Camako Finland Oy were merged to one company, Camako Oy.

The efficiency measures executed during 2009 have proven to be correct and the net result is turned around. All units of Proha were operatively positive in Q4. The Group has, however, had significant one-off expenses from the cost saving actions in Q4 and the whole year that weakened the result.

New strategies for the Dovre and Camako Divisions have been approved. The key issues are focusing on our core competence and seeking profitable growth. We have taken the first steps in accordance to our growth strategy by establishing new companies in Brisbane, Australia and Yoshnoz on Sakhalin Island, Russia.

Outlook

The global market conditions have started to stabilize at the end of 2009. The key countries of the Proha businesses, such as Canada, Norway, Finland, Sweden and Australia, have a growth expectation for national GNP in 2010. Also, the IT market that is valid for Camako and Safran, is expected to grow slightly in most European countries.

The demand in the industry for Dovre's services has been steady all over the world. Major oil & gas companies have taken a more long-term view on capital investments, and have not cut back as much as many other industries. For some time now, oil price has been holding between USD 70 and 80 per barrel, and that provides a good foundation for continuing investments. However, there are significant variations between customers and different market areas, so single markets and single customers still provide a risk for Dovre's business in 2010.

New growing sector for investments has been focusing on Liquid Natural Gas (LNG) projects, where natural gas is liquefied in low temperatures, and put into tankers in liquid form. This enables gas to be exported to large markets, like China and Japan, without building major gas pipelines. Dovre has been involved in these LNG projects, and will continue to provide the customers with world-class expertise on this new technology area.

Based on the market forecasts, we expect Dovre's service business to grow in 2010.

The IT sector in Finland, Sweden and Norway is returning to a more normal level of investments. In these key markets for Camako and Safran, software and related services are expected to experience a modest growth. Camako and Safran are, therefore, expected to deliver a slight increase in revenue and a positive operating profit as well.

Proha expects a better operating result and a positive net result for 2010.

The estimate of future outlook is based on the forecasts the Proha Board has accepted.

NET SALES

October - December 2009

The Group's net sales on Q4 declined by 3.8% totaling EUR 15.3 (15.9) million. Dovre division accounted for 93.8% (94.2%) and Camako division for 6.2% (5.6%). Net sales for Dovre declined by 4.2% totaling EUR 14.3 (15.0)million. Net sales for Camako grew by 5.2% totaling EUR 0.9 (0.9) million.

January - December 2009

The Groups net sales declined by 2.7% totaling EUR 60.7 (62.4) million. Dovre division accounted for 94.7% (95.1%) and Camako division for 5.3% (4.8%). Dovre's net sales declined by 3.1% totaling EUR 57.5 (59.3) million. Camako's net sales increased by 7.8% totaling EUR 3.3 (3.0) million.

Distribution of net sales by business segments (EUR million):

(EUR million)	10-12 2009	10-12 2008	Change. %	1-12 2009	1-12 2008	Change. %
Dovre	14.3	15.0	-4.2	57.5	59.3	-3.1
Camako	0.9	0.9	5.2	3.3	3.0	7.8
Other operations	-0.1	0.2	-153,3	0.1	0.4	-80.9
Net sales between segments	0.1	-0.2	165,0	-0.1	-0.3	72.5
Group total	**15.3**	**15.9**	**-3.8**	**60.7**	**62.4**	**-2.7**

Distribution of net sales by geographical segments (EUR million):

(EUR million)	10-12 2009	10-12 2008	1-12 2009	1-12 2008
EMEA	9.0	9.6	35.1	39.8
AMERICAS	6.5	6.6	26.5	23.2
APAC	0.1	0.1	0.4	0.8
Net sales between segments	-0.4	-0.5	-1.3	-1.3
Group total	**15.3**	**15.9**	**60.7**	**62.4**

(% of net sales)	10-12 2009	10-12 2008	1-12 2009	1-12 2008
EMEA	59.2 %	60.5 %	57.8 %	63.8 %
AMERICAS	42.9 %	41.5 %	43.7 %	37.1 %
APAC	0.4 %	0.8 %	0.7 %	1.2 %
Net sales between segments	-2.5 %	-2.8 %	-2.2 %	-2.1 %
Group total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Distribution of net sales by revenue type (EUR million, and % of net sales):

	10-12 2009	%	10-12 2008	%	1-12 2009	%	1-12 2008	%
Services	15.0	98.0	15.5	97.5	59.5	98.0	61.0	97.8
One-time licenses	0.1	0.7	0.1	0.6	0.3	0.5	0.5	0.8
Recurring licenses	0.2	1.3	0.3	1.9	0.9	1.5	0.9	1.4
Total	**15.3**	**100.0**	**15.9**	**100.0**	**60.7**	**100.0**	**62.4**	**100.0**

OPERATING RESULT

Operating result October – December 2009

Operating result before non-recurring items was EUR 0.6 (0.4) million, and after non-recurring items EUR 0.2 (0.4) million. Dovre's operating result was EUR 0.6 (0.6) million. Camako's operating result was EUR 0.0 (0.0) million. Operating result for other operations was EUR -0.3 (-0.2) million.

Operating result January - December 2009

Operating result before non-recurring items was EUR 1.0 (1.6) million, and after non-recurring items EUR 0.3 (0.6) million. Dovre's operating result was EUR 1.4 (2.9) million. Camako's operating result was EUR -0.3 (-0.4) million. Operating result for other operations was EUR -0.9 (-1.8) million.

Distribution of operating result by segment (excluding non-recurring items, EUR million)

(EUR million)	10-12 2009	10-12 2008	Change. %	1-12 2009	1-12 2008	Change. %
Dovre	0.7	0.6	26.7	2.0	2.7	-26.7
Camako	0.1	0.0	492,2	-0.2	-0.4	47.6
Other operations	-0.2	-0.2	-29.2	-0.8	-0.9	19.4
Group total	**0.6**	**0.4**	**59.2**	**1.0**	**1.4**	**-25.8**

Distribution of operating result by segment (including non-recurring items, EUR million)

(EUR million)	10-12 2009	10-12 2008	Change. %	1-12 2009	1-12 2008	Change. %
Dovre	0.6	0.6	2.9	1.4	2.6	-45.6
Camako	0.0	0.0	-2.7	-0.3	-0.4	27.9
Other operations	-0.3	-0.2	-86.6	-0.9	-1.8	53.5
Group total	**0.2**	**0.4**	**-36.8**	**0.3**	**0.4**	**-26.9**

Non-recurring items

The net result includes non-recurring items of approximately EUR 0.8 million. Dovre's net result includes non-recurring items of about EUR 0.5 million and Camako's net result includes about EUR 0.1 million. The net result for other operations includes non-recurring items of approximately EUR 0.1 million. The non-recurring items were caused by streamlining of operations and terminations of employment. In 2008, the net result included non-recurring items of approx. EUR 1.0 million, of which Dovre accounted for EUR 50 thousand, Camako for EUR 60 thousand and other operations for EUR 0.9 million.

The net result for Q4 includes non-recurring items of approx. EUR 0.4 million. Dovre's net result includes non-recurring items of approximately EUR 0.1 million and Camako's net result includes about EUR 0.1 million. The net result for other operations includes non-recurring items of approximately EUR 0.1 million. The corresponding Q4 period in 2008 did not include any non-recurring items.

Result October – December 2009

In October – December 2009, the Group's result before taxes were EUR 0.2 (0.8) million and after taxes EUR -0.3 (0.6) million.

In October – December 2009, the Proha Group's earnings per share was EUR -0.00 (0.01).

Result January - December 2009

In January – December 2009, the Group's result before taxes was EUR -0.1 (0.6) million and after taxes EUR -0.7 (-0.1) million.

In January – December 2009, the Group's result before non-recurring items was EUR 0.1 (0.8) million and after non-recurring items EUR -0.7 (-0.1) million.

In January – December 2009, the Proha Group's earnings per share was EUR -0.01 (-0.00).

The Proha Group return on investment (ROI) was 6.7% (7.7%).

CASH FLOW, FINANCING AND INVESTMENTS

On December 31, 2009, the Proha Group balance sheet total was EUR 29.9 (26.6) million.

On December 31, 2009, the cash and cash equivalents for the Proha Group totaled EUR 3.8 (3.1) million. In addition, the parent company and the subsidiaries have unused credit limits.

The cash flow from operating activities was EUR -1.3 (1.2) million. The cash flow from operating activities was decreased by the increase of EUR 1.8 million in current interest-free receivables and increased by the EUR 0.2 million increase in current interest-free payables. EUR 1.0 million were paid in taxes.

The cash flow from investing activities was EUR -0.2 (-1.6) million. The gross investments include acquisitions of subsidiaries EUR 0.2 million, investments of EUR 0.1 million in tangible and intangible assets, and a decrease of EUR 0.2 million in non-current loan receivables.

The gross investments totaled EUR 0.5 (1.6) million.

The cash flow from financing activities was EUR 2.1 (-1.8) million. New loans worth of EUR 2.5 million were drawn, and EUR 0.3 million paid back.

The balance sheet goodwill totaled EUR 7.0 (5.9) million on December 31, 2009. The Group's goodwill is not amortized, but tested for impairment under IAS 36. No indications of impairment of assets exist.

The equity ratio was 46.5% (49.0%). Gearing was -2.0% (-11.2%). On December 31, 2009, the interest-bearing liabilities amounted to EUR 3.5 (1.7) million, accounting for 11.7% (6.3%) of the Group's shareholders' equity and liabilities total. Of the interest-bearing liabilities, EUR 0.6 (1.1) million were non-current and EUR 2.9 (0.6) million current. The Group's quick ratio was 1.5 (1.5).

RESEARCH AND DEVELOPMENT

In January - December, 2009, Group's research and development costs were EUR 0.8 (1.5) million, representing 1% (2%) of the Group net sales.

A total of EUR 0.1 (0.2) million of research and development costs were capitalized during the period. Of the capitalized research and development costs EUR 0.2 million were amortized and EUR 0.1 entered as impairment for the period. On December 31, 2009, the Group had capitalized research and development costs of EUR 0.2 million.

The Group's R&D costs consist of the R&D of Safran software products in the Dovre division, and of the R&D in the Camako division.

In the Camako EPM version 4.1, released in the beginning of 2009, installation and maintenance of the software were streamlined. In the latest version 4.2, released at the beginning of 2010, performance and reporting functionalities have been significantly enhanced. The rescue services' resource planning and management product, RescuePlanner, has been further developed together with the customers.

Safran launched a new version (3.6) of Safran Project software in the third quarter. New versions (v. 4) of Safran Planner and Safran Planner SQL software were released in Q4. The updated software has new potential for planning and scheduling of small and mid-sized projects.

The ongoing development work focuses on releasing the first version of Safran Web Access and developing new features for the upcoming version 3.7 of Safran Project software.

CHANGES IN THE PROHA GROUP MANAGEMENT

The Proha Board of Directors changed the composition of the management team on April 27, 2009. The members of the management team were Ilari Koskelo, Sirpa Haavisto and Otto Søberg. In the same meeting ,the Board decided that due to the company's current size, it no longer requires an executive vice president. Therefore, Janne Rainvuori no longer acted as the executive vice president, and was not a member of the management team.

On September 18, 2009, The Board of Proha appointed DI Ilkka Toivola as the CEO of the Group. He started in his new position on November 16, 2009. He moved to his position from Nokia Siemens Networks, where he has held several international management positions since 2000.

Ilari Koskelo, the former CEO of Proha Plc, continues in the Proha Board as Vice Chairman.

The Group administration of Proha Plc and the Dovre division were merged in November, 2009. The CEO of Proha, Ilkka Toivola, also acts as the CEO of Dovre Group AS. In addition, Dovre's external Board was replaced with the Group's internal Board in November, 2009.

Otto Søberg's 18-month term contract as the hired managing director of Dovre Group AS ended on October 9, 2009, and he then left his position.

Arve Jensen was appointed as the manager for Norwegian operations of Dovre Group. The CFO of Dovre Group, Are Njåstein, continued in his position. Jensen and Njåstein from Norway and Dovre's North-American manager Mike Critch report to CEO Ilkka Toivola. In addition, the CFO of Proha, Sirpa Haavisto, and the managing directors of the software and service companies, Safran Software Solutions AS and Camako Oy, report to Ilkka Toivola.

In the Camako division, the managing director of Camako Oy (formerly Camako Nordic Oy) and a member of the Proha management team, Timo Saros, left to pursue other options outside of the Proha Group as of June 30, 2009. Ilari Koskelo acted as the managing director of Camako Oy until Petri Karlsson was appointed as the managing director on August 17, 2009.

PERSONNEL

The Group's personnel expenses in 2009 were EUR 55.7 (56.9) million. The personnel expenses include non-recurring items of approximately EUR 0.3 (0.9) million.

The personnel expenses of the Dovre division were EUR 52.8 (53.0) million. The personnel expenses of the Camako division were EUR 2.4 (2.5) million. The personnel expenses of other operations were EUR 0.5 (1.5) million.

In 2009, the number of personnel averaged 404 (395).

Distribution of personnel by segment (average)

	10-12 2009	10-12 2008	Change. %	1-12 2009	1-12 2008	Change. %
Dovre	367	353	4.0	361	351	2.8
Camako	36	37	-2.7	38	36	5.6
Other operations	4	5	-20.0	5	6	-16.7
Total	**407**	**395**	**3.0**	**404**	**393**	**2.8**

On December 31, 2009, Proha employed 408 (391) people worldwide, out of which 367 (350) were employed by the Dovre division, 38 (36) by the Camako division and 3 (5) by the Group administration.

BUSINESS OPERATIONS

New strategies for the Dovre and Camako divisions have been approved. The key issues are focusing on our core competence and seeking profitable growth. We have taken the first steps in accordance to our growth strategy by opening new subsidiaries in Brisbane, Australia and Yoshnoz on Sakhalin Island, Russia. In both cases we have followed the major customers' needs, and the first customer projects have already started for these Dovre companies. Especially in Australia, there is a strong demand for professional project management services. In addition, our client wants to start a gas project in Papua New Guinea from Brisbane.

The demand in the industry for Dovre's services has been steady all over the world. Especially operations in North America and international markets grew by 22% in 2009. The result of Dovre operations in Norway was challenged by the economic decline, and the revenue decreased in Q4.

Camako's net sales and profit developed positively in Q4. Sales grew by 5 % and the operative result was positive EUR 0.1 million. A one-off product development impairment cost of EUR 0.1 million was entered to amortize development work of old software versions.

Towards the end of Q4, Camako gained such new customers as KONE Corporation, Tuko Logistics and the City of Stockholm. In addition, Camako's organization was revised in line with the strategy, and the new management team was announced in December.

Safran's operative result for Q4 was slightly positive. Customer satisfaction and feedback on the Safran solutions are very positive and form a solid ground for profitability and growth expectations in the future. In addition, the first major customer was obtained through our reseller in North America.

Proha has decided to streamline the company structure in 2010. The company's internal financing and financial management will be developed towards a global Group structure instead of separate companies. The Group's financial management has switched to six-month's planning period instead of the 12-month's used before. This enables the company to react on market changes quicker than before.

SHARES, SHARE CAPITAL, AND AUTHORIZATION TO ISSUE SHARES

Shares and Share Capital

Proha Plc has one class of shares. Each share entitles the shareholder to one vote. The Proha Plc shares are traded in the NASDAQ OMX Nordic Exchange.

On January 1, 2009, and on December 31, 2009, the subscribed capital of Proha Plc was EUR 15,916,854.20. On January 1, 2009, and on December 31, 2009, the total number of Proha Plc shares was 61,961,751.

Option Rights

On January 1, 2009, a total of 4,333,520 options were outstanding of the option plans of 2005, 2006 and 2007, entitling to subscription of 4,333,520 shares.

No shares were subscribed for with Proha Plc's options during the period under review.

In 2009, a total of 222,000 option rights under 2006 plan, and a total of 366,000 option rights under 2007 plan were redeemed.

The 2005 option plan expired on April 1, 2009. The expired option rights totaled 1,048,520.

On December 31, 2009, a total of 2,697,000 option rights were outstanding as follows: 1,119,000 option rights under 2006 plan (EUR 0.48) and 1,578,000 option rights under 2007 plan (EUR 0.37). Of these the company has in reserve 222,000 option rights under 2006 plan and 399,000 option rights under 2007 plan. Each option right entitles to subscription of one share.

The Authorization of the Board of Directors

The Annual General Meeting (AGM) on April 18, 2007 authorized the Board of Directors to resolve to issue shares through issuance of shares or special rights entitling to shares. Pursuant to this authorization, the Board of Directors can resolve to issue a maximum of 12,243,734 shares through issuance of shares or special rights entitling to shares (including stock options) under Chapter 10, Section 1 of the Companies Act, in one or more issues. The authorization includes both the issuance of new shares as well as shares held by the Company, and corresponded to 20 percent of the Company's total number of shares at the date of the AGM. The authorization is valid until April 17, 2012.

During the period, no new shares were issued based on this authorization. A total of 11,500,653 shares were remaining of the authorization on December 31, 2009.

TRADING AND MARKET CAPITALIZATION

In January – December, 2009, approximately 23.4 million Proha shares were traded on the NASDAQ OMX Helsinki Ltd., corresponding to a turnover of approximately EUR 6.5 million.

From January 1 to December 31, 2009, the lowest quotation was EUR 0.23 and the highest quotation was EUR 0.36. On December 31, 2009, the closing quotation was EUR 0.33.

The period-end market capitalization was approximately EUR 20.4 million.

The number of registered shareholders of Proha Plc totaled 3,227 on December 31, 2009.

GOVERNANCE

Decisions Made at the Proha Plc's Annual General Meeting

The Annual General Meeting of Proha Plc on March 31, 2009 decided that the number of Board members is four. The following four members were elected to the Board: Ilari Koskelo, Antti Manninen, Leena Mäkelä and Hannu Vaajoensuu. Ernst & Young Oy, Authorized Public Accountants, continued as the Group's auditor.

The Annual General Meeting amended the article concerning the notice of the general meeting so that the notice of the general meeting shall be given at the latest 21 days before the general meeting. It was also decided that the notice of the general meeting will no longer be published in a newspaper.

The Annual General Meeting decided to decrease the share premium account by its total amount of EUR 4,780,244.32 and to transfer the amount to the invested non-restricted equity fund. On September 8, 2009, the National Board of Patents and Registration of Finland authorized Proha Plc to decrease the share premium account as decided in the Annual General Meeting on March 31, 2009. After the decrease, the amount of the share premium account was zero and the share premium account was closed.

A separate stock exchange bulletin has been issued on the resolutions of the Annual General Meeting on March 31, 2009.

Decisions of the Organizational Meeting of Proha Plc's Board of Directors

The organizational meeting of Proha Plc's Board of Directors on March 31, 2009 elected Antti Manninen as the Chairman and Ilari Koskelo as the Vice Chairman of the Board.

Corporate Governance

Proha complies with the Finnish Corporate Governance Code, but makes the following exception to the code:

- Recommendation 14: The majority of the Board is not independent of the company. Of the four Board members, independent of the company and its significant shareholders are the Chairman Antti Manninen and Hannu Vaajoensuu.

The Corporate Governance Statement from 2009 has been composed in accordance with Recommendation 51 of the new Corporate Governance Code. The Corporate Governance Statement is issued in this Financial Statement Report.

Proha's Corporate Governance principles can also be found on the company's website at www.proha.com.

SHORT-TERM RISKS AND UNCERTAINTIES

The success of the Dovre division is influenced by energy sector markets and investment level in oil and gas industry. The market pricing and wages of Dovre deliveries are still under pressure, even though the toughest adaptation phase has probably been passed. The customers continue their agreements in shorter terms than normally, which means months instead of a year. The competitive situation still favors big providers.

Dovre expands its business to new markets and establishes subsidiaries in new countries. Growth in new markets demands investments and includes operational risks.

In Dovre's business operations, a few major clients constitute a significant share of net sales. With these major clients Dovre has extensive international delivery agreements. Therefore, Dovre is highly dependent on these key customers and the long-term frame agreements signed with them.

Even though the markets are stabilizing to the level of 2009, companies are still cautious in their investments. This applies to both Camako and Safran. The forecasts predict the investment level to be steady, and possibly grow slightly, but the financial situation of single customers' varies, and this is a risk to both Camako and Safran. The customers see project management development as a very important factor in the competitive situation, but they are very cautious about starting new projects.

EVENTS AFTER THE PERIOD

The employment of Proha Plc's executive vice president Janne Rainvuori ended on February 1, 2010.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFITS

The Proha Board of Directors proposes that the result for the financial year is entered in shareholders' equity and no dividend is paid.

Espoo, February 15, 2010
Proha Plc
Board of Directors

2. Consolidated Financial Statements, IFRS

Group Financial Statements According to International Financial Reporting Standards (IFRS)

2.1 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT, IFRS

	Note	Jan. 1 - Dec. 31, 2009	Jan. 1 - Dec. 31, 2008
NET SALES	**2.5.3, 2.5.5**	**60,738**	**62,432**
Other operating income	**2.5.6**	208	399
Share of profit/loss in associates		-100	-237
Materials and services	**2.5.7**	-156	-317
Employee benefits expense	**2.5.8**	-55,735	-56,915
Depreciation	**2.5.9**	-650	-595
Amortization	**2.5.9**	-118	0
Other operating expenses	**2.5.10**	-3,924	-4,408
OPERATING RESULT		**263**	**359**
Financing income	**2.5.11**	887	1,095
Financing expenses	**2.5.11**	-1,240	-823
PROFIT/LOSS BEFORE TAX		-90	631
Tax on income from operations	**2.5.12**	-659	-744
PROFIT/LOSS FOR THE PERIOD		**-749**	**-113**
Other comprehensive income			
Exchange differences on translating foreign operations		1,593	-1,693
TOTAL COMPREHENSIVE INCOME		**844**	**-1,806**
RESULT ATTRIBUTABLE			
To equity holders of the parent		-871	-218
To minority interest		121	105
		-749	**-113**
TOTAL COMPREHENSIVE RESULT ATTRIBUTABLE			
To equity holders of the parent	**2.4.**	721	-1,892
To minority interest	**2.4.**	123	86
		844	**-1,806**
Earnings per share, undiluted (EUR)	**2.5.13**	**-0.01**	**0.00**
Earnings per share, diluted (EUR)	**2.5.13**	**-0.01**	**0.00**
The average number of shares			
undiluted	**2.5.13**	**61,961,751**	**61,855,397**
diluted	**2.5.13**	**61,961,751**	**61,855,397**

2.2 CONSOLIDATED BALANCE SHEET, IFRS

	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**2.5.14**	1,696	2,127
Goodwill	**2.5.15**	7,022	5,857
Tangible assets	**2.5.16**	198	303
Investments in associates	**2.5.17**	933	1,342
Available-for-sale investments	**2.5.18**	211	122
Non-current trade and other receivables	**2.5.19**	260	242
Deferred tax asset	**2.5.20**	398	213
NON-CURRENT ASSETS		**10,718**	**10,206**
CURRENT ASSETS			
Trade receivables and other receivables	**2.5.21**	15,250	13,269
Income tax receivable	**2.5.21**	185	14
Cash and cash equivalents	**2.5.22**	3,758	3,118
CURRENT ASSETS		**19,193**	**16,401**
ASSETS		**29,911**	**26,607**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**2.5.23**	15,917	15,917
Share premium account	**2.5.23**	0	4,379
Unrestricted equity reserve	**2.5.23**	4,976	196
Revaluation reserve	**2.5.23**	217	227
Translation differences	**2.5.23**	-140	-1,154
Retained earnings		-7,449	-6,808
Equity attributable to equity holders of the parent		**13,520**	**12,756**
Minority interest		195	72
SHAREHOLDERS' EQUITY		**13,714**	**12 828**
NON-CURRENT LIABILITIES			
Deferred tax liability	**2.5.20**	669	570
Long-term liabilities, interest-bearing	**2.5.25**	608	1,139
Long-term liabilities, non-interest-bearing	**2.5.26**	153	150
Liabilities from defined benefit plan	**2.5.27**	1,290	640
NON-CURRENT LIABILITIES		**2,720**	**2,499**
CURRENT LIABILITIES			
Short-term interest-bearing liabilities	**2.5.28**	2,878	547
Trade payables and other liabilities	**2.5.29**	10,181	10,307
Income tax liability	**2.5.29**	317	406
Current provisions	**2.5.30**	100	21
CURRENT LIABILITIES		**13,477**	**11,280**
TOTAL EQUITY AND LIABILITIES		**29,911**	**26,607**

2.3 CONSOLIDATED CASH FLOW STATEMENT, IFRS

	Note	2009	2008
Cash flow from operating activities			
Operating result		263	359
Adjustments:			
Depreciation	**2.5.9**	769	595
Employee expenses		507	85
Other non-cash expenses		100	213
Adjustments, total		1,375	893
Working capital changes			
Increase (-) / decrease (+) in short term non-interest bearing receivables		-1,750	1,688
Increase (-) / decrease (+) in short term non-interest bearing liabilities		219	-719
Total working capital changes		-1,531	969
Interest paid		-281	-268
Interest received		39	231
Other financial expenses paid		-267	-47
Other financial income received		55	25
Income taxes paid		-975	-912
Cash flow from operating activities		**-1,322**	**1,249**
Cash flow from investing activities			
Acquisition of subsidiaries net cash acquired		-179	-708
Proceeds from disposal of subsidiaries net cash disposed of		0	-4
Investments in tangible and intangible assets		-147	-380
Proceeds from associates		0	19
Available-for-sale investments	**2.5.18**	-75	0
Proceeds (-) and repayments (+) of loan receivables		214	-576
Dividends received		6	3
Cash flow from investing activities		**-180**	**-1,646**
Cash flow from financing activities			
Proceeds from short-term loans		2,467	879
Repayments of short-term loans		-326	-2,548
Proceeds from long-term loans		0	228
Repayments of long-term loans		0	-352
Dividends paid		0	-41
Cash flow from financing activities		**2,142**	**-1,834**
Change in cash and cash equivalents		**640**	**-2,231**
Cash and cash equivalents at the beginning of the period	**2.5.22**	**3,118**	**5,349**
Foreign exchange rate adjustment		50	-434
Change in cash and cash equivalents			
Cash and cash equivalents of subsidiaries acquired	**2.5.4**	0	131
Cash and cash equivalents of subsidiaries divested	**2.5.4**	0	-49
Change in cash and cash equivalents		590	-1,880
Change in cash and cash equivalents		**640**	**-2,231**
Cash and cash equivalents at the end of the period	**2.5.22**	**3,758**	**3,118**

2.3 CONSOLIDATED CASH FLOW STATEMENT, IFRS (Continued from previous page)

Portion of acquisition cost of subsidiaries less cash at acquisition:	Note	2009	2008
Camako Data AB	2.5.4	0	-145
Camako Finland Oy	2.5.4	-6	-236
Datamar Oy	2.5.4	0	-30
Fabcon sub-group	2.5.4	0	-57
Project Resource Solutions Inc.	2.5.4	-172	-239
Impact on cash flow of investments (Jan 1 - Dec 31)		**-179**	**-708**
Portion of gain on disposal of subsidiaries less cash at disposal:		**2009**	**2008**
Futura One Oy	2.5.4	0	-4
Impact on cash flow of investments (Jan 1 - Dec 31)		0	-4

2.4 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

(EUR thousand)	Share capital	Share premium account	Revaluation reserve	Unrestricted equity fund	Translation differences	Retained earnings	Total	Minority interest	Share-holders' equity total
SHAREHOLDERS' EQUITY ON JAN. 1, 2008	**15,917**	**4,379**	**329**	**0**	**187**	**-6,470**	**14,342**	**115**	**14,457**
Comprehensive result	0	0	-60	0	-1,341	-490	-1,892	86	-1,806
Share-based payments	0	0	0	0	0	110	110	0	110
Reclassification between items	0	0	-42	0	0	42	0	0	0
Acquisitions	0	0	0	0	0	0	0	-37	-37
Disposals	0	0	0	0	0	0	0	-92	-92
Share issue	0	0	0	196	0	0	196	0	196
SHAREHOLDERS' EQUITY ON DEC. 31, 2008	**15,917**	**4,379**	**227**	**196**	**-1,154**	**-6,808**	**12,756**	**72**	**12,828**

(EUR thousand)	Share capital	Share premium account	Revaluation reserve	Unrestricted equity fund	Translation differences	Retained earnings	Total	Minority interest	Share-holders' equity total
SHAREHOLDERS' EQUITY ON JAN. 1, 2009	**15,917**	**4,379**	**227**	**196**	**-1,154**	**-6,808**	**12,756**	**72**	**12,828**
Comprehensive result	0	0	-59	0	1,014	-234	721	123	844
Share-based payments	0	0	0	0	0	42	42	0	42
Reduction of share pre-mium account	0	-4,780	0	4,780	0	0	0	0	0
Reclassification between items	0	401	49	0	0	-450	0	0	0
SHAREHOLDERS' EQUITY ON DEC. 31, 2009	**15,917**	**0**	**217**	**4,976**	**-140**	**-7,449**	**13,520**	**195**	**13,714**

2.5 Notes to the Consolidated Financial Statements, IFRS

2.5.1 BRIEF COMPANY DESCRIPTION

Proha is an international provider of project management software and services.

The two divisions of the Proha Group are Dovre and Camako.

The Dovre division offers project and supply chain management consulting and services, and software solutions developed by Safran Software Solutions AS.

The Camako division provides software and hardware that improve customer business processes and the usage of customers' own systems by applying common project management methods. Camako's software is especially suited for expert projects requiring personnel.

Both divisions offer a comprehensive selection of expert services.

Proha Plc is a Finnish public company incorporated under Finnish law and domiciled in Espoo, Finland. The registered address of the company is Maapallonkuja 1A, 02210 Espoo, Finland. The Proha Plc shares are traded in the NASDAQ OMX Helsinki Ltd.

A copy of the financial statements of the Proha Group is available at www.proha.com or the company headquarters at Maapallonkuja 1A, 02210 Espoo, Finland.

In its meeting on February 12, 2010, the Proha Board of Directors approved these financial statements for publication. According to Finnish Companies Act, the shareholders have the option to approve or reject the financial statements in the shareholders meeting to be held following the publication of the financial statements. The shareholders' meeting also has the option to alter the financial statements.

2.5.2 ACCOUNTING PRINCIPLES

Background

These financial statements of Proha have been prepared according to the International Financial Reporting Standards (IFRS). In preparing the financial statements, the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31.12.2009 have been followed. The standards and their interpretations defined by the Finnish accounting law and the regulations based on it, together with the proceedings stated in the EU statute (EY) No. 1606/2002 approved for application within the EU are referred to as International Financial Reporting Standards. The Group has not applied the following 2010 or later applicable standards that will be significant to the Group: Amended IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements. The notes to the Group's financial statements are also in accordance with the Finnish accounting and corporate legislation complementing the IFRS standards.

The Group's financial statements are prepared based on original costs of acquisitions unless otherwise stated. The amounts in the financial statements are presented in thousands of euros (EUR) unless otherwise stated.

The Group has adopted the new and amended standards and interpretations that have become applicable as of January 1, 2009, or during the period. The new standards and their interpretations do not have a substantial influence on the Group's financial statement.

Preparing the year-end financial statements in accordance to the IFRS standards requires certain estimates and discretion by the management in applying the accounting principles. Information on management discretion that is used in applying the accounting principles and that has the most impact on the figures of the financial statements has been presented in the chapter Accounting Principles Requiring Management Discretion and Principal Uncertainties Concerning Estimates of the Accounting Principles.

Segment Information

The Group's segment reporting is based primarily on business segments and secondarily on geographical segments.

Proha's business is divided into two business divisions: Dovre and Camako.

Assets and liabilities of the segment are items that the segment uses in its business or that can be allocated to the segment. Unallocated assets consist of cash and cash equivalents as well as tax assets. Unallocated liabilities consist of financial liabilities and tax liabilities. The unallocated income and expenses include financial items and income taxes.

Segment information is presented in the Note 2.5.3 Segment information.

Principles of Consolidation

The Group's financial statements include the parent company, Proha Plc, and all its subsidiaries. Subsidiaries are companies in which the Group has either direct or indirect control, which is established when the Group owns more than half of the voting rights or when it otherwise holds control. The subsidiaries are listed in Note 2.5.34 Subsidiaries.

The acquired subsidiaries are consolidated in the Group's financial statements starting from the moment the Group gained control over them, and the disposed subsidiaries until the moment control ceased.

Information on the acquisitions is presented in Note 2.5.4 Acquired Businesses.

Mutual shareholdings are eliminated using the acquisition cost method. The acquisition costs are allocated to the assets, liabilities, and contingent liabilities of the acquired company as identified on the acquisition date using their fair values when the values have been reliably determined. A deferred tax liability is recognized for the allocations of acquisition costs.

The intergroup transactions, receivables, and liabilities as well as non-materialized profits and internal dividend distribution are eliminated from the Group's financial statements. Non-materialized losses are not eliminated in case the losses are due to impairment.

The division of the financial year's results between the parent company shareholders and the minority shareholders is shown on the income statement, and the minority share of shareholders' equity is shown as a separate item in the shareholders' equity in the balance sheet. The minority share is not separated from the shareholders' equity, if the separation would lead to a negative minority share.

Associated companies are companies, where the Group has considerable influence, established when the Group owns more than 20% of the voting rights of the company, or when the Group otherwise holds considerable influence but not control. Associated companies are consolidated in the Group's financial statements by applying the equity method. If the Group's share of the losses of the associate company exceeds the book value of the investment, the investment is recognized at zero value in the balance sheet and losses exceeding the book value are not consolidated unless the Group is committed to settle the obligations.

The Group has long-term unsecured receivables from the associated company. Receivables have been treated as an investment in the associated company. Therefore, when using the equity method, the investor company's share of the losses exceeding the value of the associated company's common stock has been entered at fair value reducing the long-term receivables.

The Group's share of the associated companies' results that equals to the Group's ownership at these companies is presented as a separate item after operating result. Information on associated companies is presented in Note 2.5.17 Investments in Associates.

Foreign Currency Transactions

The Group's financial statements are presented in euros (EUR), which is the operating and presentation currency of the Group's parent company.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transaction date. At the end of the accounting period, assets and liabilities on foreign currency are valued at the rate of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses related to financing are presented under financial income and expense in the income statement. Other foreign exchange gains and losses are included in the operating profit.

The income statements of the foreign subsidiaries are converted to euros according to the weighted average exchange rates of the financial period, and the balance sheets are converted according to the exchange rates on the last day of the financial period. Converting the result for the accounting period at a different exchange rate on the income statements and balance sheets causes foreign exchange differences, which are recognized as translation differences of cumulative losses.

Starting from the IFRS effective date of January 1, 2004, the exchange differences in equity caused by changing exchange rates have been entered as separate items in the Group's translation differences in the equity. The differences accumulated prior the effective date have been entered in the Group's accumulated losses as per the exemption in IFRS 1.

The goodwill of the acquisitions prior to the effective date of January 1, 2004 has been entered in euros. As of January 1, 2004, the goodwill arising from acquisition of foreign units and the fair value adjustments made to the book values of assets and liabilities upon acquisition of these units have been treated as assets and liabilities of the foreign units in question, and translated into euros using the exchange rates on the last day of the financial period.

Revenue Recognition

The Group's sales are composed of licenses, maintenance, and services. The sales are recognized in line with the IAS 18 standard. The recognition of license sales is done in phases following the granting of user rights, installation, and acceptance of the delivery, and the revenue from license sales is recognized when the major risks and benefits related to license ownership have been transferred to the buyer. The maintenance revenue is recognized during the contract period and the service revenue is recognized when the service is delivered.

Other Operating Income

Other operating income includes proceeds from rental revenue, gains on disposal of fixed and financial assets as well as public funding.

Public funding is included as other operating income. Public funding is recognized, when it is reasonably certain that the terms related to funding are met and that the funding will be received.

Income Taxes

In the income statement, the tax expense includes taxes on taxable income and deferred taxes. The tax on taxable income for the financial period is calculated according to enforced tax legislation in each country Proha operates in and adjusted by possible taxes related to previous years. Deferred taxes are calculated using the tax rate applicable at the end of the financial period.

Deferred taxes are calculated on all temporary differences between book values and tax base. The balance sheet includes all deferred tax liabilities and the amount of deferred tax assets up to which it is probable that there will be future taxable income and the temporary difference can be booked against. Deferred tax is recognized neither on the non-deductible goodwill nor on undistributed earnings of the subsidiaries as long as the reversal of temporary differences is not probable in the foreseeable future. The major temporary differences in the Group consist of carry forward tax losses, fair value measurements upon acquisitions, and defined benefit plans. Information on deferred tax assets and liabilities are presented in Note 2.5.20 Deferred Tax Assets and Liabilities.

Goodwill

Goodwill is that part of an acquisition cost that exceeds the Group's share of the fair value of the net assets in the acquired company. Also other costs directly attributable to the acquisition, such as expert fees, are included in the acquisition cost. In the Group, goodwill is allocated to groups of cash flow generating units – the Dovre and Camako divisions.

For the business combinations prior to the effective date of January 1, 2004, Proha applied the IFRS 1 exemption, according to which the IFRS 3 standard is not applied retrospectively. So, for acquisitions made prior to the effective date of January 1, 2004, the goodwill corresponds to the book value according to FAS, which is used as the deemed acquisition cost defined by IFRS. The classifications or accounting treatment of these acquisitions are not adjusted for the opening IFRS balance on January 1, 2004. For business combinations after January 1, 2004, the goodwill equals the portion of the acquisition cost exceeding the Group's share of the fair value of the acquired company's net assets at the time of acquisition.

Goodwill is not amortized, but tested annually for possible impairment with the goodwill allocated to cash flow generating units. The goodwill is measured at original acquisition cost, deducted by possible impairments.

The goodwill was tested for impairment at the end of the financial years 2009 and 2008. The Dovre and Camako divisions are defined as cash flow generating units to which goodwill is allocated. In the impairment tests the recoverable amount is measured at value in use.

The measurement of the recoverable amount for each cash flow generating unit has been explained in Note 2.5.15 Goodwill and Impairment Testing.

Software Development Expenditure

Software development expenditure is recognized as an expense in the income statement.

The intangible assets created by software development are recognized on the balance sheet after the product is technically and commercially feasible, and future economic gain can be expected of it. The capitalized development expenditure includes those development, testing and material costs that are the immediate consequence of finalizing the product for its intended use. Development costs due to development of new products or product versions with significant improvements are capitalized on the balance sheet and expensed as depreciations during their expected useful lives. The depreciation is started at the release of a product version. In-process development projects are tested for impairment at the end of the financial period. The maintenance and minor improvements of existing products are expensed in the income statement.

Other Intangible Assets

Other intangible assets include customer contracts and customer relations, as well as intangible assets consisting mainly of software. Intangible assets are entered in the balance sheet, when the recognition criteria specified in IAS 38 are met.

The intangible assets with limited useful lives are recognized at original acquisition cost on the balance sheet and deducted according to the straight-line method during their estimated useful lives. For the intangible assets with unlimited useful lives, no amortization is recognized, but they are tested annually for impairment.

In 2004, the Proha Group's share of the Norwegian-based Dovre International AS grew to 100% after Proha acquired 60% of Dovre's shares. Part of the cost of acquisition was allocated to customer agreements and relations as described in the definition of intangible assets in IAS 38. The Group acquired 40% of Dovre prior to the effective date of January 1, 2004. According to the IFRS 1 exemption, IFRS 3 was not applied retrospectively on acquisitions made prior to the effective date of January 1, 2004. Since this is a business combination achieved in stages, in accordance to IFRS 3 the fair values of customer agreements and customer relations in intangible assets related to the previous 40% ownership by Proha are adjusted as per IFRS 3 according to the fair values on the date of acquisition of the remaining shares (60%). Adjustments on fair values related to the previously acquired share (40%) are treated as revaluations in accordance with IFRS 3.

The useful lives of customer agreements and customer relations are estimated at 10 years. The estimated useful lives for other intangible assets are 3-5 years. The information on customer agreements and relations is presented in Note 2.5.14 Intangible Assets.

Impairment of Tangible and Intangible Assets

Goodwill, intangible assets with indefinite useful lives and in-process intangible assets are tested annually within the Group for possible impairment. Additionally, assets and cash flow generating units are tested regularly for indications of possible impairment. If such indications are found, the cash generated by an asset or unit is estimated. If the book value of the cash flow generating unit or asset is higher than the estimated cash flow to be generated, impairment loss will be recognized.

Tangible Assets

Tangible assets include machinery and equipment.

Tangible assets are measured at original cost with deduction of accumulated depreciations and possible impairment.

On tangible assets straight line depreciations are made during their estimated useful lives, which are 3-5 years.

The gains and losses on disposal of tangible assets are included either on other operating profits or losses.

Borrowing Costs

Borrowing costs are recognized as expenses during the financial year they incur.

Lease Agreements

Lease agreements are classified according to IAS 17 standard as finance lease agreements and other lease agreements. Lease agreements, where the lessee carries an essential proportion of the risks and benefits characteristic for ownership, are classified as finance leases. Lease agreements, where the risks and benefits characteristic for ownership remain with the lessor, are classified as other lease agreements.

The Group has no finance lease agreements. Cars and office equipment leased are under the Group's other lease agreements. Lease payments under other lease agreements are recognized as expenses in the income statement on a straight-line basis during the lease period.

Financing Assets

The Group's financing assets are classified according to IAS 39 Financial Instruments: Recognition and Measurement standard in the following groups: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group has no other assets than those classified under loans and receivables and available-for-sale financial assets.

Loans and receivables are valued at amortized cost. They are included in the balance sheet according to their nature in short- and long-term assets: the latter including assets with maturity of over 12 months.

Financial assets available for sale consist of unlisted shares. They are valued at acquisition cost, because their fair value cannot be reliably determined.

At the end of each financial year, the Group estimates whether there is objective evidence for impairment of a single financial asset amount or group. IAS 39 standard is applied for determining and recognizing a possible impairment loss.

An impairment loss in receivables is recognized when there is objective evidence that the receivable cannot be collected in full.

Cash Assets

Cash and cash equivalents include cash and cash equivalents as well as other liquid assets with a maturity of three months or less.

Financing Liabilities

According to the IAS 39 standard, financing liabilities are recognized originally at the amount of consideration deducted by transaction costs. During the following financial periods, the financing liabilities are presented at amortized costs using the effective interest method. Financing liabilities are included in long- and short-term liabilities, and they can be either interest bearing or non-interest bearing liabilities. The interest expenses are recognized on an accrual basis on the income statement.

Share-based Payments

Proha applies IFRS 2 standard to all option rights granted after November 7, 2002 and not vested before January 1, 2005.

The option rights granted for the employees are measured at fair value on the grant date and recognized as expense on a straight-line basis on the income statement during their vesting period. The fair value is measured according to the Black-Scholes formula.

When the option rights are exercised, the payments received at share subscriptions adjusted by possible transaction costs are recognized as equity. Payments for the share subscriptions based on option rights issued prior to the effective date of the new Companies Act (21.7.2006/624) on September 1, 2006, are recognized in share capital and share premium according to the terms of the option plans. Payments for the share subscriptions based on option rights issued after the effective date of the new Companies Act are recognized in the fund for invested non-restricted equity according to the terms of the option plans.

Information on the share-based payments is shown in Note 2.5.24 Share-based Payments.

Pension Liabilities

The Group's pension plans follow the legislation and practices of each country it operates in. According to IAS 19, the pension plans are classified as defined contribution plans and defined benefit plans.

The contribution made for the defined contribution plans are recognized in the income statement during the period for which the contribution is made.

In the Group, there is a post employment benefit plan in Norway.

The Group's obligations for each defined benefit plan are calculated individually using the projected unit credit method. Pension costs are recognized during the employment according to actuarial valuations by accredited insurance actuaries, and pension liability is defined by calculating the present value of estimated cash flows using the market yield of high-grade corporate bonds or long-term government bonds as the discount rate. The maturities of the bonds essentially correspond to the maturity of the calculated pension liabilities.

For the Norwegian plan, a corridor method is used, where the insurance mathematical profits and losses are recognized as expenses on the income statement for the average remaining employment of each employee if the unrecognized accumulated net profits and losses exceed the greater of either 10% of pension liabilities or 10% of fair value of assets at the end of the previous financial year.

Information on the Group's defined benefit plans is shown in Note 2.5.27 Liabilities from Defined Benefit Plan.

Provisions

A provision is recognized when the Group has a legal or constructive obligation due to a prior event, a probable obligation to pay, and the amount of obligation can be measured reliably.

Accounting Principles Requiring Management Discretion and Principal Uncertainties Concerning Estimates

When preparing the year-end financial statements, future estimates and assumptions have to be made that may materialize to a different degree than estimated or assumed. Also discretion needs to be used in applying accounting principles. The estimates are based on management's best judgment at the end of financial year.

In the Proha Group, the estimates are mostly related to valuation of assets. In the Group, goodwill, intangible assets with indefinite useful lives, and unfinished intangible assets are tested annually for impairment, and the indications of impairment are estimated according to the accounting principles above. The recoverable amounts by cash generating units are measured at value in use. Preparing these calculations requires the use of estimates. Additional information on principles of measurement of recoverable amounts in impairment testing is presented in Note 2.5.15 Goodwill.

In business combinations, the definition of fair value for tangible and intangible assets requires use of estimates. The definition of fair value of intangible assets is based on estimates on future cash flow generated by the assets. When adjustment to acquisition cost is determined at a business combination agreement, the said adjustment is included in the acquisition cost, if the adjustment is probable and can be reliably defined. The definition of the adjustment is based on management estimate of future development.

Additional information on intangible assets acquired in business combinations, and on principles on adjustments to acquisition cost of business combinations at the time of acquisition is presented in Note 2.5.4 Acquired Businesses and in Note 2.5.14 Intangible Assets.

2.5.3 SEGMENT INFORMATION

The Group's segment reporting is based primarily on business segments and secondarily on geographical segments.

Primary Segment Reporting

The primary segment reporting format of the Group is by business segments. The business segments are based on the Group's internal management and reporting structures.

Proha's business is divided into two business divisions: Dovre and Camako.

Dovre division offers project and supply chain management consulting and services, and software solutions developed by Safran Software Solutions AS. Camako division is a software and hardware provider that improves customer's business processes and the usage of customers' own systems by applying common project management methods. Both divisions offer a comprehensive selection of professional services.

Assets and liabilities of the segment are items that the segment uses in its business or that can be allocated to the segment. Unallocated assets consist of cash and cash equivalents as well as tax assets. Unallocated liabilities consist of financial liabilities and tax liabilities. The unallocated income and expenses include financial items and income taxes.

Business Segments (Primary Segments)

2009	Dovre division	Camako division	Other operations	Eliminations	Non-allocated	Group total
INCOME STATEMENT INFORMATION						
External net sales	57,485	3,229	23	0	0	60,738
Intra-Group net sales	11	25	47	-82	0	0
Net sales	**57,496**	**3,254**	**70**	**-82**	**0**	**60,738**
						0
Operating result of the segment	1,573	-376	-788	-146	0	263
Non-allocated items	0	0	0	0	0	0
Operating result	**1,573**	**-376**	**-788**	**-146**	**0**	**263**
Financing income and expenses	0	0	0	0	-353	-353
Income taxes	0	0	0	0	-659	-659
Net profit/loss	1,573	-376	-788	-146	-1,012	-749
Net profit/loss	**1,573**	**-376**	**-788**	**-146**	**-1,012**	**-749**
BALANCE SHEET INFORMATION						
Segment's assets	18,856	1,909	503	3,141	0	24,410
Investments in associates	0	0	933	0	0	933
Non-allocated assets	0	0	0	0	4,568	4,568
Assets total	**18,856**	**1,909**	**1,436**	**3,141**	**4,568**	**29,911**
Segment's liabilities	12,112	810	443	-1,665	0	11,700
Non-allocated liabilities	0	0	0	0	4,497	4,497
Liabilities total	**12,112**	**810**	**443**	**-1,665**	**4,497**	**16,197**
OTHER INFORMATION						
Net sales, goods	222	28	0	0	0	250
Net sales, services	57,263	3,201	23	0	0	60,487
Investments	381	358	0	0	0	739
Depreciation	-183	-291	-15	-162	0	-650
Amortization	0	-118	0	0	0	-118
Other non-cash expenses		-6	-37			-42

Secondary Segment Reporting

The geographical segments are: EMEA (Europe, Middle East and Africa), Americas and APAC (Asia Pacific).

The net sales per geographical segment are presented by the customers' location and the assets by their locations.

Inter-segment Pricing

Inter-segment pricing is based on fair market price.

Business Segments (Primary Segments)

2008	Dovre division	Camako division	Other operations	Eliminations	Non-allocated	Group total
INCOME STATEMENT INFORMATION						
External net sales	59,328	3,002	101	0	0	62,432
Intra-Group net sales	18	16	266	-300	0	0
Net sales	**59,347**	**3,018**	**367**	**-300**		**62,432**
Operating result of the segment	2,553	-456	-1,542	-195	0	596
Non-allocated items		0	0	0	0	0
Operating result	**2,553**	**-456**	**-1,542**	**-195**	**0**	**359**
Financing income and expenses	0	0	0	0	272	272
Income taxes	0	0	0	0	-744	-744
Net profit/loss	2,553	-456	-1,542	-195	-472	-113
Net profit/loss	**2,553**	**-456**	**-1,542**	**-195**	**-472**	**-113**
BALANCE SHEET INFORMATION						
Segment's assets	15,832	1,361	741	3,806	0	21,739
Investments in associates	410	0	933	0	0	1,342
Non-allocated assets	0	0	0	0	3,526	3,526
Assets total	**16,241**	**1,361**	**1,674**	**3,806**		**26,607**
Segment's liabilities	11,091	1,538	605	-2,180	0	11,053
Non-allocated liabilities	0	0	0	0	2,726	2,726
Liabilities total	**11,091**	**1,538**	**605**	**-2,180**		**13,779**
OTHER INFORMATION						
Net sales, goods	498	7	0	0	0	505
Net sales, services	58,831	2,995	101	0	0	61,927
Investments	359	490	51	86	0	986
Depreciation	-133	-237	-26	-199	0	-595
Other non-cash expenses	0	0	-110	0	0	-110

Geographical Segments (Secondary Segments)

Net sales	2009	2008
EMEA	35,082	39,827
AMERICAS	26,506	23,172
APAC	443	769
Internal items	-1,294	-1,337
Total	**60,738**	**62,432**

Assets	2009	2008
EMEA	18,610	17,957
AMERICAS	8,496	7,410
APAC	70	9
Internal items	-1,833	-2,294
Non-allocated assets	4,568	3,526
Total	**29,911**	**26,607**

Capital expeaditure*)	2009	2008
EMEA	456	648
AMERICAS	283	338
Total	**739**	**986**

*) Investments include goodwill.

2.5.4 ACQUIRED BUSINESSES

ACQUISITIONS OF FINANCIAL YEAR 2009

There were no acquisitions in 2009.

ACQUISITIONS OF FINANCIAL YEAR 2008

Camako Finland Oy

In March 2008, Proha Plc acquired a 40% ownership of Camako Finland Oy's share capital. Before the acquisition, Proha had owned 20% of the company. Camako Finland was consolidated in the Proha Group's financial statements as of March 31, 2008. In the business transaction on July 1, 2008, all Camako Finland's shares were transferred from Proha Plc to Proha's fully owned subsidiary Camako Ltd. (earlier Camako Nordic Ltd). In September 2008, Camako Ltd acquired another 40% of Camako Finland's share capital. As a result, Camako Finland became a fully-owned subsidiary of Camako Ltd and thus a part of Proha's Camako division.

Camako Finland offers expert services for supporting customer organization's project management activities. At the time of acquisition, Camako Finland employed 3 consultants.

The acquisition cost of the shares was approximately EUR 0.4 million. Approximately EUR 0.3 million of the purchase price was paid in cash and approximately EUR 0.1 million was paid in new shares of Proha Plc. 243,081 new Proha Plc shares were issued for subscription by the seller. The subscription price of the shares was the weighted average price of Proha shares in NASDAQ OMX Helsinki between November 1, 2007 and January 31, 2008 i.e. EUR 0.27 per share totaling EUR 66,000. The total amount paid for the shares was recorded in the fund for invested non-restricted equity.

Of the acquisition cost, approximately EUR 0.1 million was allocated to customer relations. Since majority of the customer agreement have a termination period of one month, no acquisition cost was allocated to them. The fair value of the acquired net assets was approximately EUR 0.1 million on September 30, 2008. The goodwill recognized for the acquisition was approximately EUR 0.3 million. It was based on the company's experience in designing, implementing, customizing, training and maintaining Microsoft's solutions for project management.

In 2008, Camako Finland's share of the Group result was EUR 0.1 million. In 2008 Camako Finland's share of the Group net sales would have been EUR 0.9 million and share of the Group result 0.1 million, if Camako Finland Oy had been consolidated in the Group's financial statements as of January 1, 2008.

The following assets and liabilities were recognized of the acquiree on March 31, 2008

Acquisition date	Fair values upon business combination 40 % March 31, 2008	Carrying amount before business combination 40 % March 31, 2008	Carrying amount before business combination 100 % March 31, 2008
(EUR thousand)			
Non-current assets			
Intangible assets	36	0	0
Tangible assets	2	2	6
Current assets			
Trade receivables and other receivables	32	32	80
Cash and bank	52	52	131
Assets total	**123**	**87**	**216**
Current liabilities			
Deferred tax liability	9		
Trade Payables and other liabilities	30	30	74
Income tax liability	13	13	31
Liabilities total	**51**	**42**	**105**
Net assets	**71**	44	111
Goodwill on acquisition	**93**		
Acquisition cost, total	**164**		

The following assets and liabilities were recognized of the acquiree on Sept. 30, 2008

Acquisition date	Fair values upon business combination 40 % Sept. 30, 2008	Carrying amount before business combination 40 % Sept. 30, 2008	Carrying amount before business combination 100 % Sept. 30, 2008
(EUR thousand)			
Non-current assets			
Intangible assets	24	0	0
Tangible assets	4	4	11
Current assets			
Trade receivables and other receivables	76	76	190
Cash and bank	52	52	130
Assets total	**156**	**132**	**331**
Current liabilities			
Deferred tax liability	6		
Trade Payables and other liabilities	40	40	101
Income tax liability	11	11	27
Liabilities total	**57**	**51**	**127**
Net assets	**99**	81	203
Goodwill on acquisition	**170**		
Acquisition cost, total	**269**		
Amount of acquisition cost paid in cash and cash equivalents	367		
Amount of acquisition cost paid in Proha Plc shares	66		
Amount of acquisition cost in trade receivables and other receivables	**0**		
Acquisition cost, total	**433**		
Amount of acquisition cost paid in cash and cash equivalents	367		
cash and cash equivalents on acquisition date	-131		
Impact on cash flow from investing activities	**236**		
Jan 1 - Dec 31, 2008 - 31.12.2008			

Datamar Oy

In the business transaction on July 1, 2008, the shares of Datamar Oy were transferred from Proha Plc to Proha's fully owned subsidiary Camako Ltd. In October 2008, Camako Ltd acquired 10% of Datamar's share capital. As a result, Datamar became a fully-owned subsidiary of Camako Ltd. The acquisition cost for the shares acquired was EUR 30,000 in October, 2008. The acquisition did not have a significant impact on Proha's result for the financial year or financial position.

ACQUISITION COST ADJUSTMENTS - ACQUISITIONS OF THE PREVIOUS YEARS

Camako Data AB

In October 2007, Proha acquired full ownership of the Swedish project management IT consultancy company Camako Data AB. Camako Data AB became part of the Proha's Camako division. Camako Data AB was consolidated in the Proha Group's financial statements as of November 1, 2007. In the business transaction on July 1, 2008, the shares of Camako Data AB were transferred from Proha Plc to Proha's fully owned subsidiary Camako Ltd.

The acquisition cost of Camako Data on December 31, 2009 is estimated to be approximately EUR 0.8 million. (On December 31, 2008, the estimate was EUR 1.1 million.) The acquisition cost of Camako Data AB is composed of a fixed portion of approximately EUR 0.7 million and of a potential additional purchase price that on December 31, 2009 is estimated to be EUR 0.1 million (On Dec 31, 2008, the estimate was EUR 0.4 million.) In the financial year 2008, the adjustment of approximately EUR 0.3 million was recorded, because the additional purchase price was subject to certain performance objectives that were not met.

The future additional purchase price can be no more than EUR 0.1 million and in the Group balance sheet on December 31, 2009, it is recorded in short-term liabilities.

EUR 50,000 of the additional purchase price has been paid in February, 2010. EUR 25,000 of the additional purchase price is to be paid no later than December 13, 2010. The remaining EUR 25,000 is to be paid when certain performance objectives are met.

Project Resource Solutions Inc.

Proha's Canadian subsidiary, Fabcon Canada Limited, acquired full ownership of Project Resource Solutions Inc. (PRS) in November, 2007. PRS is a project management expert resource provider focusing on services to Canadian oil sand projects. Along with the acquisition, PRS became a part of the Dovre division. PRS was consolidated in the Proha Group financial statements as of November 20, 2007.

The acquisition cost of PRS on December 31, 2009 is estimated to be approximately EUR 1.6 million. (On December 31, 2008, the estimate was EUR 1.2 million.)

The fixed part of the acquisition price, CAD 1.2 million (approx. EUR 0.9 million counted at the acquisition time rate of exchange) was paid in cash in November, 2007. In addition, the agreement contains an earn-out model that will pay the sellers 30% of PRS gross profits over the 36 months from November 20, 2007 to December 19, 2010.

Approximately EUR 0.7 million is recognized as adjustment to acquisition cost (calculated at the exchange rate of December 31, 2009). The adjustment includes the additional purchase price to be paid based on gross profits over the 36 months from November 20, 2007 to December 19, 2010. The adjustment is probable and is reliably definable. The estimated gross margin is based on actual result from November 20 to December 31, 2009 and on the budget approved by Proha Board for January 1 to December 19, 2009. The acquisition cost adjustment recognized for 2007 was approximately EUR 0.2 million, in 2008 approx. EUR 0.1 million, and in 2009 approx. EUR 0.2 million including foreign exchange differences.

THE GROUP'S INTERNAL RESTRUCTURING IN THE FINANCIAL YEAR 2009

The Camako Ltd's fully owned subsidiaries, Camako Finland Oy and Datamar Oy, were merged with their parent company. The merger was finalized on November 4, 2009. The objective of the merger was simplifying the division structure as well as gaining cost savings.

The Plc's fully owned Norwegian subsidiary, Safran Software Solutions AS, has had 40% ownership of the Norwegian Dovre Group AS (earlier Dovre International AS). In 2009, when Safran Software Solutions AS was divided, the 40% share of ownership of Dovre Group AS was transferred to Proha's fully owned subsidiary Camako Norge AS (earlier Proha Norge AS). The aim of the reorganization is to streamline group structure by differentiating Safran's software business operations and ownership of Dovre Group AS. The division was registered on December 31, 2009.

2.5.5 NET SALES

Distribution of net sales by revenue type	**2009**	**%**	**2008**	**%**
Services	59,541	98.0 %	60,992	97.7 %
One-time license revenue	250	0.4 %	505	0.8 %
Recurring license revenue	947	1.6 %	935	1.5 %
Total	**60,738**	100.0 %	**62,432**	100.0 %

Distribution of net sales by segment, unconsolidated	**2009**	**%**	**2008**	**%**
Dovre	57,496	94.7 %	59,347	95.1 %
Camako	3,254	5.4 %	3,018	4.8 %
Other operations	70	0.1 %	367	0.6 %
Eliminations of inter-group transactions	-82	-0.1 %	-300	-0.5 %
Total	**60,738**	100.0 %	**62,432**	100.0 %

Distribution of net sales by segment, consolidated	**2009**	**%**	**2008**	**%**
Dovre	57,485	94.6 %	59,328	95.0 %
Camako	3,229	5.3 %	3,002	4.8 %
Other operations	23	0.0 %	101	0.2 %
Total	**60,738**	100.0 %	**62,432**	100.0 %

2.5.6 OTHER OPERATING INCOME

Other operating income	2009	2008
Rents	62	51
Subvention	0	217
Gain on disposal of non-current assets, tangibles	7	1
Gain on disposal of non-current assets, investments	0	18
Other Operating Income	139	112
Total	**208**	**399**

2.5.7 MATERIALS AND SERVICES

Materials and services	2009	2008
Purchases during the year	-29	6
External services	-128	-323
Total	**-156**	**-317**

2.5.8 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense	2009	2008
Salaries and fees	-49,784	-50,675
Pension expenses, defined contribution plans	-356	-374
Pension expenses, defined benefit plans *)	-1,364	-1,078
Pension expenses, total	-1,720	-1,452
Share options granted to employees **)	-42	-110
Other employee benefits, total	-4,188	-4,678
Employee benefits, total	-4,230	-4,788
Total	**-55,735**	**-56,915**

*) Information on the defined benefit plans is presented under Note 2.5.27 Liabilities from defined benefit plan.

**) Information on the share-based payments are presented under Notes 2.5.24 Share-based payments

The management remuneration and fringe benefits as well as the compensations for key personnel are presented in Note 2.5.35 Related party transactions.

Average number of employees	2009	2008
Dovre division	361	351
Camako division	38	36
Other operations	5	6
Total	**404**	**393**
Number of Group personnel at the end of the period	**31.12.2009**	**31.12.2008**
Total	**408**	**391**

2.5.9 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses	2009	2008
Depreciation and amortization according to plan	-650	-595
Amortization	-118	0
Total	**-769**	**-595**

Amortization is caused by impairment of product development costs.

2.5.10 OTHER OPERATING EXPENSES

Operating expenses	2009	2008
Premises	-915	-835
Voluntary staff costs	-38	-55
Marketing expenses	-187	-275
Travel expenses	-344	-481
Loss on disposal of non-current assets, investments	0	-2
Administration and other operating expenses	-2,440	-2,760
Total	**-3,924**	**-4,408**

Research and development	2009	2008
Research and development expenses	-689	-1, 338
Capitalized research and development expenditure	-75	-177
Total	**-763**	**-1,515**

Auditor fees	2009	2008
External audit	-126	-95
Tax consultancy	-55	-30
Other professional services	-42	-26
Total	**-223**	**-151**

2.5.11 FINANCIAL INCOME AND EXPENSES

Financing income	2009	2008
Avoir fiscal	-4	0
Dividend income from others	6	1
Other interest and financial income from associates	0	56
Other interest and financial income from others	885	1,038
Financial income, total	**887**	**1,095**

Financing expenses	2009	2008
Other interest and financial expenses	-1,240	-823
Financial expenses, total	**-1,240**	**-823**
Financial income and expenses, total	**-353**	**272**

Translation differences recognised in the income statement	2009	2008
Exchange differences included in financial income and expenses		
Foreign exchange gains	887	846
Foreign exchange losses	-1,240	-555
Exchange differences recognised in the income statement, total	**-353**	**291**

2.5.12 INCOME TAXES

Income taxes	**2009**	**2008**
Tax on income from operations	-613	-785
Taxes of the previous years	-125	0
Change in deferred tax asset (Note 2.5.20)	96	49
Change in deferred tax liability (Note 2.5.20)	**-17**	**-7**
Total	**-659**	**-744**

Reconciliation of the tax expense in the income statement to the domestic tax rate *)	**2009**	**2008**
Result before taxes	**-90**	**631**
Taxes at parent company's rate *)	**23**	**-164**
Deviating tax rates of subsidiaries	-136	-150
Tax-free income and non-deductible expenses	69	-51
Unrecognized tax assets for the losses of the financial year	-503	-510
Use of carry-forward losses	0	52
Other items	-66	37
Taxes of the previous years	-125	
Change in deferred tax asset (Note 2.5.20)	96	49
Change in deferred tax liability (Note 2.5.20)	**-17**	**-7**
Tax on income from operations	**-659**	**-744**

*) Parent company tax rate was 26 % in 2009 and in 2008.

2.5.13 EARNINGS PER SHARE

2.5.13.1 UNDILUTED EARNINGS PER SHARE

The undiluted earnings per share is calculated by dividing the result attributable to the equity holders of the parent by weighted average number of shares during the financial year.

Undiluted earnings per share	**2009**	**2008**
Result attributable to the equity holders of the parent (EUR 1000)	-871	-218
Weighted average number of shares during the financial year (1000)	61,962	61,855
Undiluted earnings per share (EUR / share)	**-0.01**	**0.00**

Undiluted comprehensive earnings per share	**2009**	**2008**
Comprehensive result attributable to the equity holders of the parent (EUR 1000)	721	-1,892
Weighted average number of shares during the financial year (1000)	61,962	61,855
Undiluted comprehensive earnings per share (EUR / share)	**0.01**	**-0.03**

2.5.13.2 DILUTED EARNINGS PER SHARE

When calculating the diluted earnings per share, the potential increase of number of shares caused by all instruments entitling to shares is taken into account.

The Group has instruments with potential to increase the number of shares, share options. The instrument will have a dilutive effect when the subscription price is lower than the market value of the share. The weighted average number of shares and the dilutive effect are calculated by quarter taking into account those instruments that have an exercise price lower than the weighted average share price in the quarter. The dilutive effect is related to the difference between the exercise price and the weighted average share price. The total dilutive effect for the whole financial year or several quarters is calculated as a weighted average of quarterly figures.

Diluted earnings per share	2009	2008
Profit attributable to the equity holders of the parent (EUR 1000)	-871	-218
Weighted average number of shares during the financial year	61,962	61,855
Stock option adjustment (1000)	0	0
Weighted average number of shares for calculating		
the diluted earnings per share (1 000)	61,962	61,855
Diluted earnings per share (EUR / share)	**-0,01**	**0,00**

Diluted comprehensive earnings per share	2009	2008
Comprehensive result attributable to the equity holders of the parent (EUR 1000)	721	-1,892
Weighted average number of shares during the financial year	61,962	61,855
Stock option adjustment (1000)	0	0
Weighted average number of shares for calculating		
the diluted earnings per share (1 000)	61,962	61,855
Diluted comprehensive earnings per share (EUR / share)	**0,01**	**-0,03**

2.5.14 INTANGIBLE ASSETS

Intangible assets 2009	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost, Jan. 1	2,353	678	1,007	4,038
Translation differences (+/-)	365	17	-3	379
Additions	0	75	0	75
Disposals	0	-506	-622	-1,127
Acquisition cost, Dec. 31	2,718	263	382	3,364
Cumulative amortization and value adjustments, Jan. 1	-831	-195	-885	-1,911
Translation differences (+/-)	-153	0	0	-153
Cumulative amortization from disposals	0	391	622	1,013
Amortization	-259	-186	-53	-499
Impairments	0	-118	0	-118
Cumulative amortization and value adjustments, Dec. 31	-1,243	-107	-317	-1,668
Book value Dec. 31, 2009	**1,475**	**156**	**65**	**1,696**

2.5.14 INTANGIBLE ASSETS (Continued from previous page)

Intangible assets 2008	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost, Jan. 1	2,784	491	1,108	4,383
Translation differences (+/-)	-491	-22	-8	-521
Acquisition of subsidiaries	60	0	0	60
Additions	0	221	0	221
Divestments of subsidiaries	0	0	-93	-93
Disposals	0	-13	0	-13
Acquisition cost, Dec. 31	2,353	678	1,007	4,038
Cumulative amortization and value adjustments, Jan. 1	-733	-39	-935	-1,707
Translation differences (+/-)	174	0	5	179
Cumulative amortization from divestments	0	0	93	93
Depreciation, amortization and impairment losses for the period	-272	-155	-48	-476
Cumulative amortization and value adjustments, Dec. 31	-831	-195	-885	-1,911
Book value Dec. 31, 2008	**1,522**	**483**	**121**	**2,127**

CUSTOMER AGREEMENTS AND RELATIONS

	Dec. 31, 2008	Translation differences	Amortization for the period	Dec. 31, 2009
Camako Finland Oy	57	0	-6	51
Camako Data AB	208	12	-24	196
PRS Inc.	153	18	-18	152
Fabcon	317	53	-48	322
Dovre Group AS	787	129	-162	754
Total	**1,522**	**212**	**-259**	**1,475**

Acquisition of Camako Finland Oy

Information on the acquisitions is presented in Note 2.5.4 Acquired Business Operations, Of the acquisition cost, approximately EUR 0.1 million was allocated to customer relations. Since majority of the customer agreements have a termination period of one month, no acquisition cost was allocated to them. The fair values of customer relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations, the main variables were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortization period for the customer relations was 8.3 years on December 31, 2009.

Acquisition of Camako Data AB

Information on the acquisition of Camako Data is presented in Note 2.5.4 Acquired Business Operations. Of the acquisition cost, approximately EUR 0.3 million was allocated to customer relations. Since majority of the customer agreements have a termination period of one month, no acquisition cost was allocated to them. The fair values of customer relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations, the main variables were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortization period for the customer relations was 7.8 years on December 31, 2009.

Acquisition of Project Resource Solutions Inc.

Information on the acquisition of PRS is presented in Note 2.5.4 Acquired Business Operations. Of the acquisition cost, approximately EUR 0.2 million was allocated to customer relations. Since majority of the customer agreements have a short termination period, no acquisition cost was allocated to them. The fair values of customer relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations, the main variables were percentages of change in net sales and costs. The discount rate used was 15%. The remaining amortization period for the customer relations was 7.9 years on December 31, 2009.

Acquisition of Fabcon

Of the acquisition cost, approximately EUR 0.5 million was allocated to customer agreements and customer relations. The fair values for the customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations, the variables used were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortization periods for the customer agreements and relations were 6.3 years on December 31, 2009.

Acquisition of Dovre

Following the acquisition (60%) of Dovre Group AS (earlier Dovre International AS) in 2004, EUR 1.0 million was allocated to customer agreements and relations. The fair values of customer agreements and customer relations for the 40% ownership by Proha before Jan. 1, 2004, were adjusted to represent the fair values for the remaining 60% on the date of acquisition June 1, 2004. The book value of these customer relations and contracts was EUR 0.7 million following the revaluation (40%). The fair values for the customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations, the main variables were percentages of change in net sales and costs. The discount rate used was 15%. The remaining amortization periods for the customer agreements and relations were 4.4 years on December 31, 2009.

2.5.15 GOODWILL AND IMPAIRMENT TESTING

Goodwill	2009	2008
Acquisition cost, Jan. 1	5,857	6,747
Translation differences (+/-)	918	-1,158
Camako Data AB	0	-237
Camako Finland Oy	6	282
Dovre Fabcon AS	0	-54
Project Resource Solutions Inc.	242	277
Book value Dec. 31	**7,022**	**5,857**

The information on acquisitions of subsidiaries is presented in Note 2.5.4 Acquired Businesses.

Goodwill by segments	2009	2008
Dovre division	6,197	5,068
Camako division	826	789
Total	**7,022**	**5,857**

IMPAIRMENT TESTING

Proha's business is divided into two business divisions: Dovre and Camako.

For impairment testing, Dovre division and Camako division are defined as separate cash generating units.

The testing was performed on the fourth quarter.

TESTING IN 2009

The Dovre division

In goodwill, a total of EUR 6.2 million was allocated to Dovre on December 31, 2009 (EUR 5.1 million on Dec, 31, 2008). For the 2009 impairment testing of the cash generating units in the Dovre division, the measurement of the recoverable amount is made by reference to value in use. The cash flow forecasts are based on a five-year strategic budget drawn up by management and approved by the Proha Board of Directors.

The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual development, product selection, Dovre's position in the market, and the planned expansion to new markets. The cash flows after the forecast period have been assessed using a 2% growth rate that is assumed to correspond to a reasonable rate of inflation.

In the calculations, the net sales growth percentage is five, and target operating result 5.5%. The discount rate used was 9.4%, based on the capital yield requirement (WACC) after tax, which was adjusted by tax effects for impairment testing. The WACC formula inputs were risk-free rate of return, risks involved in Dovre's operations, market risk premium, industry specific beta coefficient, liability cost, and target capital structure. In 2008 testing, the discount rate used was 6.8%. The increase in discount rate is mainly due to risks involved in the planned expansion of Dovre.

In addition, scenario calculations have been made to test sensitivity of the basic calculations. In scenario calculations, the sensitivity factors used are a higher discount rate than in the basic calculation, lower profitability, and zero growth. The management estimates that a possible change in any essential variable used in a reasonable estimate will not lead to a situation where the recoverable amount for the segment would be lower than its book value.

The Camako division

In goodwill, a total of EUR 0.8 million was allocated to Camako on December 31, 2009 (EUR 0.8 million on Dec 31, 2008).

For the 2009 impairment testing of the cash generating units in the Camako division, the measurement of the recoverable amount from the business operations is made by reference to value in use. The cash flow forecasts are based on a five-year strategic budget drawn up by management and approved by the Proha Board of Directors.

The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual development, estimates of market development, product selection, and Camako's expansion in the Scandinavian market. In the 2009 testing, the cash flows after the forecast period have been assessed using a 2% growth rate that is assumed to correspond to a reasonable rate of inflation.

The discount rate used was 9.4%, based on the capital yield requirement (WACC) after tax which was adjusted by tax effects for impairment testing. The WACC formula inputs were risk-free rate of return, risks involved in Camako's operations, market risk premium, industry specific beta coefficient, liability cost, and target capital structure. In 2008 testing, the discount rate used was 6.8%. The increase in discount rate is mainly caused by risks growing in Camako's business.

In addition, scenario calculations have been made to test sensitivity of the basic calculations. In scenario calculations, the sensitivity factors used are a higher discount rate than in the basic calculation, lower profitability, and zero growth.

If Camako's annual growth of net sales would reach 2% instead of the 10% used during the planning period and testing, and the annual operating result would reach 4% instead of the 7.8% used in the testing, this would constitute a situation with indications of impairment of goodwill. If the value in use according to testing for impairment of goodwill performed at this time was lower than the accounting value of the unit's assets tested, the impairment would be recognized as a cost in the income statement. Otherwise the management estimates that a possible change in any essential variable used in a reasonable estimate will not lead to a situation where the recoverable amount for the segment would be lower than its book value.

2.5.16 TANGIBLE ASSETS

Tangible assets 2009	Machinery and equipment
Acquisition cost, Jan. 1	1,315
Translation differences (+/-)	79
Additions	67
Disposals	-10
Acquisition cost, Dec. 31	1,450
Cumulative depreciation and value adjustments, Jan. 1	-1,011
Translation differences (+/-)	-92
Cumulative depreciation from disposals	4
Amortization	-153
Cumulative depreciation and value adjustments, Dec. 31	-1,252
Book value Dec. 31, 2009	**198**

Tangible assets 2008	Machinery and equipment
Acquisition cost, Jan. 1	1,714
Translation differences (+/-)	-146
Acquisition of subsidiaries	26
Additions	129
Disposals	-408
Acquisition cost, Dec. 31	1,315
Cumulative depreciation and value adjustments, Dec. 1	-1,358
Translation differences (+/-)	112
Cumulative depreciations from investments in subsidiaries	-9
Depreciation	-119
Cumulative depreciations from disposals	362
Cumulative depreciation and value adjustments, Dec. 31	-1,011
Book value Dec. 31, 2008	**303**

2.5.17 INVESTMENTS IN ASSOCIATES

Investments in associates	2009	2008
In the beginning of the financial year	1,342	1,277
Additions	0	470
Disposals	-310	-72
Share of profit / loss in associates	-100	-237
Translation differences	0	-95
At the end of the financial year	**933**	**1,342**

Investments in associates	Dec. 31, 2009	Dec. 31, 2008
Kiinteistö Oy Kuukoti	933	933
Safran North America LLC	0	410
At the end of the financial year	**933**	**1,342**

Safran Solutions AS, a fully owned subsidiary of Proha, has granted loans in 2007-2008 to its US based then associate Safran North America LLC. The loan receivables were treated as a net investment in the associate, as they do not have any security. When using equity method, the investor company's share of losses exceeded the value invested in Safran North America LLC's common stock. The share of losses exceeding the value invested in common stock is entered as reduction is loan receivables. The receivables from the associate after the reduction were EUR 0 thousand on December 31, 2009 (EUR 410 thousand on December 31, 2008), Safran Software Solutions AS sold its share (49%) of the American Safran North America LLC to a Norwegian investor group SNA Holding AS in May 2009. In the transaction, the loan receivables of Safran Software Solutions AS from Safran North America LLC were transferred to the buyer. In the Proha Group, the book value of the receivables transferred in the transaction is EUR 135 thousand on December 31, 2009. The receivables have been entered in other long-term receivables (see Notes 2.5.19 Non-current Trade and Other Receivables).

The book value of associates on December 31, 2009 and December 31, 2008 does not include goodwill.

Investments in associates 2009	Domicile	Assets	Liabilities	Net Sales	Profit / Loss	Share
Kiinteistö Oy Kuukoti	Espoo, Suomi	5,150	28	172	0	43.5 %

Investments in associates 2008	Domicile	Assets	Liabilities	Net Sales	Profit / Loss	Share
Kiinteistö Oy Kuukoti	Espoo, Finland	5,143	22	167	0	43.5 %
Safran North America LLC	Albuquerque, New Mexico	60	703	86	-386	49.0 %

Receivables and liabilities to associates

There were no receivables or liabilities to associates on December 31, 2009 and December 31, 2008.

Transactions with associates	2009	2008
Interest income from associates	0	46
Payments to associates	69	72

The terms used in related party transactions correspond to the terms used in transactions with non-related parties.

2.5.18 AVAILABLE-FOR-SALE INVESTMENTS

The Group's available-for-sale financial assets consist of unlisted shares.

Available-for-sale investments	2009	2008
Acquisition cost, Jan. 1	122	48
Translation differences	15	-2
Additions	75	76
Disposals	**-1**	**0**
Book value Dec. 31	**211**	**122**

The Group's investments are classified as available-for-sale investments.

The investments are valued at book value, because no fair value can be reliably determined.

Of available-for-sale-investments EUR 110 thousand are in euros and EUR 101 thousand in Norwegian crowns.

No unlisted shares were sold during 2009 and 2008.

2.5.19 NON-CURRENT TRADE AND OTHER RECEIVABLES

Other long-term receivables	Dec. 31, 2009	Dec. 31, 2008
Long-term trade receivables (from others)	4	5
Other long-term receivables (from others)	257	237
Total	**260**	**242**

Long-term receivables by currency	Dec. 31, 2009	Dec. 31, 2008
EUR	4	6
NOK	31	46
CAD	0	71
USD	226	120
Total	**260**	**242**

The receivables are measured at amortized cost.

The fair values of the receivables correspond to their values on the balance sheet.

2.5.20 DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets 2009	Jan. 1, 2009	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2009
Defined benefit plans	179	55	127	0	361
Carry-forward losses	30	0	-30	0	0
Other temporary differences	4	33	0	0	36
Total	**213**	**88**	**96**	**0**	**398**
			Note 2.5.12		

Changes in deferred tax liabilities 2009	Jan. 1, 2009	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2009
Revaluation of intangible assets at fair value	-439	-61	74	0	-426
Capitalized and amortized R&D costs	-20	0	10	0	-10
Other temporary differences	-112	-20	-102	0	-234
Total	**-570**	**-81**	**-17**	**0**	**-669**
			Note 2.5.12		

Changes in deferred tax assets 2008	Jan. 1, 2008	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2008
Defined benefit plans	137	-38	80	0	179
Carry-forward losses	30	0	0	0	30
Other temporary differences	37	-2	-31	0	4
Total	**204**	**-40**	**49**	**0**	**213**
			Note 2.5.12		

Changes in deferred tax liabilities 2008	Jan. 1, 2008	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2008
Revaluation of intangible assets at fair value	-592	91	78	-16	-439
Capitalized and amortized R&D costs	-30	0	10	0	-20
Other temporary differences	-31	14	-95	0	-112
Total	**-653**	**106**	**-7**	**-16**	**-570**
			Note 2.5.12		

Carry-forward losses of Group

On December 31, 2009 the Group had EUR 18.7 million in carry-forward losses (EUR 16.8 million on Dec. 31, 2008), for which no deferred tax assets were recognized due to the uncertainty of the possible tax benefit. The losses in question will expire during 2011-2018.

2.5.21.1 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other current receivables	Dec. 31, 2009	Dec. 31, 2008
Trade receivables	13,819	10,692
Loan receivables	17	59
Other receivables	49	477
Accrued personnel expenses	4	196
Prepayments and accrued income on sales	637	1,280
Prepayments and accrued income on expenses	725	566
Total	**15,250**	**13,269**

There are no significant concentration of credit risks in the receivables.

The fair values of the receivables correspond to their values on the balance sheet.

In 2009, the Group recognized EUR 309 thousand in credit losses, and in 2008 EUR 4 thousand.

The prepayments and accrued income consists mainly of uninvoiced sales and accrued expenses.

Trade and other current receivables by currency	Dec. 31, 2009	Dec. 31, 2008
EUR	443	837
NOK	8,113	6,876
CAD	3,633	2,308
USD	2,734	2,920
SEK	238	266
GBP	90	61
Total	**15,250**	**13,269**

Expiries of trade receivables	Dec. 31, 2009	Dec. 31, 2008
Unexpired	7,843	4,916
Expired		
Under 30 days	3,202	2,749
30 - 60 days	1,715	1,590
61 - 90 days	256	609
Over 90 days	803	829
Total	**13,819**	**10,692**

2.5.21.2 INCOME TAX RECEIVABLES

	Dec. 31, 2009	Dec. 31, 2008
Tax receivables (income tax)	185	14
Total	**185**	**14**

The fair values of the receivables correspond to their values on the balance sheet.

Of the income tax receivables, EUR 152 thousand is in Norwegian crowns and EUR 33 thousand in Swedish crowns.

2.5.22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Dec. 31, 2009	Dec. 31, 2008
Cash and bank	3,758	3,118
Total	**3,758**	**3,118**

Cash and cash equivalents include cash at hand and bank accounts.

The fair value of cash and cash equivalents corresponds to their balance sheet value.

No material credit risk concentrations are related to cash and cash equivalents.

2.5.23 SHAREHOLDERS' EQUITY

Proha Plc has one class of shares. The book value of the shares is EUR 0.26 per share. Each share entitles the shareholder to one vote. The Proha Plc shares are listed in the NASDAQ OMX Helsinki Ltd.

The maximum number of Proha Plc shares is 160 million (160 million in 2008). The share does not have a nominal value. The maximum share capital is EUR 41.6 million (EUR 41.6 million in 2008). All issued shares are fully paid for.

Reconciliation of number of shares	Number of shares	Share capital	Share premium account	Unrestricted equity fund *)	Revaluation reserve	Total
Dec. 31, 2007	**61,218,670**	**15,917**	**4,379**	**0**	**329**	**20,625**
Translation differences	0	0	0	0	-60	-60
Transfer to retained earnings	0	0	0	0	-42	-42
Share issue**)	500,000	0	0	130	0	130
Share issue***)	243,081	0	0	66	0	66
Dec. 31, 2008	**61,961,751**	**15,917**	**4,379**	**196**	**227**	**20,718**
Translation differences	0	0	0	0	40	40
Transfer to retained earnings	0	0	401	0	-49	352
Reducing share premium account *)	0	0	-4,780	4,780	0	0
Dec. 31, 2009	**61,961,751**	**15,917**	**0**	**4,976**	**217**	**21,110**

Unrestricted Equity Fund
*) The National Board of Patents and Registration of Finland authorized Proha Plc to decrease the share premium account as decided in the Annual General Meeting on March 31, 2009. Share premium account was reduced with its total amount, which was EUR 4,780,244.32. The funds were transferred to the unrestricted equity fund.
**) Acquisition of Camako Data AB
***) Acquisition of Camako Finland Oy
Information on the acquisitions is presented in Note 2.5.4 Acquired Businesses.

Revaluation Reserve
The fair value adjustments of the customer agreements and relations of Dovre Group AS have been entered in revaluation reserves.
See Note 2.5.14 Intangible Assets.

Translation Differences
Translation differences reserve includes the translation differences in shareholders' equity beginning the IFRS effective date of January 1, 2004. The cumulative translation differences in the shareholders' equity prior the effective date are recognized in the accumulated losses.

2.5.24 SHARE-BASED PAYMENTS

During the financial year Proha Plc had several existing option plans.

The essential terms of Proha Plc's option plans as well as the essential variables used for their valuation are presented in the tables below. The fair value of shares for share option plans are based on the quoted share price.

The subscription period for the Proha Plc's 2005 option plan expired on April 1, 2009. No shares were subscribed with the options under the plan. The remaining 1,048,520 option rights were redeemed.

Existing option plans

Option plan	Proha Options 2006	Proha Options 2007
Type of plan	Share options	Share options
Grant date	30.5.2006	28.6.2007
Exercise price	EUR 0.48	EUR 0.37
Share price on grant date	EUR 0.39	EUR 0.39
Option period (years)	4 years	4 years
Condition for exercising option rights	see 1) and 3)	see 2) and 3)
Exercise	As shares	As shares
Pricing model used	Black & Scholes	Black & Scholes
Variables used in the pricing model:		
Share price on grant date	EUR 0.39	EUR 0.39
Exercise price	EUR 0.48	EUR 0.37
Expected volatility, see 4)	25 %	25 %
Expected option period (on grant date)	4 years	4 years
Expected dividends	0	0
Risk-free interest rate	3.9 %	4.5 %
Anticipated cuts in personnel %	15.0 %	15.0 %
Fair value of option on grant date	0.06	0.11
Granted options	1,341,000	2,109,999
Fair value of option plan on grant date (EUR 1000)	78	191

1) The Proha options 2006 are divided in three classes with A-options' subscription period starting on May 1, 2007, B-options' on May 1, 2008, and C-options' on May 1, 2009. The subscription period for all options expires on May 25, 2010.
2) The Proha options 2007 are divided in three classes with A-options' subscription period starting on May 1, 2008, B-options' on May 1, 2009, and C-options' on May 1, 2010. The subscription period for all options expires on March 31, 2011.
3) If the subscriber's employment in the Proha Group ends for another reason than retirement or death, the company has, by Board decision, the right to redeem at no cost the subscriber's option rights for which the subscription period has not ended.
4) The expected volatility is based on the adjusted historical volatility of Proha share prices, because on low turnover the value of the option is not considered to fully reflect the historical volatility of the share because on a thin market the sale of shares easily presses the share price down.

Option expense in income statement	2009	2008
Employee benefit expense, Note 2.5.8	42	110
Total	**42**	**110**

The profit and loss effect of management options is presented in
Note 2.5.35.5 Related Party Transactions / Key Management Compensations.

Existing option plans (Continued from previous page)

The changes in options and the weighed average exercise prices in 2009	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2009	4,333,520	0.44
New options issued	0	0.00
Redeemed options	-588,000	0.41
Expired options	-1,048,520	0.50
Outstanding on December 31, 2009	**2,697,000**	**0.42**
Exercisable on December 31, 2009	**2,202,000**	**0.43**

The changes in options and the weighed average exercise prices in 2008	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2008	4,123,250	0.44
New options issued	360,000	0.37
Redeemed options	-149,730	0.00
Outstanding on December 31, 2008	**4,333,520**	**0.44**
Exercisable on December 31, 2008	**2,590,520**	**0.46**

Exercise price of outstanding share options and weighted average contractual life on Dec. 31, 2009	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2006	1,119,000	0.48	0.4
Options 2007	1,578,000	0.37	1.4
Outstanding on December 31, 2009	**2,697,000**	**0.41**	**1.1**

Exercise price of outstanding share options and weighted average contractual life on Dec. 31, 2008	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2005	1,048,520	0.50	0.3
Options 2006	1,341,000	0.48	1.4
Options 2007	1,944,000	0.37	2.4
Outstanding on 31.12.2008	**4,333,520**	**0.44**	**1.6**

2.5.25 LONG-TERM LIABILITIES, INTEREST-BEARING

Long-term liabilities, interest-bearing	Dec. 31, 2009	Dec. 31, 2008
Loans from financial institutions	588	903
Other loans	20	235
Total	**608**	**1,139**

Expiries of long-term liabilities	2009	2008
2009	0	0
2010	190	441
2011	190	441
2012	57	132
2013	0	0
Later	171	125
Total	**608**	**1,139**

The average interest rate for loans was 3.8% (6.7% in 2008).

Interest-bearing long-term liabilities by currency	Dec. 31, 2009	Dec. 31, 2008
NOK	588	973
CAD	8	166
Other currencies	12	0
Total	**608**	**1,139**

The information on currency and interest rate risks are presented in Note 2.5.31 Financial Risks Management and Capital Management.

The fair value of liabilities corresponds to their balance sheet value.

2.5.26 LONG-TERM LIABILITIES, NON-INTEREST-BEARING

Long-term liabilities, non-interest-bearing	Dec. 31, 2009	Dec. 31, 2008
Long-term liabilities to others, non-interest-bearing	128	130
Long-term tax liabilities, income tax, non-interest-bearing	25	20
Total	**153**	**150**

Expiries of long-term liabilities	Dec. 31, 2009	Dec. 31, 2008
2011	153	150
Total	**153**	**150**

Long-term liabilities by currency	Dec. 31, 2009	Dec. 31, 2008
EUR	0	45
USD	128	85
NOK	25	20
Total	**153**	**150**

The fair value of liabilities corresponds to their balance sheet value.

2.5.27 LIABILITIES FROM DEFINED BENEFIT PLAN

Liabilities from defined benefit plan	Dec. 31, 2009	Dec. 31, 2008
Liabilities from pensions	1,290	640
Total	**1,290**	**640**

The Group's Norwegian subsidiary has a post employment defined benefit plan. For the Norwegian plan, a corridor method is used, where the insurance mathematical profits and losses are recognized as expenses on the income statement for the average remaining employment of each employee if the unrecognized accumulated net profits and losses exceed the greater of either 10% of pension liabilities or 10% of fair value of assets at the end of the previous financial year.

The amounts recognized in the balance sheet	Dec. 31, 2009	Dec. 31, 2008	
Present value of funded obligations	6,205	6,381	
Fair value of plan assets	-5,162	-3,447	
Surplus / (deficit)	1,043	2,934	
Unrecognized actuarial gains (+) and losses (–)	247	-2,294	
Pension liabilities in the balance sheet	**1,290**	**640**	
The amounts recognized in the income statement	**2009**	**2008**	
Current service cost	1,279	1,014	
Interest cost	311	256	
Expected return on plan assets	-237	-268	
Administration cost	0	24	
Net actuarial losses (gains) recognized in year	138	28	
Total included in employee benefit expense	**1,491**	**1,055**	*)

*) The classification has been changed compared to the financial statements for 2008.

2.5.27 LIABILITIES FROM DEFINED BENEFIT PLAN (Continued from previous page)

Changes in the present value of the obligation	2009	2008	
Present value of obligation, Jan. 1	**6,381**	**5,656**	
Current service cost	1,279	1,014	
Interest cost	311	256	
Actuarial gain (+) and loss (–) on obligation	-2,665	423	
Withholding tax	-121	-1,304	
Exchange differences	1,053	363	
Benefits paid	-33	-27	
Present value of obligation, Dec. 31	**6,205**	**6,381**	*)

*) The classification has been changed compared to the financial statements for 2008.

Changes in the fair value of the plan assets	2009	2008
Fair value of plan asset, Jan. 1	**3,447**	**4,439**
Expected return on plan assets	237	268
Actuarial gain (+) and loss (–) on obligation	-6	-1,030
Contributions by employer	903	675
Exchange differences	614	-854
Administration cost	0	-24
Benefits paid	-33	-27
Fair value of plan asset, Dec. 31	**5,162**	**3,447**

Return on plan assets	2009	2008
(EUR thousand)	231	-953

The major categories of plan assets as a percentage of total plan assets	2009	2008
Equities		6.0 %
Bonds		61.1 %
Property		17.1 %
Money market investments		11.5 %
Other funds		4.3 %
Total	***)**	**100.0 %**

*) The information for 2009 was not yet available at the time of preparing the financial statements.

Principal actuarial assumptions at the balance sheet date	2009	2008
Discount rate, Dec. 31	4.5 %	4.7 %
Future salary increases	4.5 %	4.5 %
Future social security payment increases	4.3 %	4.3 %
Future pension increases	1.4 %	2.0 %
Expected return on plan assets	5.7 %	5.8 %

In expected return on plan assets, it is assumed that the expected rate of return of the major categories of the plan assets tends to be 1% - 1.1% higher than the discount rate. Assumption is based on previous experience.

The Group expects to contribute EUR 0.9 million to its defined benefit plan in 2010.

2.5.28 SHORT-TERM INTEREST-BEARING LIABILITIES

Group	Dec. 31, 2009	Dec. 31, 2008
Short-term loans from financial institutions, interest-bearing *)	2,878	461
Long-term liabilities for others, interest-bearing	0	86
Total	**2,878**	**547**

*) Includes line of credit in use.

The average interest rate for loans was 3.8% in 2009 (6.5 % in 2008).

Interest-bearing current liabilities by currency	2009	2008
EUR	515	0
NOK	2,363	483
SEK	0	64
Total	**2,878**	**547**

The information on currency and interest rate risks are presented in Note 2.5.31 Financial Risks Management and Capital Management.

The fair value of liabilities corresponds to their balance sheet value.

2.5.29 TRADE PAYABLES AND OTHER LIABILITIES

Other short-term debt, interest-free	Dec. 31, 2009	Dec. 31, 2008
Short-term advances received, interest-free	441	427
Short-term trade payables, interest-free	2,439	2,439
Short-term liabilities on investments, interest-free *)	277	257
Short-term liabilities to others, interest-free	5,406	5,342
Total	**8,564**	**8,465**

Short-term accruals & deferred income, interest-free	Dec. 31, 2009	Dec. 31, 2008
Short-term liabilities on investments, interest-free **)	100	100
Accrued employee expenses, interest-free	1,006	1,168
Other short-term accrued liabilities on expenses, interest-free	511	574
Total	**1,617**	**1,842**
Trade payables and other liabilities total	**10,181**	**10,307**

Tax liability, income tax, interest-free	Dec. 31, 2009	Dec. 31, 2008
Short-term tax liabilities, income tax, interest-free	317	406
Total	**317**	**406**

*) Acquisition of Project Resource Solutions Inc.

**) Acquisition of Camako Data AB

Information on the acquisitions is presented in Note 2.5.4 Acquired Businesses.

Division of short-term interest-free liabilities by currency	Dec. 31, 2009	Dec. 31, 2008
EUR	703	993
NOK	6,924	6,342
CAD	1,772	1,426
USD	773	1,705
SEK	233	164
GBP	93	83
Total	**10,499**	**10,712**

The fair values of the liabilities correspond to their values on the balance sheet.

The accruals and deferred income consist mainly of personnel expenses and other accrued income and expenses.

2.5.30 CURRENT PROVISIONS

Changes 2009	Jan 1, 2009	Additions in provisions	Amounts used during the period	Dec. 31, 2009
Other provisions	21	100	-21	100
Total	**21**	**100**	**-21**	**100**

The addition of EUR 100 thousand in provisions is due to termination of employment in the Group administration. The provision has been used after the end of the financial year.

Changes 2008	Jan. 1, 2008	Additions in provisions	Amounts used during the period	Dec. 31, 2008
Other provisions	0	21	0	21
Total	**0**	**21**	**0**	**21**

The provisions were related to terminations of employment and were used in 2009.

2.5.31 FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

2.5.31.1 FINANCIAL RISKS MANAGEMENT

Proha's Risk Management

Proha is exposed to several financial risks in its normal business operations.

The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations. Proha takes risks that are a natural part of its strategy and objectives. The company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or that can significantly harm the company's operations.

In accordance with Proha's risk management process, the Board of Directors receives an annual report of the most significant risks discovered during the assessment of risks. The Board analyses the risks from the point of view of shareholder value. According to the report prepared in accordance with the risk management process, the most significant risks in 2009 that have come to the Board's knowledge are associated with financing, gaining product leadership and maintaining the company's competitiveness in the competitive situation, as well as growth of the Canadian unit, and the ability to fully utilize the opportunities provided by it. The main financial risks are currency risk, interest rate risk and liquidity risk. Credit risk and price risk are additional risks.

Internal control is a process performed by the organization's Board of Directors, acting management and other employees to obtain a reasonable certainty of attainment of goals. The framework of internal control at Proha is based on Proha Authorization Matrix that is approved by the Board. It specifies the responsibilities and liabilities of the management. The highest supervisory body is the Proha Board. Execution is primarily supervised by the CEO and CFO, who report to the Board.

The correctness and reliability of financial reporting are ensured through compliance with the Group policies and guidelines. The amount of the Group's bad debt reservation is checked quarterly. The calculation is based on the maturity distribution of trade receivables by sales company.

Currency Risk

Proha's operations are international. The parent company's operational currency is euro. For the Group, the main currencies are Norwegian crown (NOK), euro (EUR), US dollar (USD) and Canadian dollar (CAD). The currency risks arise from business transactions, monetary items in the balance sheet, and net investments made in foreign subsidiaries.

Due to distributed currency risk, no foreign currency forward contracts or other corresponding hedging are used. The expenses in a currency are covered by income in the same currency. Thus, the currency fluctuations affect the Group's net sales more than the result.

The main part of the Group's cash flow is in Norwegian crowns (NOK), Canadian dollars (CAD), US dollars (USD), and euros (EUR). The Group subsidiaries have liabilities in Norwegian crowns, US dollars and Canadian dollars.

The Group has foreign net investments mainly in NOK and is thus subject to risks arising from conversion of NOK investments and CAD investments into the parent company's operational denomination. The Group's principle is to hedge the net investments in foreign business units by using loans in the same currency.

Foreign currency and euro denominated assets and liabilities converted to euro at the exchange rate on December 31, 2009 are as follows:

Million EUR	EUR	NOK	CAD	USD	Other	Total
Non-current assets	1.6	6.7	1.5	0.2	0.7	10.7
Current assets	0.8	10.5	3.7	3.6	0.3	18.9
Assets total	**2.3**	**17.2**	**5.2**	**3.8**	**1.1**	**29.6**
Non-current liabilities	0.0	2.3	0.2	0.1	0.1	2.7
Current liabilities	1.3	9.4	1.8	0.7	0.2	13.4
Liabilities total	**1.3**	**11.7**	**2.0**	**0.8**	**0.3**	**16.1**

Foreign currency and euro denominated assets and liabilities converted to euro at the exchange rate on December 31, 2008 are as follows:

Million EUR	EUR	NOK	CAD	USD	Other	Total
Non-current assets	1.8	5.7	1.3	0.7	0.8	10.2
Current assets	1.2	8.6	2.7	3.4	0.4	16.4
Assets total	**3.0**	**14.4**	**3.9**	**4.1**	**1.2**	**26.6**
Non-current liabilities	0.1	2.0	0.4	0.0	0.1	2.5
Current liabilities	1.0	6.8	1.5	1.7	0.3	11.3
Liabilities total	**1.1**	**8.8**	**1.9**	**1.7**	**0.4**	**13.8**

In the table below, the weakening or strengthening of the euro is compared to the Norwegian crown, US dollar and Canadian dollar, when all other factors remain unchanged. The percentages are based on annual volatility in 2009. Sensitivity analysis is based on foreign currency assets and liabilities on December 31, 2009.

Million EUR	EUR/NOK	EUR/CAD	EUR/USD	Total
Percentage change (+/-)	8.3 %	7.7 %	8.5 %	
Effect on result after taxes (+/-)	0.5	0.2	0.3	1.0
Effect on equity (+/-)	0.5	0.2	0.3	1.0

Interest Rate Risk

The Group is subject to fair value interest rate risk that is predominately related to loans. Interest rate risk has been reduced by repaying loans.

On December 31, 2009, the Group's interest bearing liabilities totaled EUR 3.5 (1.6) million, of which EUR 0.6 (1.1) million was long-term and EUR 2.9 (0.5) million was short-term.

On December 31, 2009, the majority of the Group loans had a fluctuating rate and was NIBOR-linked. Realized average balances of the fluctuating interest rate loans in 2009 are used in calculating the sensitivity analysis. On December 31, 2009, the fluctuating interest rate loans would have affected the result before taxes by EUR -20 thousand, if the interest rate had risen 2 percentage points. Equally, on December 31, 2009, the fluctuating interest rate loans would have affected the result before taxes by EUR +20 thousand, if the interest rate had fallen 2 percentage points.

The information on the Group's loans is presented in Notes 2.5.25 Long-term Liabilities, Interest-bearing and 2.5.28 Short-term Interest-bearing Liabilities.

Liquidity Risk

The Group liquidity is managed through cash and liquidity management. The management reporting includes regular cash flow estimates.

On December 31, 2009, the Group's cash and cash equivalents amounted to EUR 3.8 (3.1) million. In addition, the parent company and subsidiaries have unused credit limits.

Credit Risk

The Group has no material credit risk accumulations from receivables, because the majority of its customers are large and financially solid companies. The customers' creditworthiness is secured through credit checks. The Group does not provide actual customer financing. The maximum amount of the Group's credit risks correspond to the book value of the financing assets on the date of the financial statement. The expirations of the receivables are presented in Note 2.5.21.1 Trade and Other Receivables.

Price Risk

Proha subsidiaries, Dovre and Fabcon, manage their price risks through long-term frame agreements with their largest customers.

2.5.31.2 EQUITY MANAGEMENT

The development of Proha's capital structure is followed constantly by debt to equity ratio.

On December 31, 2009, the interest bearing net liabilities were EUR -0.3 million (EUR -1.5 million in 2008). In the calculation of the debt to equity ratio, the amount of interest bearing net liabilities is divided by the amount of equity. Net liabilities include interest bearing liabilities deducted by cash assets. The debt to equity ratios were as follows:

Debt to equity ratio	**2009**	**2008**
Interest bearing liabilities	3.5	1.6
Cash assets	3.8	3.1
Net liabilities	**-0.3**	**-1.5**
Equity and minority interest	**13.7**	**12.8**
Debt to equity ratio	**-2.0 %**	**-11.5 %**

2.5.32 OTHER RENTAL AGREEMENTS

2.5.32.1 GROUP AS THE LESSEE

The minimum leases paid for non-cancellable other leases	**2009**	**2008**
Not later than one year	316	218
Later than one year and not later than five years	1,096	557
Total	**1,412**	**776**

The Group has leased office and warehouse space on various non-cancellable leases.
The lease terms and other conditions, e.g. indexes and renewal, vary.

The 2009 income statement includes EUR 843 thousand (EUR 772 thousand in 2008) in lease payments for other leases.

2.5.32.2 GROUP AS THE LESSOR

The minimum income on non-cancellable other leases	**2009**	**2008**
Not later than one year	52	65
Total	**52**	**65**

The Group has leased out office space not needed.
The leases are valid until further notice on a six-month notice.

No significant variable leases were recognized as income in 2009.
In 2008, EUR 10 thousand was recognized as income on variable leases.

2.5.33 SECURITIES AND CONTINGENT LIABILITIES

Collateral for own commitments	Dec. 31, 2009	Dec. 31, 2008
Liabilities secured by corporate mortgages		
Loans and checking account credit lines used	2,951	1,170
Book value of shares of Dovre Group AS and Dovre Fabcon AS, as well as current assets of Dovre Fabcon AS given as collateral	7,186	4,704
Liabilities secured by assets		
Loans and checking account credit lines used	0	269
Book value of trade receivables and fixed assets given as security	650	542
Liabilities secured by shares		
Loans and checking account credit lines used	515	0
Book value of pledged shares	933	511

Lease liabilities are presented in Note 2.5.32 Other Rental Agreements.

Disputes and Court Proceedings

The company has no pending disputes or court proceedings.

2.5.34 SUBSIDIARIES

Company	Domicile	Country	Parent company's ownership (%)	Group's ownership (%)
Dovre division				
Dovre Fabcon AS	Stavanger	Norway	0.00	100.00
Dovre Fabcon Pty, Ltd.	Brisbane	Australia	0.00	100.00
Dovre Group Inc.	Houston	USA	0.00	100.00
Dovre Group AS (earlier Dovre International AS)	Stavanger	Norway	60.00	100.00
Dovre UK Limited	London	Great Britain	0.00	100.00
Dovre Asia Pte, Ltd. (earlier Fabcon Asia Pte, Ltd.)	Singapore	Singapore	0.00	100.00
Fabcon Canada Limited	St. John's	Canada	0.00	100.00
Fabcon Management Inc.	Houston	USA	0.00	100.00
Dovre UK Ltd (earlier Fabcon UK, Ltd)	Hampshire	Great Britain	0.00	48.00
Camako Norge AS (earlier Proha Norge AS)	Stavanger	Norway	100.00	100.00
Project Completion Management Inc.	Houston	USA	0.00	48.00
Project Resource Solutions Inc.	Calgary	Canada	0.00	100.00
Safran Software Solutions AS	Stavanger	Norway	100.00	100.00
SAS Fabcon France	Argeles sur Mer	France	0.00	100.00
Camako division				
Camako Data AB	Stockholm	Sweden	0.00	100.00
Camako Oy (earlier Camako Nordic Oy)	Espoo	Finland	100.00	100.00
Other operations				
Intellisoft Oy	Espoo	Finland	100.00	100.00
Safran Oy	Espoo	Finland	0.00	100.00

2.5.35 RELATED PARTY TRANSACTIONS

2.5.35.1 TRANSACTIONS WITH RELATED PARTIES

Parties in which a member of the management of the Group or its parent company has direct or indirect control,has control together with another party or has significant influence, are referred to as related parties.

Transaction with the associated companies are presented in the Note 2.5.17 Investments in Associates.

Sales	2009	2008
Rents and administrative services	0	14
Total	**0**	**14**

Purchases	2009	2008
Consulting fees and rents on premises *)	149	432
Consulting fees and compensations for expenses **)	335	152
Consulting fees and compensations for expenses ***)	20	0
Other	0	3
Total	**504**	**587**

*) Consulting fees and rents have been paid to a company under control of Birger Flaa, a member of the Board of Dovre Group AS. Birger Flaa resigned from the Board of Dovre on June 6, 2009.
**) Consulting fees have been paid to a company under control of Otto Søberg, the former managing director of Dovre Group AS. Otto Søberg finished in his position on October 9, 2009.
***) Consulting fees have been paid to a company under control of Proha's Board member Hannu Vaajoensuu, Havacment Oy.

2.5.35.1 TRANSACTIONS WITH RELATED PARTIES (Continued from previous page)

Open balances with the related parties	Dec. 31, 2009	Dec. 31 2008
Trade payables and other liabilities	9	58

2.5.35.2 TERMS OF RELATED PARTY TRANSACTIONS

The terms used in the related party transactions equal to the terms used with unrelated party transactions.

2.5.35.3 MANAGEMENT LOANS

There were no loans given to management on December 31, 2009, nor December 31, 2008.

2.5.35.4 MANAGEMENT REMUNERATION AND FRINGE BENEFITS

The management remuneration and fringe benefits include the remuneration and fringe benefits of the Proha Plc Boards of Directors and CEOs of the parent company and subsidiaries Dovre Group AS and Camako Oy.

CEO and Board Members	2009	2008
CEO and executive vice president of parent company	104	946
Members of the Board of parent company	66	78
CEOs of subsidiaries	85	143
Total	**254**	**1,167**

Proha Plc	2009	2008
Antti Manninen - Chairman of the Board as of March 31, 2009, Member of the Board: February 26, 2008 to March 31, 2009 1)	23	17
Leena Mäkelä - Member of the Board as of March 31, 2009	5	
Hannu Vaajoensuu - Member of the Board as of March 31, 2009	20	
Ilkka Toivola - CEO as of November 6, 2009	20	
Ernst Jilderda - Chairman of the Board: February 26, 2008 to March 31, 2009	8	27
Svein Stavelin - Member of the Board until March 31, 2009	4	15
Jon Erling Tenvik - Member of the Board until March 31, 2009	4	15
Gjalt de Vries - Member of the Board until March 31, 2009	4	2
Olof Ödman - Chairman of the Board until February 26, 2008		3
Pekka Pere - CEO until March 19, 2008		782
Ilari Koskelo - CEO: March 19, 2008 to November 16, 2009 2)	25	50
Janne Rainvuori - Executive vice president until April 27, 2009	59	114
Total	**170**	**1,024**

Dovre Group AS	2009	2008
Arve Jensen - CEO of Dovre Group AS until June 3, 2008	0	77
Total	0	77

Camako Oy	2009	2008
Timo Saros - CEO of Camako Oy: August 7, 2008 - June 30, 2009	61	66
Petri Karlsson - CEO of Camako Oy as of August 17, .2009	24	0
Total	**85**	**66**
Total	**254**	**1,167**

1) Antti Manninen has been paid as fees EUR 22.5 thousand and his control interest company Amlax Oy EUR 7.5 thousand.

2) Ilari Koskelo has acted as the vice chairman of the Proha Plc Board as of March 31, 2009. He has renounced his board meeting fee.

2.5.35.5 KEY MANAGEMENT PERSONNEL COMPENSATION

The management remuneration and fringe benefits include the remuneration and fringe benefits of the Proha Plc Boards of Directors and CEOs of the parent company as well as subsidiaries Dovre Group AS and Camako Oy.

Group total	2009	2008
Salaries and other short-term employee benefits	254	521
Post-employment benefits	46	59
Severance pay in connection to termination of employment	100	689
Share-based payments	6	49
Total	**406**	**1,317**

Dovre division 1)	2009	2008
Salaries and other short-term employee benefits	0	91
Post-employment benefits	0	5
Share-based payments	0	6
Total	**0**	**102**

Camako division	2009	2008
Salaries and other short-term employee benefits	85	68
Post-employment benefits	15	13
Share-based Payments	3	7
Total	**103**	**87**

Other operations	2009	2008
Salaries and other short-term employee benefits	169	362
Post-employment benefits	31	41
Severance pay in connection to termination of employment	100	689
Share-based payments	3	37
Total	**303**	**1,129**

1) Otto Søberg has invoiced his fees through his controlling interest company.
Information on consulting fees is presented in Note 2.5.35.1 Transactions with Related Parties.

2.5.35.6 MANAGEMENT OPTIONS

2009

The information for 2009 include options granted for members of the Board, and CEOs of Proha Plc, Dovre Group AS and Camako Oy by December 31, 2009.

Dovre Division	Proha Options 2005	Proha Options 2006	Proha Options 2007	Exercisable Dec. 31, 2009
Sirpa Haavisto, Member of Dovre Group AS Board *)		90,000	90,000	180,000
Total		**90,000**	**90,000**	**180,000**

*) Also member of Camako Oy Board.

2008

The information for 2008 include options granted for members of the Board, and CEOs of Proha Plc, Dovre Group AS and Camako Oy by December 31, 2008.

Proha Plc	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Exercisable Dec. 31, 2008
Birger Flaa, Member of Proha Plc Board *)	0	90,000	90,000	90,000
Ernst Jilderda, Member of Proha Plc Board *)	0	30,000	90,000	50,000
Janne Rainvuori, Executive vice president of Proha Plc	60,000	90,000	90,000	150,000
Total	**60,000**	**210,000**	**270,000**	**290,000**

*) Also member of Dovre Group AS Board.

Camako division	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Exercisable Dec. 31, 2008
Timo Saros - CEO of Camako Oy	0	0	90,000	30,000
Sirpa Haavisto, Member of Camako Oy Board	90,000	90,000	90,000	180,000
Total	**90,000**	**90,000**	**180,000**	**210,000**
Total	**150,000**	**300,000**	**450,000**	**500,000**

Terms of option plans are presented in Note 2.5.24 Share-based Payments.

3. Financial Statements of the Parent Company, FAS

3.1 PARENT COMPANY INCOME STATEMENT, FAS

	Note	Jan. 1 - Dec. 31, 2009	Jan. 1 - Dec. 31, 2008
NET SALES	**3.4.2**	**70**	**746**
Other operating income	**3.4.3**	114	352
Materials and services		0	-521
Employee expenses	**3.4.4**	-386	-1,836
Depreciation, amortization and value adjustments	**3.4.5**	-15	-25
Other operating expenses		-434	-675
OPERATING RESULT		**-651**	**-1,958**
Financial income and expenses	**3.4.6**	283	223
RESULT BEFORE EXTRAORDINARY ITEMS		**-368**	**-1,735**
RESULT BEFORE TAXES		**-368**	**-1,735**
RESULT FOR THE FINANCIAL YEAR		**-368**	**-1,735**

3.2 PARENT COMPANY BALANCE SHEET, FAS

	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**3.4.7**	0	7
Tangible assets	**3.4.8**	8	22
Investments	**3.4.9**		
Investments in subsidiaries	**3.4.9.1**	5,537	5,523
Investments in associates	**3.4.9.2**	933	933
Other investments	**3.4.9.3**	109	34
NON-CURRENT ASSETS TOTAL		**6,587**	**6,518**
CURRENT ASSETS			
Non-current receivables	**3.4.10**	337	405
Current receivables	**3.4.11**	2,974	2,874
Cash and cash equivalents		15	233
CURRENT ASSETS TOTAL		**3,326**	**3,512**
ASSETS		**9,913**	**10,029**
LIABILITIES			
SHAREHOLDERS' EQUITY	**3.4.12**		
Share capital	**3.4.12.1**	15,917	15,917
Share premium account	**3.4.12.2**	0	4,780
Other reserves			
Unrestricted equity fund	**3.4.12.3**	4,976	196
Profit/loss brought forward	**3.4.12.4**	-11,469	-9,734
Profit/loss for the financial year	**3.4.12.5**	-368	-1,735
SHAREHOLDERS' EQUITY TOTAL		**9,056**	**9,424**
OBLIGATORY PROVISIONS	**3.4.13**	**0**	**21**
LIABILITIES			
Current liabilities	**3.4.14**	857	585
LIABILITIES TOTAL		**857**	**585**
LIABILITIES		**9,913**	**10,029**

3.3 PARENT COMPANY CASH FLOW STATEMENT, FAS

	Jan. 1 - Dec. 31, 2009	Jan. 1 - Dec. 31, 2008
Cash flow from operating activities		
Operating profit (+) / loss (-)	-651	-1,958
Adjustments	10	57
Working capital changes	-94	12
Financial expenses	-36	-8
Financial income	85	196
Change in provisions	-21	0
Cash flow from operating activities	**-706**	**-1,700**
Cash flow from investing activities		
Investments in tangible and intangible assets	0	-49
Disposal of tangible and intangible assets	10	48
Purchase of shares in subsidiaries	0	-213
Other investments	-90	0
Disposal of subsidiaries	0	45
Disposal of shares in associates	0	19
Proceeds (-) and repayments (+) of loan receivables	47	-1,310
Dividends received from investments	5	30
Cash flow from investing activities	**-27**	**-1,430**
Cash flow from financing activities		
Proceeds from short-term loans	515	0
Cash flow from financing activities	**515**	**0**
Change in cash and cash equivalents	**-218**	**-3,130**
Cash and cash equivalents on Jan. 1	-233	-3,366
Changes in foreign exchange rates	0	3
Cash and cash equivalents on Dec. 31	15	233
Change in cash and cash equivalents	**-218**	**-3,130**

3.4. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

3.4.1 ACCOUNTING PRINCIPLES

The 2009 financial statements of Proha Plc are prepared in accordance with the Finnish Accounting Act. The Proha Group adopted International Financial Reporting Standards (IFRS) starting January 2005.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transaction date. At the end of the accounting period, assets and liabilities on foreign currency are valued at the rate of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses related to financing are presented under financial income and expense in the income statement. Other foreign exchange gains and losses are included in the operating profit.

Revenue Recognition

Product and service sales are recorded upon delivery to the customer. License sales are recognized when the delivery has occurred. Maintenance fees are recognized during the contract period.

Other Operating Income
Other operating income includes rents, public grants and gain on sale of tangible assets.

Pensions
The parent company's pension schemes are funded through payments to insurance companies. Statutory pension expenses are expensed in the year they are incurred.

Research and Development
Research and development costs are recognized as expense in the year they are incurred.

Intangible and Tangible Assets
The balance sheet value of fixed assets is stated at cost, less accumulated depreciation/amortization. Depreciation/ amortization are recorded on a straight-line basis over the expected useful lives of the assets. Depreciation/amortization periods are as follows:

Intangible assets (software)	3 years
Other capitalized expenditure	3-5 years
Machinery and equipment	4 years

Trade Receivables
Trade receivables are recognized on the balance sheet at the original invoice amount to customers, less an estimate made for doubtful receivables.

Reducing Share Premium Account
National Board of Patents and Registration of Finland authorized Proha Plc to decrease the share premium account as decided in the Annual General Meeting on March 31, 2009. Share premium account was reduced with its total amount, which was EUR 4,780,244.32. The funds were transferred to the unrestricted equity fund.

Taxes
Income taxes are recognized according to Finnish tax legislation.

3.4.2 NET SALES

Geographical distribution	2009	2008
Finland	23	462
Norway	47	249
Other countries	0	35
Total	**70**	**746**

3.4.3 OTHER OPERATING INCOME

	2009	2008
Rents	106	79
Gain on disposal of non-current assets, tangible assets	4	1
Gain on disposal of non-current assets, investments	0	42
Funding from Tekes	0	229
Other Operating Income	4	0
Total	**114**	**352**

3.4.4 EMPLOYEE EXPENSES

	2009	2008
Salaries and fees	-333	-1,627
Pension costs	-49	-153
Other personnel expenses	-5	-55
Total	**-386**	**-1,836**

Management remuneration	2009	2008
CEO until March 19, 2008 *)	0	782
CEO until November 16, 2009	25	50
CEO as of November 16, 2009	20	0
Executive vice president ***)	59	114
Members of the Board **)	66	78
Total	**170**	**1,024**

*) In 2008, remuneration for CEO includes a severance payment of EUR 670 thousand.

**) Chairman of the Board Antti Manninen has been paid as fees EUR 22,500 and his controlling interest company Amlax Oy EUR 7,500.

***) Janne Rainvuori acted as executive vice president until April 27, 2009.

Pension liabilities for the Members of the Board and the CEO

The agreements do not contain any provisions of retirement age or pension.

Number of personnel	2009	2008
On the average	5	12
At the end of the financial year	**3**	**5**

3.4.5 DEPRECIATION, AMORTIZATION AND VALUE ADJUSTMENTS

	2009	2008
Depreciation according to plan	**-15**	**-25**

Audit fees	2009	2008
Audit fees	38	55
Certificates and opinions	0	2
Tax consultancy	0	4
IFRS consultancy	0	2
Total	**38**	**62**

3.4.6 FINANCIAL INCOME AND EXPENSES

3.4.6.1 Dividend income	**2009**	**2008**
From Group companies	5	30
Total	**5**	**30**

3.4.6.2 Other interest and financial income	**2009**	**2008**
From Group companies	222	149
From other companies	80	57
Total	**302**	**207**

3.4.6.3 Interest and other financial expenses	**2009**	**2008**
To Group companies	-16	-4
To other companies	-9	-9
Total	**-25**	**-13**
Financial income and expenses, total	**283**	**223**

3.4.7 INTANGIBLE ASSETS

Other capitalized expenditure	**2009**	**2008**
Acquisition cost, Jan. 1	230	230
Acquisition cost, Dec. 31	230	230
Accumulated amortization and value adjustments, Jan. 1	-223	-216
Depreciation	-7	-7
Accumulated amortization and value adjustments, Dec. 31	-230	-223
Book value Dec. 31	**0**	**7**

3.4.8 TANGIBLE ASSETS

Machinery and equipment	**2009**	**2008**
Acquisition cost, Dec. 1.1	34	439
Additions	0	49
Disposals	-10	-403
Disposals / Transfer of business, July 1, 2008	0	-51
Acquisition cost, Dec. 31	24	34
Accumulated depreciation and value adjustments, Jan. 1	-13	-356
Accumulated depreciation on disposals	4	349
Accumulated depreciation on disposals/ Transfer of business, July 1, 2008	0	12
Amortization for the period	-8	-17
Accumulated depreciation and value adjustments, Dec. 31	-16	-13
Book value Dec. 31	**8**	**22**

3.4.9 INVESTMENTS

3.4.9.1 Investments in subsidiaries	2009	2008
Acquisition cost, Jan. 1	5,541	5,462
Additions	15	134
Additions / Transfer of business, July 1, 2008	0	992
Disposals / Transfer of business, July 1, 2008	0	-1,070
Reclassification between items	0	23
Acquisition cost, Dec. 31	5,556	5,541
Accumulated value adjustments Jan. 1	-19	-19
Accumulated value adjustments Dec 31.	-19	-19
Book value Dec. 31	**5,537**	**5,523**

3.4.9.2 Investments in associates	2009	2008
Acquisition cost, Jan. 1	933	1,061
Disposals	0	-106
Reclassification between items	0	-23
Acquisition cost, Dec. 31	933	933
Accumulated value adjustments Jan. 1	0	0
Accumulated value adjustments Dec. 31	0	0
Book value Dec. 31	**933**	**933**

3.4.9.3 Other investments	2009	2008
Acquisition cost, Jan. 1	34	34
Additions	75	0
Acquisition cost, Dec. 31	109	34
Book value Dec. 31	**109**	**34**

Investments in subsidiaries on Dec. 31, 2009	Domicile	Country	Parent company ownership (%)
Camako Norge AS (earlier Proha Norge AS)	Stavanger	Norway	100.00
Camako Oy (earlier Camako Nordic Oy)	Espoo	Finland	100.00
Dovre Group AS (earlier Dovre International AS)	Stavanger	Norway	60.00
Intellisoft Oy	Espoo	Finland	100.00
Safran Software Solutions AS	Stavanger	Norway	100.00

Shares in participating interests on Dec. 31, 2009	Domicile	Country	Parent company ownership (%)
Kiinteistö Oy Kuukoti	Espoo	Finland	43.49

3.4.10 NON-CURRENT RECEIVABLES

	2009	2008
Receivables from Group companies	337	405
Total	**337**	**405**

3.4.11 CURRENT RECEIVABLES

	2009	2008
Trade receivables from Group companies	518	454
Trade receivables	9	4
Loan receivables from Group companies	2,209	2,110
Other receivables from Group companies	216	70
Other receivables	17	38
Prepayments and accrued income	5	197
Total	**2,974**	**2,874**

Significant items of prepayments and accrued income	2009	2008
Interest receivables	0	0
Accrued expenses	5	197
Total	**5**	**197**

3.4.12 SHAREHOLDERS' EQUITY

Restricted Equity

3.4.12.1 Share capital	2009	2008
Share capital, Jan. 1	15,917	15,917
Share capital, Dec. 31	**15,917**	**15,917**

3.4.12.2 Share premium account	2009	2008
Share premium account, Jan. 1	4,780	4,780
Transfer to Unrestricted equity fund	-4,780	0
Share premium account, Dec. 31	**0**	**4,780**

Unrestricted Equity

3.4.12.3 Unrestricted equity fund	2009	2008
Unrestricted equity, Jan. 1	196	0
Transfer from share premium account	4,780	0
Share issue	0	196
Unrestricted equity fund, Dec 31	**4,976**	**196**

3.4.12.4 Profit/loss brought forward	2009	2008
Profit/loss brought forward on Jan. 1	-11,469	-9,734
Profit/loss brought forward on Dec. 31	**-11,469**	**-9,734**

3.4.12.5 Profit/loss for the financial year		
Profit/loss for the financial year	-368	-1,735
SHAREHOLDERS' EQUITY TOTAL	**9,056**	**9,424**

Calculation of distributable earnings	2009	2008
Loss brought forward	-11,469	-9,734
Loss for the financial year	-368	-1,735
Total	**-11,837**	**-11,469**

The company has no distributable earnings.

3.4.13 OBLIGATORY PROVISIONS

	2009	2008
Severance payments	0	21
Total	**0**	**21**

3.4.14 CURRENT LIABILITIES

	2009	2008
Loans from financial institutions	515	0
Trade payables to Group companies	3	2
Trade payables	23	34
Other liabilities to Group companies	201	254
Other liabilities	54	24
Accruals and deferred income	61	271
Total	**857**	**585**

Significant items of accruals and deferred income	2009	2008
Accrued employee expenses	52	256
Interest liabilities	0	0
Other accrued expenses	9	15
Total	**61**	**271**

3.4.15 CONTINGENT LIABILITIES

Collateral for own commitments	2009	2008
Checking account credit lines secured by shares		
Credit lines used	**515**	**0**
Book value of pledged shares	**933**	**511**
Future minimum costs for non-cancellable leasing contracts	**2009**	**2008**
Not later than one year	23	16
Later than one year and not later than five years	62	52
Total	**85**	**68**

4. Five-Year Key Figures 2005 - 2009

4.1 GROUP KEY FINANCIAL PERFORMANCE INDICATORS

1000 EUR	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Net sales, Group	60,738	62,432	51,004	58,215	64,527
Change, %	-2.7 %	22.4 %	-12.4 %	-9.8 %	-1.8 %
Net sales, continuing operations	60,738	62,432	51,004	41,021	26,421
Net sales, discontinued operations	N/A	N/A	N/A	17,195	38,106
Operating result, Group	263	359	-156	11,635	-3,560
% of net sales	0.4 %	0.6 %	-0.3 %	20.0 %	-5.5 %
Operating result, continuing operations	263	359	-156	-326	-1,388
Operating result, discontinued operations	N/A	N/A	N/A	11,961	-2,172
Result before taxes	-90	631	-607	11,951	-5,003
% of net sales	-0.1 %	1.0 %	-1.2 %	20.5 %	-7.8 %
Result for the financial year	-871	-218	-1,191	10,962	-6,029
% of net sales	-1.4 %	-0.3 %	-2.3 %	18.8 %	-9.3 %
Return on equity, %	-5.6 %	-0.8 %	-7.9 %	111,2 %	-86.0 %
Return on investment, %	6.7 %	7.7 %	1.6 %	72.8 %	-13.4 %
Equity-ratio, %	46.5 %	49.0 %	45.5 %	47.3 %	11.0 %
Gearing, %	-2.0 %	-11.2 %	-7.3 %	-38.2 %	47.0 %
Balance sheet total	29,911	26,607	32,010	32,689	42,837
Capital expenditure	522	1,551	3,396	2,216	279
% of net sales	0.9 %	2.5 %	6.7 %	3.8 %	0.4 %
Research and development	763	1,515	1,734	3,966	7,310
% of net sales	1.3 %	2.4 %	3.4 %	6.8 %	11.3 %
Personnel average for the financial year	404	393	333	469	525
Personnel at the end of the financial year	408	391	381	325	531

4.2 GROUP SHARE INDICATORS

EUR	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Undiluted earnings per share, EUR, Group	-0.014	-0.004	-0.019	0.179	-0.098
Diluted earnings per share, EUR, Group	-0.014	-0.004	-0.019	0.179	-0.098
Undiluted earnings per share, EUR, continuing operations	-0.014	-0.004	-0.019	-0.018	-0.032
Diluted earnings per share, EUR, continuing operations	-0.014	-0.004	-0.019	-0.018	-0.032
Undiluted earnings per share, EUR, discontinued operations	0.000	0.000	0.000	-0.067	-0.067
Diluted earnings per share, EUR, discontinued operations	0.000	0.000	0.000	-0.067	-0.067
Equity per share, EUR	0.22	0.21	0.23	0.25	0.07
Dividends	0.000	0.0	0.0	0.0	0.0
Dividend per share, EUR	0.000	0.000	0.000	0.000	0.000
Dividend per profit, %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Effective dividends, %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
P/E ratio, EUR	-23.48	-70.90	-12.85	2.23	-3.66
Highest share price, EUR	0.36	0.38	0.45	0.50	0.56
Lowest share price, EUR	0.23	0.24	0.25	0.34	0.33
Average share price, EUR	0.28	0.30	0.35	0.41	0.43
Market value of shares, MEUR	20.4	17.3	15.3	24.5	22.0
Traded shares, MEUR	6.5	4.9	13.5	17.0	9.8
Traded shares, %	37.8 %	7.9 %	22.1 %	27.8 %	37.1 %
Average share number:					
undiluted (1000)	61,962	61,855	61,219	61,219	61,218
diluted (1000)	61,962	61,855	61,227	61,237	61,218
Number of shares at the end of the financial year (1000)	61,962	61,962	61,219	61,219	61,219

4.3 CALCULATION OF KEY INDICATORS

Return on shareholders' equity (ROE), % *)	Profit/loss for the financial year x 100	Shareholders' equity (average)
Return on investment (ROI), % *)	Profit/loss before taxes + interest and other financial expense x 100	Balance sheet total - non-interest bearing liabilities (average)
Equity-ratio, %	Shareholders' equity x 100	Balance sheet total - advances received
Gearing, %	Interest bearing liabilities - cash and bank balances x 100	Shareholders' equity
Earnings per share, EUR	Profit/loss for the financial year	Average of adjusted number of shares
Equity per share, EUR	Shareholders' equity	Adjusted number of shares on balance sheet date
Dividend per share, EUR	Payable dividend for the financial year	Adjusted number of shares on balance sheet date
Dividend per profit, %	Adjusted dividend per share x 100	Earnings per share
Effective dividend yield, %	Adjusted dividend per share x 100	Adjusted share price at balance sheet date
Price-earnings ratio (P/E), EUR	Adjusted share price at balance sheet date	Earnings per share

*) The divisor for the key ratio is calculated as an average of the values in 2009 balance sheet and 2008 balance sheet.

5. Shares and Shareholders

5.1 SHARE CAPITAL AND SHARES

Proha Plc has one class of shares. Each share entitles the shareholder to one vote. The Proha Plc shares are traded in the NASDAQ OMX Helsinki Ltd.

On January 1, 2009, the subscribed capital of Proha Plc was EUR 15,916,854.20. There were no changes in the share capital during the financial year.

On January 1, 2009, and on December 31, 2009, the total number of Proha Plc shares was 61,961,751.

5.2 OPTION RIGHTS

No shares were subscribed for with Proha Plc's options during the period under review. In the period, a total of 222,000 option rights under 2006 plan and a total of 366,000 option rights under 2007 plan were redeemed. The option plan for 2005 expired on April 1, 2009.

No shares were subscribed for with Proha Plc's options during the period.

The option rights issued under the stock option plans of 2005 - 2007 are as follows:

Subscription period	Subscription price EUR	Number of stock options	Number of shares	Book value of shares EUR 1000
2005				
A April 1, 2006 - April 1, 2009	0.50	403,360	403,360	104.87
B April 1, 2007 - April 1, 2009	0.50	403,360	403,360	104.87
C April 1, 2008 - April 1, 2009	0.50	403,360	403,360	104.87
Total		1,210,080	1,210,080	314.62
Cancelled		-133,840	-133,840	-34.80
Share subscriptions		0	0	0
Remaining on Dec. 31, 2009		**1,076,240**	**1,076,240**	**279.82**
Of which in reserve		**27,720**	**27,720**	**7.21**
2006				
A May 1, 2007 - May 25, 2010	0.48	447,000	447,000	116.22
B May 1, 2008 - May 25, 2010	0.48	447,000	447,000	116.22
C May 1, 2009 - May 25, 2010	0.48	447,000	447,000	116.22
Total		1,341,000	1,341,000	348.66
Cancelled		0	0	0
Share subscriptions		0	0	0
Remaining on Dec. 31, 2009		**1,341,000**	**1,341,000**	**348.66**
Of which in reserve		**0**	**0**	**0**
2007				
A May 1, 2008 - May 31, 2011	0.37	703,333	703,333	182.87
B May 1, 2009 - May 31, 2011	0.37	703,333	703,333	182.87
C May 1, 2010 - May 31, 2011	0.37	703,333	703,333	182.87
Total		2,109,999	2,109,999	548.60
Cancelled		-132,999	-132,999	34.58
Share subscriptions		0	0	0
Remaining on Dec. 31, 2009		**1,977,000**	**1,977,000**	**514.02**
Of which in reserve		**33,000**	**33,000**	**8.58**
Issued total		4,661,079	4,661,079	1 211.88
Cancelled		-266,839	-266,839	-69.38
Share subscriptions		0	0	0
Remaining on Dec. 31, 2009		**4,394,240**	**4,394,240**	**1 142.50**
Of which in reserve		**60,720**	**60,720**	**15.79**

5.3 AUTHORIZATIONS

The Board of Directors has authorization from the Annual General Meeting (AGM) on April 18, 2007 to resolve on the issuance of shares and special rights entitling to shares. Pursuant to this authorization, the Board of Directors is to resolve to issue a maximum of 12,243,734 shares through issuance of shares or special rights entitling to shares (including stock options) under Chapter 10, Section 1 of the Companies Act, in one or more issues. The authorization is valid until April 17, 2012.

No new shares were issued during the period. As of December 31, 2009, a total of 11,500,653 shares of the authorization remain unused.

5.4 LARGEST SHAREHOLDERS ON DECEMBER 31, 2009

Shareholder	Number of shares	Percentage of all shares and voting rights
Oy Etra Invest AB *)	13,000,000	20.98
Etola Erkki Olavi *)	3,000,000	4.84
Koskelo Ilari **)	2,962,590	4.78
Mäkelä Pekka	1,982,375	3.20
Navdata Oy **)	1,300,000	2.10
Siik Rauni Marjut	1,050,000	1.69
Thominvest Oy	1,043,500	1.68
Hinkka Petri	889,500	1.44
Virkki Risto Anton	715,000	1.15
Ruokostenpohja Ismo Eero Voitto	673,950	1.09
Siik Seppo Sakari	661,000	1.07
Hinkka Invest Oy	583,390	0.94
Paasi Kari	550,000	0.89
Jokinen Reino Väinämö	530,000	0.86
Svenska Handelsbanken AB (Publ), Filialverksamheten i Finland	513,000	0.83
Pere Pekka	465,942	0.75
Kefura Ab	425,000	0.69
Eficor Oyj	419,350	0.68
Olsson Vesa Ensio	400,000	0.65
Saikko Risto Olavi	395,065	0.64

*) Erkki Etola holds control over Oy Etra Invest Ab.

**) Ilari Koskelo holds control over Navdata Oy.

Hannu Vaajoensuu's family members living in the same household with him own directly and through Havacment Oy, a controlling interest company of Hannu Vaajoensuu, a total of 710,000 Proha Plc shares.

Antti Manninen owns directly and through controlling interest company Amlax Oy a total of 500,500 Proha Plc shares.

5.5 SHARE OWNERSHIP ON DECEMBER 31, 2009

By number of shares owned

Shares	Number of share-holders	Percentage of all shareholders	Total number of shares	Percentage of all shares
1-100	185	5.73	13,119	0.02
101-500	601	18.62	230,505	0.37
501-1 000	504	15.62	463,519	0.75
1 001-5 000	1,069	33.13	3,043,667	4.91
5 001–10 000	371	11.50	2,998,980	4.84
10 001-50 000	364	11.28	8,730,140	14.09
50 001-100 000	50	1.55	3,455,147	5.58
100 001-500 000	68	2.11	13,572,369	21.90
500 001-	15	0.47	29,454,305	47.54
Total	**3,227**	**100.0**	**61,961,751**	**100.00**

By shareholder category

	Number of share-holders	Percentage of all shareholders	Total number of shares	Percentage of all shares
Private companies	181	5.6	21,044,402	34.0
Financial and insurance institutions	11	0.3	1,449,351	2.3
Public corporations	1	0.0	800	0.0
Non-profit organizations	6	0.2	323,754	0.5
Households	2,976	92.2	36,655,857	59.2
Foreign shareholders	52	1.6	2,487,587	4.0
Total	**3,227**	**100.0**	**61,961,751**	**100.0**
Nominee registered	6		812,055	1.3

5.6 SHARES AND STOCK OPTIONS OWNED BY THE MANAGEMENT

On December 31, 2009, the members of the Board of Directors owned a total of 3,271,025 shares, representing approximately 5.28% of all shares and votes. Taking into account the ownership through controlled companies, the members of the Board of Directors owned 4,986,525 shares, representing approximately 8.05% of all shares and votes on December 31, 2009. In addition, Board members' under aged children or family members living in the same household owned a total of 495,000 shares, which represents 0.80% of all shares and votes.

The Board members do not have any option rights on December 31, 2009.

On December 31, 2009, the CEO of Proha Plc owned a total of 150,000 shares, representing approximately 0.24 % of all shares and votes.

Shareholder	Shares	Percentage of shares	Number of stock options 1)
Antti Manninen (Chairman) 2)	300,000	0.48	0
Ilari Koskelo (Vice Chairman) 3)	2,962,590	4.78	0
Leena Mäkelä	8,435	0.01	0
Hannu Vaajoensuu 4)	0	0	0
Board total	3,271,025	5.28	0
Ilkka Toivola (CEO)	150,000	0.24	0

1) As per the terms, one share can be subscribed for each option. The subscription price varies between EUR 0.37 and EUR 0.50 per share.

2) Antti Manninen holds control in Amlax Oy, which owns 200,500 shares.

3) Ilari Koskelo holds control in Navdata Oy, which owns 1,300,000 shares.

4) Hannu Vaajoensuu holds control in Havacment Oy, which owns 215,000 shares. Hannu Vaajoensuu's under aged children and a family member living in the same household own a total of 495,000 shares.

5.7 SHARE PRICE DEVELOPMENT AND SHARE TURNOVER

In January – December, 2009, approximately 23.4 million Proha shares were traded on the NASDAQ OMX Helsinki Ltd., corresponding to a turnover of approximately EUR 6.5 million.

From January 1 to December 31, 2009, the highest quotation was EUR 0.36 and the lowest quotation was EUR 0.23. On December 31, 2009, the closing quotation was EUR 0.33.

The period-end market capitalization was approximately EUR 20.4 million.

The number of registered shareholders of Proha Plc totaled 3,227 on December 31, 2009.

6. Signatures for Financial Statements

Espoo, February 12, 2010 **Translation**

Antti Manninen
Chairman of the Board of Directors

Ilari Koskelo
Vice Chairman of the Board of Directors

Leena Mäkelä
Member of the Board of Directors

Hannu Vaajoensuu
Member of the Board of Directors

Ilkka Toivola
CEO

AUDITORS'S STATEMENT

Based on an audit, an opinion is expressed on these financial statements and on corporate governance on this date.

Espoo, February 15, 2010

ERNST & YOUNG OY
Authorized Public Accounting Firm

Ulla Nykky
Authorized Public Accountant

7. Corporate Governance Statement

PROHA PLC

Corporate Governance Statement 2009

This Corporate Governance Statement has been composed in accordance with Recommendation 51 of the new Corporate Governance Code and Chapter 2, Section 6 of the Finnish Securities Market Act.

General Principles

Proha Plc is a public limited company registered in Finland and its head office is located in Espoo, Finland. Proha Group (Proha) is comprised of the parent company Proha Plc, its two Finnish subsidiaries and several foreign subsidiaries.

Decision-making and governance at Proha comply with the company's Articles of Association, the Finnish Companies Act, and other applicable legislation. In addition, the company complies with the recommendations of NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK on corporate governance with the exceptions mentioned in these principles as well as NASDAQ OMX Helsinki Ltd's Guidelines for Insiders. The subsidiaries comply with local legislation.

Proha complies with the Finnish Corporate Governance Code published by the Securities Market Association with the following exception:

Recommendation 14: The majority of the Board is not independent of the company. Of the four Board members, independent of the company and its significant shareholders are the chairman Antti Manninen and Hannu Vaajoensuu.

Tasks and Responsibilities of Bodies

The General Meeting of Shareholders, Board of Directors and CEO are in charge of the management of Proha Group, and their tasks are determined as specified by the Finnish Companies Act. The CEO is in charge of group-level operative activity, assisted by the Group's Executive Team.

General Meeting

The General Meeting is the highest decision-making body of the company. The Annual General Meeting is arranged once a year on the date determined by the Board of Directors within six months of the end of the financial period. Extraordinary General Meetings can be arranged during the year, if necessary. In accordance with the Articles of Association, the General Meeting is held in the company's registered office in Espoo, Helsinki or Vantaa. A Summons to a General Meeting of Shareholders and the matters to be discussed in the meeting are published as a stock exchange release and on the company's website.

The Annual General Meeting each year resolves the following matters:

- approval of the income statement and balance sheet
- measures occasioned by the profit or loss shown in the approved balance sheet
- discharging members of the Board of Directors and the CEO from liability
- number of Board members and their appointment
- election of the auditor
- remuneration of the Board of Directors and auditors
- other matters mentioned in the summons to the meeting

Board of Directors

The Board of Directors of Proha Plc is responsible for the company's management and the appropriate arrangement of its operations. The Board supervises the Company's operations and management and decides on significant matters concerning the Company strategy, organization, financing and investments. The essential duties and responsibilities of the Board are defined primarily by the Articles of Association and the Finnish Companies Act. The Board annually ratifies a working order that specifies the meeting procedure of the Board of Directors and its tasks.

In 2009, Proha's Board of Directors had four members: Antti Manninen (chairman), Ilari Koskelo (vice-chairman), Leena Mäkelä, and Hannu Vaajoensuu. The Board of Directors convened 15 times and the attendance rate was 97.6%.

In accordance with the working order, the tasks of the Board of Directors are to

- assume responsibility for tasks specified as obligatory for the company's Board of Directors by the Finnish Companies Act, the Articles of Association or elsewhere
- approve the company's strategy and objectives
- approve the company values and ethical principles
- approve the company's management system and organizational structure
- approve the operating plan and essential changes to it
- approve the company's internal control and risk management policies and enforce them
- approve the interim reports, financial statements and annual report
- assume responsibility for communications related to financial market outlook
- approve the company's financing policy
- assume responsibility for the development of the company's market value and specify the company's dividend policy
- approve company and business acquisitions and divestments and significant individual investments and contingent liabilities
- approve the company's incentive system and policy

- appoint and discharge the company's top management and decide on their terms of employment and remuneration
- decide on appointing a deputy for the CEO
- decide on the founding of subsidiaries
- assume responsibility for the development of the company's Corporate Governance
- review the operation of the Board of Directors annually
- review the CEO's operation and provide feedback

In accordance with the Articles of Association, the Proha Board of Directors has a minimum of four and a maximum of eight regular members. The Board members are elected by the Annual General Meeting for one term of office at a time. The term of office begins at the end of the General Meeting that elected the Board and expires at the end of the first Annual General Meeting of Shareholders following the election. The Articles of Association place no restrictions on the power of the General Meeting to elect members for the Board of Directors. The Board of Directors elects a Chair and a Vice Chair from among its members, and the Board of Directors is deemed to have a quorum present when more than half of its members are present.

In addition to matters to be resolved, the Board of Directors is given real-time information on the operation, financial standing and risks of the group in the meetings.

The Board of Directors convenes once monthly according to an agreed schedule, in addition to which the Board of Directors convenes when necessary. Minutes are kept for all meetings.

CEO

The Board of Directors appoints the CEO. The CEO is in charge of the management of the company's business operations and governance in accordance with the Articles of Association, the Finnish Companies Act and the instructions given by the Board. The CEO is assisted in the management of the group by the Executive Team. In 2009, Ilari Koskelo acted as the CEO until November 17, 2009 and after that Ilkka Toivola.

Proha Executive Team

The group's Executive Team is appointed by Proha's Board of Directors.

The Group's Executive Team assists the CEO in the operative management of the Company, prepares matters handled by the Board and the CEO, as well as plans and monitors the operations of the business units. The Executive Team convenes at least once a month in a combination suitable for the matters at hand. The CEO acts as chairman of the Executive Team.

Members of the Executive Team in 2009 were Ilkka Toivola (CEO) as of November 18, 2009, before that Ilari Koskelo (CEO) until Nov 17, 2009, Svein Blomsø (Managing Director, Safran), Mike Critch (Executive Vice President, Dovre), Sirpa Haavisto (CFO), Arve Jensen (Executive Vice President, Dovre), Petri Karlsson (Managing Director, Camako) as of 17 August, 2009, before that Timo Saros. Janne Rainvuori was a member of the Executive Team until April 27, 2009.

Internal Audit

The Group's internal audit assesses and ensures the sufficiency and effectiveness of the Group's internal control. It also assesses the efficiency of different business processes, sufficiency of risk management and compliance with internal guidelines. Internal audit is accounted for by the CEO and the CFO. Internal audit is organized as the responsibility of the financial management.

External Audit

According to the Articles of Association, Proha Plc has a minimum of one and a maximum of two auditors appointed by the Annual General Meeting, at least one of which is a firm accredited by the Central Chamber of Commerce (Authorized Public Accountants). Additionally, the company has a minimum of one and a maximum of two deputy auditors. The auditors are elected until further notice. The Board's proposal for the auditor is disclosed in the notice of the General Meeting.

The primary function of audit is to verify that the Financial Statements give accurate and adequate information about Proha Group's result and financial position for the financial period. In addition, the Auditors report to the Board of Directors on the ongoing auditing of administration and operations. In 2009, Proha's auditor was Ernst & Young Oy, Authorized Public Accountants, with Ulla Nykky, A.P.A. as the auditor in charge.

Internal Control and Risk Management Systems Associated with Financial Reporting

The ultimate responsibility for accounting and financial administration lies with Proha Plc's Board of Directors. The Board is responsible for internal control, and the CEO is responsible for the practical arrangements and monitoring of the control system. The steering and monitoring of business operations is based on the reporting and business planning system covering the entire Group. The CEO and CFO give both Board and Executive Team meetings presentations of the Group's situation and development based on monthly reports.

Risk Management and Internal Audit System

The Group's risk management is guided by legal requirements, business requirements set by the owners of the company as well as the expectations of the customers, personnel and other important stakeholders. The goal of risk management is to systematically and extensively identify and acknowledge the risks involved in the company's operations as well as to make sure that the risks are appropriately managed when making business decisions.

The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations. Proha takes risks that are a natural part of its strategy and objectives. The company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or that can significantly harm the company's operations.

In accordance with Proha's risk management process, the Board of Directors receives an annual report of the most significant risks discovered during the assessment of risks. The Board analyses the risks from the point of view of shareholder value. According to the reporting conforming to the risk management process, the most significant risks in 2009 that have come to the Board's knowledge are associated with gaining product leadership and maintaining the company's competitiveness in the changing competitive situation, growth of the Canadian unit and fully utilizing the opportunities provided by it, as well as the measurement of significant balance sheet items and impairment testing.

Internal control is a process performed by the organization's Board of Directors, acting management and other employees to obtain a reasonable certainty of the attainment of goals. The framework of internal control at Proha is based on Proha Authorization Matrix that is approved by the Board. It specifies the responsibilities and liabilities of the management. The highest supervisory body is the Proha Board. Execution is primarily supervised by the CEO and CFO, who report to the Board.

Control Environment

The goal of Proha's internal control is to support the implementation of the Group strategy and ensure compliance with regulations. The operating culture is being built by the steering and control of the company's operations by the Board of Directors, the management methods of the company's management, the company's organizational structure and management system, effective utilization of global information system as well as the employees' competence and development.

Risk Assessment

The aim of financial reporting is to ensure that assets and liabilities belong to the company; all rights and liabilities of the company are presented in the financial statements; items in the financial statements have been classified, disclosed and described correctly; assets, liabilities, income and expenditure are entered in the financial statements at the correct amounts; all the transactions during the reporting period are included in the accounts; transactions entered in the accounts are factual transactions; and that the assets have been secured.

The risk management process includes an annual identification and analysis of risks related to financial reporting. In addition, the aim is to analyze and report all new risks immediately after they have been identified. Taking into account the quality and extent of the Group's business operations, the most significant risks associated with the reliability of financial reporting are associated with revenue recognition, processing of bad debt reservation, capitalization of product development expenses, impairment testing of assets (including goodwill and capitalized product development expenses).

Control Functions

The correctness and reliability of financial reporting are ensured through compliance with the Group policies and guidelines. Controls that ensure the correctness of financial reporting include controls related to accounting transactions, controls related to the selection of and compliance with the accounting principles, information system controls and fraud controls.

The Group's net sales are recognized under the supervision of the centralized controlling function. Revenue recognition is based on the existence of obligatory sale and delivery documents.

The amount of the Group's bad debt reservation is checked quarterly. The calculation is based on the maturity distribution of trade receivables by sales company.

The amount of the Group's product development expenditure is checked quarterly. The calculation is based on project-specific monitoring documentation of R&D activities. The Group has a Development Board which decides upon capitalization of R&D expenses and possible impairment.

Goodwill is tested for impairment during the last quarter of the year. Key variables used in the calculations are the estimated change rates of net sales and costs. In addition, indications of impairment are continuously monitored. If indications of impairment are detected, a separate testing is performed. In specifying the company specific deferred tax assets, the effective tax rate of each country is applied. Deferred tax assets have not been recognized for Group's losses, as it has been estimated that is is not definite that the losses could be utilized in the near future.

The result of business operations and attainment of annual goals is assessed monthly in Executive Team and Board meetings. Monthly management and Board reporting includes both actual and forecast data compared to the goals and actual results of previous periods. Financial reports generated for the business management monitor certain key indicators associated with the development of sales and trade receivables on a monthly basis.

Proha has complemented its organic growth with acquisitions in accordance with its strategy. In making acquisitions, the company aims to follow due diligence and utilize its internal and external competence in the planning phase (e.g. due diligence), takeover phase, as well as when integrating acquired functions with the company's operations.

Communication and Information

The purpose of the management's reporting is to produce aptly timed and essential information for making decisions. The controlling function provides the guidelines on monthly reporting for the entire organization and is in charge of special reporting instructions associated with budgeting and forecasting. The Group's financial administration internally distributes information on financial reporting-related processes and procedures on a regular basis, and the personnel performs their internal control tasks according to such information. When necessary, financial administration also arranges targeted training for the rest of the organization on the procedures associated with financial reporting and changes in them. The Group's investor relations maintains the guidelines on the disclosure of financial information in cooperation with financial administration that include e.g. communication responsibilities of a public company.

Monitoring

Monitoring refers to the process of assessing Proha's internal control system and its performance in the long term. Proha also continuously monitors its operations through various assessments, such as internal audits and external audits as well as supplier audits carried out by customers. Proha's management monitors internal control as a part of routine management work. The business management is responsible for ensuring that all operations comply with applicable laws and regulations. The Group's financial functions monitor compliance with the financial reporting processes and control. The financial functions also monitor the correctness of external and internal financial reporting. The Board of Directors assesses and ensures the appropriateness and effectiveness of Proha's internal control and risk management.

Proha's internal control is also assessed by the company's auditor. The external auditor verifies the correctness of external annual financial reporting. The most significant observations and recommendations of the process audit according to the auditing plan are reported to the Board of Directors.

COMPENSATION

Management of Compensation

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Board decides on the service terms and conditions of the CEO, specified in writing. The compensation principles of the top management are decided by the Board. The Board annually approves the personnel incentive scheme.

Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors and auditors.

The Annual General Meeting on March 31, 2009 decided that the chairman of the board be paid EUR 30,000 and each other member of the board EUR 20,000 for the term which will last to the next annual general meeting in 2010. The Compensation is paid quarterly. Deviating from the Board of Director's proposal, the Annual General Meeting decided that notwithstanding the above, such members of the board who at the moment of election are employed by the Proha Group will receive in remuneration EUR 300 per meeting. In accordance with the decision, actual travelling expenses are remunerated. Ilari Koskelo, CEO, informed the meeting that he will, however, renounce the meeting fee on his part.

CEO

The Board decides on the service terms and conditions of the CEO, specified in writing. The service terms and conditions of the current CEO are as follows:

- 3 months' period of notice and salary for the period of notice should the Company give notice, in addition to which he is entitled to severance pay equivalent of 6 months' fixed salary,
- 3 months' period of notice and salary for the period of notice should the person resign himself, no additional compensation is paid,
- 12-month prohibition of competition as of the termination of the employment,
- annual salary is EUR 150,000. In addition, he has phone and car benefits.
- bonus based on performance is no more than 75 percent of basic salary,
- retirement age and pension benefits pursuant to the Employees' Pensions Act (TyEL).

The CEO's remuneration consists of salary in money, fringe benefits, a possible annual bonus based on performance and of warrants.

The CEO Ilari Koskelo's total salary, including benefits, totalled EUR 12 in 2009. Salary in money was EUR 12. In addition, Ilari Koskelo had phone benefit. His performance bonuses totaled EUR 25 000.

CEO Ilkka Toivola's total salary, including benefits, totaled EUR 20,092.50. No performance bonuses were paid to him.

Executive Team

Members of the Executive Team in 2009 were Ilkka Toivola (CEO) as of November 18, 2009, before that Ilari Koskelo (CEO) until Nov 17, 2009, Svein Blomsø (Managing Director, Safran), Mike Critch (Executive Vice President, Dovre), Sirpa Haavisto (CFO), Arve Jensen (Executive Vice President, Dovre), Petri Karlsson (Managing Director, Camako) as of 15 August, 2009, before that Timo Saros. Janne Rainvuori was a member of the Executive Team until April 27, 2009.

The Executive Team's remuneration consists of salary in money, fringe benefits, a possible annual bonus based on performance and of option rights. The compensation principles of the Executive Team members are decided by the Board. In 2007-2009, a long-term incentive program for the top management was in use, according to which warrants could be granted to top management, country managers of the business units, and key personnel.

In 2009, the total salaries and benefits of the Executive Team members were EUR 672,000, excluding the CEOs of Proha Plc. Performance bonuses totaled EUR 17,000. In addition, the controlling interest company of Otto Søberg, the former CEO of Dovre Group AS, was paid EUR 282,000 as consulting fees and EUR 35,000 as expenses in 2009. Performance bonuses were EUR 18,000 in 2009. Otto Søberg finished in his position on October 9, 2009.

According to the share register maintained by Euroclear Finland Ltd, the CEO Ilkka Toivola held 150,000 shares in Proha Plc on December 31, 2009. Other members of the Executive Team did not hold shares in Proha Plc.

Members of the Executive Team

Ilkka Toivola, CEO, Proha Plc
Svein Blomsø, Managing Director, Safran Software Solutions AS
Mike Critch, Executive Vice President, Dovre International (US), Inc.
Sirpa Haavisto, CFO, Proha Plc
Arve Jensen, Executive Vice President, Dovre Group AS
Petri Karlsson, Managing Director, Camako Oy

Insider Administration

Proha's insider guidelines comply with the NASDAQ OMX Helsinki Guidelines for Insiders effective as of January 1, 2006. The insider guidelines forbid insiders, including persons under their guardianship and companies where they exercise control, to trade in shares or option rights issued of the company for a period of four weeks prior to the publication of an interim report or a financial statements bulletin (the so-called closed window).

By law, the Company public insiders include members of the Board, CEO, auditors and the auditor in charge of the company of public accountants as well as Executive Team members responsible for the key business areas. In addition, the Company has a company-specific insider register that includes those who regularly receive insider information in their work. Persons who are involved in acquisitions or other projects that have an effect on the valuation of the company's shares, are considered project specific insiders and are subject to a temporary trading suspension.

The company's Board is in charge of the guidance and supervision of insider issues and also maintains the project-specific insider registers if necessary. The Marketing Manager takes care of the permanent insider register. The insider register of Proha Plc is maintained by Euroclear Finland Ltd (previously the Finnish Central Securities Depository Ltd.). The up-to-date shareholdings of the insiders can be seen in Euroclear Finland Ltd's customer service point in Helsinki, Finland, address Urho Kekkosen katu 5 C. The company also maintains a list of insiders on its website.

Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Annual General meeting resolved on March 31, 2009 to compensate the members of the Board according to the following:

- members: EUR 20,000 per year
- chairman: EUR 30,000 per year

However, the remuneration is not paid to those members of the Board who hold a position at Proha Group. In addition, all members of the Board are paid a meeting fee of EUR 300 for each meeting.

According to the share register maintained by Euroclear Finland Ltd, Antti Manninen held 500,500, Ilari Koskelo 4,262,590, Leena Mäkelä 8,435, and Hannu Vaajoensuu 710,000 shares in Proha Plc on December 31, 2009.

MEMBERS OF THE BOARD

Antti Manninen
Born. 1961, KTM
Main occupation investments and board work
Key working experience: Rio Group Oy: Chairman of the Board 1998-, Megavision S.A. Ltd.: Investment Manager 1993--1998, Basware Oy: Researcher 1991--1992
Key positions of trust:
Chairman of the board: Rio Group Oy
Member of the board: Fenno Kvantum Oy
Member of the board: Event Management Group Oy

Ilari Koskelo
Born 1959, M.Sc., MBA, Bachelor of Science
Navdata Oy, Managing director
Key working experience: Navdata Oy: Managing director and founder, Javad Positioning Systems Inc. and Global Satellite Solutions Inc,: Founder, Geo/Hydro Inc.: Project manager
Key positions of trust:
Chairman of the board: Navdata Oy

Leena Mäkelä
Born 1973, DI
Consultant, Camako Oy
Key working experience: Artemis Finland Oy / Proha Plc: product manager, project manager, consultant 1997-2008

Hannu Vaajoensuu
Born 1961, KTM
Full-time Basware's chairman of the Board 2005-
Key working experience: Basware Plc: CEO 1999–2004,
manager 1990–1999, consultancy work for the company 1987–1990

Key positions of trust:
Chairman of the board: Basware Plc, Efecte Oy, Profit Software Oy
Vice chairman of the board: Comptel Oyj
Member of the board: Biocomputing Platforms Ltd Oyj, Inventure Oy, Nervogrid Oy

Proha's separate Corporate Governance Statement 2009 was approved by the Board of Directors on January 15, 2010.

ERNST & YOUNG

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Translation

AUDITOR'S REPORT

To the Annual General Meeting of Proha Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Proha Plc for the financial period 1.1.2009 - 31.12.2009. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 15, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

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