PROHA

Financial Review 2007

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Proha Plc, Annual Report 2007

1. Review by Proha Plc Board of Directors January 1, - December 31, 2007

Period January – December 2007, continuing operations of Proha:

- Proha comparative net sales grew by 24% and were EUR 51.0 million (41.0 million in January - December 2006).
- The net sales for Dovre Consulting and Services division grew by 23% and were EUR 46.9 (38.1) million.
- The net sales for Safran Systems division grew by 44% and were EUR 4.3 (3.0) million.
- The comparative operating result of Proha was EUR -0.2 (0.1) million.
- The operating result for Dovre Consulting and Services division was EUR 2.1 (2.2) million. The operating result for Safran Systems division was EUR -0.9 (-0.6) million. The operating result for other operations was EUR -1.4 (-2.0) million.

Period January - December 2007, Proha Group:

- The net sales decreased by 12.4% due to the divestment on June 30, 2006 and were EUR 51.0 million (EUR 58.2 million in January – December 2006). However, the strong increase of net sales of both Dovre Consulting and Services and Safran Systems divisions partly compensated for the decrease.
- The operating result improved clearly and was EUR -0.2 million (The operating result before non-recurring items EUR -2.9 million in January - December 2006).

Period October – December 2007, Proha Group:

- The net sales increased by 27.6% and were EUR 15.5 million (EUR 12.2 million in October – December 2006).
- The net sales of Dovre Consulting and Services division grew by 28% and were EUR 14.2 (11.1) million.
- The net sales of Safran Systems division grew by 25% and were EUR 1.4 (1.1) million.
- The operating result of Proha was EUR 0.3 (0.2) million.
- The operating result for Dovre Consulting and Services division was EUR 0.6 (0.6) million. The operating result for Safran Systems division was 0.1 (-0.1) million. The operating result for other operations was -0.4 (-0.2) million.

PROHA CEO PEKKA PERE:

In 2007 Proha has successfully focused on the international expansion of both Dovre Consulting and Services division and Safran Systems division. Despite of the attempts, the goal of improving profitability was not reached satisfactorily. Both Dovre and Safran divisions missed their profitability targets. Within Dovre the main reasons were related to high employment costs, also attempts to integrate software with services for improved margins were not yet successful. Within Safran Systems division the negative deviation was mainly caused by delayed introduction of the SafranOne product family and thus delayed return on investments.

The net sales of Dovre Consulting and Services division continued to grow in the fourth quarter of 2007. However, there exists plenty of potential for even stronger international growth in the markets. Special attention has to be paid to improvement of profit margins and resourcing and to opportunities particularly in North America. The acquisition of Project Resource Solutions Inc. in November expanded Dovre Consulting and Services division's operations in the Canadian oil sands projects.

Safran Systems division has invested in product development. In spring 2007 the introduction of new SafranOne products was delayed by ca. 6 months. However, now several new product versions and functionalities have been launched with both SafranOne and Safran Project families of products. The first product launch within the SafranOne family of products was made in June as Proha introduced the new Safran Portal for Knowledge Projects at the International Project Management Association World Congress in Cracow, Poland. During fall 2007 new SafranOne versions and SafranOne Mini Portals were introduced. Now the new products have a solid sales pipeline and first sales have been closed.

The development of international sales channels has also continued. In addition to partnership discussions, a new affiliated company Safran North America LLC was founded together with its CEO Nick Pisano to sell Safran Products in North America. In October Proha acquired Camako Data AB in Sweden. Both actions strengthen the basis for our international growth. Together with Camako Safran Systems division became the leading Microsoft Project Management partner in Finland, Sweden and Norway.

In the fourth quarter of 2007 the expansion of international business, improving sales and utilization of synergies between the divisions have been the central themes in our operations. This enabled us to improve profitability in the fourth quarter, and profitability will remain as one of the key focus areas also in 2008.

KEY RATIOS FOR THE CONTINUING OPERATIONS

(EUR million)	10-12 2007	10-12 2006	Change %	1-12 2007	1-12 2006	Change %
Net sales	15,5	12,2	27,6 %	51,0	41,0	24,3 %
Operating result	0,3	0,2	35,8 %	-0,2	-0,3	52,0 %
% of net sales	1,9 %	1,8 %		-0,3 %	-0,8 %	
Result before taxes	0,0	0,0	-42,0 %	-0,6	-0,6	5,7 %
Result for the period	-0,3	0,0	-12 851,9 %	-1,2	-1,1	-10,2 %
Return on equity %	-8,5 %	0,1 %		-7,9 %	-7,1 %	
Return on investment %	10,5 %	6,8 %		1,6 %	-0,5 %	
Cash and cash equivalents	5,3	12,0	-55,5 %	5,3	12,0	-55,5 %
Debt-equity ratio %	-7,3 %	-38,7 %		-7,3 %	-38,7 %	
Equity ratio %	45,5 %	47,0 %		45,5 %	47,0 %	
Basic earnings per share, EUR	-0,005	0,000	-4 113,1 %	-0,019	-0,018	-11,0 %
Diluted earnings per share, EUR	-0,005	0,000	-4 113,1 %	-0,019	-0,018	-11,0 %
Equity per share, EUR	0,23	0,25	-8,0 %	0,23	0,25	-8,0 %

KEY RATIOS OF THE PROHA GROUP

(EUR million)	10-12 2007	10-12 2006	Change %	1-12 2007	1-12 2006	Change %
Net sales	15,5	12,2	27,6 %	51,0	58,2	-12,4 %
Operating result	0,3	0,2	35,8 %	-0,2	11,6	-101,3 %
% of net sales	1,9 %	1,8 %		-0,3 %	20,0 %	
Result before taxes	0,0	0,0	-42,0 %	-0,6	12,0	-105,1 %
Result for the period	-0,3	0,0	-12 851,9 %	-1,2	11,0	-111,0 %
Return on equity %	-8,4 %	0,1 %		-7,9 %	111,2 %	
Return on investment %	10,5 %	6,7 %		1,6 %	72,8 %	
Cash and cash equivalents	5,3	12,0	-55,5 %	5,3	12,0	-55,5 %
Debt-equity ratio %	-7,3 %	-38,2 %		-7,3 %	-38,2 %	
Equity-ratio %	45,5 %	47,3 %		45,5 %	47,3 %	
Basic earnings per share, EUR	-0,005	0,000	4 113,1 %	-0,019	0,179	-110,9 %
Diluted earnings per share, EUR	-0,005	0,000	4 113,1 %	-0,019	0,179	-110,9 %
Equity per share, EUR	0,23	0,25	-8,0 %	0,23	0,25	-8,0 %

ACQUISITIONS IN 2007

Proha Acquired Swedish Camako Data AB

In October 2007 Proha acquired full ownership of the Swedish project management IT consultancy company Camako Data AB (Camako). Established in 1996 Camako is a project and resource management IT consultancy company concentrating especially in Microsoft products. On December 31, 2007, Camako employed 11 consultants and has a strong position in the Swedish markets. Camako became part of the Proha's Safran Systems division. Camako is consolidated in Proha's group financial statements beginning November 1, 2007.

Proha Acquired Canadian 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 resource company focusing on services to Canadian Oil Sand Projects, a market that Fabcon entered in 2006. Established in 2005, PRS is located in Calgary. On December 31, 2007, PRS engaged 34 consultants within project management in various projects in the province of Alberta. PRS became a subsidiary to Fabcon Canada Limited and thus a part of Proha's Dovre Consulting and Services division. PRS is consolidated in Proha's group financial statements beginning November 20, 2007.

EVENTS AFTER THE PERIOD

In its meeting on February 4, 2008 the Proha Board of Directors decided to invite Proha shareholders to the Extraordinary General Meeting to be held on Tuesday, February 26, 2008 at 14.00 p.m. in Hotel Scandic Continental, Mannerheimintie 46, Helsinki.

The meeting is convened to decide on the following issues:

1. Number of members of the Board of Directors

Some of the company's largest shareholders representing together over 10% of all shares and votes have informed the company that they will propose to the Extraordinary General Meeting that six members will be elected to the Board of Directors.

2. Election of members of the Board of Directors

Some of the company's largest shareholders representing together over 10% of all shares and votes have informed the company that they will propose to the Extraordinary General Meeting that from the current members of Board of Directors Olof Ödman, Ernest Jilderda and Birger Flaa will continue in their positions and that Svein Stavelin, David Cairns and Ilari Koskelo be elected as new members to the Board of Directors. Gjalt de Vries has informed the company that he will withdraw from the Board.

BUSINESS PERFORMANCE

The net sales of Proha mainly consist of project management software and services. The largest international companies within the oil and gas sector are the most significant customer group. Dovre Consulting and Services Division accounted for approximately 92% (93%) and Safran Systems Division 8% (7%) of the net sales of the Group in 2007.

Dovre Consulting and Services Division

Dovre Consulting and Services division consists of Norwegian Dovre International AS together with its international subsidiaries. The division delivers project management consulting and services globally.

In 2007, the majority of Dovre Consulting and Services division business came from the oil and gas sector. Long term frame agreements with some of the world's largest oil and gas companies cover most of the business. Outside the oil and gas sector e.g. the Norwegian Ministry of Finance, Jernbaneverket and City of Oslo are examples of important customers. In 2007 Dovre also gained several new customers, common for them being the need for professional management of investments and projects.

In 2007 Dovre Consulting and Services division had operations in 11 countries and the activity level remains high in all markets. For example, in 2007 the US operations developed favorably with new projects in countries like Singapore, Spain and Dubai. The growth of North American operations proved the strategic importance of Fabcon acquisition in 2006.

The business operations in Canada have developed as planned. Acquisition of Canadian project management resource company PRS strengthens the division's Canadian operations in particular with the oil sands projects in Alberta.

The general outlook for business development is expected to be positive based on the current forecasted investment levels in new oil & gas projects for the next 3-5 years.

Safran Systems division

Safran Systems business is operated by the parent company, Datamar Oy and Norwegian Safran Software Solutions AS and Swedish Camako Data AB.

Safran Software Solutions AS develops and sells project management software specifically for the needs of oil and gas industry, construction and ship building industry. New product version of Safran Project was launched in 2007. Safran Software Solutions AS products are now in compliance with ANSI-748 standard in Earned Value reporting. In 2007 Safran has also gained new customers Shell and Conoco-Phillips and the sales with existing customers have developed favorably.

On the second quarter of 2007 Safran established a new associated company Safran North America, LLC with market focus on federal, airspace and defense, energy and oil & gas industries. Safran North America has also started operations and has gained its first customer.

The Group parent company and Datamar Oy develop and sell products in the SafranOne family of products, mobile solutions based on intelligent SMS technology (iSMS) and RescuePlanner applications directed to safety and rescue operations.

In 2007 a new version of RescuePlanner was launched. The solution is now in use at three regional rescue departments in Finland. Also new iSMS query solution was developed and is in production use in e.g. logistics, call centers and order processes.

In 2007 the focus areas of Safran Systems division have been Microsoft project management and collaboration tools together with our SafranOne products built on Microsoft SharePoint.

In 2007 Proha intensified the cooperation with Microsoft. Proha is now both Microsoft Gold Certified Partner and has gained Microsoft EPM Specialization.

In 2007 building of international delivery and partnership networks continued. The acquisition of Camako Data AB in Sweden strengthens the basis for the international expansion in accordance with Proha's strategy. Safran Systems division operates globally and is a Microsoft Project Management partner in Finland, Sweden Norway and Australia.

NET SALES

Group, January - December 2007:

Net sales for Proha Group decreased by 12.4% due to divestment on June 30, 2006 and were EUR 51.0 million (EUR 58.2 million in January - December 2006). However, the decrease was partially offset by the growth in net sales of Dovre Consulting and Services and Safran Systems divisions.

Continuing operations, January - December 2007:

Net sales for Proha continuing operations grew by 24% and were EUR 51.0 (41.0) million. The net sales of Dovre Consulting and Services division grew by 23% and were EUR 46.9 (38.1) million. The net sales of Safran Systems division grew by 44% and were EUR 4.3 (3.0) million.

Proha Group and continuing operations, October - December 2007:

The net sales for Proha Group grew by 27.6% and were EUR 15.5 (12.2) million. The net sales for Dovre Consulting and Services division grew by 28% and were 14.2 (11.1) million. The net sales for Safran systems division grew by 25% and were EUR 1.4 (1.1) million.

Distribution of net sales for the continuing operations by revenue type (EUR million and % of net sales):

	10-12 2007	%	10-12 2006	%	1-12 2007	%	1-12 2006	%
Services	15,0	96,8	11,8	96,9	49,6	97,3	40,1	97,7
One time license revenue	0,3	1,9	0,1	0,9	0,6	1,2	0,3	0,6
Recurring license revenue	0,2	1,2	0,3	2,1	0,8	1,5	0,7	1,7
Total	**15,5**	**100,0**	**12,2**	**100,0**	**51,0**	**100,0**	**41,0**	**100,0**

In 2007, the service revenue was EUR 49.6 (40.1) million or 97% (98%) of the net sales. In 2007 the license sales amounted to EUR 1.4 (1.0) million, accounting for 3% (2%) of the net sales.

In the period October 1, - December 31, 2007, the service revenue was EUR 15.0 (11.8) million or 97% (97%) of the net sales. In the period October 1, - December 31, 2007 the license sales amounted to EUR 0.5 (0.4) million, accounting for 3% (3%) of the net sales.

Distribution of net sales by segment:

(EUR million)	10-12 2007	10-12 2006	Change %	1-12 2007	1-12 2006	Change %
Dovre	14,2	11,1	27,8	46,9	38,1	23,0
Safran	1,4	1,1	24,8	4,3	3,0	43,7
Others	0,1	0,2	-40,4	0,4	0,5	-23,8
Discontinued operations	0,0	0,0	100,0	0,0	17,2	-100,0
Inter-segment net sales	-0,1	-0,2		-0,6	-0,6	
Group total	**15,5**	**12,2**	**27,6**	**51,0**	**58,2**	**-12,4**

Distribution of net sales by geographical segments:

(EUR million)	10-12 2007	10-12 2006	1-12 2007	1-12 2006
EMEA	10,0	7,2	35,6	43,1
AMERICAS	5,4	5,8	15,8	12,9
APAC	0,4	0,9	1,7	5,4
Net sales between segments	-0,2	-1,7	-2,1	-3,2
Group total	**15,5**	**12,2**	**51,0**	**58,2**

Distribution of net sales by geographical segments:

(% of net sales)	10-12 2007	10-12 2006	1-12 2007	1-12 2006
EMEA	64,1 %	58,9 %	69,7 %	74,0 %
AMERICAS	34,9 %	47,9 %	31,0 %	22,2 %
APAC	2,4 %	7,0 %	3,4 %	9,3 %
Net sales between segments	-1,4 %	-13,8 %	-4,1 %	-5,5 %
Group total	**100,0 %**	**100,0 %**	**100,0 %**	**100,0 %**

PROFITABILITY

Proha continuing operations, January - December 2007:

The operating result of Proha continuing operations was EUR -0.2 million (operating result before non-recurring items EUR 0.1 million and after non-recurring items EUR -0.3 million in corresponding period of 2006). The operating result of Dovre Consulting and Services Division was EUR 2.1 (2.2) million. The operating result of Safran Systems Division was EUR -0.9 (-0.6) million. The operating result for other operations was EUR -1.4 million (operating result before non-recurring items EUR 1.5 million and after non-recurring items EUR -2.0 million in corresponding period of 2006).

Proha Group, January - December 2007:

The operating result of the Group improved materially to EUR -0.1 million (operating result before non-recurring items EUR -2.9 million and after non-recurring items EUR 11.6 million in corresponding period of 2006).

Proha Group and continuing operations, October - December 2007:

The operating result of Proha was EUR 0.3 (0.2) million. The operating result of Dovre Consulting and Services Division was EUR 0.6 (0.6) million. The operating result of Safran Systems Division was EUR 0.1 (-0.1) million. The operating result for other operations was EUR -0.4 (-0.2) million.

Distribution of operating result by segment:

(EUR million)	10-12 2007	10-12 2006	Change %	1-12 2007	1-12 2006	Change %
Dovre	0,6	0,6	6,0	2,1	2,2	-5,0
Safran	0,1	-0,1	179,5	-0,9	-0,6	-55,1
Others	-0,4	-0,2	-95,2	-1,4	-2,0	29,6
Continuing operations	0,3	0,2	35,8	-0,2	-0,3	52,0
Discontinued operations	0,0	0,0		0,0	12,0	-100,0
Group total	**0,3**	**0,2**	**35,8**	**-0,2**	**11,6**	**-101,3**

Result for January 1, - December 31, 2007:

In 2007, the result before tax for Proha Group was EUR -0.6 (12.0) million and after tax EUR -1.2 (11.0) million. For the continuing operations the result before taxes was EUR -0.6 (-0.6) million and result after tax was EUR -1.2
(-1.1) million.

Earnings per share:

Group earnings per share was EUR -0.019 (0.179). For the continuing operations the earnings per share were EUR -0.019 (-0.018).

Return on Investment:

Group return on investment (ROI) was 1.6% (72.8%). The return on investment (ROI) for the continuing operations was 1.6% (-0.5%).

CASH FLOW, FINANCING AND INVESTMENTS

On December 31, 2007, the Group balance sheet total was EUR 32.0 (32.7) million.

On December 31, 2007, the cash and cash equivalents for the Group totaled EUR 5.3 (12.0) million.

In 2007, cash flow from operating activities was EUR -1.5 (-0.6) million. The cash flow from operating activities was decreased by the increase of EUR -1.1 (-0.8) million in net working capital.

In 2007, the cash flow of investments was EUR -3.5 (4.5) million. The gross investments totaled EUR 3.0 (2.2) million. The gross investments include acquisitions of subsidiaries EUR 2.2 (1.9) million and capitalized software development expenses of EUR 0.4 (0.0) million.

The balance sheet goodwill totaled EUR 6.7 (4.8) million on December 31, 2007. The Group's goodwill is not amortized but tested for impairment under IAS 36. No indications of impairment of assets exist.

In 2007, the cash flow of financing activities was EUR -2.0 (1.0) million. Total of EUR 1.4 (2.2) million new loans were drawn mainly for financing of acquisitions. In 2007 the convertible loan of EUR 2.8 million and other loans for a total of EUR 0.7 (1.2) million were repaid.

Group equity ratio was 45.5% (47.3%) and debt to equity ratio was -7.3% (-38.2%). On December 31, 2007, the interest-bearing liabilities amounted to EUR 4.3 (6.2) million, accounting for 13.4 % (18.9%) of the Group's shareholders' equity and liabilities total. Of the interest-bearing liabilities, EUR 2.0 (2.0) million were non-current liabilities and EUR 2.3 (4.2) million current liabilities. The Group's Quick Ratio was 1.5 (1.7).

RESEARCH AND DEVELOPMENT

In 2007 the research and development expenses for the Group continuing operations were EUR 1.7 (1.0) million accounting for 3% (2%) of the net sales of the continuing operations. In 2006, the research and development expenses EUR 4.0 million consisted of EUR 1.0 million of the research and development expenses for the continuing operations and EUR 3.0 million of the research and development expenses for the discontinued operations. In 2007, EUR 0.4 (0.0) million of research and development costs were capitalized. The Group research and development costs are almost totally associated with the corresponding costs of Safran Systems division. Research and development costs made up 40% (33%) of the net sales of Safran Systems division in 2007.

During the period under review, a new version of SafranOne technical platform was released. SafranOne is used as the platform for the separate Safran portal solutions.

In May, 2007 the international central organization of project management associations IPMA (International Project Management Association) chose SafranOne solution developed by Proha as its medium for member communication and Internet platform. Also IPMA's intranet and extranet functions such as documents distribution and common calendar are managed by SafranOne.

In June 2007, Proha launched its new project management portal solution at the International Project Management Association World Congress in Cracow. After the summer, also new SafranOne versions and Safran Mini Portal products have been introduced.

The further development of Proha's Safran Project and Safran for Microsoft Project continued as planned.

The implementation project at Oulu-Koillismaa rescue department is proceeding according to plan for RescuePlanner developed by Proha for resource management at rescue departments. The application of Proha's mobile solution is extended at Helsinki Rescue department also for urgent communication between various authorities.

PERSONNEL

In 2007, the staff costs for the Group and continuing operations amounted to EUR 46.9 million, and EUR 14.0 million in October 1, - December 31, 2007. For the continuing operations the staff costs constituted 92% (92%) of the net sales in 2007, and 90% (92%) for the period October 1, - December 31, 2007. In 2006, the Group staff costs EUR 50.1 million constituted of EUR 37.9 million of the staff costs of the continuing operations and EUR 12.2 million of the staff costs of the discontinued operations.

Distribution of personnel by segment (average):

Personnel	10-12 2007	10-12 2006	Change %	1-12 2007	1-12 2006	Change %
Dovre	292	265	10,5	274	237	15,3
Safran	57	53	6,9	53	46	15,3
Other operations	6	7	-14,3	6	18	-66,2
Discontinued operations	0			0	168	-100,0
Total	**355**	**325**	**9,3**	**333**	**469**	**-29,1**

On December 31, 2007, the Proha Group employed 381 (325) people worldwide, with 315 (264) being employed by Dovre Consulting and Services division, 60 (54) by Safran Systems division and 6 (7) by other operations.

The average number of Group personnel was 333 (469) in 2007.

DECISIONS OF PROHA ANNUAL GENERAL MEETING OF SHAREHOLDERS

On April 18, 2007 the Annual General Meeting of Proha Plc made the following decisions:

1. The issues inherent to the Annual General Meeting under section 11 of the Articles of Association

The Annual General Meeting confirmed the 2006 Financial Statements and discharged the Board of Directors and CEO from liability. The Annual General Meeting approved the Board of Directors' proposal that the net result for the financial period be transferred to profit/loss brought forward account and no dividend is paid.

The Annual General Meeting decided to alter the number of Board members to four. Proha CEO Pekka Pere and Pekka Mäkelä resigned from the Board. Mr. Gjalt de Vries was elected as a new member to the Board. Mr. de Vries is a citizen of the Netherlands. Olof Ödman, Birger Flaa and Ernest Jilderda continue as members of the Proha Board.

The Annual General Meeting decided that, following the present practice, the Chairman of the Board be paid EUR 18,000 and each Board member, at the moment of election not employed by the Proha Group or by such company which owns more than five percents of Proha's share capital and who does not exercise dominant influence over such company, to be paid EUR 10,000 per year as remuneration for board work. Additionally, it was decided that the auditors will be paid in accordance with a reasonable invoice.

Ernst & Young Oy was elected to continue as the Company's auditor, with Ulla Nykky, APA, as the auditor in charge.

2. Amendment of the Articles of Association

The Annual General Meeting decided to amend the Articles of Association due to the new Companies Act, effective as of September 1, 2006 as proposed by the Board as follows:

- Article 4 containing provisions on minimum and maximum share capital as well as the number of shares was removed.
- The provisions on record date from Article 5 were removed.
- The provisions in Article 8 on the right to represent the Company were amended to align with the terminology of the new law.
- The list of agenda items of the Annual General Meeting in Article 11 was amended to correspond to the new law.
- The provisions in Article 13 on the notice period of the Annual General Meeting were amended to the effect that the notice must be published no earlier than three (3) months prior to the latest date of registration. Also the method of notice is amended so that as an alternative to publishing the notice in a nationally published newspaper, the notice can be sent in writing. Previously, the alternative method of notice has been a registered letter.

In addition, the Company's field of business (Article 3) was expanded to include consulting in business management and engineering. The new articles of association were presented in the appendix of stock exchange bulletin on March 28, 2007.

3. Recording the subscription prices for shares issued based on stock options in the fund for invested non-restricted equity

The Annual General Meeting decided to complete the terms and conditions of Proha Stock Option Plans 2005 and 2006 to the effect that the total amount of the subscription prices paid for new shares issued after the date of the General Meeting, based on stock options under Plans 2005 and 2006, be recorded in the fund for invested non-restricted equity.

4. Option rights to key personnel and Board of Directors

The Annual General Meeting approved without changes the Board proposition to issue a maximum of 2,110,000 option rights that are offered deviating from the shareholders' pre-emptive subscription right to the Board of Directors and to the key personnel of the Group companies.

The subscription of the option rights began immediately and will end on April 17, 2008. The proposed share subscription price will be the weighted average price of Proha share within the period of 30 days before the General Meeting, from March 19 through April 17, 2007, i.e. EUR 0.37. The exercise period of the option rights for share subscription will commence in steps between years 2008 and 2010 and will end on May 31, 2011. If only newly issued shares are used for share subscriptions, the shares subscribed under the Stock Option Plan 2007 constitute a maximum of 3.33 percent of the total number of Proha shares after the subscription. The complete terms and conditions are presented in the appendix of stock exchange bulletin on March 28, 2007.

5. Board of Directors' proposal to authorize the Board of Directors to resolve on the issuance of shares and special rights entitling to shares

The Annual General Meeting authorized the Board of Directors 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 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 Annual General Meeting.

The authorization may be used to finance or execute acquisitions or other arrangements, to carry out equity-based incentive plans, or to other purposes resolved by the Board. The authorization includes the right for the Board to decide on all the terms and conditions of the issuance of shares or special rights under Chapter 10, Section 1 of the Companies Act, including to whom shares or special rights may be issued as well as the consideration to be paid. The authorization thereby includes the right for issuance in deviation from the shareholders' pre-emptive rights within the limits set by law.

As payment of the second installment of Camako acquisition, 500,000 shares of the authorization were used after the period under review.

The authorization is effective until April 17, 2012.

CORPORATE GOVERNANCE

Proha Plc follows the recommendations of the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries and Employers regarding the corporate governance of publicly held companies. Proha makes two exceptions from the recommendation: 1) Proha Board of Directors comprises of four members and 2) A share-based bonus system may also be applied to those members of the Board, who do not have an employment relationship with the company. Proha's corporate governance principles can be found on the company's website at www.proha.com.

SHARE CAPITAL AND AUTHORIZATIONS TO ISSUE SHARES

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. Proha Plc shares are traded on the Nordic Exchange of OMX Group.

On January 1, 2007, the subscribed capital of Proha Plc was EUR 15,916,854.20 and the number of shares is 61,218,670. No changes were made on the share capital during the period under review. After the period under review, a total of 500,000 new shares were issued at the payment of the second installment of Camako acquisition.

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

The option plans 2002 and 2003 ended on April 1, 2007. A total of 500 shares were subscribed for under the plan 2002 and no shares were subscribed for under the plan 2003.

The Annual General Meeting authorized the Board of Directors 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 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 Annual General Meeting. The authorization is effective until April 17, 2012.

The Annual General Meeting approved without changes the Board proposition to issue a maximum of 2,110,000 option rights that are offered deviating from the shareholders' pre-emptive subscription right to the Board of Directors and to the key personnel of the Group companies.

In its meeting on June 28, 2007, Proha Board of Directors approved subscriptions of the option issue. A total of 1,707,000 Proha Plc stock options were subscribed, entitling to the subscription of 1,707,000 shares.

The subscription of the option rights began on April 18, 2007 and will end on April 17, 2008. The share subscription price is EUR 0.37 i.e. the weighted average price of Proha share within the period of 30 days before the General Meeting, from March 19 through April 17, 2007. The exercise period of the option rights for share subscription will commence in steps between years 2008 and 2010 and will end on May 31, 2011. The complete terms and conditions are presented in the appendix of stock exchange bulletin on March 28, 2007.

TRADING ON THE HELSINKI STOCK EXCHANGE

The number of registered shareholders of Proha Plc totaled 3 363 on December 31, 2007. In 2007, the share price was EUR 0.25 at its lowest and EUR 0.45 at its highest. The closing price on December 31, 2007 was EUR 0.25. Market capitalization was approximately EUR 15.3 million at the end of the period under review. The trading volume of the Proha share on the OMX Nordic Exchange was approximately EUR 13.5 million during the period under review. Proha Plc has liquidity providing agreement with Remium AB for the Proha share.

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

The demand in oil and gas sector together with the level of investments in the sector impact the success of Dovre Consulting and Services division. The companies operating in oil and gas industry are challenged also by the adequacy of resources and added personnel turnover.

General competitive situation and technological solutions developed by the competition impact the business of Safran Systems division. The profitable growth for Safran business calls for success in Microsoft cooperation and creation of international distribution and partner networks.

The development of Proha's international business includes also possible acquisitions and shareholdings in companies operating in the field. Such strategic acquisitions always include risks. They are being managed, among others, by ensuring that the size of acquisitions is reasonable.

PROSPECTS FOR 2008

In spite of recent turbulences on the financial markets, it is anticipated that development will continue positive within oil and gas industry that is important for Proha. In 2008 the level of investments within the industry is estimated to stay high and consequently the demand for professional services by Dovre Consulting and Services division is anticipated to remain strong.

Proha continues to follow the strategy approved in October 2006 and aims at developing the operations of both divisions by seeking strong international growth and by improving their profitability. In 2008 a special focus area will be to integrate software products developed by Safran Systems division with services by Dovre Consulting and Services division to provide customers with service entities that bring considerable added value to customers.

In 2008 the most substantial business challenges are related to recruiting professional personnel for Dover Consulting and Services division as well as to successful market launch of the before mentioned service concept. The challenges in recruiting are met by a company training program for professionals together with other actions.

For Safran Systems division the focus areas are increasing sales in the Nordic home markets and expansion of the international distribution and partnership networks. Also the market openings in North America and Sweden in 2007 are anticipated to show positive results in 2008.

Opportunities for strategic low risk acquisitions are evaluated by both divisions to support worldwide growth.

In 2008 the growth in Group net sales is anticipated to continue. Also the Group operating result is anticipated to improve and be positive. Following customary seasonal fluctuations the operating result is anticipated to improve towards the end of 2008.

For Dovre Consulting and Services division profitability is anticipated to remain at least on the same level as in 2007. For Safran Systems division the forecast is for substantial growth in net sales with improved profitability. The level of investments in software development within Safran Systems division is anticipated to remain stable in 2008. Also the Group administrative expenses are anticipated to remain at the same level as in 2007.

The above prospects are based on forecasts approved by Proha Board.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

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

2. Consolidated Financial Statements, IFRS

2.1 Consolidated Income Statement, IFRS

	Note	**2007** **Continuing operations**	2006 Continuing operations	**2007** **Discontinued operations**	2006 Discontinued operations	**2007** **Group Total**	2006 Group Total
NET SALES	**2.5.3, 2.5.6**	**51 004**	41 021	**0**	17 195	**51 004**	58 215
Other operating income	**2.5.7**	**79**	392	**0**	116	**79**	508
Gain on disposal of discontinued operations and revaluation to fair value	**2.5.8**	**0**	-472	**0**	15 006	**0**	14 534
Material and services	**2.5.9**	**-89**	-85	**0**	-1 744	**-89**	-1 829
Employee benefits expense	**2.5.10**	**-46 858**	-37 887	**0**	-12 210	**-46 858**	-50 097
Depreciation and amortisation	**2.5.11**	**-421**	-374	**0**	0	**-421**	-374
Other operating expenses	**2.5.12**	**-3 872**	-2 920	**0**	-6 402	**-3 872**	-9 322
OPERATING RESULT		**-156**	-326	**0**	11 961	**-156**	11 635
						0	
Financing income	**2.5.13**	**569**	222	**0**	1 004	**569**	1 227
Financing expenses	**2.5.13**	**-934**	-539	**0**	-369	**-934**	-908
Share of profit/loss in associates		**-85**	-2	**0**	0	**-85**	-2
PROFIT/LOSS BEFORE TAX		**-607**	-645	**0**	12 596	**-607**	11 951
Tax on income from operations	**2.5.14**	**-566**	-455	**0**	-489	**-566**	-944
PROFIT/LOSS FOR THE PERIOD		**-1 174**	-1 100	**0**	12 106	**-1 174**	11 007
						0	
NET PROFIT/ LOSS ATTRIBUTABLE:						**0**	
To equity holders of the parent		**-1 191**	-1 108	**0**	12 070	**-1 191**	10 962
To minority interest		**18**	8	**0**	36	**18**	45
		-1 174	-1 100	**0**	12 106	**-1 174**	11 007

Earnings per share calculated on profit attributable to equity holders of the parent:

EPS undiluted (EUR)	**2.5.15**	**-0,019**	-0,018	**0,000**	0,197	**-0,019**	0,179
EPS diluted (EUR)	**2.5.15**	**-0,019**	-0,018	**0,000**	0,197	**-0,019**	0,179

2.2 Consolidated Balance Sheet, IFRS

ASSETS

NON-CURRENT ASSETS	Note	31.12.2007	31.12.2006
Intangible assets	2.5.16	2 676	1 999
Goodwill	2.5.17	6 747	4 758
Tangible assets	2.5.18	356	216
Investments in associates	2.5.19	1 000	982
Available-for-sale investments	2.5.20	48	36
Non-current trade and other receivables	2.5.21	414	130
Deferred tax asset	2.5.22	204	208
NON-CURRENT ASSETS		11 444	8 328
CURRENT ASSETS			
Trade receivables and other recivables	2.5.23	15 216	12 339
Cash and bank	2.5.24	5 349	12 022
CURRENT ASSETS		20 566	24 361
ASSETS		32 010	32 689

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY			
Share capital	2.5.25	15 917	15 917
Share premium account	2.5.25	4 379	4 379
Fair value reserve and other reserves	2.5.25	329	368
Translation differences	2.5.25	187	38
Retained earnings		-6 470	-5 497
Equity attributable to equity holders of the parent		14 304	15 205
Minority interest		115	112
SHAREHOLDERS' EQUITY		14 419	15 316
LONG-TERM LIABILITIES			
Deferred tax liability	2.5.22	653	491
Long-term liabilities, interest-bearing	2.5.28.1	2 010	1 958
Long-term liabilities, non-interest-bearing	2.5.28.2	439	0
Liabilities from defined benefit plan	2.5.29	488	379
NON-CURRENT LIABILITIES		3 590	2 828
CURRENT LIABILITIES			
Short-term interest-bearing liabilities	2.5.31	2 289	4 205
Trade Payables and Other Liabilities	2.5.32	11 041	9 783
Tax liability, income tax	2.5.32	632	556
CURRENT LIABILITIES		14 000	14 545
TOTAL EQUITY AND LIABILITIES		32 010	32 689

2.3 Consolidated Cash Flow Statement, IFRS

	Note	2007	2006
Cash flow from operating activities			
Operating result		-156	11 635
Adjustments			
Discontinued operations	**2.5.4**	0	-11 292
Other operating income		0	-71
Depreciation and amortization	**2.5.11**	421	374
Share based payments		194	319
Other operating expenses		0	-99
Adjustments, total		615	-10 769
Change in net working capital			
Increase (-) / decrease (+) in short term receivables		-2 610	-3 860
Increase (+) / decrease (-) in short term interest-free liabilities		1 430	3 045
Change in net working capital, total		-1 181	-815
Interest paid		-613	-555
Interest received		566	267
Other financial expenses paid		-236	-355
Other financial income received		28	373
Income taxes paid		-486	-353
Cash flow from operating activities		**-1 463**	**-572**
Cash flow from investing activities			
Acquisition of subsidiaries net cash acquired	**2.5.5**	-2 177	-1 949
Investments in tangible and intangible assets		-577	-36
Investments in associates	**2.5.19**	-95	-23
Proceeds from disposal of subsidiaries net cash disposed of	**2.5.4**	0	6 579
Available for sale investments	**2.5.20**	-12	0
Gain on disposal of other investments		74	0
Proceeds (-) and repayments (+) of loan receivables		-284	-118
Dividends received	**2.5.13**	2	2
Cash flow from investing activities		**-3 068**	**4 455**
Cash flow from financing activities			
Proceeds from short-term loans		1 015	579
Repayments of short-term loans		-702	-742
Repayment of convertible loans		-2 810	0
Proceeds from long-term loans		435	1 619
Repayments of long-term loans		0	-463
Dividends paid		0	-15
Cash flow from financing activities		**-2 062**	**978**
Change in cash and cash equivalents		**-6 592**	**4 861**

Cash and cash equivalents at beginning of the period	**2.5.24**	**12 022**	**7 293**
Foreign exchange rate adjustment		-80	-132
Change in cash and cash equivalents			
Cash and cash equivalents of subsidiaries acquired	**2.5.5**	19	213
Cash and cash equivalents of subsidiaries divested	**2.5.4**	0	-3 464
Change in cash and cash equivalents, continuing operations		**0**	**8 112**
Change in cash and cash equivalents		-6 612	0
Change in cash and cash equivalents		**-6 592**	**4 861**
Cash and cash equivalents at the end of the period	**2.5.24**	**5 349**	**12 022**

Portion of acquisition cost of subsidiaries less cash at acquisition		**2007**	**2006**
Camako Data AB	**2.5.5**	-441	0
Project Resource Solutions Inc	**2.5.5**	-861	0
Fabcon sub-group	**2.5.5**	-875	-1949
Impact on cashflow of investments		**-2177**	**-1949**

2.4 Consolidated Statement of Changes in Shareholders' Equity, IFRS

Shareholders' Equity attributable to parent company shareholders.

	Share capital	**Share issue premium**	**Revaluation reserve**	**Translation differences**	**Retained earnigns**	**Total**	**Minority interest**	**Share-holders' equity, Total**
SHAREHOLDERS' EQUITY ON DEC. 31, 2005	**15 917**	**4 808**	**430**	**463**	**-17 219**	**4 400**	**73**	**4 473**
Changes in translation differences	0	0	-13	-181	-41	-235	2	-233
Share based payments	0	0	0	0	77	77	0	77
Reclassifications between items	0	0	-50	0	50	0	0	0
Disposal of Artemis	0	-429	0	-244	673	0	-50	-50
Fabcon acquisition	0	0	0	0	0	0	57	57
Other changes	0	0	0	0	0	0	0	0
NET PROFIT/ LOSS RECOGNISED DIRECTLY TO SHAREHOLDERS' EQUITY	**0**	**-429**	**-63**	**-425**	**759**	**-158**	**9**	**-149**
Profit/loss for the period	0	0	0	0	10 962	10 962	45	11 007
TOTAL PROFITS AND LOSSES	**0**	**0**	**0**	**0**	**10 962**	**10 962**	**45**	**11 007**
Dividend distribution	0	0	0	0	0	0	-15	-15
SHAREHOLDERS' EQUITY ON DEC. 31, 2006	**15 917**	**4 379**	**368**	**38**	**-5 497**	**15 205**	**112**	**15 316**
Changes in translation differences	0	0	13	149	50	211	-14	197
Share based payments	0	0	0	0	117	117	0	117
Reclassifications between items	0	0	-51	0	51	0	0	0
NET PROFIT/ LOSS RECOGNISED DIRECTLY TO SHAREHOLDERS' EQUITY	**0**	**0**	**-38**	**149**	**218**	**329**	**-14**	**315**
Profit/loss for the period	0	0	0	0	-1 191	-1 191	18	-1 174
TOTAL PROFITS AND LOSSES	**0**	**0**	**0**	**0**	**-1 191**	**-1 191**	**18**	**-1 174**
SHAREHOLDERS' EQUITY ON DEC. 31, 2007	**15 917**	**4 379**	**329**	**187**	**-6 470**	**14 342**	**115**	**14 457**

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. Proha supports customers executing projects and managing project business by providing a comprehensive set of tools and services with the best project management practices. The two divisions of Proha Group are Dovre Consulting and Services division and Safran Systems division. Dovre Consulting and Services division provides project and supply chain management consulting and services. Safran Systems division develops and sells project management software.

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 listed in the OMX Nordic Exchange.

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

In its meeting on February 13, 2008 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 has also 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 December 31, 2007 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 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 unless otherwise stated.

Beginning January 1, 2007 the Group has adopted the following new and revised standards and interpretations:

IFRS 7 ***Standard Financial Instruments: Disclosures.*** IFRS 7 requires presentation of information on the impact of financial instruments on the entity's financial position and result as well as on quality and extend of risks from financial instruments. The standard has increased the amount of information on the notes to the yearend financial.

Alteration of IAS 1 standard, IAS 1 ***Presentation of Financial Statements – Capital Disclosures.*** IAS 1 requires presentation of information on the entity's level of capital and its management during the financial period. The new standard has increased the extend of the notes to the Group financial statements.

IFRIC 8 ***Scope of IFRS 2.*** IFRIC 8 is applied to business transactions in which equity instruments are granted and the received identified consideration is less than the fair value of the granted intstruments. The Group has not had any transactions referred to in the interpretation in either 2007 or 2006.

IFRIC 10 ***Interim Financial Reporting and Impairment.*** According to interpretation, the impairment loss recognized in interim reports on goodwill, equity instruments and financial assets carried at cost shall not be revised at a later reporting date. This interpretation has not had an impact on the Group financial statement.

It is the Group's estimate that the other than above new and revised standards and interpretations do not have a material impact on the Group yearend financial statements.

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 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

On October 26, 2006 Proha published its new strategy, according to which two divisions (Dovre Consulting and Services Division and Safran Systems Division) were established in 2006. In 2006 the reporting structure for the Group was altered to follow the new divisional structure so that Dovre Consulting and Services, Safran Systems, other operations as well as discontinued operations form each a separate reporting business segment. The figures for the accounting period January 1, - December 31, 2007 together with their comparative data are presented according to the new divisional structure.

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 2.5.37 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.

Proha acquired the full ownership of Swedish Camako Data AB in October 2007. Camako is consolidated in Proha Group financial statements beginning November 1, 2007. Proha's Canadian subsidiary Fabcon Canada Limited acquired full ownership of Project Resource Solutions Inc. (PRS) in November 2007. PRS is consolidated in the Proha Group financial statements beginning November 20, 2007.

Dovre Fabcon AS, established by Proha Plc's Norwegian subsidiary Dovre International AS, acquired the business operations and international subsidiaries of Fabcon Management AS in 2006. Fabcon has been consolidated in the Proha Group financial statements beginning May 1, 2006. The information on the acquisitions are presented in Note 2.5.5 Acquired Business Operations

Artemis sub-group is classified as discontinued operations and was sold on June 30, 2006. Artemis sub-group was consolidated in the Proha Group financial statements until June 30, 2006. The information concerning the discontinued operations are given in the Group income statement and balance sheet as well as in Note 2.5.4 Non-current Assets Held for Sale and Discontinued Operations.

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. Investment in associates includes the goodwill generated of the acquisition. 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 are presented in Note 2.5.19: Associated Company Shares.

Transactions in Foreign Currencies

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

Transactions in foreign currencies are recognized at exchange rates of the transaction date. At the end of the accounting period, foreign currency receivables and liabilities are valued at the rates of exchange prevailing at the end of that period.

The foreign exchange gains and losses from financing activities are presented under financing items on the income statement other exchange gains and losses are included in the operating results.

The income statements of the foreign subsidiaries are converted to Euros according to the weighed 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 according to 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 buyers. 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 according to the tax rate applicable at the end of the financial period.

Deferred taxes are calculated on all temporary differences between book values and tax values. 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 2.5.22 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 professional fees, are included in the acquisition cost. In the Group, goodwill is allocated to groups of cash flow generating units – Dovre Consulting and Services Division and Safran Systems Division.

For the business combinations prior 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 groups of 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 2007 and 2006. Dovre Consulting and Services Division and Safran Systems Division are defined as groups of 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 group of cash flow generating units has been explained in Note 2.5.17 Goodwill.

Software Development Costs
Software development costs are recognized as expenses on the income statement.

The intangible assets created by software development are capitalized on the balance sheet after the product is technically and commercially feasible and future economic gain can be expected of the product. The capitalized development costs include 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. Unfinished development projects are tested for impairment at the end of the financial period. The maintenance and minor improvements of existing products are expensed on 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 preconditions according to IAS 38 are met.

The intangible assets with limited useful lives are recognized at original acquisition cost on the balance sheet and deducted by depreciation according to the straight-line method during their estimated useful lives. For the intangible assets with unlimited useful lives no depreciations are 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 useful lives for other intangible assets are estimated at 3-5 years. The information on customer agreements and relations are presented in Note 2.5.16 Intangible Assets.

The depreciations of intangible assets are discontinued when the intangible asset is classified as held for sale according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Impairment of Tangible and Intangible Assets
Goodwill, intangible assets with unlimited useful lives and unfinished 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 flow 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. The estimated useful lives are 3-5 years.

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

The depreciations of tangible assets are discontinued when the tangible asset is classified as held for sale according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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. The cars and office equipment are leased under the Group's other lease agreements. The 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.

The Group estimates at the end of each financial year whether there is objective evidence for impairment of a single financial asset amount or group. IAS39 standard is applied for determining and recognition of 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 and Cash Equivalents
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 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 2.5.26 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.

Within the Group's continuing operations, there is a post employment benefit plans 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.

The information on the Group's defined benefit plans are shown in Note 2.5.29 Liabilities from Defined Benefit Plans.

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 reliably estimated.

Non-current Assets Classified as Held for Sale and Discontinued Operations

According to IFRS 5 standard the non-current assets held for sale and discontinued operations are classified as held for sale and they are measured at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

According to IFRS 5 standard Artemis sub-group that was a separate reporting segment and a group of cash flow generating units was classified as discontinued operation on December 31, 2005. Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

The information on discontinued operations are presented in the Group income statement and in Note 2.5.4 Non-current Assets Held for Sale and Discontinued Operations

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 Proha Group, the estimates are mostly related to measurement of assets. In the Group, goodwill, intangible assets with unlimited 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 flow 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 are presented in Note 2.5.17 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 on 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 are presented in Note 2.5.5 Acquired Business Operations and in Note 2.5.16 Intangible Assets.

Application of New and Amended IFRS Standards

IASB has published the following new and amended standards and interpretations that are not yet enforced and the Group has not applied them. The Group will apply each standard and interpretation starting the effective date, or if the effective date is other that the first day of the financial year, starting the first day of the financial year following the effective date.

IFRS 8 *Operating Segments* (valid for financial periods beginning after January 1, 2009). IFRS 8 replaces the standard IAS 14 *Segment reporting.* The change renews the segment information. According to the new standard, segment reporting is based on internal management reporting and its accounting principles. IFRS 8 requires presentation of information on group products, services, geographical areas and substantial customers. The enterprise is required to give information on the definition principles of the reporting segments and on the accounting principles applied to the segment reporting. Also according to the standard, a reconciliation on certain income statement and balance sheet items is to be presented. The Group estimates that the new standard will not substantially change the present Group segment reporting as the business segments based on internal management reporting are currently the primary reporting format. The presentation of the geographical segments will change. The Group estimates that application of IFRS 8 will mostly impact the way the segment information is presented in the notes to the financial statements. The renewed standard is not yet approved for application within EU.

IAS 1 *Presentation of Financial Statements* (valid for financial periods beginning after January 1, 2009). The renewed standard will change the presentation of yearend financial statements. The Group estimates that the change will impact mostly the presentation of income statement and the statement of changes in shareholders' equity. The accounting principle for earnings per share is not changed. The renewed standard is not yet approved for application within EU.

It is the Group's estimate that the other than above new and revised standards and interpretations published by IASB do not have a material impact on the Group yearend financial statements.

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

In 2006 Proha published its new strategy according to which two business divisions were established in the fourth quarter of 2006: Dovre Consulting and Services division and Safran Systems division. The reporting structure of the Group is revised to follow the new business divisions with separate reporting business segments being: Dovre Consulting and Services division, Safran Systems division, other operations and discontinued operations. Other operations consist mainly of Group administration. The information for the financial year January 1, - December 31, 2007 is thus presented according the before mentioned segment division.

Dovre Consulting and Services division offers project and supply chain management consulting and services. The division includes the Norwegian companies Dovre International AS and Dovre Fabcon AS with their international subsidiaries.

Safran Systems division sells and supports project management software. The division includes the Group parent company, its subsidiaries Datamar Oy, Safran Software Solutions AS, Camako Data AB and Futura One Oy as well as associates Datatron Oy and Safran North America LLC.

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.

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

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

Inter-Segment Pricing
Inter-segment pricing is based on fair market price.

Business segments (primary segments) 2007

	Dovre Services and Consulting	Safran Systems	Group Functions	Discontinued Operations	Elimina-tions	Non-allocated	Group total
INCOME STATEMENT INFORMATION							
External net sales	46 870	4 100	34		0		51 004
Intra-Group net sales	38	233	330		-601		0
Net sales	**46 909**	**4 333**	**364**		**-601**		**51 004**
Operating result of the segment	1 778	-687	-1 065	0	-183		-156
Non-allocated items						0	0
Operating result							**-156**
Financing income and expenses						-366	-366
Share of profit/loss in associates		-103	0		17		-85
Income taxes						-566	-566
Profit/loss in continuing operations	1 778	-789	-1 065	0	-165	-932	-1 174
Profit/loss in discontinued operations	0	0	0	0	0	0	0
Net profit/loss							**-1 174**
BALANCE SHEET INFORMATION							
Segments assets	16 362	2 630	2 311	0	3 556		24 860
Investments in associates		0	984	0	15		1 000
Non-allocated assets						6 151	6 151
Assets total	**16 362**	**2 630**	**3 296**	**0**	**3 572**		**32 010**
Segments liabilities	10 517	3 273	1 073	0	-2 940		11 922
Non-allocated liabilities						5 630	5 630
Liabilities total	**10 517**	**3 273**	**1 073**	**0**	**-2 940**		**17 552**
Other information							
Net sales, goods		625			0		625
Net sales, services	46 870	3 475	34		0		50 379
Investments	1 268	492	123		1 127	0	3 010
Depreciation and amortisation	-102	-103	-34	0	-181	0	-421
Other non-cash expenses	0	0	-117	0	0	0	-117

Business segments (primary segments) 2006

	Dovre Services and Consulting	Safran Systems	Group Functions	Discontinued Operations	Elimina-tions	Non-allocated	Group total
INCOME STATEMENT INFORMATION							
External net sales	38 124	2 853	44	17 195	0		58 215
Intra-Group net sales	18	161	433	0	-613		0
Net sales	**38 142**	**3 014**	**477**	**17 195**	**-613**		**58 215**
Operating result of the segment	2 193	-551	-1 967	11 961			11 635
Non-allocated items							0
Operating result							**11 635**
Financing income and expenses						318	318
Share of profit/loss in associates	0	0	0	0	-2		-2
Income taxes						-944	-944
Profit/loss in continuing operations	2 193	-551	-1 967	0	0	-774	-1 099
Profit/loss in discontinued operations	0	0	0	11 961	0	146	12 106
Net profit/loss							11 007
BALANCE SHEET INFORMATION							
Segments assets	12 791	1 514	1 191	0	3 879		19 375
Investments in associates	0	0	984	0	-2		982
Non-allocated assets						12 331	12 331
Assets total	**12 791**	**1 514**	**2 175**	**0**	**3 877**		**32 689**
Segments liabilities	9 101	1 225	596	0	-760		10 162
Non-allocated liabilities						7 211	7 211
Liabilities total	**9 101**	**1 225**	**596**	**0**	**-760**		**17 372**
Other information							
Net sales, goods	0	250	0	2 636	0		2 886
Net sales, services	38 124	2 603	44	14 559	0		55 330
Investments	2 060	11	8	103	0	0	2 181
Depreciation and amortisation	-270	-50	-54	0	0	0	-374
Other non-cash expenses	-242	0	-77	-147	0	0	-467

Geographical segments (secondary segments)

Net Sales	**2007**	**2006**
EMEA	35 557	43 093
AMERICAS	15 799	12 913
APAC	1 730	5 401
Intra-group transactions	-2 083	-3 192
Total	**51 004**	**58 215**

Assets	**2007**	**2006**
EMEA	23 437	16 645
AMERICAS	5 797	2 287
APAC	391	2 356
Intra-group transactions	-3 766	-931
Non-allocated assets	6 151	12 331
Total	**32 010**	**32 689**

Capital Expenditure	**2007**	**2006**
EMEA	1 819	2 074
AMERICAS	1 192	64
APAC	0	2
Total	**3 010**	**2 140**

2.5.4 Non-current Assets Held for Sale and Discontinued Operations

On June 30, 2006 the Group divested Artemis sub-group that was classified as discontinued operations.
The Group had no discontinued operations in 2007.

Effect of divestments on net assets

Effect on assets	**1.1. - 31.12.2006**
Intangible assets	-76
Tangible Assets	-352
Investments in associates	-5
Available-for-sale investments	-54
Non-current trade and other receivables	-205
Trade receivables and other receivables	-14 183
Tax Receivable, income tax	-117
Cash and bank	6 578
Effect on assets	**-8 413**
Effect on minority interest	**14**
Effect on liabilities	
Long-term liabilities, interest-bearing	1 228
Liabilities from defined benefit plan	3 258
Non-current provisions	77
Short-term interest-bearing liabilities	3 261
Trade Payables and Other Liabilities	17 609
Tax liability, income tax	1 230
Effect on liabilities	**26 664**
Effect on net worth	**18 265**
Goodwill due to disposals of subsidiaries	-7 751
Cost basis	**10 515**

Specification of selling price	
Received in cash	10 043
Total	**10 043**

Cash flow statement, divestment of Artemis		**1.1. - 31.12.2006**
Operating result, discontinued operations		11 961
Loss on disposal, Proha Plc	**Note 2.5.8**	-472
Intra-group transactions		-196
Adjustments to operating profit in cash flow statement		**11 293**

2.5.5 Acquired Businesses

2.5.5.1 Camako Data AB

In October 2007 Proha acquired full ownership of the Swedish project management IT consultancy company Camako Data AB (Camako). Established in 1996 Camako is a project and resource management IT consultancy company concentrating especially in Microsoft products. At acquisition Camako employed eight consultants and has a strong position in the Swedish markets. Camako became part of the Proha's Safran Systems division.

Camako is consolidated in Proha's group financial statements beginning November 1, 2007.

The acquisition cost of Camako is estimated at EUR 1.1 million on December 31, 2007.

The acquisition cost of Camako is composed of a fixed portion of approximately EUR 0.7 million and of a potential additional purchase price that is based on certain performance objectives. If all performance objectives are met in full, the additional purchase price will total approximately EUR 0.4 million.

The fixed portion approximately EUR 0.7 million was paid in two installments with approximately EUR 0.4 million paid at closing and approximately EUR 0.3 million in January 2008.

The second installment EUR 275,000 of the fixed purchase price for Camako Data AB was paid partly in shares by issuing 500,000 new Proha shares for subscription by the seller. According to the terms of the purchase agreement the subscription price of the shares is the weighed average price of Proha shares in Helsinki Stock Exchange between January 22 - 28, 2008, i.e. EUR 0.26 per share, totaling at EUR 130,000.00. The total amount paid for the shares will be recorded in the fund for invested non-restricted equity. The remainder of the second installment, EUR 145,000 is paid in cash.

Two thirds (2/3) of the new shares include a sales restriction that will expire on October 26, 2008 for the first third and on October 26, 2009 for the second third.

According to the estimates on December 31, 2007, the possible additional purchase price would be approximately EUR 0.4 million and will be paid at latest in 2009 either in cash or in Proha Plc shares. The estimated additional purchase price of approximately 0.4 million is included in the accrued liabilities of the non-current liabilities in the Group balance sheet on December 31, 2007.

Of the cost of acquisition EUR 0.3 million was allocated to customer agreements and customer relations. Consequently approximately EUR 0.1 million was recognized as deferred tax liability. The fair value of the acquired net assets was approximately EUR 0.2 million. The goodwill of approximately EUR 0.9 million was recognized and was based on Camako being Microsoft Gold Certified Partner with solid experience on Microsoft EPM and Microsoft Sharepoint systems. The acquisition of Camako is an important strategic action for Proha's Safran Systems division and supports Proha's strategy of international expansion.

In 2007 Camako's share of the Group result was EUR 14 thousand. In 2007 Camako's share of the Group net sales would have been EUR 1.2 million and share of Group result EUR 40 thousand if Camako had been consolidated in the Group financial statements beginning January 1, 2007.

The following assets and liabilities were recognized of the acquiree:

(EUR 1000) Acquisition date	Fair values upon business combination 29.10.2007	Carrying amount before business combination 29.10.2007
Non-current assets		
Intangible assets	369	95
Tangible Assets	44	44
Current assets		
Intangible assets	220	220
Tangible Assets	19	19
Assets total	**652**	**379**
Non-current liabilities		
Deferred tax liability	76	0
Non-current liabilities, interest-bearing	76	76
Current liabilities		
Trade Payables and Other Liabilities	252	252
Liabilities total	**404**	**328**
Net assets	**247**	**51**
Goodwill on acquisition	**863**	
Acquisition cost, total	**1 110**	

Amount of acquisition cost paid in cash and cash equivalents	460	
Amount of non-current, non-interest bearing liabilities	375	**Note 2.5.28.2**
Amount of acquisition cost in accrued liabilities	275	**Note 2.5.32**
Acquisition cost, total	**1 110**	

Amount of acquisition cost paid in cash and cash equivalents	460
- cash and cash equivalents on acquisition date	-19
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2007	**441**

The figures of the table are based on exchange rate of the acquisition date.

2.5.5.2 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 resource company focusing on services to Canadian Oil Sand Projects, a market that Fabcon entered in 2006. Established in 2005, PRS is located in Calgary. At the time of acquisition PRS engaged 36 consultants within project management in various projects in the province of Alberta. PRS became a subsidiary to Fabcon Canada Limited and thus a part of Proha's Dovre Consulting and Services division.

PRS is consolidated in Proha's group financial statements beginning November 20, 2007.

In November 2007, the fixed part of the purchase price CAD 1.2 million (approx. EUR 0.9 million) was paid in cash. In addition, the agreement contains an earn out model that will pay the Sellers 30% of PRS gross profits over the 36 months between November 20, 2007 - December 19, 2010.

The acquisition cost of PRS is estimated at EUR 1.1 million on December 31, 2007. The acquisition cost of PRS is composed of a fixed portion of CAD 1.2 million (approximately EUR 0.8 million) and immediate related acquisition costs of EUR 30 thousand. On the date of acquisition EUR 0.2 were recognized as adjustment to the acquisition cost. The EUR 0.2 million adjustment to acquisition cost consists of additional purchase price based on gross margin between November 20, 2007 and December 31, 2007 and is based on the probability of the adjustment and that it can be reliably defined. The estimated gross margin is based on actual earnings development in December 1-31, 2007 and on the budget approved by Proha Board for January 1, - December 31, 2008.

The estimated additional purchase price of approximately EUR 0.2 million is included in the accrued liabilities of the non-current liabilities and approximately EUR 0.02 million is included in the accrued liabilities of the current liabilities in the Group balance sheet on December 31, 2007.

Of the cost of acquisition EUR 0.2 million was allocated to customer agreements and customer relations. Consequently approximately EUR 0.1 million was recognized as deferred tax liability. The fair value of the acquired net assets was approximately EUR 0.0 million. The goodwill of approximately EUR 1.0 million was recognized and was based on PRS strengthening Proha's Dovre Consulting and Services division considerably in Canada. PRS's experienced team along with their vast networks will enable further expansion of Group operations into the Canadian Western Oil Sands frontier. Also synergies are found with other Group operations in North America and in services to international clients globally.

In 2007 PRS's share of the Group result was EUR 30 thousands. In 2007 PRS's share of the Group net sales would have been EUR 5.2 million and share of Group result EUR 0.1 million if PRS had been consolidated in the Group financial statements beginning January 1, 2007.

The following assets and liabilities were recognized of the acquiree:

(EUR 1000) Acquisition date	**Fair values upon business combination 20.11.2007**	**Carrying amount before business combination 20.11.2007**
Non-current assets		
Intangible assets	202	0
Assets total	**202**	**0**
Non-current liabilities		
Deferred tax liability	75	0
Liabilities total	**75**	**0**
Net assets	**127**	**0**
Goodwill on acquisition	**969**	
Acquisition cost, total	**1 096**	
Amount of acquisition cost paid in cash and cash equivalents	861	
Amount of non-current, non-interest bearing liabilities	18	**Note 2.5.28.2**
Amount of trade and other payables	217	**Note 2.5.32**
Acquisition cost, total	**1 096**	
Amount of acquisition cost paid in cash and cash equivalents	861	
- cash and cash equivalents on acquisition date	0	
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2007	**861**	

The figures of the table are based on exchange rate of the acquisition date.

2.5.5.3 Fabcon

Dovre Fabcon AS, established by Proha's Norwegian subsidiary Dovre International AS, acquired the business and international subsidiaries of Fabcon Management AS in 2006. Fabcon is an internationally operating oil and gas industry project management consultant.

Fabcon is consolidated in Proha's group financial statements beginning May 1, 2006.

The final acquisition cost of Fabcon was approximately NOK 24.8 million (approximately EUR 3.1 million), which was in accordance with the estimate of December 31, 2006. The acquisition cost included the acquisition price of NOK 24.4 million (approximately EUR 3.1 million) and immediate related acquisition costs of NOK 0.4 million (approximately EUR 0.1 million).

The purchase price was be paid in two installments. The first installment of approximately NOK 16.3 million (approx. EUR 2.1 million) was paid in June 2006.

The final purchase price was dependent on Fabcon's result for 2006 and some other customary terms and conditions. The rest of the purchase price was approximately NOK 8.0 million (approx. EUR 1.0 million) less approximately NOK 1.1 million (approximately EUR 0.1 million) was paid in December 2007. The deduction of NOK 1.1 million in purchase price is based on the purchase agreement according to Proha's view. Negotiations with the seller are ongoing about the final amount of the deduction. Since the matter is unsolved, the cost of acquisition is not adjusted in the yearend financial statements of Proha on December 31, 2007. The corresponding liability of approximately NOK 1.1 million (approximately EUR 0.1 million) is included in the Group balance sheet on December 31, 2007.

Of the cost of acquisition of approximately EUR 0.5 million was allocated to customer agreements and customer relations. Consequently approximately EUR 0.2 million was recognized as deferred tax liability. The fair value of the acquired net assets was approximately EUR 1.7 million. The goodwill of approximately EUR 1.5 million was based on Proha's estimate that Fabcon acquisition would increase Dovre's growth and strengthen Dovre's position in the global gas industry markets through Fabcon's international network. Following the acquisition Proha is better able to serve its customers in the international oil and gas industry. Also the profitability of the acquired business generated goodwill.

In 2007 Fabcon's share of the Group result was EUR 0.4 million. In 2006 Fabcon's share of the Group net sales would have been EUR 12.3 million and share of Group result EUR 0.5 million if Fabcon had been consolidated in the Group financial statements beginning January 1, 2006.

The following assets and liabilities were recognized of the acquiree:

Acquisition date	**Fair values upon business combination May 1, 2006**	**Carrying amount before business combination May 1, 2006**
Non-current assets		
Intangible assets	544	0
Tangible Assets	22	22
Non-current trade and other receivables	138	138
Available-for-sale investments	13	13
Current assets		
Trade receivables and other recivables	2 095	2 095
Cash and bank	213	213
Assets total	**3 025**	**2 481**
Minority interest	57	57
Non-current liabilities		
Deferred tax liability	152	0
Non-current liabilities, interest-bearing	322	322
Current liabilities		
Trade Payables and Other Liabilities	766	766
Liabilities total	**1 240**	**1 088**
Net assets	**1 727**	**1 335**
Goodwill on acquisition	**1 473**	
Acquisition cost, total	**3 200**	

	2006
Amount of acquisition cost paid in cash and cash equivalents	2 162
Amount of acquisition cost in accrued liabilities	1 038
Acquisition cost, total	**3 200**

	2006
Amount of acquisition cost paid in cash and cash equivalents	2 162
- cash and cash equivalents on acquisition date	-213
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2006	**1 949**

Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2007	**875**	
Proportion recognised in accrued expenses 31 December 2007	**136**	**2.5.32**
Total	**1 011**	

The figures of the table are based on exchange rate of the acquisition date.

2.5.6 Net Sales

Distribution of net sales by revenue type, Group	2007	%	2006	%
One-time license revenue	625	1,2 %	2 886	5,0 %
Recurring license revenue	777	1,5 %	7 457	12,8 %
Services	49 602	97,3 %	47 873	82,2 %
Total	**51 004**	100,0 %	**58 215**	100,0 %

Distribution of net sales by revenue type, Continuing operations	2 007		2 006	%
One-time license revenue	625	1,2 %	250	0,6 %
Recurring license revenue	777	1,5 %	706	1,7 %
Services	49 602	97,3 %	40 065	97,7 %
Total	**51 004**	100,0 %	**41 021**	100,0 %

Distribution of net sales by revenue type, Discontinued operations *)	2007		2 006	%
One-time license revenue	0		2 636	15,3 %
Recurring license revenue	0		6 751	39,3 %
Services	0		7 808	45,4 %
Total	**0**		**17 195**	100,0 %

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

2.5.7 Other Operating Income

Other operating income, Group	2007	2006
Rental income	52	93
Subvention	27	209
Gain on disposal of non-current assets, tangibles	0	27
Gain on disposal of non-current assets, investments	0	71
Other operating income	0	107
Total	**79**	**508**

Other operating income, Continuing operations	2007	2006
Rental income	52	93
Subvention	27	209
Gain on disposal of non-current assets, tangibles	0	18
Gain on disposal of non-current assets, investments	0	71
Total	**79**	**392**

Other operating income, Discontinued operations *)	2007	2006
Gain on disposal of non-current assets, tangibles	0	9
Other operating income	0	107
Total	**0**	**116**

*) Artemis sub-group was divested on June 30, 2006.
The Group had no discontinued operations in 2007.

2.5.8 Gains on Disposal of Discontinued Operations

Gain on disposal of discontinued operations, Group	2007	2006
Continuing operations	0	-472
Discontinued operations	0	15 006
Total	**0**	**14 534**

In 2007 the Group had no discontinued operations.

The result for 2006inclued approximately EUR 14.5 million in gain on disposal of divestment of Artemis shares on June 30, 2006. Because the price was fixed, Artemis' result for the period January 1, - June 30, 2006 of EUR -3.1 million increased the Group's gain on disposal by approximately EUR 3.1 million as the items of Artemis' income statement were consolidated with Proha Group's income statement until the date of execution of the divestment June 30, 2006.The parent company recognized EUR 0.5 million loss on disposal for the sale of Artemis' shares.

2.5.9 Materials and Services

Group	2007	2006
Purchases during the year	-2	-173
External services	-87	-1 656
Total	**-89**	**-1 829**

Continuing operations	2 007	2006
Purchases during the year	-2	-7
External services	-87	-78
Total	**-89**	**-85**

Discontinued operations *)	2007	2006
Purchases during the year	0	-166
External services	0	-1 579
Total	**0**	**-1 744**

*) Artemis sub-group was divested on June 30, 2006.
The Group had no discontinued operations in 2007.

2.5.10 Employee Benefits Expense

Employee benefits expense, total, Group	2007	2006
Salaries and fees	-41 324	-42 530
Pension expenses, defined contribution plans	-316	-754
Pension expenses, defined benefit plans **)	-1 013	-1 166
Pension expenses, total	-1 328	-1 921
Share options granted to employees *)	-117	-225
Other employee benefits, total	-4 088	-5 422
Other employee benefits, total	-4 205	-5 647
Total	**-46 858**	**-50 097**

Employee benefits expense, total, Continuing operations	2007	2006
Salaries and fees	-41 324	-33 265
Pension expenses, defined contribution plans	-316	-306
Pension expenses, defined benefit plans **)	-1 013	-966
Pension expenses, total	-1 328	-1 272
Share options granted to employees *)	-117	-77
Other employee benefits, total	-4 088	-3 273
Other employee benefits, total	-4 205	-3 350
Total	**-46 858**	**-37 887**

Employee benefits expense, total, Discontinued operations ***)	2007	2006
Salaries and fees	0	-9 265
Pension expenses, defined contribution plans	0	-448
Pension expenses, defined benefit plans **)	0	-201
Pension expenses, total	0	-648
Share options granted to employees *)	0	-147
Other employee benefits, total	0	-2 149
Other employee benefits, total	0	-2 297
Total	**0**	**-12 210**

*) Information on the share based payments are presented under Notes 2.5.26 Share Based Payments, Continuing Operations and 2.5.27 Share Based Payments, Discontinued Operations.

**) Information on the defined benefit plans are presented under Note 2.5.29 Liabilities from Defined Benefit Plans.

***) Artemis sub group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

The management remuneration and fringe benefits as well as the compensations for key personnel are presented in note 2.5.38 Related Party Transactions

Average number of employees	2007	2006
Dovre Services and Consulting Division	274	238
Safran Systems Division	53	46
Other operations	6	18
Discontinued operations	0	167
Total	**333**	**469**

Number of Group personnel at the end of the period	31.12.2007	31.12.2006
Total	**381**	**325**

2.5.11 Depreciation, Amortisation and Impairment losses

Depreciation and amortisation according to plan	2007	2006
Continuing operations	-421	-374
Total	**-421**	**-374**

Artemis sub-group was divested on June 30, 2006. No depreciation and amortisation were recognized for the the tangible and intangible assets of Artemis sub-group for the period January 1 - June 30, 2006, because Artemis sub-group was classified as discontinued operations on December 31, 2005.

The Group had no discontinued operations in 2007.

2.5.12 Other Operating Expenses

Operating expenses, Group	2007	2006
Premises	-676	-1 841
Voluntary Staff costs	-33	-498
Marketing expenses	-173	-507
Travel expenses	-422	-1 332
Loss on disposal of non-current assets, investments	0	-0
Administration and other operating expenses	-2 569	-5 143
Total	**-3 872**	**-9 322**

Operating expenses, continuing operations	2007	2006
Premises	-676	-584
Voluntary Staff costs	-33	-41
Marketing expenses	-173	-170
Travel expenses	-422	-471
Loss on disposal of non-current assets, investments	0	-0
Administration and other operating expenses	-2569	-1 655
Total	**-3 872**	**-2 920**

Operating expenses, discontinued operations *)	2007	2006
Premises	0	-1 257
Voluntary Staff costs	0	-457
Marketing expenses	0	-338
Travel expenses	0	-861
Loss on disposal of non-current assets, investments	0	0
Administration and other operating expenses	0	-3 489
Total	**0**	**-6 402**

Research & development, Group	2007	2006
Research and development expenses (on income statement)	-1 402	-3 966
Capitalised research and development expenses	-332	0
Total	**-1 734**	**-3 966**

Research & development, continuing operations	2007	2006
Research and development expenses (on income statement)	-1402	-1 002
Capitalised research and development expenses	-332	0
Total	**-1 734**	**-1 002**

Research & development, discontinued operations *)	2007	2006
Research and development expenses (on income statement)	0	-2 964
Capitalised research and development expenses	0	0
Total	**0**	**-2 964**

Auditor fees	2007	2006
Annual audit, auditor in charge of the parent company	-78	-76
Annual audit, other auditors *)	-41	-109
Other professional services, auditor in charge of the parent company	-4	-8
Other professional services, other auditors *)	-33	-54
Total	**-156**	**-247**

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

Auditors fees for 2006 include auditors fees for continuing operations. Artemis sub-group that is classified as discontinued operations was divested on June 30, 3006. Artemis sub-group has not disclosed its auditors fees for period January 1, - June 30, 2006 therefore they are not included in the presented information.

2.5.13 Financial Income and Expenses

Financial income, Group	2007	2006
Dividend income from associates	0	0
Dividend income from others	2	2
Other interest and financial income from associates	14	0
Other interest and financial income from others	552	1 224
Financial income, total	**569**	**1 227**

Financial expenses, Group	2007	2006
Impairment loss on other receivables	0	-14
Other interest and financial expenses	-934	-894
Financial expenses, total	**-934**	**-908**
Financial income and expenses, total, Group	**-366**	**318**

Financial income, Continuing operations	2007	2006
Dividend income from associates	0	0
Dividend income from others	2	2
Other interest and financial income from associates	14	0
Other interest and financial income from others	552	220
Financial income, total	**569**	**222**

Financial expenses, Continuing operations	2007	2006
Impairment loss on other receivables	0	-14
Other interest and financial expenses	-934	-525
Financial expenses, total	**-934**	**-539**

Financial income and expenses, total, Continuing operations	**-366**	**-317**

Financial income, Discontinued operations *)	2007	2006
Other interest and financial income from others	0	1 004
Financial income, total	**0**	**1 004**

Financial expenses, Discontinued operations *)	2007	2 006
Other interest and financial expenses	0	-369
Financial expenses, total	**0**	**-369**

Financial income and expenses, total, Discontinued operations *)	**0**	**635**

Translation differences recognised in income statement, Group	2007	2006
Exchange differences included in financial income and expenses:		
Foreign exchange gains	28	955
Foreign exchange losses	-316	-474
Exchange differences recognised in income statement, total	**-288**	**349**

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

2.5.14 Income Taxes

Tax on income from operations, Group	**2007**	**2006**
Tax on income from operations	-562	-1 095
Tax for previous years	0	-19
Change in deferred tax asset (Note 2.5.22)	-10	110
Change in deferred tax liability (Note 2.5.22)	6	59
Total	**-566**	**-944**

Tax on income from operations, Continuing operations	**2007**	**2006**
Tax on income from operations	-562	-604
Tax for previous years	0	-20
Change in deferred tax asset (Note 2.5.22)	-40	110
Change in deferred tax liability (Note 2.5.22)	36	59
Total	**-566**	**-455**

Tax on income from operations, Discontinued operations *)	**2007**	**2006**
Tax on income from operations	0	-491
Tax for previous years	0	1
Total	**0**	**-489**

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007.

Reconciliation of the tax expense in the income statement to the domestic tax rate **), Continuing operations *)**	**2007**	**2006**
Result before taxes	**-607**	**-645**
Taxes at parent company's rate **)	**158**	**168**
Deviating tax rates of subsidiaries	-44	-61
Tax-free income and non-deductible expenses	-2	-20
Unrecognized tax assets for the losses of the accounting year	-618	-526
Use of previously unrecognized tax losses	5	20
Other items	-60	-184
Tax for previous years	0	-20
Change in deferred tax asset (Note 2.5.22)	-10	110
Change in deferred tax liability (Note 2.5.22)	6	59
Tax on income from operations, Continuing operations	**-566**	**-455**

**) Parent company tax rate was 26 % in 2007 and in 2006.

***) Artemis sub-group was divested on June 30, 2006. Artemis has not disclosed the necessary information for making the reconciliation of tax expense and consequently the reconciliation is made for continuing operations only.

2.5.15 Earnings per Share

2.5.15.1 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, Group	**2007**	**2006**
Result attributable to the equity holders of the parent (EUR 1000)	-1 191	10 962
Weighted average number of shares during the financial year (1000)	61 219	61 219
Undiluted earnings per share (EUR / share)	**-0,019**	**0,179**

Diluted earnings per share, Continuing operations	**2007**	**2006**
Result attributable to the equity holders of the parent (EUR 1000)	-1 191	-1 108
Weighted average number of shares during the financial year (1000)	61 219	61 219
Undiluted earnings per share (EUR / share)	**-0,019**	**-0,018**

Diluted earnings per share, Discontinued operations *)	**2006**
Result attributable to the equity holders of the parent (EUR 1000)	12 070
Weighted average number of shares during the financial year (1000)	61 219
Undiluted earnings per share (EUR / share)	**0,197**

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007, consecquently the earnings per share for both the Group and continuing operations are identical.

2.5.15.2 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 two types of instruments with potential to increase the number of shares: share options and convertible bond. The instrument will have 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, Group	**2007**	**2006**
Result attributable to the equity holders of the parent (EUR 1000)	-1 191	10 962
Weighted average number of shares during the financial year (1000)	61 219	61 219
Stock option adjustment (1000)	9	18
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 227	61 237
Diluted earnings per share (EUR / share)	**-0,019**	**0,179**

Diluted earnings per share, Continuing operations	2007	2006
Result attributable to the equity holders of the parent (EUR 1000)	-1 191	-1 108
Weighted average number of shares during the financial year (1000)	61 219	61 219
Stock option adjustment (1000)	9	18
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 227	61 237
Diluted earnings per share (EUR / share)	**-0,019**	**-0,018**

Diluted earnings per share, Discontinued operations *)	2006
Result attributable to the equity holders of the parent (EUR 1000)	12 070
Weighted average number of shares during the financial year (1000)	61 219
Stock option adjustment (1000)	18
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 237
Diluted earnings per share (EUR / share)	**0,197**

*) Artemis sub-group was divested on June 30, 2006. The Group had no discontinued operations in 2007, consecquently the earnings per share for both the Group and continuing operations are identical.

2.5.16 Intangible Assets

Intangible assets 2007, Group	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost 1.1.	2 233	115	1 022	3 370
Translation differences (+/-)	79	4	-8	74
Additions	0	372	0	372
Acquisitions of subsidiaries	473	0	95	568
Acquisition cost 31.12.	2 784	491	1 108	4 383
Cumulative amortisation and value adjustments 1.1.	-479	0	-892	-1 371
Translation differences (+/-)	-19	0	-0	-19
Amortisation	-236	-39	-43	-318
Cumulative amortisation and value adjustments 31.12.	-733	-39	-935	-1 707
Book value 31.12.2007	**2 051**	**452**	**173**	**2 676**

Intangible assets 2006, Group	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost 1.1.	1 775	149	1 224	3 148
Translation differences (+/-)	-55	-4	-1	-59
Additions	512	0	96	609
Divestments of subsidiaries	0	-29	-274	-303
Disposals	0	-1	-24	-25
Acquisition cost 31.12.	2 233	115	1 022	3 370
Cumulative amortisation and value adjustments 1.1.	-281	-8	-1 075	-1 364
Translation differences (+/-)	14	0	1	14
Cumulative amortisation on divestments	0	8	204	212
Cumulative amortisation on disposals	0	0	24	24
Amortisation	-211	0	-45	-257
Cumulative amortisation and value adjustments 31.12.	-479	0	-892	-1 371
Book value 31.12.2006	**1 754**	**115**	**130**	**1 999**

Intangible assets 2006, Continuing operations	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost 1.1.	1 775	119	966	2 859
Translation differences (+/-)	-55	-4	0	-58
Additions	512	0	80	592
Disposals	0	0	-24	-24
Acquisition cost 31.12.	**2 233**	**115**	**1 022**	**3 370**
Cumulative amortisation and value adjustments 1.1.	-281	0	-870	-1 151
Translation differences (+/-)	14	0	0	14
Cumulative amortisation on disposals	0	0	24	24
Amortisation	-211	0	-45	-257
Cumulative amortisation and value adjustments 31.12.	-479	0	-892	-1 371
Book value 31.12.2006	**1 754**	**115**	**130**	**1 999**

Intangible assets 2006, Discontinued operations *)	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost 1.1.	0	30	258	288
Translation differences (+/-)	0	-0	-1	-1
Additions	0	0	17	17
Sale of assets in group companies	0	-29	-274	-303
Disposals	0	-1	0	-1
Acquisition cost 31.12.	0	0	0	-0
Cumulative amortisation and value adjustments 1.1.	0	-8	-205	-213
Translation differences (+/-)	0	0	1	1
Cumulative depreciation on sale of assets in group companies	0	8	204	212
Cumulative amortisation and value adjustments 31.12.	0	-0	0	0
Book value 31.12.2006	**0**	**-0**	**0**	**-0**

*) Artemis sub-group was divested on June 30, 2006.

Customer Agreements and Relations

Acquisition of Camako Data AB

In October 2007 Proha acquired full ownership of Swedish Camako Data AB. Of the acquisition cost approximately EUR 0.2 million were allocated to customer agreements. Since majority of the customer agreements have a termination period of one month no acquisition cost is allocated to them. The fair values of customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the central variables are percentages of change in net sales and costs. The discount rate used is 16%. The remaining amortisation periods for the customer agreements and relations were 9.8 years on December 31, 2007.

Acquisition of Project Resource Solutions Inc

In November 2007 Proha's Canadian subsidiary Fabcon Canada Limited acquired full ownership of Resource Solutions Inc. (PRS). Of the acquisition cost approximately EUR 0.2 million were allocated to customer relations. Since majority of the customer agreements have short termination period no acquisition cost is allocated to them. The fair values of relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the central variables are percentages of change in net sales and costs. The discount rate used is 15%. The remaining amortisation periods for the customer relations were 9.9 years on December 31, 2007.

Acquisition of Fabcon

Dovre Fabcon AS, established by Proha's Norwegian subsidiary Dovre International AS, acquired the business and international subsidiaries of Fabcon Management AS in 2006. Of the cost of acquisition of approximately EUR 0.5 million was allocated to customer agreements and customer relations. The fair values for the customer contracts and relations are determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the central variables are percentages of change in net sales and costs. The discount rate used is 16%. The remaining amortisation periods for the customer agreements and relations were 8.3 on December 31, 2007 and 9.3 years on December 31, 2006.

The information on Fabcon acquisition is presented in Note 2.5.5 Acquired Businesses

Acquisition of Dovre

Following the acquisition of Dovre International AS (60%) 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, are 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. The fair values for the customer contracts and relations are determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the central variables are percentages of change in net sales and costs. The discount rate used is 15%. The remaining depreciation periods for the customer agreements and relations were 6.4 years on December 31, 2007 and 7.4 years on December 31, 2006.

2.5.17 Goodwill

Goodwill 2007	Group
Acquisition cost 1.1.2006	4 758
Translation differences (+/-)	164
Acquisition of Camako Data AB	856
Acquisition of Project Resource Solutions Inc	969
Book value 31.12.2007	6 747

Goodwill 2006	Continuing operations	Discontinued operations *)	Group
Acquisition cost 1.1.	3 474	7 751	11 225
Translation differences (+/-)	-137	0	-137
Acquisition of Fabcon sub-group	1 421	0	1 421
Sale of assets in group companies	0	-7 751	-7 751
Book value 31.12.2006	**4 758**	**0**	**4 758**

Information on subsidiaries is presented in Note 2.5.5 Acquired businesses.

Impairment Tests

Dovre Consulting and Services division and Safran Systems division are defined as separate groups of cash flow generating units of the Group.

Dovre Consulting and Services Division

In goodwill a total of EUR 5,9 million was allocated to Dovre Consulting and Services division on December 31, 2007 (EUR 4.8 million on December 31, 2006).

For 2007 and 2006 impairment testing of group of cash flow generating units Dovre Consulting and Services segment, the measurement of recoverable amount is made by reference to value in use. The cash flow forecasts are based on five-year forecasts made the management and approved by the Board of Directors. The forecast has been adjusted by the influence of Project Resource Solutions Inc that was acquired in November 2007. The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual developments, estimate on market developments, product selections, changes in business area and on expansion of Dovre Consulting and Services division through acquisition in 2006 and 2007.

In the testing of 2007 and 2006 the cash flows after the forecast period have been extrapolated using 2% growth rate that is assumed to correspond reasonable rate of inflation.

The discount rate used is 6,81%. The discount rate is based on the capital yield requirement (WACC) after tax, that is adjusted by tax effects for impairment testing. The WACC formula inputs are risk-free rate of return, market risk premium, industry specific beta coefficient, borrowing cost and target capital structure. Additionally scenario calculations have been made to test the sensitivities of the basic calculation. 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 of 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.

Safran Systems Division

In goodwill a total of EUR 0,9 million was allocated to Safran Systems division on December 31, 2007 (EUR 0.0 million on December 31, 2006).

For 2007 impairment testing of group of cash flow generating units Safran Systems segment, the measurement of recoverable amount is made by reference to value in use. The cash flow forecasts are based on five-year forecasts made the management and approved by the Board of Directors. The forecast has been adjusted by the influences of consolidations of Camako Data AB that was acquired in October 2007, and Datatron Oy. The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual developments, estimate on market developments, product selections, changes in business.

In the testing of 2007 and 2006 the cash flows after the forecast period have been extrapolated using 2% growth rate that is assumed to correspond reasonable rate of inflation.

The discount rate used is 6,81%. The discount rate is based on the capital yield requirement (WACC) after tax, that is adjusted by tax effects for impairment testing. The WACC formula inputs are risk-free rate of return, market risk premium, industry specific beta coefficient, borrowing cost and target capital structure. Additionally scenario calculations have been made to test the sensitivities of the basic calculation. 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 of 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.

2.5.18 Tangible Assets

Tangible assets 2007, Group	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	1 444	0	1 444
Translation differences (+/-)	24	0	24
Investments in subsidiaries	43	0	43
Additions	204	0	204
Acquisition cost 31.12.	1 714	0	1 714
Cumulative depreciation and value adjustments 1.1.	-1 228	0	-1 228
Translation differences (+/-)	-26	0	-26
Depreciation	-103	0	-103
Cumulative depreciation and value adjustments 31.12.	-1 358	0	-1 358
Book value 31.12.2007	**356**	**0**	**356**

Tangible assets 2006, Group	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	6 208	705	6 912
Translation differences (+/-)	-17	-7	-25
Investments in subsidiaries	26	0	26
Additions	129	0	129
Sale of assets in group companies	-4 873	-697	-5 570
Disposals	-28	-0	-29
Acquisition cost 31.12.	1 444	0	1 444
Cumulative depreciation and value adjustments 1.1.	-5 630	-654	-6 284
Translation differences (+/-)	16	5	21
Cumulative depreciation on acquisitions	-4	0	-4
Cumulative depreciation on sale of assets in group companies	4 508	649	5 157
Depreciation	-117	0	-117
Cumulative depreciation and value adjustments 31.12.	-1 228	0	-1 228
Book value 31.12.2006	**216**	**0**	**216**

Tangible assets 2006, Continuing operations	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	1 399	0	1 399
Translation differences (+/-)	-18	0	-18
Investments in subsidiaries	26	0	26
Additions	44	0	44
Disposals	-7	0	-7
Acquisition cost 31.12.	1 444	0	1 444
Cumulative depreciation and value adjustments 1.1.	-1 122	0	-1 122
Translation difference (+/-)	16	0	16
Cumulative depreciation on acquisition (+/-)	-4	0	-4
Depreciation	-117	0	-117
Cumulative depreciation and value adjustments 31.12.	-1 228	0	-1 228
Book value 31.12.2006	**216**	**0**	**216**

Tangible assets 2006, Discontinued operations *)	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	4 809	705	5 513
Translation differences (+/-)	1	-7	-6
Additions	85	0	85
Sale of assets in group companies	-4 873	-697	-5 570
Disposals	-21	-0	-21
Acquisition cost 31.12.	0	0	0
Cumulative depreciation and value adjustments 1.1.	-4 508	-654	-5 162
Translation differences (+/-)	0	5	5
Cumulative depreciation on sale of assets in group companies	4 508	649	5 157
Cumulative depreciation and value adjustments 31.12.	0	0	0
Book value 31.12.2006	**0**	**0**	**0**

*) Artemis sub-group was divested on June 30, 2006. The group had no discontinued operations in 2007.

2.5.19 Investments in Associates

Investments in associates 2007	Group
In the beginning of the financial year	982
Additions	96
Share of profit / loss in associates	-78
Translation differences	-0
At the end of the financial year	**1 000**

Investments in associates 2006	Continuing operations	Discontinued operations	Group
In the beginning of the financial year	962	5	966
Additions	23	0	23
Sale of assets in group companies	0	-5	-5
Share of profit / loss in associates	-2	0	-2
At the end of the financial year	**982**	**0**	**982**

The book value of associates on December 31, 2007 or December 31, 2006 do not include publicly listed companies.
On December 31, 2006 the book value of associates includes EUR 83 thousand of goodwill
(EUR 20 thousand on December 31, 2006)

Investments in associates 2007	Domicile	Assets	Liabilities	Net sales	Profit / loss	Owner-ship (%)
DA Management Solutions Oy	Espoo, Finland	45	0	0	1	21,0 %
Datatron Oy *)	Helsinki, Finland	186	85	507	76	20,0 %
Kiinteistö Oy Kuukoti	Espoo, Finland	5 146	25	155	0	43,5 %
Safran North America LLP	Albuquerque, New Mexico	56	273	58	-327	49,0 %
Tietovaruste Oy	Espoo, Finland	41	0	0	-0	49,3 %

*) 1.9.2006 - 31.12.2007

Investments in associates 2006	Domicile	Assets	Liabilities	Net sales	Profit / loss	Owner-ship (%)
DA Management Solutions Oy	Espoo, Finland	44	0	0	0	21,0 %
Datatron Oy	Helsinki, Finland	36	9	176	4	20,0 %
Kiinteistö Oy Kuukoti	Espoo, Finland	5 148	27	155	0	43,5 %
Tietovaruste Oy	Espoo, Finland	41	0	0	-1	49,3 %

Receivables from and liabilities to associates	2007	2006
Long-term receivables from associates	278	0
Current trade payables to associates	7	0

Transactions with associates	2007	2006
Sales to associates	6	0
Dividend income from associates	0	0
Interest income from associates	15	0
Purchases from associates	45	53

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

2.5.20 Available-for-sale Investments

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

Available-for-sale-investments 2007, Group	**2007**
Acquisition cost 1.1.	36
Translation differences	0
Investments in subsidiaries	
Additions	12
Book value 31.12.2007	**48**

Available-for-sale-investments 2006, Group	**2006**
Acquisition cost 1.1.	81
Translation differences	1
Investments in subsidiaries	12
Sale of assets in group companies *)	-58
Book value 31.12.2006	**36**

Available-for-sale-investments 2006, Continuing operations	**2006**
Acquisition cost 1.1.	27
Translation differences	-3
Investments in subsidiaries	12
Book value 31.12.2006	**36**

Available-for-sale-investments 2006, Discontinued operations	**2006**
Acquisition cost 1.1.	54
Translation differences	4
Sale of assets in group companies *)	-58
Book value 31.12.2006	**0**

* Artemis sub-group was divested on June 30, 2006.
The Group had no discontinued operations in 2007.

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.

In 2007 no unlisted share investments were sold.

In 2006 the Group sold investments in unlisted shares. The book value of the shares in question was EUR 3 thousand on date of sale and the loss on disposal recognized was EUR 71 thousand.

Available-for-sale investmenst are euro-denominated.

2.5.21 Non-current Trade and Other Receivables

Other long-term receivables (from others), Group	31.12.2007	31.12.2006
Long-term receivables from associates	278	0
Long-term trade receivables (from others)	7	9
Other long-term receivables (from others)	129	121
Total	**414**	**130**

Long-term receivables by currency:	31.12.2007	31.12.2006
Euro	7	9
NOK	90	78
USD	317	43
Total	**414**	**130**

The receivalbes are measured at amortised cost

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

The loan receivables from associates are a dollar denominated fixed rate receivables with an effective intereset rate of 10% in 2007. Of the loan EUR 141 thousand will fall due in 2010 and EUR 137 thousand in 2011.

2.5.22 Deferred Tax Assets and Liabilities

Changes in deferred tax assets 2007, Group	1.1.2007	Translation differences	Recognized in income statement	Acquired subsidiaries	31.12.2007
Defined benefit plans	132	7	27	0	166
Carry-forward losses	30	0	0	0	30
Other temporary differences	45	-1	-37	0	7
Total	**208**	**6**	**-10**	**0**	**204**
			Note 2.5.14		

Changes in deferred tax liabilities 2007, Group	1.1.2007	Translation differences	Recognized in income statement	Acquired subsidiaries	31.12.2007
Revaluation of intangible assets at fair value	-491	-17	66	-150	-592
Capitalized and amortized R&D costs	0	0	-30	0	-30
Other temporary differences	-0	0	-30	0	-31
Total	**-491**	**-17**	**6**	**-150**	**-653**
			Note 2.5.14		

Changes in deferred tax assets 2006, Group	1.1.2006	Translation differences	Recognized in income statement	Acquired subsidiaries	31.12.2007
Defined benefit plans	63	2	68	0	132
Carry-forward losses	0	0	30	0	30
Other temporary differences	34	0	11	0	45
Total	**97**	**2**	**110**	**0**	**208**
			Note 2.5.14		

Changes in deferred tax liabilities 2007, Group	1.1.2006	Translation differences	Recognized in income statement	Acquired subsidiaries	31.12.2007
Revaluation of intangible assets at fair value	-418	11	59	-143	-491
Total	**-418**	**11**	**59**	**-143**	**-491**
			Note 2.5.14		

Carry-forward losses of Group

On December 31, 2007 the Group had EUR 14.7 million in carry-forward losses (EUR 13.1 million on Dec. 31, 2006), for which no deferred tax assets were recognized due to the uncertainty of the possible tax benefit.
The losses in question will expire during 2011-2016.

2.5.23 Trade and Other Receivables

Trade receivables and other short-term receivables, Group	31.12.2007	31.12.2006
Trade receivables	12 372	10 083
Loan receivables	531	19
Other receivables	116	449
Interest receivables (from others)	18	47
Accrued personnel expenses	311	245
Prepayments and accrued income on sales	976	968
Prepayments and accrued income on expenses	893	528
Total	**15 216**	**12 339**

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

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

The fair values of receivables correspond their balance sheet values.

In 2007 the Group recognized EUR 74 thousand in credit losses, EUR 49 thousand in 2006.

Expiries of trade receivables	31.12.2007	31.12.2006
Unexpired	5 742	5 039
Expired		
Under 30 days	4 783	4 160
30 - 60 days	837	408
61 - 90 days	291	95
Over 90 days	719	381
Total	**12 372**	**10 083**

Trade and other receivables by currency	31.12.2007	31.12.2006
EUR	627	733
NOK	9 448	9 090
CAD	3 925	2 223
USD	908	293
SEK	258	0
GBP	50	0
Total	**15 216**	**12 339**

2.5.24 Cash and Cash Equivalents

Cash and cash equivalents, Group	31.12.2007	31.12.2006
Cash and bank	2 122	3 062
Short-term money market investments	3 227	8 959
Total	**5 349**	**12 022**

Cash and cash equivalents include cash at hand and bank accounts as well as money market investments with maturity of less than three months.

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

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

2.5.25 Shareholders' Equity

Proha Plc has one class of shares. The book value of the shares is EUR 0.26 per share and each share entitles the shareholder to one vote. Proha Plc shares are traded on OMX's Nordic Exhange.

The maximum number of Proha Plc shares is 160 million (160 million in 2006). The share does not have a nominal value. The maximum share capital is EUR 41.6 million (EUR 41.6 million in 2006). All issued shares are fully paid for.

Reconciliation of number of shares	Number of shares	Share capital	Share premium account	Total
31.12.2005	61 218 670	15 917	4 808	20 725
Divestment of Artemis	0	0	-429	-429
31.12.2006 = 31.12.2007	**61 218 670**	**15 917**	**4 379**	**20 296**

Changes in Revaluation reserve	
31.12.2005	**430**
Translation difference	-13
Transfer to retained earnings *)	-50
31.12.2006	**368**
Translation difference	13
Transfer to retained earnings *)	-51
31.12.2007	**329**

The adjustments to fair values of customer agreements and relations of Dovre International AS are recognized in the revaluation reserve. See Note 2.5.16 Intangible Assets.

*) The amortization for the financial year less the decrease in deferred tax liabilities is transferred from the revaluation reserve to retained earnings as permitted by IAS 38.87.

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.

2.5.26 Share Based Payments, Continuing Operations

During the financial year Proha Plc had several existing option plans. The option plans covered nearly all the Group's personnel and members of the board.

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.

Proha applies IFRS 2 standard to all option plans that have grant dates later than November 7, 2002 and that were not exercisable before January 1, 2005.

Previously Proha Plc has had the following expired option plans: Proha Options 2001 (expired on Feb. 4, 2006), Proha Options 2002 (expired on Apr. 1, 2007) and Proha Options 2003 (expired on Apr. 1, 2007).

Option Plan	**Proha Options 2005 key personnel**
Type of plan	Share options
Grant date	29.03.2005
Exercise price	EUR 0.50
Share price on grant date	EUR 0.46
Option period (years)	4 years
Condition for exercising option rights	see 1) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.46
Exercise price	EUR 0.50
Expected volatility, see 7)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk free interest rate	2,3 %
Anticipated cuts in personnel %	27,8 %
Fair value of option on grant date	0,09
Granted options	535 080
Far value of option plan on grant date (EUR thousand)	35

1) The options are divided in three classes with A-options subscription period starting on April 1, 2006, B-options on April 1, 2007, C-options on April 1, 2008.

Option plan	Proha Options 2005 management	Proha Options 2005 management, continuing
Type of plan	Share options	Share options
Grant date	22.04.2005	21.09.2005
Exercise price	EUR 0.50	EUR 0.50
Share price on grant date	EUR 0.50	EUR 0.41
Option period (years)	4 years	4 years
Condition for exercising option rights	see 2) and 6)	see 3) and 6)
Exercise	As shares	As shares
Pricing model used	Black & Scholes	Black & Scholes
Variables used in the pricing model:		
Share price on grant date	EUR 0.50	EUR 0.41
Exercise price	EUR 0.50	EUR 0.50
Expected volatility, see 7)	25%	25%
Expected option period (on grant date)	4 years	4 years
Expected dividends	0	0
Risk free interest rate	2,3 %	2,2 %
Anticipated cuts in personnel %	27,8 %	27,8 %
Fair value of option on grant date	0,11	0,06
Granted options	585 000	90 000
Far value of option plan on grant date (EUR thousand)	49	4

2) The options are divided in three classes with A-options subscription period starting on April 1, 2006, B-options on April 1, 2007, C-options on April 1, 2008.

3) The options are divided in three classes with A-options subscription period starting on April 1, 2006, B-options on April 1, 2007, C-options on April 1, 2008.

Option plan	Proha Options 2006
Type of plan	Share options
Grant date	30.05.2006
Exercise price	EUR 0.48
Share price on grant date	EUR 0.39
Option period (years)	4 years
Condition for exercising option rights	see 4) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.39
Exercise price	EUR 0.48
Expected volatility, see 7)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk free interest rate	3,9 %
Anticipated cuts in personnel %	15,0 %
Fair value of option on grant date	0,06
Granted options	1 341 000
Fair value of option plan on grant date	78

4)The options are divided in three classes with A-options subscription period starting on May 1, 2007, B-options on May 1, 2008, C-options on May 1, 2009.

Option plan	Proha Options 2007
Type of plan	Share options
Grant date	28.06.2007
Exercise price	EUR 0.37
Share price on grant date	EUR 0.39
Option period (years)	4 years
Condition for exercising option rights	see 5) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.39
Exercise price	EUR 0.37
Expected volatility, see 10)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk free interest rate	4,5 %
Anticipated cuts in personnel %	15,0 %
Fair value of option on grant date	0,11
Granted options	2 109 999
Far value of option plan on grant date (EUR thousand)	191

5) The options are divided in three classes with A-options subscription period starting on May 1, 2008, B-options on May 1, 2009, C-options on May 1, 2010.

6) If the subscriber's employment in Proha Group ends for other 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 started.

7) The expected volatility is based on the adjusted historical volatility of Proha share price 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 cost in income statement	2007	2006
Employee benefit expense	**117**	**77**
Note 2.5.10		

The cost effect of management options is presented in Note 2.5.38.5 Related party transactions / Key management compensations.

The changes in options and the weighed average exercise prices in 2007	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2007	4 528 285	0,47
New options issued	1 707 000	0,37
Expired options	0	0
Exercised options	0	0
Expired options	-2 112 035	0,46
Outstanding on December 31, 2007	**4 123 250**	**0,44**
Excercisable on December 31, 2007	**719 830**	**0,50**

The changes in options and the weighed average exercise prices in 2006	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2006	4 757 342	0,75
New options issued	1 341 000	0,48
Expired options	-74 830	0,50
Exercised options	0	
Expired options	-1 495 227	1,35
Outstanding on December 31, 2006	**4 528 285**	**0,47**
Excercisable on December 31, 2006	**2 476 445**	**0,46**

Exercise price of outstanding share options and weighted average contractula life on Dec. 31, 2007	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2005	1 075 250	0,50	1,3
Options 2006	1 341 000	0,48	2,4
Options 2007	1 707 700	0,37	3,4
Outstanding on December 31, 2007	**4 123 950**	**0,44**	**2,5**

Exercise price of outstanding share options and weighted average contractula life on Dec. 31, 2006	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2002	1 294 650	0,43	0,3
Options 2003	817 385	0,50	0,3
Options 2005	1 075 250	0,50	2,3
Options 2006	1 341 000	0,48	3,4
Outstanding on Dec. 31, 2006	**4 528 285**	**0,47**	**1,7**

2.5.27 Share Based Payments, Discontinued Operations

On June 30, 2006 the Group divested Artemis sub-group segment. Artemis subgroup was classified as discontinued operations in the year end financial statements of December 31, 2005. The divestment included a merger agreement according to which all stock options with a subscription price above the agreed transaction price of USD 1.6/share expired without value. For options with a subscription price below the agreed transaction price of USD 1.6/share also the difference between exercise price and transaction price was compensated.

Artemis International Solutions Corporation (Artemis) had several existing option plans. The option plans covered nearly all the group's personnel and members of the board.

IFRS 2 standard is applied to all option plans that have grant dates later than November 7, 2002 and that were not exercisable before January 1, 2005.

The fair value of the options issued by Artemis is determined as follows:

Year granted	**2005**	**2004**
Pricing model used	Black & Scholes	Black & Scholes
Variables used in the pricing model:		
Weighted average share price	$2,79	$1,41
Weighted average exercise price	$2,79	$1,41
Expected volatility	99%	106%
Expected option period (on grant date)	5 years	5 years
Risk free interest rate	3,4 %	1,4 %

The expected volatility is based on historical volatility.

Option expense in income statement	**2007**	**2006**
Employee benefits expense,	**0**	**147**
Note 2.5.10		

2.5.28.1 Long-term Liabilities, Interest-bearing

Group	**31.12.2007**	**31.12.2006**
Loans from financial institutions	1634	1 662
Other loans	376	296
Total	**2 010**	**1 958**

Expiries of long-term liabilities	**2007**	**2006**
2008	0	500
2009	778	494
2010	486	416
2011	553	407
2012	74	0
2013	0	141
Later	119	0
Total	**2 010**	**1 958**

The average interest rate for loans was 6,6 % (4,2 % in 2006).

Interest-bearing long-term liabilities by currency	31.12.2007	31.12.2006
NOK	1 717	1 777
CAD	191	180
USD	102	0
Total	**2 010**	**1 958**

The information on currency and interest rate risks are presented in Note 2.5.34 Financial risk management.

The fair value of liabilities equals their balance sheet value.

2.5.28.2 Long-term Liabilities, Non-interest Bearing

Group	31.12.2007	31.12.2006
Long-term accrued liabilities, interest-free *)	375	0
Long-term accrued liabilities, interest-free **)	18	0
Long-term tax liabilities, income tax, interest-free	46	0
Total	**439**	**0**

*) Acquisition of Camako Data AB and
**) Project Resource Solutions Inc. presented in Note 2.5.5 Acquired Businesses

Expiries of long-term liabilities	2007	2006
2009	439	0
Total	**439**	**0**

Interest-bearing long-term liabilities by currency	31.12.2007	31.12.2006
EUR	439	0
Total	**439**	**0**

The fair value of liabilities equals their balance sheet value.

2.5.29 Liabilities from Defined Benefit Plans

Liabilities from defined benefit plans	31.12.2007	31.12.2006
Continuing operations	488	379
Total	**488**	**379**

Continuing operations

The Group's Norwegian subsidiary has a 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.

Discontinued operations

Discontinued operations that were divested in 2006 had a post employment defined benefit plan. The comparative data for 2006 include continuing operations only, since no information is available on the discontinued operations. The Group had no discontinued operations in 2007.

The amounts recognized in the balance sheet are as follows:	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Present value of funded obligations	5 656	5 325
Fair value of plan assets	-4 439	-3 856
Surplus / (deficit)	1 217	1 469
Unrecognised actuarial gains (losses)	-788	-1 126
Employer fees	60	36
Liabilities from defined benefit plans	**488**	**379**

The amounts recognized in the income statement are as follows:	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Current service cost	940	827
Interest cost	245	218
Expected return on plan assets	-242	-184
Administration cost	20	19
Net actuarial losses (gains) recognised in year	22	58
Employer fees	139	129
Total included in employee benefit expense	**1 125**	**1 067**

Changes in the present value of the obligation are as follows:	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Present value of obligation 1.1.	**5 325**	**4 088**
Current service cost	940	827
Interest cost	245	218
Actuarial (gain) loss on obligation	-1 010	383
Losses (gains) on curtailments	0	0
Exchange differences	189	-158
Benefits paid	-33	-33
Present value of obligation 31.12.	**5 655**	**5 325**

Changes in the fair value of the plan assets are as follows:	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Fair value of plan assets 1.1.	**3 856**	**3 092**
Expected return on plan assets	243	180
Actuarial gain (loss) on plan assets	-663	-81
Contributions by employer	920	715
Exchange differences	136	1
Administration cost	-20	-18
Benefits paid	-33	-33
Fair value of plan assets 31.12.	**4 439**	**3 856**

Return on plan assets	Continuing operations 31.12.2007 *)	Continuing operations 31.12.2006
	11,8 %	7,5 %

*) Preliminary information

The major categories of plan assets as a percentage of total plan assets are as follows:	Continuing operations 31.12.2007	Continuing operations 31.12.2006 *)
Equities	29,5 %	29,7 %
Bonds	44,4 %	50,6 %
Property	15,2 %	12,6 %
Cash funds	0,0 %	0,0 %
Money market investments	7,9 %	4,5 %
Other funds	3,0 %	2,6 %
Total	**100,0 %**	**100,0 %**

*) Information on return on plan assets in 2006 year end financial statements has been revised.

Principal actuarial assumptions at the balance sheet date	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Discount rate 31.12.	4,5 %	4,5 %
Future salary increases	4,5 %	4,5 %
Future pension increases	4,5 %	4,5 %
Expected return on plan assets 31.12.	5,5 %	5,5 %

Expeted return on plan assets is determined based from experience 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.

Experience adjustments on plan assets and liabilities:	Continuing operations 31.12.2007	Continuing operations 31.12.2006
Experience adjustments on plan assets	*)	41,2 %
Experience adjustments on plan liabilities	*)	16,2 %

*) The information was not yet received at signing of yearend 2007 financial statements.

The Group expects to contribute 1.5 million euros to its defined benefit plan in 2008.

The comparative information of 2006 have been reclassified based on the redefined information received from the pension insurance company. The reclassified information do not substantially differ from those in financial statements of 2006.

2.5.30 Non-current Provisions

Changes in non-current provisions, Discontinued operations *)	1.1.2006	Sale of assets in group companies	31.12.2006
Provisions for legal proceedings	73	-73	0
Other provisions	4	-4	0
Total	**77**	**-77**	**0**

The provisions for legal proceedings were related to terminations of employments and were used during 2006.

*) Artemis sub-group was divested on June 30, 2006. In 2007 the Group had no discontinued operations.

2.5.31 Short-term Interest-bearing Liabilities

Group	31.12.2007	31.12.2006
Short-term convertible bonds	0	2 810
Short-term loans from financial institutions, interest-bearing	2 227	1 395
Short-term loans from others, interest-bearing	62	0
Total	**2 289**	**4 205**

Average interest rate for loans was 6,3 % in 2007 (5,4 % in 2006).

Interest-bearing current liabilities by currency	2007	2006
Euro	0	2 834
NOK	2183	1 113
CAD	62	77
USD	0	181
SEK	44	
Total	**2 289**	**4 205**

Information on currency and interest rate risks are presented in Note 2.5.34 Financial Risk Management.

The fair value of liabilities equals their balance sheet value.

Convertible loans

The convertible loans matured for repayment on December 30, 2007.
Information on the convertibel bond are presented in Chapter 5 Shares and Shareholders.

2.5.32 Trade Payables and Other Liabilities

Other short-term debt, interest-free, Group	31.12.2007	31.12.2006
Short-term advances received, interest-free	233	313
Short-term trade payables to associates, interest-free	7	0
Short-term trade payables, interest-free	3 499	2 456
Short-term liabilities on investments, interest-free *)	217	0
Current liabilities to others, interest-free	5 158	4 699
Total	**9 115**	**7 468**

Short-term accruals & deferred income, interest-free, Group	31.12.2007	31.12.2006
Short-term liabilities on investments, interest-free **)	136	977
Accrued employee expenses, interest-free	1 250	1 108
Other short-term accrued liabilities on expenses, interest-free	539	230
Total	**1 926**	**2 315**

Trade payables and other liabilities, Group	11 041	9 783

Tax liability, income tax, Group	31.12.2007	31.12.2006
Current tax liabilities, income taxes, interest-free	632	556
Total	**632**	**556**

*) Acquisition of Project Recource Solutions Inc:n is presented in Note 2.5.5 Acquired Businesses.

**) Acquisition of Fabcon is presented in Note 2.5.5 Acquired Businesses.

Division of short-term interest-free liabilities by currency:

	31.12.2007	31.12.2006
EUR	1 140	839
NOK	7 609	8 312
CAD	1 140	546
USD	1 456	643
SEK	293	0
GBP	35	-0
Total	**11 673**	**10 340**

2.5.33 Current Provisions

Changes in current provisions, continuing operations	1.1.2006	Amounts used during the period	31.12.2006
Other provisions	21	-21	0
Total	**21**	**-21**	**0**

The provisions are related to terminations of employments and were used in 2006.

2.5.34 Financial Risks Management and Capital Management

2.5.34.1 Financial Risks Management

Proha manages its risks by being aware of the central risk factors in business and financing as well as of linking risk management as part of business processes. In risk management the principle of risk diversification is applied. The main financial risks are currency risk, interest rate risk and liquidity risk. Credit risk and price risk are additional risks.

Proha Board of Directors supervises the company risk management.

Currency risk

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

Due to the diversified currency risk no forward foreign currency 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 more the Group net sales than the result.

The majority of the Group cash assets are in euro denomination. The Group subsidiaries have liabilities in Norwegian krone, 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 into parent company operational denomination. According to the Group principles, the net investments in foreign business units are hedged by using loans in same currency.

Foreign currency and Euro denominated assets and liabilities converted into Euros at the exchange rate on December 31, 2007 are as follows:

2007

EUR million	EUR	NOK	CAD	USD	Other	Total
Non-current assets	1,5	7,5	1,1	0,0	1,3	11,4
Current assets	3,5	10,4	2,0	4,3	0,4	20,6
Assets total	**5,1**	**18,0**	**3,1**	**4,3**	**1,6**	**32,0**
Non-current liabilities	0,4	2,7	0,3	0,1	0,1	3,6
Current liabilities	1,1	9,8	1,2	1,5	0,4	14,0
Liabilities total	**1,5**	**12,5**	**1,5**	**1,6**	**0,4**	**17,6**

2006

EUR million	EUR	NOK	CAD	USD	Other	Total
Non-current assets	1,1	7,1	0,0	0,1	0,0	8,4
Current assets	9,7	11,1	1,3	2,2	0,0	24,3
Assets total	**10,8**	**18,2**	**1,3**	**2,3**	**0,0**	**32,7**
Non-current liabilities	0,0	2,6	0,2	0,0	0,0	2,8
Current liabilities	3,7	9,6	0,6	0,6	0,0	14,5
Liabilities total	**3,7**	**12,3**	**0,8**	**0,6**	**0,0**	**17,4**

Interest rate risk

The Group is subject to fair value interest rate risk that is predominately related to the investment of excess liquidity and loans. The interest rate risk is not valued as significant, because fluctuating market rate loans compensate for the interest rate risk of the investments.

On December 31, 2007 the Group liquid assets totaled EUR 5.3 million (EUR 12.3 million in 2006). The excess liquidity has been invested in short term money market investments with two weeks to three months maturity.

On December 31, 2007 the Group interest bearing liabilities totaled EUR 4.3 (6.1) million. On December 31, 2007 the majority of the Group loans were fluctuating rate and NIBOR- linked.

On December 31, 2006 the Group parent company had a fixed rate convertible loan. The loan amount was EUR 2.8 million and the interest rate is 6%. The loan was repaid at the end of 2007. On December 31, 2006 the Group's other loans of EUR 3.3 million were predominately fluctuating rate and linked to NIBOR.

The information on the Group's loans are presented in Note 2.5.28 Interest bearing long-term liabilities and Note 2.5.31 Interest-bearing current liabilities.

Liquidity risk

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

On December 31, 2007 the Group cash and cash equivalents amounted to EUR 5.3 (12.3) million. The parent company has unused credit lines for approx. EUR 0.8 million. Additionally the Group subsidiaries have unused credit limits.

Of the Group's total loans of approximately EUR 4.3 million, approximately EUR 2.0 million are long term and approximately EUR 2.3 million short term loans on December 31, 2007. Of the Group's total loans of approximately EUR 6.2 million, approximately EUR 2.0 million are long term and approximately EUR 4.2 million short term loans on December 31, 2006. The Group parent company had a convertible loan of approximately EUR 2.8 million that fell due in the end of 2007. Other Group loans are with the subsidiaries. It is the principle of Proha to not guarantee loans for the subsidiaries.

Credit risk

The Group has no material credit risks accumulations from receivables, because the majority of the customers are large and financially solid companies. The creditworthiness of customers is secured through credit checks. The Group does not provide actual customer financing. The maximum amount of the Group's credit risks corresponds the book value of the financing assets on December 31, 2007. The expirations of the receivables are presented in Note 2.5.23 Trade and other receivables.

Price risk

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

2.5.34.2 Capital Management

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

On December 31, 2007 the interest bearing net liabilities were EUR -1.0 million (EUR
-5.9 million in 2006). At the calculation of the debt to equity ratio the amount of interest bearing net liabilities is divided by 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	**2007**	**2006**
Interest bearing liabilities	4,3	6,2
Cash assets	5,3	12,0
Net liabilites	**-1,0**	**-5,9**
Equity and minority interest	**14,5**	**15,3**
Debt to equity ratio	**-7,3 %**	**-38,2 %**

2.5.35 Other Rental Agreements

2.5.35.1 Group as the Lessee

The minimum leases paid for non-cancellable other leases	2007	2006
Not later than one year	338	328
Later than one year and not later than five years	1 008	1 204
Total	**1 346**	**1 533**

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 2007 income statement includes EUR 626 thousand (EUR 1.086 thousand in 2006) in lease payments for other leases.

2.5.35.2 Group as the Lessor

The minimum income on non-cancellable other leases	2007	2006
Not later than one year	28	55
Total	**28**	**55**

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

In 2007 EUR 9 thousand (EUR 11 thousand in 2006) was recognized as income on variable leases.

2.5.36 Securities and Contingent Liabilities

Collateral for own commitments	2007	2006
Liabilities secured by corporate mortgages		
Loans from financial institutions and checking account credit lines used	3 759	3 028
Book value of shares of Dovre Internationa AS and Dovre Fabcon AS as well as current assets of Dovre Fabcon AS	7 389	5 672
Liabilities secured by assets		
Loans and checking account credit lines used	251	0
Book value of trade receivables and fixed assets given as security	674	1 106
Liabilities secured by shares		
Loans from financial institutions	0	24
Book value of pledged shares	511	511

Disputes and Court Proceedings

The former CEO of the Company's Norwegian subsidiary Safran Software Solutions AS, Steinar Dalva has disputed the termination of his employment. The amount of the claim is not defined. In the Company's opinion Steinar Dalva's employment has been terminated correctly and consequently the claim is unfounded.

2.5.37 Subsidiaries

Company	Domicile	Country	Group's ownership %
Dovre Services and Consulting Division			
Dovre Fabcon AS	Stavanger	Norway	100,00
Dovre International Inc.	Houston	USA	100,00
Dovre International AS	Stavanger	Norway	100,00
Dovre UK Limited	Lontoo	Great Britain	100,00
Fabcon Asia Pte. Ltd.	Singapore	Singapore	100,00
Fabcon Canada Limited	St. John's	Canada	100,00
Fabcon Management Inc.	Houston	USA	100,00
Fabcon UK Ltd	Hampshire	Great Britain	48,00
Project Completion Management Inc.	Houston	USA	48,00
Project Resource Solutions Inc.	Calgary	Canada	100,00
SAS Fabcon France	Argeles sur Mer	France	100,00
Safran Systems Division			
Camako Data AB	Stockholm	Sweden	100,00
Datamar Oy	Lahti	Finland	90,00
Futura One Oy	Espoo	Finland	51,00
Safran Oy	Espoo	Finland	100,00
Safran Software Solutions AS	Stavanger	Norway	100,00
Others			
Intellisoft Oy	Espoo	Finland	100,00
Proha Norge AS, Stavanger	Stavanger	Norway	100,00

2.5.38 Related Party Transactions

2.5.38.1 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 2.5.19 Investments in Associates

Sales	**2007**	**2006**
Rents and administrative services	74	40
Total	**74**	**40**

Purchases	**2007**	**2006**
Consulting fees	286	276 *)
Rents	240	222 *)
Software development	0	0
Accounting services	8	13
Information systems	1	60
Total	**535**	**571**

Financing cost	2007	2006
Interest on the convertible loan **)	84	84
Total	**84**	**84**

Open balances with the related parties	**31.12.2007**	**31.12.2006**
Investments in available for sale financing assets	12	0
Trade receivables	1	1
Convertible loan *)	0	1 405
Trade payable	32	47 *)

*) Updated information compared to 2006 financial statements. The consutling fees and rents have been paid to companies controlled by member of the board.

**) The convertible loan subscribed for by the investment company of the company CEO fell due on December 30, 2007. The information on the convertible loan are presented in chapter 5. Shares and Shareholders.

2.5.38.2 Terms of Related Party Transactions

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

2.5.38.3 Management loans

There were no loans given to management on December 31, 2007 or December 31, 2006.

2.5.38.4 Management Remuneration and Fringe Benefits

The management remuneration and fringe benefits include the remuneration and fringe benefits of the boards of directors and CEOs of the parent company and subsidiaries.

Continuing operations	2007	2006
CEOs of parent company and subsidiaries	790	651
Members of the boards	37	34
Total	**827**	**685**

Continuing operations	2007	2006
Pekka Pere - CEO 1)	344	334
Olof Ödman - Chairman of the Board	18	18
Ernst Jilderda - Member of the Board	10	10
Gjalt de Vries - Memeber of the Board	8	0
Jouko Järvinen - Managing Director of Datamar Oy 2)	74	72
Pekka Vaara - Chairman of the Board of Datamar Oy	2	6
Arve Jensen - Managing Director of Dovre International AS	175	162
Svein Blomsø - Managing Director of Safran Software Solutions AS 3)	130	0
Steinar Dalva - Managing Director of Safran Software Solutions AS 4)	55	83
Johan Enfeldt - Managing Director of Camako Data AB 5)	12	
Total	**827**	**685**

1) The CEO of Proha Plc has an individual pension plan according to which additional pension will be paid at the age of 60-65. The agreed severance pay for the CEO of Proha Plc corresponds to 24 months' salary.

2) The managing director of Datamar Oy has an individual pension plan allowing retirement at age of 60.

3) Managing Director of Safran Software Solutions AS beginning May 2, 2007.

4) Managing Director of Safran Software Solutions AS until May 2, 2007.

5) Beginning acquisition of Camako Data AB.

Discontinued operations

Artemis sub-group that was classified as discontinued operations was divested on June 30, 2006. Because Artemis sub-group has not published its management compensations for the period January 1, - June 30, 2006, the information is not included above.

2.5.38.5 Key Management Personnel Compensation

The key management personnel compensations include the compensations for the boards of directors and CEOs of the parent company and subsidiaries.

Continuing operations, total	**2007**	**2006**
Salaries and other short-term employee benefits	924	758
Post-employment benefits	90	90
Share based payments	32	32
Total	**1 046**	**881**

Dovre Consulting and Services division	**2007**	**2006**
Salaries and other short-term employee benefits	207	184
Post-employment benefits	12	7
Share based payments	9	9
Total	**228**	**200**

Safran Systems division	**2007**	**2006**
Salaries and other short-term employee benefits	309	190
Post-employment benefits	13	14
Share based payments	13	13
Total	**335**	**217**

Other operations	**2007**	**2006**
Salaries and other short-term employee benefits	408	384
Post-employment benefits	65	69
Share based payments	11	11
Total	**484**	**463**

Discontinued Operations

Artemis sub-group that was classified as discontinued operations was divested on June 30, 2006. Because Artemis sub-group has not published its management compensations for the period January 1, - June 30, 2006, the information is not included above.

2.5.38.6 Management Options

2007

Dovre Consulting and Services Division	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable 31.12.2007
Arve Jensen, CEO, Dovre International AS	90 000	90 000	90 000	90 000
Total	**90 000**	**90 000**	**90 000**	**90 000**

Safran Systems Division	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable 31.12.2007
Svein Blomsø, CEO, Safran Software Solutions AS	0	0	90 000	0
Jouko Järvinen, CEO, Datamar Oy	45 000	45 000	33 000	45 000
Total	**45 000**	**45 000**	**123 000**	**45 000**

Proha Plc	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable 31.12.2007
Pekka Pere, CEO, Proha Plc	0	210 000	210 000	70 000
Olof Ödman, Chairman of the Board, Proha Plc	0	60 000	90 000	20 000
Birger Flaa, Member of the Board, Proha Plc	0	90 000	90 000	30 000
Ernst Jilderda, Member of the Board, Proha Plc	0	30 000	90 000	10 000
Gjalt de Vries, Member of the Board, Proha Plc	0	0	90 000	0
Total	**0**	**390 000**	**570 000**	**130 000**
Grand total	**135 000**	**525 000**	**783 000**	**265 000**

Terms of option plans are presented in Note 2.5.26 Share Based Payments, Continuing Operations.

2006

Dovre Consulting and Services Division	Proha Options 2002	Proha Options 2003	Proha Options management 2005	Excer-cisable 31.12.2006
Arve Jensen, CEO, Dovre International AS	0	0	90 000	30 000
Total	**0**	**0**	**90 000**	**30 000**

Safran Systems Division	Proha Options 2002	Proha Options 2003	Proha Options management 2005	Excer-cisable 31.12.2006
Svein Blomsø, CEO, Safran Software Solutions AS	12 700	10 005	90 000	52 705
Jouko Järvinen, CEO, Datamar Oy	20 000	10 005	45 000	45 005
Total	**32 700**	**20 010**	**135 000**	**97 710**

Proha Oyj	Proha Options 2002	Proha Options 2003	Proha Options management 2005	Excercisable 31.12.2006
Pekka Pere, CEO, Proha Plc, Member of the Board	517 700	120 000	0	637 700
Olof Ödman, Chairman of the Board, Proha Plc	55 700	66 000	0	121 700
Birger Flaa, Member of the Board, Proha Plc	0	0	0	0
Ernst Jilderda, Member of the Board, Proha Plc	0	0	0	0
Pekka Mäkelä, Member of the Board, Proha Plc	0	66 000	0	66 000
Total	**573 400**	**252 000**	**0**	**825 400**
Grand total	**606 100**	**272 010**	**225 000**	**953 110**

3. Financial Statements of the Parent Company, FAS

3.1 Parent Company Income Statement, FAS

	Note	Jan. 1-Dec. 31, 2007	Jan. 1-Dec. 31, 2006
NET SALES	**3.4.2**	**616**	**492**
Other operating income	**3.4.3**	79	452
Materials and services		-227	-135
Staff costs	**3.4.4**	-1 648	-1 220
Depreciation and value adjustments	**3.4.5**	-73	-81
Other operating expenses		-968	-879
Loss on disposal of non-current assets	**3.4.6**	0	-472
OPERATING RESULT		**-2 222**	**-1 843**
Financial income and expenses	**3.4.7**	158	232
RESULT BEFORE EXTRAORDINARY ITEMS		**-2 065**	**-1 610**
RESULT BEFORE TAXES		**-2 065**	**-1 610**
RESULT FOR THE FINANCIAL YEAR		**-2 065**	**-1 610**

3.2 Parent Company Balance Sheet, FAS

ASSETS	Note	Dec. 31, 2007	Dec. 31, 2006
NON-CURRENT ASSETS			
Intangible assets	**3.4.8**	14	50
Tangible assets	**3.4.9**	84	33
Investments	**3.4.10**		
Investments in subsidiaries	**3.4.10.1**	5 443	4 708
Investments in associates	**3.4.10.2**	1 031	1 031
Other investments	**3.4.10.3**	34	22
NON-CURRENT ASSETS TOTAL		**6 606**	**5 844**
CURRENT ASSETS			
Non-current receivables	**3.4.11**	762	0
Current receivables	**3.4.12**	1 274	1 170
Cash and cash equivalents		3 366	9 385
CURRENT ASSETS TOTAL		**5 402**	**10 555**
ASSETS		**12 008**	**16 399**
LIABILITIES			
SHAREHOLDERS' EQUITY	**3.4.13**		
Share capital	**3.4.13.1**	15 917	15 917
Share premium account	**3.4.13.2**	4 780	4 780
Profit/loss brought forward	**3.4.13.3**	-7 670	-6 059
Profit/loss for the financial year	**3.4.13.4**	-2 065	-1 610
SHAREHOLDERS' EQUITY TOTAL		**10 963**	**13 027**
CREDITORS			
Current creditors	**3.4.14**	1 045	3 371
CREDITORS TOTAL		**1 045**	**3 371**
LIABILITIES		**12 008**	**16 399**

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3.3 Parent Company Cash Flow Statement, FAS

	Jan.1-Dec.31, 2007	Jan.1-Dec.31, 2006
Cash flow from operating activities		
Operating profit (+) / loss (-)	-2 222	-1 749
Adjustments	73	443
Change in net working capital	498	-375
Financial income and expenses, net	220	-225
Cash flow from operating activities	**-1 431**	**-1 906**
Cash flow from investing activities		
Investments in tangible and intangible assets	-88	-9
Disposal of tangible and intangible assets	0	18
Purchase of shares in subsidiaries	-460	-23
Purchase of shares in associates	0	0
Other investments	-12	0
Disposal of subsidiaries	0	10 043
Disposal of shares in associates	75	0
Proceeds and repayments of loan receivables	-1 191	188
Dividends received from investments	0	1
Cash flow from investing activities	**-1 675**	**10 218**
Cash flow from financing activities		
Repayments of short-term loans	-2 834	-24
Group contributions received and paid	0	65
Cash flow from financing activities	**-2 834**	**41**
Change in cash and cash equivalents	**-5 940**	**8 353**
Cash and cash equivalents Jan. 1	-9 385	-1 172
Changes in foreign exchange rates	79	46
Cash and cash equivalents Dec.31	3 366	9 385
Change in cash and cash equivalents	**-5 940**	**8 259**

Adjustments to operating result	Note	2007	2006
Gain on disposal of fixed assets	**3.4.3**	0	-18
Gain on disposal of investments	**3.4.3**	0	-71
Depreciation and amortization expense	**3.4.5**	73	81
Loss on disposal of investments	**3.4.6**	0	472
Other adjustments		0	-21
Total		**73**	**443**

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3.4. Notes to the Financial Statements of the Parent Company, FAS

3.4.1 Accounting principles

The 2007 consolidated financial statements of Proha Plc are prepared in accordance with the Finnish Accounting Act. 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.

Acquisitions

In October 2007 Proha Plc acquired full ownership of Camako Data AB. The purchase price is composed of a fixed price of EUR 725,000 and of a possible additional purchase price that will be paid based on certain performance objectives in 2008. If all performance objectives are met in full, the possible additional purchase price will total EUR 375,000.

The fixed part of the purchase price together with EUR 10,000 in acquisition cost are recognized in the balance sheet on December 31, 2007. At the closing, EUR 450,000 of the fixed price together with EUR 10,000 in legal costs were paid. The remaining part of the fixed purchase price was paid in January 2008.

The remaining EUR 275,000 of the fixed part of the purchase price was paid in January 2008 and is included in the other short term liabilities of the balance sheet on December 31, 2007. The possible additional purchase price and the corresponding liability are not recognized in the balance sheet on December 31, 2007.

Intangible and tangible assets

The balance sheet value of fixed assets is stated at cost, less accumulated depreciation/amortization. Depreciation/amortization is 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.

Taxes

Income taxes are recognized according to Finnish tax legislation.

3.4.2 Net Sales

Geographical Distribution	2007	2006
Finland	277	128
Norway	339	364
Total	**616**	**492**

3.4.3 Other Operating Income

	2007	2006
Rents	52	170
Gain on sale of non-current assets, tangible assets	0	18
Gain on sale of non-current assets, investments	0	71
Funding from Tekes	27	193
Other operating income	0	0
Total	**79**	**452**

3.4.4 Staff Costs

	2007	2006
Wages and salaries	-1 319	-969
Pension costs	-231	-186
Other personnel expenses	-98	-65
Total	**-1 648**	**-1 220**

Management remuneration	2007	2006
CEO	344	334
Members of the Board of Directors	36	28
Total	**380**	**362**

Pension liabilities for the Members of the Board of Directors and the CEO

The Chief Executive Officer of the parent company is covered by on optional pension scheme, on the basis of which he will be paid a supplementary pension at the retirement age of 61 years.

Number of personnel	2007	2006
On the average	18	14
At the end of the financial year	17	19

3.4.5 Depreciation, Amortisation and Value Adjustments

	2007	2006
Depreciation according to plan	-73	-81

3.4.6 Loss on Disposal of Non-current Assets

	2007	2006
Loss on disposal of Artemis*)	0	-472

*) Proha Plc's subsidiary Artemis International Solutions Corporation was divested on June 30, 2006.

3.4.7 Financial Income and Expenses

3.4.7.1 Dividend income	2007	2006
From group companies	0	314
From other companies	0	1
Total	**0**	**314**

3.4.7.2 Other interest and financial income	2007	2006
From group companies	400	0
From other companies	0	136
Total	**400**	**136**

3.4.7.3 Interest and other financial expenses	2007	2006
To other companies	-243	-218
Total	**-243**	**-218**
Financial income and expenses total	**158**	**232**

3.4.8 Intangible Assets

3.4.8.1 Software and licenses	2007	2006
Acquisition cost as of Jan. 1	570	570
Acquisition cost as of Dec. 31	570	570
Accumulated amortization and value adjustments as of Jan. 1	-567	-555
Amortization expense for the financial year	-3	-12
Accumulated amortization and value adjustments as of Dec. 31	-570	-567
Book value as of Dec. 31	**0**	**3**

3.4.8.2 Other capitalized expenditure	2007	2006
Acquisition cost as of Jan. 1	230	230
Acquisition cost as of Dec. 31	230	230
Accumulated amortization and value adjustments as of Jan. 1	-183	-150
Amortization expense for the financial year	-33	-33
Accumulated amortization and value adjustments as of Dec. 31	-216	-183
Book value as of Dec. 31	**14**	**47**

Total intangible assets	2007	2006
Acquisition cost as of Jan. 1	800	800
Acquisition cost as of Dec. 31	800	800
Accumulated amortization and value adjustments as of Jan. 1	-750	-704
Amortization expense for the financial year	-36	-45
Accumulated amortization and value adjustments as of Dec. 31	-786	-750
Book value as of Dec. 31	**14**	**50**

3.4.9 Tangible Assets

Machinery and equipment	2007	2006
Acquisition cost as of Jan. 1	352	343
Additions	88	8
Acquisition cost as of Dec. 31	439	352
Accumulated amortization and value adjustments as of Jan. 1	-319	-283
Amortization expense for the financial year	-37	-36
Accumulated amortization and value adjustments as of Dec. 31	-356	-319
Book value as of Dec. 31	**84**	**33**

3.4.10 Investments

3.4.10.1 Shares in group undertakings	2007	2006
Acquisition cost as of Jan. 1	4 727	15 242
Additions	735	0
Disposals	0	-10 515
Acquisition cost as of Dec. 31	5 462	4 727
Accumulated value adjustments as of Jan. 1	-19	-19
Accumulated value adjustments as of Dec. 31	-19	-19
Book value as of Dec. 31	**5 443**	**4 708**

3.4.10.2 Participating Interests	2007	2006
Acquisition cost as of Jan. 1	1 061	1 038
Additions	0	23
Acquisition cost as of Dec. 31	1 061	1 061
Accumulated value adjustments as of Jan. 1	-30	-30
Accumulated value adjustments as of Dec. 31	-30	-30
Book value as of Dec. 31	**1 031**	**1 031**

3.4.10.3 Other Investments	2 007	2006
Acquisition cost as of Jan. 1	22	25
Additions	12	0
Disposals	0	-3
Acquisition cost as of Dec. 31	34	22
Book value as of Dec. 31	**34**	**22**

Shares in group undertakings on Dec. 31, 2007	Domicile	Country	Parent Company holding %
Camako Data AB	Stockholm	Sweden	100,00
Datamar Oy	Lahti	Finland	90,00
Dovre International AS	Stavanger	Norway	60,00
Futura One Oy	Espoo	Finland	51,00
Intellisoft Oy	Espoo	Finland	100,00
Safran Software Solutions AS	Stavanger	Norway	100,00

Shares in participating interests on Dec. 31, 2007	Domicile	Country	Parent Company holding %
DA Management Solutions Oy	Espoo	Finland	21,00
Datatron Oy	Helsinki	Finland	20,00
Kiinteistö Oy Kuukoti	Espoo	Finland	43,49
Tietovaruste Oy	Espoo	Finland	49,33

3.4.11 Non-current Receivables

	2007	2006
Amounts owed by group companies	762	0
Total	**762**	**0**

3.4.12 Current Receivables

	2007	2006
Trade receivables from group companies	316	370
Trade receivables	69	44
Loan receivables from group companies	444	15
Other receivables from group companies	41	291
Other receivables	70	150
Prepayments and accrued income	334	299
Total	**1 274**	**1 170**

Material items of prepayments and accrued income	2007	2006
Interest receivables	18	47
Prepaid expenses	316	252
Total	**334**	**299**

3.4.13 Shareholders' Equity

3.4.13.1 Share capital	**2007**	**2006**
Share capital as of Jan. 1	15 917	15 917
Share capital as of Dec. 31	**15 917**	**15 917**

3.4.13.2 Share premium account	**2007**	**2006**
Share premium account as of Jan. 1	4 780	4 780
Share premium account as of Dec. 31	**4 780**	**4 780**

3.4.13.3 Profit/loss brought forward	**2007**	**2006**
Profit/loss brought forward on Jan. 1	-7 670	-6 059
Profit/loss brought foward as Dec. 31	**-7 670**	**-6 059**

3.4.13.4 Result for the financial year	**-2 065**	**-1 610**

SHAREHOLDERS' EQUITY TOTAL	**10 963**	**13 027**

Calculation of distributable earnings	**2007**	**2006**
Loss brought forward	-7 670	-6 059
Loss for the financial year	-2 065	-1 610
Total	**-9 735**	**-7 670**

3.4.14 Current Liabilities

	2007	**2006**
Convertible loans	0	2 810
Loans from financial institutions	0	24
Advances received	1	20
Trade payables group companies	53	8
Trade payables	131	44
Other liabilities group companies	0	2
Other liabilities	366	67
Accruals and deferred income	494	397
Total	**1 045**	**3 371**

Material items of accruals and deferred income	**2007**	**2006**
Interest liabilities	0	0
Accrued employee expenses	491	394
Other accrued expenses	3	3
Total	**494**	**397**

3.4.15 Contingent Liabilities

3.4.15.1 Collateral for own commitments	2007	2006
Debts secured by shares		
Loans from financial institutions	**0**	**24**
Book value of pledged shares	**154**	**154**
Checking account credit lines secured by shares		
Credit lines used	**0**	**0**
Book value of pledged shares	**357**	**357**

Future minimum costs for non-cancellable leasing contracts	2007	2006
Not than one year	64	67
Later than one year and not later than five years	59	60
Total	**123**	**127**

4. Five Year Key Figures 2003 - 2007

4.1 Group Key Financial Performance Indicators

1000 EUR	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Net sales	51 004	58 215	64 527	65 714	76 792
Change, %	-12,4 %	-9,8 %	-1,8 %	-14,4 %	-23,8 %
Net sales, continuing operations	51 004	41 021	26 421		
Net sales, discontinued operations	0	17 195	38 106		
Operating result	-156	11 635	-3 560	-1 984	-5 987
% of net sales	-0,3 %	20,0 %	-5,5 %	-3,0 %	-7,8 %
Operating result, continuing operations	-156	-326	-1 388		
Operating result, discontinued operations	0	11 961	-2 172		
Result before taxes	-607	11 951	-5 003	-1 976	-5 845
% of net sales	-1,2 %	20,5 %	-7,8 %	-3,0 %	-7,6 %
Result for the period	-1 191	10 962	-6 029	-2 872	-6 187
% of net sales	-2,3 %	18,8 %	-9,3 %	-4,4 %	-8,1 %
Return on equity, %	-7,9 %	111,2 %	-86,0 %	-29,3 %	-48,8 %
Return on Investment, %	1,6 %	72,8 %	-13,4 %	-1,9 %	-19,1 %
Equity-ratio, %	45,5 %	47,3 %	11,0 %	23,4 %	26,1 %
Gearing, %	-7,3 %	-38,2 %	47,0 %	40,2 %	5,3 %
Balance sheet total	32 010	32 689	42 837	42 984	44 701
Capital Expenditure	3 118	2 216	279	4 433	538
% of net sales	6,1 %	3,8 %	0,4 %	6,7 %	0,7 %
Research and development costs	1 734	3 966	7 310	6 834	7 910
% of net sales	3,4 %	6,8 %	11,3 %	10,4 %	10,3 %
Personnel average for the period	333	469	525	569	642
Personnel at the end of the period	381	325	531	525	619

4.2 Group Share Indicators

(share issue adjusted)

EUR	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Undiluted earnings per share, EUR, group	-0,019	0,179	-0,098	-0,050	-0,118
Diluted earnings per share, EUR, group	-0,019	0,179	-0,098	-0,049	*)
Undiluted earnings per share, EUR, continuing operations	-0,019	-0,018	-0,032		
Diluted earnings per share, EUR, continuing operations	-0,019	-0,018	-0,032		
Undiluted earnings per share, EUR, discontinued operations	0,000	-0,067	-0,067		
Diluted earnings per share, EUR, discontinued operations	0,000	-0,067	-0,067		
Equity per share, EUR	0,23	0,25	0,07	0,15	0,18
Dividends	0,0	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	-12,85	2,23	-3,66	-9,16	-6,70
Highest share price, EUR	0,45	0,50	0,56	1,15	0,84
Lowest share price, EUR	0,25	0,34	0,33	0,44	0,43
Average share price, EUR	0,35	0,41	0,43	0,69	0,61
Market value of shares, MEUR	15,3	24,5	22,0	27,5	41,6
Traded shares, MEUR	13,5	17,0	9,8	12,1	15,0
Traded shares, %	22,1 %	27,8 %	37,1 %	30,4 %	46,4 %
Average share number					
-undiluted (1000)	61 219	61 219	61 218	57 314	52 615
-diluted (1000)	61 219	61 237	61 218	58 473	53 129
Number of shares at the end of the period (1000)	61 219	61 219	61 219	61 218	53 367

*) The diluted EPS is not presented because it would be better than the undiluted figure.

4.3 Calculation of Key Indicators

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

*The divisor for the key ratio is calculated as an average of the values in year 2007 balance sheet and year 2006 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. Proha Plc shares are traded on the OMX Nordic Exchange. On January 1, 2007, the subscribed capital of Proha Plc was EUR 15,916,854.20 and the total number of shares was 61,218,670. There were no changes in the share capital during the financial year. On December 31, 2007 the share capital of Proha Plc is EUR 15,916,854.20 and the number of shares is 61,218,670.

5.2 Stock Options

In its meeting on June 28, 2007, Proha Board of Directors approved the subscriptions of the option issue that is part of Proha Group's incentive and commitment program and that was decided by the Annual General Meeting on April 18, 2007. In the issue, a total of 1,707,000 Proha Plc stock options were subscribed, entitling to the subscription of 1,707,000 shares. The stock options were granted without compensation to the management of the Group companies and company board. The terms and conditions of the option issue were published in the Stock Exchange Bulletin on March 28, 2007.

On June 28, 2007the Board confirmed the subscription price for the shares subscribed on the basis of the stock options of 2007 as EUR 0.37 per share. The confirmed subscription price is the weighted average price of the Proha Plc share from March 19, 2007 through April 17, 2007.

No shares were subscribed for with Proha Plc stock options during the financial year.

The plans for 2002 and 2003 ended on April 1, 2007. During the subscription period of 2002 plan a total of 500 shares were subscribed for. During the subscription period of 2003 plan no shares were subscribed for.

The stock options issued during years 2002 – 2007 are as follows:

Subscription period	Subscription price EUR	Number of stock options	Number of shares	Book value of shares EUR 1000
Year 2002				
A 1.4.2003 - 1.4.2007	0,43	364 500	364 500	94,77
B 1.4.2004 - 1.4.2007	0,43	364 500	364 500	94,77
C 1.4.2005 - 1.4.2007	0,43	364 500	364 500	94,77
D 1.4.2006 - 1.4.2007	0,43	364 500	364 500	94,77
Total		**1 458 000**	**1 458 000**	**379,08**
Shares subscribed		-500	-500	-0,13
Cancelled		-162 850	-162 850	-42,34
Ended		-1 294 650	-1 294 650	-336,61
Remaining on Dec. 31, 2007		**0**	**0**	**0**
Year 2003				
A 1.4.2004 - 1.4.2007	0,50	274 685	274 685	71,42
B 1.4.2005 - 1.4.2007	0,50	274 685	274 685	71,42
C 1.4.2006 - 1.4.2007	0,50	274 685	274 685	71,42
Total		**824 055**	**824 055**	**214,25**
Cancelled		-6 670	-6 670	-1,73
Ended		-817 385	-817 385	-212,52
Remaining on Dec. 31, 2007		**0**	**0**	**0**
Year 2005				
A 1.4.2006 - 1.4.2009	0,50	403 360	403 360	104,87
B 1.4.2007 - 1.4.2009	0,50	403 360	403 360	104,87
C 1.4.2008 - 1.4.2009	0,50	403 360	403 360	104,87
Total		**1 210 080**	**1 210 080**	**314,62**
Cancelled		-134 830	-134 830	35,06
Remaining on Dec. 31, 2007		**1 075 250**	**1 075 250**	**279,57**
Year 2006				
A 1.5.2007 - 25.5.2010	0,48	447 000	447 000	116,22
B 1.5.2008 - 25.5.2010	0,48	447 000	447 000	116,22
C 1.5.2009 - 25.5.2010	0,48	447 000	447 000	116,22
Total		**1 341 000**	**1 341 000**	**348,66**
Remaining on Dec. 31, 2007		**1 341 000**	**1 341 000**	**348,66**
Year 2007				
A 1.5.2008 - 31.5.2011	0,37	569 000	569 000	147,94
B 1.5.2009 - 31.5.2011	0,37	569 000	569 000	147,94
C 1.5.2010 - 31.5.2011	0,37	569 000	569 000	147,94
Total		**1 707 000**	**1 707 000**	**443,82**
Remaining on Dec. 31, 2007		**1 707 000**	**1 707 000**	**443,82**
Issued total		**6 540 135**	**6 540 135**	**1 700,44**
Shares subscribed		-500	-500	-0,13
Cancelled		-304 350	-304 350	-79,13
Ended		-2 112 035	-2 112 035	-549,13
Remaining on Dec. 31, 2007		**4 123 250**	**4 123 250**	**1 072,05**

5.3 Convertible Loan

On December 20, 2002, Proha issued a convertible loan that was offered for subscription to professional investors. A total of EUR 2.8 million of the loan was subscribed. The fixed interest rate of the loan is 6.00% p.a. The loan could be converted into a maximum of 4,496,000 new shares until December 28, 2007. For definition of conversion rate the share price used is EUR 0.625. During the conversion period no convertible loan notes were converted into new shares and the loan amount matured for repayment in on installment on December 30, 2007.

5.4 Authorizations

The Board of Directors has the authorization by the Annual General Meeting April 18, 2007 to resolve on the issuance of shares and special rights entitling to shares. Pursuant to this authorization, the Board of Directors 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 and remains unused up to now.

5.5 Largest Shareholders as per December 31, 2007

Shareholder	**Number of shares**	**Percentage of all shares and voting rights**
Dovregruppen A.S.*	6 560 646	10,7
Etra-Invest Oy	6 211 500	10,1
Pekka Mäkelä	2 882 375	4,7
Pekka Pere**	2 381 105	3,9
Etola Erkki	2 000 000	3,3
Eficor Oyj**	1 860 000	3,0
Thominvest Oy	1 043 500	1,7
Ilari Koskelo	1 000 000	1,6
Lars Nyqvist	849 975	1,3
Navdata Oy	761 123	1,2
Eero Ruokostenpohja	703 950	1,1
Rauni Siik	650 000	1,1
Petri Hinkka	550 000	0,9
Reino Jokinen	530 000	0,9
Hinkka Invest Oy	509 790	0,8
Astea AS	471 257	0,8
Risto Saikko	427 490	0,7
Vesa Olsson	400 000	0,6
Propeli Oy	345 000	0,6
Timo Saros	340 000	0,6

*) Birger Flaa holds control over Dovregruppen A.S.
**) Pekka Pere holds control over Eficor Oyj

5.6 Share Ownership on December 31, 2007

By number of shares owned

Shares	Number of shareholders	Percentage of all shareholders	Total number of shares	Percentage of all shares
1-100	176	5,23	12 740	0,02
101-500	593	17,63	231 799	0,38
501-1 000	516	15,34	473 432	0,77
1 001-5 000	1 143	33,99	3 269 157	5,34
5 001–10 000	393	11,69	3 168 200	5,18
10 001-50 000	416	12,37	9 837 234	16,07
50 001-100 000	50	1,49	3 591 809	5,87
100 001-500 000	61	1,81	12 140 335	19,83
500 001-	15	0,45	28 493 964	46,54
Total	**3 363**	**100,00**	**61 218 670**	**100,00**

By shareholder category

	Number of shareholders	Percentage of all shareholders	Total number of shares	Percentage of all shares
Private companies	208	6,2	14 696 080	24,0
Insurance and financial institutions	11	0,3	7 293 550	11,9
Public corporations	1	0,0	800	0,0
Non-profit organizations	3	0,1	2 080	0,0
Households	3 079	91,6	35 499 331	58,0
Foreign shareholders	61	1,8	3 726 829	6,1
Total	**3 363**	**100,0**	**61 218 670**	**100,0**
Nominee registered	8		559 554	0,9

5.7 Shares and Stock Options Owned by the Management

On December 31, 2007, the members of the Board of Directors owned a total of 1,250 shares, representing approximately 0.0% of all shares and votes. Taking into account the ownership through controlled companies the members of the Board of Directors owned 6,560,646 shares, representing approx. 10.72% of all shares and votes on December 31, 2007.

The stock options owned by the members of the Board of Directors represent approximately 13.10% of the total number of shares subscribable on the basis of the stock options issued by Proha Plc. Based on these stock options, a total of 540,000 shares can be subscribed, which would have corresponded to approximately 0.83% of all shares and votes on December 31, 2007, taking into account the shares subscribed on the basis of the stock options.

On December 31, 2007 the Group managing director owned total 2,381,105 shares corresponding approximately 3.89% on all shares and votes. Taking into account the ownership through controlled companies the Group managing director owned 4,241,105 shares, representing approx. 6.93% of all shares and votes on December 31, 2007.

The option rights owned by the Group managing director correspond approximately 10.19% of the total number of shares subscribable on the basis of the stock options issued by Proha Plc. Based on these stock options, a total of 420,000 shares can be subscribed, which would have corresponded to approximately 0.64% of all shares and votes on December 31, 2007, taking into account the shares subscribed on the basis of the stock options.

Shareholder	**Number of shares**	**Percentage of shares**	**Number of stock options1)**
Olof Ödman (Chairman)	1 250	0,00	150 000
Ernest Jilderda (Deputy Chairman)	0	0	120 000
Birger Flaa 2)	0	0	180 000
Gjalt de Vries	0	0	90 000
Total	**1 250**	**0,00**	**540 000**
Pekka Pere (CEO) 3)	2 381 105	3,89	420 000

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) Dovregruppen A.S. controlled by Birger Flaa owns 6,560,646 shares.

3) Eficor Oyj controlled by Pekka Pere owns 1,700,000 shares.

5.8 Share Price Development and Share Turnover

The number of registered shareholders of Proha Plc totaled 3,363 on December 31, 2007. In 2007, the share price was EUR 0.25 at its lowest and EUR 0.45 at its highest. The closing price on December 31, 2007 was EUR 0.25. Market capitalization was approximately EUR 15.3 million at the end of the period. The trading volume of the Proha share on the OMX Nordic Exchange was approximately EUR 13.5 million during the period.

6. Signatures for financial statements

Espoo, February 13, 2008

Olof Ödman
Chairman of the Board of Directors

Ernst Jilderda
Vice Chairman of the Board of Directors

Birger Flaa
Member of the Board of Directors

Gjalt de Vries
Member of the Board of Directors

Pekka Pere
President & CEO

AUDITORS' STATEMENT

The financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements. Based on an audit, an opinion is expressed on these financial statements and on corporate governance on this date.

Espoo, February 14, 2008

ERNST & YOUNG OY
Authorized Public Accounting Firm

Ulla Nykky
Authorized Public Accountant

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AUDITORS´ REPORT

Translation

To the shareholders of Proha Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Proha Plc for the financial year 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the consolidated financial statements.

The parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of result from the period is in compliance with the Companies Act.

Espoo, February 14, 2008

ERNST & YOUNG OY
Authorised Public Accounting Firm

Ulla Nykky
Authorised Public Accountant

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