PROHA

FINANCIAL REVIEW 2006

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1. Proha Plc Financial Statements (IFRS) January 1, - December 31, 2006

PERIOD OCTOBER - DECEMBER 2006:

- Net sales for the continuing operations of Proha Group grew by 72% and were EUR 12.2 (7.1 in October - December 2005) million.
- Operating result for the continuing operations improved and was EUR 0.2 (-0.6) million.
- The Proha Group net sales including the discontinued operations decreased by 32% and were EUR 12.2 million (EUR 17.9 million), because Artemis sub-group was divested in June 2006 and no longer was consolidated to the Group figures.
- The Group's operating result improved and was EUR 0.2 (-0.8) million.
- The strong performance by Dovre and Fabcon increased the net sales and improved profitability for the continuing operations. Dovre's operating profit was negatively impacted by recognition of EUR 0.2 million pension expense, which was caused by sharper than anticipated increase in interest rates and other principal actuarial assumptions in Norway.

NEW STRATEGY FOR PROHA:

On October 26, 2006 Proha published its new strategy that focuses on project management and emphasizes international growth and group synergies.

FINANCIAL YEAR 2006:

- Net sales for the continuing operations grew by 55% and were EUR 41.0 million (26.4 million in 2005).
- The Proha Group net sales including the discontinued operations decreased by 9.8% and were EUR 58.2 (64.5) million.
- The Group's operating result including the discontinued operations was EUR 11.6 (-3.6) million.
- The operating result for the Group continuing operations before non-recurring items was EUR 0.1 million and after the non-recurring items EUR -0.3 million.
- The Group's total operating result of EUR 11.6 million is composed of EUR 0.1 (-1.4) million operating result for the continuing operations, EUR 14.5 million gain on disposal from the divestment of Artemis on the second quarter of 2006 and of EUR -3.0 (-1.9) million operating loss of Artemis for the period January 1, - June 30, 2006.
- The divestment of sub-group Artemis was closed on June 30, 2006.
- The divestment has material positive impact on Proha's result and financial position.
- The Fabcon acquisition was closed with the effective date May 1, 2006. Proha's subsidiary Dovre International AS acquired the business operations and international subsidiaries of Norwegian Fabcon Management AS. The acquisition enhances growth of both Proha and its subsidiary Dovre and strengthens their position in the fast growing oil and gas industry markets.

PROHA CEO PEKKA PERE:

Year 2006 has been a year of major restructuring for the Proha Group. Divesting Artemis sub-group in summer of 2006 decreased the Group net sales but improved the financial position of Proha. Acquiring the business operations and international subsidiaries of Norwegian Fabcon increases the size and strengthens the international presence of Proha's oil and gas market related project management services business.

The new structure created by these transactions and the strong balance sheet of the company that followed enable growth and improved profitability for the continuing operations. In the fall of 2006 formulated new strategy focuses on project management and emphasizes international growth and group synergies while streamlining the group structure and management.

The reorganized Proha Group consists of two divisions:
- Dovre Consulting and Services division and
- Safran Systems division.

Dovre Consulting and Services division provides project and supply chain management consulting and services. The software business of Proha was combined into new Safran Systems division that develops, sells and supports project management software and helps the customers fully benefit from them in their business operations.

As part of the new strategy the new SafranOne software platform and new Safran Portal solutions integrate Microsoft Project and Portfolio products, Proha's Safran software products and Microsoft's latest Internet technologies. SafranOne provides advanced software architecture for sustainable solution delivery to customers.

KEY RATIOS FOR THE CONTINUING OPERATIONS

(EUR million)	10-12 2006	10-12 2005	Change %	1-12 2006	1-12 2005	Change %
Net sales	12.2	7.1	719%	41.0	26.4	55.3%
Operating result	0.2	-0.6	137.4%	-0.3	-1.4	76.5%
% of net sales	1.8%	-8.3%		-0.8%	-5.3%	
Result before taxes	0.0	-0.8	103.1%	-0.6	-1.7	61.5%
Result for the period	0.0	-0.9	100.3%	-1.1	-1.9	43.2%
Return on equity %	0.1%	-44.3%		-7.1%	-24.4%	
Return on investment %	6.8%	-16.6%		-0.7%	-7.9%	
Cash and cash equivalents	12.0	7.3	64.8%	12.0	7.3	64.8%
Debt-equity ratio %	-38.7%	6.8%		-38.7%	6.8%	
Equity-ratio %	47.0%	59.3%		47.0%	59.3%	
Basic earnings per share, EUR	0.000	-0.015		-0.018	-0.032	
Diluted earnings per share, EUR	0.000	-0.015		-0.018	-0.032	
Equity per share, EUR	0.25	0.26		0.25	0.26	

KEY RATIOS OF THE PROHA GROUP

(EUR million)	10-12 2006	10-12 2005	Change %	1-12 2006	1-12 2005	Change %
Net sales	12.2	17.9	-32.0%	58.2	64.5	-9.8%
Operating result	0.2	-0.8	126.2%	11.6	-3.6	426.8%
% of net sales	1.8%	-4.7%		20.0%	-5.5%	
Result before taxes	0.0	-1.2	102.2%	12.0	-5.0	338.9%
Result for the period	0.0	-1.6	100.2%	11.0	-6.0	282.7%
Return on equity %	0.1%	-92.7%		111.2%	-86.0%	
Return on investment %	6.7%	-14.6%		72.8%	-14.7%	
Cash and cash equivalents	12.0	7.3	64.8%	12.0	7.3	64.8%
Debt-equity ratio %	-38.2%	47.0%		-38.2%	47.0%	
Equity-ratio %	47.3%	11.0%		47.3%	11.0%	
Basic earnings per share, EUR	0.000	-0.027		0.179	-0.098	
Diluted earnings per share, EUR	0.000	-0.027		0.179	-0.098	
Equity per share, EUR	0.25	0.10		0.25	0.07	

NEW STRATEGY FOR PROHA

On October 25, 2006 the Proha Board of Directors approved the new strategy for Proha. Proha is one of the leading software and service companies specializing in project management. Proha supports customers executing projects and managing project business by providing a comprehensive set of tools and services with the best project management practices.

Proha Group consists of two divisions:
Dovre Consulting and Services division and
Safran Systems division.

Dovre Consulting and Services division provides project and supply chain management consulting and services. Dovre Consulting and Services division consists of Dovre International AS and its recently acquired Fabcon companies. The division focuses on project management and supply chain management services mainly within oil and gas sector. Dovre has subsidiaries in the USA and Great Britain and Fabcon in Canada, United States, France, Singapore, Nigeria and Great Britain. In addition, Fabcon has branch offices in Russia and South Korea.

The software business of Proha is reorganized by establishing the internationally operating Safran Systems division. Safran Systems division develops, sells and supports project management software. The operations and products of Proha's Norwegian subsidiary Safran Software Solutions AS, Finnish subsidiary Datamar Oy as well as the Proha Mobile Business Unit are organized as Safran Systems division.

Safran Software Solutions AS is a Norwegian company specializing in project management software for the oil and gas sector. Finnish Datamar Oy offers tailored software solutions in client/server and Internet environments.

Proha is a Microsoft Gold Certified partner and Safran is one of the few official international launch partners for Microsoft Project 2007.

In addition to organic growth, Proha Group will seek growth by expanding its international sales and services network through acquisitions. The growth through a series of structured acquisitions is intended to be gained at a low risk level by maintaining a moderate level of capital employed and not committing the group's cash funds extensively.

As part of thenew strategy and group structure Proha redefined management responsibilities and selected a new management team. The members of the new management team are Pekka Pere as the chairman, Arve Jensen, Birger Flaa, Steinar Dalva, Sirpa Haavisto and Pekka Halonen. Janne Rainvuori as the corporate counsel is the secretary of the management team.

IFRS REPORTING

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, 2006 have been followed.

On October 26, 2006 Proha published the new strategy that includes the establishment of two business divisions. The Group reporting structure has been changed to follow the new divisional organization with Dovre Consulting and Services, Safran Systems, and other operations forming separate reporting business segments.

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

In the new reporting structure Dovre Consulting and Services division includes the Norwegian companies Dovre International AS and Dovre Fabcon AS with their international subsidiaries. Safran Systems business is operated by the Group parent company, Datamar Oy and Norwegian Safran Software Solutions AS. Other operations consist mainly of Group administration. The geographical segments are: EMEA (Europe, Middle East, and Africa), Americas and APAC (Asia Pacific including Australia and New Zealand). The net sales per geographical segment are presented by customer's location and assets by their locations.

PROHA DIVESTED ITS OWNERSHIP AT ARTEMIS

The divestment of Artemis International Solutions Corporation (Artemis) was closed on June 30, 2006. Proha has issued stock exchange bulletins on the transaction on March 13, 2006, April 3, 2006, June 9, 2006 and July 3, 2006.

The agreement of Artemis divestment does not include non-competition clauses. The future development of Artemis does not cause any obligations for Proha.

The divestment of Artemis has material impact on both the extent of the Group operations and the Group structure. The Group's result for the period includes approx. EUR 14.5 million gain on disposal for the sale of Artemis shares. Due to the fixed sale price, Artemis' result of EUR -3.1 million for the period January 1, - June 30, 2006 increased the gain on disposal by approximately EUR 3.1 million, because the items of Artemis income statement were consolidated in the Proha Group's income statement until the closing date June 30, 2006.

Artemis sub-group that has been a separate reporting segment and a group of cash flow generating units has been classified as discontinued operation according to IFRS 5 standard.

Proha got approximately EUR 10.0 million for its 53.3% ownership in Artemis and the amount was paid in cash in July 2006.

PROHA ACQUIRED BUSINESS OPERATIONS OF FABCON

Dovre Fabcon AS, founded by Proha's Norwegian subsidiary Dovre International AS, purchased the business operations and overseas subsidiaries of Fabcon Management AS in 2006. Fabcon is consolidated in Proha's group financial statements beginning May 1, 2006. The purchase enhances growth of both Proha and its subsidiary Dovre and strengthens their position in the fast growing markets. Proha has issued stock exchange bulletins on the acquisition on April 4, 2006 and May 12, 2006.

The cost of Fabcon acquisition is approximately NOK 24.8 million (approx. EUR 3.2 million) according to the estimate at the end of the period under review. In addition to the acquisition price of NOK 24.4 million (approx. EUR 3.1 million) the cost of acquisition includes costs directly attributable to the acquisition for approx. NOK 0.4 million (approx. EUR 0.1 million).

The purchase price will 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 is dependent on Fabcon's result for 2006 and some other customary terms and conditions. The rest of the purchase price will be at the most NOK 8.0 million (approx. EUR 1.0 million) and will be paid on December 31, 2007 at the latest. The estimated second installment of EUR 1.0 million of the purchase price is included in the accrued liabilities of the current liabilities in the Group balance sheet on December 31, 2006.

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 1.8 million. The goodwill of approximately EUR 1.5 million was recognized for the acquisition, based on the Proha estimate that Fabcon acquisition will increase Dovre's growth and strengthen Dovre's position in the global gas industry markets with the help of Fabcon's international network. Following the acquisition Proha is better able to serve its international oil and gas sector customers. For the period May 1, - December 31, 2006 Fabcon's share of the Group result was EUR 0.4 million.

BUSINESS PERFORMANCE

Proha's net sales mainly consist of oil and gas sector project management business. Dovre Consulting and Services Division accounted for approximately 93% (93%) and Safran Systems Division 7% (7%) of the net sales of the Group continuing operations. For Dovre Consulting and Services Division both the net sales and profitability developed positively in 2006 as well as in the fourth quarter. In 2006 Dovre acquired several new customers of whom many are oil and gas industry companies investing in new technology in the field such as, Sea Metric International, Aker Floating Production, MPF Corp. and Sevan Marine.

For Fabcon the growth has been most significant in Canada and Russia with the Exxon Sakhalin project there. Through ExxonMobile agreement Fabcon operated in eight countries in 2006.

In 2006 approximately 90% of the business of the Norwegian subsidiaries came from oil and gas sector and approximately 10% from other project management sales. The business of Fabcon companies acquired in 2006 is fully focused on oil and gas sector.

In 2006 and in the fourth quarter the demand in the oil and gas sector has continued strong. The level of investments in the oil and gas industry remains high. The positive mood of the markets is anticipated to continue.

In developing its business operations Dovre focuses on maintaining the leading position in the Norwegian markets, improving profitability, taking advantage of the synergies created by the Fabcon acquisition and in continuing the growth in the international markets. Dovre is planning to add personnel to meet the increasing demand in the oil and gas industry. In the Norwegian markets in particular the challenge is to recruit professionals to meet the demand. The purchase of Fabcon's business operations increases Dovre's international presence considerably. Significant customers of both Dovre and Fabcon have positively received the acquisition of Fabcon.

NET SALES

Proha Group

In 2006 the Proha Group net sales including the discontinued operations declining by 10% and were EUR 58.2 million (EUR 64.5 million in 2005) because Artemis no longer was consolidated to the Group figures in the latter half of 2006. However, the increased net sales of Dovre and Fabcon partly offset the decline.

In the fourth quarter of 2006 the Proha Group net sales decreased by 32% and were EUR 12.2 million (EUR 17.9 million for the fourth quarter of 2005), because Artemis no longer was consolidated to the Group figures.

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

	10-12 2006	%	10-12 2005	%	1-12 2006	%	1-12 2005	%
Services	0.1	0.9	3.1	17.4	2.9	5.0	9.7	15.0
One time license revenue	0.3	2.1	3.6	20.1	7.5	12.8	14.3	22.2
Recurring license revenue	11.8	96.9	11.2	62.5	47.9	82.2	40.5	62.8
Total	12.2	100.0	17.9	100.0	58.2	100.0	64.5	100.0

Continuing operations

In 2006 the net sales for the continuing operations grew by 55% and were EUR 41.0 (26.4) million.

The net sales of Dovre Consulting and Services Division grew by 56% and totaled EUR 38.1 (24.5 in 2005) million. Safran Systems Division net sales grew by 49% and totaled EUR 2.9 (1.9) million.

In the fourth quarter of 2006 the net sales of Dovre Consulting and Services Division grew by 70% and were EUR 11.0 (6.5 in fourth quarter of 2005) million. The net sales of Safran Systems Division grew by 90% on the fourth quarter of 2006 and were EUR 1.1 (0.6) million.

Discontinued operations

In 2006 the net sales of the discontinued operations totaled EUR 17.2 (38.1) million and accounted for 30% (59%) of the Group net sales.

Due to the divestment of Artemis sub-group closed on June 30, 2006, the fourth quarter net sales of the discontinuing operations were EUR 0.0 (10.8) million and accounted for 0% (60%) of the Group's net sales.

In 2006 the service revenue was EUR 47.9 (40.5) million or 82% (63%) of the net sales.

In 2006 the license sales amounted to EUR 10.4 (24.0) million, accounting for 18% (37%) of the net sales. The share of one-time
licenses was EUR 2.9 (9.7) million and that of recurring licenses EUR 7.5 (14.3) million.

The service revenue for the fourth quarter of 2006 was EUR 11.8 (11.2) million accounting for 97% (63%) of the net sales.

In the fourth quarter of 2006 the license sales amounted to EUR 0.4 (6.7) million, accounting for 3% (38%) of the net sales. The share of one-time licenses was EUR 0.1 (3.1) million and that of recurring licenses EUR 0.3 (3.6) million in the fourth quarter.

In the fourth quarter of 2006, the increase of service revenue and decrease of license revenue were due to items of Artemis income statement no longer being consolidated with the Proha Group. Also the acquisition of Fabcon on May 1, 2006 increased the proportion of service revenue in the Group net sales.

Distribution of net sales by segment:

(EUR million)	10-12 2006	10-12 2005	Change%	1-12 2006	1-12 2005	Change%
Dovre	11.1	6.5	70.0	38.1	24.5	55.6
Safran	1.1	0.9	24.0	3.0	2.5	19.4
Others	0.2	0.0	619.4	0.5	0.1	377.1
Discontinued operations	0.0	10.8	-100.0	17.2	38.1	-54.9
Inter-segment net sales	-0.1	-0.3		-0.6	-0.7	
Group total	12.2	17.9	-31.8	58.2	64.5	-9.8

Distribution of net sales by geographical segments:

(EUR million)	10-12 2006	10-12 2005	1-12 2006	1-12 2005
EMEA	7.2	14.1	43.1	51.2
AMERICAS	5.8	2.3	12.9	7.4
APAC	0.9	1.5	5.4	5.9
Inter-segment net sales	-1.7	0.0	-3.2	0.0
Group total	12.2	17.9	58.2	64.5

Distribution of net sales by country (% of net sales):

	10-12 2006	10-12 2005	1-12 2006	1-12 2005
EMEA	58.9%	78.9%	74.0%	79.4%
AMERICAS	47.9%	12.8%	22.2%	11.5%
APAC	7.0%	8.4%	9.3%	9.1%
Inter-segment net sales	-13.8%	0.0%	-5.5%	0.0%
Group total	100.0%	100.0%	100.0%	100.0%

PROFITABILITY

In 2006 Proha Group's operating result was EUR 11.6 (-3.6) million. The operating result is composed of EUR 0.1 million in operating result of the continuing operations, EUR 14.5 million in gain on disposal of Artemis in the second quarter of 2006 and of EUR -3.0 million in Artemis operating result for the period January 1, - June 30, 2006. The Group's operating result for the fourth quarter was EUR 0.3 (-1.4) million.

Distribution of operating result by segment:

(EUR million)	10-12 2006	10-12 2005	Change %	1-12 2006	1-12 2005	Change %
Dovre	0.6	0.1	728.7	2.2	0.9	134.0
Safran	-0.1	-0.1	-23.0	-0.6	-0.4	50.7
Others	-0.3	-0.6	-49.9	-2.0	-2.0	0.4
Discontinued operations	0.0	-0.3	-100.0	12.0	-2.2	-650.6
Group total	0.2	-0.8	-126.2	11.6	-3.6	-426.8

Continuing operations

In 2006 the operating result for the continuing operations was EUR -0.3 (-1.4 in 2005) million. In 2006, the operating result for the continuing operations without non-recurring items was EUR 0.1 (-0.8) million. In 2006 the operating result for the continuing operations includes approx. EUR -0.5 million of loss on disposal recognized by the parent company for its divestment of Artemis shares on the second quarter. The operating result of the Dovre Consulting and Services Division was EUR 2.2 (0.9) million. The operating result for Safran Systems Division was EUR -0.6 (-0.4) million.

In the fourth quarter of 2006 the operating result for the continuing operations was EUR 0.2 (-0.6) million. The operating result of Dovre Consulting and Services Division was EUR 0.6 (0.1 in the fourth quarter of 2005) million. Dovre's operating profit was negatively impacted by recognition of EUR 0.2 million pension expense of defined benefit plan. The increase was caused by sharper than anticipated increase in interest rates and other principal actuarial assumptions in Norway. In the fourth quarter of 2006 the operating result of Safran Systems Division was EUR -0.1 (-0.1) million.

Discontinued operations

In 2006 the operating result for the discontinued operations was approx. EUR 12.0 (-2.2) million. The operating result for the discontinued operations is composed of the gain on disposal of EUR 15.0 million for the divestment of Artemis in the second quarter of 2006 and of EUR -3.0 million operating loss of Artemis during January-June 2006.

Due to the divestment of Artemis sub-group on June 30, 2006, the fourth quarter operating result of the discontinued operations were EUR 0.0 (-0.3) million.

Proha Group

In 2006 the result before tax for Proha Group was EUR 11.9 (-5.0) million and result after tax was EUR 10.9 (-6.0) million. The Group's EUR 10.9 million result after tax is composed of EUR 14.5 million in gain on disposal of Artemis, EUR -3.1 million in Artemis result and EUR -0.6 million in the result of the continuing operations.

In 2006 the result for the continuing operations was EUR -1.1 (-1.9) million. In 2006 the result without non-recurring items for the continuing operations was EUR -0.7 (-1.9) million. Group earnings per share amounted to EUR 0.179 (-0.098). For the continuing operations the earnings per share were EUR -0.018 (-0.032). For the discontinued operations the earnings per share were EUR 0.197 (-0.067).

Group return on investment (ROI) was 72.8% (-13.4%).

GOODWILL

The Group's goodwill is not amortized but tested for impairment under IAS 36. No indications of impairment of assets exist.

CASH FLOW, FINANCING AND INVESTMENTS

The Group balance sheet total on December 31, 2006 was EUR 32.7 (42.8) million.

On December 31, 2006, the Group cash and cash equivalents totaled EUR 12.0 (7.3) million. The cash and cash equivalents for the continuing operations were EUR 12.0 (3.8) million on December 31, 2006. The payment from disposal of Artemis was made in July, which increased the Group's cash and cash equivalents by approx. EUR 10.0 million at the time.

In 2006, cash flow from operating activities was EUR -0.6 (0.2) million.

In 2006 the gross investments totaled EUR 2.2 (0.3) million. The gross investments of the continuing operations were EUR 2.1 (0.1) million and gross investments of the discontinued operations were EUR 0.1 (0.2) million. The gross investments of the continuing operations consist mainly of acquisition of Fabcon. Approximately EUR 0.5 million of the acquisition cost of Fabcon was allocated to customer agreements and customer relations. Approximately EUR 1.4 million was recognized as goodwill.

The total cash flow of investments was EUR 4.5 (1.2) million. EUR 1.9 million was invested in Fabcon acquisition. The cash flow of investments was increased by EUR 6.6 million for the proceeds from the disposal of Artemis net of cash disposed of.

Total of EUR 2.2 million new loans were drawn mainly for the financing of Fabcon acquisition. A total of EUR 1.2 million loans were repaid resulting in total EUR 1.0 (0,7) million in cash flow of financing activities.

Group equity to assets ratio was 47.3% (11.0%) and gearing was-38.2% (47.0%). On December 31, 2006 the interest-bearing liabilities amounted to EUR 6.2 (9.4) million, accounting for 18.9% (22.0%) of the Group's shareholders' equity and liabilities total. Of the interest-bearing liabilities, EUR 2.0 (4.7) million were non-current liabilities and EUR 4.2 (4.7) million current liabilities. The Group's Quick Ratio was 1.7 (1.0).

STATEMENT ON THE ADEQUACY OF THE COMPANY'S ASSETS

On December 31, 2006 the Group's cash and cash equivalents amounted to EUR 12.0 million. According to Proha's management, the liquid assets of the company are sufficient for Proha to continue as a going concern during the following 12 months.

RESEARCH AND DEVELOPMENT

In 2006 the Group research and development costs for the strategic products were EUR 4.0 (7.3) million accounting for 7% (11%) of the net sales. The research and development costs for the continuing operations were EUR 1.0 (1.0) million accounting for 2% (4%) of the net sales of continuing operations. The research and development costs for the discontinued operations were EUR 3.0 (7.3) million accounting for 17% (17%) of the net sales of the discontinued operations. No research and development costs were capitalized in 2006.

In 2006 SafranOne product concept was developed towards function specific solutions. SafranOne is a technical platform used for various portal solutions developed separately. In the fourth quarter of 2006 the development of Safran Portal for Knowledge Projects was initiated aimed at project management of knowledge work. In 2006 Proha became Microsoft Gold Certified Partner. Proha products utilize the latest technology available on the markets.

In 2006 also new version of Proha's previously developed software solutions Safran Project and Safran for Microsoft Project were introduced to the markets. The close cooperation with Microsoft is continuing with the latest version of Safran for Microsoft Project being introduced to the markets simultaneously with Microsoft Project 2007 software.

Proha's mobile solutions were developed further with e.g. new solution for upgrading alert level for rescue personnel, Outlook/Exchange™ integration for communication of meeting reservations, application for allocation of urgent maintenance work and polling applications for customer service operations.

Proha's Datamar released a new version 3.2 of its Rescue Planner software developed for rescue departments. Rescue Planner is now used by e.g. Helsinki Rescue Department, Tampere Regional Rescue Department and Oulu - Koillismaa Regional Rescue Department.

PERSONNEL

The Group staff costs amounted to EUR 50.1 (52.1) million, constituting 86% (81%) of net sales. The staff costs for the continuing operations were EUR 37.9 (25.0) million accounting for 92% (95%) of the net sales of the continuing operations. The staff costs for the discontinued operations were EUR 12.2 (27.1) million accounting for 71% (71%) of the net sales of the discontinued operations.

On December 31, 2006 the Proha Group employed 325 (516) people worldwide and the average number of Group personnel was 469 (525). At the end of the period, the continuing operations employed 325 (213) people.

Distribution of personnel by segment (average):

	10-12 2006	10-12 2005	Change %	1-12 2006	1-12 2005	Change %
Dovre	266	179	48.9	238	173	37.2
Safran	53	32	64.9	46	32	44.8
Other	7	11	-36.4	18	11	54.4
Discontinued operations		302	-100.0	168	308	-45.7
Total	326	524	-37.8	469	525	-10.7

In 2006 total of EUR 0.2 (0.4) million of options were expensed. Of the expensed options the continuing operations accounted for EUR 0.1 (0.1) million and the discontinued operations for EUR 0.1 (0.4) million.

ENVIRONMENT

The business of Proha Group is not considered to have any significant environmental consequences.

REVIEW ON RISKS AND UNCERTAINTIES OF BUSINESS

Proha manages its risks by being aware of the central risk factors in business and financing as well as by linking risk management as part of business processes. In risk management the principle of risk diversification is applied. Proha Board of Directors supervises the company risk management.

The recognized risks are finance risks, price risks, technology risks, risks of demand, and dependence on development of customer business area. The primary financial risks are currency risk, interest rate risk and liquidity risk. Proha operates globally. Due to the diversified currency risk no forward foreign currency contracts or other corresponding hedging are used. The Group liquidity is managed through cash and liquidity management. The aim is to maintain the balance between fixed and flexible rate loans. Compared to the Group's business volume the amount of loans with fixed interest rates is not such that the fair value interest risk would require hedging. It is the principle of Proha not to guarantee loans for the subsidiaries. Typical Proha customers are large and financially solid companies, which for its part reduces the Group's credit risk. The Group does not provide actual customer financing

Rapid changes in generally accepted IT utilities and architectures might pose a risk to software business. The occurrence of exceptionally rapid changes is, however, unlikely.

The business of Dovre and Fabcon is based on long term customer relationships and agreements, and consequently the changes in demand are reflected with delay in the business. The challenge is to recruit professionals to meet the demand in the Norwegian markets.

In Proha's business, no single customer generates over 5% of the Proha Group's net sales. The dependence of the Norwegian business on the oil, gas and off-shore industry is significant, and therefore substantial and long-term changes in the energy prices may pose a risk to the Norwegian operations. Because the customer agreements in Norwegian business are generally long term and a considerable portion of employment agreements are tied to customer projects, the risks are rather in the business volume than in profitability. Proha's subsidiary Dovre manages the price risk by making long term frame agreements with the customers.

DECISIONS OF PROHA ANNUAL GENERAL MEETING OF SHAREHOLDERS

On April 25, 2006 the Annual General Meeting of Proha Plc made the following decisions:

The Annual General Meeting confirmed the 2005 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 loss for the financial period be transferred to profit/loss brought forward account and no dividend is paid.

The following five members were elected to the Board of Directors of Proha Plc: Birger Flaa, Pekka Mäkelä, Pekka Pere, Olof Ödman (chairman) and Ernst Jilderda as a new member.

The Annual General Meeting decided that 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.

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

Issue of option rights

The Annual General Meeting approved the Board of Directors' proposal to issue a maximum of 1,395,000 option rights to be offered deviating from the shareholders' pre-emptive subscription right to the Board of Directors and to the management of the Group companies.

The subscription of the option rights began on April 25, 2006 and ended on May 25, 2006. The subscription price EUR 0.48 is the weighted average price of the Company share from April 4, 2006 through April 25, 2006. The share subscription period will commence in steps between years 2007 and 2009 and will end on May 25, 2010. If the options are exercised the share capital of Proha Plc may increase by a maximum of 1,395,000 shares and EUR 362,700.00. The options issued constitute a maximum of 2.23% of the Company's shares and voting rights after the potential share capital increase. The complete terms and conditions were given in a stock exchange bulletin on April 4, 2006.

Authorization of the Board of Directors to increase the company's share capital

The Annual General Meeting authorized the Board of Directors to increase the Company's share capital through an issue of new shares, stock options, option warrants and/or convertible bonds deviating from the shareholders' pre-emptive subscription rights. Pursuant to this authorization, the aggregate maximum number of new shares to be issued or offered for subscription pursuant to stock options, option warrants and/or convertible bonds shall not exceed 12,243,734 shares with an account equivalent value of EUR 0.26 each, and the share capital of the Company may be increased by no more than EUR 3,183,370.84, which represents 20% of the currently registered share capital and of the votes that can be cast in the General Meeting of Shareholders. The authorization was granted for a period of one year from the date of the Annual General Meeting.

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 one exception from the recommendation: 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 Helsinki Stock Exchange.

On January 1, 2006, 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 in 2006.

The Board of Directors has the authorization by the Annual General Meeting on April 25, 2006 to increase the company's share capital. Pursuant to this authorization, the aggregate maximum number of new shares to be issued shall not exceed 12,243,734 shares with an account equivalent value of EUR 0.26 each, and the share capital of the Company may be increased by no more than EUR 3,183,370.84. The authorization is valid for one year following the Annual General Meeting and the authorization remains fully unused as of now.

In its meeting on May 30, 2006, 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 25, 2006. In the issue, a total of 1,341,000 Proha Plc stock options were subscribed, entitling to the subscription of 1,341,000 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 April 4, 2006.

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

TRADING ON THE HELSINKI STOCK EXCHANGE

Liquidity Providing for Proha Plc's Share

Proha Plc and Swedish Remium AB signed a market making agreement that follows the guidelines set by the Helsinki Stock Exchange on April 5, 2004. Market making in accordance with the LP agreement commenced on June 12, 2006. The agreement will be in force initially for a fixed term of six (6) months and thereafter until further notice, and the agreement's period of notice is one (1) month.

According to the agreement Remium AB will quote bids and offers for Proha Plc's share so that the spread of the bid and offer prices is EUR 0.02. The bids and offers quoted by the liquidity provider must be for at least 10,000 shares.

The number of registered shareholders of Proha Plc totaled 3,471 on December 31, 2006. In 2006, the share price was EUR 0.34 at its lowest and EUR 0.50 at its highest. The closing price on December 29, 2006 was EUR 0.40. Market capitalization was approximately EUR 24.5 million at the end of the period. The trading volume of the Proha share on the OMX Nordic Exchange was approximately EUR 17.0 million during the period.

PROSPECTS FOR 2007

In 2006 the group structure of Proha was changed and strategy renewed. The changes created improved preconditions for business growth and improved profitability in 2007 and onwards. According to the new strategy Proha seeks international growth and profitability by concentrating on project management services and software and by emphasizing the synergies between the group businesses.

Though the focus of Proha business will continue to be in demanding oil and gas industry companies and projects, the company will also expand its business operations in other industries. The favorable market outlook seems to continue in 2007. Especially the developments in the oil and gas market sector impact the future development. The high energy prices and growing demand will keep the number of international investments in the field high. The development of Proha's present software business is impacted by the general development of IT markets and, following the new partnership strategy, by the advancement of Microsoft's new products in the markets.

The general outlook is good for business development of Dovre Consulting and Services division. In northeastern Canada projects will be completed and that will temporarily cause decline in the service business in Canada. Initiation of new projects in Alberta Canada are targeted to replace the completed projects, but the impact of new projects will not yet be seen in the net sales in the first half of 2007. In other locations around the world the consulting and services business is anticipated to develop favorably.

In 2007 the focus areas of Safran Systems division are software products development as well as building and strengthening of international delivery and partnership networks. To strengthen the network Proha's Growth Ventures operations aim to make strategic acquisition at a low risk level that will create basis for rapid growth in the future around the world.

On an annual level, the net sales of Proha's continuing operations are anticipated to increase and the profitability to improve compared to 2006.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

The Proha Board of Directors proposes that result for the financial year be entred in capital and reserves, and no dividend be paid.

2. Consolidated Financial Statements, IFRS

2.1 Consolidated Income Statements, IFRS

	Note	**2006 Continuing operations**	2005 Continuing operations	**2006 Discontinued operations**	2005 Discontinued operations	**2006 Group Total**	2005 Group Total
NET SALES	**2.5.3 2.5.6**	**41 021**	26 421	**17 195**	38 106	**58 216**	64 527
Other operating income	**2.5.7**	**392**	160	**116**	1 396	**508**	1 555
Gain on disposal of discontinued operations and revaluation to fair value	**2.5.8**	**-472**	0	**15 006**	0	**14 534**	0
Material and services	**2.5.9**	**-85**	-97	**-1 744**	-3 349	**-1 829**	-3 447
Employee benefits expense	**2.5.10**	**-37 887**	-24 997	**-12 210**	-27 117	**-50 097**	-52 113
Depreciation and amortisation	**2.5.11**	**-374**	-346	**0**	-325	**-374**	-670
Other operating expenses	**2.5.12**	**-2 920**	-2 529	**-6 402**	-10 883	**-9 322**	-13 412
OPERATING RESULT		**-326**	-1 388	**11 961**	-2 172	**11 635**	-3 560
Financing income	**2.5.13**	**222**	253	**1 004**	1 146	**1 227**	1 399
Financing expenses	**2.5.13**	**-539**	-539	**-369**	-2 303	**-908**	-2 841
Share of profit/loss in associates		**-2**	-0	**0**	0	**-2**	-0
PROFIT/LOSS BEFORE TAX		**-645**	-1 674	**12 596**	-3 329	**11 951**	-5 003
Tax on income from operations	**2.5.14**	**-455**	-263	**-489**	-759	**-944**	-1 022
PROFIT/LOSS FOR THE PERIOD		**-1 100**	-1 937	**12 106**	-4 088	**11 007**	-6 025
NET PROFIT/LOSS ATTRIBUTABLE:							
To equity holders of the parent		**-1 108**	-1 942	**12 070**	-4 088	**10 962**	-6 029
To minority interest		**9**	4	**36**	-0	**45**	4
		-1 100	-1 937	**12 106**	-4 088	**11 007**	-6 025

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

EPS undiluted (EUR)	**2.5.15**	**-0.018**	-0.032	**0.197**	-0.067	**0.179**	-0.098
EPS diluted (EUR)	**2.5.15**	**-0.018**	-0.032	**0.197**	-0.067	**0.179**	-0.098

2.2 Consolidated Balance Sheet, IFRS

ASSETS

NON-CURRENT ASSETS	Note	31.12.2006	31.12.2005
Intangible assets	**2.5.16**	**1 999**	1 708
Goodwill	**2.5.17**	**4 758**	3 474
Tangible assets	**2.5.18**	**216**	278
Investments in associates	**2.5.19**	**982**	962
Available-for-sale investments	**2.5.20**	**36**	27
Non-current trade and other receivables	**2.5.21**	**130**	0
Deferred tax asset	**2.5.22**	**208**	97
NON-CURRENT ASSETS		**8 328**	6 545
CURRENT ASSETS			
Trade receivables and other recivables	**2.5.23**	**12 339**	6 172
Cash and bank	**2.5.24**	**12 022**	3 829
CURRENT ASSETS		**24 361**	10 001
ASSETS OF DISCONTINUED OPERATIONS	**2.5.4**	**0**	26 206
ASSETS		**32 689**	42 752

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY			
Share capital	**2.5.25**	**15 917**	15 917
Share premium account	**2.5.25**	**4 379**	4 808
Fair value reserve and other reserves	**2.5.25**	**368**	430
Translation differences	**2.5.25**	**38**	463
Retained earnings		**-5 497**	-17 219
Equity attributable to equity holders of the parent		**15 205**	4 400
Minority interest		**112**	73
SHAREHOLDERS' EQUITY		**15 316**	4 473
LONG-TERM LIABILITIES			
Deferred tax liability	**2.5.22**	**491**	418
Long-term liabilities, interest-bearing	**2.5.28**	**1 958**	3 428
Liabilities from defined benefit plan	**2.5.29**	**379**	147
NON-CURRENT LIABILITIES		**2 828**	3 993

CURRENT LIABILITIES	Note	31.12.2006	31.12.2005
Short-term interest-bearing liabilities	**2.5.31**	**4 205**	1 477
Trade Payables and Other Liabilities	**2.5.32**	**9 784**	5 400
Tax liability, income tax	**2.5.32**	**556**	285
Current provisions	**2.5.33**	**0**	21
CURRENT LIABILITIES		**14 545**	7 183
LIABILITIES OF DISCONTINUED OPERATIONS	**2.5.4**	**0**	27 104
TOTAL EQUITY AND LIABILITIES		**32 689**	42 752

DISCONTINUED OPERATIONS

The assets and liabilities of Artemis sub-group, divested on June 30, 2006, were classified as assets and liabilities held for sale in the 2005 financial statements.

Total amounts of assets and liabilities held for sale in balance sheet of Artemis sub-group		31.12.2006	31.12.2005
Assets held for sale total	**2.5.4**	**0**	**26 206**
Liabilities held for sale total	**2.5.4**	**0**	**27 104**

The main classification of assets and liabilities held for sale are presented in Note 2.5.4 Non-current Assets Held for Sale and Discontinued Operations.

2.3 Consolidated Cash Flow Statement, IFRS

Cash flow from operating activities	**Note**	**2006**	**2005**
Operating result		11 635	-3 560
Adjustments			
Divestment of Artemis	**2.5.4**	-11 292	
Other operating income		-71	-1 369
Depreciation and amortization	**2.5.11**	374	670
Employee benefits expense		319	995
Other operating expenses		0	253
Other adjustments		-99	3
Adjustments, total		-10 769	553
Change in net working capital			
Increase (-) / decrease (+) in short term receivables		-3 883	16
Increase (+) / decrease (-) in short term interest-free liabilities		3 040	3 626
Other changes		0	21
Change in net working capital, total		-815	3 663
Interest paid		-555	-171
Interest received		267	434
Other financial expenses paid		-355	-2 501
Other financial income received		373	2 188
Income taxes paid		-353	-442
Cash flow from operating activities		**-572**	**163**

Cash flow from investing activities			
Acquisition of subsidiaries net cash acquired	**2.5.5**	-1 949	0
Investments in tangible and intangible assets		-36	-279
Investments in associates	**2.5.19**	-23	0
Proceeds from disposal of subsidiaries net cash disposed of	**2.5.4**	6 579	0
Partial disposals of subsidiaries		0	629
Disposal of associates		0	619
Gain on disposal of other investments		0	0
Proceeds (-) and repayments (+) of loan receivables		-118	186
Dividends received	**2.5.13**	2	20
Cash flow from investing activities		**4 455**	**1 173**

Cash flow from financing activities	Note	2006	2005
Share issue	**2.5.21**	0	1
Proceeds from short-term loans		579	3 563
Repayments of short-term loans		-742	-3 740
Proceeds from long-term loans		1 619	1 705
Repayments of long-term loans		-463	-782
Proceeds and repayments of long term receivables		0	0
Dividends paid		-15	-9
Cash flow from financing activities		**978**	**738**
Change in cash and cash equivalents		**4 861**	**2 075**
Cash and cash equivalents at beginning of the period	**2.5.24**	**7 293**	**5 069**
Foreign exchange rate adjustment		-132	150
Change in cash and cash equivalents			
Cash and cash equivalents of subsidiaries acquired	**2.5.5**	213	0
Cash and cash equivalents of subsidiaries divested	**2.5.4**	-3 464	0
Change in cash and cash equivalents, continuing operations		8112	0
Change in cash and cash equivalents		0	2 075
Change in cash and cash equivalents		**4 861**	**2 075**
Cash and cash equivalents at the end of the period	**2.5.24**	**12 022**	**7 293**

2.4 Consolidated Statement of Changes in Shareholder' Equity, IFRS

	Shareholders' Equity attributable to parent company shareholders.							
	Share capital	**Share issue premium**	**Revaluation reserve**	**Translation differences**	**Retained earnigns**	**Total**	**Minority interest**	**Sharehol-ders' equi-ty, Total**
SHAREHOLDERS' EQUITY ON DEC. 31, 2004	**15 917**	**4 807**	**467**	**-545**	**-11 171**	**9 475**	**70**	**9 545**
Changes in translation differences			15	1 009	-575	449	-1	448
Share based payments					498	498		498
Reclassifications between items			-52		52	0		0
Other changes					7	7		7
NET PROFIT/ LOSS RECOG-NIZED DIRECTLY TO SHARE-HOLDERS' EQUITY	0	0	-37	1 009	-18	954	-1	953
Profit/loss for the period					-6 029	-6 029	4	-6 025
TOTAL PROFITS AND LOSSES	0	0	0	0	-6 029	-6 029	4	-6 025
Rights issue	0	1				1		1
SHAREHOLDERS' EQUITY ON DEC. 31, 2005	**15 917**	**4 808**	**430**	**464**	**-17 218**	**4 401**	**73**	**4 474**
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 RECOG-NIZED DIRECTLY TO SHARE-HOLDERS' 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**

2.5. Notes to the Consolidated Financial Statements, IFRS

2.5.1 Brief Company Description

Proha is an international provider of project management software and services. The two divisions of 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 14, 2007 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, 2006 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.

At the beginning of 2005, the Proha Group adopted the IFRS reporting standards (effective date: January 1, 2004). Prior to that, the Group followed the Finnish Accounting Standards (FAS).

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, 2006 the Group has adopted the following revised standards:

Amendment to IAS 19 Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures. Applying the amendment to the standard impacts only the notes to the Group financial statements, because the Group has not amended its accounting practices on actuarial gains and losses. The amendment to the standard has no impact on the Earnings per Share figure.

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 the fourth quarter of 2006.

The reporting structure for the Group has been 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, 2006 together with their comparative data are presented according to the new divisional structure. Information on the alteration of reporting structure are given in Note 2.5.3 Segment Information.

Principles of Consolidation

The Group's financial statements include the parent company, Proha Plc, and all its subsidiaries. Subsidiaries are companies in which the Group has either direct or indirect control, which is established when the Group owns more than half of the voting rights or when it otherwise holds control. The subsidiaries are listed in Note 2.5.37 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.

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.

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 the financial year 2006. Fabcon has been consolidated in the Proha Group financial statements beginning May 1, 2006. The information on the Fabcon's acquisition are presented in Note 2.5.5 Acquired Business 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 intragroup transactions, receivables, and liabilities have been eliminated from the Group's financial statements.

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. The minority share has not been separated from the Artemis sub-group because of the sub-group's negative equity.

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. 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. 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 close to the transaction date. At the end of the accounting period, the unsettled balances on 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 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. The major temporary differences in the Group consist of unused 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.

Principles of Measurement

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.

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. In the Group, goodwill is allocated to groups of cash flow generating units – Dovre Consulting and Services Division and the Artemis sub-group classified as discontinued operations.

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 2005 and 2006. Artemis sub-group and Dovre Consulting and Services Division are defined as groups of cash flow generating units to which goodwill is allocated.

The recoverable amount at the Dovre Consulting and Services Division was measured at value in use.

Artemis sub-group was classified as discontinued operations in the yearend financial statements of 2005. Artemis sub-group was divested on June 30, 2006. At Artemis, the recoverable amount was measured at fair value for the financial year 2005, whereas in previous impairment tests, the recoverable amount was 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.

The software development costs at Artemis were recognized as expenses in 2005 and 2004. Also, the software development costs have not been capitalized retrospectively prior to the effective date of January 1, 2004. The control systems at Artemis were not built to follow the specific point in time at which the technical feasibility of the software is established, which is required by IAS 38, and Artemis did not have a mechanism to track the costs incurred from the time at which technical feasibility was established and the time each software product was available for release.

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 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.

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.

Trade and Other Receivables

Trade receivables are recognized at the original invoiced amount with doubtful debts deducted.

Investments

As of January 1, 2004 the Group has applied IAS 39 standard. The Group's investments are classified according to IAS 39 standard. The Group has no other investments than those classified under available-for-sale financial assets. The fair value of investments available for sale is presumed to correspond to their book value, because their fair values cannot be reliably determined.

Cash and Cash Equivalents

Cash and Cash Equivalents include cash and cash equivalents as well as other liquid assets with less than three months' maturity.

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. Information on the share-based payments is shown in Note 2.5.26 Share-based Payments.

Financing Liabilities

As of January 1, 2004, the Group has applied the IAS 39 standard. 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.

Pension Plans

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 benefit plans and defined contribution 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.

Artemis sub-group that is classified as discontinued operations had defined benefit plans in Great Britain and Italy.

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.

In the UK and Italy, the insurance mathematical profits and losses are recognized as expenses as they incur.

The information on the Group's defined benefit plans are shown in Note 2.5.29 Liabilities from Defined Benefit Plans and 2.5.32 Trade and Other Payables.

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 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 information on discontinued operations are presented 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.

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 or by reference to fair value. 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. Additional information on intangible assets acquired in business combinations are presented in Note 2.5.5 Acquired Business Operations.

Applying New or Adjusted IFRS Standards

The below mentioned standards, interpretations and their amendments are published, but are not yet enforced and Proha has not applied these regulations prior their enforcement. In 2007, the Group will apply the following new and revised standards and interpretations published by IASB during 2005 and 2006:

IFRS 7 standard Financial Instruments: Disclosures (applied for the financial periods starting after January 1, 2007). According to IFRS 7 the impact of finance instruments on the entity's financial position and result will need to be presented more comprehensively than before. Proha estimates, that the new standard will mostly impact the notes to the financial statements.

Alteration of IAS 1 standard, IAS 1 Presentation of Financial Statements – Capital Disclosures (applied for the financial periods starting after January 1, 2007). Following the alteration IAS 1 will require presentation of information on the entity's level of capital and its management during the financial period. Proha estimates, that the new standard will mostly impact the notes to the financial statements.

IFRIC 10 Interim Financial Reporting and Impairment (applied for the financial periods starting after November 1, 2006). According to IFRIC 10 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. Proha estimates, that the new interpretation will not have an impact on the Group financial statement.

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.

On October 26, 2006 Proha published its new strategy according to which two business divisions were established: Dovre Consulting and Services division and Safran Systems division. In the Group the reporting business segments are Dovre Consulting and Services division, Safran Systems division, other operations and discontinued operations.

Dovre Consulting and Services division offers project and supply chain management consulting and services. Safran Systems division sells and supports project management software.

In the new reporting structure Dovre Consulting and Services division includes the Norwegian companies Dovre International AS and Dovre Fabcon AS with their international subsidiaries. Safran Systems business is operated by the Group parent company, Datamar Oy and Norwegian Safran Systems AS. Other operations consist mainly of Group administration.

The Group reporting structure is revised to match the new divisional structure and the Group the reporting business segments are Dovre Consulting and Services division, Safran Systems division, other operations and discontinued operations.

In the former management and reporting structure the reporting business segments were the Norwegian subsidiaries, other operations and Artemis sub-group that was divested in 2006. The Norwegian subsidiaries segment included Dovre International AS and Dovre Fabcon AS together with their international subsidiaries and the Norwegian Safran Software Solutions AS. In the new reporting structure Safran Software Solutions AS and Datamar Oy were transferred as part of Safran Systems division. Other than that Dovre Consulting and Services division corresponds the previous Norwegian subsidiaries segment. Proha Group's parent company and Datamar Oy operations have previously been reported under other operations segment.

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) 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			11 636
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	12 107
Net profit/loss							**11 008**
BALANCE SHEET INFORMATION							
Segment's 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**
Segment's 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	-466

Business segments (primary segments) 2005

	Dovre Services and Consulting	Safran Systems	Group Functions	Discontinued Operations	Elimina-tions	Non-allocated	Group total
INCOME STATEMENT INFORMATION							
External net sales	24 506	1 910	5	38 106	0		64 527
Intra-Group net sales	9	616	95	0	-720		0
Net sales	**24 515**	**2 526**	**100**	**38 106**	**-720**		**64 527**
Operating result of the segment	937	-366	-1 959	-2 172			-3 560
Non-allocated items							0
Operating result							**-3 560**
Financing income and expenses						-1 442	-1 442
Share of profit/loss in associates	0	0	0	0			0
Income taxes						-1 022	-1 022
Profit/loss in continuing operations	937	-366	-1 959			-549	-1 937
Profit/loss in discontinued operations	0	0	0	-2 172		-1 916	-4 088
Net profit/loss							**-6 025**
BALANCE SHEET INFORMATION							
Segment's assets	5 627	1 070	481	22 440	4 453		34 070
Investments in associates	0	0	962	5	0		966
Non-allocated assets						7 715	7 715
Assets total *)	**5 627**	**1 070**	**1 442**	**22 445**	**4 453**		**42 752**
Segment's liabilities	4 161	978	512	21 010	-703		25 958
Non-allocated liabilities						12 321	12 321
Liabilities total *)	**4 161**	**978**	**512**	**21 010**	**-703**		**38 279**
Other information							
Net sales, goods	0	298	0	9 372	0		9 670
Net sales, services	24 506	1 612	5	28 734	0		54 857
Investments	108	10	11	154	4	0	287
Depreciation and amortisation	-234	-14	-98	-325	0	0	-671
Other non-cash expenses	0	0	-65	-935	0	0	-1 000

*) The grouping between the trade and other receivables (Note 2.5.23) and trade payables and other liabilities (Note 2.5.32) has been changed compared to 2005 financial statements. Consequently both the trade payables and other liabilities and the trade and other receivables are EUR 85 thousand less than in 2005 financial statements.

Geographical segments (secondary segments)

Net Sales	**2006**	**2005**
EMEA	43 093	51 467
AMERICAS	12 913	7 431
APAC	5 401	5 876
Internal items	-3 192	-247
Total	**58 215**	**64 527**

Assets	**2006**	**2005**
EMEA	16 645	32 662
AMERICAS	2 287	10 977
APAC	2 356	3 266
Internal items	-931	-11 869
Non-allocated assets	12 331	7 715
Total	**32 688**	**42 751**

Capital Expenditure	**2006**	**2005**
EMEA	2 074	231
AMERICAS	64	31
APAC	2	25
Total	**2 140**	**287**

2.5.4 Non-current Assets Held for Sale and Discontinued Operations

The Group divested Artemis sub-group on June 30, 2006. Artemis sub-group was classified as discontinued operations in the financial statements for the financial year ended on December 31, 2005.

Artemis sub-group's assets held for sale	Note	31.12.2006	Updated *) 31.12.2005
NON-CURRENT ASSETS			
Intangible assets	2.5.16	0	76
Goodwill	2.5.17	0	7 751
Tangible Assets	2.5.18	0	352
Investments in associates	2.5.19	0	5
Available-for-sale investments	2.5.20	0	54
Non-current trade and other receivables	2.5.21	0	205
NON-CURRENT ASSETS		**0**	**8 442**
CURRENT ASSETS			
Trade receivables and other receivables	2.5.23	0	14 183
Tax Receivable, income tax	2.5.23	0	117
Cash and bank	2.5.24	0	3 464
CURRENT ASSETS		**0**	**17 764**
Total assets held for sale		**0**	**26 206**

Artemis sub-group's liabilities held for sale		31.12.2006	Updated *) 31.12.2005
NON-CURRENT LIABILITIES			
Long-term liabilities, interest-bearing	2.5.27	0	1 228
Liabilities from defined benefit plan	2.5.29	0	3 258
Non-current provisions	2.5.30	0	77
NON-CURRENT LIABILITIES		**0**	**4 564**
CURRENT LIABILITIES			
Short-term interest-bearing liabilities	2.5.31	0	3 261
Trade Payables and Other Liabilities	2.5.32	0	18 049
Tax liability, income tax	2.5.33	0	1 230
CURRENT LIABILITIES		**0**	**22 540**
Total liabilities held for sale		**0**	**27 104**

*) The grouping between the trade and other receivables (Note 2.5.23) and trade payables and other liabilities (Note 2.5.32) has been changed compared to 2005 financial statements. Consequently both the trade payables and other liabilities and the trade and other receivables are EUR 85 thousand less than in 2005 financial statements.

Effect of divestments on net assets

Effect on assets	1.1. - 31.12.2006
Intangible assets	-76
Goodwill	-352
Tangible Assets	-5
Investments in associates	-54
Available-for-sale investments	-205
Non-current trade and other receivables	-14 183
Tax Receivable, income tax	-117
Cash and bank	6 578
Effect on assets	**-8 413**

Effect on minority	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 of acquisition	**10 515**

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

Cash flows of Artemis sub-group	2005
Cash flow from operating activities	-1 091
Cash flow from investing activities	1 151
Cash flow from financing activities	644
Total	**704**

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

Dovre Fabcon AS, established by Proha's Norwegian subsidiary Dovre International AS, acquired the business and international subsidiaries of Fabcon Management AS in the financial period. 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.

At the end of the financial year the acquisition cost of Fabcon was estimated at approximately NOK 24.8 million (approximately EUR 3.1 million). The acquisition cost includes 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 will 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 is dependent on Fabcon's result for 2006 and some other customary terms and conditions. The rest of the purchase price will be at the most NOK 8.0 million (approx. EUR 1.0 million) and will be paid on December 31, 2007 at the latest. The estimated second installment of EUR 1.0 million of the purchase price is included in the accrued liabilities of the current liabilities in the Group balance sheet on December 31, 2006.

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.

For the period May 1, - December 31, 2006 Fabcon's share of the Group result was EUR 0.4 million.

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**	
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**	
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	

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

In 2005 no acquisitions were made.

2.5.6 Net Sales

Distribution of net sales by revenue type, Group	2006	%	2005	%
Sofware	2 886	5.0%	9 670	5.0%
Support	7 457	12.8%	14 343	12.8%
Services	47 873	82.2%	40 514	82.2%
Total	**58 215**	**100.0%**	**64 527**	**100.0%**

Distribution of net sales by revenue type, Continuing operations	2006	%	2005	%
Sofware	250	0.6%	298	1.1%
Support	706	1.7%	589	2.2%
Services	40 065	97.7%	25 534	96.6%
Total	**41 021**	**100.0%**	**26 421**	**100.0%**

Distribution of net sales by revenue type, Discontinued operations *)	2006	%	2005	%
Sofware	2 636	15.3%	9 372	15.3%
Support	6 751	39.3%	13 755	39.3%
Services	7 808	45.4%	14 979	45.4%
Total	**17 195**	**100.0%**	**38 106**	**100.0%**

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

2.5.7 Other Operating Income

Other operating income, Group	2006	2005
Rental income	93	30
Subvention	209	37
Gain on disposal of non-current assets, tangibles	27	13
Gain on disposal of non-current assets, Artemis	0	348
Gain on disposal of non-current assets, investments	71	623
Other operating income	107	505
Total	**508**	**1 555**

Other operating income, Continuing operations	2006	2005
Rental income	93	30
Subvention	209	37
Gain on disposal of non-current assets, tangibles	18	13
Gain on disposal of non-current assets, investments	71	50
Other operating income	0	29
Total	**392**	**160**

Other operating income, Discontinued operations *)	2006	2005
Gain on disposal of non-current assets, tangibles	9	0
Gain on disposal of non-current assets, Artemis	0	348
Gain on disposal of non-current assets, investments	0	572
Other operating income	107	475
Total	**116**	**1 396**

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

2.5.8 Gains on Disposal of Discontinued Operations

Gain on disposal of discontinued operations, Group	**2006**	**2005**
Continuing operations	-472	0
Discontinued operations	15 006	0
Total	**14 534**	**0**

The result for the finacial period inclues 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 operating result of continuing operations include approximetely EUR 472 million loss on disposal for the sale of Artemis' recognized by the parent company.

2.5.9 Materials and Services

Group	**2006**	**2005**
Purchases during the fiscal year	-173	-282
External services	-1 656	-3 164
Total	**-1 829**	**-3 447**

Continuing operations	**2006**	**2005**
Purchases during the fiscal year	-7	0
External services	-78	-97
Total	**-85**	**-97**

Discontinued operations *)	**2006**	**2005**
Purchases during the fiscal year	-166	-282
External services	-1 579	-3 067
Total	**-1 744**	**-3 349**

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

2.5.10 Employee Benefits Expense

Employee benefits expense, total, Group	2006	2005
Salaries and fees	-42 530	-40 943
Pension expenses, defined contribution plans	-754	-1 151
Pension expenses, defined benefit plans **)	-1 167	-1 583
Pension expenses, total	-1 921	-2 734
Share options granted to employees *)	-225	-476
Other employee benefits, total	-5 422	-7 961
Other employee benefits, total	-5 647	-8 437
Total	**-50 097**	**-52 113**

Employee benefits expense, total, Continuing operations	2006	2005
Salaries and fees	-33 265	-21 081
Pension expenses, defined contribution plans	-306	-244
Pension expenses, defined benefit plans **)	-966	-561
Pension expenses, total	-1 272	-805
Share options granted to employees *)	-78	-66
Other employee benefits, total	-3 273	-3 045
Other employee benefits, total	-3 350	-3 111
Total	**-37 887**	**-24 997**

Employee benefits expense, total, Discontinued operations ***)	2006	2005
Salaries and fees	-9 265	-19 862
Pension expenses, defined contribution plans	-448	-907
Pension expenses, defined benefit plans **)	-201	-1 022
Pension expenses, total	-648	-1 929
Share options granted to employees *)	-148	-410
Other employee benefits, total	-2 149	-4 916
Other employee benefits, total	-2 297	-5 326
Total	**-12 210**	**-27 117**

*) 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 Penefit Plans and Note 2.5.32 Trade Payables and Other Liabilities.

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

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	2006	2005
Dovre Services and Consulting Division	238	173
Safran Systems Division	46	32
Other operations	18	11
Discontinued operations	167	308
Total	**469**	**525**

Number of Group personnel at the end of the period	31.12.2006	31.12.2005
Total	**325**	**531**

2.5.11 Depreciation, Amortisation and Impairment Losses

Depreciation and amortisation according to plan	2006	2005
Continuing operations	-374	-346
Discontinued operations *)	0	-325
Total	**-374**	**-670**

*) 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.

2.5.12 Other Operating Expenses

Operating expenses, Group	2006	2005
Premises	-1 841	-3 176
Voluntary Staff costs	-498	-640
Marketing expenses	-507	-1 277
Travel expenses	-1 332	-2 650
Loss on disposal of non-current assets, investments	0	-253
Administration and other operating expenses	-5 143	-5 417
Total	**-9 322**	**-13 412**

Operating expenses, continuing operations	2006	2005
Premises	-584	-534
Voluntary Staff costs	-41	-48
Marketing expenses	-170	-95
Travel expenses	-471	-611
Loss on disposal of non-current assets, investments	0	0
Administration and other operating expenses	-1 655	-1 240
Total	**-2 920**	**-2 529**

Operating expenses, discontinued operations *)	2006	2005
Premises	-1 257	-2 641
Voluntary Staff costs	-457	-591
Marketing expenses	-338	-1 182
Travel expenses	-861	-2 039
Loss on disposal of non-current assets, investments	0	-253
Administration and other operating expenses	-3 489	-4 176
Total	**-6 402**	**-10 883**

Research & development, Group	2006	2005
Research and development expenses (on income statement)	-3 966	-7 310
Capitalised research and development expenses	0	-19
Total	**-3 966**	**-7 329**

Research & development, continuing operations	2006	2005
Research and development expenses (on income statement)	-1 002	-1 029
Total	**-1 002**	**-1 029**

Research & development, discontinued operations *)	2006	2005
Research and development expenses (on income statement)	-2 964	-6 281
Capitalised research and development expenses	0	-19
Total	**-2 964**	**-6 300**

Audit fees	2006	2005
Annual audit, auditor in charge of the parent company	-76	-64
Annual audit, other auditors **)	-109	-388
Other professional services, auditor in charge of the parent company	-8	-24
Other professional services, other auditors **)	-54	-109
Total	**-247**	**-585**

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

**) Auditors fees for 2006 include auditors fees for continuing operations. Artemis sub-group that is classified as discontinued operations was divested on June 30, 2006. 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.

Auridtors fees for 2005 include EUR 417 thousand in auditors fees of Artemis sub-group.

2.5.13 Financial Income and Expenses

Financial income, Group	2006	2005
Dividend income from others	2	20
Other interest and financial income from others	1 224	1 379
Financial income, total	**1 227**	**1 399**

Financial expenses, Group		
Impairment loss on other receivables	-14	-332
Other interest and financial expenses	-894	-2 509
Financial expenses, total	**-908**	**-2 841**
Financial income and expenses, total, Group	**318**	**-1 443**

Financial income, Continuing operations	2006	2005
Dividend income from others	2	20
Other interest and financial income from others	220	233
Financial income, total	**222**	**253**

Financial expenses, Continuing operations	2006	2005
Impairment loss on other receivables	-14	-332
Other interest and financial expenses	-525	-206
Financial expenses, total	**-539**	**-539**
Financial income and expenses, total, Continuing operations	**-317**	**-286**

Financial income, Discontinued operations *)	2006	2005
Other interest and financial income from others	1 004	1 146
Financial income, total	**1 004**	**1 146**

Financial expenses, Discontinued operations *)		
Other interest and financial expenses	-369	-2 303
Financial expenses, total	**-369**	**-2 303**

Financial income and expenses, total, Discontinued operations *)	**635**	**-1 156**

Translation differences recognised in income statement, Group	2006	2005
Exchange differences included in operating result	-132	56
Exchange differences included in financial income and expenses:		
Foreign exchange gains	955	945
Foreign exchange losses	-474	-2 169
Exchange differences recognised in income statement, total Group	**349**	**-1 168**

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

2.5.14 Income Taxes

Tax on income from operations, Group	2006	2005
Tax on income from operations	-1 095	-1 000
Tax for previous years	-19	-60
Change in deferred tax asset (Note 2.5.22)	110	-12
Change in deferred tax liability (Note 2.5.22)	59	50
Total	**-944**	**-1 022**

Tax on income from operations, Continuing operations	2006	2005
Tax on income from operations	-604	-289
Tax for previous years	-20	-12
Change in deferred tax asset (Note 2.5.22)	110	-12
Change in deferred tax liability (Note 2.5.22)	59	50
Total	**-455**	**-263**

Tax on income from operations, Discontinued operations *)	2006	2005
Tax on income from operations	-491	-711
Tax for previous years	1	-48
Total	**-489**	**-759**

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

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

**) Parent company tax rate was 26 % in 2006 and in 2005.

***) 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.

Reconciliation of the tax expense in the income statement to the domestic tax rate **), Group	2005
Result before taxes	**-5 003**
Taxes at parent company's rate **)	**1 301**
Deviating tax rates of subsidiaries	96
Tax-free income and non-deductible expenses	-82
Unrecognized tax assets for the losses of the accounting year	-2 342
Use of previously unrecognized tax losses	99
Other items	-72
Tax for previous years	-60
Change in deferred tax asset (Note 2.5.22)	-12
Change in deferred tax liability (Note 2.5.22)	50
Tax on income from operations, Group	**-1 022**

**) Parent company tax rate was 26 % in 2006 and in 2005.

2.5.15 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	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	10 962	-6 029
Weighted average number of shares during the financial year (1000)	61 219	61 218
Undiluted earnings per share (EUR / share)	**0.179**	**-0.098**

Diluted earnings per share, Continuing operations	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	-1 108	-1 942
Weighted average number of shares during the financial year (1000)	61 219	61 218
Undiluted earnings per share (EUR / share)	**-0.018**	**-0.032**

Diluted earnings per share, Discontinued operations	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	12 070	-4 088
Weighted average number of shares during the financial year (1000)	61 219	61 218
Undiluted earnings per share (EUR / share)	**0.197**	**-0.067**

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	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	10 962	-6 029
Weighted average number of shares during the financial year (1000)	61 219	61 218
Stock option adjustment (1000)	18	0
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 237	61 218
Diluted earnings per share (EUR / share)	**0.179**	**-0.098**

Diluted earnings per share, Continuing operations	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	-1 108	-1 942
Weighted average number of shares during the financial year (1000)	61 219	61 218
Stock option adjustment (1000)	18	0
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 237	61 218
Diluted earnings per share (EUR / share)	**-0.018**	**-0.032**

Diluted earnings per share, Discontinued operations	**2006**	**2005**
Result attributable to the equity holders of the parent (EUR 1000)	12 070	-4 088
Weighted average number of shares during the financial year (1000)	61 219	61 218
Stock option adjustment (1000)	18	0
Weighted average number of shares for calculating the diluted earnings per share (1 000)	61 237	61 218
Diluted earnings per share (EUR / share)	**0.197**	**-0.067**

2.5.16 Intangible Assets

Intangible assets 2006, Group	Customer agree-ments and relations	Development costs	Other intangible assets	Total
Acquisition cost 1.1.	1 775	149	1 224	3 148
Translation differences (+/-)	-55	-4	-1	-59
Additions	512	0	96	609
Sale of assets in group companies	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 sale of assets in group companies	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 agree-ments and relations	Development costs	Other intangible 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 agree-ments and relations	Development costs	Other intangible 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**

Intangible assets 2005, Group	Customer agree-ments and relations	Development costs	Other intangible assets	Total
Acquisition cost 1.1.	1 721	126	1 203	3 050
Translation differences (+/-)	54	4	-1	57
Additions	0	19	21	41
Acquisition cost 31.12.	1 775	149	1 223	3 148
Cumulative amortisation and value adjustments 1.1.	-100	-1	-992	-1 094
Translation differences (+/-)	-4	0	0	-4
Amortisation	-177	-7	-83	-266
Cumulative amortisation and value adjustments 31.12.	-281	-8	-1 075	-1 364
Book value 31.12.2005	**1 494**	**141**	**149**	**1 784**

Intangible assets 2005, Continuing operations	Customer agree-ments and relations	Development costs	Other intangible assets	Total
Acquisition cost 1.1.	1 721	115	966	2 802
Translation differences (+/-)	54	4	0	58
Additions	0	0	0	0
Acquisition cost 31.12.	1 775	119	966	2 859
Cumulative amortisation and value adjustments 1.1.	-100	0	-818	-918
Translation differences (+/-)	-4	0	0	-4
Amortisation	-177	0	-52	-229
Cumulative amortisation and value adjustments 31.12.	-281	0	-870	-1 151
Book value 31.12.2005	**1 494**	**119**	**95**	**1 708**

Intangible assets 2005, Discontinued operations *)	Customer agree-ments and relations	Development costs	Other intangible assets	Total
Acquisition cost 1.1.	0	11	237	248
Translation differences (+/-)	0	0	-1	-1
Additions	0	19	21	41
Acquisition cost 31.12.	0	30	258	288
Cumulative amortisation and value adjustments 1.1.	0	-1	-174	-175
Translation differences (+/-)	0	0	0	0
Amortisation	0	-7	-30	-37
Cumulative amortisation and value adjustments 31.12.	0	-8	-205	-213
Book value 31.12.2005	**0**	**22**	**53**	**76**

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

Customer Agreements and Relations

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 depreciation periods for the customer agreements and relations were 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 acquisiton 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 7.4 years on December 31, 2006 and 8.4 years on December 31, 2005.

2.5.17 Goodwill

Goodwill 2006	Continuing operations	Discontinued operations **)	Group
Acquisition cost 1.1.2006	3 474	7 751	11 225
Translation differences (+/-)	-137	0	-137
Investments in subsidiaries *)	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**

Goodwill 2005	Continuing operations	Discontinued operations **)	Group
Acquisition cost 1.1.2006	3 390	8 255	11 645
Translation differences (+/-)	84	0	84
Sale of assets in group companies	0	-505	-505
Book value 31.12.2005	**3 474**	**7 751**	**11 225**

*) Dovre Fabcon AS, established by Proha's Norwegian subsidiary Dovre International AS, acquired the business and international subsidiaries of Fabcon Management AS in the financial period. A goodwill of EUR 1.4 million was recognized for the acquisition. Information on the acquisition are presented in Note 2.5.5 Acquired Businesses.

**) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

Impairment Tests

Dovre Consulting and Services division and Safran Systems division are defined as separate groups of cash flow generating units of the Group. Artemis-subgroup earlier defiened as a separate group of cash flow generating units was divested on June 30, 2006.

According to Proha's new strategy published in October 2006 the Norwegian subsidiaries segment was formed into a reporting segment called Dovre Consulting and Services division, that is defined as a separate group of cash flow generating units. Safran Solutions AS that was previously reported under Norwegian subsidiaries segment was transferred as a part of Safran Systems division. Other than that Dovre Consulting and Services division corresponds the previous Norwegian subsidiaries segment. No goodwill is recognized for Safran systems division on December 31, 2006 or December 31, 2005.

Dovre Consulting and Services Division

In goodwill a total of EUR 4.8 million was allocated to Dovre Consulting and Services division on December 31, 2006 (EUR 3.5 million on December 31, 2005). For 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 approved by the management. 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. The cash flows after the forecast period approved by the management have been extrapolated using 2% growth rate that is assumed to correspond reasonable rate of inflation. In the impairment tests for previous years zero growth rate has been used. The change is based on assumption of increased inflation risk.

The discount rate used is 9.9%. 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.

In impairment testing of 2005 the Norwegian Subsidiaries segment was defined a separate group of cash flow generating units. In testing the Norwegian subsidiaries the discount rate was 7.8%. The cash flows after the forecast period approved by the management have been extrapolated using zero growth rate.

Discontinued Operations (Artemis sub-group)

Artemis subgroup was divested on June 30, 2006. In goodwill a total of EUR 7.8 million was allocated to Artemis sub-group on December 31, 2005. For the impairment testing at Artemis sub-group the recoverable amount for the Segment was made in reference to fair value deducted by selling costs. The fair value was measured in reference to received purchase offers. In earlier impairment tests of Artemis sub-group the measurement of recoverable amount for the segment was made by reference to value in use.

2.5.18 Tangible Assets

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
Cumulative depreciation on acquisitions (+/-)	16	0	16
Cumulative depreciation on reclassifications and disposals	-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**

Tangible assets 2005, Group	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	5 708	699	6 407
Translation differences (+/-)	485	1	486
Additions	237	6	242
Disposals	-221	-1	-222
Acquisition cost 31.12.	6 209	705	6 913
Cumulative depreciation and value adjustments 1.1.	-4 959	-631	-5 590
Translation differences (+/-)	-442	0	-442
Cumulative depreciation on reclassifications and disposals	151	1	152
Depreciation	-380	-24	-404
Cumulative depreciation and value adjustments 31.12.	-5 630	-654	-6 284
Book value 31.12.2005	**578**	**51**	**629**

Tangible assets 2005, Continuing operations	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	1 343	0	1 343
Translation differences (+/-)	0	0	0
Additions	129	0	129
Disposals	-72	0	-72
Acquisition cost 31.12.	1 400	0	1 400
Cumulative depreciation and value adjustments 1.1.	-1 023	0	-1 023
Translation differences (+/-)	0	0	0
Cumulative depreciation on reclassifications and disposals	17	0	17
Depreciation	-116	0	-116
Cumulative depreciation and value adjustments 31.12.	-1 122	0	-1 122
Book value 31.12.2005	**278**	**0**	**278**

Tangible assets 2005, Discontinued operations *)	**Machinery and equipment**	**Other tangible assets**	**Total**
Acquisition cost 1.1.	4 365	699	5 064
Translation differences (+/-)	485	1	486
Additions	108	6	113
Disposals	-149	-1	-150
Acquisition cost 31.12.	4 809	705	5 513
Cumulative depreciation and value adjustments 1.1.	-3 936	-631	-4 567
Translation differences (+/-)	-442	0	-442
Cumulative depreciation on reclassifications and disposals	134	1	135
Depreciation	-264	-24	-288
Cumulative depreciation and value adjustments 31.12.	-4 508	-654	-5 162
Book value 31.12.2005	**300**	**51**	**351**

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

2.5.19 Investments in Associates

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**

Investments in associates 2005	Continuing operations	Discontinued operations *)	Group
In the beginning of the financial year	962	5	967
Share of profit / loss in associates	0	0	0
At the end of the financial year	**962**	**5**	**966**

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.
The book value of associates on December 31, 2006 or December 31, 2005 do not include publicly listed companies.
On December 31, 2006 the book value of associates includes EUR 20 thousand (EUR 0 on December 31, 2005) in goodwill.

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%

Investments in associates 2005	Domicile	Assets	Liabilities	Net sales	Profit / loss	Owner-ship (%)
DA Management Solutions Oy	Espoo, Finland	44	0	0	0	36.5%
Kiinteistö Oy Kuukoti	Espoo, Finland	5 158	36	155	1	43.5%
Tietovaruste Oy	Espoo, Finland	42	0	0	1	49.3%

Receivables from and liabilities to associates

There were no receivables or payables from the associates on December 31, 2006 or December 31, 2005.

Transactions with associates	2006	2005
Sales to associates	0	4
Dividends from associates	0	0
Purchases from associates	53	93

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

2.5.20 Available-for-sale Investments

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

Available-for-sale-investments 2005, Group	Unquoted shareholdings
Acquisition cost 1.1.	80
Translation differences	1
Book value 31.12.2005	**81**

Available-for-sale-investments 2005, Continuing operations	Unquoted shareholdings
Acquisition cost 1.1.	27
Translation differences	0
Book value 31.12.2005	**27**

Available-for-sale-investments 2005, Discontinued operations	Unquoted shareholdings
Acquisition cost 1.1.	53
Translation differences	1
Book value 31.12.2005	**54**

The Group's investments are classified as available-for-sale investments. The investments are valued at book value, because no fair value can be reliably determined.

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

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

In 2005 the Group sold investments in unlisted shares. The book value of the shares in question was EUR 87 thousand on date of sale and the gain on disposal recognized was EUR 149 thousand.

2.5.21 Long-term Receivables

Other long-term receivables (from others), Group	**31.12.2006**	**31.12.2005**
Long-term trade receivables (from others)	9	0
Other long-term receivables (from others)	121	205
Total	**130**	**205**

Other long-term receivables (from others), continuing operations	**31.12.2006**	**31.12.2005**
Long-term trade receivables (from others)	9	0
Other long-term receivables (from others)	121	0
Total	**130**	**0**

Other long-term receivables (from others), discontinued operations *)	**31.12.2006**	**31.12.2005**
Other long-term receivables (from others)	0	205
Total	**0**	**205**

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

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

2.5.22 Deferred Tax Assets and Liabilities

Changes in deferred tax assets in 2006, continuing operations	1.1.2006	Translation difference	Recognized in income statement	Acquired subsidiaries	31.12.2006
Defined benefit plans	63	2	68	0	132
Confirmed losses	0	0	30	0	30
Other temporary differences	34	0	11	0	45
Total	**97**	**2**	**109**	**0**	**208**
			Note 2.5.14		

Changes in deferred tax liabilities in 2006, continuing operations	1.1.2006	Translation difference	Recognized in income statement	Acquired subsidiaries	31.12.2006
Revaluation of intangible assets at fair value	-418	11	59	-143	-491
Total	**-418**	**11**	**59**	**-143**	**-491**
			Note 2.5.14		

Changes in deferred tax assets in 2005, continuing operations	1.1.2005	Translation difference	Recognized in income statement	Acquired subsidiaries	31.12.2005
Defined benefit plans	70	2	-9	0	63
Other temporary differences	35	1	-2	0	34
Total	**105**	**3**	**-12**	**0**	**97**
			Note 2.5.14		

Changes in deferred tax liabilities in 2005, continuing operations	1.1.2005	Translation difference	Recognized in income statement	Acquired subsidiaries	31.12.2005
Revaluation of intangible assets at fair value	-454	-14	50	0	-418
Total	**-454**	**-14**	**50**	**0**	**-418**
			Note 2.5.14		

Confirmed losses of Group

Continuing Operations

On December 31, 2006 the coninuing operations of the Group had EUR 13.1 million in confirmed losses (EUR 11.1 million on Dec. 31, 2005), for which no deferred tax assets were recognized due to the uncertainty of the possisble tax benefit. The losses in question will expire during 2011-2015.

Discontinued operations

On December 31, 2005 the discontinued operations of the Group had EUR 25.8 million of confirmed losses, for which no deferred tax assets were recognized due to the uncertainty of the possible tax. benefit. The losses in question will expire during 2009-2028.

2.5.23 Trade and Other Receivables

Trade receivables and other short-term receivables, Group	**31.12.2006**	Updated *) **31.12.2005**
Trade receivables	10 083	17 229
Loan receivables	19	127
Other receivables	449	966
Interest receivables (from others)	47	0
Accrued personnel expenses	245	59
Prepayments and accrued income on sales	968	117
Prepayments and accrued income on expenses	528	1 855
Total	**12 339**	**20 355**

Trade receivables and other short-term receivables, Continuing operations	**31.12.2006**	**31.12.2005**
Trade receivables	10 083	5 685
Loan receivables	19	2
Other receivables	449	58
Interest receivables (from others)	47	0
Accrued personnel expenses	245	13
Prepayments and accrued income on sales	968	0
Prepayments and accrued income on expenses	528	414
Total	**12 339**	**6 172**

Trade receivables and other short-term receivables, Discontinued operations **)	**31.12.2006**	Updated *) **31.12.2005**
Trade receivables	0	11 544
Loan receivables	0	126
Other receivables	0	908
Interest receivables (from others)	0	0
Accrued personnel expenses	0	46
Prepayments and accrued income on sales	0	117
Prepayments and accrued income on expenses	0	1 442
Total	**0**	**14 183**

Tax receivable, income tax, Discontinued Operations	**31.12.2006**	**31.12.2005**
Tax receivable, income tax **)	0	117
Total	**0**	**117**

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.

*) The grouping between the trade and other receivables (Note 2.5.23) and trade payables and other liabilities (Note 2.5.32) has been changed compared to 2005 financial statements. Consequently both the trade payables and other liabilities and the trade and other receivables are EUR 85 thousand less than in 2005 financial statements.

**) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

2.5.24 Cash and Cash Equivalents

Cash and cash equivalents, Group	**31.12.2006**	**31.12.2005**
Cash and bank	3 062	7 293
Short-term money market investments	8 959	0
Total	**12 022**	**7 293**

Cash and cash equivalents, Continuing Operations	**31.12.2006**	**31.12.2005**
Cash and bank	3 062	3 829
Short-term money market investments	8 959	0
Total	**12 022**	**3 829**

Cash and cash equivalents, Discontinued Operations *)	**31.12.2006**	**31.12.2005**
Cash and bank	0	3 464
Total	**0**	**3 464**

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.

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

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 2005). The share does not have a nominal value. The maximum share capital is EUR 41.6 million (EUR 41.6 million in 2005). All issued shares are fully paid for.

Reconciliation of number of shares	Number of shares	Share capital	Share premium account	Total
31.12.2004	**61 217 770**	**15 917**	**4 807**	**20 724**
Subscribed by option rights 2005	900	0	1	1
31.12.2005	**61 218 670**	**15 917**	**4 808**	**20 725**
Divestment of Artemis	0	0	-429	-429
31.12.2006	**61 218 670**	**15 917**	**4 379**	**20 296**

Changes in Revaluation reserve	
31.12.2004	**467**
Translation difference	16
Transfer to retained earnings *)	-52
12/31/2005	**430**
Translation difference	-13
Transfer to retained earnings *)	-50
31.12.2006	**368**

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 pemitted 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.

Option plan	**Proha Options 2001**	**Proha Options 2002**
Type of plan	Share options	Share options
Grant date	4.2.2001	17.12.2001
Exercise price	EUR 1.35	EUR 0.43
Share price on grant date	EUR 1.85	EUR 0.44
Option period (years)	Expired on Feb.4 2006	5 years
Condition for exercising option rights	see 1)	see 2)
Exercise	As shares	As shares

1) The options are divided in four classes with A-options subscription period starting on Feb.4, 2002, B-options on Feb.4, 2003, C-options on Feb.4, 2004 and D-options on Feb.4, 2005.

2) The options are divided in four classes with A-options subscription period starting on April 1, 2003, B-options on April 1, 2004, C-options on April 1, 2005 and D-options on April 1, 2006.

Option plan	**Proha Options 2003**	**Proha Options 2005 key personnel**
Type of plan	Share options	Share options
Grant date	24.4.2003	29.3.2005
Exercise price	EUR 0.50	EUR 0.50
Share price on grant date	EUR 0.48	EUR 0.46
Option period (years)	4 years	4 years
Condition for exercising option rights	see 3) and 7)	see 4) and 7)
Exercise	As shares	As shares
Pricing model used	Black & Scholes	Black & Scholes
Variables used in the pricing model:		
Share price on grant date	EUR 0.48	EUR 0.46
Exercise price	EUR 0.50	EUR 0.50
Expected volatility, see 10)	25%	25%
Expected option period (on grant date)	4 years	4 years
Expected dividends	0	0
Risk free interest rate	2.4 %	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

3) The options are divided in three classes with A-options subscription period starting on April 1, 2004, B-options on April 1, 2005, C-options on April 1, 2006.

4) 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	22.4.2005	21.9.2005
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 5) and 7)	see 6) and 7)
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 10)	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

5) 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.

6) 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.

7) 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.

Option plan	Proha Options 2006
Type of plan	Share options
Grant date	30.5.2006
Exercise price	EUR 0.48
Share price on grant date	EUR 0.39
Option period (years)	4 years
Condition for exercising option rights	see 8) and 9)
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 10)	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 (EUR thousand)	68

8) 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.

9) 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.

10) 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	**2006**	**2005**
Employee benefit expense, Note 2.5.10	77	65

The cost effect of management options is presented in Note 2.5.38 Related party transactions / Key management compensations.

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 Dec. 31, 2006	**4 528 285**	**0.47**
Exerciable on Dec. 31, 2006	**2 476 445**	**0.46**

The changes in options and the weighed average exercise prices in 2005	**Number (in shares)**	**Weighted average exercise price (EUR/share)**
Outstanding on Jan. 1, 2005	3 625 257	0.83
New options issued	1 210 080	0.50
Expired options	-77 095	0.53
Exercised options	-900	1.35
Expired options	0	-
Outstanding on Dec. 31, 2005	**4 757 342**	**0.75**
Exerciable on Dec. 31, 2005	**3 027 322**	**0.90**

Weighted average share prices of the options exercised in 2005 on the exercise date	**Number (in shares)**	**Weighted average share price on the exercise date**
Oct.12, 2005	900	EUR 0.40
Total	**900**	**EUR 0.40**

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**

Exercise price of outstanding share options and weighted average contractula life on Dec. 31, 2005	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2001	1 495 227	1.35	0.1
Options 2002	1 294 650	0.43	1.3
Options 2003	817 385	0.50	1.3
Options 2005	1 150 080	0.50	3.3
Outstanding on Dec. 31, 2005	**4 757 342**	**0.75**	**1.4**

2.5.27 Share Based Payments, Discontinued Operations

During the financial year 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.

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.

The essential terms ofArtemis' option plans as well as the essential variables used for their valuation are presented in the table below.

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.

Type of plan	Board members and advisors Share options	Board members Share options
Grant date	Share options granted in 2000 - 2005	Share options granted in 2004 - 2005
Weighted average of exercise price (Share options outstanding on Dec. 31, 2005)	$12.24	$2.36
Weighted average of share price (Share options outstanding on Dec. 31, 2005)	$12.24	$2.36
Number of share options outstanding on Dec. 31, 2005	1 475 038	183 960
Expected option period	see 1)	10 years (Duration of the option program, individual options periods may differ from this)
Condition for exercising option rights	see 2)	see 3)
Exercise	As shares	As shares

1) 10 years (Duration of the option program, individual options periods may differ from this)

2) Subscription period for shares began primarily in approx. one year from grant date. Exact terms vary by option plans.

3) For some of the options the subscription period starts immediately, for some the subscription period is conditional requiring participation in minimum 60% of the board meetings and continued board membership one year from the grant date.

In addition to the before mentioned plans Artemis has two closed plans: 1998 Stock Option Plan and 0003 Non-Qualified Stock Option Plan. On December 31, 2005 the plans had 79,794 outstanding shares with the exercise prices between USD 9.25 - 250.00

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	2006	2005
Employee benefits expense, Note 2.5.10	147	410

The changes in options and the weighed average exercise prices in 2005	Number (in shares)	Weighted average exercise price (USD/share)
Outstanding on Jan. 1, 2005	1 810 740	$17.91
New options issued	159 000	$2.79
Expired options	-162 736	$1.54
Exercised options	-68 212	$1.54
Expired options	0	
Outstanding on Dec. 31, 2005	**1 738 792**	**$18.70**
Exercisable on Dec. 31, 2005	**1 195 501**	**$27.20**

Weighted average share prices of the options exercised in 2005 on the exercise date	Number (in shares)	Weighted average share price on the exercise date
31.1.2005	704	$3.10
18.2.2005	7 500	$2.85
25.5.2005	7 500	$2.50
9.6.2005	528	$3.20
9.6.2005	330	$3.20
2.8.2005	330	$2.80
19.9.2005	1 320	$2.15
19.9.2005	2 500	$2.15
8.11.2005	7 500	$1.50
8.11.2005	40 000	$1.50
Total	**68 212**	**$1.84**

Exercise price of outstanding share options on Dec. 31, 2005 (USD)	Number (in shares)	Weighted average remaining cont-ractual life of outstanding share options on Dec. 31, 2005 (years)
1.25 - 27.50	1 596 064	6.9
27.50 - 55.00	0	
55.00 - 82.50	4 877	4.7
82.50 - 110.00	35 451	4.6
110.00 - 137.50	2 800	4.4
220.00 - 247.50	6 000	4.2
247.50 - 275.00	93 600	4.1
Outstanding on Dec. 31, 2005	**1 738 792**	**6.6**

2.5.28 Interest Bearing Long-term Liabilities

Group	**31.12.2006**	**31.12.2005**
Convertible bonds	0	2 810
Loans from financial institutions	1 662	1 641
Pension loans	0	86
Other loans	296	119
Total	**1 958**	**4 656**

Continuing operations	**31.12.2006**	**31.12.2005**
Convertible bonds	0	2 810
Loans from financial institutions	1 662	499
Other loans	296	119
Total	**1 958**	**3 428**

Discontinued operations *)	**31.12.2006**	**31.12.2005**
Loans from financial institutions	0	1 142
Pension loans	0	86
Other loans	0	0
Total	**0**	**1 228**

*) Classified as liabilities held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

Expiries of long-term liabilities	**2 006**
2008	500
2009	494
2010	416
2011	407
Later	141
Total	**1 958**

Expiries of long-term liabilities	**2 005**
2007	3 585
2008	540
2009	172
2010	172
Later	187
Total	**4 656**

The average interest rate for loans was 4,2 % (4,7 % in 2005).

Interest-bearing long-term liabilities by currency	**31.12.2006**	**31.12.2005**
EUR	0	3 134
NOK	1 777	594
CAD	180	0
JPY	0	929
Total	**1 958**	**4 656**

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.

2.5.29 Liabilities from Defined Benefit Plans

Liabilities from defined benefit plans	31.12.2006	31.12.2005
Continuing operations	379	147
Discontinued operations *)	0	3 258
Total	**379**	**3 405**

*) Classified as assets held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

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

Artemis sub-group had a post employment defined benefit plans in Great Britain. The insurance mathematical profits and losses concerning the plan are recognized as expenses as they incur.

The amounts recognized in the balance sheet are as follows:	Continuing operations 31.12.2006	Discontinued operations 31.12.2006	Continuing operations 31.12.2005	Discontinued operations 31.12.2005
Present value of funded obligations	5 325	0	4 088	10 846
Fair value of plan assets	-3 819	0	-3 190	-7 588
Surplus / (deficit)	1 506	0	898	3 258
Unrecognised actuarial gains (losses)	-1 127	0	-751	0
Liabilities from defined benefit plans	**379**	**0**	**147**	**3 258**

The amounts recognized in the income statementare as follows:	Continuing operations 2 006	Discontinued operations 2 006	Continuing operations 2 005	Discontinued operations 2 005
Current service cost	827	0	546	351
Interest cost	218	0	175	469
Expected return on plan assets	-183	0	-173	-424
Administration cost	19		14	
Net actuarial losses (gains) recognised in year	58	0	33	494
Total included in employee benefit expense	**939**	**0**	**595**	**890**

Changes in the present value of the obligation are as follows:	Continuing operations 2006	Discontinued operations 2006	Continuing operations 2005	Discontinued operations 2005
Present of value of obligation 1.1.	4 088	0	3 596	8 695
Current service cost	827	0	548	350
Interest cost	218	0	175	468
Actuarial (gain) loss on obligation	383	0	-200	66
Losses (gains) on curtailments	0	0	0	1 348
Exchange differences	-158	0	0	-82
Benefits paid	-33	0	-32	0
Present value of obligation 31.12.	**5 325**	**0**	**4 088**	**10 846**

Changes in the fair value of the plan assets are as follows:	Continuing operations 2006	Discontinued operations 2005	Continuing operations 2006	Discontinued operations 2005
Fair value of plan assets 1.1.	3 190	0	3 416	5 990
Expected return on plan assets	183	0	174	423
Actuarial gain (loss) on plan assets	-84	0	-984	921
Contributions by employer	697	0	630	251
Exchange differences	-115	0	0	3
Administration cost	-19	0	-14	0
Benefits paid	-33	0	-32	0
Fair value of plan assets 31.12.	**3 819**	**0**	**3 190**	**7 588**

Return on plan assets	**) Continuing operations 2006	Discontinued operations 2006	Updated *) Continuing operations 2005	Discontinued operations 2005
	218		205	1347

*) Information on return on plan assets in 2005 year end financial statements has been revised.

**) Preliminary information

The major categories of plan assets as a percentage of total plan assets are as follows:	Continuing operations 2006	Discontinued operations 2006	Continuing operations 2005	Discontinued operations 2005
Equities	25.9%		23.3%	84.8%
Bonds	52.6%		45.2%	1.4%
Property	12.8%		12.2%	0.0%
Cash funds	0.0%		0.0%	5.5%
Money market investments	6.4%		16.8%	0.0%
Other funds	2.3%		2.5%	8.4%
Total	**100.0%**		**100.0%**	**100.0%**

Principal actuarial assumptions at the balance sheet date	Continuing operations 2006	Discontinued operations 2006	Continuing operations 2005	Discontinued operations 2005
Discount rate	4.5%		5.0%	4.7%
Future salary increases	4.5%		2.5%	3.9%
Future pension increases	4.5%		2.5%	2.9%
Expected return on plan assets	5.5%		6.0%	4,0 - 7,3%

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.

Experience adjustments on plan assets and liabilities:	Continuing operations 2006	Continuing operations 2005
Experience adjustments on plan assets	41.2%	20.6%
Experience adjustments on plan liabilities	16.2%	12.4%

The Group expects to contribute 0.7 million euros to its defined benefit plan in 2007.

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 employemnts and were used during 2006.

*) Classified as liabilities held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

2.5.31 Interest-bearing Current Liabilities

Group	31.12.2006	31.12.2005
Short-term convertible bonds	2 810	0
Short-term loans from financial institutions, interest-bearing	1 395	4 731
Current pension loans, interest-bearing	0	6
Total	**4 205**	**4 738**

Continuing operations	31.12.2006	31.12.2005
Short-term convertible bonds	2 810	0
Short-term loans from financial institutions, interest-bearing	1 395	1 477
Total	**4 205**	**1 477**

Discontinue operations *)	31.12.2006	31.12.2005
Short-term loans from financial institutions, interest-bearing	0	3 255
Current pension loans, interest-bearing	0	6
Total	**0**	**3 261**

*) Classified as liabilities held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations,

Average interest rate for loans was 5.4% in 2006 (8.1% in 2005).

Interest-bearing current liabilities by currency	2006	2005
EUR	2 834	30
JPY	0	562
NOK	1 113	1 453
CAD	77	0
USD	181	2 693
Total	**4 205**	**4 738**

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 bond

On December 20, 2002 Proha issued a convertible bond. A total of EUR 2.8 million of the bond was subscribed. The bond has a fixed interest rate of 6.00% p.a. The bond can be converted into a maximum of 4,496,000 new shares. The conversion period started on February 19, 2003 and it ends two banking days before the loan maturity on December 30, 2007.

2.5.32 Trade Payables and Other Liabilities

Other short-term debt, interest-free, Group	**31.12.2006**	Updated *) **31.12.2005**
Short-term advances received, interest-free	313	2 046
Short-term trade payables, interest-free	2 456	3 980
Current liabilities to others, interest-free	4 699	6 085
Total	**7 468**	**12 111**

Short-term accruals & deferred income, interest-free, Group	**31.12.2006**	**31.12.2005**
Short-term liabilities on investments, interest-free	977	0
Short-term interest liabilities, interest-free	0	260
Accrued employee expenses, interest-free	1 108	3 959
Other short-term accrued liabilities on income, interest-free	0	5 697
Other short-term accrued liabilities on expenses, interest-free	230	1 507
Total	**2 315**	**11 423**

Trade payables and other liabilities, Group	**9 783**	**23 534**

Tax liability, income tax, Group	**31.12.2006**	**31.12.2005**
Current tax liabilities, income taxes, interest-free	556	1 515
Total	**556**	**1 515**

Other short-term debt, interest-free, Continuing operations	**31.12.2006**	**31.12.2005**
Short-term advances received, interest-free	313	300
Short-term trade payables, interest-free	2 456	867
Current liabilities to others, interest-free	4 699	3 026
Total	**7 468**	**4 192**

Short-term accruals & deferred income, interest-free, Continuing operations	**31.12.2006**	**31.12.2005**
Short-term liabilities on investments, interest-free	977	0
Short-term interest liabilities, interest-free	0	172
Accrued employee expenses, interest-free	1 108	808
Other short-tem accrued liabilities on income, interest-free	0	0
Other short-tem accrued liabilities on expenses, interest-free	230	228
Total	**2 315**	**1 208**

Trade payables and other liabilities, Continuing operations	**9 783**	**5 400**

Tax liability, income tax, Continuing operations	**31.12.2006**	**31.12.2005**
Current tax liabilities, income taxes, interest-free	556	285
Total	**556**	**285**

Other short-term debt, interest-free, Discontinued operations **)	**31.12.2006**	Updated *) **31.12.2005**
Short-term advances received, interest-free	0	1 746
Short-term trade payables, interest-free	0	3 113
Current liabilities to others, interest-free ***)	0	2 975
Total	**0**	**7 834**

Short-term accruals & deferred income, interest-free, Discontinued operations **)	31.12.2006	31.12.2005
Short-term interest liabilities, interest-free	0	88
Accrued employee expenses, interest-free	0	3 151
Other short-tem accrued liabilities on income, interest-free	0	5 697
Other short-tem accrued liabilities on expenses, interest-free	0	1 278
Total	**0**	**10 215**

Trade payables and other liabilities, Discontinued operations **)	**0**	**18 049**

Tax liability, income tax, Discontinued operations **)	31.12.2006	31.12.2005
Current tax liabilities, income taxes, interest-free	0	1 230
Total	**0**	**1 230**

*) The grouping between the trade and other receivables (Note 2.5.23) and trade payables and other liabilities (Note 2.5.32) has been changed compared to 2005 financial statements. Consequently both the trade payables and other liabilities and the trade and other receivables are EUR 85 thousand less than in 2005 financial statements.

**) Classified as liabilities held for sale, see Note 2.5.4 Long-term Assets Held for Sale and Discontinued Operations.

***) The Italian subsidiary of Artemis sub-group, that was divested on June 30, 2006, had a post-employment benefit plan. The benefits in question were not funded. The benefit plan under Italian law and terms of employment covered the benefits payable after termination of employment. The employee was eligible for the benefits regardless whether the employment was terminated by the employee or the employer. The annual increase in present value of the obligation was based on the annual salary of the employee and annually corresponded approximately one month's gross salary adjusted with possible inflation. Changes in the liability in the balance sheet:

	2006	2005
Liability on Jan. 1	1 036	948
Paid benefits	0	-28
Personnel expenses in the income statement	0	116
Subsidiaries sold	-1 036	0
Liability on Dec. 31	0	1 036

Items recognized in the income statement:	2005
Costs based on the service costs for the financial year	116
Pension expenses in the income statement	116

2.5.33 Current Provisions

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

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

2.5.34 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. Proha Board of Directors supervises the company risk management.

Currency risk

Proha operations are international and in addition to Norwegian krone the main currencies for income and expenses are euro, US dollar and Canadian dollar. The currency risk is diversified because 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 Group subsidiaries have liabilities in Norwegian krone and Canadian dollars. Due to the diversified currency risk no forward foreign currency contracts or other corresponding hedging are used.

Interest rate risk

The interest bearing liabilities of the Group totaled EUR 6.1 million on December 31, 2006. The Group parent company has a fixed rate convertible loan. The loan amount is EUR 2.8 million and the interest rate is 6%. Compared to the Group's business volume the amount of loans with fixed interest rates is not such that the fair value interest risk would require hedging. The mid-range interest rate outlook is rising. Of the Group's long term loans approximately EUR 3.3 million are flexible rate. The aim is to maintain the balance between fixed and flexible rate loans.

Liquidity risk

The Group liquidity is managed through cash and liquidity management. On December 31, 2006 the Group cash and cash equivalents amounted to EUR 12.0 million. The excess cash is invested in short term money markets. 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 6.1 million, approximately EUR 2.0 million is long term and approximately EUR 4.2 million short term loans. The Group parent company has a convertible loan of approximately EUR 2.8 million that will fall 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

Typical Proha customers are large and financially solid companies, which for its part reduces the Group's credit risk. The Group does not provide actual customer financing.

Price risk

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

2.5.35 Other Rental Agreements

2.5.35.1 Group as the lessee

The minimum leases paid for non-cancellable other leases	2006	2005
Not later than one year	328	2 558
Later than one year and not later than five years	1 204	4 867
Total	**1 533**	**7 425**

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 2006 income statement includes EUR 1.086 thousand (EUR 2.245 thousand in 2005) in lease payments for other leases.

2.5.35.2 Group as the lessor

The minimum income on non-cancellable other leases	2006	2005
Not later than one year	55	27
Total	**55**	**27**

The Group has leased out office space not needed. The leases are valid for one calendar year at the time unless they are cancelled six months before the end of the financial year.

In 2006 EUR 11 thousand (EUR 11 thousand in 2005) was recognized as income on variable leases.

2.5.36 Securities and Contingent Liabilities

Collateral for own commitments	2006	2005
Liabilities secured by corporate mortgages		
Pension loans	0	86
Corporate mortgages given as security of the loans	0	168
Liabilities secured by corporate mortgages		
Loans from financial institutions	0	3 276
Liabilities were secured by the assets of Artemis International Solutions Corporation in the USA and in Great Britain except for intellectual property rights.		
Liabilities secured by corporate mortgages		
Loans from financial institutions and checking account credit lines used	3 028	0
Liabilities are secured by the current assets of Dvore Internationa AS and Dovre Fabcon AS as well as shares of Dovre Fabcon AS	5 672	0
Liabilities secured by assets		
Loans and checking account credit lines used	0	1 927
Book value of trade receivables and fixed assets given as security	1 106	6 807
Liabilities secured by shares		
Loans from financial institutions	24	48
Book value of pledged shares	511	511

2.5.37 Subsidiaries

Dovre Services and Consulting Division	Domicile	Country	Group's ownership %
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 Management Nigeria Limited		Nigeria	100.00
Proha Norge AS, Stavanger	Stavanger	Norway	100.00
Fabcon UK Ltd	Hampshire	Great Britain	48.00
Project Completion Management Inc.	Houston	USA	48.00
SAS Fabcon France	Argeles sur Mer	France	100.00
Safran Systems Division			
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

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.

Sales	**2006**	**2005**
Rents and administrative services	40	42
Total	**40**	**42**

Purchases	**2006**	**2005**
Software development	0	60
Accounting services	13	17
Information systems	60	203
Total	**73**	**280**

Trade receivables	**31.12.2006**	**31.12.2005**
Total	**1**	**1**

Trade payables	**31.12.2006**	**31.12.2005**
Total	**1**	**84**

The book value of the convertible loan subscribed for by an investment company of a member of the board was EUR 1.405 thousand on December 31, 2006 and on December 31, 2005. There were no unpaid accumulated interests on the convertible loan on December 31, 2006. On December 31, 2005 the accumulated unpaid interests were EUR 84 thousand. In the income statement EUR 84 thousand was recognized as interest expense for the convertible loan in 2006 (EUR 84 thousand in 2005). The terms of the convertible loan are presented in chapter 5. Shares and Shareholders.

The transactions with associates are presented in Note 2.5.19 Investments in Associates

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, 2006 or December 31, 2005.

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. 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 below.

Continuing operations	**2006**	**2005**
CEOs of parent company and subsidiaries	651	510
Members of the boards	34	24
Total	**685**	**534**

Continuing operations	**2006**	**2005**
Pekka Pere - CEO and Member of the Board*)	334	230
Olof Ödman - Chairman of the Board	18	18
Ernst Jilderda - hallituksen jäsen	10	0
Jouko Järvinen - Managing Director of Datamar Oy **)	72	71
Pekka Vaara - Chairman of the Board of Datamar Oy	6	6
Arve Jensen - Managing Director of Dovre International AS	162	130
Steinar Dalva - Managing Director of Safran Software Solutions AS	83	79
Total	**685**	**534**

*) 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.

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

Discontinued operations	**2005**
Patrick Ternier *)	207
Managing Directors of subsidiaries	931
Members of the board of Artemis International Solutions Corporation	149
Total	**1 287**

*)The termination benefits of Patrick Ternier were annual salary together with possible accumulated bonuses. Additionally, in case of potential dissmissal he had an immediate right to options for which the subscription period had not yet commenced.

2.5.38.5 Key Management Personel Compensation

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

Continuing operations, total	**2006**	**2005**
Salaries and other short-term employee benefits	758	561
Post-employment benefits	90	72
Share based payments	32	17
Total	**881**	**649**

Dovre Consulting and Services division	**2006**	**2005**
Salaries and other short-term employee benefits	184	141
Post-employment benefits	7	4
Share based payments	9	4
Total	**200**	**149**

Safran Systems division	**2006**	**2005**
Salaries and other short-term employee benefits	190	159
Post-employment benefits	14	16
Share based payments	13	7
Total	**217**	**182**

Other operations *)	**2006**	**2005**
Salaries and other short-term employee benefits	384	260
Post-employment benefits	69	51
Share based payments	11	6
Total	**463**	**318**

*) includes compensations received by Proha Plc CEO and members of the Board of Directors.

Discontinued operations	**2005**
Salaries and other short-term employee benefits	1 410
Post-employment benefits	77
Share based payments	380
Total	**1 867**

2.5.38.6 Management Options

2.5.38.6.1 Management share options, continuing operations

Dovre Consulting and Services Division	Proha Options 2002	Proha Options 2003	Proha Options management 2005	Excerciseable on Dec. 31 2006
Arve Jensen, CEO of 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	Excerciseable on Dec. 31 2006
Steinar Dalva, CEO of Safran Software Solutions AS	12 700	10 005	90 000	52 705
Jouko Järvinen, CEO of Datamar Oy	20 000	10 005	45 000	45 005
Total	**32 700**	**20 010**	**135 000**	**97 710**

Proha Plc	Proha Options 2002	Proha Options 2003	Proha Options management 2005	Excerciseable on Dec. 31 2006
Pekka Pere, CEO of Proha Plc and member of the Board	517 700	120 000	0	637 700
Olof Ödman, member of the Board of Proha Plc	55 700	66 000	0	121 700
Birger Fla, member of the Board of Proha Plc	0	0	0	0
Ernst Jilderda, member of the Board of Proha Plc	0	0	0	0
Pekka Mäkelä member of the Board of 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**

Terms of option plans are presented in Note 2.5.26.1 Share Based Payments, Continuing Operations.

2.5.38.6.2 Management share options, discontinued operations

On December 31, 2005 members of the board of directors of Artemis sub-group had 198 960 AISC options, of which 122 460 were exercisable on December 31, 2005. On December 31, 2005 the managing directors of Artemis sub-group had 522 000 AISC options, of which 252 417 were exercisable on December 31, 2005. The exercise prices of options were USD 1.35 – 3.87. On June 30, 2006 Proha divested Artemis sub-group segment. 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.

On December 31, 2005 the management of Artemis sub-group had 39 500 Proha Plc options that were granted in 2001 and all exercisable on December 31, 2005. No options were exercised in 2006. The year 2001 option plan expired on February 4, 2006.

3. Financial Statements of the Parent Company, FAS

3.1 Proha Plc Income Statement, FAS

	Note	Jan. 1-Dec. 31, 2006	Jan. 1-Dec. 31, 2005
NET SALES	**3.4.2**	**492**	**100**
Other operating income	**3.4.3**	452	296
Materials and services		-135	-305
Staff costs	**3.4.4**	-1 220	-995
Depreciation and value adjustments	**3.4.5**	-81	-97
Other operating expenses		-879	-788
Loss on disposal of non-current assets	**3.4.6**	-472	0
OPERATING RESULT		**-1 843**	**-1 789**
Financial income and expenses	**3.4.7**	232	-155
RESULT BEFORE EXTRAORDINARY ITEMS		**-1 610**	**-1 944**
Extarordinary items	**3.4.8**	0	65
RESULT BEFORE TAXES		**-1 610**	**-1 879**
RESULT FOR THE FINANCIAL YEAR		**-1 610**	**-1 879**

3.2 Proha Plc Balance Sheet, FAS

ASSETS	Note	Dec. 31, 2006	Dec. 31, 2005
NON-CURRENT ASSETS			
Intangible assets	**3.4.9**	50	95
Tangible assets	**3.4.10**	33	60
Investments	**3.4.11**		
Shares in group undertakings	**3.4.11.1**	4 708	15 223
Participation interets	**3.4.11.2**	1 031	1 008
Other investments	**3.4.11.3**	22	25
NON-CURRENT ASSETS TOTAL		**5 844**	**16 411**
CURRENT ASSETS			
Non-current receivables	**3.4.12**	0	187
Current receivables	**3.4.13**	1 170	405
Cash and cash equivalents		9 385	1 172
CURRENT ASSETS TOTAL		**10 555**	**1 765**
ASSETS		**16 399**	**18 177**
LIABILITIES			
SHAREHOLDERS' EQUITY	**3.4.14**		
Share capital	**3.4.14.1**	15 917	15 917
Share premium account	**3.4.14.2**	4 780	4 780
Profit/loss brought forward	**3.4.14.3**	-6 059	-4 181
Profit/loss for the financial year	**3.4.14.4**	-1 610	-1 879
SHAREHOLDERS' EQUITY TOTAL		**13 027**	**14 638**
STATUTORY PROVISIONS	**3.4.15**	**0**	**21**
CREDITORS			
Non-current creditors	**3.4.16**	0	2 834
Current creditors	**3.4.17**	3 371	684
CREDITORS TOTAL		**3 371**	**3 518**
LIABILITIES		**16 399**	**18 177**

3.3 Proha Plc Cash Flow Statement, FAS

	Jan.1-Dec.31, 2006	Updated *) Jan.1-Dec.31, 2005
Cash flow from operating activities		
Operating profit (+) / loss (-)	-1 843	-1 789
Adjustments	443	46
Change in net working capital	-375	252
Financial income and expenses, net	-225	100
Cash flow from operating activities	**-2 000**	**-1 391**
Cash flow from investing activities		
Investments in tangible and intangible assets	-9	-11
Disposal of tangible and intangible assets	18	26
Purchase of shares in associates	-23	0
Disposal of subsidiaries	10 043	0
Disposal of shares in associates	0	48
Proceeds and repayments of loan receivables	188	-12
Dividends received from investments	1	327
Cash flow from investing activities	**10 218**	**379**
Cash flow from financing activities		
Share issue	0	1
Repayments of short-term loans	-24	-411
Group contributions received and paid	65	0
Proceeds and repayments of long term receivables	0	2 500
Cash flow from financing activities	**41**	**2 090**
Change in cash and cash equivalents	**8 259**	**1 078**
Cash and cash equivalents Jan. 1	-1 172	-94
Changes in foreign exchange rates	46	0
Cash and cash equivalents Dec.31	9 385	1 172
Change in cash and cash equivalents	**8 259**	**1 078**

Adjustments to operating result	**Note**	**2006**	**2005**
Gain on disposal of fixed assets	**3.4.3**	-18	0
Gain on disposal of investments	**3.4.3**	-71	-70
Depreciation and amortization	**3.4.5**	81	97
Loss on disposal of investments	**3.4.6**	472	0
Other adjustments		-21	19
Total		**443**	**46**

*) The information on net fixed assets, financing activities, and group contributions given and received in 2005 year end financial statements has been reclassified.

3.4. Notes to Parent Company Financial Statements, FAS

3.4.1 Accounting principles

The 2006 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.

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	2006	2005
Finland	128	100
Norway	364	0
Total	**492**	**100**

3.4.3 Other Operating Income

	2006	2005
Rents	170	193
Gain on sale of non-current assets, tangible assets	18	26
Gain on sale of non-current assets, investments	71	44
Funding from Tekes	193	0
Other operating income	0	34
Total	**452**	**296**

3.4.4 Staff Costs

	2006	2005
Wages and salaries	-969	-761
Pension costs	-186	-153
Other personnel expenses	-65	-81
Total	**-1 220**	**-995**

Management remuneration	2006	2005
CEO	334	230
Members of the Board of Directors	28	18
Total	**362**	**248**

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	2006	2005
On the average	14	11
At the end of the financial year	19	11

3.4.5 Depreciation, Amortization and Value Adjustments

	2006	2005
Depreciation according to plan	-81	-97

3.4.6 Loss on Disposal of Non-current Assets

	2006	2005
Loss on disposal of Artemis*)	-472	0

*) 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	2006	2005
From group companies	314	308
From other companies	1	19
Total	**314**	**327**

3.4.7.2 Other interest and financial income	2006	2005
From group companies	0	6
From other companies	136	59
Total	**136**	**65**

3.4.7.3 Interest and other financial expenses	2006	2005
To group companies	0	-132
To other companies	-218	-415
Total	**-218**	**-547**
Financial income and expenses total	**232**	**-155**

3.4.8 Extraordinary items

	2006	2005
Extraordinary income / group contribution	0	65
Extraordinary items total	**0**	**65**

3.4.9 Intangible Assets

3.4.9.1 Software and licenses	2006	2005
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	-555	-542
Amortization for the financial year	-12	-12
Accumulated amortization and value adjustments as of Dec. 31	-567	-555
Book value as of Dec. 31	**3**	**15**

3.4.9.2 Other capitalized expenditure	2006	2005
Acquisition cost as of Jan. 1	230	231
Adjustments to acquisition cost as of Jan.1		-1
Acquisition cost as of Dec. 31	230	230
Accumulated amortization and value adjustments as of Jan. 1	-150	-111
Adjustments to accumulated amortization and value adjustments as of Jan. 1	0	1
Amortization for the financial year	-33	-39
Accumulated amortization and value adjustments as of Dec. 31	-183	-150
Book value as of Dec. 31	**47**	**80**

3.4.9.3 Advance payments	2006	2005
Acquisition cost as of Jan. 1	0	51
Transfers	0	-51
Book value as of Dec. 31	**0**	**0**

Total intangible assets	2006	2005
Acquisition cost as of Jan. 1	800	851
Adjustments to acquisition cost as of Jan. 1	0	-1
Disposals	0	-51
Acquisition cost as of Dec. 31	800	799
Accumulated amortization and value adjustments as of Jan. 1	-704	-653
Adjustments to accumulated amortization and value adjustments as of Jan. 1	0	1
Amortization for the financial year	-45	-52
Accumulated amortization and value adjustments as of Dec. 31	-750	-704
Book value as of Dec. 31	**50**	**95**

3.4.10 Tangible Assets

Machinery and equipment	**2006**	**2005**
Acquisition cost as of Jan. 1	343	380
Adjustments to acquisition cost as of Jan. 1	0	-1
Additions	8	11
Disposals	0	-47
Acquisition cost as of Dec. 31	352	343
Accumulated depreciation and value adjustments as of Jan. 1	-283	-256
Adjustments to accumulated depreciation and value adjustments as of Jan. 1	0	1
Accumulated depreciation in disposals	0	17
Depreciation for the financial year	-36	-45
Value adjustments	0	0
Accumulated depreciation and value adjustments as of Dec. 31	-319	-283
Book value as of Dec. 31	**33**	**60**

3.4.11 Investments

3.4.11.1 Shares in group undertakings	2006	2005
Acquisition cost as of Jan. 1	15 242	15 265
Disposals	-10 515	-23
Acquisition cost as of Dec. 31	4 727	15 242
Accumulated value adjustments as of Jan. 1	-19	0
Value adjustments	0	-19
Accumulated value adjustments as of Dec. 31	-19	-19
Book value as of Dec. 31	**4 708**	**15 223**

3.4.11.2 Participating Interests	2006	2005
Acquisition cost as of Jan. 1	1 038	1 046
Additions	23	0
Disposals	0	-4
Transfers between items	0	-3
Acquisition cost as of Dec. 31	1 061	1 038
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**	**1 008**

3.4.11.3 Other Investments	2006	2005
Acquisition cost as of Jan. 1	25	21
Disposals	-3	0
Transfers between items	0	3
Acquisition cost as of Dec. 31	22	25
Book value as of Dec. 31	**22**	**25**

Shares in group undertakings on Dec. 31, 2006	Domicile	Country	Parent Company holding %
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, 2006	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

Other Investments on Dec. 31, 2006	Domicile	Country	Parent Company holding %
Global Teleworking S.L.	Madrid	Spain	15.00
Procountor International Oy	Espoo	Finland	19.95

3.4.12 Non-current Receivables

	2006	2005
Amounts owed by group companies	0	187
Total	**0**	**187**

3.4.13 Current Receivables

	2006	2005
Trade receivables from group companies	370	224
Trade receivables	44	0
Loan receivables from group companies	15	15
Other receivables from group companies	291	66
Other receivables	150	56
Prepayments and accrued income	299	44
Total	**1 170**	**405**

Material items of prepayments and accrued income	2006	2005
Interest receivables	47	0
Prepaid expenses	252	29
Other	0	15
Total	**299**	**44**

3.4.14 Shareholders' Equity

3.4.14.1 Share capital	2006	2005
Share capital as of Jan. 1	15 917	15 917
Share capital as of Dec. 31	15 917	15 917

3.4.14.2 Share premium account	2006	2005
Share premium account as of Jan. 1	4 780	4 779
Share issue premium	0	1
Share premium account as of Dec. 31	**4 780**	**4 780**

3.4.14.3 Profit/loss brought forward	2006	2005
Profit/loss brought forward on Jan. 1	-6 059	-4 181
Profit/loss brought foward as Dec. 31	**-6 059**	**-4 181**
3.4.14.4 Result for the financial year	**-1 610**	**-1 879**
SHAREHOLDERS' EQUITY TOTAL	**13 027**	**14 638**

Calculation of distributable earnings	2006	2005
Loss brought forward	-6 059	-4 181
Loss for the financial year	-1 610	-1 879
Total	**-7 670**	**-6 060**

3.4.15 Statutory Provisions

	2006	2005
Other statutory provisions	0	21
Total	**0**	**21**

3.4.16 Non-current Liabilities

	2006	2005
Convertible loans	0	2 810
Loans from financial institutions	0	24
Total	**0**	**2 834**

3.4.17 Current Liabilities

	2006	2005
Convertible loans	2 810	0
Loans from financial institutions	24	24
Advances received	20	0
Trade payables group companies	8	231
Trade payables	44	23
Other liabilities group companies	2	0
Other liabilities	67	30
Accruals and deferred income	397	376
Total	**3 371**	**684**

Material items of accruals and deferred income	**2006**	**2005**
Interest liabilities	0	169
Accrued employee expenses	394	94
Other accrued expenses	3	113
Total	**397**	**376**

3.4.18 Contingent Liabilities

3.4.18.1 Collateral for own commitments	**2006**	**2005**
Debts secured by shares		
Loans from financial institutions	24	48
Book value of pledged shares	154	154

Checking account credit lines secured by shares		Updated *)
Credit lines used	0	0
Book value of pledged shares	357	357

Future minimum costs for non-cancellable leasing contracts	**2006**	**2005**
Not than one year	67	58
Later than one year and not later than five years	60	77
Total	**127**	**136**

*) In 2005 financial statements the information was not presented.

4. Five Year Figures 2002 - 2006

4.1 Group Key Financial Performance Indicators

1000	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Net sales	58 215	64 527	65 714	76 792	100 824
Change, %	-9.8%	-1.8%	-14.4%	-23.8%	21.7%
Net sales, continuing operations	41 021	26 421			
Net sales, discontinued operations	17 195	38 106			
Operating result	11 635	-3 560	-1 984	-5 987	3 052
% of net sales	20.0%	-5.5%	-3.0%	-7.8%	3.0%
Operating result, continuing operations	-326	-1 388			
Operating result, discontinued operations	11 961	-2 172			
Result before taxes	11 951	-5 003	-1 976	-5 845	3 287
% of net sales	20.5%	-7.8%	-3.0%	-7.6%	3.3%
Result for the period	10 962	-6 029	-2 872	-6 187	1 765
% of net sales	18.8%	-9.3%	-4.4%	-8.1%	1.8%
Return on equity, %	111.2%	-86.0%	-29.3%	-48.8%	16.4%
Return on Investment, %	72.8%	-13.4%	-1.9%	-19.1%	18.2%
Equity-ratio, %	47.3%	11.0%	23.4%	26.1%	31.4%
Gearing, %	-38.2%	47.0%	40.2%	5.3%	-31.8%
Balance sheet total	32 689	42 837	42 984	44 701	59 614
Capital Expenditure	2216	279	4 433	538	2 521
% of net sales	3.8%	0.4%	6.7%	0.7%	2.5%
Research and development costs	3 966	7 310	6 834	7 910	8 570
% of net sales	6.8%	11.3%	10.4%	10.3%	8.5%
Personnel average for the period	469	525	569	642	753
Personnel at the end of the period	325	531	525	619	643

4.2 Group Share Indicators (share issue adjusted)

EUR	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Undiluted earnings per share, EUR, group	0.179	-0.098	-0.050	-0.118	0.034
Diluted earnings per share, EUR, geoup	0.179	-0.098	-0.049	*)	0.034
Undiluted earnings per share, EUR, continuing operations	-0.018	-0.032			
Diluted earnings per share, EUR, continuing operations	-0.018	-0.032			
Undiluted earnings per share, EUR, discontinued operations	-0.067	-0.067			
Diluted earnings per share, EUR, discontinued operations	-0.067	-0.067			
Equity per share, EUR	0.25	0.07	0.15	0.18	0.29
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	2.23	-3.66	-9.16	-6.70	15.30
Highest share price, EUR	0.50	0.56	1.15	0.84	0.71
Lowest share price, EUR	0.34	0.33	0.44	0.43	0.30
Average share price, EUR	0.41	0.43	0.69	0.61	0.58
Market value of shares, MEUR	24.5	22.0	27.5	41.6	27.0
Traded shares, MEUR	17.0	9.8	12.1	15.0	17.7
Traded shares, %	27.8%	37.1%	30.4%	46.4%	59.2%
Average share number					
-undiluted (1000)	61 219	61 218	57 314	52 615	51 798
-diluted (1000)	61 237	61 218	58 473	53 129	51 938
Number of shares at the end of the period (1000)	61 219	61 219	61 218	53 367	51 867

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

*) The divisor for the key ratio is calculated as an average of the values in year 2006 balance sheet and year 2005 balance sheet.

5. Shares and Shareholders

5.1 Share Capital and 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 OMX Nordic Exchange.

On January 1, 2006, 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, 2006 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 May 30, 2006, 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 25, 2006. In the issue, a total of 1,341,000 Proha Plc stock options were subscribed, entitling to the subscription of 1,341,000 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 April 4, 2006.

On April 26, 2006 the Board confirmed the subscription price for the shares subscribed on the basis of the stock options as EUR 0.48 per share. The confirmed subscription price is the weighted average price of the Proha Plc share from April 4, 2006 through April 25, 2006 and thus corresponds to the fair market price.

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

The plan for 2001 ended on February 4, 2006. During its subscription period a total of 900 shares were subscribed for.

The stock options issued during years 2001 – 2006 are as follows:

Subscription period	Subscription price EUR	Number of stock options	Number of shares	Book value of shares EUR 1000
Year 2001				
A 4.2.2002 - 4.2.2006	1.35	4 860 250	486 025	126.37
B 4.2.2003 - 4.2.2006	1.35	4 860 250	486 025	126.37
C 4.2.2004 - 4.2.2006	1.35	4 860 250	486 025	126.37
D 4.2.2005 - 4.2.2006	1.35	4 860 250	486 025	126.37
Total		**19 441 000**	**1 944 100**	**505.47**
Shares subscribed		-9 000	-900	-0.23
Cancelled		-4 479 730	-447 973	-116.47
Plan ended on Feb, 4. 2006		-14 952 270	-1 495 227	-388.76
Remaining on Dec. 31, 2006		**0**	**0**	**0**
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
Remaining on Dec. 31, 2006		**1 294 650**	**1 294 650**	**336.61**
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
Remaining on Dec. 31, 2006		**817 385**	**817 385**	**212.52**
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, 2006		**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, 2006		**1 341 000**	**1 341 000**	**348.66**
Issues total		**24 274 135**	**6 777 235**	**1 762.08**
Shares subscribed		-9 500	-1 400	-0.36
Cancelled		-4 784 080	-752 323	-195.60
Ended		-14 952 270	-1 495 227	-388.76
Remaining on Dec. 31, 2006		**4 528 285**	**4 528 285**	**1 177.35**

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 can be converted into a maximum of 4,496,000 new shares. For definition of conversion rate the share price used is EUR 0.625. The conversion period started on February 19, 2003 and it ends two banking days before the loan maturity on December 30, 2007.

5.4 Authorizations

The Board of Directors has the authorization by the Annual General Meeting April 25, 2006 to increase the company's share capital through an issue of new shares, stock options, option warrants and/or convertible bonds deviating from the shareholders' pre-emptive subscription rights. Pursuant to this authorization, the aggregate maximum number of new shares to be issued shall not exceed 12,243,734 shares with an account equivalent value of EUR 0.26 each, and the share capital of the Company may be increased by no more than EUR 3,183,370.84. The authorization is valid for a year from the date of the annual general meeting and remains unused up to now.

5.5 Largest Shareholders as per December 29, 2006

Name	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
Alec E. Gores Trust	3 787 766	6.2
Pekka Mäkelä	2 882 375	4.7
Pekka Pere**	2 541 105	4.1
Etola Erkki	2 000 000	3.3
Eficor Oyj**	1 700 000	2.8
Lars Nyqvist	1 465 355	2.4
Thominvest Oy	1 043 500	1.7
Eero Ruokostenpohja	703 950	1.1
Lapuan Osuuspankki	640 000	1.0
FIM Pankkiiriliike	585 000	0.9
Risto Saikko	546 390	0.9
Reino Jokinen	530 000	0.9
Patrick Ternier	515 000	0.8
Astea AS	471 257	0.8
Kefura AB	450 000	0.7
Vesa Olsson	400 000	0.7
Kari Paasi	382 000	0.6
Markku Mäkinen	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 29, 2006

By shareholder category

	Number of share-holders	Percentage of all shareholders	Total number of shares	Percentage of all shares
1-100	180	5.19	12 974	0.02
101-500	643	18.53	251 684	0.41
501-1 000	578	16.65	534 308	0.87
1 001-5 000	1 216	35.03	3 456 767	5.65
5 001–10 000	373	10.75	3 000 330	4.90
10 001-50 000	377	10.86	8 842 718	14.44
50 001-100 000	41	1.18	3 094 771	5.06
100.001-500 000	48	1.38	10 312 531	16.85
500 001-	15	0.43	31 712 587	51.80
Total	**3 471**	**100.00**	**61 218 670**	**100.00**

	Number of shareholders	Percentage of all shareholders	Total number of shares	Percentage of all shares
Private companies	219	6.3	13 935 738	22.8
Insurance and financial institutions	12	0.3	7 976 364	13.0
Public corporations	2	0.1	20 800	0.0
Non-profit organizations	4	0.1	4 580	0.0
Households	3 171	91.4	31 272 112	51.1
Foreign shareholders	63	1.8	8 009 076	13.1
Total	**3 471**	**100.0**	**61 218 670**	**100.0**
Nominee registered	6		532 068	0.6

5.7 Shares and Stock Options Owned by the Management

On December 31, 2006, the members of the Board of Directors owned a total of 5,466,130 shares, representing approximately 8.93 % of all shares and votes. Taking into account the ownership through controlled companies the members of the Board of Directors owned 13,726,776 shares, representing approx. 22.42 % of all shares and votes on December 31, 2006.

The stock options owned by the members of the Board of Directors represent approximately 27.50 % 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 1,245,400 shares can be subscribed, which would have corresponded to approximately 1.99% of all shares and votes on December 31, 2006, taking into account the shares subscribed on the basis of the stock options.

In addition, a convertible loan of EUR 1,405,000 subscribed by a member of the Board of Directors can be converted into 2,248,000 new Proha Plc shares, which would have corresponded to approximately 3.54% of the new share capital of Proha Plc on December 31, 2006, taking into account the shares subscribed by the convertible loan.

Shareholder	**Number of shares**	**Percentage of shares**	**Number of stock options 1)**	**Number of convertible loan notes 2)**
Olof Ödman (Chairman)	1 250	0.002	181 700	-
Birger Flaa 3)	0	0	90 000	-
Ernest Jilderda	0	0	30 000	-
Pekka Mäkelä	2 923 775	4.78	96 000	-
Pekka Pere 4)	2 541 105	6.93	847 700	2 248 000
Total	**5 466 130**	**8.93**	**1 245 400**	**2 248 000**

1) As per the terms one share can be subscribed for each option. The subscription price varies between EUR 0.43 and EUR 0.50 per share.
2) Each convertible loan note with a nominal value of EUR 1,000 can be converted into 1,600 new company shares.
3) Dovregruppen A.S. controlled by Birger Flaa owns 6,560,646 shares.
4) 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 3,471 on December 31, 2006. In 2006, the share price was EUR 0.34 at its lowest and EUR 0.50 at its highest. The closing price on December 29, 2006 was EUR 0.40. Market capitalization was approximately EUR 24.5 million at the end of the period. The trading volume of the Proha share on the OMX Nordic Exchange was approximately EUR 17.0 million during the period.

6. Signatures for Financial Statements

Espoo, February 14, 2007

Olof Ödman
Chairman of the Board of Directors

Ernst Jilderda
Member of the Board of Directors

Birger Flaa
Member of the Board of Directors

Pekka Mäkelä
Member of the Board of Directors

Pekka Pere
President & CEO, Member of the Board of Directors

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, 2007

ERNST & YOUNG OY
Authorized Public Accounting Firm

Ulla Nykky
Authorized Public Accountant

ERNST & YOUNG

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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 2006. 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, 2007

ERNST & YOUNG OY
Authorised Public Accounting Firm

Ulla Nykky

Ulla Nykky
Authorised Public Accountant

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