

Annual Report

1999



PROHA

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Review by the Managing Director

The most significant event during the year under review was Proha Plc's listing on the NM-list of the Helsinki Stock Exchange. It had a dramatic impact on the development of our business and it has provided us with many new possibilities.

Our aim was to acquire finance to support rapid growth and development. With the acquisitions made after the listing, we have gained a market leader position in project management IT in Finland. The acquisitions also support the product development in accordance with our strategy.

The business has evolved as planned after the listing. The net turnover and profitability of Proha Plc were in line with expectations. The acquisitions were concluded at the end of the year, so the companies acquired are not included in the financial statement of 1999. Due to the acquisitions, the business of the Group will increase significantly.

Proha's educated and professional employees play a vital role in the success of the company. Our way of working combines experience and innovation—our most experienced IT specialists working side by side with enthusiastic young people has proven to be a fruitful combination.

We have created an option program, in order to align the employees' motivations closely with those of the shareholder and to give the employees an owner's perspective.

The acquisitions have added plenty of skilled and professional people to our staff. Proha's new companies have valuable experience and real enterprising spirit. Both the management and the workers of these companies have committed to the growth targets of the Group.

Of the new companies in the Group, CM-Systems Oy and Planman Oy strengthen Proha's leading position as a product and service provider in project management IT in Finland. A significant amount of the growth of this business area in 2000 will be gained from abroad, especially from the Nordic countries.

Ari Hovi Oy and its subsidiary Vidac Oy add system work and DataWarehouse capabilities to the Proha Group that will profit both the Internet Technologies and the Project Management business areas.

Brossco Systems Oy's Voyant data analysis and decision support tool will strengthen and broaden Proha Group's software solutions base.

Together, Proha's ProCountor International Oy, Accountor Oy and Tuloshallinto Oy form one of the biggest financial management specialist groups in Finland.

Product development will remain an important part of Proha's business. We will expand our existing products to add to the Group's own products and services. Software and services that complement each other, as well as the extended product portfolio, will provide the company with excellent growth possibilities.

The year 2000 seems to hold excellent business possibilities. The Group's most important markets are expected to grow further very rapidly, because the need for project management is increasing and calls for IT solutions.

Reaching the ambitious 200% growth target seems realistic. We will actively continue negotiations over further acquisitions. Outside the Nordic region, Proha will logically expand into those countries where its customers already have extensive businesses.

Proha's wide owner base is involved in this progress. Without the investors' belief in the profitability of our business, we would not have been capable of fulfilling our growth strategy. I want to thank those who have invested in Proha for trusting us. We work hard for achieving profitable growth and we want to show that we can earn your trust.

I also want to thank the personnel of Proha, most of whom have some share in the company and who have all given their professionalism and diligence to profit the company.



Pekka Pere

Strategy and Growth Targets for 2000 and 2001

Proha has grown rapidly, in accordance with its strategy. The growth of the company has exceeded the targets set a year ago, and the acquisitions carried out after December 1999 further strengthen Proha's product portfolio and position in the market.

Proha Plc specified its business strategy in March 2000. At the same time, the company decided to raise the targets of the growth strategy, to speed up internationalisation, and to revise the business area sectors.

The new business strategy is based on Proha's main strengths, and it directs resources to managing international growth.

The business of the Proha Group focuses on management solutions for the Internet age.

The business is divided into three business areas:

- (1) Project Management,
- (2) Financial Management and
- (3) Internet Technologies

The business strategy covers the whole management service chain from technology and business applications to consulting and outsourcing services in all three business areas.

The companies of the Group will specialise in the following areas:

Project Management: CM-Systems Oy, DA Futura International Ltd, Planman Oy, and Projektihallinto Oy Proha; Financial Management: Accountor Oy, ProCountor International Oy, and Tuloshallinto Oy; Internet Technologies: Ari Hovi Oy, Brossco Systems Oy, Datamar Oy, Intellisoft Oy, and Vidac Oy.

The Internet age is driven by factors like flexibility and the ability to anticipate and react quickly. The seamless integration of Internet Technologies into the service chain will open up new possibilities for the company. Proha's modern organisation will unify technologies and solutions know-how into a well-functioning entity.

In 2000 and 2001, the Proha Group's net turnover is expected to increase on average by over 200% per annum, and the operating profit on average by over 120% per annum.

Review by the Board of Directors March 1 – December 31, 1999

The Proha Group was successful in all the company's three business areas: Project Management Software, Automated IT Systems Testing, and Internet Business Applications.

In the area of Project Management Software Proha's position grew stronger and exporting increased. The demand for software and services that Proha both represents and has developed itself has grown, and in particular, the overseas sales of project management software to the foreign offices of Finnish customers increased. Co-operation with Artemis Management Systems, a leader in software development in this field, also increased.

In the area of Automated IT systems testing, the Proha products became the best known and most used in Finland. Client numbers increased substantially.

In the area of Internet Business Applications product development has advanced as planned. The demand for application development services grew significantly.

Proha became a Public Limited Company, listed on the NM-list of the Helsinki Stock Exchange in October 1999.

Negotiated company purchases that were mainly concluded at the beginning of 2000 actively fulfilled the company's strategy of growth and internationalisation.

Net Turnover and Result Development

Proha Group's net turnover for the 10-month financial year (March 1–December 31, 1999) mounted to € 5.19 million compared to € 3.15 million in the previous 12 month period. Net turnover grew 64.4% compared to the previous 12-month period.

The operating profit declined 13.2% to € 0.59 million (€ 0.68 million). The profit for the financial year fell 2.5% to € 0.31 million. (€ 0.32 million).

The number of personnel increased 192% during the financial year to 70 people (02/1999: 27). The staff expenses were € 1.8 million (€ 0.9 million).

Other financing expenses were € 0.17 million, of which a major part was the external expenses of the initial public offering.

The substantial change in the Group's minority interest in the profit and loss account is due to the trade of subsidiaries' minorities to parent company shares before the listing, and the purchase of Datamar Oy's minority interests to the parent company. In addition, a comprehensive development project was conducted at DA Futura International Ltd, which was entered in the books as an

expense. Proha Plc owns 51% of DA Futura International Ltd. The minority shareholders of DA Futura International Ltd take active part in the operating activities of the company. Despite the € 0.07 million losses, DA Futura International still has distributable funds.

The companies acquired in 2000 are not included in the Proha Group's financial statement. In 1999, the companies purchased but not included in the consolidated profit and loss account have a total net turnover of € 6.41 million, operating profit € 1.24 million, profit before taxes € 1.25 million and profit after taxes € 0.88 million.

The growth based on realised acquisitions for 2000 exceeds 100%. The growth target of the Proha Group for 2000 is set to 200%.

Financing and Investments

The parent company became a Public Limited Company on September 1, 1999 and conducted a listing emission in October, which produced new capital for approximately € 5.43 million.

The sum total of the balance sheet at the end of the year was € 8.69 million (€ 1.83 million) The current assets were € 5.45 million (€ 0.40 million)

A significant amount of computers and software were purchased during this financial year. They have been registered mainly as expenses, because their anticipated lifetime is less than 3 years due to the rapid development of computers and software.

The Group invested considerably in product development. Part of the product development has been client-financed and parts self-financed. Product development costs have been registered as expenses.

Product Development

Product development continued as planned in the areas of Internet Business Solutions and Project Management IT.

Proha started the ProCounter.Com project, the aim of which is to develop an Internet based concept of financial management and an advisory service centre. In November, an advisory service started as part of the project.

On October 5, 1999, the securities trading system, developed by Proha and based on WAP technology, was used to conduct probably the first WAP stock exchange commission in the world. The use of WAP technology will extend to cover Proha's other Internet applications as well, and it will be used, for example, in data acquisition. Proha's Dynager product platform has been extended with WAP applications.

ProWeb, an Internet based, Artemis Views compatible, system for time reporting was developed and packaged. Also, new versions of other Pro applications that Proha has developed were brought to the market.

In addition, Proha developed a Microsoft Project compatible system for workflow planning and management in contract work.

The Internet based AdvoNet legal net service was developed in co-operation with Braintech Ltd for the Finnish Bar Association.

Substantial product development has also been conducted in the companies acquired after the end of this year under review, and they will have a very significant part in the development of Proha Group's products and business. The products will increase the share of Proha's own products in the turnover of the Group.

A product development team based in Malaga, Spain has been set up in the premises of Global Teleworking SL. The main part of the product development of Futura Nova, based on Futura system, has been moved to Spain.

Group Structure

At the end of the financial year the following subsidiaries were part of the Proha Group: Projektihallinto Oy Proha, Intellisoft Oy, Datamar Oy, DA Futura International Oy, DA International Ltd and ProCountor International Oy.

During this financial year Proha Plc traded the minority shares of its subsidiaries Projektihallinto Oy Proha and Intellisoft Oy to its own shares, acquiring the whole share capital of the companies. Proha bought the share majority of its subsidiary Datamar Oy. The company's ownership of Datamar Oy's shares grew from 36% to 78% on July 1, 1999 and to 98% on December 28, 1999.

In December 1999, a precontract of acquiring the whole share capital of the company was signed with Planman Oy, CM-Systems Oy and Ari Hovi Oy and its subsidiary Vidac Oy. After the end of the year, precontracts for purchasing the whole share capital of the company were signed with Brossco Systems Oy and Accountor Oy, and 74% of Tuloshallinto Oy was purchased.

Personnel

The Group's personnel at the end of this financial year amounted to 70 (27). The amount grew as a result of both recruiting and acquisitions, and the personnel turnover was insignificant.

Proha's premises were extended to cover the needs of the growing personnel both in Espoo and in Lahti.

An option program was started as an incentive system for the personnel.

With the acquisitions made after the end of the year included, the number of employees in Proha Group was 186 (February 15, 2000).

At the end of 1999 the Group had offices in Espoo, Lahti and Malaga (Spain). Since the beginning of 2000, there are offices also in Helsinki, Tampere, Turku and Pori.

Initial Public Offering

In October 1999, Proha Plc conducted a listing emission, which consisted of a share sale and a share issue. In the share issue that produced new capital for about € 5.43 million, the public and the personnel subscribed to 700,000 new shares. In the share sale, the eight major shareholders of the company sold 400,000 old shares to the investors. The price of the share in the emission for institutions and the public was 7.80 Euros, and for the personnel 7.02 Euros. The shares of the company were registered in the book-entry system on September 18, 1999. The quoting of the shares on the NM-list of the Helsinki Stock Exchange commenced on October 15, 1999.

Share Capital and Authorisations to Issue Shares

At the beginning of the financial year the share capital of Proha Plc totalled 5,045.64 Euros and the number of shares was 126,141. At the end of the financial year the share capital amounted to 4,813,182.40 Euros and the number of shares was 3,702,448.

During the financial year the number of shares and the share capital increased as follows:

| Trade Register (date) | Increase in shares | Increase in share capital (€) | Reason |
|-----------------------|--------------------|-------------------------------|--|
| Sept 2 | 1 731 459 | 69 258.36 | Bonus issue |
| Sept 2 | 636 000 | 25 440.00 | New subscription |
| Sept 2 | 508 848 | 20 353.92 | Share Trade |
| Oct 15 | 660 000 | 26 400.00 | Listing emission (institutions and public) |
| Oct 15 | 40 000 | 1 600.00 | Listing emission (personnel) |
| Dec 29 | - | 4 665 084.48 | Bonus issue (*) |

*) The share capital of Proha Plc was increased from 148,097.92 Euros to 4,813,182.40 Euros in a bonus issue by increasing the book parity of a share free of charge from 0.04 Euros to 1.30 Euros in such a manner that the amount corresponding to the increase, totalling 4,665,084.48 Euros, was transferred from the Group's share premium account into the share capital.

On December 7, 1999, the change in Proha Plc's Articles of Association was confirmed so that the minimum share capital was set to 4 million Euros and the maximum set to 16 million Euros.

The company has the authorisation to purchase its own shares. The shares can be purchased in such a manner that the total book parity of the purchased shares or the number of voting rights after the purchase is no more than 5% of the company's share capital or the voting rights of all shares. The authorisation is valid for one year from the Board of Directors decision, i.e. until December 7, 2000.

Option Rights

In order to create an incentive system for the staff the Extraordinary General Meeting gave the Board of Directors an authorisation to release a maximum of

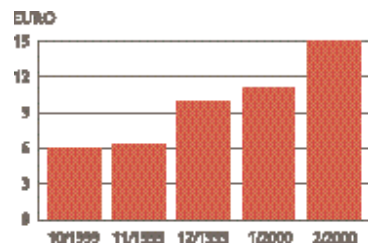
5,700 shares with options at € 7.80 per share, which at the most entitle the subscription of 57,000 shares at € 8 per share. The option program can increase the share capital by a maximum of 81,510 Euros.

In addition, the Board of Directors was authorised within one year to decide on share and option emission, in which the share capital can increase by a maximum of 2,210 Euros, and through the subscription based on the option rights by a maximum of 22,100 Euros. These increases amount to a total of 18,700 shares.

With the authorisation given by the Extraordinary General Meeting, The Board of Directors decided on November 24, 1999, to grant option rights. 57,037 shares can be subscribed from February 15, 2000 to February 15, 2001 and 57,036 shares can be subscribed from June 15, 2000 to June 15, 2001. The use of these option rights can increase the capital by the maximum of 148,294.90 Euros.

Trading on the Helsinki Stock Exchange

Proha Plc's number of shareholders totalled 2,062 at the end of the financial year. The share price increased by 45% since the initial public offering price in October. The share price low was 5.00 Euros and the high 14.00 Euros. The market capitalisation of the company was approximately 41.8 million Euros at the year-end.



*Average share price of Proha Plc
October 1999 – February 2000*

Proposal for Dividend

The Board of Directors proposes to the Annual General Meeting that the parent company's profit for the financial year (€ 317,754.72) is left in the capital and no dividend is paid.

Corporate Governance

The Managing Director of Proha Plc is Pekka Pere. Until December 6, 1999, the Board of Directors consisted of Pekka Pere, Pekka Mäkelä (Chairman), and Lars Nyqvist.

In the Extraordinary General Meeting on December 7, 1999, Olof Ödman and Klaus Cawén were nominated as the new members of the Board of Directors. Mr Ödman (a Swede) has a long experience in business development especially in Swedish and Norwegian IT companies (e.g. Databolin AB, Perinet AS, Metagroup Sweden AB). As a member of the management group of Kone Plc, Mr Cawén is in charge of Kone's acquisitions and alliances.



As of December 7, 1999, the Board of Directors consists of (from left) Pekka Mäkelä, Olof Ödman (Chairman), Pekka Pere and Klaus Cawén.

The auditor of the company is APA (Authorised Public Accountant) Matti Kujala.

Events after the Financial Year

After this financial year the Group has acquired new subsidiaries to strengthen its business areas.


CM-Systems Oy and Planman Oy strengthen the Project Management IT business area. Ari Hovi Oy and its subsidiary Vidac Oy support Proha's strategy in both Project Management and Internet Technologies business areas.

Brossco Systems Oy, Tuloshallinto Oy and Accountor Oy also augment the area of Internet business solutions. The two last mentioned companies take part in the development of Internet based financial management and service concepts. In co-operation with these companies, Proha's ProCountor International Oy forms one of the biggest financial management specialist groups in Finland.

Prospects

The Group's most important markets are expected to grow further very rapidly. The need for Project management in companies is increasing and calls for IT solutions. Data systems become more and more business critical, and investments in their quality assurance and testing are increasing.

The strategy of the Proha Group is to expand into the Nordic countries as well as rapid domestic growth. Proha is negotiating additional acquisitions in Finland and abroad. In addition, the company is planning to expand outside the Nordic region into countries where Proha's customers have substantial businesses.



In Project Management, Proha's and its subsidiaries' position will be further strengthened. An important goal of the new financial year is to become the market leader in the Nordic region. A significant amount of the growth of Project Management in 2000 will be gained from abroad, especially from the Nordic countries.

The automation of testing is still one of the corner stones of Proha's business.

Data Warehousing and OLAP (Online Analytical Processing) increases the efficient use of the data stored in the information systems. They will become a significant part of Proha's Internet Technology business. Proha will develop packaged Data Warehouse applications for Project and Financial Management based on the Voyant product family (among other things), acquired with a company purchase.

In the area of Internet Technologies the main concern is increasing the efficiency of Financial Management coupled with the concept of total service. The wide and efficient use of the Internet, Application Service Provider and specialist services, as well as outsourcing of financial management, are the central issues in this concept. Proha aims to develop a new, more effective value chain for the financial management of companies.

Product development will remain an important part of Proha's business and Internet use will be widely invested in. The applications are delivered to the customers as full service concepts. The existing products will be expanded with the Group's own product components and services. The comprehensive product portfolio and the applications and services that complement each other will ensure success in the new financial year.

Special interest will be taken in the internal co-operation and communication of the expanded organisation.

After the listing, the balance sheet and financial status of the Group are excellent and they support Proha's strategic growth expectations. The volume of orders for the Group is good and the clientele is expected to expand further.

Consolidated Profit and Loss Account

| | EUR Mar 1, 1999 - Dec 31, 1999 | EUR Mar 1, 1998 - Feb 28, 1999 |
|--|--------------------------------------|--------------------------------------|
| Net turnover | 5 186 413.76 | 3 153 987.53 |
| Raw materials and services | | |
| Raw materials and consumables | | |
| Purchases during the financial year | 1 014 009.23 | 449 300.78 |
| External services | 243 222.64 | - |
| Staff expenses | 1 804 044,44 | 913 231.20 |
| Depreciation and reduction in value | | |
| Depreciation according to plan | 48 060.60 | 8 934.72 |
| Depreciation on goodwill | 142 905.46 | 56 759.73 |
| Other operating charges | 1 344 457.97 | 1 046 675.32 |
| | <u>4 596 700.34</u> | <u>2 474 901.75</u> |
| Operating profit | 589 713.42 | 679 085.78 |
| Financial income and expenses | | |
| Income from investments held as non-current assets | 1 962.08 | - |
| Interest income in group companies | - | 48.10 |
| Other interest and financial income | 6 629.67 | 2 360.92 |
| Reduction in value of investments held as non-current assets | - 1 139.23 | - |
| Interest and other financial expenses | - 171 531.50 | - 26 599.41 |
| | <u>- 164 078.98</u> | <u>- 24 190.39</u> |
| Profit before extraordinary items | 425 634.44 | 654 895.39 |
| Profit before appropriations and taxes | 425 634.44 | 654 895.39 |
| Appropriations | | |
| Change in depreciation reserve (-/+) | - | 11 243.05 |
| Income taxes | - 142 925.00 | - 206 654.02 |
| Profit before minority interest | 282 709.44 | 459 484.42 |
| Minority interest | 31 275.93 | - 137 609.27 |
| Profit for the financial year | <u><u>313 985.37</u></u> | <u><u>321 875.15</u></u> |

Consolidated Balance Sheet

| | EUR Dec 31, 1999 | EUR Feb 28, 1999 |
|--|----------------------------|----------------------------|
| Assets | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | | |
| Intangible rights | 5 640.52 | - |
| Goodwill | 75 075.10 | 117 748.70 |
| Other capitalised long-term expenses | 138 696.41 | - |
| | <u>219 412.03</u> | <u>117 748.70</u> |
| Tangible assets | | |
| Machinery and equipment | 89 732.43 | 482 155.49 |
| Accumulated depreciation | - | - 481 567.97 |
| | <u>89 732.43</u> | <u>587.52</u> |
| Investments | | |
| Holdings in associated companies | 90 166.54 | - |
| Shares or similar rights of ownership | 526 107.14 | 528 070.78 |
| | <u>616 273.68</u> | <u>528 070.78</u> |
| CURRENT ASSETS | | |
| Debtors | | |
| Trade debtors | 2 107 489.34 | 590 534.46 |
| Receivables from participating interests | 6 925.69 | - |
| Loan receivables | 42 810.48 | 58 883.76 |
| Prepayments and accrued income | 147 432.69 | 126 965.64 |
| | <u>2 304 658.20</u> | <u>776 383.86</u> |
| Other investments | 167 048.70 | - |
| Cash in hand and at bank | 5 290 779.21 | 403 794.69 |
| Assets total | <u><u>8 687 904.25</u></u> | <u><u>1 826 585.55</u></u> |
| Liabilities | | |
| CAPITAL AND RESERVES | | |
| Share capital | 4 813 182.40 | 5 045.64 |
| Share premium account | 607 023.66 | 616.18 |
| Legal reserve | - | 5 921.90 |
| Other reserves | 245 828.86 | 106 450.58 |
| Profit for the financial year | 313 985.37 | 321 875.15 |
| | <u>5 980 020.29</u> | <u>439 909.45</u> |
| Capital loan | 218 644.30 | - |
| Capital and reserves total | <u>6 198 664.59</u> | <u>439 909.45</u> |
| MINORITY INTEREST | 10 942.31 | 192 505.79 |
| CREDITORS | | |
| Non-current | | |
| Loans from credit institutions | 146 435.75 | - |
| Pension loans | 133 186.95 | 143 211.62 |
| Other non-current creditors | 191 061.49 | 167 668.26 |
| | <u>470 684.19</u> | <u>310 879.88</u> |
| Current | | |
| Pension loans | 10 024.67 | 10 779.33 |
| Advances received | 158 166.56 | 50 077.03 |
| Trade creditors | 730 903.40 | 219 868.35 |
| Amounts owed to participating interests | 13 124.41 | - |
| Other current creditors | 235 965.32 | 50 220.65 |
| Accruals and deferred income | 859 428.80 | 552 345.07 |
| | <u>2 007 613.16</u> | <u>883 290.43</u> |
| Liabilities total | <u><u>8 687 904.25</u></u> | <u><u>1 826 585.55</u></u> |

Consolidated Cash Flow Statement

| | EUR |
|--|------------------|
| | Mar 1, 1999 |
| | - Dec 31, 1999 |
| Funds generated from operations | |
| Operating profit | 589 713 |
| +/- Depreciation | 190 966 |
| +/- Net financial expenses | - 164 079 |
| +/- Taxes | - 142 925 |
| ./. Dividends | - 92 874 |
| Funds generated from operations | 380 802 |
| Change in working capital | |
| Change in receivables | - 1 528 274 |
| Change in current liabilities | 1 124 323 |
| Change in working capital | - 403 952 |
| Cash flow from operations | - 23 150 |
| Change in non-current capital | |
| Net investments | - 469 977 |
| Net change in loans | 159 804 |
| Change in share capital | 4 808 137 |
| Change in minority interest | - 181 563 |
| Change in group structure | 124 150 |
| Other change in capital | 417 989 |
| Net change in capital loan | 218 644 |
| Change in non-current capital | 5 077 183 |
| Cash and cash equivalents | |
| At beginning of period | 403 795 |
| At end of period | 5 457 828 |
| Change | 5 054 033 |

Parent Company Profit and Loss Account

| | EUR Mar 1, 1999 - Dec 31, 1999 10 months | EUR Mar 1, 1998 -Feb 28, 1999 12 months |
|--|---|--|
| Net turnover | 609 110.35 | 520 909.64 |
| Raw materials and services | | |
| Raw materials and consumables | | |
| Purchases during the financial year | 39 999.81 | 12 244.28 |
| External services | - | - |
| Staff expenses | 317 444.51 | 313 574.97 |
| Other operating charges | 526 112.84 | 186 628.38 |
| | <u>883 557.16</u> | <u>512 447.63</u> |
| Operating profit (loss) | - 274 446.81 | 8 462.01 |
| Financial income and expenses | | |
| Income from group companies | 44 570.00 | 51 577.69 |
| Other interest and financial income | 6 355.32 | 927.18 |
| Interest expenses in group companies | - | - 3 674.85 |
| Interest and other financial expenses | - 162 464.79 | - 2 961.67 |
| | <u>- 111 539.47</u> | <u>45 868.35</u> |
| Profit (loss) before extraordinary items | - 385 986.28 | 54 330.37 |
| Extraordinary items | | |
| Group contributions | 830 000.00 | - |
| Profit before appropriations and taxes | 444 013.72 | 54 330.37 |
| Appropriations | | |
| Change in depreciation reserve | - | 10 778.27 |
| Income taxes | - 126 259.00 | - 19 067.97 |
| Profit for the financial year | <u><u>317 754.72</u></u> | <u><u>46 040.67</u></u> |

Parent Company Balance Sheet

| Assets | EUR Dec 31, 1999 | EUR Feb 28, 1999 |
|--|----------------------------|--------------------------|
| Non-current assets | | |
| Investments | | |
| Holdings in group companies | 826 527.65 | 585 602.27 |
| Holdings in participating interests | 88 019.54 | 169 894.58 |
| Other shares and similar rights of ownership | 158 404.78 | - |
| | <u>1 072 951.97</u> | <u>755 496.85</u> |
| Current assets | | |
| Debtors | | |
| Trade debtors | 96 317.23 | 72 971.40 |
| Receivables from group companies | 839 000.49 | 12 926.92 |
| Receivables from participating interests | 2 440.69 | 48 946.45 |
| Loan receivables | - | 8 746.94 |
| Other debtors | 711.93 | - |
| Prepayments and accrued income | 81 789.90 | 52 508.21 |
| | <u>1 020 260.24</u> | <u>196 099.92</u> |
| Cash in hand and at bank | 4 443 492.98 | 23 354.16 |
| Assets total | <u><u>6 536 705.19</u></u> | <u><u>974 950.93</u></u> |
| Liabilities | | |
| Capital and reserves | | |
| Share capital | 4 813 182.40 | 5 045.64 |
| Share premium account | 579 992.50 | - |
| Other capital and reserves | - | 238 054.72 |
| Retained earnings | 214 837.03 | - |
| Profit for the financial year | 317 754.72 | 46 040.67 |
| Distributable capital and reserves | 532 591.75 | 284 095.39 |
| Capital and reserves total | <u>5 925 766.65</u> | <u>289 141.03</u> |
| Creditors | | |
| Non current | | |
| Amounts owed to group companies | 68 678.45 | 68 678.45 |
| Other creditors | 191 061.49 | 186 015.85 |
| | <u>259 739.94</u> | <u>254 694.30</u> |
| Current | | |
| Advances received | 8 073.02 | - |
| Trade creditors | 109 396.03 | 16 142.87 |
| Amounts owed to group companies | 26 365.59 | 319 299.85 |
| Amounts owed to participating interests | 8 862.06 | 16 818.79 |
| Other creditors | 11 018.40 | 31 383.60 |
| Accruals and deferred income | 187 483.50 | 47 470.49 |
| | <u>351 198.60</u> | <u>431 115.60</u> |
| Liabilities total | <u><u>6 536 705.19</u></u> | <u><u>974 950.93</u></u> |

Parent Company Cash Flow Statement

| | EUR |
|--|------------------|
| | Mar 1, 1999 |
| | - Dec 31, 1999 |
| Funds generated from operations | |
| Operating profit | - 274 447 |
| +/- Depreciation | 0 |
| +/- Net financial expenses | - 111 539 |
| +/- Extraordinary items | 830 000 |
| +/- Taxes | - 126 259 |
| Funds generated from operations | 317 755 |
| Change in working capital | |
| Change in receivables | - 824 160 |
| Change in current liabilities | - 79 917 |
| Change in working capital | -904 077 |
| Cash flow from operations | - 586 323 |
| Change in non-current capital | |
| Net investments | - 317 455 |
| Net change in loans | 5 046 |
| Change in share capital | 4 808 137 |
| Other change in capital | 510 734 |
| Change in non-current capital | 5 006 461 |
| Cash and cash equivalents | |
| At beginning of period | 23 354 |
| At end of period | 4 443 493 |
| Change | 4 420 139 |

Notes to the Financial Statement

Group Structure

Proha Plc has changed the end of its financial year to December 31, so this past financial year was 10 months long. During this financial year, the structure of the Group has also changed. With an exchange of shares, the parent company Proha Plc has bought the minority shares of Projektihallinto Oy Proha and Intellisoft Oy. The exchange of shares has been registered so that the group reserve (€ 126,294.33) is included in the capital and reserves. In addition, the ownership of Datamar Oy has been increased so that it has become a subsidiary. The goodwill (€ 100,231.86) generated from the acquisition of Datamar has been totally removed from the consolidated profit and loss account.

Group companies

The Group companies, the parent holding of the company (in brackets), and their locations are: Projektihallinto Oy Proha (100%) Espoo; Intellisoft Oy (100%), Espoo; Datamar Oy (98%), Lahti; DA Futura International Oy (51%), Espoo; ProCountor International Oy (100%), Espoo; and DA International Ltd (100%), Ireland. The two last mentioned have not been active during this financial year.

A copy of the consolidated profit and loss account is held at the head office of the parent company.

Accounting Principles

In the previous financial statement the old Bookkeeping Act was followed, so the formula of the profit and loss account and balance sheet is different from that in last year's statement. Equity income in associated company (€ 2,147) has not been presented as a separate item, but instead has been included in the net turnover because it is minimal.

Fixed assets

Fixed assets are stated in the balance sheet as costs less accumulated depreciation according to plan. Depreciation is calculated on a straight line basis over the expected useful lives of the assets. Group's companies in Espoo primarily lease their machinery and equipment, and computers are mainly entered as expenses.

For the fixed assets used in the company, the planned depreciation time for machinery and equipment, and other long-term expenses is 5 years.

Financial assets

Investments are assessed for the acquisition cost, or market price if lower than that.

Research and product development and long-term expenses

R & D costs are entered as expenses in the financial period during which they incurred.

Correction to the information of the previous financial year

The division of the profit and loss account and the balance sheet of the previous year has been adjusted to comply with the current Finnish Bookkeeping Act. The assessing principles have not been changed.

The comparability of the previous financial year

When comparing this financial year with the previous one it must be taken into account that the year under review is only 10 months long and the previous year was a full 12-month period.

Notes to the
Profit and Loss Account

Information on personnel and management

| | | |
|---|------|-----------|
| Average number of personnel during the financial year | 1999 | 1998/1999 |
| Group | 61 | 23 |
| Parent company | 12 | 9 |
| Number of personnel at the end of the financial year | | |
| Group | 70 | 27 |
| Parent company | 17 | 10 |

| Staff expenses | EUR Dec 31, 1999 | EUR Feb 28, 1999 |
|--------------------------------------|---------------------|---------------------|
| Group | | |
| Wages and salaries | 1 386 151.64 | 615 672.78 |
| Pension expenses | 252 886.12 | 130 844.52 |
| Other staff expenses | <u>165 006.68</u> | <u>166 713.90</u> |
| | <u>1 804 044.44</u> | <u>913 231.20</u> |
| | | |
| Management wages and salaries | | |
| Managing directors | 92 553.82 | 82 100.94 |
| Members of the Board of Directors | | |
| | | |
| Parent company | | |
| Wages and salaries | 249 606.78 | 221 593.96 |
| Pension expenses | 53 489.11 | 37 335.44 |
| Other staff expenses | <u>14 348.62</u> | <u>54 645.58</u> |
| | <u>317 444.51</u> | <u>313 574.97</u> |

Information on wages and salaries of management in the parent company only concerns one person and has therefore been left unmentioned.

The Board of Directors of the parent company took out a voluntary pension insurance scheme in 1991 and 1995, based on which an additional pension will be paid to them when they reach the ordinary retirement age (65 years). The payments of the three policies have this year amounted to € 17,926.

Immediate circle loans and liabilities

The Group has no immediate circle loans, nor liabilities.

Depreciation and reduction in value

Depreciation specification by balance sheet item is included in the fixed assets.

Financial income and expenses

The initial public offering expenses, € 161,536, have been entered in other financial expenses. The issue organiser's fee and the payments received from the issue have been registered as net value of the capital and reserves. Interests from the Group companies' receivables and debts are not significant and therefore have not been charged.

| | Dec 31, 1999 | Feb 28, 1999 |
|------------------------|------------------|------------------|
| Group companies | | |
| Dividend income | <u>44 570,00</u> | <u>51 577,69</u> |
| Interest expenses | <u>-</u> | <u>3 674,85</u> |

Extraordinary Items

The parent company has received € 650,000 from Projektihallinto Oy Proha as group contribution, and € 180,000 from Intellisoft Oy, totalling € 830,000. The group contribution increases the taxable income of the parent company, and accordingly decreases the taxable income of the subsidiaries. Institutional tax is 28%.

Notes to the Balance Sheet

| Non-current assets | | EUR | |
|-------------------------------|--------------|-------------------------|--|
| Group | Intangible | Other | |
| <i>Intangible assets</i> | rights | long-term | |
| Acquisition cost Mar 1, 1999 | 6 041 | 19 520 | |
| Additions | 3 427 | 133 499 | |
| Accumulated depreciation | - 3 828 | - 14 322 | |
| Acquisition cost Dec 31, 1999 | <u>5 641</u> | <u>138 696</u> | |
| | | Goodwill | |
| Acquisition cost Mar 1, 1999 | | 117 749 | |
| Additions | | 100 232 | |
| Accumulated depreciation | | - 142 905 | |
| Acquisition cost Dec 31, 1999 | | <u>75 075</u> | |
| | | Machinery and equipment | |
| Tangible assets | | | |
| Acquisition cost Mar 1, 1999 | | 74 692 | |
| Additions | | 44 951 | |
| Accumulated depreciation | | - 29 911 | |
| Acquisition cost Dec 31, 1999 | | <u>89 732</u> | |

Shares and similar rights of ownership of fixed assets

| Group companies | Group's holding of | | amount | Parent company's holding of shares | | |
|--|--------------------|------------|--------|------------------------------------|-------------------|-------------------|
| | votes (%) | shares (%) | | holding % | nominal value EUR | book parity EUR |
| Projektihallinto Oy Proha | 100.00 | 100.00 | 25 231 | 100.0 | 42 435.50 | 592 766.28 |
| Intellisoft Oy | 100.00 | 100.00 | 5 040 | 100.0 | 8 488.44 | 18 848.46 |
| Datamar Oy | 99.37 | 98.42 | 4 685 | 98.4 | 78 796.04 | 191 097.33 |
| DA Futura International Oy | 51.00 | 51.00 | 1 530 | 51.0 | 2 573.28 | 2 573.28 |
| ProCountor International Oy | 100.00 | 100.00 | 1 000 | 100.0 | 8 409.40 | 17 632.99 |
| DA International Ltd (Ireland) | 100.00 | 100.00 | | 100.0 | | 3 609.31 |
| Group companies total | | | | | | <u>826 527.65</u> |
| <i>Participating interests</i> | | | | | | |
| Tietovaruste Oy | 49.33 | 49.33 | 37 | 49.3 | 1 244.59 | 66 642.78 |
| * Cyberspace Oy | 34.07 | 80.00 | 1 200 | 80.0 | 2 018.26 | 2 018.26 |
| * DA Team Systems Oy | 34.07 | 80.00 | 1 200 | 80.0 | 2 018.26 | 2 018.26 |
| * Global Teleworking S.L. | 15.00 | 15.00 | 321 | 15.0 | 8 409.40 | 8 409.46 |
| * DA Management Solutions Oy | 4.76 | 50.00 | 2 100 | 21.0 | 3 531.95 | 8 930.78 |
| * (not active this financial year) | | | | | | <u>88 019.54</u> |
| <i>Other shares and similar rights of ownership (parent company)</i> | | | | | | |
| Kiinteistö Oy Kuukoti | 18.51 | 18.51 | 4 272 | 10.3 | 9 340.48 | <u>158 404.78</u> |
| Other shares owned by the Group companies | | | | | | |
| <i>Group's other holdings</i> | | | | | | |
| Kiinteistö Oy Kuukoti | | | 3 393 | 8.2 | 7 418.60 | 342 558.94 |
| Sampo Insurance Company | | | 88 | | 296.01 | 983.90 |
| HPY Holding Oyj | | | 1 950 | | - | 7 895.75 |
| DA Management Solutions Oy | | | | | 4 709.26 | 4 709.26 |
| Share of result of associated company | | | | | | 2 147.00 |
| Other companies | | | | | - | 11 554.51 |
| Total | | | | | | <u>369,849.36</u> |

Information on Group companies

| | Holding % | EUR 100% Capital and reserves | EUR 100% Result |
|--------------------------------|--------------|--|-----------------------|
| Projektihallinto Oy Proha | 100.00 | 362 808.96 | 38 417.43 |
| Intellisoft Oy | 100.00 | 144 679.38 | 1 916.35 |
| Datamar Oy | 98.42 | 142 407.99 | 181 172.62 |
| DA Futura International Oy | 51.00 | 16 518.68 | - 71 223.22 |
| DA International Ltd (Irlanti) | 100.00 | 134 258.08 | - |
| ProCountor International Oy | 100.00 (*) | 16 818.79 | - |

Information on associated companies

| | Holding % | Capital and reserves | Result |
|-----------------|--------------|-------------------------|----------|
| Tietovaruste Oy | 49.33 | 13 999.34 | 4 352.10 |

Participating interests

| | | | |
|----------------------------|-----------|------------|-----------|
| DA Management Solutions Oy | 50.00 | 114 905.63 | 58 125.57 |
| Cyberspace Oy | 80.00 (*) | 2 522.82 | |
| DA Team Systems Oy | 80.00 (*) | 2 522.82 | |

(* The company has not been active)

Fixed Assets and Depreciation

The company has no fixed assets in machinery and equipment to capitalise. Machinery and equipment, e.g. cars, are rented for the company.

The lifetime of micro computers is usually two years at the most, so they are registered as yearly expenses.

| | Dec 31, 1999 | Feb 28, 1999 |
|--------------------------------|-------------------|-------------------|
| Debtors and creditors | | |
| Group companies | | |
| <i>Debtors</i> | | |
| Trade debtors | 6 265.13 | 12 926.92 |
| Prepayments and accrued income | 832 735.36 | - |
| | <u>839 000.49</u> | <u>12 926.92</u> |
| <i>Creditors</i> | | |
| Non-current creditors | 68 678.45 | - |
| Trade creditors | 3 666.02 | 113 336.08 |
| Accruals and deferred income | 5 880.78 | 3 674.85 |
| Other creditors | 16 818.79 | 270 503.97 |
| | <u>26 365.59</u> | <u>387 514.89</u> |
| Participating interests | | |
| Prepayments and accrued income | 2 440.69 | 171.95 |
| Accruals and deferred income | 8 862.06 | 463.41 |

Significant accruals and deferred income in the Group are royalties and maintenance accruals, € 240,000, holiday pay accruals, € 149,000, and deferred income tax, € 110,000.

The most significant part of the parent company's prepayments and accrued income is the receivable group contribution of € 830,000. The most significant part of the parent company's accruals and deferred income is the deferred income tax debt of € 109,000.

Terms of the capital loan

The interest of the loan is 5.5% pa and the installments of the loan's capital can only be paid from the distributable funds.

Securities

The shares of the Kiinteistö Oy Kuukoti company that give title to the office in Espoo are as security for company's own debt. In addition, the business mortgaged bearer bonds (numbers 1-5) totalling 168,188 Euros, are general securities for the Groups' own debts.

Datamar Oy has business mortgaged bearer bonds totalling 420,470 Euros, that are used as securities for 167,725 Euros worth of loans from credit institutions.

| | Group | EUR Parent company |
|---|-------------------|-----------------------|
| Cheque account credit | 504 563.78 | 336 375.85 |
| Pension loans | 143 211.51 | - |
| Loans from credit institutions | 167 724.74 | - |
| | <u>815 500.03</u> | <u>336 375.85</u> |
| Amounts due from leasing contracts and other financial liabilities | | |
| Expiration during financial year 2000 | 106 212.13 | - |
| Expiration later | 90 737.90 | - |
| | <u>196 950.03</u> | <u>-</u> |
| The company has no other financial liabilities. | | |

Capital and Reserves in Detail

| | EUR Dec 31, 1999 | EUR Feb 28, 1999 |
|--|---------------------|---------------------|
| Changes of capital and reserves in the Group | | |
| Other capital and reserves, Mar 1 | 428 325.74 | 180 411.70 |
| Exchange difference from foreign subsidiary | - | - 2 522.55 |
| Change of Group structure | - 20 364.90 | 27 086.59 |
| Bonus issue | - 69 258.36 | - 3 162.61 |
| Dividends | - 92 873.62 | - 95 362.55 |
| | <u>245 828.86</u> | <u>106 450.58</u> |
| Profit for the financial year | 313 985.37 | 321 875.16 |
| | 559 814.23 | 428 325.74 |
| Changes of capital and reserves in the parent company | | |
| Share capital, Mar 1 | 5 045.64 | 5 045.64 |
| Bonus issue | 69 258.36 | - |
| New subscription | 25 440.00 | - |
| New subscription (share trade Projektihallinto & Intellisoft) | 20 353.92 | - |
| Listing emission | 28 000.00 | - |
| Bonus issue (change in book parity 0.04 - 1.30) | 4 665 084.48 | - |
| Share capital | <u>4 813 182.40</u> | <u>5 045.64</u> |
| Share premium account Mar 1 | | |
| New subscription | 50 880.00 | - |
| New subscription (share trade Projektihallinto & Intellisoft) | 11 254.08 | - |
| Listing emission | 5 182 942.90 | - |
| Bonus issue (change in book parity 0.04 - 1.30) | - 4 665 084.48 | - |
| Share premium account | <u>579 992.50</u> | <u>-</u> |
| Other capital and reserves, Mar 1 | 284 095.39 | 238 054.67 |
| Bonus issue | - 69 258.36 | - |
| Other capital and reserves at the end of year | 214 837.03 | 238 054.67 |
| Profit for the financial year | 317 754.72 | 46 040.67 |
| Distributable capital and reserves | <u>532 591.75</u> | <u>284 095.33</u> |

Share Ownership

Breakdown of share ownership by shareholder category (Feb 21, 2000)

| | |
|---|-------|
| Private companies | 5.0% |
| Public companies | 0.0% |
| Financial and insurance institutions | 0.3% |
| General government | 0.1% |
| Non-profit organisations | 0.0% |
| Households | 94.3% |
| Foreign shareholders (includes the shares registered in the name of a nominee) | 0.3% |

Breakdown of share ownership by number of shares owned (Feb 21, 2000)

| Shares | Number of shareholders | Per cent of shareholders | Number of shares | Per cent of shares |
|---------------|------------------------|--------------------------|------------------|--------------------|
| 1-100 | 650 | 31.5 | 54 850 | 1.5 |
| 101-300 | 611 | 29.6 | 132 937 | 3.7 |
| 301-500 | 432 | 20.9 | 201 261 | 5.5 |
| 501-700 | 76 | 3.7 | 47 476 | 1.4 |
| 701-1 000 | 163 | 7.9 | 151 312 | 4.2 |
| 1 001-5 000 | 106 | 5.1 | 204 729 | 5.7 |
| 5 001-100 000 | 23 | 1.1 | 586 562 | 15.9 |
| 100 001- | 5 | 0.2 | 2 303 071 | 62.1 |

Information on shareholders (Feb 21, 2000)

| Name | Number of shares | Per cent of shares |
|-------------------|------------------|--------------------|
| Pekka Pere | 809 005 | 21.8 |
| Pekka Mäkelä | 583 005 | 15.7 |
| Lars Nyqvist | 583 005 | 15.7 |
| Risto Saikko | 226 702 | 6.1 |
| Vesa Olsson | 121 354 | 3.3 |
| Merita Pankki Oyj | 82 600 | 2.2 |
| Sinikka Into | 67 804 | 1.8 |
| Varma-Sampo | 62 950 | 1.7 |
| Pekka Pajujoja | 60 404 | 1.6 |
| Kalle Pere | 60 404 | 1.6 |

The Board of Directors has a total of 1 392 010 shares, which is 37 % of shares.

Authorisations for New Subscriptions to the Board of Directors

The General Meeting has granted the Board of Directors the authorisation to issue new subscriptions, and the Board of Directors has used them as follows:

With the authorisation given by the General Meeting on October 14, 1999, the Board of Directors decided on November 24, 1999 to grant the option rights so that 57,037 shares can be subscribed from February 15, 2000 to February 15, 2001, and 57,036 shares can be subscribed from June 15, 2000 to June 15, 2001. The use of these option rights can increase the capital by a maximum of 148,294.90 Euros.

The authorisation given on December 7, 1999 entitles the Board of Directors to decide on share and option emission within one year, in which the share capital can increase by a maximum of 2,210 Euros, and through the subscription based on the option rights, by a maximum of 22,100 Euros. These increases amount to a total of 18,700 shares.

With the authorisation given on December 7, 1999, the Board of Directors has on January 10, 2000 decided on an issue in connection with a share trade totalling 151,000 shares. The exchange of shares has been conducted with Ari Hovi Oy and Tuloshallinto Oy. After the exchange of shares, the companies will become a part of the Proha Group.

With the same authorisation, the Board of Directors has on March 3, 2000 decided on an issue in connection with a share trade totalling 116,115 shares. The share trade will be conducted with Brossco Systems Oy. For the second phase of the share trade, 100,633.00 Euros will be left unused from the authorisation. In addition, in order to create an incentive system for the staff, the Extraordinary General Meeting gave the Board of Directors an authorisation to release a maximum of 5,700 shares, which at the most entitle the subscription of 57,000 shares.

The General Meeting on January 24, 2000 authorised the Board of Directors to increase the share capital within one year so that, in the new subscription, a maximum of 721,780 shares shall be issued. With these, the share capital can increase by a maximum of 938,314 Euros. So far, only 764,909.00 Euros of this increase has been entered in the Trade Register.

The company has the authorisation to purchase its own shares. The authorisation is valid for one year starting from the General Meeting's decision, i.e. until December 7, 2000.

Key Ratios

Key ratios and financial indicators (EUR 1000)

| | Mar 1, 99 -Dec 31, 99 | Mar 1, 98 -Feb 28, 99 | Mar 1, 97 -Feb 28, 98 | Mar 1, 96 -Feb 28, 97 | Mar 1, 95 -Feb 28, 96 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net turnover | 5186 | 3154 | 1559 | 1258 | 1114 |
| - change per cent | 64.4 % | 102.3 % | 24.0 % | 12.9 % | 27.4 % |
| Operating profit | 590 | 679 | 105 | 104 | 88 |
| Per cent of net turnover | 11.4 % | 21.5 % | 6.8 % | 8.3 % | 7.9 % |
| Profit before extraordinary items | 426 | 655 | 78 | 83 | 69 |
| Per cent of net turnover | 8.2 % | 20.8 % | 5.0 % | 6.6 % | 6.2 % |
| Profit before appropriations and taxes | 426 | 655 | 131 | 133 | 69 |
| Per cent of net turnover | 8.2 % | 20.8 % | 8.4 % | 10.6 % | 6.2 % |
| Return on equity (ROE) % | 8.5 % | 98.5 % | 8.2 % | 10.5 % | 17.7 % |
| Return on investment (ROI) % | 18.3 % | 76.8 % | 13.9 % | 12.6 % | 10.7 % |
| Equity ratio | 72.8 % | 35.6 % | 24.5 % | 20.9 % | 16.7 % |
| Gross expenditure on fixed assets | 470 | 16 | 7 | 36 | 38 |
| Per cent of net turnover | 9.1 % | 0.5 % | 0.4 % | 2.8 % | 3.4 % |
| Average personnel | 61 | 23 | 18 | 15 | 12 |
| Key ratios for shares | | | | | |
| Earnings per share (EPS) | 0.10 | 0.37 | 0.03 | 0.02 | 0.02 |
| Payout ratio | 0.00 * | 0.03 | 0.03 | 0.03 | 0.02 |
| Dividend yield % | - | 0.30 | 0.08 | 1.07 | 0.65 |
| Equity per share | 1.62 | 0.15 | 0.07 | 0.06 | 0.05 |

* = proposal

Calculation of Key Ratios

Key ratios and economic indicators

$$\text{ROE} = \frac{\text{Profit before appropriations and taxes - taxes}}{\text{Capital and reserves + appropriations total}}$$

$$\text{ROI} = \frac{\text{Profit before appropriations and taxes + interest and other financial expenses}}{\text{Sum total of balance sheet - creditors without interest}}$$

In these key ratios the divisor has been counted as an average of the figures of this and the previous year.

$$\text{Equity ratio} = \frac{\text{Capital and reserves + appropriations total}}{\text{Sum total of balance sheet - prepayments received}}$$

Key ratios for shares

$$\text{Earnings per share} = \frac{\text{Profit before extraordinary items, appropriations and taxes - taxes}}{\text{Number of shares}}$$

$$\text{Equity per share} = \frac{\text{Capital and reserves + appropriations total}}{\text{Number of shares}}$$

$$\text{Dividend yield \%} = \frac{\text{Nominal dividend per share}}{\text{Earnings per share}}$$

Average personnel is an average amount of staff counted at the end of each calendar month.

Proposal of Dividend by the Board of Directors

EUR
Dec 31, 1999

Parent company's distributable capital and reserves according to the balance sheet:

| | |
|---|--------------------------|
| Distributable capital before the profit of the financial year | 214 837.03 |
| Profit for the financial year | <u>317 754.72</u> |
| Distributable capital of the parent company Dec 31, 1999 | <u><u>532 591.75</u></u> |

Distributable capital of the Group on Dec 31, 1999 is 532 591.75

The Board of Directors proposes that the Annual General Meeting confirms the financial statement, and no dividend is paid from the distributable earnings of the financial year.

Espoo March 3, 2000

Olof Ödman
Chairman of the Board

Pekka Pere
Managing Director

Klaus Cawén

Pekka Mäkelä

The financial statement has been prepared in accordance with the Finnish Accounting Act and all other rules and regulations in force. The Auditor's report has been given today from the audit performed.

Espoo March 3, 2000

Matti Kujala
APA

Auditor's report

To the shareholders of Proha Plc

I have audited the accounting records, the financial statements and the corporate governance of Proha Plc for the period March 1 - December 31 1999. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors and both the consolidated and the parent company profit and loss account, balance sheet and notes to the financial statements. Based on my audit, I have expressed an opinion on these financial statements and corporate governance.

I have conducted the audit in accordance with Finnish standards on auditing. Those standards require that I perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting principles used and significant estimates made by the management, as well as an evaluation of the overall financial statement presentation. The purpose of my audit has been to examine that the Board of Directors and the Managing Director have legally complied with the rules of the Finnish Companies' Act.

In my opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and all other rules and regulations in force. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company result of operations and financial position. The financial statements can be adopted, and the Board of Directors as well as the Managing Director, can be discharged from liability for the period audited by me. The proposal by the Board of Directors concerning the use of the result is in compliance with the Finnish Companies Act.

I have reviewed the interim reports published during the financial year. In my view, they have been prepared in accordance with pertinent regulations.

Espoo March 3, 2000

Matti Kujala, Authorised Public Accountant

Proforma figures

Result information for Proha Group and companies acquired after the end of the financial year

Million Euros

Financial statements in 1999

| | Proha 10 months | Accountor 12 months | Ari Hovi 12+3 months | Brossco 12 months | CM-Systems 12 months | Planman 12 months | Tuloshallinto 12 months | New companies | Total |
|---------------------|--------------------|------------------------|-------------------------|----------------------|-------------------------|----------------------|----------------------------|------------------|-------|
| Net turnover | 5.19 | 1.92 | 0.71 | 0.98 | 1.05 | 0.88 | 0.87 | 6.41 | 11.60 |
| Operating profit | 0.59 | 0.25 | 0.18 | 0.02 | 0.39 | 0.36 | 0.04 | 1.24 | 1.83 |
| Profit before taxes | 0.43 | 0.26 | 0.20 | 0.00 | 0.38 | 0.37 | 0.04 | 1.25 | 1.68 |
| Profit after taxes | 0.31 | 0.18 | 0.13 | 0.00 | 0.27 | 0.27 | 0.03 | 0.88 | 1.19 |

Proha Group

Proha Plc

Proha Plc is a fast growing, profitable, internationally operating IT services company that is listed on the NM-list of the Helsinki Stock Exchange. The central business areas of the Proha Group are Project Management, Financial Management and Internet Technologies.

The Group's Financial Statement includes reports for subsidiaries Intellisoft Oy, Datamar Oy, Projektihallinto Oy Proha and DA Futura International Oy.

Proha Group's net turnover for the 10-month financial year (March 1–December 31, 1999) amounted to € 5,19 million. Operating Profit was € 0.59 million. Profit for the financial year was € 0.31 million. The amount of personnel increased from 27 to 70 people.

Including the information from the companies purchased after the end of the financial year, the total net turnover of the Proha Group in 1999 was € 11.60 million, operating profit € 1.83 million and the profit of the financial year € 1.19 million. After the acquisitions, the number of employees was 186.

Datamar Oy

Datamar is Proha's subsidiary in Lahti. The company specialises in tailor-made software solutions in client/server and Internet environments. Production management and data acquisition for the manufacturing industry are typical fields of work for Datamar. The Managing Director is **Pekka Mäkelä**.

DA Futura International Oy

DA Futura International Oy is an international consulting network. Its Managing Director is **Peter Adlington** in the UK.

Intellisoft Oy



Intellisoft Oy is a market leader in Finland in the field of automated IT systems testing. The *Mercury Interactive's* automatic testing tools that Intellisoft represents are leaders in the world. The managing director of Intellisoft Oy is **Risto Saikko**.

ProCountor International Oy

ProCountor International Oy is Proha's new subsidiary founded for ProCountor.Com business. The company's operations will be begin in 2000.

Projektihallinto Oy Proha

Projektihallinto Oy Proha is responsible for all business concerning Project Management IT in the Proha Group. The Managing Director is **Pekka Pere**.

Products and Services

Proha Plc has an extensive product and service selection that has been further complemented by the products of its subsidiaries bought after the end of the year under review.



Proha Plc represents *Artemis Views* software in Finland, which is an extensive database based project and multi-project management, scheduling, and resource planning tool. It also includes a time reporting system. The developer, *Artemis Management Systems*, is one of the best known internationally in this field.

The *Pro* products that Proha has developed are compatible with the Artemis Views product family. They cover project planning, steering, and control. The Pro product family consists of tools for managing invoicing, budgeting, cost management, and time reporting. *ProCost* is an application for budgeting and control, *ProInvoice* is an invoicing application for project work, *ProTrack* is a time reporting application and *ProWeb* is an Internet based time reporting application.

Futura is an application developed by Proha that is used when making decisions about initiating projects and evaluating their risks. The software is based on a scientific method of modelling the future. DA Futura International Oy's network of consultants markets the Futura software and method in the Nordic countries and UK. Customers are large, globally functioning enterprises.



In Finland Proha represents *Caliber RM* and *Knowledge Plan* applications. Caliber RM is an Internet based tool that can be used to analyse the effects of required changes in a project's scheduling and budgeting. American *Technology Builders Inc.* develop this software.



KnowledgePlan is a tool for planning a software project. KnowledgePLAN is a market leader in software project management tools. Artemis Management Systems' subsidiary *Software Productivity Research Inc.* has developed the software.

Business Areas of Proha

| Project Management | Financial Management | Internet Technologies |
|--|---|--|
| CM-Systems Oy DA Futura International Oy Planman Oy Projektihallinto Oy Proha | Accountor Oy ProCountor International Oy Tuloshallinto Oy | Brosco Systems Oy Datamar Oy Intellisoft Oy Ari Hovi Oy Vidac Oy |

New Subsidiaries of the Proha Group

The companies purchased after the end of the year complement Proha's know-how as well as product and service portfolio in all three business areas.

Project Management

CM-Systems Oy

CM-Systems, founded in 1994, is a software house specialising in project management. The company has a lot of expertise, for example, in industry and construction and it strengthens Proha's project management business area.

In 1999, CM-Systems Oy's net turnover was € 1.05 million, operating profit € 0.39 million, and profit after taxes € 0.27 million. Currently, the company employs nine people. **Pekka Vaara** is the Managing Director.

CM-Systems' clientele consists of industrial investors, public enterprises and institutions, contractors and real estate companies, project and system suppliers, engineering organisations, and consulting companies.

The company's *CM/Pro* software is used in over a hundred Finnish companies that practice project-oriented work.



CM/Pro is a system for cost and supply management in project work. ProEst 2000 is an application for cost and tender estimating, CM/Pro 5 for cost control, CM/Pro P for project management of service companies, and CM/Pro R for construction management.



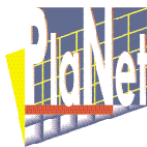
CM-Systems is the Finnish importer and supporter of Primavera software, one of the leading project management software tools in the world.

PlanMan Oy

Planman Oy, founded in 1986, is a Tampere-based project management service company. The company provides project management software, training, and consulting in many different fields of business.

In 1999, PlanMan Oy's net turnover was € 0.88 million, operating profit € 0.36 million, and profit after taxes € 0.27 million. Currently the company employs nine people. The Managing Director is **Timo Saros**.

PlanMan's clientele comprises about 700 companies and institutions in Finland. In Sweden PlanMan has about 150 customers. Altogether PlanMan has supplied over 5000 licences.



PlaNer, *PlaNer+* and *PlaNerCost* are all products of the company. They are tools for planning and controlling project schedules, resources, and cost. In addition, PlanMan Oy offers its customers project management training and consultancy services in data transfer, project base, and reporting.

Of the Proha Group's other subsidiaries, Projektinhallinto Oy Proha and DA Futura International Oy function in the business area of Project Management.

Financial Management

Accountor Oy

Accountor Oy was established in 1989, and it is a specialist company in the field of financial management. In 1999, the company's net turnover was € 1.92 million, operating profit € 0.25 million, and profit after taxes € 0.18 million. The number of employees in Accountor is 50. The Managing Director is **Juha Tommila**.

Accountor's main aim is to help companies' financial management and control. At the moment, Accountor has about 400 customers. The company has offices in Helsinki, Lahti, Pori, Tampere, and Turku.

The main products of Accountor Oy are *PlusRaportit*® and *PlusController*. The control system PlusController keeps track of the realisation of plans, includes an idea about the coming financial statements and gives a warning about any possible financial crises in advance. PlusController monitors the real-timeness, correctness and balance continuity of the bookkeeping. In addition, Accountor is an ISO 9002 certified accounting company and an associate member of the Finnish Venture Capital Association.

Tuloshallinto Oy

Tuloshallinto Oy, founded in 1992, is an authorised accounting company, which offers accounting and financial management services and consulting. In 1999, the company's net turnover was € 0.87 million, operating profit € 0.04 million, and profit after taxes € 0.03 million. At the moment, it has about 80 customers.

Tuloshallinto functions like a Business Partner, a supporter of business activities, to its clients. The company is a pioneer in offering integrated real-time IT solutions in outsourcing financial management.

ARA -AinaReaaliAjassa- (AlwaysOnRealTime) is a Tuloshallinto developed solution for outsourcing financial management. ARA-solution is used in Tuloshallinto's client companies in different sectors of business.

Currently, the company employs 19 people. The Managing Director is **Anne-Marie Krogars**.

Also, Proha Group's newly founded ProCountor International Oy, focused on the ProCountor.Com business, functions in the business area of Financial Management.

Internet Technologies

Brossco Systems Oy

Brossco Systems was founded in 1994. The three major business areas of the company are development, marketing, and sales of the Voyant software, tailor-made data systems projects, and software localisation and translation services.

In 1999, Brossco Systems Oy's net turnover was € 0.98 million, operating profit € 0.02 million, and result after taxes € +0.00 million. Currently the company employs 20 people. The Managing Director is **Mika Sorvettula**.

The company develops and distributes *Voyant* data analysis and decision support software (OLAP). Over 3,500 licences of *Voyant* are used all over the world. The company has a subsidiary Brossco Systems, Inc. in USA, and distributors in Germany, Switzerland, Austria, and the UK.



Voyant Analyst is planned for information analysts, and with *Voyant Designer* it is also possible to edit the database. With *Voyant Designer for Web*, you can save data files for *Voyant*'s intranet or Internet use. You can view *Voyant* documents placed in web pages by using *Voyant Runtime for Intranet Web* or in the public domain by using *Voyant Runtime for Internet Web*.

With the *Voyant Data Loader* supplement, the data acquisition from external databases into Data Warehouses can be automated.

Brossco Systems has also delivered tailor-made database systems for industry, sales, public administration, and freighting companies.

Brossco Systems is a co-owner of a European localisation solution, LocalEyes Ltd. Brossco Systems works together with six other owners offering multilingual localisation services to its customers.

Ari Hovi Oy and Vidac Oy

Ari Hovi Oy, founded in 1990, is a training and consultancy company that specialises in DataWarehouse system training and consulting.

In the financial year 1999 (12+3 months), the total net turnover of Ari Hovi Oy and its subsidiary Vidac was € 0.71 million, operating profit € 0.18 million, and profit after taxes € 0.13 million. The number of employees is six. Ari Hovi Oy's managing director is **Ari Hovi** and Vidac's is **Heikki Koistinen**. The clientele of the company consists of banking, trade and industrial companies, and government departments.

Of the Proha Group's other subsidiaries, Datamar Oy and Intellisoft Oy function in the business area of Internet Technologies.

Proha in a Nutshell

Proha Plc is a fast growing, profitable, internationally operating IT services company.

Proha Group operates in three business areas:

- Project Management
- Financial Management
- Internet Technology

Proha was founded in 1983, and it was quoted on the NM-list of the Helsinki Stock Exchange in October 1999.

Besides the parent company Proha Plc, the Group consists of the subsidiaries Accountor Oy, Brossco Systems Oy, CM-Systems Oy, Datamar Oy, DA Futura International Oy, Intellisoft Oy, PlanMan Oy, ProCountor International Oy, Projektihallinto Oy Proha, Tuloshallinto Oy, Ari Hovi Oy and its subsidiary Vidac Oy.

The Group has offices in Espoo, Helsinki, Lahti, Pori, Tampere, Turku, and Malaga (Spain).

The number of employees in Proha Group is approximately 200.

Information for shareholders

The Annual General Meeting will be held at the company's head office on Tuesday March 22, 2000 at 3.00 pm.

Proha Plc will publish three interim reports during 2000:

1-3/2000 Thursday, May 18

1-6/2000 Thursday, August 17

1-9/2000 Thursday, November 16

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