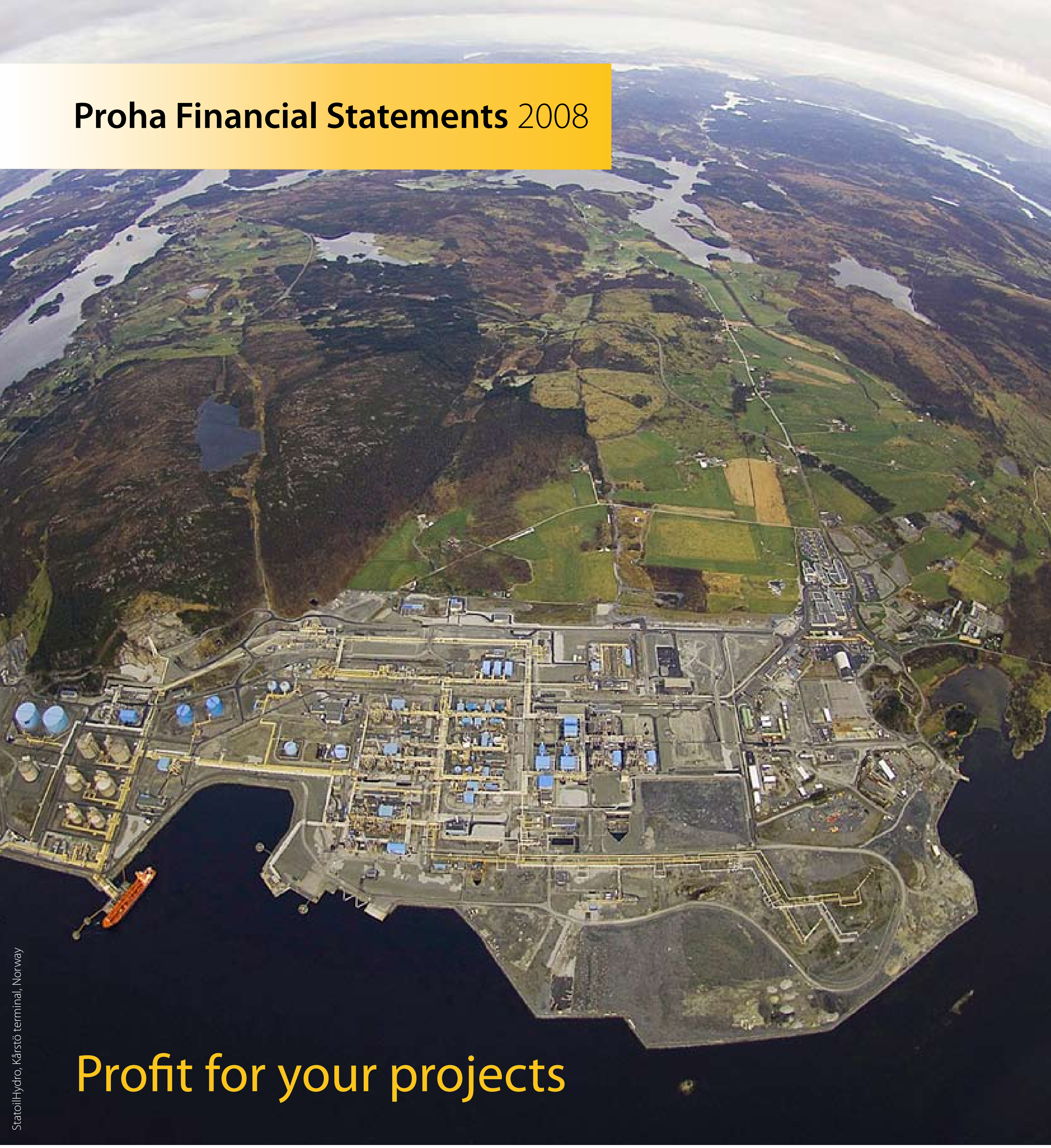
Proha Financial Statements 2008



StatoilHydro, Kårstö terminal, Norway

Profit for your projects

PROHA

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PROHA PLC, ANNUAL REPORT 2008

1. Review by the Proha Board of Directors January 1, - December 31, 2008 (IFRS)

JANUARY - DECEMBER 2008

Net sales grew by 22% and were EUR 62.4 million (51.0 million in January - December 2007).

Dovre division accounted for 95% (97%) and Camako division for 5% (3%) of the Proha Group net sales. Net sales for Dovre division grew by 20% and were EUR 59.3 (49.6) million. Net sales for Camako division grew by 114% and were EUR 3,0 (1,4) million.

Operating result before non-recurring items was EUR 1.6 (-0.2) million and after non-recurring items EUR 0.6 (-0.2) million. Operating result includes approximately EUR 1.0 million in non-recurring charges, recorded in the second quarter.

Operating result for Dovre division was EUR 2.9 (2.1) million. Operating result for Camako division was EUR -0.4 (-0.9) million. Operating result for other operations was EUR -1.8 (-1.4) million. Operating result for other operations included approximately EUR 0.9 million in non-recurring charges.

In January - December 2008, result before non-recurring items was EUR 0.8 (-1.2) million and after non-recurring items EUR -0.2 (-1.2) million.

Earnings per share were EUR 0.00 (-0.02).

Ilari Koskelo was appointed as the Chief Executive Officer of Proha beginning March 19, 2008.

On March 30, 2008 the Proha Board of Directors approved the revised strategy for the Proha Group.

OCTOBER – DECEMBER 2008

Net sales grew by 2% and were EUR 15.9 million (15.5 million in October - December 2007).

Dovre division accounted for 94% (97%) and Camako division for 6% (3%) of net sales. Net sales for Dovre division reduced by -1% and were EUR 15.0 (15.0) million. Net sales for Camako division grew by 66% and were EUR 0.9 (0.5) million.

Operating result was EUR 0.4 (0.3) million.

Operating result for Dovre division was EUR 0.6 (0.9) million. Operating result for Camako division was EUR 0.0 (-0.2) million. Operating result for other operations was EUR -0.2 (-0.4) million.

In October - December 2008, result was EUR 0.6 (-0.3) million.

The result for the fourth quarter does not include any non-recurring items.

Earnings per share were EUR 0.01 (-0.01).

ILARI KOSKELO, CEO

In the first half of 2008, we restructured the company's Board of Directors, operational management and organization. Due to these development expenses, the key figures for the full year of 2008 do not give an indicative picture of the present state of the Company. In our opinion, a more current picture is given by looking at the key figures of the second half of 2008, which improved significantly compared to second half of 2007. The operating result in July - December 2008 was EUR 1.0 million (0.2) and net result 1.0 (-0.6) million. The cash flow from operations turned positive and was EUR 2.4 million (-0.4) for the same period. The cash was used for investments and debt payback.

Positive developments in several areas increased the operating profit. The Group administrative costs and the losses of the Camako division halved and the result of the Dovre division was still growing. We would like to give special credit to two individual managers: Mr. Mike Critch and Mr. Timo Saros. Mr. Critch manages the U.S. and Canadian operations of Dovre and exceeded his budget targets in all areas, the profit margin in Canada being 7.9% of net sales. We try to learn from Mr. Critch how he does it, so we can duplicate his operating profits in other divisions of the company. Under Mr. Saros' management, the formerly unprofitable Camako reached the budgeted break-even level in the last quarter of 2008. Camako shows significant ability to improve its result even in the future.

The net result of Proha is positively affected by unrealized financial income due to fluctuations in currency exchange rates that we do not expect to reoccur in the results for 2009.

At the end of 2008, we separated the Boards of Directors of Proha and Dovre because it better reflects the Group's operating structure and provides cost savings at the Group level. For 2009 the main goals are to increase the profit margin of the Norwegian operations of Dovre and the software sales in the U.S., and to further develop the profitability of the Camako division. Both divisions plan to recruit, and as a result increase personnel working in customer projects during 2009.

The general financial situation is still unstable, but the expectations for Proha especially for the early 2009 are more positive than the current economic climate. However, the duration of customer projects has shortened, as in the present situation customers are reluctant to commit themselves to long projects due to risk management. We find ourselves in situations where ongoing long-term projects are extended in steps of three months.

GROUP KEY RATIOS – January - December

(EUR million)	1-12 2008	1-12 2007	Change %
Net sales	62.4	51.0	22.4 %
Operating result	0.6	-0.2	481,5 %
% of net sales	1.0 %	-0.3 %	
Result before taxes	0.6	-0.6	203,9 %
Result for the period	-0.2	-1.2	81.7 %
Return on equity, %	-0.8 %	-7.9 %	
Return on investment, %	7.7 %	1.6 %	
Cash and cash equivalents	3.1	5.3	-41,7 %
Cash flow from operations	1.2	-1.5	185,4 %
Debt-equity ratio, %	-11.2 %	-7.3 %	
Equity-ratio, %	49.0 %	45.5 %	
Earnings per share, EUR			
Basic	0.00	-0.02	81,9 %
Diluted	0.00	-0.02	81.9 %
Equity per share, EUR	0.21	0.23	-8.7 %

GROUP KEY RATIOS – OCTOBER - DECEMBER

(EUR million)	10-12 2008	10-12 2007	Change %
Net sales	15.9	15.5	2.2 %
Operating result	0.4	0.3	37.7 %
% of net sales	2.6 %	1.9 %	
Result before taxes	0.8	0.0	5357.5 %
Result for the period	0.6	-0.3	275.8 %
Return on equity, %	17.6 %	-8.6 %	
Return on investment, %	28.9 %	10.5 %	
Cash and cash equivalents	3.1	5.3	-41.7 %
Cash flow from operations	2.0	-0.1	1615.1 %
Debt-equity ratio, %	-11.2 %	-7.3 %	
Equity-ratio, %	49.0 %	45.5 %	
Earnings per share, EUR			
Basic	0.01	-0.01	273.7 %
Diluted	0.01	-0.01	273.7 %
Equity per share, EUR	0.21	0.23	-8.7 %

PROHA PLC'S REVISED STRATEGY

On March 30, 2008 the Proha Board of Directors approved the revised strategy for the Proha Group. The revisions to the strategy aim at improving profitability and aligning the Group structure to better meet the market needs.

IFRS REPORTING

The Group's primary segment reporting is based on business segments. The reporting structure of Proha was adjusted by placing Norwegian Safran Software Solutions AS under the Dovre division. The remaining units of the previous Safran Systems division were renamed Camako. The reporting structure of the Group has been altered in accordance with the new divisional structure so that Dovre, Camako and other operations constitute separately reporting business segments. Other operations consist of the Proha administration. The figures for January 1 - December 31, 2008 together with the comparative data are presented according to the before mentioned business segments.

BUSINESS PERFORMANCE

Dovre Division

On June 3, 2008, Otto Søberg was appointed as the Chief Executive Officer of the Dovre division of Proha Plc. Dovre has in the third quarter renewed its organization structure based on the revised strategy. The name of the division's parent company was also changed from Dovre International AS to Dovre Group AS. The new name will better reflect the company's position as the parent company of the international subsidiaries.

The second half of 2008 has to a large extent shown the same trend as the first half year, which was a robust period. Dovre pursues growing the business progressively. Dovre is at the end of 2008 organized and staffed to take on growth and is able to bring the company up the value chain to the benefit of clients, employees and owners.

Dovre is a globally operating company within project management, procurement and consulting. The following business areas comprise Dovre's core competencies:

- Management Consulting
- Project & Procurement
- Project Services
- Safran Systems
- Dovre Campus

Overall, Dovre with its highly specialized resources has served the clients in more than 25 countries over the last two years. According to the revised strategy and reorganization, Dovre has become more transparent and has clear areas of responsibilities related to deliverables to the market.

Dovre continues to serve the large international clients in the oil and gas sector. Additionally, an increased interest is seen from smaller companies in the market, which can generate projects with a higher value added consulting services. Management Consulting will continue to serve the public sector at the same level as earlier, but will increasingly focus on industries outside oil and gas. Project and Procurement can deliver the complete project or procurement organization with all needed specialists as well as appropriate technologies and systems to support the project activity. Aiming at having a wide network of experienced partners on related practices, Dovre concentrates on covering services based on its core competencies.

Dovre has introduced the Dovre Campus, which will deliver courses and training programs for the professional market. The vision of the Dovre Campus is to be a physical and virtual environment, where knowledge within our core competence areas flows in, is processed, and then offered out to our customers through several channels. As an example, Dovre finalized a two-month training course within contract management for 30 managers in a large international oil and gas company during the first two quarters of 2008.

In addition, nine major projects within project management consulting were successfully executed in the public sector. All these projects were contracted based on the frame agreement with Norway's Ministry of Finance. The level of activity derived from this frame agreement is expected to continue in 2009. Also several new agreements regarding public procurement were signed outside the oil and gas industry. The most important to mention is the agreement with South-Eastern Norway Regional Health Authority.

Dovre North America grew steadily and increasingly profitably, especially in the Canadian operations. The division focused on providing long-term project staff to major oil and gas projects throughout North America and parts of the world for some of the oil and gas clients, such as ExxonMobil and Chevron. The operation works to establish new branches in Italy and Australia.

Safran Software Solution AS was fully integrated in Dovre at the end of 2008 giving the company increased potential synergy effects both internally and externally in the market. Safran has continued to develop its business positively with new customers for Safran products and license and service sales progressing as expected. In the third quarter, two new distribution agreements were signed in the USA through Safran North America LLC. In addition, four new resellers as well as three new services and technology partners, and several new customers were acquired.

Dovre strengthened its board composition based on the decision made in December. The company invited Norwegian Gro Kielland (49) to join Dovre's Board of Directors. Mrs. Kielland also became the first female member of Dovre's Board. Dovre's new Board of Directors became effective in January 1, 2009.

The markets show some hesitation related to the crisis in the financial markets, but Dovre still expects to see a demand for its products and services both in the short and long term. Dovre considers the market for recruitment of professionals to be challenging. At the same time, however, it is foreseeable that a slight tendency for increased unemployment in other industries will create an opportunity for Dovre to recruit highly capable professionals.

Camako Division

Timo Saros was appointed the Chief Operating Officer of the Camako division on May 7, 2008.

The Camako division's organization was structured to reflect the revised Proha strategy announced in the second quarter. Camako Nordic Oy was formed, and Datatron Oy, Datamar Oy, and Camako Data AB were transferred to its holding.

Camako Nordic is responsible for creating the new Camako brand and the product development of the newly named Camako EPM solution (formerly SafranOne). Datatron Oy was renamed Camako Finland Oy in August and Proha purchased the remaining shares at the end of the period under review. As part of the reorganization, a new executive group was formed, which consists of managing director Timo Saros of Camako Nordic Oy, managing director Klaus Venetjoki of Camako Finland Oy, managing director Jouko Järvinen of Datamar Oy, and managing director Johan Enfeldt of Camako Data AB.

The new Camako PM3 service concept was launched in August. Camako PM3 service combines the following: 1) Project management processes—auditing, development, and documentation, 2) Project management tools—selection, implementation, and support, and 3) Project personnel—training and improvement of skills for processes and tools, as well as outsourcing skilled staff to customers to raise the skill level.

In Finland, the demand for Microsoft EPM systems and related services has continued to grow according to projections. The increase in Camako Finland's service business has been faster than the increase in the market. During the year, several maintenance agreements have been signed with significant customers and the amount of long-term maintenance agreements has more than doubled.

During the period under review, Camako signed a significant agreement on the specification, development, testing, and implementation of a cost management module for investment projects using Camako EPM technology. The introduction of the new module is estimated to take place early 2009.

Towards the end of the year, two new delivery contracts were signed for RescuePlanner, the software for rescue services. Almost all significant rescue services in Finland are now involved in developing the system further.

Other Operations

Proha Plc has completed the voluntary liquidation process of its subsidiaries DA Management Solutions Oy and Tietovaruste Oy NPM during the period under review. The subsidiaries subject to liquidation had no active business.

NET SALES

January – December 2008

In January – December 2008, the net sales for the Proha Group increased by 22% and were EUR 62.4 million (EUR 51.0 million in January - December 2007). The Dovre division accounted for 95% (97%) and the Camako division for 5% (3%) of the Group net sales. The net sales for the Dovre division grew by 20% and were EUR 59.3 (49.6) million, the net sales for the Camako division grew by 114% and were EUR 3.0 (1.4) million.

October – December 2008

In October – December 2008, the Proha Group net sales grew by 2% and were EUR 15.9 million (15.5 million in October - December 2007). The Dovre division accounted for 94% (97%) and the Camako division for 6% (3%) of the Group net sales. The net sales for the Dovre division reduced by -1% and were EUR 15.0 (15.0) million, the net sales for the Camako division grew by 66% and were EUR 0.9 (0.5) million.

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

(EUR million)	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Dovre	15.0	15.0	-0.6	59.3	4.6	19.6
Camako	0.9	0.5	66.1	3.0	1.4	113.8
Other operations	0.2	0.1	114.1	0.4	0.4	0.9
Net sales between segments	-0.2	-0.1	-26.1	-0.3	-0.4	22.4
Group Total	15.9	15.5	2.2	62.4	51.0	22.4

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

	10-12 2008	%	10-12 2007	%	1-12 2008	%	1-12 2007	%
Services	15.5	97.5	15.0	96.8	61.0	97.8	49.6	97.3
One time license	0.1	0.6	0.3	1.9	0.5	0.8	0.6	1.2
Recurring license	0.3	1.9	0.2	1.3	0.9	1.4	0.8	1.5
Total	15.9	100.0	15.5	100.0	62.4	100.0	51.0	100.0

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

(EUR million)	10-12 2008	10-12 2007	1-12 2008	1-12 2007
EMEA	9.6	10.0	39.8	35.6
AMERICAS	6.6	5.4	23.2	15.8
APAC	0.1	0.4	0.8	1.7
Net sales between segments	-0.5	-0.2	-1.3	-2.1
Group Total	15.9	15.5	62.4	51.0

(% of net sales)	10-12 2008	10-12 2007	1-12 2008	1-12 2007
EMEA	60.5 %	64.1 %	63.8 %	69.7 %
AMERICAS	41.5 %	34.9 %	37.1 %	31.0 %
APAC	0.8 %	2.4 %	1.2 %	3.4 %
Net sales between segments	-2.8 %	-1.4 %	-2.1 %	-4.1 %
Group Total	100.0 %	100.0 %	100.0 %	100.0 %

PROFITABILITY

Operating Result January – December 2008

The Group operating result before non-recurring items was EUR 1.6 (-0.2) million and EUR 0.6 (-0.2) million after non-recurring items. The operating result for the Dovre division was EUR 2.9 (2.1) million. The operating result for the Camako division was EUR -0.4 (-0.9) million. The operating result for other operations was EUR -1.8 (-1.4) million.

Operating Result October – December 2008

The Proha Group operating result was EUR 0.4 (0.3). The operating result for the Dovre division was EUR 0.6 (0.9) million. The operating result for the Camako division was EUR 0.0 (-0.2) million. The operating result for other operations was EUR -0.2 (-0.4) million.

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

(EUR million)	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Dovre	0.6	0.9	-34.8	2.9	2.1	37.2
Camako	0.0	-0.2	89.0	-0.4	-0.9	57.7
Other operations	-0.2	-0.4	58.7	-1.0	-1.4	31.1
Group Total	0.4	0.3	37.7	1.6	-0.2	1,117.2

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

(EUR million)	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Dovre	0.6	0.9	-34.8	2.9	2.1	34.8
Camako	0.0	-0.2	89.0	-0.4	-0.9	51.0
Other operations	-0.2	-0.4	58.7	-1.8	-1.4	-32.7
Group Total	0.4	0.3	37.7	0.6	-0.2	481.5

Non-recurring Items

The operating result for both the periods of January - December 2008 and April - June 2008 as well as the result for both the periods of January - December 2008 and April – June 2008 include approx. EUR 1.0 million of non-recurring charges.

The operating result for other operations includes approx. EUR 0.9 million in non-recurring charges. Of the non-recurring charges approx. EUR 0.7 million were due to severance pay for the former managing director and approx. EUR 0.2 million were related to terminations of employment within the Group administration. Dovre's operating result includes EUR 50 thousand and Camako's operating result EUR 60 thousand in non-recurring charges. The non-recurring items resulted from terminations of employment.

The result for the fourth quarter does not include any non-recurring items.

Result January – December 2008

In January – December 2008, the Group's result before taxes were EUR 0.6 (-0.6) million and after taxes EUR -0.2 (-1.2) million.

January - December 2008, result before non-recurring items was EUR 0.8 (-1.2) million and after non-recurring items EUR -0.2 (-1.2) million.

In January – December 2008, the Proha Group earnings per share was EUR 0.00 (-0.02)

The Proha Group return on investment (ROI) was 7.7% (1.6%).

Result October – December 2008

In October – December 2008, the Group's result before taxes were EUR 0.8 (0.0) million and after taxes 0.6 (-0.3) million.

In October – December 2008, the Group earnings per share were EUR 0.01 (-0.01).

CASH FLOW, FINANCING AND INVESTMENTS

On December 31, 2008, the Proha Group balance sheet total was EUR 26.6 (32.0) million.

On December 31, 2008, the cash and cash equivalents for the Proha Group totaled EUR 3.1 (5.3) million. Additionally, the Group has unused checking account limits.

The cash flow from operating activities was EUR 1.2 (-1.5) million. The cash flow from operating activities was increased by the decrease of EUR 1.7 million in current interest-free receivables and decreased by the EUR 0.7 million decrease in current interest-free payables. EUR 0.9 million were paid in taxes.

The cash flow from investing activities was EUR -1.6 (-3.1) million. The gross investments include acquisitions of subsidiaries EUR 0.7 million, investments of EUR 0.4 million in tangible and intangible assets and an increase of EUR 0.6 million in non-current loan receivables.

The gross investments totaled EUR 1.6 (3.4) million.

The cash flow from financing activities was EUR -1.8 (-2.1) million. New loans worth of EUR 1.1 million were drawn, and EUR 2.9 million paid back.

The balance sheet goodwill totaled EUR 5.9 (6.8) million on December 31, 2008. The Group's goodwill is not amortized, but tested for impairment under IAS 36. No indications of impairment of assets exist.

The equity ratio was 49.0% (45.5%) and the debt-to-equity ratio was -11.2% (-7.3%). On December 31, 2008, the interest-bearing liabilities amounted to EUR 1.9 (4.3) million, accounting for 6.3% (13.4%) of the Group's shareholders' equity and liabilities total. Of the interest-bearing liabilities, EUR 1.1 (2.0) million were non-current and EUR 0.6 (2.3) million current. The Group's quick ratio was 1.5 (1.5).

RESEARCH AND DEVELOPMENT

In January - December 2008, Proha's research and development expenditure was EUR 1.5 (1.7) million, representing 2% (3%) of the Group net sales.

A total of EUR 0.2 (0.4) million of research and development expenditure was capitalized during the period under review. The Group R&D expenditure consists nearly totally of the R&D of Safran software products of the Dovre division, and of the R&D of the Camako division.

The Camako division completed the rebranding of SafranOne as Camako EPM, and the new version was launched in August. Version 4.0 contains an advanced set of functionalities for the product suite, with the emphasis on development of interfaces to Microsoft Project and Microsoft Project Server. The new interfaces enable seamless integration of Camako EPM software products with existing solutions of Microsoft Project Server customers. Version 4.1, to be published in early 2009, streamlines software installation and maintenance. The further development of rescue services' resource planning and management products has been agreed upon with the customers. The common goal is to announce two new versions of RescuePlanner per year. The upgrade of the user interface for the Studenta system that has been used already for ten years by the Aike Group – the Adult Education coordinating unit – has been started with the customer. The development project as a whole will be extensive.

Dovre division's Safran launched the new version 3.6 of Safran Project and Safran for Microsoft Project in the third quarter. The latest versions of Safran products are now in compliance with the US market needs and requirements. The upgrade is expected to open up sales potential in the USA for the next 12 months. Safran continues to develop its product portfolio and services.

Dovre North America has developed and upgraded the FabTRAC software system. FabTRAC is a testing, recording and commissioning tool – a fully integrated web-based Project Completion System (PCS).

PERSONNEL

In 2008, the employee benefits expense for the Group amounted to EUR 56.9 (46.9) million. The employee benefits expense include approx. EUR 0.9 (0.0) million in non-recurring charges.

The employee benefits expense of the Dovre division were EUR 53.0 (44.4) million. The employee benefits expense of the Camako division were EUR 2.5 (1.6) million. The employee benefits expense for other operations were EUR 1.5 (0.9) million.

The employee benefits expense for both the periods of January - December 2008 and April - June 2008 include approx. EUR 0.9 million in non-recurring charges consisting of approx. EUR 0.7 million severance pay for the former CEO and approx. EUR 0.2 million in other charges related to termination of employments.

The employee benefits expense for the fourth quarter does not include any non-recurring items.

The average number of the Group personnel was 393 (333) in the period under review 2008.

Distribution of personnel by segments (average):

	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Dovre	353	316	11.7	351	297	18.2
Camako	37	33	12.1	36	30	20.0
Other operations	5	6	-16.7	6	6	0.0
Total	395	355	11.3	393	333	18.0

On December 31, 2008, Proha employed 391 (381) people worldwide, out of which 350 (338) were being employed by the Dovre division, 36 (37) by the Camako division and 5 (6) by the Group administration.

CHANGES IN THE PROHA GROUP MANAGEMENT

Proha Plc

Ilari Koskelo was appointed as the Chief Executive Officer of Proha beginning March 19, 2008. Previously Ilari Koskelo has acted as the Managing Director of Navdata Oy, a company founded by him. Ilari Koskelo is the Vice Chairman of the Proha Board of Directors.

Directors Svein Stavelin and Jon Erling Tenvik resigned from the Proha Board as of December 31, 2008. They continued to serve the Proha Group as the board members of Dovre International AS.

Dovre Division

On June 3, 2008, Otto Søberg was appointed as the Chief Executive Officer of the Dovre division and as the member of the Proha Group management team.

Mr. Søberg has extensive experience in the oil and gas related industries with his latest position as the President of division Oil, Gas and Marine solutions with Siemens AG. His previous employment also includes leading Kvaerner Oil & Gas Field Development as the President of the division.

Otto Søberg is the CEO for the entire Dovre division and he will be reporting directly to the Dovre Board of Directors. Arve Jensen will continue in the company with the responsibility for Projects and Procurement reporting to Mr. Søberg. Mr. Mike Critch will continue in his position as head of the North American operations, reporting to Mr. Søberg. The founder of Dovre International AS, Mr. Birger Flaa, will take an active role in the Dovre Board of Directors.

Camako Division

On May 7, 2008, Timo Saros was appointed as the Chief Operating Officer of the Camako division and as the member of the Proha Group management team.

Previously Timo Saros has acted as the Managing Director of Proha's former subsidiary, Artemis Finland Oy and has held other positions within the Proha Group, e.g. as the member of the Board of Safran Software Solutions AS, Dovre International AS, and Datamar Oy. Timo Saros is also the founder of Planman Oy, a company specializing in project management software and acted as the Managing Director of the company in 1986-2000. Planman was sold to the Proha Group in 2000.

Proha Group Management Team

Following the appointments, the Proha Group management team consists of Ilari Koskelo (CEO), Janne Rainvuori (EVP), Sirpa Haavisto (CFO) from Proha Plc and Otto Søberg (CEO) from the Dovre division as well as Timo Saros (COO) from the Camako division.

Both the Dovre and Camako divisions have also their internal management teams.

DECISIONS MADE AT GENERAL MEETINGS OF SHAREHOLDERS

Decisions Made at Extraordinary General Meeting

Proha Plc's Extraordinary General Meeting (EGM) was held on February 26, 2008.

The EGM decided the number of Board members to be six.

The EGM selected the following persons in the Proha Board of Directors: Birger Flaa, Ernest Jilderda, Antti Manninen, Ilari Koskelo, Jon Erling Tenvik and Svein Stavelin. Birger Flaa and Ernest Jilderda are continuing from the previous Board of Directors whereas all others are new members to the Board.

Desicions Made at Proha Plc's Annual General Meeting

Proha Plc's Annual General Meeting (AGM) was held on April 8, 2008.

The Annual General Meeting (AGM) approved the 2007 Financial Statements and granted discharge from liability to the CEO and the members of the Board of Directors for the accounting period January 1 – December 31, 2007. The AGM approved the Board of Directors' proposal that the net result for the financial period be entered in shareholders' equity and no dividend be paid.

The AGM decided that the Chairman of the Board be paid EUR 30 thousands 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 20 thousand per year as remuneration for the board work.

The persons elected by the EGM were re-elected in the Proha Board of Directors: Birger Flaa, Ernest Jilderda, Antti Manninen, Ilari Koskelo, Jon Erling Tenvik and Svein Stavelin.

The AGM decided that one firm of auditors, authorized by the Central Chamber of Commerce, be elected as the auditor to the company. The AGM decided that Ernst & Young Oy, Authorized Public Accountants, with APA Ulla Nykky in charge, be re-elected as the auditor.

CORPORATE GOVERNANCE

Beginning on January 1, 2009, the recommendations of NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce and the Confederation of Finnish Industries and Employers (presently Confederation of Finnish Industries EK) regarding the corporate governance of publicly held companies was replaced with the Finnish Corporate Governance Code, which was approved by the Securities Market Association on October 20, 2008. Proha makes one deviation from the Code:

- Recommendation 41: Members of Proha Board of Directors are involved in company's option plans 2006 and 2007. The company has no plan to issue new share-related remuneration schemes.

In addition, after two directors left the board on December 31, 2008, the majority of directors are no longer independent from the company and its shareholders. The Board of Directors will next evaluate the independence after the following Annual General Meeting.

Proha's corporate governance principles can be found on the Company's website at www.proha.com.

SHARES, SHARE CAPITAL AND AUTHORISATIONS TO ISSUE SHARES

Shares and Share Capital

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

On January 1, 2008, the subscribed capital of Proha Plc was EUR 15,916,854.20. There were no changes in the share capital during the financial year.

On January 1, 2008, the total number of shares was 61,218,670. A total of 743,081 new shares were issued during the financial year as follows:

In January 2008, a total of 500,000 new Proha Plc shares were issued as a directed issue at the payment of the second installment of Camako acquisition. The subscription price of the shares was the weighted average price of Proha shares on the NASDAQ OMX Helsinki Ltd from January 22 to 28, 2008, i.e. EUR 0.26 per share, totaling at EUR 130 thousand. The total amount paid for the shares was recorded in the fund for invested non-restricted equity.

In March 2008, 243,081 new Proha Plc shares were issued as a directed issue at the payment of Datatron Oy acquisition. The subscription price of the shares was the weighted average price of Proha shares on the NASDAQ OMX Helsinki Ltd from November 1, 2007 to January 31, 2008, i.e. EUR 0.27 per share, totaling at EUR 66 thousand. The total amount paid for the shares was recorded in the fund for invested non-restricted equity.

On December 31, 2008 the share capital of Proha Plc is EUR 15,916,854.20 and the number of shares is 61,961,751.

Option Rights

On January 1, 2008, a total of 4,123,250 options were outstanding of the option plans of 2005, 2006 and 2007, entitling to subscription of 4,123,250 shares.

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

In the period under review, a total of 26,730 option rights under 2005 plan and a total of 123,000 option rights under 2007 plan were redeemed.

In its meeting on February 27, 2008, the Proha Board of Directors approved 60,000 subscriptions of the 2007 plan. In its meeting on April 8, 2008, the Board approved 90,000 subscriptions and 120,000 subscriptions in its meeting on April 17, 2008 of the 2007 plan.

In its meeting on May 7, 2008, the Board approved the subscription of 90,000 Proha Plc option rights under 2007 plan that was earlier redeemed.

The subscription of the option rights of 2007 plan ended on April 17, 2008. The terms of the options issue were presented in the stock exchange bulletin on March 28, 2007. A total of 1,977,000 Proha Plc option rights were subscribed for.

On June 30, 2008, a total of 4,394,240 option rights were outstanding as follows: 1,076,240 option rights under 2005 plan (at subscription price of EUR 0.50), 1,341,000 option rights under 2006 plan (EUR 0.48) and 1,977,000 option rights under 2007 plan (EUR 0.37). Resulting from redemptions, the company has in reserve 27,720 option rights under 2005 plan and 33,000 option rights under 2007 plan. Each option right entitles to subscription of one share.

The Authorization of the Board of Directors

The Annual General Meeting (AGM) on April 18, 2007 authorized the Board of Directors to resolve to issue a maximum of 12,243,734 shares through issuance of shares or special rights entitling to shares (including option rights) under Chapter 10, Section 1 of the Companies Act, in one or more issues. The authorization includes both the issuance of new shares as well as shares held by the Company, and corresponded to 20 percent of the Company's total number of shares at the date of the AGM. The authorization is effective until April 17, 2012. Based on the authorization a total of 743,081 new shares were issued and a total of 11,500,653 shares were remaining of the authorization on December 31, 2008.

TRADING AND MARKET CAPITALIZATION

In January – December, approximately 16.1 million Proha shares were traded on the NASDAQ OMX Helsinki Ltd., corresponding to a turnover of approximately EUR 4.9 million.

During the period under review, the highest quotation was EUR 0.38 and the lowest quotation was EUR 0.24. The closing price on December 30, 2008 was EUR 0.28.

The period-end market capitalization was approximately EUR 17.3 million.

The number of registered shareholders of Proha Plc totaled 3,106 on December 31, 2008.

Proha Plc had liquidity providing agreement with Remium AB for the Proha share. The agreement was terminated on April 29, 2008.

SHORT-TERM RISKS AND UNCERTAINTIES

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

According to the revised strategy, Dovre division will offer its customers deliverables with a higher level of content and value added services than earlier. The risk taking is being mitigated and will be reflected in pricing of the services. The Company has also a considerable unaddressed market potential and it plans to enter new market segments to diversify and grow the overall business.

The business operations of the Camako division will be affected by competition from the market in general and by new technological solutions developed by that competition. In addition, instability in the financial sector may weaken companies' capabilities in some market segments to start new, significant investment projects, and thereby reduce the demand on improvements and development of the project management. At the same time, the importance of project portfolio and resource management as a part of business planning is always emphasized in transition situations like decline and recovery.

Microsoft is projecting the growth of its EPM business to continue at the same level as in previous years. This growth also enables an increase in Camako's enterprise project management services, which in turn requires successful recruitment of skilled professionals.

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

EVENTS AFTER THE PERIOD

There were no significant events after the period.

OUTLOOK

Proha projects a positive operating result for the year 2009. Result after financial income is difficult to project accurately due to heavily fluctuating exchange rates. The general economical situation may slow down Proha's revenue growth.

Regarding the Dovre division's general outlook for business development, it is expected to be positive despite the general situation in the world markets. Several of the larger oil and gas companies forecast investment levels to remain stable for 2009-2010.

The acquisition of Canadian project management resource company, Project Resource Solutions Inc., strengthened Dovre's Canadian operations in particular within oil sand projects in Alberta. Oil sands show a higher degree of sensitivity to the overall oil price, and it is expected that this market segment will face some challenges. Outside the oil and gas industry Dovre aims on the other hand to focus on land based industries giving the company a certain spread in the total risk picture.

Dovre has successfully revised its business models and management practices, and the management believes the Company can handle potential market fluctuations. Dovre's international business activity is anticipated to grow steadily.

The Camako division believes the software sales of Camako EPM to grow in 2009. The 4.0 version of the Camako EPM software suite enabled a seamless integration with Microsoft Project software and opened new business opportunities within existing Microsoft EPM services clientele both in Finland and in Sweden.

Although the current economic climate is challenging worldwide and many of our clients have announced layoffs, orders on Camako's services still seem to be growing. In the new financial situation where companies are reducing personnel, a good resource and project planning plays yet a more significant role. Due to the economic uncertainties customers are, however, more cautious, and therefore the span of the service contracts is shorter and also the average value is smaller. Regardless of services being fully booked for the first part of the year, there are no guarantees that orders and revenue would continue to grow at the same level throughout the year.

Camako's target is to increase the business both in Finland and in Sweden. In addition, the 2009 business plan includes a further survey of the Norwegian and Danish Microsoft EPM service markets, and drawing up an expansion plan based on the results.

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

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

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

Espoo on February 8, 2009

Proha Plc
Board of Directors

2. Consolidated financial statements, IFRS

GROUP FINANCIAL STATEMENTS ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 CONSOLIDATED INCOME STATEMENT, IFRS

	Note	Jan. 1–Dec. 31, 2008	Jan. 1–Dec. 31, 2007
NET SALES	**2.5.3, 2.5.5**	**62,432**	**51,004**
Other operating income	**2.5.6**	399	79
Material and services	**2.5.7**	-317	-89
Employee benefits expense	**2.5.8**	-56,915	-46,858
Depreciation and amortization	**2.5.9**	-595	-421
Other operating expenses	**2.5.10**	-4,408	-3,872
OPERATING RESULT		**596**	**-156**
Financing income	**2.5.11**	1,095	569
Financing expenses	**2.5.11**	-823	-934
Share of profit/loss in associates		-237	-85
PROFIT/LOSS BEFORE TAX		**631**	**-607**
Tax on income from operations	**2.5.12**	-744	-566
PROFIT/LOSS FOR THE PERIOD		**-113**	**-1,174**
NET PROFIT/LOSS ATTRIBUTABLE			
To equity holders of the parent		-218	-1,191
To minority interest		105	18
		-113	**-1,174**
Earnings per share calculated on profit attributable to equity holders of the parent			
EPS undiluted (EUR)	**2.5.13**	**0.00**	**-0.02**
EPS diluted (EUR)	**2.5.13**	**0.00**	**-0.02**
The average numer of shares			
undiluted	**2.5.13**	**61,855,397**	**61,218,670**
diluted	**2.5.13**	**61,855,397**	**61,227,424**

2.2 CONSOLIDATED BALANCE SHEET, IFRS

	Note	Dec. 31, 2008	Dec. 31, 2007	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	**2.5.14**	2,127	2,676	
Goodwill	**2.5.15**	5,857	6,747	
Tangible assets	**2.5.16**	303	356	
Investments in associates	**2.5.17**	1,342	1,277	*)
Available-for-sale investments	**2.5.18**	122	48	
Non-current trade and other receivables	**2.5.19**	242	136	*)
Deferred tax asset	**2.5.20**	213	204	
NON-CURRENT ASSETS		**10,206**	**11,444**	
CURRENT ASSETS				
Trade receivables and other receivables	**2.5.21**	13,283	15,216	
Cash and cash equivalents	**2.5.22**	3,118	5,349	
CURRENT ASSETS		**16,401**	**20,566**	
ASSETS		**26,607**	**32,010**	
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	**2.5.23**	15,917	15,917	
Share premium account	**2.5.23**	4,379	4,379	
Fair value reserve and other reserves	**2.5.23**	422	329	
Translation differences	**2.5.23**	-1,154	187	
Retained earnings		-6,808	-6,470	
Equity attributable to equity holders of the parent		**12,756**	**14,342**	
Minority interest		72	115	
SHAREHOLDERS' EQUITY		**12,828**	**14,457**	
LONG-TERM LIABILITIES				
Deferred tax liability	**2.5.20**	570	653	
Long-term liabilities, interest-bearing	**2.5.25**	1,139	2,010	
Long-term liabilities, non-interest-bearing	**2.5.26**	150	439	
Liabilities from defined benefit plan	**2.5.27**	640	488	
NON-CURRENT LIABILITIES		**2,499**	**3,590**	
CURRENT LIABILITIES				
Short-term interest-bearing liabilities	**2.5.28**	547	2,289	
Trade payables and other liabilities	**2.5.29**	10,307	11,041	
Tax liability, income tax	**2.5.29**	406	632	
Current provisions	**2.5.30**	21	0	
CURRENT LIABILITIES		**11,280**	**13,962**	
TOTAL EQUITY AND LIABILITIES		**26,607**	**32,010**	

*) In 2007 comparison data EUR 277 thousand have been reclassified from non-current loan receivables to investments in associates (see Notes 2.5.17 and 2.5.19)

2.3 CONSOLIDATED CASH FLOW STATEMENT, IFRS

	Note	2008	2007
Cash flow from operating activities			
Operating result		596	-156
Adjustments			
Depreciation and amortization	**2.5.9**	595	421
Employee benefits expense		85	194
Other non-cash expenses		-25	0
Adjustments, total		655	615
Change in net working capital			
Increase (-) / decrease (+) in short term interest-free receivables		1,688	-2,610
Increase (+) / decrease (-) in short term interest-free liabilities		-719	1,430
Change in net working capital, total		969	-1,181
Interest paid		-268	-613
Interest received		231	566
Other financial expenses paid		-47	-236
Other financial income received		25	28
Income taxes paid		-912	-486
Cash flow from operating activities		**1,249**	**-1,463**
Cash flow from investing activities			
Acquisition of subsidiaries net cash acquired		-708	-2,177
Proceeds from disposal of subsidiaries net cash disposed of		-4	0
Investments in tangible and intangible assets		-380	-577
Investments in associates	**2.5.17**	0	-95
Proceeds from associates		19	-95
Available-for-sale investments	**2.5.18**	0	-12
Gain on disposal of other investments		0	74
Proceeds (-) and repayments (+) of loan receivables		-576	-284
Dividends received		3	2
Cash flow from investing activities		**-1,646**	**-3,068**

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

	Note	2008	2007
Cash flow from financing activities			
Proceeds from short-term loans		879	1,015
Repayments of short-term loans		-2,548	-702
Repayment of convertible loans		0	-2,810
Proceeds from long-term loans		228	435
Repayments of long-term loans		-352	0
Dividends paid		-41	0
Cash flow from financing activities		**-1,834**	**-2,062**
Change in cash and cash equivalents		**-2,231**	**-6,592**
Cash and cash equivalents at beginning of the period	**2.5.22**	**5,349**	**12,022**
Foreign exchange rate adjustment		-434	-80
Change in cash and cash equivalents			
Cash and cash equivalents of subsidiaries acquired	**2.5.4**	131	19
Cash and cash equivalents of subsidiaries divested	**2.5.4**	-49	0
Change in cash and cash equivalents		-1,880	-6,612
Change in cash and cash equivalents		**-2,231**	**-6,592**
Cash and cash equivalents at the end of the period	**2.5.22**	**3,118**	**5,349**

Portion of acquisition cost of subsidiaries less cash at acquisition	Note	2008	2007
Camako Data AB	**2.5.4**	-145	-441
Camako Finland Oy	**2.5.4**	-236	0
Datamar Oy	**2.5.4**	-30	0
Fabcon sub-group	**2.5.4**	-57	-875
Project Resource Solutions Inc	**2.5.4**	-239	-861
Impact on cash flow of investments		**-708**	**-2,177**

Portion of gain on disposal of subsidiaries less cash at disposal	Note	2008	2007
Futura One Oy	**2.5.4**	-4	0
Impact on cash flow of investments		**-4**	**0**

2.4 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Shareholders' equity attributable to parent company shareholders								
	Share capital	**Share premium account**	**Revaluation reserve**	**Unrestricted equity fund**	**Translation differences**	**Retained earnings**	**Total**	**Minority interest**	**Shareholders' equity, Total**
SHAREHOLDERS' EQUITY ON DEC. 31, 2006	**15,917**	**4,379**	**368**	**0**	**38**	**-5,497**	**15,205**	**112**	**15,316**
Changes in translation differences	0	0	13	0	149	50	211	-14	197
Share-based payments	0	0	0	0	0	117	117	0	117
Reclassifications between items	0	0	-51	0	0	51	0	0	0
NET PROFIT/ LOSS RECOGNISED DIRECTLY TO SHAREHOLDERS' EQUITY	**0**	**0**	**-38**	**0**	**149**	**218**	**329**	**-14**	**315**
Profit/loss for the period	0	0	0	0	0	-1,191	-1,191	18	-1,174
TOTAL PROFITS AND LOSSES	**0**	**0**	**-38**	**0**	**149**	**-973**	**-863**	**4**	**-859**
SHAREHOLDERS' EQUITY ON DEC. 31, 2007	**15,917**	**4,379**	**329**	**0**	**187**	**-6,470**	**14,342**	**115**	**14,457**
Changes in translation differences	0	0	-60	0	-1,341	-272	-1,674	-19	-1,693
Share-based payments	0	0	0	0	0	110	110	0	110
Acquisitions	0	0	0	0	0	0	0	-37	-37
Disposals	0	0	0	0	0	0	0	-92	-92
Reclassifications between items	0	0	-42	0	0	42	0	0	0
NET PROFIT/ LOSS RECOGNISED DIRECTLY TO SHAREHOLDERS' EQUITY	**0**	**0**	**-102**	**0**	**-1,341**	**-120**	**-1,563**	**-148**	**-1,712**
Profit/loss for the period	0	0	0	0	0	-218	-218	105	-113
TOTAL PROFITS AND LOSSES	**0**	**0**	**-102**	**0**	**-1,341**	**-338**	**-1,782**	**-43**	**-1,825**
Share issue	0	0	0	196	0	0	196	0	196
SHAREHOLDERS' EQUITY ON DEC. 31, 2008	**15,917**	**4,379**	**227**	**196**	**-1,154**	**-6,808**	**12,756**	**72**	**12,828**

2.5 Notes to the Consolidated Financial Statements, IFRS

2.5.1 BRIEF COMPANY DESCRIPTION

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

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

Dovre offers project and supply chain management consulting and services, and software solutions developed by Safran Software Solutions AS. Safran software solutions are used especially in industrial investment projects.

Camako is a software and hardware provider that improves customer business processes and the usage of customers' own systems by applying common project management methods.

Both divisions offer a comprehensive selection of professional services.

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

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 8, 2009, the Proha Board of Directors approved these financial statements for publication. According to the Finnish Companies Act, shareholders have the option to approve or reject the financial statements in the shareholders' meeting to be held following the publication of the financial statements. The shareholders' meeting also has the option to alter the financial statements.

2.5.2 ACCOUNTING PRINCIPLES

Background

These financial statements of Proha have been prepared according to the International Financial Reporting Standards (IFRS). In preparing the financial statements, the IAS and IFRS standards and SIC and IFRIC interpretations valid on December 31, 2008 have been followed. The standards and their interpretations defined by Finnish accounting law and the regulations based on it, together with the proceedings stated in the EU statute (EY) No. 1606/2002 approved for application within the EU are referred to as International Financial Reporting Standards. The notes to the Group's financial statements are also in accordance with the Finnish accounting and corporate legislation complementing the IFRS standards.

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

From January 1, 2008, the Group has adopted the following new and revised standards and interpretations: The new standards and their interpretations do not have a substantial influence on the Group's financial statement.

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

Segment Information

The Group's segment reporting is based primarily on business segments and secondarily on geographical segments. Proha's business is divided into two business divisions: Dovre and Camako.

The reporting structure of the Proha Group was revised during the period under review by moving the Norwegian Safran Software Solutions AS to the Dovre division. The remaining units of the Safran division formed the Camako division. Dovre, Camako, and other operations are separate reporting business segments. Other operations consist mainly of Group administration. The information for the financial year January 1 - December 31, 2008 is thus presented according to the above-mentioned segment division.

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

Segment information is presented in Note 2.5.3, Segment Information.

Principles of Consolidation

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

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

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

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

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

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

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

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

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

Transactions in Foreign Currencies

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

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

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

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

Starting from the IFRS effective date of January 1, 2004, the exchange differences in equity caused by changing exchange rates have been entered as separate items in the

Group's translation differences in the equity. The differences accumulated prior to the effective date have been entered in the Group's accumulated losses as per the exemption in IFRS 1.

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

Revenue Recognition

The Group's sales are composed of licenses, maintenance, and services. The sales are recognized in line with the IAS 18 standard. The recognition of license sales is done in phases following the granting of user rights, installation, and acceptance of the delivery, and the revenue from license sales is recognized when the major risks and benefits related to license ownership have been transferred to the 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 using the tax rate applicable at the end of the financial period.

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

Goodwill

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

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

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

The goodwill was tested for impairment at the end of the financial years 2007 and 2008. The Dovre and Camako divisions are defined as cash flow generating units to which goodwill is allocated. In the impairment tests, the recoverable amount is measured at value in use.

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

Software Development Expenditure

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

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

Other Intangible Assets

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

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

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

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

Impairment of Tangible and Intangible Assets

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

Tangible Assets

Tangible assets include machinery and equipment.

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

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

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

Borrowing Costs

Borrowing costs are recognized as an expense during the financial year they are incurred.

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 of ownership are classified as finance leases. Lease agreements where the risks and benefits characteristic of ownership remain with the lessor are classified as other lease agreements.

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

Financing Assets

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

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

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

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

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

Cash Assets

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

Financing Liabilities

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

Share-based Payments

Proha applies the 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 expenses on a straight-line basis on the income statement during their vesting period. The fair value is measured according to the Black-Scholes formula.

When the option rights are exercised, the payments received at share subscriptions adjusted by possible transaction costs are recognized as equity. Payments for the share subscriptions based on option rights issued prior to the effective date of the new Companies Act (7.21.2006/624) on September 1, 2006 are recognized in share capital and share premium according to the terms of the option plans. Payments for the share subscriptions based on option rights issued after the effective date of the new Companies Act are recognized in the fund for invested non-restricted equity according to the terms of the option plans.

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

Pension Liabilities

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

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

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

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

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

Provisions

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

Accounting Principles Requiring Management Discretion and Principal Uncertainties Concerning Estimates

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

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

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

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

Application of New and Amended IFRS Standards

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

The Group management estimates that the following standards and their interpretations will have an impact on the future financial statements of the Group.

IFRS 8 Operating Segments (valid for financial periods beginning after January 1, 2009). IFRS 8 replaces the standard IAS 14 Segment reporting. The change renews the segment information. According to the new standard, segment reporting is based on internal management reporting and its accounting principles. The Group estimates that the new standard will not substantially change the present Group segment reporting as the business segments based on internal management reporting are currently the primary reporting format.

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

IFRS 3 Business Combinations (renewed in 2008, valid for financial periods beginning on or after July 1, 2009). Changes in the standard affect the goodwill entered for acquisitions and sales proceeds of business operations. The change also influences the items entered into the income statement both at the acquisition period as well as the periods when additional sales price is settled or additional acquisitions are implemented. According to the transition provision of the standard, business combinations, where the date of acquisition is before the standard's compulsory application, are not adjusted. The renewed standard is not yet approved for application within the EU.

IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries (renewed in 2008, valid for financial years beginning on or after July 1, 2009). The revised standard requires that the effects of changes in subsidiaries' ownership are entered directly into the Group's equity when the parent company continues to hold control. If the parent company loses control of the subsidiary, the remaining investment is valued at fair value through profit and loss. A similar accounting principle will also be applied for investments in associated companies in the future (IAS 28). The standard revision enables allocation of the subsidiary's losses to a minority even when the losses exceed the amount of the minority investment. The renewed standard is not yet approved for application within the EU.

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.

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

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

The reporting structure of the Proha Group was revised during the period under review by moving the Norwegian Safran Software Solutions AS to the Dovre division. The remaining units of the Safran division formed the Camako division. Dovre, Camako, and other operations are separate reporting business segments. Other operations consist mainly of Group administration. The information for the financial year January 1 - December 31, 2008 is thus presented according to the above-mentioned segment division.

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, and Africa), Americas, and APAC (Asia Pacific).

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

Inter-Segment Pricing

Inter-segment pricing is based on fair market price.

Business segments (primary segments)

2008	Dovre division	Camako division	Other operations division	Elimi-nations	Non-allocated	Group total
INCOME STATEMENT INFORMATION						
External net sales	59,328	3,002	101	0		62,432
Intra-Group net sales	18	16	266	-300		-0
Net sales	**59,347**	**3,018**	**367**	**-300**		**62,432**
Operating result of the segment	2,795	-456	-1,542	-200		596
Non-allocated items					0	0
Operating result						**596**
Financing income and expenses					272	272
Share of profit/loss in associates	-242		-0	5		-237
Income taxes					-744	-744
Profit/loss	2,553	-456	-1,542	-195	-472	-113
Net profit/loss						**-113**
BALANCE SHEET INFORMATION						
Segments assets	15,832	1 361	741	3,806		21,739
Investments in associates	410	0	933	0		1,342
Non-allocated assets					3,526	3,526
Assets total	**16,241**	**1,361**	**1,674**	**3,806**		**26,607**
Segments liabilities	11,091	1,538	605	-2,180		11,053
Non-allocated liabilities					2,726	2,726
Liabilities total	**11,091**	**1 538**	**605**	**-2,180**		**13,779**
Other information						
Net sales, goods	498	7		0		505
Net sales, services	58,831	2,995	101	0		61,927
Investments	359	490	51	86	-0	986
Depreciation and amortization	-133	-237	-26	-199	-0	-595
Other non-cash expenses	0	0	-110	0	0	-110

Business segments (primary segments)

2007	Dovre division	Camako division	Other operations division	Elimi-nations	Non-allocated	Group total
INCOME STATEMENT INFORMATION						
External net sales	49,569	1,401	34	0		51,004
Intra-Group net sales	46	10	330	-386		0
Net sales	**49,615**	**1,412**	**364**	**-386**		**51,004**
Operating result of the segment	2,066	-986	-1,065	-172		-156
Non-allocated items					0	0
Operating result						**-156**
Financing income and expenses					-366	-366
Share of profit/loss in associates	-103		-0	17		-85
Income taxes					-566	-566
Profit/loss	852	-1,017	-907	-101	0	-1,174
Net profit/loss						**-1,174**
BALANCE SHEET INFORMATION						
Segments assets	17,930	1,121	2,311	3,219		24,582
Investments in associates	278		984	15		1,277
Non-allocated assets					6 151	6 ,151
Assets total	**18,208**	**1,121**	**3,296**	**3,235**		**32,010**
Segments liabilities	11,092	2,529	1 ,073	-2,772		11,922
Non-allocated liabilities					5,630	5,630
Liabilities total	**11,092**	**2,529**	**1,073**	**-2,772**		**17,552**
Other information						
Net sales, goods	484	141		0		625
Net sales, services	49,085	1,260	34	0		50,379
Investments	1,277	482	123	1,127	0	3,010
Depreciation and amortization	-107	-98	-34	-181	0	-421
Other non-cash expenses	0	0	-117	0	0	-117

Geographical segments (secondary segments)

Net Sales	2008	2007
EMEA	39,827	35,557
AMERICAS	23,172	15,799
APAC	769	1,730
Internal items	-1,337	-2,083
Total	**62,432**	**51,004**

Assets	2008	2007
EMEA	17,957	23,437
AMERICAS	7,410	5,797
APAC	9	391
Internal items	-2,294	-3,766
Non-allocated assets	3,526	6,151
Total	**26,607**	**32,010**

Capital Expenditure	2008	2007
EMEA	648	1,819
AMERICAS	338	1,192
APAC	0	0
Total	**986**	**3,010**

2.5.4 ACQUIRED BUSINESSES

Acquisitions of Financial Year 2008

Camako Finland Oy (previously Datatron Oy)

In March 2008 Proha Plc acquired 40 % ownership of the Camako Finland Oy (previously Datatron Oy). Before the acquisition Proha had 20 % ownership of the company.

Camako Finland Oy offers consultancy services in project management. At acquisition Camako employed three consultants. Camako Finland became part of the Proha's Camako division.

Camako Finland Oy is consolidated in Proha's group financial statements beginning March 31, 2008.

In September 2008 Proha Plc's 100 % owned subsidiary Camako Nordic Oy acquired 40 % ownership of the Camako Finland Oy. As a result, Camako Finland Oy became Proha's fully owned subsidiary.

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

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

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

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

The following assets and liabilities were recognized of the acquiree on September 30, 2008: Acquisition date	Fair values upon business combination 40 % Sep. 30, 2008	Carrying amount before business combination 40 % Sep. 30, 2008	Carrying amount before business combination 100 % Sep. 30, 2008
Non-current assets			
Intangible assets	24	0	0
Tangible assets	4	4	11
Current assets			
Trade receivables and other receivables	76	76	190
Cash and bank	52	52	130
Assets total	**156**	**132**	**331**
Current liabilities			
Deferred tax liability	6		
Trade Payables and other liabilities	40	40	101
Income tax liability	11	11	27
Liabilities total	**57**	**51**	**127**
Net assets	**99**	81	203
Goodwill on acquisition	**170**		
Acquisition cost, total	**269**		

Amount of acquisition cost paid in cash and cash equivalents	367
Amount of acquisition cost paid in Proha Oyj shares	66
Amount of acquisition cost in trade receivables and other receivables	0
Acquisition cost, total	**433**
Amount of acquisition cost paid in cash and cash equivalents	367
cash and cash equivalents on acquisition date	-131
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2008	**236**

Datamar Oy

In October 2008, Proha Plc's fully owned subsidiary Camako Nordic Oy acquired 10 % ownership in Datamar Oy. As a result Datamar Oy became Proha's fully owned subsidiary. The acquisition cost totaled EUR 30 thousand. The acquisition hasn't had material impact on Proha's result or financial position.

Acquisitions of Financial Year 2007

Camako Data AB

In October 2007, Proha acquired full ownership of the Swedish project management IT consultancy company Camako Data AB (Camako).

Established in 1996, Camako Data AB is a project and resource management IT consultancy company concentrating especially in Microsoft products. At acquisition Camako Data AB employed eight consultants and has a strong position in the Swedish markets. Camako Data AB became part of the Proha's Camako division.

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

In December 30, 2008, the acquisition cost of Camako Data AB is estimated approximately at EUR 0.8 million (on December 31, 2007 estimate was EUR 1.1 million). The acquisition cost of Camako Data AB is composed of a fixed portion of approximately EUR 0.7 million and of a potential additional purchase price that is based on certain performance objectives. The additional purchase price is estimated to total a maximum EUR 0.1 million. In the financial year 2008, the adjustment of approximately EUR 0.3 million was recorded because the additional purchase price was subject to certain performance objectives that were not met.

The fixed portion approximately EUR 0.7 million was paid in two installments with approximately EUR 0.4 million paid at closing and approximately EUR 0.3 million in January 2008. The second installment 0.3 million of the fixed purchase price for Camako Data AB was paid cash EUR 0.1 million and EUR 0.1 million in shares by issuing 500,000 new Proha shares for subscription by the seller. According to the terms of the purchase agreement the subscription price of the shares is the weighed average price of Proha shares on the NASDAQ Helsinki Ltd between January 22 - 28, 2008, i.e. EUR 0.26 per share, totaling at EUR 130,000,00. The total amount paid for the shares will be recorded in the fund for invested non-restricted equity. Two thirds (2/3) of the new shares include a sales restriction that expired on October 26, 2008 for the first third and will expire on October 26, 2009 for the second third.

According to the estimate on December 31, 2008, the possible additional purchase price would be approximately EUR 0.1 million and will be paid at latest in 2009 either in cash or in Proha shares. The estimated additional purchase price of approximately 0.1 million is included in the accrued liabilities of the current liabilities in the Group balance sheet on December 31, 2008.

Of the cost of acquisition EUR 0.3 million were allocated to customer relations. Since majority of the customer agreements have a termination period of one month no acquisition cost is allocated to them. Consequently approximately EUR 0.1 million was recognized as deferred tax liability. The fair value of the acquired net assets was approximately EUR 0.2 million. The goodwill of approximately EUR 0.9 million was recognized and was based on Camako being Microsoft Gold Certified Partner with solid experience on Microsoft EPM and Microsoft Sharepoint systems. The acquisition of Camako was an important strategic action for Proha's Safran Systems division and supported Proha's strategy of international expansion. Recorded goodwill from acquisition totaled approximately EUR 0.5 million in December 31, 2008. The decrease of goodwill totaled EUR 0.3 million, the share of EUR 0.2 million of the goodwill reduction was based on acquisition cost adjustment and EUR 0.1 million of translation differences.

In 2007, Camako Data AB's share of the Group result was EUR 0.0 million. In 2007, Camako Data AB's share of the Group net sales would have been EUR 1.2 million and share of Group result EUR 0.0 million, if Camako had been consolidated in the Group financial statements beginning January 1, 2007.

The following assets and liabilities were recognized of the acquiree **Acquisition date**	**Fair values upon business combination Oct. 29, 2007**	**Carrying amount before business combination Oct. 29, 2007**
(EUR 1000)		
Non-current assets		
Intangible assets	369	95
Tangible assets	44	44
Current assets		
Trade receivables and other receivables	220	220
Cash and bank	19	19
Assets total	**652**	**379**
Non-current liabilities		
Deferred tax liability	76	0
Non-current liabilities, interest-bearing	76	76
Current liabilities		
Trade payables and other liabilities	252	252
Liabilities total	**404**	**328**
Net assets	**247**	51
Goodwill on acquisition	**588**	
Acquisition cost, total	**835**	
Amount of acquisition cost paid in cash and cash equivalents	605	
Amount of acquisition cost paid in Proha shares	130	
Amount of non-current, non-interest-bearing liabilities	100	
Acquisition cost, total	**835**	
Amount of acquisition cost paid in cash and cash equivalents	460	
Cash and cash equivalents on acquisition date	-19	
Impact on cash flow from investing activities, Jan. 1, - Dec. 31, 2007	**441**	
Amount of acquisition cost paid in cash and cash equivalents	145	
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2008	**145**	

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

Project Resource Solutions Inc.

Proha's Canadian subsidiary Fabcon Canada Limited acquired full ownership of Project Resource Solutions Inc (PRS) in November, 2007.

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

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

In December 31, 2008, the acquisition cost of PRS is estimated approximately at EUR 1.2 million (December 31, 2007 estimation totaled EUR 1.1 million). In November 2007, the fixed part of the purchase price CAD 1.2 million (approx. EUR 0.9 million) was paid in cash. The acquisition cost of PRS is composed of a fixed portion of CAD 1.2 million and immediate related acquisition costs of EUR 30 thousand.

In addition, the agreement contains an earn-out model that will pay the Sellers 30% of PRS gross profits over the 36 months between November 20, 2007 - December 19, 2010. On the date of acquisition, EUR 0.2 were recognized as adjustment to the acquisition cost and EUR 0.1 million in a year 2008 (including currency exchange difference). The EUR 0.3 million adjustment to acquisition cost consists of additional purchase price based on gross margin between November 20, 2007 and December 31, 2008 and is based on the probability of the adjustment and that it can be reliably defined. The estimated gross margin was based on actual result in November 20, 2007 – December 31, 2008 and on the budget approved by Proha Board for January 1, - December 31, 2009.

Of the cost of acquisition, EUR 0.2 million were allocated to customer relations. Since majority of the customer agreements have short termination period, no acquisition cost was allocated to them. Consequently approximately EUR 0.1 million was recognized as a deferred tax liability. The fair value of the acquired net assets was approximately EUR 0.0 million. The goodwill of approximately EUR 1.0 million was recognized and was based on PRS strengthening the Proha's Dovre division considerably in Canada. PRS's experienced team along with their vast networks will enable further expansion of the Group operations into the Canadian Western Oil Sands frontier. Also synergies are found with other Group operations in North America and in services to international clients globally. The goodwill from PRS acquisition was EUR 1.1 million December 31, 2008 (EUR 1.0 million December 31, 2007). The addition of goodwill totaled EUR 0.1 million, which consist of EUR 0.3 million of acquisition cost adjustment and EUR 0.2 million of translation differences.

In 2007, PRS's share of the Group result was approximately EUR 0.0 million. In 2007, PRS's share of the Group net sales would have been EUR 5.2 million and the share of the Group's result EUR 0.1 million if PRS had been consolidated in the Group financial statements beginning January 1, 2007.

Acquisitions of Financial Year 2006

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

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

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

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

The final purchase price was based on the result of Fabcon in 2006 and the fulfillment of certain other customary terms.

The rest of the purchase price was approximately NOK 8.0 million (approx. EUR 1.0 million) less approximately NOK 1.1 million (approximately EUR 0.1 million) was paid in December 2007. The deduction of NOK 1.1 million in purchase price was based on the purchase agreement according to Proha's view. Since the matter was unsolved, the cost of acquisition was not adjusted in the year-end financial statements of Proha on December 31, 2007. The case was agreed with the seller in 2008. The total reduction of the purchase price totaled NOK 529 thousand, i.e. approximately EUR 54 thousand. The adjustment of the acquisition cost and deduction of goodwill have been recorded EUR 54 thousand in the 2008 financial statements.

Impact on cash flow from investing activities (thousand EUR)	
Jan. 1, – Dec. 31, 2007	875
Jan. 1, – Dec. 31, 2008	59

The following assets and liabilities were recognized of the acquiree on November 20, 2007 Acquisition date	Fair values upon business combination Nov. 20, 2007	Carrying amount before business combination Nov. 20, 2007
Non-current assets		
Intangible assets	202	0
Assets total	**202**	**0**
Deferred tax liability	75	0
Liabilities total	**75**	**0**
Net assets	127	
Goodwill on acquisition	969	
Acquisition cost, total	**1,096**	
Amount of acquisition cost paid in cash and cash equivalents	861	
Amount of non-current, non-interest bearing liabilities	18	
Amount of trade and other payables	217	
Acquisition cost, total	**1,096**	
Amount of acquisition cost paid in cash and cash equivalents	861	
- cash and cash equivalents on acquisition date	0	
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2007	**861**	

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

The adjustment of acquisition cost 2008:	
Acquisition total, estimation Dec. 31, 2007	**1,096**
Translation difference	-164
Adjustment of acquisition cost	277
Acquisition total, estimation Dec. 31, 2008	**1,208**
Amount of acquisition cost paid in cash and cash equivalents	239
Amount of acquisition cost in trade receivables and other receivables	257
Impact on cash flow from investing activities, Jan.1, - Dec. 31, 2008	**496**

2.5.5 NET SALES

Distribution of net sales by revenue type	2008	%	2007	%
Services	60,992	4236.4 %	49,602	97.3 %
One-time license revenue	505	35.1 %	625	1.2 %
Recurring license revenue	935	64.9 %	777	1.5 %
Total	**62,432**	**100.0 %**	**51,004**	**100.0 %**

Distribution of net sales by segment, unconsolidated	2008	%	2007	%
Dovre	59,347	95.1 %	49,615	97.3 %
Camako	3,018	4.8 %	1,412	2.8 %
Other operations	367	0.6 %	364	0.7 %
Eliminations of intergroup transactions	-300	-0.5 %	-386	-0.8 %
Total	**62,432**	**100.0 %**	**51,004**	**100.0 %**

Distribution of net sales by segment, consolidated	2008	%	2007	%
Dovre	59,328	95.0 %	49,569	97.2 %
Camako	3,002	4.8 %	1,401	2.7 %
Other operations	101	0.2 %	34	0.1 %
Total	**62,432**	**100.0 %**	**51,004**	**100.0 %**

2.5.6 OTHER OPERATING INCOME

Other operating income	2008	2007
Rental income	51	52
Subvention	217	27
Gain on disposal of non-current assets, tangibles	1	0
Gain on disposal of non-current assets, investments	18	0
Other operating income	112	0
Total	**399**	**79**

2.5.7 MATERIALS AND SERVICES

Materials and Services	2008	2007
Purchases during the year	6	-2
External services	-323	-87
Total	**-317**	**-89**

2.5.8 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense, total	2008	2007
Salaries and fees	-50,675	-41,324
Pension expenses, defined contribution plans	-374	-316
Pension expenses, defined benefit plans *)	-1,078	-1,013
Pension expenses, total	-1,452	-1,328
Share options granted to employees **)	-110	-117
Other employee benefits, total	-4,678	-4,088
Other employee benefits, total	-4,788	-4,205
Total	**-56,915**	**-46,858**

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

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

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

Average number of employees	2008	2007
Dovre Division	351	297
Camako Division	36	30
Other operations	6	6
Total	**393**	**333**

Number of Group personnel at the end of the period	Dec. 31, 2008	Dec. 31, 2007
Total	**391**	**381**

2.5.9 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortisation and Impairment losses	2008	2007
Depreciation and amortisation according to plan	-595	-421
Total	**-595**	**-421**

2.5.10 OTHER OPERATING EXPENSES

Operating expenses	2008	2007
Premises	-835	-676
Voluntary staff costs	-55	-33
Marketing expenses	-275	-173
Travel expenses	-481	-422
Loss on disposal of non-current assets, investments	-2	0
Administration and other operating expenses	-2,760	-2,569
Total	**-4,408**	**-3,872**

Research & development	2008	2007
Research and development expenses	-1,338	-1,402
Capitalized research and development expenditure	-177	-332
Total	**-1,515**	**-1,734**

Auditor fees	2008	2007
Annual audit	-95	-112
Tax consultancy	-30	-15
Other professional services	-26	-30
Total	**-151**	**-156**

2.5.11 FINANCIAL INCOME AND EXPENSES

Financial income	2008	2007
Dividend income from associates	0	0
Dividend income from others	1	2
Other interest and financial income from associates	56	14
Other interest and financial income from others	1,038	552
Financial income, total	**1,095**	**569**

Financial expenses	2008	2007
Impairment loss on other receivables	0	0
Other interest and financial expenses	-823	-934
Financial expenses, total	**-823**	**-934**
Financial income and expenses, total	**272**	**-366**

Translation differences recognised in income statement	2008	2007
Exchange differences included in financial income and expenses		
Foreign exchange gains	846	28
Foreign exchange losses	-555	-316
Exchange differences recognised in income statement, total	**291**	**-288**

2.5.12 INCOME TAXES

Tax on income from operations	2008	2007
Tax on income from operations	-785	-562
Change in deferred tax asset (Note 2.5.20)	49	-40
Change in deferred tax liability (Note 2.5.20)	-7	36
Total	**-744**	**-566**

Reconciliation of the tax expense in the income statement to the domestic tax rate *)	2008	2007
Result before taxes	**631**	**-607**
Taxes at parent company's rate *)	**-164**	**158**
Deviating tax rates of subsidiaries	-150	-44
Tax-free income and non-deductible expenses	-51	-2
Unrecognized tax assets for the losses of the financial year	-510	-618
Use of carry-forward losses	52	5
Other items	37	-60
Change in deferred tax asset (Note 2.5.20)	49	-10
Change in deferred tax liability (Note 2.5.20)	-7	6
Tax on income from operations	**-744**	**-566**

*) Parent company tax rate was 26 % in 2008 and in 2007.

2.5.13 EARNINGS PER SHARE

2.5.13.1 UNDILUTED EARNINGS PER SHARE

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

Undiluted earnings per share	**2008**	**2007**
Result attributable to the equity holders of the parent (EUR 1000)	-218	-1,191
Weighted average number of shares during the financial year (1000)	61,855	61,219
Undiluted earnings per share (EUR / share)	**-0.00**	**-0.02**

2.5.13.2 DILUTED EARNINGS PER SHARE

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

The Group has 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.

*) All convertible bonds were paid in December 30, 2007

Diluted earnings per share	**2008**	**2007**
Result attributable to the equity holders of the parent (EUR 1000)	-218	-1,191
Weighted average number of shares during the financial year (1000)	61,855	61,219
Stock option adjustment (1000)	0	9
Weighted average number of shares for calculating		
the diluted earnings per share (1 000)	61,855	61,227
Diluted earnings per share (EUR / share)	**-0.00**	**-0.02**

2.5.14 INTANGIBLE ASSETS

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

Intangible assets 2007	Customer agreements and relations	Development costs	Other tangible assets	Total
Acquisition cost, Jan. 1	2,233	115	1, 022	3,370
Translation differences (+/-)	79	4	-8	74
Acquisitions of subsidiaries	473	0	95	568
Additions	0	372	0	372
Acquisition cost, Dec. 31	2,784	491	1,108	4,383
Cumulative amortization and value adjustments, Jan. 1	-479	0	-892	-1,371
Translation differences (+/-)	-19	0	-0	-19
Amortization	-236	-39	-43	-318
Cumulative amortization and value adjustments, Dec. 31	-733	-39	-935	-1,707
Book value Dec. 31, 2007	**2 ,051**	**452**	**173**	**2,676**

CUSTOMER AGREEMENTS AND RELATIONS

Acquisition of Camako Finland Oy (previously Datatron Oy)

In March, 2008, Proha Plc acquired 40 % ownership of the Camako Finland Oy (previously Datatron Oy). Before the acquisition Proha had 20% ownership of the company. In September, 2008, Proha Plc's 100% owned subsidiary Camako Nordic Oy acquired 40% ownership of the Camako Finland Oy. As a result, Camako Finland Oy became Proha Plc's fully owned subsidiary.

Of the acquisition cost, approximately EUR 0.1 million were allocated to customer relations. Since majority of the customer agreements have a termination period of one month, no acquisition cost was allocated to them. The fair values of customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the main variables were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortization periods for the customer agreements and relations were 9.3 years on December 31, 2008.

The information on Camako Finland Oy acquisition is presented in Note 2.5.4 Acquired Businesses.

Acquisition of Camako Data AB

In October, 2007, Proha acquired full ownership of Swedish Camako Data AB. Of the acquisition cost, approximately EUR 0.3 million were allocated to customer relations. Since majority of the customer agreements had a termination period of one month no acquisition cost was allocated to them. The fair values of customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the main variables were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortzation periods for the customer agreements and relations were 8.8 years on December 31, 2008 and 9.8 years on December 31, 2007.

The information on Camako Data AB acquisition is presented in Note 2.5.4 Acquired Businesses

Acquisition of Project Resource Solutions Inc

In November, 2007, Proha's Canadian subsidiary Fabcon Canada Limited acquired full ownership of Resource Solutions Inc. (PRS). Of the acquisition cost, approximately EUR 0.2 million were allocated to customer relations. Since majority of the customer agreements have short termination period no acquisition cost was allocated to them. The fair values of relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the main variables were percentages of change in net sales and costs. The discount rate used was 15%. The remaining amortization periods for the customer relations were 8.9 years on December 31, 2008 and 9.9 years on December 31, 2007.

The information on PRS acquisition is presented in Note 2.5.4 Acquired Businesses

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, approximately EUR 0.5 million was allocated to customer agreements and customer relations. The fair values for the customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the main variables were percentages of change in net sales and costs. The discount rate used was 16%. The remaining amortization periods for the customer agreements and relations were 7.3 on December 31, 2008 and 8.3 years on December 31, 2007.

Acquisition of Dovre International AS

Following the acquisition of Dovre International AS (60%) EUR 1.0 million was allocated to customer agreements and relations. The fair values of customer agreements and customer relations for the 40% ownership by Proha before Jan. 1, 2004, were adjusted to represent the fair values for the remaining 60% on the date of acquisition June 1, 2004. The book value of these customer relations and contracts was EUR 0.7 million following the revaluation. The fair values for the customer contracts and relations were determined on the basis of their discounted estimated cash flows for the next 10 years. In the calculations the main variables were percentages of change in net sales and costs. The discount rate used was 15%. The remaining depreciation periods for the customer agreements and relations were 5.4 years on December 31, 2008 and 6.4 years on December 31, 2007.

2.5.15 GOODWILL

Goodwill	2008	2007
Acquisition cost, Jan. 1.	6,747	4,758
Translation differences (+/-)	-1,158	164
Camako Data AB	-237	856
Camako Finland Oy	282	0
Dovre Fabcon AS	-54	0
Project Resource Solutions Inc	277	969
Book value as of Dec. 31, 2008	**5,857**	**6,747**

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

Goodwill by Segments	2008	2007
Dovre division	5,068	5,891
Camako division	789	856
Total	**5,857**	**6,747**

IMPAIRMENT TESTS

The Proha Group consists of two divisions: Dovre and Camako.

The reporting structure of the Proha Group was revised during the period under review by moving the Norwegian Safran Software Solutions AS to the Dovre division. The remaining units of the Safran division formed the Camako division. Dovre, Camako, and other operations are separate reporting business segments. Other operations consist mainly of Group administration.

In impairment tests, Dovre and Camako are defined as separate groups of cash flow generating units of the Group. Previously, Proha had two divisions: Dovre Consulting and Services division and Safran Systems division. Both Dovre Consulting and Services and Safran Systems were defined as separate groups of cash generating units of the Group.

IMPAIRMENT TESTS IN 2008

Dovre Division

In goodwill, a total of EUR 5.1 million was allocated to Dovre on December 31, 2008 (EUR 5.9 million on Dec 31, 2007).

For the 2008 impairment testing of the group of cash generating units in the Dovre division, the measurement of the recoverable amount is made by reference to value in use. The cash flow forecasts are based on a five-year strategic budget drawn up by management and approved by the Board of Directors of Dovre Group AS. The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual developments, estimate of market developments, product selections, changes in business area, and on expansion of Dovre through acquisition in previous years.

The cash flows after the forecast period have been extrapolated using a 2% growth rate that is assumed to correspond to a reasonable rate of inflation.

The discount rate used is 7.58%, based on the capital yield requirement (WACC) after tax, 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. 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.

Camako Division

In goodwill, a total of EUR 0.8 million was allocated to Camako on December 31, 2008 (EUR 0.9 million on Dec 31, 2007).

For the 2008 impairment testing of the group of cash generating units in the Camako division, the measurement of the recoverable amount is made by reference to value in use. The cash flow forecasts are based on a five-year strategic budget drawn up by management and approved by the Board of Directors of Camako Nordic Oy.

The essential variables used in the testing are the percentages of variation in net sales and expenses, which are based on actual developments, estimate of market developments, product selections, and changes in business area.

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

The discount rate used is 6.81 %, 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. 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.

IMPAIRMENT TESTS IN 2007

Dovre Consulting and Services Division

In goodwill, a total of EUR 5.9 million was allocated to Dovre Consulting and Services on December 31, 2007.

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

In the testing of 2007, the cash flows after the forecast period were extrapolated using a 2% growth rate that was assumed to correspond to a reasonable rate of inflation.

The discount rate used was 6.81%, based on the capital yield requirement (WACC) after tax, that was adjusted by tax effects for impairment testing. The WACC formula inputs were risk-free rate of return, market risk premium, industry-specific beta coefficient, borrowing cost, and target capital structure. Additionally, scenario calculations were made to test the sensitivities of the basic calculation. In scenario calculations, the sensitivity factors used were a higher discount rate than in the basic calculation, lower profitability, and zero growth. Management estimated that a possible change of any essential variable used in a reasonable estimate would not lead to a situation where the recoverable amount for the segment would be lower than its book value.

Safran Systems Division

In goodwill, a total of EUR 0.9 million was allocated to Safran Systems on December 31, 2007.

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

In the testing of 2007, the cash flows after the forecast period were extrapolated using a 2% growth rate that is assumed to correspond to a reasonable rate of inflation.

The discount rate used was 6.81%, based on the capital yield requirement (WACC) after tax, that was adjusted by tax effects for impairment testing. The WACC formula inputs were risk-free rate of return, market risk premium, industry-specific beta coefficient, borrowing cost, and target capital structure. Additionally, scenario calculations were made to test the sensitivities of the basic calculation. In scenario calculations, the sensitivity factors used were a higher discount rate than in the basic calculation, lower profitability, and zero growth. Management estimated that a possible change of any essential variable used in a reasonable estimate would not lead to a situation where the recoverable amount for the segment would be lower than its book value.

2.5.16 TANGIBLE ASSETS

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

Tangible assets 2007	Machinery and equipment
Acquisition cost, Jan. 1	1,444
Translation differences (+/-)	24
Investments in subsidiaries	43
Additions	204
Acquisition cost, Dec. 31	1,714
Cumulative depreciation and value adjustments, Jan. 1	-1,228
Translation differences (+/-)	-26
Depreciation	-103
Cumulative depreciation and value adjustments, Dec. 31	-1,358
Book value Dec. 31, 2007	**356**

2.5.17 INVESTMENTS IN ASSOCIATES

Investments in associates	2008	2007	
In the beginning of the financial year	1,277	982	
Additions	470	373	
Disposals	-72	0	
Share of profit / loss in associates	-237	-85	
Translation differences	-95	7	
At the end of the financial year	**1,342**	**1,277**	*)

Investments in associates	Dec. 31, 2008	Dec. 31, 2007
Kiinteistö Oy Kuukoti	933	933
Safran North America LLC	410	278
Other	0	67
At the end of the financial year	**1,342**	**1,277**

*) Comparison information for 2007 include EUR 277 thousand restatement from long-term loan receivables (Note 2.5.19) to investments in associates.

Safran Solutions AS, a fully owned subsidiary of Proha, has granted loans to its US based associate Safran North America LLC. The loan receivables are treated as net investment in the associate as they do not have any security.

When using equity method, the investor company's share of the lossess exceeding the value of the associated company's common stock has been recognised in income statement by reducing the long-term receivables. After the value adjustments, the long-term receivables from the associate are EUR 410 thousand on December 31, 2008 (EUR 278 thousand on December 31, 2007).

On December 31, 2008, the book value of associates includes EUR 0 thousand of goodwill (EUR 83 thousand on December 31, 2007)

The book value of associates on December 31, 2008 or December 31, 2007 do not include publicly listed companies.

2.5.17 INVESTMENTS IN ASSOCIATES (Continued from previous page)

Investments in associates 2008	Domicile	Assets	Liabilities	Net sales	Profit / loss	Owner-ship (%)
Kiinteistö Oy Kuukoti	Espoo, Finland	5,143	22	167	0	43.5 %
Safran North America LLP	Albuquerque, New Mexico	60	703	86	-386	49.0 %

Investments in associates 2008	Domicile	Assets	Liabilities	Net sales	Profit / loss	Owner-ship (%)
DA Management Solutions Oy**)	Espoo, Finland	45	0	0	1	21.0 %
Camako Finland Oy (previously Datatron Oy) *)	Helsinki, Finland	186	85	507	76	20.0 %
Kiinteistö Oy Kuukoti	Espoo, Finland	5,146	25	155	0	43.5 %
Safran North America LLP	Albuquerque, New Mexico	56	273	58	-327	49.0 %
Tietovaruste Oy**)	Espoo, Finland	41	0	0	-0	49.3 %

*) The Group acquired full ownership in 2008.
**) The company was dissolved in 2008.

Receivables and liabilities to associates	2008	2007
Current trade payables to associates	0	7

Transactions with associates	2008	2007
Sales to associates	0	6
Dividend income from associates	0	0
Interest income from associates	46	15
Purchases from associates	0	45

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

2.5.18 AVAILABLE-FOR-SALE INVESTMENTS

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

Available-for-sale-investments	**2008**	**2007**
Acquisition cost, Jan. 1	48	36
Translation differences	-2	0
Additions	76	12
Book value Dec. 31	**122**	**48**

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.

EUR 35 thousand of available-for-sale-investments are in euros and EUR 10 thousand in Norwegian crowns.

No unlisted shares have been sold during 2008 and 2007.

2.5.19 NON-CURRENT TRADE AND OTHER RECEIVABLES

Other long-term receivables (from others)	**Dec. 31, 2008**	**Dec. 31, 2007**	
Long-term trade receivables (from others)	5	7	
Other long-term receivables (from others)	237	129	
Total	**242**	**136**	***)**

*) EUR 277 thousand of long-term receivables as of December 31, 2007 have been reclassified as investments in associates (See note 2.5.17 Investments in associates).

Long-term receivables by currency	**Dec. 31, 2008**	**Dec. 31, 2007**
Euro	6	7
NOK	46	90
CAD	71	0
USD	120	39
Total	**242**	**136**

The receivables are measured at amortised cost.

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

2.5.20 DEFERRED TAX ASSETS AND LIABILITIES

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

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

Changes in deferred tax assets, 2007	Jan. 1, 2007	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2007
Defined benefit plans	132	7	27	0	166
Carry-forward losses	30	0	0	0	30
Other temporary differences	45	-1	-37	0	7
Total	**208**	**6**	**-10**	**0**	**204**
			Note 2.5.12		

Changes in deferred tax liabilities, 2007	Jan. 1, 2007	Translation differences	Recognized in income statement	Acquired subsidiaries	Dec. 31, 2007
Revaluation of intangible assets at fair value	-491	-17	66	-150	-592
Capitalized and amortized R&D costs	0	0	-30	0	-30
Other temporary differences	-0	0	-30	0	-31
Total	**-491**	**-17**	**6**	**-150**	**-653**
			Note 2.5.12		

Carry-forward losses of Group

On December 31, 2008 the Group had EUR 16,8 million in carry-forward losses (EUR 14,7 million on Dec. 31, 2007), for which no deferred tax assets were recognized due to the uncertainty of the possible tax benefit. The losses in question will expire during 2011-2017.

2.5.21 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables	Dec. 31, 2008	Dec. 31, 2007
Trade receivables	10,692	12,372
Loan receivables	59	531
Other receivables	477	116
Interest receivables (from others)	0	18
Accrued personnel expenses	196	311
Prepayments and accrued income on sales	1,280	976
Prepayments and accrued income on expenses	566	893
Tax receivables	14	0
Total	**13,283**	**15,216**

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

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

The fair values of receivables correspond their balance sheet values.

In 2008 the Group recognized EUR 4 thousand in credit losses, EUR 74 thousand in 2007.

Expiries of trade receivables	Dec. 31, 2008	Dec. 31, 2007
Unexpired	4,916	5,742
Expired		
Under 30 days	2,749	4,783
30 - 60 days	1,590	837
61 - 90 days	609	291
Over 90 days	829	719
Total	**10,692**	**12,372**

Trade and other receivables by currency	Dec. 31, 2008	Dec. 31, 2007
EUR	851	627
NOK	6,876	9,448
CAD	2,308	3,925
USD	2,920	908
SEK	266	258
GBP	61	50
Total	**13,283**	**15,216**

2.5.22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Dec. 31, 2008	Dec. 31, 2007
Cash and bank	3,118	2,122
Short-term money market investments	0	3,227
Total	**3,118**	**5,349**

Cash and cash equivalents include cash at hand and bank accounts as well as money market investments with maturity of less than three months. The fair value of cash and cash equivalents corresponds their balance sheet value. No material credit risk concentrations are related to cash and cash equivalents.

2.5.23 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 the NASDAQ OMX Helsinki Ltd. The maximum number of Proha Plc shares is 160 million (160 million in 2007). The share does not have a nominal value. The maximum share capital is EUR 41.6 million (EUR 41.6 million in 2007). All issued shares are fully paid for.

Reconciliation of number of shares	Number of shares	Share capital	Share premium account	Revaluation reserve	Unrestricted equity fund *)	Total
Dec. 31, 2006	**61,218,670**	**15,917**	**4,379**	**368**	**0**	**20,663**
Translation difference	0	0	0	13	0	13
Transfer to retained earnings ****)	0	0	0	-51	0	-51
Dec. 31, 2007	**61,218,670**	**15,917**	**4,379**	**329**	**0**	**20,625**
Translation difference	0	0	0	-60	0	-60
Transfer to retained earnings ****)	0	0	0	-42	0	-42
Share issue**)	500,000	0	0	0	130	130
Share issue***)	243,081	0	0	0	66	66
Dec. 31, 2008	**61,961,751**	**15,917**	**4,379**	**227**	**196**	**20,718**

*) Unrestricted equity fund

**) Camako Data AB acquisition

***) Camako Finland Oy acquisition

Information on acquisitions is presented in Note 2.5.4 Acquired businesses

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

The adjustments to fair values of customer agreements and relations of Dovre International AS are recognized in the revaluation reserve. See Note 2.5.14 Intangible assets.

Translation differences

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

2.5.24 SHARE-BASED PAYMENTS

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

Option plan	**Proha Options 2005 key personnel**
Type of plan	Share options
Grant date	3/29/2005
Exercise price	EUR 0.50
Share price on grant date	EUR 0.46
Option period (years)	4 years
Condition for exercising option rights	see 1) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.46
Exercise price	EUR 0.50
Expected volatility, see 7)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk-free interest rate	2.3 %
Anticipated cuts in personnel %	27.8 %
Fair value of option on grant date	0.09
Granted options	535,080
Far value of option plan on grant date (EUR thousand)	35

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

Option plan	**Proha Options 2005 management**	**Proha Options 2005 management**
Type of plan	Share options	Share options
Grant date	4/22/2005	9/21/2005
Exercise price	EUR 0.50	EUR 0.50
Share price on grant date	EUR 0.50	EUR 0.41
Option period (years)	4 years	4 years
Condition for exercising option rights	see 2) and 6)	see 3) and 6)
Exercise	As shares	As shares
Pricing model used	Black & Scholes	Black & Scholes
Variables used in the pricing model:		
Share price on grant date	EUR 0.50	EUR 0.41
Exercise price	EUR 0.50	EUR 0.50
Expected volatility, see 7)	25%	25%
Expected option period (on grant date)	4 years	4 years
Expected dividends	0	0
Risk-free interest rate	2.3 %	2.2 %
Anticipated cuts in personnel %	27.8 %	27.8 %
Fair value of option on grant date	0.11	0.06
Granted options	585,000	90,000
Far value of option plan on grant date (EUR thousand)	49	4

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

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

Option plan	**Proha Options 2006**
Type of plan	Share options
Grant date	5/30/2006
Exercise price	EUR 0.48
Share price on grant date	EUR 0.39
Option period (years)	4 years
Condition for exercising option rights	see 4) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.39
Exercise price	EUR 0.48
Expected volatility, see 7)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk-free interest rate	3.9 %
Anticipated cuts in personnel %	15.0 %
Fair value of option on grant date	0.06
Granted options	1,341,000
Fair value of option plan on grant date	78

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

Option plan	Proha Options 2007
Type of plan	Share options
Grant date	6/28/2007
Exercise price	EUR 0.37
Share price on grant date	EUR 0.39
Option period (years)	4 years
Condition for exercising option rights	see 5) and 6)
Exercise	As shares
Pricing model used	Black & Scholes
Variables used in the pricing model:	
Share price on grant date	EUR 0.39
Exercise price	EUR 0.37
Expected volatility, see 7)	25%
Expected option period (on grant date)	4 years
Expected dividends	0
Risk-free interest rate	4.5 %
Anticipated cuts in personnel %	15.0 %
Fair value of option on grant date	0.11
Granted options	2,109,999
Far value of option plan on grant date (EUR thousand)	191

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

6) If the subscriber's employment in the Proha Group ends for an other reason than retirement or death, the company has, by Board decision, the right to redeem at no cost the subscriber's option rights for which the subscription period has not started.

7) The expected volatility is based on the adjusted historical volatility of Proha share prices because on low turnover the value of the option is not considered to fully reflect the historical volatility of the share because on a thin market the sale of shares easily presses the share price down.

Option expense in income statement	2008	2007
Employee benefit expense, Note 2.5.8	110	117

The profit and loss effect of management options is presented in Note 2.5.35.5 Related party transactions / Key management compensations.

The changes in options and the weighed average exercise prices in 2008	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2007	4,123,250	0.44
New options issued	360,000	0.37
Redeemed options	-149,730	0
Exercised options	0	0
Expired options	0	0.00
Outstanding on December 31, 2008	**4,333,520**	**0.44**
Excercisable on December 31, 2008	**2,590,520**	**0.46**

The changes in options and the weighed average exercise prices in 2007	Number (in shares)	Weighted average exercise price (EUR/share)
Outstanding on Jan. 1, 2007	4,528,285	0.47
New options issued	1,707,000	0.37
Expired options	0	0.00
Exercised options	0	0.00
Expired options	-2,112,035	0.46
Outstanding on December 31, 2007	**4,123,250**	**0.44**
Excercisable on December 31, 2007 *)	**1,166,830**	**0.49**

*) comparison information corrected

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

Exercise price of outstanding share options and weighted average contractual life on Dec. 31, 2007	Number (in shares)	Exercise price (EUR)	Weighted average remaining contractual life (years)
Options 2005	1,075,250	0.50	1.3
Options 2006	1,341,000	0.48	2.4
Options 2007	1,707,700	0.37	3.4
Outstanding on Dec. 31, 2007	**4,123,950**	**0.44**	**2.5**

2.5.25 LONG-TERM LIABILITIES, INTEREST-BEARING

Group	Dec. 31, 2008	Dec. 31, 2007
Loans from financial institutions	903	634
Other loans	235	376
Total	**1,139**	**2,010**

Expiries of long-term liabilities	2008	2007
2009	0	778
2010	441	486
2011	441	553
2012	132	74
2013	0	0
Later	125	119
Total	**1,139**	**2,010**

The average interest rate for loans was 6,7 % (6,6 % in 2007).

Interest-bearing long-term liabilities by currency	Dec. 31, 2008	Dec. 31, 2007
NOK	973	1,717
CAD	166	191
USD	0	102
Total	**1,139**	**2,010**

The information on currency and interest rate risks are presented in Note 2.5.31 Financial risks management and capital management.

The fair value of liabilities equals their balance sheet value.

2.5.26 LONG-TERM LIABILITIES, NON-INTEREST-BEARING

Group	Dec. 31, 2008	Dec. 31, .2007
Long-term accrued liabilities, interest-free *)	0	375
Long-term accrued liabilities, interest-free **)	0	18
Long-term tax liabilities, income tax, interest-free	150	46
Total	**150**	**439**

*) Acquisition of Camako Data AB and **) Project Resource Solutions Inc. are presented in Note 2.5.4 Acquired businesses

Expiries of long-term liabilities	2008	2007
2009	0	439
2010	150	0
Total	**0**	**439**

Interest-bearing long-term liabilities by currency	Dec. 31, 2008	Dec. 31, 2007
EUR	45	439
CAD	85	0
NOK	20	0
Total	**150**	**439**

The fair value of liabilities equals their balance sheet value.

2.5.27 LIABILITIES FROM DEFINED BENEFIT PLAN

Liabilities from defined benefit plan	Dec. 31, 2008	Dec. 31, 2007
Continuing operations	640	488
Total	**640**	**488**

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.

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

The amounts recognized in the balance sheet	Dec. 31, 2008	Dec. 31, 2007
Present value of funded obligations	6,018	5,656
Fair value of plan assets	-3,447	-4,439
Surplus / (deficit)	2,571	1,217
Unrecognised actuarial gains (losses)	-2,294	-788
Employer fees	363	60
Liabilities from defined benefit plan	**640**	**488**

The amounts recognized in the income statement	2008	2007
Current service cost	1,014	940
Interest cost	256	245
Expected return on plan assets	-268	-242
Administration cost	24	20
Net actuarial losses (gains) recognised in year	28	22
Employer fees	145	139
Total included in employee benefit expense	**1,199**	**1,125**

Changes in the present value of the obligation	2008	2007
Present value of obligation, Jan. 1	**5,655**	**5,325**
Current service cost	1,014	940
Interest cost	256	245
Actuarial (gain) loss on obligation	423	-1,010
Exchange differences	-1,304	189
Benefits paid	-27	-33
Present value of obligation, Dec. 31	**6,018**	**5,655**

Changes in the fair value of the plan assets	2008	2007
Fair value of plan asset, Jan. 1	**4,439**	**3,856**
Expected return on plan assets	268	243
Actuarial gain (loss) on plan assets	-1,030	-663
Contributions by employer	675	920
Exchange differences	-854	136
Administration cost	-24	-20
Benefits paid	-27	-33
Fair value of plan assets, Dec. 31	**3,447**	**4,439**

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

Return on plan assets	2008	2007
	-953	242

The major categories of plan assets as a percentage of total plan assets are as follows:	2008	2007
Equities	6.0 %	24.8 %
Bonds	61.1 %	49.2 %
Property	17.1 %	15.6 %
Money market investments	11.5 %	7.5 %
Other funds	4.3 %	2.9 %
Total	**100.0 %**	**100.0 %**

Principal actuarial assumptions at the balance sheet date	2008	2007
Discount rate, Dec. 31	4.7 %	4.5 %
Future salary increases	4.5 %	4.5 %
Future social security payment increases	4.3 %	4.5 %
Future pension increases	2.0 %	1.8 %
Expected return on plan assets, Dec. 31	5.8 %	5.5 %

Expeted return on plan assets is determined based from experience that the expected rate of return of the major categories of the plan assets tends to be 1 % - 1.1 % higher than the discount rate. Assumption is based on previous experience.

The Group expects to contribute 0.8 million euros to its defined benefit plan in 2009.

2.5.28 SHORT-TERM INTEREST-BEARING LIABILITIES

Group	Dec. 31, 2008	Dec. 31, 2007
Short-term loans from financial institutions, interest-bearing	461	2,227
Short-term loans from others, interest-bearing	86	62
Total	**547**	**2,289**

Average interest rate for loans was 6,5 % in 2008 (6,3 % in 2007).

Interest-bearing current liabilities by currency	2008	2007
NOK	483	2,183
CAD	0	62
SEK	64	44
Total	**547**	**2,289**

Information on currency and interest rate risks are presented in Note 2.5.31 Financial risks management and capital management.

The fair value of liabilities equals their balance sheet value.

2.5.29 TRADE PAYABLES AND OTHER LIABILITIES

Other short-term debt, interest-free, Group	Dec. 31, 2008		Dec. 31, 2007	
Short-term advances received, interest-free	427		233	
Short-term trade payables to associates, interest-free	0		7	
Short-term trade payables, interest-free	2,439		3,499	
Short-term liabilities on investments, interest-free	257	*)	217	*)
Current liabilities to others, interest-free	5,342		5,158	
Total	**8,465**		**9,115**	

Short-term accruals & deferred income, interest-free, Group	Dec. 31, 2008		Dec .31, 2007	
Short-term liabilities on investments, interest-free	100	**)	136	***)
Accrued employee expenses, interest-free	1,168		1,250	
Other short-term accrued liabilities on expenses, interest-free	574		539	
Total	**1,842**		**1,926**	
Trade payables and other liabilities, Group	**10,307**		**11,041**	

Tax liability, income tax, Group	Dec. 31, 2008	Dec. 31, 2007
Current tax liabilities, income taxes, interest-free	406	632
Total	**406**	**632**

*) Acquisition of Project Recource Solutions Inc.

**) Acquisition of Camako Data AB

***) Acquisition of Fabcon

Information on acquisitions is presented in Note 2.5.4 Acquired businesses.

2.5.29 TRADE PAYABLES AND OTHER LIABILITIES (Continued from previous page)

Division of short-term interest-free liabilities by currency:	Dec. 31, 2008	Dec. 31, 2007
EUR	993	1,140
NOK	6,342	7,609
CAD	1,426	1,140
USD	1,705	1,456
SEK	164	293
GBP	83	35
Total	**10,712**	**11,673**

2.5.30 CURRENT PROVISIONS

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

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

2.5.31 FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

2.5.31.1 FINANCIAL RISKS MANAGEMENT

Proha is exposed to several financial risks in its normal business operations. Proha manages its risks by being aware of the essential risk factors in its business and financing, as well as integrating risk management into its business processes. In risk management, the principle of risk diversification is applied. The main financial risks are currency risk, interest rate risk, and liquidity risk. Credit risk and price risk are additional risks.

Proha's Board of Directors supervises the company's risk management.

Currency risk

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

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

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

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

2.5.31.1 FINANCIAL RISKS MANAGEMENT (Continued from previous page)

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

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

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

Million EUR	EUR	NOK	CAD	USD	Other	Total
Non-current assets	1.5	7.5	1.1	0.0	1.3	11.4
Current assets	3.5	10.4	2.0	4.3	0.4	20.6
Assets total	**5.1**	18.0	**3.1**	**4.3**	**1.6**	**32.0**
Non-current liabilities	0.4	2.7	0.3	0.1	0.1	3.6
Current liabilities	1.1	9.8	1.2	1.5	0.4	14.0
Liabilities total	**1.5**	12.5	**1.5**	**1.6**	**0.4**	**17.6**

In the table below, the weakening or strengthening of the euro is compared to the Norwegian crown, US dollar, and Canadian dollar when all other factors remain unchanged. The percentages are based on annual volatility in 2008. Sensitivity analysis is based on foreign currency assets and liabilities on December 31, 2008. Net investments in foreign units are not included in the analysis.

Million EUR	EUR/NOK	EUR/CAD	EUR/USD	Total
Percentage change(+/-)	13.9 %	12.6 %	10.4 %	
Effect on result after taxes (+/-)	0.8	0.3	0.3	1.3
Effect on equity (+/-)	0.8	0.3	0.3	1.3

Interest Rate Risk

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

On December 31, 2008, the Group interest bearing liabilities totaled EUR 1.6 (4.3) million, of which EUR 1.1 (2.0) million was long-term and EUR 0.5 (2.3) million was short-term.

On December 31, 2008, the majority of the Group's loans had a fluctuating interest rate and was NIBOR-linked. Realized average balances of the fluctuating interest rate loans in 2008 are used in calculating the sensitivity analysis. On December 31, 2008, the fluctuating interest rate loans would have affected the result before taxes by EUR -32 thousand, if the interest rate had risen 2 percentage points. Equally, on December 31, 2008, the fluctuating interest rate loans would have affected the result before taxes by EUR +32 thousand, if the interest rate had fallen 2 percentage points.

Information on the Group's loans is presented in Notes 2.5.25, Interest bearing long-term liabilities and 2.5.28, Interest-bearing current liabilities.

Liquidity Risk

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

On December 31, 2008, the Group's cash and cash equivalents amounted to EUR 3.1 (5.3) million. In addition, the parent company and subsidiaries have unused credit limits. The cash and cash equivalents have been reduced by acquisitions and loan repayments.

Credit Risk

The Group has no material credit risk accumulations from receivables, because the majority of its customers are large and financially solid companies. The customers' creditworthiness is secured through credit checks. The Group does not provide actual customer financing. The maximum amount of the Group's credit risks correspond to the book value of the financing assets on the date of the financial statement. The expirations of the receivables are presented in Note 2.5.21, Trade and other receivables.

Price Risk

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

2.5.31.2 CAPITAL MANAGEMENT

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

On December 31, 2008, the interest bearing net liabilities were EUR -1.5 million (EUR -1.0 million in 2007).
In the calculation of the debt to equity ratio, the amount of interest bearing net liabilities is divided by the amount of equity. Net liabilities include interest bearing liabilities deducted by cash assets.
The debt to equity ratios were as follows:

Debt to equity ratio	**2008**	**2007**
Interest bearing liabilities	1.6	4.3
Cash assets	3.1	5.3
Net liabilities	**-1.5**	**-1.0**
Equity and minority interest	**12.8**	**14.5**
Debt to equity ratio	**-11.5%**	**-7.3%**

2.5.32 OTHER RENTAL AGREEMENTS

2.5.32.1 GROUP AS THE LESSEE

The minimum leases paid for non-cancellable other leases	2008	2007
Not later than one year	218	338
Later than one year and not later than five years	557	1,008
Total	**776**	**1,346**

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 2008 income statement includes EUR 772 thousand (EUR 626 thousand in 2007) in lease payments for other leases.

2.5.32.2 GROUP AS THE LESSOR

The minimum income on non-cancellable other leases	2008	2007
Not later than one year	65	28
Total	**65**	**28**

The Group has leased out office space not needed.

The leases are valid until further notice on a six-month notice.

In 2008 EUR 10 thousand (EUR 9 thousand in 2007) was recognized as income on variable leases.

2.5.33 SECURITIES AND CONTINGENT LIABILITIES

Collateral for own commitments	Dec. 31, 2008	Dec. 31, 2007
Liabilities secured by corporate mortgages		
Loans from financial institutions and checking account credit lines used	1,170	3,759
Book value of shares of Dovre Internationa AS and Dovre Fabcon AS as well as current assets of Dovre Fabcon AS	4,704	7,389
Liabilities secured by assets		
Loans and checking account credit lines used	269	251
Book value of trade receivables and fixed assets given as security	542	674
Liabilities secured by shares		
Loans from financial institutions	0	0
Book value of pledged shares	511	511

Lease liabilities are presented in Note 2.5.32 Other rental agreements.

DISPUTES AND COURT PROCEEDINGS
The dispute related to the termination of emloyment of the former CEO of the Group's Norwegian subsidiary Safran Software Solutions AS, Steinar Dalva, has been reconciled. The company has no pending disputes or court proceedings.

2.5.34 SUBSIDIARIES

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

2.5.35 RELATED PARTY TRANSACTIONS

2.5.35.1 TRANSACTIONS WITH RELATED PARTIES

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

Transaction with the associated companies are presented in the Note 2.5.17 Investments in associates

Sales	2008	2007
Rents and administrative services	14	74
Total	**14**	**74**

2.5.35.1 TRANSACTIONS WITH RELATED PARTIES (Continued from previous page)

Purchases	2008	2007
Consulting fees*)	152	0
Consulting fees**)	172	286
Rents*)	260	240
Other	3	9
Total	**587**	**535**

Financing expenses	2008	2007
Interest on the convertible loan ***)	0	84
Total	**0**	**84**

Open balances with the related parties	Dec. 31, 2008	Dec. 31, 2007
Investments in available for sale financing assets	0	12
Trade receivables	0	1
Trade payables	58	32

*) Consulting fees and rents have been paid to a company under control of Birger Flaa, a member of the Board in Proha Plc.

**) Consulting fees have been paid to a company under control of Otto Søberg, managing director of Dovre Group AS.

***) The convertible loan subscribed for by the investment company of the previous company CEO fell due on December 30, 2007.

2.5.35.2 TERMS OF RELATED PARTY TRANSACTIONS

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

2.5.35.3 MANAGEMENT LOANS

There were no loans given to management on December 31, 2008 or December 31, 2007.

2.5.35.4 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 Dovre Group AS and Camako Nordic Oy.
The comparison information for 2007 has been changed to correspond the new business segments.

CEO and Board Members	2008	2007
CEO and executive vice president of parent company	946	344
Members of the Board of parent company	78	36
CEOs of subsidiaries	143	175
Members of the Boards of subsidiaries	0	0
Total	**1,167**	**555**

2.5.35.4 MANAGEMENT REMUNERATION AND FRINGE BENEFITS (Continued from previous page)

Proha Plc	2008	2007
Olof Ödman - Chairman of the Board until February 26, 2008	3	18
Ernst Jilderda - Chairman of the Board beginning February 27, 2008	27	10
Antti Manninen - Member of the Board beginning February 26, 2008	17	0
Svein Stavelin - Member of the Board beginning February 26, 2008	15	0
Jon Erling Tenvik - Member of the Board beginning February 26, 2008	15	0
Gjalt de Vries - Member of the Board until February 26, 2008	2	8
Pekka Pere - CEO until March 19, 2008 1)	782	344
Ilari Koskelo - CEO beginning March 19, 2008 2)	50	0
Janne Rainvuori - Executive Vice President beginning March 19, 2008 2)	114	0
Total	**1,024**	**380**

Dovre Group AS	2008	2007
Arve Jensen - CEO of Dovre Group AS until June 3, 2008	77	175
Otto Søberg, CEO of Dovre Group AS beginning June 3, 2008 3)	0	0
Total	**77**	**175**

Camako Nordic Oy	2008	2007
Timo Saros - CEO of Camako Nordic Oy beginning August 7, 2008 4)	66	0
Total	**66**	**0**
Total	**1,167**	**555**

1) The previous 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 of EUR 670 thousand for the CEO of Proha Plc corresponded to 24 months' salary.

2) The contracts of present CEO and Executive Vice President of Proha Plc do not include orders regarding retirement age or pension.

3) Otto Søberg has invoiced his fee from a company under his control. Information on consulting fees are presented in Note 2.5.35.1.

4) Timo Saros was appointed as a head of Camako division on May 7, 2008.

2.5.35.5 KEY MANAGEMENT PERSONNEL COMPENSATION

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 Dovre Group AS and Camako Nordic Oy.

The comparison information for 2007 has been changed to correspond the new business segments.

Group, total	2008	2007
Salaries and other short-term employee benefits	521	615
Post-employment benefits	59	77
Severance pay in connection to termination of employment	689	0
Share-based payments	49	19
Total	**1,317**	**712**

Dovre division 1)	2008	2007
Salaries and other short-term employee benefits	91	207
Post-employment benefits	5	12
Share-based payments	6	9
Total	**102**	**228**

Camako division	2008	2007
Salaries and other short-term employee benefits	68	0
Post-employment benefits	13	0
Share-based payments	7	0
Total	**87**	**0**

Other operations	2008	2007
Salaries and other short-term employee benefits	362	408
Post-employment benefits	41	65
Severance pay in connection to termination of employment	689	0
Share-based payments	37	11
Total	**1,129**	**484**

1) Otto Søberg has invoiced his fee from a company under his control. Information on consulting fees are presented in Note 2.5.35.1.

2.5.35.6 MANAGEMENT OPTIONS

2008

The figures of 2008 includes options to Board members and CEOs of Proha Plc.

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

*) Also a Board member of Dovre Group AS

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

2007

Dovre division	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable Dec. 31, 2007
Arve Jensen, CEO, Dovre International AS	90,000	90,000	90,000	90,000
Svein Blomsø, CEO, Safran Software Solutions AS	0	0	90,000	0
Total	**90,000**	**90,000**	**180,000**	**90,000**

Camako division	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable Dec. 31, 2007
Jouko Järvinen, CEO, Datamar Oy	45,000	45,000	33,000	45,000
Total	**45,000**	**45,000**	**33,000**	**45,000**

2.5.35.6 MANAGEMENT OPTIONS (Continued from previous page)

Proha Plc	Proha Options management 2005	Proha Options 2006	Proha Options 2007	Excercisable Dec. 31, 2007
Pekka Pere, CEO, Proha Plc	0	210,000	210,000	70,000
Olof Ödman, Chairman of the Board, Proha Plc	0	60,000	90,000	20,000
Birger Flaa, Member of the Board, Proha Plc	0	90,000	90,000	30,000
Ernst Jilderda, Member of the Board, Proha Plc	0	30,000	90,000	10,000
Gjalt de Vries, Member of the Board, Proha Plc	0	0	90,000	0
Total	**0**	**390,000**	**570,000**	**130,000**
Grand total	**135,000**	**525,000**	**783,000**	**265,000**

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

3. Financial Statements of the Parent Company, FAS

3.1 PARENT COMPANY INCOME STATEMENT, FAS

	Note	Jan. 1-Dec. 31, 2008	Jan. 1-Dec. 31, 2007
NET SALES	**3.4.2**	**746**	**616**
Other operating income	**3.4.3**	352	79
Materials and services		-521	-227
Staff costs	**3.4.4**	-1,836	-1,648
Depreciation, amortization and value adjustments	**3.4.5**	-25	-73
Other operating expenses		-675	-968
OPERATING RESULT		**-1,958**	**-2,222**
Financial income and expenses	**3.4.6**	223	158
RESULT BEFORE EXTRAORDINARY ITEMS		**-1,735**	**-2,065**
RESULT BEFORE TAXES		**-1,735**	**-2,065**
RESULT FOR THE FINANCIAL YEAR		**-1,735**	**-2,065**

3.2 PARENT COMPANY BALANCE SHEET, FAS

	Note	Dec. 31, 2008	Dec. 31, 2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**3.4.7**	7	14
Tangible assets	**3.4.8**	22	84
Investments	**3.4.9**		
Investments in subsidiaries	**3.4.9.1**	5,523	5,443
Investments in associates	**3.4.9.2**	933	1,031
Other investments	**3.4.9.3**	34	34
NON-CURRENT ASSETS TOTAL		**6,518**	**6,606**
CURRENT ASSETS			
Non-current receivables	**3.4.10**	405	762
Current receivables	**3.4.11**	2,874	1,274
Cash and cash equivalents		233	3,366
CURRENT ASSETS TOTAL		**3,512**	**5,402**
ASSETS		**10,029**	**12,008**
LIABILITIES			
SHAREHOLDERS' EQUITY	**3.4.12**		
Share capital	**3.4.12.1**	15,917	15,917
Share premium account	**3.4.12.2**	4,780	4,780
Other reserves			
Unrestricted equity reserve	**3.4.12.3**	196	
Profit/loss brought forward	**3.4.12.4**	-9,734	-7,670
Profit/loss for the financial year	**3.4.12.5**	-1,735	-2,065
SHAREHOLDERS' EQUITY TOTAL		**9,424**	**10,963**
OBLIGATORY PROVISIONS	**3.4.13**	**21**	**0**
LIABILITIES			
Current liabilities	**3.4.14**	585	1,045
CREDITORS TOTAL		**585**	**1,045**
LIABILITIES		**10,029**	**12,008**

3.3 PARENT COMPANY CASH FLOW STATEMENT, FAS

	Jan.1-Dec.31, 2008	Jan.1-Dec.31, 2007
Cash flow from operating activities		
Operating profit (+) / loss (-)	-1,958	-2,222
Adjustments	57	73
Change in net working capital	12	498
Financial expenses	-8	-164
Financial income	196	384
Cash flow from operating activities	**-1,700**	**-1,431**
Cash flow from investing activities		
Investments in tangible and intangible assets	-49	-88
Disposal of tangible and intangible assets	48	0
Purchase of shares in subsidiaries	-213	-460
Other investments	45	-12
Disposal of subsidiaries	19	0
Disposal of shares in associates	0	75
Proceeds and repayments of loan receivables	-1,310	-1,191
Dividends received from investments	30	0
Cash flow from investing activities	**-1,430**	**-1,675**
Cash flow from financing activities		
Repayments of short-term loans	0	-2,834
Cash flow from financing activities	**0**	**-2,834**
Change in cash and cash equivalents	**-3,130**	**-5,940**
Cash and cash equivalents Jan. 1	-3,366	-9,385
Changes in foreign exchange rates	3	79
Cash and cash equivalents Dec.31	233	3,366
Change in cash and cash equivalents	**-3,130**	**-5,940**

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

3.4.1 ACCOUNTING PRINCIPLES

The 2008 consolidated financial statements of Proha Plc are prepared in accordance with the Finnish Accounting Act. The Proha Group adopted International Financial Reporting Standards (IFRS) starting January 2005.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transaction date. At the end of the accounting period, assets and liabilities on foreign currency are valued at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses related to financing are presented under financial income and expense in the income statement. Other foreign exchange gains and losses are included in the operating profit.

Revenue recognition

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

Other operating income

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

Pensions

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

Research and development

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

Group structure

On July 1, 2008 Proha Plc founded a fully owned company Camako Nordic Oy. The Camako business entity was transferred in book value from the parent company Proha Plc to the new company Camako Nordic Oy. The transferred assets comprised of all assets and liabilities of the Camako division.

The purpose of the transfer of business was to align the legal structure of the Group with the business structure based on the management structure of the Group.

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	2008	2007
Finland	462	277
Norway	249	339
Other countries	35	0
Total	**746**	**616**

3.4.3 OTHER OPERATING INCOME

	2008	2007
Rents	79	52
Gain on sale of non-current assets, tangible assets	1	0
Gain on sale of non-current assets, investments	42	0
Funding from Tekes	229	27
Other operating income	0	0
Total	**352**	**79**

3.4.4 STAFF COSTS

	2008	2007
Wages and salaries	-1,627	-1,319
Pension costs	-153	-231
Other personnel expenses	-55	-98
Total	**-1,836**	**-1,648**

Management remuneration	**2008**	**2007**
Managing Director until March 19, 2008	782	344
Managing Director starting March 19, 2008	50	0
Deputy Managing Director	114	0
Members of the Board of Directors	78	36
Total	**1,024**	**380**

Management remuneration of previous CEO includes a severance payment of 670 thousand euros in 2008.

Pension liabilities for the Members of the Board of Directors and the Managing Director and the Deputy Managing Director

The Managing Director agreement or the Deputy Managing Director agreement do not contain any provisions of retirement age or pension.

Number of personnel	**2008**	**2007**
On the average	12	18
At the end of the financial year	**5**	**17**

3.4.5 DEPRECIATION, AMORTIZATION AND VALUE ADJUSTMENTS

	2008	2007
Depreciation according to plan	**-25**	**-73**

Audit fees	**2008**	**2007**
Audit	55	78
Certificates and opinions	2	0
Tax consultancy	4	0
IFRS consultancy	2	4
Total	**62**	**83**

3.4.6 FINANCIAL INCOME AND EXPENSES

3.4.6.1 Dividend income	2008	2007
From Group companies	30	0
Total	**30**	**0**

3.4.6.2 Other interest and financial income	2008	2007
From Group companies	149	41
From other companies	57	359
Total	**207**	**400**

3.4.6.3 Interest and other financial expenses	2008	2007
To Group companies	-4	0
To other companies	-9	-243
Total	**-13**	**-243**
Financial income and expenses total	**223**	**157**

3.4.7 INTANGIBLE ASSETS

3.4.7.1 Software and licenses	2008	2007
Acquisition cost as of Jan. 1	0	570
Acquisition cost as of Dec. 31	0	570
Accumulated amortization and value adjustments as of Jan. 1	0	-567
Amortization expense for the financial year	0	-3
Accumulated amortization and value adjustments as of Dec. 31	0	-570
Book value as of Dec. 31	**0**	**0**

3.4.7 INTANGIBLE ASSETS (Continued from previous page)

3.4.7.2 Other capitalized expenditure	2008	2007
Acquisition cost as of Jan. 1	230	230
Acquisition cost as of Dec. 31	230	230
Accumulated amortization and value adjustments as of Jan. 1	-216	-183
Amortization expense for the financial year	-7	-33
Accumulated amortization and value adjustments as of Dec. 31	-223	-216
Book value as of Dec. 31	**7**	**14**

Total intangible assets	2008	2007
Acquisition cost as of Jan. 1	230	800
Acquisition cost as of Dec. 31	230	800
Accumulated amortization and value adjustments as of Jan. 1	-216	-750
Amortization expense for the financial year	-7	-36
Accumulated amortization and value adjustments as of Dec. 31	-223	-786
Book value as of Dec. 31	**7**	**14**

3.4.8 TANGIBLE ASSETS

Machinery and equipment	2008	2007
Acquisition cost as of Jan. 1	439	352
Additions	49	88
Disposals	-403	0
Disposals / Transfer of business, July 1, 2008	-51	0
Acquisition cost as of Dec. 31	34	439
Accumulated amortization and value adjustments as of Jan. 1	-356	-319
Accumulated amortization on deductions	349	0
Accumulated amortization on deductions / Transfer of business, July 1, 2008	12	0
Amortization expense for the financial year	-17	-37
Accumulated amortization and value adjustments as of Dec. 31	-13	-356
Book value as of Dec. 31	**22**	**84**

3.4.9 INVESTMENTS

3.4.9.1 Shares in Group undertakings	2008	2007
Acquisition cost as of Jan. 1	5,462	4,727
Additions	134	735
Additions / Business transfer July 1, 2008	992	0
Disposals / Business transfer July 1, 2008	-1,070	0
Reclassification between items	23	0
Acquisition cost as of Dec. 31	5,541	5,462
Accumulated value adjustments as of Jan. 1	-19	-19
Accumulated value adjustments as of Dec. 31	-19	-19
Book value as of Dec. 31	**5,523**	**5,443**

3.4.9.2 Participating interests	2008	2007
Acquisition cost as of Jan. 1	1,061	1,061
Disposals	-106	
Reclassification between items	-23	0
Acquisition cost as of Dec. 31	933	1,061
Accumulated value adjustments as of Jan. 1	0	-30
Accumulated value adjustments as of Dec. 31	0	-30
Book value as of Dec. 31	**933**	**1,031**

3.4.9.3 Other investments	2008	2007
Acquisition cost as of Jan. 1	22	22
Additions	12	12
Acquisition cost as of Dec. 31	34	34
Book value as of Dec. 31	**34**	**34**

3.4.9 INVESTMENTS (Continued from previous page)

Shares in Group undertakings on Dec. 31, 2008	Domicile	Country	Parent holding %
Camako Nordic Oy	Espoo	Finland	100.00
Dovre Group AS (previously Dovre International AS)	Stavanger	Norway	60.00
Intellisoft Oy	Espoo	Finland	100.00
Safran Software Solutions AS	Stavanger	Norway	100.00

Shares in participating interests on Dec. 31, 2008	Domicile	Country	Parent Company holding %
Kiinteistö Oy Kuukoti	Espoo	Finland	43.49

3.4.10 NON-CURRENT RECEIVABLES

	2008	2007
Amounts owed to Group companies	405	762
Total	**405**	**762**

3.4.11 CURRENT RECEIVABLES

	2008	2007
Trade receivables from Group companies	454	316
Trade receivables	4	69
Loan receivables from Group companies	2,110	444
Other receivables from Group companies	70	41
Other receivables	38	70
Prepayments and accrued income	197	334
Total	**2,874**	**1,274**

Material items of prepayments and accrued income	2008	2007
Interest receivables	0	18
Prepaid expenses	197	316
Total	**197**	**334**

3.4.12 SHAREHOLDERS' EQUITY

3.4.12.1 Share capital	2008	2007
Share capital as of Jan. 1	15,917	15,917
Share capital as of Dec. 31	**15,917**	**15,917**

3.4.12.2 Share premium account	2008	2007
Share premium account as of Jan. 1	4,780	4,780
Share premium account as of Dec. 31	**4,780**	**4,780**

3.4.12.3 Unrestricted equity reserve	2008	2007
Unrestricted equity reserve as of Jan. 1	0	0
Share issue	196	0
Unrestricted equity reserve as of Dec. 31	**196**	**0**

3.4.12.4 Profit/loss brought forward	2008	2007
Profit/loss brought forward on Jan. 1	-9,734	-7,670
Profit/loss brought forward as of Dec. 31	**-9,734**	**-7,670**

3.4.12.5 Result for the financial year	-1,735	-2,065
SHAREHOLDERS' EQUITY TOTAL	**9,424**	**10,963**

Calculation of distributable earnings	2008	2007
Loss brought forward	-9,734	-7,670
Loss for the financial year	-1,735	-2,065
Total	**-11,469**	**-9,734**

The company has no distributable earnings.

3.4.13 OBLIGATORY PROVISIONS

	2008	2007
Severance payments	21	0
Total	**21**	**0**

3.4.14 CURRENT LIABILITIES

	2008	2007
Advances received	0	1
Trade payables Group companies	2	53
Trade payables	34	131
Other liabilities Group companies	254	0
Other liabilities	24	366
Accruals and deferred income	271	494
Total	**585**	**1,045**

Material items of accruals and deferred income	2008	2007
Accrued employee expenses	256	491
Interest liabilities	0	0
Other accrued expenses	15	3
Total	**271**	**494**

3.4.15 CONTINGENT LIABILITIES

3.4.15.1 Collateral for own commitments	2008	2007
Debts secured by shares		
Loans from financial institutions	0	0
Book value of pledged shares	0	154
Checking account credit lines secured by shares		
Credit lines used	0	0
Book value of pledged shares	511	357
Future minimum costs for non-cancellable leasing contracts	**2008**	**2007**
Not more than one year	16	64
Later than one year and not later than five years	52	59
Total	**68**	**123**

4. Five Year Key Figures 2004 - 2008

4.1 GROUP KEY FINANCIAL PERFORMANCE INDICATORS

1000 EUR	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Net sales, Group	62,432	51,004	58,215	64,527	65,714
Change, %	22.4 %	-12.4 %	-9.8 %	-1.8 %	-14.4 %
Net sales, continuing operations	N/A	N/A	41,021	26,421	N/A
Net sales, discontinued operations	N/A	N/A	17,195	38,106	N/A
Operating result, Group	596	-156	11,635	-3,560	-1,984
% of net sales	1.0 %	-0.3 %	20.0 %	-5.5 %	-3.0 %
Operating result, continuing operations	N/A	N/A	-326	-1,388	N/A
Operating result, discontinued operations	N/A	N/A	11,961	-2,172	N/A
Result before taxes	631	-607	11,951	-5,003	-1,976
% of net sales	1.0 %	-1.2 %	20.5 %	-7.8 %	-3.0 %
Result for the financial year	-218	-1,191	10,962	-6,029	-2,872
% of net sales	-0.3 %	-2.3 %	18.8 %	-9.3 %	-4.4 %
Return on equity, %	-0.8 %	-7.9 %	111.2 %	-86.0 %	-29.3 %
Return on Investment, %	7.7 %	1.6 %	72.8 %	-13.4 %	-1.9 %
Equity-ratio, %	49.0 %	45.5 %	47.3 %	11.0 %	23.4 %
Gearing, %	-11.2 %	-7.3 %	-38.2 %	47.0 %	40.2 %
Balance sheet total	26,607	32,010	32,689	42,837	42,984
Capital expenditure	1,551	3,118	2,216	279	4,433
% of net sales	2.5 %	6.1 %	3.8 %	0.4 %	6.7 %
Research and development costs	1,515	1,734	3,966	7,310	6,834
% of net sales	2.4 %	3.4 %	6.8 %	11.3 %	10.4 %
Personnel average for the financial year	393	333	469	525	569
Personnel at the end of the financial year	391	381	325	531	525

4.2 GROUP SHARE INDICATORS

EUR	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Undiluted earnings per share, EUR, Group	-0.004	-0.019	0.179	-0.098	-0.050
Diluted earnings per share, EUR, Group	-0.004	-0.019	0.179	-0.098	-0.049
Undiluted earnings per share, EUR, continuing operations	N/A	N/A	-0.018	-0.032	N/A
Diluted earnings per share, EUR, continuing operations	N/A	N/A	-0.018	-0.032	N/A
Undiluted earnings per share, EUR, discontinued operations	N/A	N/A	-0.067	-0.067	N/A
Diluted earnings per share, EUR, discontinued operations	N/A	N/A	-0.067	-0.067	N/A
Equity per share, EUR	0.21	0.23	0.25	0.07	0.15
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	-70.90	-12.85	2.23	-3.66	-9.16
Highest share price, EUR	0.38	0.45	0.50	0.56	1.15
Lowest share price, EUR	0.24	0.25	0.34	0.33	0.44
Average share price, EUR	0.30	0.35	0.41	0.43	0.69
Market value of shares, MEUR	17.3	15.3	24.5	22.0	27.5
Traded shares, MEUR	4.9	13.5	17.0	9.8	12.1
Traded shares, %	7.9 %	22.1 %	27.8 %	37.1 %	30.4 %
Average share number					
undiluted (1000)	61,855	61,219	61,219	61,218	57,314
diluted (1000)	61,855	61,227	61,237	61,218	58,473
Number of shares at the end of the financial year (1000)	61,962	61,219	61,219	61,219	61,218

4.3 CALCULATION OF KEY INDICATORS

Return on shareholders' equity (ROE), % *)	Profit/loss for the financial year x 100 / Shareholders' equity (average)
Return on investment (ROI), % *)	Profit/loss before taxes + interest and other financial expense x 100 / Balance sheet total - non-interest bearing liabilities (average)
Equity ratio, %	Shareholders' equity x 100 / Balance sheet total - advances received
Gearing, %	Interest bearing liabilities - cash and bank balances x 100 / Shareholders' equity
Earnings per share, EUR	Profit/loss for the financial year 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 financial year / 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 2008 balance sheet and year 2007 balance sheet.

5. Shares and Shareholders

5.1 SHARE CAPITAL AND SHARES

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

On January 1, 2008, the subscribed capital of Proha Plc was EUR 15,916,854.20. There were no changes in the share capital during the financial year.

On January 1, 2008, the total number of shares was 61,218,670. A total of 743,081 new shares were issued during the financial year, as follows:

In January 2008, a total of 500,000 new Proha Plc shares were issued as a directed issue at the payment of the second installment of the Camako acquisition. The subscription price of the shares was the weighted average price of Proha shares on the NASDAQ OMX Helsinki Ltd. from January 22 to 28, 2008, i.e. EUR 0.26 per share, totaling EUR 130 thousand. The total amount paid for the shares was recorded in the fund for invested non-restricted equity.

In March 2008, 243,081 new Proha Plc shares were issued as a directed issue at the payment of the Datatron Oy acquisition. The subscription price of the shares was the weighted average price of Proha shares on the NASDAQ OMX Helsinki Ltd. from November 1, 2007 to January 31, 2008, i.e. EUR 0.27 per share, totaling EUR 66 thousand. The total amount paid for the shares was recorded in the fund for invested non-restricted equity.

On December 31, 2008, the number of shares was 61,961,751.

5.2 STOCK OPTIONS

During the financial year, the company issued a total of 360,000 new stock options under the 2007 plan. The exercise price for issued option rights was EUR 0.37 per share. Out of the issued stock options, 90,000 option rights were previously returned to the company and now reissued. The terms and conditions of the option issue were published in the Stock Exchange Bulletin on March 28, 2007. The Board of Directors has approved the option subscriptions as follows:

Meeting date	Number of stock options
27 Feb, 2008	60,000
8 Apr, 2008	120,000
17 Apr, 2008	90,000
7 May, 2008	90,000

A total of 149,730 option rights were returned to the company, and 266,839 option rights were canceled during the financial year.
No shares were subscribed for Proha Plc stock options during the financial year.
The stock options issued under the stock option plans of 2005 - 2007 are as follows:

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

5.3 AUTHORIZATIONS

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

During the financial year, a total of 743,081 shares were issued under this authorization. As of December 31, 2008, a total of 11,500,653 shares of the authorization remain unused.

5.4 LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2008

Shareholder	Number of shares	Percentage of all shares and voting rights
Etra-Invest Oy Ab	7,367,209	11.89
Dovregruppen AS *)	6,560,646	10.59
Koskelo Ilari	2,708,251	4.37
Etola Erkki Olavi	2,160,000	3.49
Mäkelä Pekka	1,982,375	3.20
Eficor Oyj	1,859,950	3.00
Pere Pekka	1,643,243	2.65
Navdata Oy **)	1,300,000	2.10
Thominvest Oy	1,043,500	1.68
Siik Rauni Marjut	980,732	1.58
Hinkka Petri Juhani	889,500	1.44
Ruokostenpohja Ismo Eero Voitto	703,950	1.14
Siik Seppo Sakari	600,000	0.97
Hinkka Invest Oy	583,390	0.94
Jokinen Reino Väinämö	530,000	0.86
Astea As	471,257	0.76
Kefura Ab	408,099	0.66
Olsson Vesa Ensio	400,000	0.65
Saikko Risto Olavi	395,065	0.64
Paasi Kari	351,000	0.57

*) Birger Flaa holds control over Dovregruppen AS

**) Ilari Koskelo holds control over Navdata Oy

5.5 SHARE OWNERSHIP AS OF DECEMBER 31, 2007

By number of shares owned

Shares	Number of shareholders	Percentage of all shareholders	Total number of shares	Percentage of all shares
1-100	184	5.92	12,808	0.02
101-500	585	18.84	226,229	0.37
501-1 000	494	15.91	454,388	0.73
1 001-5 000	1,024	32.97	2,904,732	4.69
5 001–10 000	345	11.11	2,731,918	4.41
10 001-50 000	346	11.14	8,119,326	13.10
50 001-100 000	48	1.55	3,392,288	5.48
100.001-500 000	65	2.09	13,207,316	21.32
500 001-	15	0.48	30,912,746	49.89
Total	**3,106**	**100.0**	**61,961,751**	**100.0**

By shareholder category

	Number of shareholders	Percentage of all shareholders	Total number of shares	Percentage of all shares
Private companies	189	6.1	16,523,737	26.7
Financial and insurance institutions	10	0.3	7,704,671	12.4
Public corporations	1	0.0	800	0.0
Non-profit organizations	4	0.1	3,080	0.0
Households	2,846	91.6	34,132,277	55.1
Foreign shareholders	56	1.8	3,597,186	5.8
Total	**3,106**	**100.0**	**61,961,751**	**100.0**
Nominee registered	7		837,685	1.4

5.6 SHARES AND STOCK OPTIONS OWNED BY THE MANAGEMENT

On December 31, 2008, the members of the Board of Directors owned a total of 3,008,751 shares, representing approximately 4.86% of all shares and votes. Taking into account the ownership through controlled companies, the members of the Board of Directors owned 11,069,397 shares, representing approximately 17.86% of all shares and votes as of December 31, 2008.

The stock options owned by the members of the Board of Directors represent approximately 6.92% 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 300,000 shares can be subscribed, which would have corresponded to approximately 0.48% of all shares and votes as of December 31, 2008, taking into account the shares subscribed on the basis of the stock options.

On December 31, 2008, the Group managing director owned a total of 2,708,251 shares, corresponding approximately to 4.37% of all shares and votes. Taking into account the ownership through controlled companies, the Group managing director owned 4,008,251 shares, representing approximately 6.47% of all shares and votes as of December 31, 2008. The managing director's deputy owned a total of 29,800 shares as of December 31, 2008.

Shareholder	Number of shares	Percentage of shares	Number of stock options1)
Ernest Jilderda (Chairman)	0	0	120,000
Ilari Koskelo (Vice Chairman) 2)	2,708,251	4.37	0
Birger Flaa 3)	0	0	180,000
Antti Manninen 4)	300,500	0.48	0
Board in total	3,008,751	4.86	300,000
Ilari Koskelo (CEO) 2)	2,708,251	4.37	0
Janne Rainvuori (EVP)	29,800	0.00	240,000

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

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

3) Birger Flaa holds control in Dovregruppen AS, which owns 6,560,646 shares.

4) Antti Manninen holds control in Amlax Oy, which owns 200,000 shares.

5.7 SHARE PRICE DEVELOPMENT AND SHARE TURNOVER

From January - December, approximately 16.1 million Proha shares were traded on the NASDAQ OMX Helsinki Ltd., corresponding to a turnover of approximately EUR 4.9 million.

During the period under review, the highest quotation was EUR 0.38 and the lowest quotation was EUR 0.24. The closing price on December 30, 2008 was EUR 0.28.

The period-end market capitalization was approximately EUR 17.3 million.

The number of registered shareholders of Proha Plc totaled 3,106 as of December 30, 2008.

Proha Plc had liquidity providing agreement with Remium AB for the Proha share. The agreement was terminated on April 29, 2008.

6. Signatures for financial statements

Translation

Espoo, February 8, 2009

Ernest Jilderda
Chairman of the Board of Directors

Ilari Koskelo
CEO and Vice Chairman of the Board of Directors

Birger Flaa
Member of the Board of Directors

Antti Manninen
Member of the Board of Directors

AUDITORS' STATEMENT

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

Espoo, February 9, 2009

ERNST & YOUNG OY
Authorized Public Accounting Firm

Ulla Nykky
Authorized Public Accountant

7. Auditors' report

Translation

To the Annual General Meeting of Proha Plc

We haveaudited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Proha Plc for financial period 1.1.2008 – 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

Opinion on the consolidated financial statements

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

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 9, 2009

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

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