

PROHA 1999: 10 MONTHS NET TURNOVER FIM 30.8 MILLION, OPERATING PROFIT FIM 3.5 MILLION AND THE RESULT FOR THE FINANCIAL YEAR FIM 1.9 MILLION

Net turnover of Proha's shortened financial year grew from the previous 12 month period by 64.4% to FIM 30.8 million (02/1999: FIM 18.8 million). The operating profit declined 13.2% to FIM 3.5 million (FIM 02/1999: FIM 4.0 million). The result of the financial year declined 2.5% to FIM 1.9 million (02/1999: FIM 1.9 million). During the financial year the number of personnel grew by 192% to 70 people (02/1999: 27).

The Board of Directors proposes that no dividend is paid for this financial year.

The companies acquired after December 1, 1999 are not included in the Proha Group's financial statement. The growth based on realized acquisitions for year 2000 exceeds 100%. The growth target of the Proha Group for year 2000 is set to 200%.

In 1999, the companies purchased that are not included in the 1999 financial statement, had a total net turnover of FIM 36.7 million, profit FIM 9.9 million and the result after taxes FIM 6.9 million. After the acquisitions the number of employees in Proha Group was 186.

#### NET TURNOVER AND RESULT DEVELOPMENT

The Groups net turnover for the 10 month financial year mounted to FIM 30.8 million compared to FIM 18.8 million in the previous 12 month period. The number of personnel grew substantially during the financial year and was 70 ((02/1999:27)). The personnel expenses were FIM 10.7 million (FIM 5.4 million). The operating profit was FIM 3.5 million (FIM 4.0 million). Other financing expenses were FIM 1.0 million, from which a major part were the external expences from the listing.

The substantial change in the Group's minority interest in the profit and loss account is due to the trade of subsidiaries' minorities to parent company shares before the listing, and the purchase of Datamar Ltd's minority interests to the parent company. Also, a comprehensive development work was conducted in DA Futura International Ltd, which was entered in the books as expense. Proha Plc owns 51% of DA Futura International Ltd. The minority shareholders of DA Futura International Ltd take actively part in the operative activities of the company. Despite of the FIM 0.5 million loss, DA Futura International still has distributable funds.

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#### FINANCING AND INVESTMENTS

The parent company became a Public Limited Company on September 1, 1999 and conducted a initial public offering in October, which produced new capital for approximately FIM 31 million.

The sum total of the balance sheet at the end of the financial year was FIM 51.6 million (FIM 10.9 million)  
The current asset was FIM 32.5 million (FIM 2.4 million)

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

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

#### PRODUCT DEVELOPMENT

Product development continued as planned in the fields of Internet business solutions and IT project management.

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

On October 5, 1999, the securities trading system, developed by Proha and based on WAP technology, was used to conduct propably the first WAP stock exchange commission in the world. Proha's Dynager product base has been extended with WAP applications.

The ProWeb, an Internet based, Artemis Views product family compatible system for time reporting was developed and launched. New versions of other Pro applications were also brought to the market.

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

The Internet based AdvoNet legal netservice was developed in cooperation with Braintech Ltd for the Finnish Bar Assosiation.

Substantial product development has also been done in the companies acquired but not included in this profit and loss account, and that will have a very significant part in the development of Proha Group's products and business. The products will increase the share of Proha's own products in the turnover of the Group.

#### THE GROUP STRUCTURE

At the end of the financial year the following subsidiaries were part of the Proha Group: Projektihallinto Ltd Proha, Intellisoft Ltd , Datamar Ltd, DA Futura International Ltd and DA International Ltd. During this financial year Proha Plc traded the minority interests of its subsidiaries Projektihallinto Ltd

Proha and Intellisoft Ltd to its own shares acquiring the whole share capital of the companies, and bought the share majority of its subsidiary Datamar Ltd. The company's ownership of Datamar Ltd's shares grew from 36% to 78% on July 1, 1999 and to 98% on December 28, 1999.

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

#### PERSONNEL

The Group's number of personnel at the end of the financial year was 70 (27). The number grew as a result of both recruiting and acquisitions and the personnel turnover was insignificant. An option program was started as a rewarding system for the personnel.

Proha's premises were extended to meet the needs of the growing personnel both in Espoo and in Lahti. At the end of the year the Group had offices in Espoo, Lahti and Malaga, Spain.

The acquisitions made after December 1, 1999 included, the number of employees in Proha Group was 186. The acquisitions have increased the number of offices in the Capital and Lahti areas. New offices are situated in Tampere, Turku and Pori.

#### INITIAL PUBLIC OFFERING

In October, the Proha Plc conducted an initial public offering, which consisted of a share sale and a share issue. In the share issue, that produced new capital for about FIM 31 million, the public and the personnel subscribed 700.000 new shares. In the share sale the eight major shareholders of the company sold 400.000 old shares to the investors. The price of the share in the emission for institutions and the public was 7.80 euros and for the personnel 7.02 euros. The shares of the company were registered in the book-entry system on September 17, 1999. The quoting of the shares on the NM list of the Helsinki Stock Exchange commenced on October 15, 1999.

#### SHARE CAPITAL AND AUTHORISATION TO ISSUE SHARES

At the beginning of the financial year the share capital of the Proha Plc totalled 5.045,64 euros and the number of shares was 126.141. At the end of the financial year the share capital amounted to 4.813.182,40 euros and the number of shares was 3.702.448.

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

Trade Register (date)	Increase in shares	Increase in share capital (euros)	Reason
02.09.	1.731.459	69.258,36	Bonus issue
02.09.	636.000	25.440,00	New subscription

02.09.	508.848	20.353,92	Share trade
15.10.	660.000	26.400,00	Listing emission (institutions and public)
15.10.	40.000	1.600.00	Listing emission (personnel)
29.12.	---	4.665.084,48	Bonus issue *)

\*)The share capital of the Proha Plc was increased from 148.097,92 euros to 4.813.182,40 euros in a bonus issue by increasing the book parity of a share free of charge from 0.04 euros to 1.30 euros in such a manner that the amount corresponding to the increase, totalling 4.665.084,48 euros, was transferred from the Groups's share premium account into the share capital.

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

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

#### OPTION RIGHTS

In order to create a rewarding system for the personnel the Extraordinary General Meeting gave the Board of Directors an authorisation to release a maximum of 5.700 shares, which entitles 57.000 options at the most. The share capital can be increased by the maximum of 81.510 euros.

In addition, the Board of Directors was authorised within one year to decide on share and option emission, in which the share capital can be increased by the maximum of 2.210 euros, and through the subscription based on the option rights by the maximum of 22.100 euros. This increase amounts to the total of 18.700 shares.

With the authorisation given by the Extraordinary General Meeting on November 24,1999, the Board of Directors decided to give the option rights so that 57.037 shares can be subscribed from February 15, 2000 to February 15, 2001 and 57.036 shares can be subscribed from June 15, 2000 to June 15, 2001. The use of these option rights can increase the capital by the maximum of 148.294,90 euros.

#### TRADING ON THE HELSINKI EXCHANGES

Proha Plc's number of shareholders totaled 2.062 at the end of the financial year. The share price increased by 45% since the listing price in October. The share price low was 5.00 euros and the high 14.00 euros. The market capitalisation of the company was approximately 41.8 million euros at the year end.

#### ANNUAL GENERAL MEETING AND DIVIDEND

The Board of Directors proposes that the earnings for the financial year will be allocated into the capital and no dividend is paid.

Annual General Meeting will be held on March 22, 2000 3.00 pm.

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND BALANCE SHEET Mar 1 - Dec 31, 1999 (10 months)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1.3.1999	1.3.1998
	- 31.12.1999	- 28.2.1999
	FIM 1000	FIM 1000
Net turnover	30.837	18.753
Raw material and services	-7.475	-2.671
Staff expenses	-10.726	-5.430
Depreciation	-1.135	-391
Other operating charges	-7.994	-6.223
	-27.331	-14.715
Operating profit	3.506	4.038
Financial income and expenses	-976	-144
Profit before extraordinary items	2.531	3.894
Profit before appropriations and taxes	2.531	3.894
Change in depreciation reserve	-	67
Income taxes	-850	-1.229
Profit before minority interest	1.681	2.732
Minority interest	186	-818
Profit for the financial year	1.867	1.914

CONSOLIDATED BALANCE SHEET	(FIM 1000)	(FIM 1000)
Assets	Dec 31, 1999	Feb 28, 1999
NON-CURRENT ASSETS		

Intangible assets		
Intangible rights	34	-
Goodwill	446	700
Other capitalised long term expenses	825	-
	1.305	700
Tangible assets		
Machinery and equipment	534	3
Investments	3.664	3.140

CURRENT ASSETS

Debtors

Trade debtors	12.531	3.511
Amounts owed by participating interest undertakings	41	-
Loan debtors	223	350
Prepayments and accrued income	827	755
	13.621	4.616
Other investments	993	-
Cash in hand and at banks	31.458	2.401
Total assets	51.574	10.860
Liabilities		
CAPITAL AND RESERVES		
Share capital	28.618	30
Share premium account	3.609	4
Legal reserve	-	35
Other reserves	1.462	633
Profit for the financial year	1.867	1.914
	35.556	2.616
Capital loan	1.300	-
Total capital and reserves	36.856	2.616
MINORITY INTEREST	65	1.145
CREDITORS		
Non-current creditors		
Loans from credit institutions	871	-
Pension loans	792	851
Other creditors	1.136	997
	2.799	1.848
Current creditors		
Pension loans	60	64
Advances received	940	298
Trade creditors	4.346	1.307
Amounts owed to participating interest undertakings	78	-
Other creditors	1.136	299
Accruals and deferred income	5.060	3.284
	11.855	5.252
Total liabilities	51.574	10.860

Key figures of the Group March 1, 1999 - December 31, 1999

	10 months 31.12.1999	12 months 28.2.1999
Operating profit	3.506	4.038
% of net turnover	11.4%	21.5%
Return on		
Investment (ROI)%	15.5%	76.8%
Return on equity (ROE)%	10.2	98.5%
Equity ratio	72.9%	35.6%
Result per share FIM	0.60	0.88
Equity per share	9,62	1,25

The figures in the Annual Report are unaudited.

#### CORPORATE GOVERNANCE

The Managing Director of Proha Plc is Pekka Pere. Until December

6, 1999, the Board of Directors consisted of Pekka Pere, Pekka Mäkelä (Chairman), and Lars Nyqvist.

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

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

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

#### EVENTS AFTER THE FINANCIAL YEAR

In the current financial year the Group has acquired new subsidiaries to strenghten its different business areas. In the area of Internet business solutions new members of the Group are Brossco Systems Oy, Tuloshallinto Oy and Accountor Oy. The two last mentioned companies take part in the development of Internet based financial management and service concept. In cooperation with these companies Proha's ProCountor International Oy forms one of the biggest financial management specialist groups in Finland.

#### PROSPECTS FOR THE NEAR FUTURE

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

In project management, Proha's and its subsidiaries' position will be strenghtened further. An important goal of the new financial year is to become the market leader in the Nordic Countries. A significant portion of the growth of project management in 2000 will be gained from abroad, especially from the Nordic Countries. The automation of testing plays still a central role in Proha's business. Data Warehousing and OLAP (Online Analytical Processing) that aim at efficient use of the data stored in the information systems, will become a significant part of Proha's Internet Technology business. Proha will develop packaged Data Warehouse software for project and financial management based, among other things, on the Voyant product family, acquired with a company purchase.

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

companies.

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

Special interest will be taken on the internal cooperation and communication of the expanded organisation.

The competence of the Group has extended and deepened through the acquisitions. More versatile and higher quality product and service entities can be offered to the clientele.

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

#### NEXT REVIEW

The interim report of the Proha Plc for the period of January 1, 2000 - March 31, 2000  
will be published on May 18, 2000

Espoo, February 22, 2000  
The Board of Directors of Proha Plc

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