

INTERIM REPORT OF PROHA PLC FOR THE PERIOD JANUARY 1 - JUNE 30, 2000

- The growth of the company was rapid and profitability good.
- Net turnover was EUR 6.8 million (FIM 40.6 million), growth compared to the previous year 177%
- Profit before extraordinary items EUR 1.1 million (FIM 6.7 million), 16% of the net turnover, growth 131%
- Proha's net turnover fourfolds and the result multiplies with the purchase of the American Artemis Management Systems
- Proha will become the world's leader as high-end project management software provider and the most international Finnish software company.

The rapid growth of the company is anticipated to continue. The business of the company is expected to stay very profitable, even though due to the rapid growth the relative profitability may decline.

"The Acquisition of the American Artemis will speed up Proha's growth and internationalization by several years. Artemis has the world's leading product portfolio and a distribution channel for Proha's Project Management business area. The purchase is anticipated to have a very positive influence on the development of the company. At the same time the purchase will open new international possibilities for the company's other business areas", says Pekka Pere, the CEO of Proha Plc.

NET TURNOVER AND RESULT DEVELOPMENT

Proha Group's net turnover for the period of January 1, 2000 - June 30, 2000 was EUR 6.8 million. In the corresponding period a year earlier it was EUR 2.5 million. Other business returns amounted EUR 0.7 million. The sum mainly consists of the sale returns as a result of the selling of localization business and contributions received for product development.

Operating profit grew to EUR 1.1 million, compared to EUR 0.5 million in the corresponding period last year. The result before appropriations and taxes was EUR 1.1 million (16% of the net turnover) compared to last year's EUR 0.4 million. Result per share for the 6 month period amounted to EUR 0.17 compared to EUR 0.10 in the previous 10 month financial year 1999. Equity ratio was 65.5%

The number of personnel continued to increase. At the end of the period the number of employees in Proha Group is 226. In 1999, the number of staff was on the average 61. The staff expenses were EUR 3.1 million, 45.5% of the turnover.

The Profit and loss account includes all other Proha companies except Artemis Management Systems Group, the acquisition of which was decided at the end of the survey period.

FINANCING AND INVESTMENTS

The balance sheet total at the end of the period was EUR 14.4 million, compared to EUR 2.9 million of the previous year. The current asset was EUR 5.5 million, in the last year's corresponding period EUR 0.8

million. Quick Ratio of the Group improved from 0.6 to 2.3.

The most important investments were the acquisitions made in sync with the company's growth strategy. EUR 0.8 million was invested in machinery and equipment.

The amount of credits with interest was 3.6% of the total capital.

THE PURCHASE OF ARTEMIS MANAGEMENT SYSTEMS WILL FOURFOLD PROHA'S TURNOVER

In June, Proha made an agreement on acquiring Artemis Management Systems (USA) for USD 50 million (100%). The agreement includes at least 95% of Artemis' share capital and securities entitling to shares. Artemis will continue as an independent subsidiary of Proha Plc.

The net turnover of Artemis Management Systems for the year 4/1999-3/2000 amounted to USD 49.3 million and operating profit USD 5.2 million. The company employs about 240 people in the USA, Great Britain and Japan. Artemis also has operations through joint ventures and agents in 27 countries. The whole Artemis network covers over 500 professionals in different parts of the world.

Proha has operated as Artemis' representative in Scandinavia and has developed Artemis compatible software products since 1984.

The purchase of Artemis is conducted as share trade in such a manner that the whole USD 50 million purchase price is paid by giving Proha's new shares as payment, the number of shares to be issued is calculated by dividing the purchase price by Proha share's weighted average trading price of certain periods.

The main vendors are an American Gores Technology Group and the management of Artemis. After the purchase, the biggest sole shareholder of Proha Plc will be Alec Gores with about 20% holding.

The closing of the deal will require that the Extraordinary General Meeting of Proha in August will decide on a directed issue of shares to the shareholders of Artemis.

The shareholders of Artemis who receive Proha shares as consideration of the acquisition have agreed with the German Landesbank Kiel and Finnish Thominvest Oy on a sale of shares, where Artemis' owners will instantly after the closing of the transaction sell 40% of the shares they have received as consideration to Landesbank Kiel and Thominvest Oy. An international share sale will be conducted to sell these shares in September-October 2000, the aim of which is to internationalize Proha's ownership structure and to add the number of institutional investors.

Proha will enter the acquisition in its bookkeeping according to Finnish Accounting Standards Board's instructions from Oct 25, 1999. The vendors have committed to an arrangement, where the company's own capital and reserves will be strengthened. In addition, the vendors have agreed to cover possible losses connected to seasonal fluctuation until the end of September 2000 and the goodwill created

by previous acquisitions.

Proha anticipates to achieve substantial synergies with the acquisition in product development and using the world wide distribution channel in the internationalization of Proha's other business areas and in serving global customers.

With the purchase Proha grows to the most international and the biggest listed software company in Finland.

PROFORMA TURNOVER INCLUDING ARTEMIS

For the first six months Proha Groups net turnover would have been EUR 29 million, if Artemis would have been included from the beginning of the year. Artemis' six month's calculatory result was EUR 0.54 million loss, but this does not affect Proha's result, as the vendors will cover the loss from this period.

MAIN EVENTS OF THE SECOND QUARTER

In April, Proha made a contract with the Norwegian Safran Software Solutions AS according to which Proha acquires a 60% share of the company. In addition, Proha has an option to purchase the remaining shares of the company. Safran Software Solutions AS is a leading IT project management solution provider in Norway. The company's Safran Project software has a leading market share in the Norwegian offshore industry.

In June, Proha started ASP services (Application Service Provider) as part of the company's all three business areas. In addition to Proha's own applications, also its partner's applications are offered to the use of customers. ASP service is especially important for expanding the company's Financial Management business area.

In June, Proha Plc purchased a 10% minority share of Vidac Oy, a group company. After this trade, the Proha Group owns the whole share capital of Vidac Oy. The purchase price was FIM 144,000 and 3,000 new shares of Proha Plc.

In June, Proha decided to found a subsidiary in Savonlinna that will focus on testing e-commerce and mobile communications systems and their automated performance monitoring. The company will operate in Proha's Internet Technologies business area and will be the first in Finland to offer outsourced information system testing services for corporate customers on annual contracts. Operations will begin in September 2000.

In June Proha sold its localization business to an Italian Opera Multimedia S.p.A. Proha's subsidiary Brossco Systems Oy spun off its localization business and sold its share of the Irish LocalEyes Ltd to the Italian Opera Multimedia S.p.A. for USD 200,000. At the same time, Opera Multimedia purchased 51% of the share capital of Brossco Multimedia for EUR 327,000.

PERSONNEL

At the end of the period, the number of employees in Proha Group was

226. Of these, 89 people worked on the area of Project Management, 68 on the area of Financial Management, and 69 on Internet Technologies. Including Artemis, the number of employees in Proha Group was 466.

CHANGES IN THE SHARE CAPITAL ON THE SECOND QUARTER

On April 1, 2000, the share capital of the Proha Plc totalled EUR 6,096,431.90 and the number of shares was 4,689,563.

The number of shares and the share capital increased as follows:

Trade Register (date)	Increase in shares	Increase in share capital (EUR)	Directed issue
20.04	225,000	292,500.00	Accountor Oy
20.04	5,657	7,354.10	Personnel issue
29.6	300,000	390,000.00	Safran Software Solutions
10.7	3,000	3,900.00	Vidac Oy
Total	5,223,220 shares	6,790,186.00 EUR	

AUTHORISATION TO PURCHASE OWN SHARES

The company has an authorisation to purchase its own shares 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 until December 7, 2000. The authorisation has not been used so far.

INCENTIVE SYSTEM FOR PERSONNEL

A directed share and option emission was conducted as an incentive system for the personnel, totalling 5,657 shares and 56,570 options which give title to 1 share each.

The Board of Directors also has an authorisation until December 7, 2000 to decide on share and option emission, in which the share capital can increase by a maximum of EUR 2,210, and through the subscription based on the option rights by a maximum of EUR 22,100. These increases total 1,700 shares and 17,000 options that give title to one share each.

In its meeting on August 7, the Board of Directors has decided to propose to the Extraordinary General Meeting to be held on August 21 that a new international incentive system should be created.

TRADING ON THE HELSINKI STOCK EXCHANGE

Proha Plc's number of registered shareholders totalled 1976 at the end of the survey period. This period the share price low was EUR 8.80 and the high EUR 18.00. The market capitalisation of the company was approximately EUR 71.5 million at the year end.

GENERAL MEETING'S DECISIONS ON THE SECOND QUARTER

Extraordinary General Meeting, April 27, 2000

- authorised the Board of Directors to increase the share capital by a maximum of 890,000 new shares in order to finance acquisitions. With the subscriptions the company's share capital can be increased by a maximum of EUR 1,157,000.00.
- decided on increase of share capital with a directed issue to the shareholders of Safran Software Solutions AS.

ADMINISTRATION

The Chairman of the Board of Directors is Mr Olof Ödman. Other members of the Board of Directors are Mr Pekka Pere, Mr Pekka Mäkelä, and Mr Klaus Cawén.

Mr Alec Gores, the American shareholder who will, after the purchase of Artemis, become Proha's biggest sole shareholder with a 20% holding, has agreed to become a member of the Board of Directors.

The auditor of the company is APA (Authorized Public Accountant) Matti Kujala and the deputy auditor is APA (Authorized Public Accountant) Anne Marilene Mäkipää.

BUSINESS STRATEGY

Proha Group operates in three business areas:

- Project Management (42.3% of net turnover, EUR 6.8 million)
- Financial Management (16.8% of net turnover)
- Internet Technologies (40.9% of net turnover)

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

Project Management: CM-Systems Oy, DA Futura International Ltd, Planman Oy, Projektihallinto Oy Proha, and the Norwegian Safran Software Solutions AS;

Financial Management: Accountor Oy, ProCountor International Oy, and ProfitMaster Oy;

Internet Technologies: Ari Hovi Oy, Brossco Systems Oy, Datamar Oy, Intellisoft Oy and Vidac Oy.

ACCOUNTING PRINCIPLES

The consolidated financial statement includes all subsidiaries acquired during the survey period, except Artemis, that will be incorporated into the Group starting from August 25, 2000. The subsidiaries have been incorporated into the Group starting January 1, 2000, except the subsidiaries bought in March, Accountor and Safran Software Solutions, that have been incorporated starting April 1, 2000.

The interim financial statement has been prepared in accordance with the principles of the financial statement. Because of the change in Group structure the accounting principles have been changed as follows:

Fixed assets' assessment

Depreciation according to plan follows business tax law's maximum depreciation regulations. If the useful lives of fixed assets is less than 3 years they have been entered as expenses.

Long term expenses of the ASP-centre has been activated EUR 77,000. Long term expenses of the ProCountor Virtual accounting has been activated EUR 214,000, of which EUR 43,000 of Tekes support has been deducted. The depreciation time of these long term expenses is 3 years as planned.

Elimination of internal ownership

In the elimination of Group's internal ownership a pooling method has been used, when the conditions for the use of pooling have been fulfilled. The pooling method has been used with the subsidiaries Brossco Systems Oy, CM-Systems Oy, Ari Hovi Oy, Planman Oy, and Accountor Oy. The capital and reserves of the consolidated balance sheet has decreased EUR 1.6 million because of the influence of stock lot created by the elimination. Safran Software Solutions has been incorporated with the amount of the issue of own shares. The goodwill created in the incorporation, EUR 83,000 has been aligned with the Proha Plc shares that Safran owns. The elimination of other Group's internal ownership complies with the acquisition cost method. The depreciation plan of acquisition cost is 5 years. Associated companies have been incorporated with capital share method.

Founding and formation expenses

In formation expenses, which are a part of intangible assets, have been entered the immediate expenses of the acquisitions, EUR 278,000. Formation expenses will be handled as straight-line depreciation within 5 years.

Immediate taxes

The tax corresponding to the result of the survey period has been taken into account as tax.

The interim financial statement has not been audited.

EVENTS AFTER THE SURVEY PERIOD

The Board of Directors of Proha Plc has decided to call an Extraordinary General Meeting to be held on August 21, 2000.

In July, Artemis International, an affiliated company of Artemis Management Systems, has agreed on forming a joint venture operation with the Canadian Changepoint Corporation. The new joint venture will offer Changepoint's market leading Professional Service Automation (PSA) products mainly in France and Germany.

Proha has started negotiations aiming at acquisitions in Central Europe. All negotiations are at an early stage and their success is not certain.

PROSPECTS FOR THE FUTURE

Project Management

In the business area of Project Management, Proha operates as an active party in the international structural change of the field and will expand its operations through organic growth and acquisitions.

The project management markets are roughly divided into two sectors: high-end applications for demanding project management and low-end

mass products. Artemis' products are market leaders in the high-end sector. ASP service concept and Safran Planner software will expand the company's operations to smaller customer companies and low-end market.

The markets for project management products will grow faster than the IT-markets in general. Proha's markets are expected to stay broad.

Financial Management

The Internet Accounting Partner business, that includes ASP and outsourcing services are expected to grow. Co-operation agreements with system suppliers and software houses will strengthen the growth of business. By the end of the year The Internet Accounting Partner clientele is expected to grow substantially.

The technological changes and harmonization of regulations will grow the European financial management markets and will create good basis for international growth next year.

Internet Technologies

The building of Proha's service center has proceeded in schedule and the implementation of applications continues. Customer service will expand to project management business area within this year.

IT-systems testing unit in Savonlinna will start its operations in September. Its operations will escalate towards the end of the year.

Developing of Data Warehousing and OLAP solutions for project and financial management is proceeding as planned. International distribution channel will give an opportunity to offer products to global markets more extensively than before.

Testing products and requirements management software markets are growing and the sales are expected to develop favourably within the last two quarters of the year.

GUIDELINES FOR INSIDERS TO USE

According to Board of Directors decision Proha Plc has taken the guidelines of stock exchange insiders into use starting May 16, 2000.

APPLICATION TO THE MAINLIST OF THE HELSINKI EXCHANGES AND LISTING TO AN INTERNATIONAL TECHNOLOGY EXCHANGE

Proha Plc is considering applying to the main list of Helsinki Stock Exchange and is exploring the possibility of quoting on an international technology list.

FINANCIAL INFORMATION OF PROHA PLC IN 2000

Proha will publish its interim report January-September on November 16, 2000.

Espoo, August 7, 2000

The Board of Directors of Proha Plc

Press conference will be held today Tuesday August 8, 2000 at 2.00 pm

in the Marski room of the World Trade Center, 2nd floor, at the addressAleksanterinkatu 17, Helsinki.

More information

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CONSOLIDATED PROFIT AND LOSS ACCOUNT AND BALANCE SHEET January 1, - June 30,. 2000

The interim financial statement has not been audited.

PROFIT AND LOSS ACCOUNT

	1/00-6/00	1/99 -6/99	31.12.1999
	(EUR 1000)	(EUR 1000)	(10 months) (EUR 1000)
Net turnover	6,833	2,466	5,186
Variation in Stock	4	-	-
Share of result			
of associated companies	22	-	-
Other operating income	743	-	-
Raw material and services	-1,147	-671	-1,257
Staff expenses	-3,109	-773	-1,804
Depreciation and reduction			
in value	-228	-37	-191
Other operating			
expenses	-2,014	-499	-1,344
Operating profit	1,105	486	590
Financial income			
and expenses	23	2	-164
Profit before extraordinary items	1,128	489	426
Profit before			
appropriations and taxes	1,128	489	426
Appropriations	-	12	-
Income taxes	-211	-159	-143
Change in deferred tax liabilities	-0	-	-
Profit before			
minority interests	916	341	283
Minority share of			
the result	-83	-52	31
Profit for the period	833	289	314

BALANCE SHEET

Assets	June 30, 2000	June 30, 1999	Dec 31, 1999
	(EUR 1000)	(EUR 1000)	(EUR 1000)
Non-current assets			
Intangible assets	1,119	181	219
Intangible assets	813	1	90
Investments total	1,298	695	616
Non-current assets total	3,229	877	925
Current assets			

Stocks	132	0	0
Non-current debtors	-	-	-
Current debtors	5,291	1,219	2,305
Investments	269	0	167
Cash in hand and at bank	5,461	311	5,291
Current assets total	11,153	1,530	7,763
 Total assets	 14,382	 2,407	 8,688
 Liabilities			
Capital and reserves			
Subscribed capital	6,786	5	4,813
Share issue	27	-	-
Exchange difference	-5	-	-
 Legal reserve	 0	 6	 607
Retained earnings	907	291	246
Profit for the period	833	289	314
Capital loan	187	0	219
Capital and reserves total	8,735	591	6,199
Minority interest	342	156	11
 Creditors			
Non-current creditors total	554	319	471
Current creditors total	4,751	1,341	2,007
Creditors total	5,305	1,660	2,478
Total liabilities	14,382	2,407	8,688

KEY RATIOS OF THE GROUP

	1.1.-30.6.2000	1.1.-30.6.1999	31.12.1999
	6 months	6 months	10 months
Net turnover (EUR 1000)	6,833	2,466	5,186
 Operating profit (EUR 1000)	 1,105	 486	 590
% of net turnover	16.2	19.7	11.4
 Profit before appropriations and taxes	 1,128	 489	 426
% of net turnover	16.5	19.8	8.2
 Profit for the period	 833	 289	 314
% of net turnover	12.2	11.7	6.1
 Earnings per share, EUR	 0.17	 0.09	 0.10
 Equity per share, EUR	 1.64	 0.20	 1.62
 Staff, average	 208	 23	 61