Proha Plc STOCK EXCHANGE BULLETIN August 22, 2002 at 8.55 a.m.

INTERIM REPORT OF PROHA PLC FOR THE PERIOD JANUARY 1 - JUNE 30, 2002

- The Proha Group's net result for the 6-month period was EUR 0.9 million positive, which exceeds the result of the corresponding period in 2001 (EUR -3.2 million) by EUR 4.1 million
- Operating profit (EBIT) was EUR 1.4 million (operating loss EUR -2.8 million)
- The Proha Group's net sales amounted to EUR 42.0 million (EUR 42.2 million, 1-6/2001)
- Net sales maintained last year's level despite the challenging situation in the software market
- Streamlining of operations and cost savings have improved profitability
- During the first half of the year, customers acquired 49,000 end-user licenses from Proha, of which 27,000 were delivered in the second quarter
- Proha management keeps to its previous result estimates for 2002

THE FIRST HALF IN BRIEF

The performance in 2002 has followed the management's previous estimates. The situation in the software market is still challenging.

In the Project Management business area, significant progress was made to expand from operative solutions provider to executive management's strategic partner. The international sales of Artemis' strategic management solution, PortfolioDirector, improved in the second quarter by agreements worth about EUR 4 million. Most of these deals will be recognized as income in 2002.

In the second quarter of 2002, Artemis' customers bought licenses for 27,000 new users. The number of licenses sold grew by 23% compared to the first quarter. Starting from January, a total of 49,000 new licenses have been sold. Worldwide, the number of Artemis licenses sold amounts to 455,000.

The Artemis subgroup has streamlined its operations by organizational rearrangements. New customer-oriented organization shortens the cycle of product development and better facilitates the use of global resources.

Net sales for the Financial Management business area, EUR 3.1 million, grew by 32% compared to the corresponding period in 2001 (EUR 2.4 million). The Financial Managemet completed its fully electronic service solutions; Accountor Finance Department for large and medium-sized enterprises and ProCountor service concept for small and medium-sized companies. Especially Finance Department solutions gained significant new customers.

Transfer of customer information into the Internet-based ProCountor system begun in the second quarter. This process clearly affected the result of the period. Towards the end of the second quarter, the focus was turned from technical development to customer acquisition and continuous service enhancement. The new concept will deliver both for customer and internally significant improvements in the use of resources by the end of the year.

Net sales of the Internet Technologies, EUR 1.1 million, grew by 6% compared to the corresponding period in 2001 (EUR 1.0 million). Especially, the significance of ASP services in the Group’s offering in Finland has grown.

The Proha Group provides management solutions that cover all project and financial management needs on all organizational levels; strategic, tactical and operative. The solutions help the corporate customers to implement their strategy, allocate their resources productively and control their operative functions as profitably as possible. The Group operates through three business areas. The largest business area is Project Management (Artemis subgroup), whose net sales generate about 90% of the Group’s net sales.

PROSPECTS FOR THE NEAR FUTURE

Proha management keeps to its previous result estimates for 2002. The full-year result is expected to be positive, even without any increase in net sales, as previously estimated. The Group’s net sales growth target has been 0-20%. Net sales is expected to grow during the second half of the year but under current market conditions the upper limit of the growth target will hardly be reached.

The division of net sales to one time license revenue, recurring license revenue and service revenue will in the present market situation be very strongly lead by services; ideally, each would account for one third of net sales.

Artemis’ growth targets are based on new strategic offerings and tactical resource management solutions. Their markets have better growth potential than traditional project management.

The significant delivery agreements of the strategic-level project portfolio management solution, PortfolioDirector, signed during the period, are a good indication that the chosen concept is functional and meets the needs of the market. The volume of offers of PortfolioDirector is more robust, and pilot projects have been launched.

Demand for resource management solutions is growing, the development work of new solutions is in the final stage, and the first extensive installations to the customers’ production environment have been made. In the area of resource management, Proha expects substantial growth during the remainder of 2002. Effective allocation of project resources is becoming an important competitive advantage in the customers’ industries.

NET SALES AND RESULT

For January-June 2002, the Group’s net sales amounted to EUR 42.0 million (EUR 42.2 million). In the present market situation, this can be considered good. The performance is based on Proha’s extensive and diverse customer base as well as its operation close to the customers’ core businesses. Resting on public information, the management of Proha anticipates that the non-declining business volume has increased the market share.

The emphasis of the net sales is strongly on services that account for 58% of the net sales amounting to EUR 24.3 million. Compared to the first quarter, the sales of one time software licenses grew by 28% in the second quarter to EUR 4.6 million, constituting 21% of the net sales of Q2. The share of recurring license revenue of the net sales in the second quarter was 20%, amounting to EUR 4.5 million.

Measures for streamlining the operations and reducing the costs generated a positive operating profit (EBIT). Proha's cumulative operating profit for the first two quarters of 2002 was EUR 1.4 million positive, compared to the corresponding period in 2001, which showed a loss of EUR -2.8 million. The operating profit for the second quarter, EUR 1.7 million, improved substantially compared to the first quarter of 2002 (EUR -0.3 million).

The amortization of consolidation reserve affected the result. The consolidation reserve originates from the additional expenses of the Opus360 transaction, and it was taken into account in the acquisition price. The consolidation reserve was amortized within 11 months and ended in June 2002. This period the consolidation reserve had a positive impact on the result by EUR 3.3 million. The Group expense level is now lower than during the amortization of the consolidation reserve, but the result is still affected by the cost of Artemis operating as a publicly held company in the United States.

Net sales and EBIT by business area, EUR 1000

Business Area	Net sales	Consolidated net sales	EBIT
Artemis companies and other project management	40,186	38,602	3,371
Accountor companies (Financial Management)	3,122	2,939	-86
Intellisoft companies (Internet Technologies)	1,063	312	-926
Other areas	586	111	-953
Eliminations	-2,992		
Total	41,964	41,964	1,406

Also earnings before interests, taxes, depreciation and appropriations (EBITDA) for the period grew to EUR 0.4 million, compared to EUR -0.7 million for the same period in 2001. In the first quarter of 2002, the earnings before interests, taxes, depreciation and appropriations (EBITDA) was still negative (EUR -1.0 million). In the second quarter of 2002, EBITDA was EUR 1.4 million positive.

Earnings per share for the 6-month period amounted to EUR 0.02 (EUR -0.06).

FINANCING AND INVESTMENTS

On June 30, 2002, the balance sheet total was EUR 51.1 million, compared to EUR 57.6 million in 2001. At the end of June, cash items and short-term investments stood at EUR 5.8 million, against EUR 2.5 million for the same period in 2001. Compared to the end of the first quarter (EUR 5.1 million), the amount of cash items and short-term investments grew slightly. The Quick Ratio was 0.87, compared to 0.94 for the corresponding period in 2001.

The product development expenses of strategic products (1-6/2002) totalled EUR 4.7 million, of which EUR 4.6 million was expensed. Interest-bearing liabilities were EUR 3.8 million (EUR 7.7 million), equivalent to 7.7% (13.5%) of the Group's capital and reserves total and provisions and creditors total at the end of the period.

PRODUCT DEVELOPMENT

During the 6-month period, the product development expenses of strategic products were EUR 4.7 million, constituting 11% of the net sales. EUR 4.6 million was expensed and EUR 0.1 million was capitalized.

One of the major reforms of the period was the reorganization of Artemis' product development into a centralized international division. The arrangement improves the use of product development resources and local customer contacts. For the first time, the new arrangement is used in an international resource management development project, in which the product development units in France, Great Britain, USA and Singapore work together with Artemis Finland. Also TEKES, the National Technology Agency of Finland, is involved in the project.

PERSONNEL

At the end of the period, the Proha Group employed 609 people. At the same time in 2001, the number of personnel was 707. Staff expenses were EUR 23.8 million (EUR 24.7 million), 56.8% of net sales (58.5%). 470 (570) people worked in the Project Management business area, 113 (95) in Financial Management and 26 (42) in Internet Technologies. The number of employees in Finland was 226 (246), while 383 (461) worked abroad. The average number of personnel for the period was 621.

OTHER GROUP EVENTS

THE ANNUAL GENERAL MEETING OF ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION

The Annual General Meeting of Artemis International Solutions Corporation was held on June 5, 2002. The meeting re-elected the members of the Board all of whose terms of office were expiring: James Cannavino, Klaus Cawén, Olof Ödman, and Pekka Pere. Ari Horowitz, Michael J. Rusert, and Steven Yager continue in the Board.

SHARE CAPITAL

There were no changes in the share capital of the company during the second quarter. The share capital on June 30, 2002 was EUR 13,485,490.20, totalling 51,867,270 shares.

AUTHORIZATION TO ISSUE SHARES

The Proha Board of Directors has an authorization given by the

Annual General Meeting on April 15, 2002 to increase the Company share capital in one or more issues by issuing new shares, stock options, option warrants and/or convertible bonds. Pursuant to this authorization, the aggregate maximum number of new shares to be issued or offered for subscription shall not exceed 10,373,454 shares with an account equivalent value of EUR 0.26 each, and the share capital of The Company may be increased by no more than EUR 2,697,098.04, which represents 20% of the currently registered share capital and of the votes that can be cast in the General Meeting of Shareholders. The Board of Directors is authorized to decide the subscription price and the other terms and conditions. The authorization is valid until April 14, 2003.

INCENTIVE SYSTEM FOR PERSONNEL

No stock options were issued during the second quarter.

TRADING ON THE HELSINKI STOCK EXCHANGE

The number of registered shareholders of Proha Plc totaled 3,904 at the end of the period. During the period, the share price was EUR 0.31 at its lowest and EUR 0.71 at its highest. Market capitalization was approximately EUR 24.9 million at the end of the period.

DECISIONS OF THE GENERAL MEETING

The Annual General Meeting of Proha Plc held on April 15, 2002 confirmed the 2001 Financial Statements and discharged the members of the Board of Directors and the CEO from liability for 2001.

The General Meeting approved the Board of Directors’ proposal according to which the result for the financial year 2001 is entered in capital and reserves and no dividend is paid.

Michael J. Rusert, President and CEO of Artemis International Solutions Corporation, was elected as a new member of the Proha Board of Directors. Olof Ödman (Chairman), Pekka Pere, James Cannavino, Klaus Cawén, Alec Gores, Ari Horowitz, and Steven Yager continue as members of the Board of Directors.

KPMG Wideri Oy Ab was elected as the Company’s auditor, with Reino Tikkanen, APA, as the auditor in charge.

The Annual General Meeting of Proha Plc authorized the Board of Directors to increase the Company share capital in one or more issues by issuing new shares, stock options, option warrants and/or convertible bonds. Pursuant to this authorization, the aggregate maximum number of new shares to be issued or offered for subscription shall not exceed 10,373,454 shares with an account equivalent value of EUR 0.26 each, and the share capital of The Company may be increased by no more than EUR 2,697,098.04, which represents 20% of the currently registered share capital and of the votes that can be cast in the General Meeting of Shareholders. The Board of Directors is authorized to decide the subscription price and the other terms and conditions. The authorization is valid until April 14, 2003.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

In the interim report, the consolidation complies with the accounting principles of the financial statements on December 31, 2001.

The financial statements of foreign subsidiaries have been consolidated
into the Group in accordance with the Finnish Accounting Act.

Amortization of consolidation reserve

The consolidation reserve of EUR 6.15 million originating from the Opus360 Corporation transaction was amortized during 11 months starting from August 1, 2001. During the period, the last item of consolidation reserve, EUR 3.3 million, was amortized.

Depreciation of consolidated goodwill

The consolidated goodwill for Artemis companies is depreciated in 10 years and for other companies in 3 years. For the period, the depreciation of consolidated goodwill was EUR 1.1 million.

Fixed assets assessment

Straight-line depreciation is used as a depreciation method. Depreciation according to plan is 3-10 years.

Research and development expenses

Research and development expenses were EUR 4.7 million of which EUR 0.1 million was capitalized and EUR 4.6 million was expensed.

Company shares

The Group has no Proha Plc shares.

PROSPECTS FOR THE NEAR FUTURE

Proha management keeps to its previous result estimates for 2002. The full-year result is expected to be positive, even without any increase in net sales, as previously estimated. The Group’s net sales growth target has been 0-20%. The net sales is expected to grow during the second half of the year but under current market conditions the upper limit of the growth target will hardly be reached.

The Board of Directors of Proha Plc

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DISTRIBUTION:
Helsinki Stock Exchange
Major Media

PRESS CONFERENCE

Proha Plc will hold a press conference for the media and financial analysts at 12.00 p.m. on August 22, 2002 at the World Trade Center, Marskin sali, second floor, address: Aleksanterinkatu 17, Helsinki.
Welcome

PROHA GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNT AND BALANCE SHEET JANUARY 1 - JUNE 30, 2002
The figures are unaudited.

PROFIT AND LOSS ACCOUNT	1/02 - 6/02 (EUR 1 000)	1/01 - 6/01 (EUR 1 000)	1/01-12/01 (EUR 1 000)
Net sales	41 964	42 152	82 845
Variation in stock	0	-16	-16
Share of results of associated companies	71	-401	-900
Other operating income	191	371	547
Raw materials and services	-6 979	-5 841	-13 548
Staff expenses	-23 842	-24 650	-49 188
Depreciation and reduction in value			
Depreciation according to plan	-1 021	-1 149	-2 399
Reduction in value of goods held as non-current assets	-187	0	-167
Depreciation of goodwill	-1 138	-933	-1 965
Change in consolidation reserve	3 338	0	2 828
Depreciation and reduction in value total	992	-2 082	-1 704
Other operating charges	-10 990	-12 351	-24 135
Operating profit/loss	1 407	-2 817	-6 098
Financial income and expenses	-95	-342	-1 147
Profit/loss before extraordinary items	1 312	-3 159	-7 246
Extraordinary items	0	0	0
Profit/loss before appropriations and taxes	1 312	-3 159	-7 246
Appropriations	5	0	0
Income taxes	-388	-330	-620
Change in deferred tax liabilities	-86	1	-2 999
Profit/loss before minority interest	844	-3 489	-10 865
Minority interest of the result	61	254	781
Other direct taxes	-3	0	-1

Profit/loss for the period	902	-3 234	-10 085

BALANCE SHEET	30.06.2002	30.06.2001	31.12.2001
ASSETS			
Non-current assets			
Intangible assets	16 070	18 461	17 330
Tangible assets	2 727	2 975	3 069
Investments	2 451	3 438	2 657
Non-current assets total	21 248	24 874	23 056
Current assets			
Stocks	0	98	0
Non-current debtors	150	301	0
Current debtors	23 874	29 893	24 254
Short-term investments	57	277	93
Cash in hand and at bank	5 742	2 181	6 954
Current assets total	29 823	32 750	31 301
ASSETS TOTAL	51 070	57 625	54 357
LIABILITIES			
Capital and reserves			
Share capital	13 485	13 784	13 274
Share premium account	3 872	3 267	3 816
Retained earnings	-4 406	3 904	5 409
Profit/loss for the period	902	-3 234	-10 085
Capital loan	187	187	187
Capital and reserves total	14 040	17 906	12 601
Minority reserve	1 030	79	1 125
Provisions	124	582	824
Appropriations	0	0	1
Consolidation reserve	308	0	3 544
Creditors			
Non-current creditors	1 402	4 381	1 901
Current creditors	34 167	34 676	34 362
Creditors total	35 569	39 057	36 263
LIABILITIES TOTAL	51 070	57 625	54 357

KEY RATIOS OF THE PROHA GROUP

	1/02-6/02	1/01-6/01	1/01-12/01
Net sales (EUR 1000)	41 964	42 152	82 845
EBITDA*	415	-736	-4 394
% of net sales	1.0	-1.8	-5.3
Operating profit/loss (EUR 1000)	1 407	-2 817	-6 098
% of net sales	3.4	-6.7	-7.4
EBIT**	1 407	-2 817	-6 098
% of net sales	3.4	-6.7	-7.4
Profit/loss before appropriations and taxes	1 312	-3 159	-7 246
% of net sales	3.1	-7.5	-8.7

Profit/loss for the period	902	-3 234	-10 085
% of net sales	2.2	-7.7	-12.2
1) Weighted number of shares (split adjusted)	51 728 041	51 044 807	51 049 618
1) Earnings per share, EUR	0.02	-0.06	-0.20
2) Number of shares at the end of the period	51 867 270	51 054 350	51 054 350
2) Equity per share, EUR	0.27	0.35	0.24
3) Number of shares diluted by stock options	51 840 478	51 095 323	51 049 618
3) Earnings per share, EUR	0.02	-0.06	-0.20
Personnel at the end of the period	609	707	638
Average personnel	621	688	690

*Earnings before interests, taxes, depreciation and appropriations
**Earnings before interests and taxes

Net sales by geographical area

United States	38%
Finland	18%
Rest of Europe	33%
Asia	11%

Net sales by product type

One time license	20%
Recurring license	21%
Services	58%
Other	1%