QPR SOFTWARE PLC

FINANCIAL STATEMENTS
2007

for the period of
January 1 – December 31, 2007

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GROUP FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT 1 JANUARY – 31 DECEMBER 2007

In the financial year 2007, the business operations of QPR Group comprised entirely of software business. QPR's business focuses on software products and consulting for business performance management and business process management. With the help of QPR software solutions, organizations take control of risk and compliance issues, optimize business processes, improve operational performance and drive strategy throughout their organization in order to comply with rules and regulations as well as manage transition caused by strategic or regulatory demands.

QPR's management solutions based on QPR software products are marketed and delivered in over 50 countries by local distributors and business partners, and by the company´s own sales and services business unit within Finland. Net sales growth in the financial year is attributed to the increase of international sales (+7.1%) both in license and maintenance sales.

Net sales in Finland decreased by 7.5% during the financial year, the company had a slight decrease in service sales in 2007, but the negative trend were offset into strong growth during the last quarter of the year. QPR software products were sold through 60 distributors in various parts of the world, and the company delivered software to a total of 55 countries in year 2007. The largest export markets were South Africa, Japan, Brazil, Sweden, United Kingdom and the United States of America. Business growth in Japan was positively affected by a solution that QPR and its local reseller launched to respond to the challenges of the local security markets law (J-SOX). In September 2007, QPR launched a new Business Process Management Suite and Worlflow product.

At the end of the financial year, the Group had a total of 58 employees (year 2006 58 and 2005 56). The average number of personnel during the financial year was 58 (year 2006 58 and 2005 48). Employee benefit expenses in the financial were MEUR 4.048 (Year 2006, 3.846 and Year 2005 3.198).

QPR Software Group´s net sales grew 2.3% and reached 7.059, the comparable net sales for the financial year 2006 were 6.901 and net sale in 2005 were MEUR 6.364. Net sales in international operations were 4.942 million, corresponding 7.1% increase compared to the previous year which were 4.613 in 2006 and in 2005 3.589. Operating Profit for the financial year was MEUR 0.031 (Year 2006 0.517 and 2005 0.849), representing 0.4% (year 2006 7,5% and 2005 13.3%) of net sales. The profit of the financial year was MEUR 0.204, representing 2.9% of net sales (MEUR 0.702 in 2006, amounting to 10.2% of net sales and MEUR 0.690 in 2005 amounting to 10.8% of net sales). Earnings per share in the financial year were 0.02 Euros, 0.06 Euros in 2006 and 0.06 Euros in 2005.

The company's liquidity and financial solidity are still good, at the end of the financial year the company´s quick ratio - measure of a company's liquidity was 2.49, 3.31 in 2006 and 3.42 in 2005. Equity ratio during the financial year was 57.0%, 59.0% in 2006 and 52.4% in 2005. Cash flow during the financial year was MEUR 1.245, 2006 1.884 and 2005 1.582. Net debt was MEUR -0.876 in 2007, -1.408 in 2006 and –0.771 in 2005.

The parent company has a subordinated loan of 83 thousand Euros at the end of 2007. Terms of the subordinated loan are presented on page 44. Furthermore, key indicators for the financial performance of year 2005 are presented on page 31. During the financial year 2007, one issue of shares was effectuated as new shares were subscribed with stock options in June 2007.

NET SALES AND FINANCIAL PERFORMANCE 1-12/2007

QPR Software Group´s net sales grew by 2.3% compared to previous year and were MEUR 7.059 (6.901).

Net sales in international operations increased 7.1% and the Group delivered software licenses and services to a total of 55 countries. The share of international business of the total net sales increased to 70.0% (66.8%).

The largest export markets in 2007 were South Africa, Japan, Brazil, Sweden, United Kingdom and the United States. The fastest growing export markets were Brazil, the United States, Denmark and Japan. Business growth in Japan was positively affected by a solution that QPR and its local reseller launched to respond to the challenges of the local security markets law (J-SOX). The new security markets law came in force at the beginning of 2007 in Japan, and 40 Japanese publicly listed companies purchased QPR J-SOX solution. QPR estimates that demand for the said software solution remains good among the Japanese publicly listed companies in 2008 as well. In Brazil, QPR business growth was positively affected especially by an extensive Risk Management software solution delivered to Brasil Telecom.

In September, QPR launched a new Business Process Management Suite and QPR WorkFlow product. The sales of the new suite and product have started both in Finland and in international channel, and are estimated to have a positive impact to QPR net sales in the first half of year 2008.

The geographical break-down of the net sales was as follows, EUR 000:

	1-12/2007	Share-%	1-12/2006	Share-%	Change-%
Domestic	2 117	30.0	2 288	33.2	-7.5
International	4 942	70.0	4 613	66.8	7.1
Total	7 059	100.0	6 901	100.0	2.3

Group net sales are accrued solely from software business, with the following break-down in the financial year, EUR 000:

	1-12/ 2007	Share-%	1-12/ 2006	Share-%	Change-%
Software licenses	3 489	49.4	3 256	47.2	7.2
Maintenance services	2 764	39.2	2 509	36.4	10.2
Professional services	806	11.4	1 136	16.5	-29.1
Total	7 059	100.0	6 901	100.0	2.4

Operating profit in the financial year was MEUR 0.031 (year 2006 MEUR 0.517 and year 2005 MEUR 0.849), and its share of net sales was 0.4% (year 2006 7.5% and year 2005 13.3%). Operating profit was negatively affected by the recorded bad debt provisions MEUR 0.318 (0.151). Operating profit was also impacted by the launch costs of QPR Business Process Management Suite and QPR WorkFlow product in September and investments initiated in 2006 in local office in South Africa. It was decided at the end of 2007 that the cost structure of South African office will be curtailed.

Net profit for the financial year was MEUR 0.204 (0.702), which corresponded 2.9% (10.2%) from net sales. Net profit for the financial year includes an effect of an increase of deferred tax assets in the parent company´s books of MEUR 0.160 (0.260).

As of December 31, 2007 the retained losses, for which no entry has been made as deferred tax assets in the parent company's books, or in the closure of this financial year or earlier financial years are approximately MEUR 1.0 corresponding to MEUR 0.3 deferred tax assets. In the Group´s balance sheet as of December 31, 2007, the remaining amount of deferred tax is EUR 502 thousand, and an amount of EUR 479 thousand is in the books of parent company.

Diluted earnings per share were EUR 0.02 (0.06).

FINANCE AND INVESTMENTS

The value of the total assets of the Group was MEUR 5.091 (5.913). The Group's investments in non-current assets during the financial year totaled MEUR 0.464 (0.361). Cash flow from operating activities was positive in the financial year and reached MEUR 0.438 (0.976) Cash and cash equivalents at the end of the year were MEUR 1.245 (1.884).

The Group's interest-bearing liabilities decreased by MEUR 0.108 and were MEUR 0.368 (0.476). Gearing was -38.7% (-54.4%). Return on investment was 2.5% (19.2%). The total amount of dividend paid was MEUR 0.489 (0.243). Short-term liabilities contain deferred revenue a total of MEUR 1.116 (1.532). At the end of financial period, quick ratio was 2.49 (3.31). At the end of the financial year, the Group's equity stood at MEUR 2.264 (2.586) and the Group's equity ratio reached 57.0% (59.0 %). Return on equity was 8.4% (year 2006 30.0% and 2005 38.9%).

PERSONNEL

At the end of the financial year, the Group employed a total of 58 people (year 2006 59 and 2005 56). The average number of personnel during financial year was 58 (year 2006 58 and 2005 48).

For incentive and commitment purposes, the Group has personnel bonus scheme covering the whole personnel and personnel stock option plan.

PRODUCT DEVELOPMENT

The amount of R&D expenses in the review period were MEUR 1.502 (year 2006 1.245 and 2005 1.324), representing 21.2% (year 2006 18.7% and 2005 23.3%) of net sales. In the financial year 2007 R&D costs relative share of all operating expenses was 21.2% (2006 18.7 and 2005 23.3%).

During the review period, R&D expenses have been capitalized for a total amount of EUR 217 thousand (147). The depreciation period of capitalized R&D expenses is 4 years.

Product development employed 14 (12) people at the end of the review period, corresponding to 24% of the total personnel. The core skills of product development remains centralized within the organization. QPR also continued long-term co-operation with its established subcontractors.

During the review period, Research & Development activities focused on developing new product and product version releases. As a result, in September 2007 QPR released a new software product, QPR WorkFlow, which is based on OEM technology, for automating human centric business processes. At the same time, QPR released new versions of all other products in the QPR 7 software suite. This broadened the scope of the QPR software offering, particularly in the area of Business Process Management (BPM) by introducing full support for the BPMN and BPEL standards and workflow modeling. In December 2007, QPR introduced language support for Arabic and initiated development to introduce support for Persian language in early 2008. The QPR product family also became fully compatible with Microsoft Windows Vista™. As a proof of this compatibility, QPR Process Guide has been certified for Microsoft Windows Vista™. During the review period, QPR achieved the Microsoft Gold Certified Partner status.

QPR offers an interactive, easy-to-use, ready-to-run software that combines process modeling and analysis (QPR ProcessGuide), business process automation (QPR WorkFlow), performance management and measurement (QPR ScoreCard), and business intelligence (QPR FactView) into one complete solution for risk management and compliance. With the help of QPR software solutions, organizations take control of risk and compliance issues, optimize business processes, improve operational performance and drive strategy throughout their organization in order to comply with rules and regulation as well as manage transition caused by strategic or regulatory demands. The software products developed by QPR are fast to implement and adapt to customers' evolving requirements and their chosen management methodology. QPR software applications are scalable from a single-user to an organization-wide management system, and integrate seamlessly to the customers' existing information systems.

The QPR product family has been localized into 24 languages.

BUSINESS AND FINANCIAL RISKS

The general principles of risk management are approved by the Board of Directors. In addition, the Board of Directors monitor the adequacy, appropriateness and effectiveness of the Group’s risk management. Risk management relating to company's business operations is supported by continuous development of its operating processes and control points, in particular the sales process and sales control systems. Standard contract templates are used to further reduce business risks and also credit risks in case of default of its obligations by other parties.

QPR Software operates in several countries and on a relatively narrow software product segment. A risk exposure of large international software vendors increasing their investments and focus on QPR's software product segment exists, which might have an impact of further tightening the competitive landscape.

The company operates in several market areas and sales are accumulated from many customers, which limit the market-specific risk. A part of the nature of international business is a reasonable credit risk concerning individual business partners, the risks of which the Company seeks to limit by continuous monitoring of receivables and credit limits.

The majority of the Company's invoicing and purchasing is conducted in Euros. The current internal assessment and classification of currency risks is such that the Company does not have derivative contracts for protection against currency risks.

The motivation and competences of the key people in the company, covering company's core business processes and different levels of the organization, are vitally crucial to the success of the company. Failure to recruit and retain key people could have a negative impact on the business and profitability of the company.

The company has, in accordance with the company's own judgments, insurances to reasonably cover personnel injuries and damages to fixed assets, as well as, legal protection, business liabilities and management's liabilities for property damages.

RISKS AND FACTORS OF UNCERTAINTY IN THE NEAR FUTURE

In the financial statements of 2007 the risks related to the company's activities have been reported in more detail. It is the duty of the Board of Directors to approve QPR's risk management and reporting procedures, and to monitor the adequacy, appropriateness and effectiveness of the company's risk management. Risk management relating to company's business operations is supported by continuous development of the company´s operating processes.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of receivables and credit limits. The growth of QPR´s international business and growing average deal size have increased credit loss risk related to accounts receivable. To prepare for possible credit losses, the Group recorded MEUR 0.318 bad debt provision in the financial year.

QPR Software tightened its standard payment terms in 2007, which resulted in a reduction in trade and other receivables. The company´s current trade receivables decreased in the balance sheet by MEUR 0.556 to MEUR 2.264. The management of QPR estimates that the company´s credit loss risk is on customary and reasonable level.

DECISIONS MADE BY THE ANNUAL SHAREHOLDERS' MEETING, AND GOVERNANCE

The Annual Shareholders' Meeting held on 14 March 2007 made the following decisions:

The Annual Shareholders' Meeting confirmed the company's financial statements and the group's financial statements for the financial period 1 January - 31 December 2006 and released the Board of Directors and the Managing Director from liability.

The Annual Shareholders' Meeting approved the Board's proposal that a per-share dividend of EUR 0.04, a total of EUR 489,430.56, be paid for the financial year 2006. The record date for the payment of dividend was 19 March 2007 and the dividend payment date was 26 March 2007.

The Annual Shareholders' Meeting resolved that the Board of Directors consist of five (5) ordinary members. The Annual Shareholders' Meeting elected the following members to the Board of Directors: Vesa-Pekka Leskinen, Asko Piekkola, Topi Piela, Jarmo Niemi and Niklas Sonkin. In its first meeting immediately following the Annual Shareholders' Meeting, the Board of Directors elected Vesa-Pekka Leskinen as Chairman of the Board.

KPMG Oy Ab, Authorized Public Accountants, continues as QPR Software Plc's auditor, and Authorized Public Accountant Sixten Nyman as the principle auditor.

The Annual Shareholders' Meeting decided that the emoluments to the Chairman of the Board and the other Members of the Board shall be the same as in previous year.

The Annual Shareholders' Meeting decided to renew the articles of association. The primary content of the amendment was as follows:

- The provisions on minimum and maximum share capital were deleted (3§);
- The provisions on minimum and maximum amount of shares were deleted (4 §);
- The provisions on the record date were deleted (6§);
- The provisions on representation of the company were amended to correspond to the terminology of the new Companies Act 8§);
- The Articles of Association were amended so that the company has one (1) auditor, which is required to be an auditing company approved by the Central Chamber of Commerce (9§);
- The agenda of the Annual Shareholders Meeting was amended to Correspond to the contents of the new Companies Act and the Article 13 of the current Articles Of Association – according to which the Annual Shareholders' Meeting shall be held in Helsinki, Espoo or Vantaa as decided by the Board of Directors -was included to the same section (11§); and
- The numbering of the Articles of Association was amended accordingly.

The company's articles of association is available in its entirety on the investors section of the company's internet pages, and on the stock exchange release, published by the company on 14 March 2007.

The Annual Shareholders' Meeting decided to authorize the Board of Directors to decide on an issue of new shares and conveyance of the own shares held by the company (share issue) either in one or in several occasions. In the share issue and/or based on the special rights a maximum of 4,000,000 new shares can be issued and a maximum of 250,000 own shares held by the company can be conveyed. The authorization shall be in force until the next Annual Shareholders' Meeting. The conditions of the authorization of the Board are available in their entirety on the investors section of the company's internet pages, and on the stock exchange release, published by the company on 14 March 2007.

The Annual Shareholders' Meeting decided to authorize the Board of Directors to decide on an acquisition of own shares. Based on the authorization own shares may be acquired either in one or in several occasions, the aggregate maximum amount of 250,000 shares. The authorization shall be in force until the next Annual Shareholders' Meeting. The conditions of the authorization of the Board are available in their entirety on the investors section of the company's internet pages, and on the stock exchange release, published by the company on 14 March 2007.

At the end of the financial year the members of QPR Software Plc´s executive management group were CEO Matti Kanninen (Chairman), SVP Business Operations Jari Jaakkola, VP Strategic Accounts and Marketing Teemu Lehto, VP Business Operations Finland Matti Erkheikki, CFO Ritva Lindqvist and VP Products, Research and Care Tony Virtanen.

CORPORATE GOVERNANCE

QPR Software Plc complies with the Helsinki Exchanges' Guidelines for Insiders entered into force on 1 January 2006 and the Recommendation on Corporate Governance entered into force on 1 July 2004. The Company's Corporate Governance Statement is available in the Investor sector of the Company's website.
http://www.qpr.com. Also, available in the investor pages is further information, such as, administration of insiders register, public insiders register, list of major shareholders, articles of association, charter of the Board, description of how internal control and internal audit is organized, introductions of the members of the Board and Executive Management Team, and the information published by the company to the Helsinki Stock Exchanges in the financial year 2007.

COMPANY SHARES AND TRADING IN COMPANY SHARES 1-12/2007

The Company's share capital at the end of the review period was EUR 1,359,089.93 divided into 12,355,363 shares, the book counter-value being EUR 0.11.

The share capital was increased once during the review period when 119,599 new shares were subscribed based on the stock option programs 2003/II, 2003/III and 2005/I. The corresponding increase of EUR 13,155.89 in the Company's share capital was entered in the Finnish trade register on June 11, 2007.

The Group announced of holding changes in accordance with chapter 2, section 10 of the security market act:

- 21 August 2007 the holding of Kauppamainos Oy (Company ID 0109754-5) in QPR Software Plc had decreased under one-twentieth (1/20) from 5.73% to 3.85% of QPR Software Plc's share capital and votes.
- 24 September 2007 the holding of Oy Autocarrera Ab (Company ID 0628902-8) in QPR Software Plc had increased above one-twentieth (1/20) to 5.67% of QPR Software Plc's share capital and votes.
- 2 November 2007 the holding of Oy Autocarrera Ab (Company ID 0628902-8) in QPR Software Plc has increased above one-tenth (1/10) to 10.003% of QPR Software Plc's share capital and votes.

At the end of review period, the Company had a total of 604 shareholders. During the review period, trading in company shares amounted to MEUR 2.923, i.e. an average of EUR 11,691 per trading day. Trading in shares totaled 3,491,055 shares, giving an average of 13,964 shares per trading day. Turnover in shares corresponds to 29% of the total shares and the average price was EUR 0.84 per share.

At the end of the review period, the total market value of the company shares was MEUR 10.502 at the review period's closing price of EUR 0.85.

OWN SHARES

QPR Software Plc has one share class and company has repurchased 81.761 of its shares during the period under review for an average price of EUR 0.79 per share.

At the end of the financial year the company held 81.761 of its shares with a total nominal value of EUR 8,993.71 and a total purchase price of EUR 64,531.85. These shares represent 0.66% of the company´s capital stock. The purchase cost has been deducted from shareholders´ equity in the consolidated financial statements.

The Board of Directors has been granted by the Annual Shareholder´s Meeting of 14 March 2007, a share repurchase authorization, valid until next Annual Shareholders´ Meeting, to repurchase company shares in total of 250,000 shares at maximum. According to the authorization the company may acquire own shares in order to strengthen the company's capital structure, to be used as payment in corporate acquisitions or when the company acquires assets related to its business and as part of the company's incentive programs in a manner and to the extent decided by the Board of Directors, and to be transferred for other purposes or to be cancelled.

STOCK OPTION PROGRAMS

During the review period, the Company had three prevailing stock option programs. Each stock option issued under these stock option programs entitles a subscription one new share in the Company.

Based on stock option program 2003/II, there were no more unconverted stock options as of 31 December 2007. At the end of the review period, QPR Software Plc or any of its subsidiaries held no stock options of the stock option program of 2003/II.

At the end of the review period, based on stock option program 2003/III, a total of 202.500 hitherto unconverted stock options have been issued, and 121,290 stock options were held by the Company's subsidiary. The subscription time will end on December 31, 2008.

Based on stock option program 2005/I, there were no unconverted stock options as of 31 December 2007. QPR Software Plc´s subsidiary held still 150,401 stock options, but the subscription period had ended.

At the end of the review period, a total of 202,500 hitherto unconverted stock options have been issued, and in addition, a total of 121,290 stock options were in the possession of the Company's subsidiary, to be given to present and future employees and management.

SHAREHOLDERS

At the end of the financial year the Company had a total of 604 shareholders. The company has a total of six nominee-registered, holding a total of 107,951 company shares. At the end of the financial year, based on the various stock option programs, the inner circle (including holdings more than 1.0%) and their immediate circles held issued stock option rights that entitles the holders to subscribe company shares as follows (each stock option issued under these stock option programs entitles a subscription one new share):

Shareholder	Option rights	Shares pcs	(% of all shares)
Teemu Lehto	30 000	153 654	1.24

Distribution of holdings by categories in size and sector, ownership of insiders and major shareholders are presented in financial disclosures 21b, c and d.

SHARES HELD BY THE BOARD AND THE CEO

The members of QPR Software Plc Board of Directors and the CEO together with their immediate circles held on 31 December 2007 in total of 1,891,115 QPR Software Plc's shares, corresponding to 15.3 percent of the company's shares and votes. Corresponding shares and votes on 31 December 2006 were 18.4%. The said amounts of shares include own holdings as well as the holdings of spouses, persons under guardianship, and controlled companies.

The Board members and the CEO (together with their immediate circles) had no stock option rights issued as of December 31, 2007.

OTHER EVENTS AFTER THE REVIEW PERIOD

The Board of Directors appointed B.A., MBA Jari Jaakkola, 46, as new Chief Executive Officer, January 3 2008. Jaakkola has worked as SVP, Business Operations for QPR Software since August 2006. QPR Software Plc´s Chief Executive Officer Matti Kanninen resigned from his position as of 3 January, 2008.

As of 3 January, QPR Software´s Executive Management Teams comprised of CEO Jari Jaakkola (chairman), VP, Channel Sales (Asia & Africa) Antti Ainasoja, VP, Channel Sales (Europe & Americas) Maija Erkheikki, VP, Sales (Finland) Matti Erkheikki, VP, Marketing & Solutions Development Teemu Lehto, CFO Ritva Lindqvist and VP, Products, Research & Care Tony Virtanen.

On January 15th 2008 QPR Software Plc received the following notice of holding change in accordance with Chapter 2, Section 9 of the Securities Market Act:

The total holding of Jouko Antero Pelkonen and his controlled companies Electrosale Oy (company ID 0252032-5) and Pohjolan Rahoitus Oy (company ID 0486816-5) in QPR Software Plc has increased above one-tenth (1/10) to 10.098% of QPR Software Plc's share capital and votes.

FUTURE OUTLOOK

QPR Software aims to focus its resources this year especially to accelerate positive development in Risk Management and Compliance software solution sales. Risk Management and Compliance software solution sales already showed strong growth in 2007 in QPR´s international business.

Closer co-operation with the company´s largest resellers will be reinforced in international channel management this year. In marketing, the company prioritizes web marketing and solutions development, will increase their weight significantly in marketing mix from previous years.

QPR Software has also decided to step up investments in the utilization of Microsoft´s software platforms when offering its customers and channel partners comprehensive solutions that are closely linked to QPR´s own products. QPR believes that this co-operation with Microsoft will result in efficiency improvements in marketing and product development. In the last quarter of 2007, QPR achieved Microsoft Gold Certified Partner status.

The management of QPR Software estimates the Group´s net sales and operating profit to grow in 2008 compared to previous year. The nature of the software license business of the QPR Group is seasonal. Seasonality of large software deals can affect significantly net sales and profit of individual quarters.

The Company develops ready-to-run software products for risk management and compliance, business performance management and measurement, and business process modeling and analysis. New product versions will be released to increase value of the software to customers by broadening the solution scope and by introducing functionality enhancements especially in the area of risk management and compliance.

In addition, the Company continues to follow the developments in the re-structuring of software industry, and aims to actively participate in it.

ANNUAL GENERAL MEETING, BOARD'S PROPOSALS

The Board of Directors has decided to assemble the Annual General Meeting of Shareholders, to be held on Wednesday March 12th, 2008, starting at 9.00 a.m. at the company's headquarters, address: Huopalahdentie 24, 00350 Helsinki, Finland.

The Board of Directors decided in its meeting on 13 February 2008 to propose to the Shareholders' Meeting that from the financial year 2007, a dividend of EUR 0.03 per share be paid, a total of EUR 370,669.08. At the end of financial year 2007, the Group's distributable funds were EUR 653 thousand. The parent company's distributable funds were 665,101 Euros, of which the profit for the financial year is 179,469 Euros.

In addition, the Board proposes that the Shareholders' Meeting resolves to authorize the Board to decide on a share issue -including the conveyance of the own shares held by the company -and issue of special rights. In the share issue and/or based on the special rights, a maximum of 4,000,000 shares may be issued and a maximum of 250,000 own shares held by the company may be conveyed. Furthermore, the Board proposes that the Shareholders' Meeting resolves to authorize the Board to decide on an acquisition of a maximum of 250,000 own shares. The Board also proposes that the Shareholders' Meeting resolves to amend the transfer of reserve for invested non-restricted equity. The Board of Directors further proposes that the Shareholders' Meeting would resolve to amend the decisions made on 1 October 2003 and on 15 March 2005 regarding the issue of option rights so that the subscription prices of the shares subscribed based on the option rights will be entered into the invested non-restricted equity fund.

The Board's proposals in their entirety are available on the Notice for the Annual General Meeting of Shareholders, which shall be published as a stock exchange bulletin on 13 February 2008.

QPR SOFTWARE PLC'S FINANCIAL INFORMATION IN 2008

Financial Statements of the financial year 2007 will be available on the Company's internet pages on 15 February 2007

In 2008, QPR Software Plc will publish its financial information as follows:

Interim Report 1-3/2008	Thursday, April 24, 2008
Interim Report 1-6/2008	Thursday, July 24, 2008
Interim Report 1-9/2008	Thursday, October 23, 2008

The Annual General Meeting will be held on Wednesday, March 12, 2008.

In Helsinki, Finland, February 13th, 2008

Board of Directors

Consolidated income statement, IFRS

€	Note	1.1.-31.12.2007	1.1.-31.12.2006
Net sales	1	7 059 004	6 901 196
Other operating income	2	46 012	268 039
Materials and services	3	689 042	735 697
Employee benefits expenses	4, 16 a, b	4 048 210	3 846 289
Depreciation	5	213 578	206 047
Other operating expenses	6	2 122 908	1 863 990
		7 073 738	6 652 023
Operating profit		**31 278**	**517 213**
Financial income	7	40 952	55 665
Financial expenses	7	-8 287	4 595
		32 665	60 259
Profit before tax		**63 943**	**577 472**
Income taxes	8	139 691	124 697
Profit for the period		**203 634**	**702 169**
Earnings per share, EUR	9	0.02	0.06
Earnings per share (diluted), EUR	9	0.02	0.06

Consolidated balance sheet , IFRS

€	Note	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Tangible assets	10 a,b	321 311	306 678
Other intangible assets	11	447 679	212 541
Receivables	12	4 562	74 986
Deferred tax assets	13	502 346	330 460
		1 275 898	924 665
Current assets			
Trade and other receivables	14	2 570 087	3 103 961
Cash and cash equivalents	15	1 245 267	1 884 429
		3 815 354	4 988 390
Total assets		**5 091 252**	**5 913 054**

€	Note	31.12.2007	31.12.2006
EQUITY AND LIABILITIES			
Equity belonging to parent´s owners			
Share capital	16 a,b,c	1 359 090	1 345 934
Share premium		252 644	216 915
Treasure shares		-64 532	0
Translation differences		-69 575	-48 758
Retained earnings		786 679	1 072 169
		2 264 306	2 586 260
Total equity		**2 264 306**	**2 586 260**
Non-current liabilities			
Interest-bearing liabilities	17a	182 199	285 466
		182 199	**285 466**
Current liabilities			
Trade and other payables	18	2 458 147	2 850 327
Interest-bearing liabilities	17b	186 601	191 001
		2 644 747	**3 041 328**
Total liabilities		**2 826 946**	**3 326 794**
Total equity and liabilities		**5 091 252**	**5 913 054**

Consolidated cash flow statement, IFRS

EUR (1000)	Note	**1.1.-31.12.2007**	**1.1.-31.12.2006**
Cash flow from operating activities			
Profit for the period		204	702
Adjustments for the profit			
Depreciation		214	206
Non-cash transactions	19	-140	-354
Changes in working capital:			
Changes in trade and other receivables		560	55
Changes in trade payables and other liabilities		-401	323
Interest expense and other financial expenses		-8	5
Interest income and other financial income		41	55
Income taxes paid		-32	-16
Net cash from operating activities		**438**	**976**
Cash flows from investing activities			
Purchases of tangible assets		-140	-173
Purchases of intangible assets		-324	-188
Net cash used in investing activities		**-464**	**-361**
Cash flows from financing activities			
Proceeds from issuance of share capital		49	25
Repayments of long-term borrowings	19	-108	-95
Purchase of own shares		-65	0
Dividends paid		-489	-243
Net cash used in financing activities		**-613**	**-313**
Net change in cash and cash equivalents		**-639**	**302**
Cash and cash equivalents at the beginning of the period		**1 884**	**1 582**
Cash and cash equivalents at the end of period		**1 245**	**1 884**

Consolidated statement of changes in shareholders´ equity, IFRS

Equity belonging to parent´s owners

(EUR 1.000)	Shareholders' equity	Share premium	Translation differences	Treasuer shares	Retained earnings	Total
EQUITY 1.1.2007	1 346	217	-49	0	1 072	2 586
Shares issued	13					13
Share premium		36				36
Dividends paid					-489	-489
Translation differences			-21			-21
Purchase of own shares				-65		-65
Profit for the period					204	204
Change in shareholders' equity 1-12	13	36	-21	-65	-285	-322
EQUITY 31.12.2007	1 359	253	-70	-65	787	2 264

(EUR 1.000)	Shareholders equity	Share premium	Translation differences	Retained earnings	Total
EQUITY 1.1.2006	1 335	203	-48	602	2 091
Shares issued	11				11
Share premium		14			14
Employees options				10	10
Dividends paid				-243	-243
Translation differences			-1		-1
Profit for the period				702	702
Change in shareholders' equity 1-12	11	14	-1	470	494
EQUITY 31.12.2006	1 346	217	-49	1 072	2 586

General Information of the Company and its Business Activities

QPR Software Plc is a Finnish public limited liability company and has specialized in building performance and process management systems.

QPR cooperates with an extensive network of talented partners in over 50 countries worldwide.

QPR has its headquarters in Helsinki, Finland and is also listed on the Helsinki Stock Exchange.

QPR Software Plc (Company Code 0832693-7) is the parent company of the QPR-Group. The company's registered address is in Helsinki, Huopalahdentie 24, FI-00350 Helsinki. The web site address of the company is www.qpr.com.

Accounting principles

The financial statements of the QPR Group have been prepared according to the International Accounting Standards. The preparation has been carried out in compliance with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, valid on December 31, 2007. The financial statements of the parent company are prepared in accordance with Finnish Accounting Standards, FAS. The Group has applied starting 1.1.2007 the following and renewed standards interpretations:

- IFRS 7 Financial Instruments
- IAS I change of standard
- IFRIC 8, IFRIC 9 and IFRIC 10 which have not material influence

Principles of consolidation

Group financial statements include the parent company QPR Software Plc and its subsidiaries: QPR Services Oy, QPR Software Ab, QPR Software, Inc and QPR Software (Pty) Ltd. The mutual share ownership has been eliminated by acquisition cost method.

The subsidiaries have been merged to the Group financial statements as of the acquisition date, the date when the parent, directly or indirectly, holds more than 50 per cent of the voting rights or otherwise exercises control. In accordance with the exemption allowed by the IFRS 1-standard, acquisition made before the date of IFRS transition (1.1.2004) have not been adjusted to comply with IFRS principles, but the values are left as they were under Finnish GAAP.

Intra-Group business transactions, internal receivables, liabilities, unrealized margins and internal distribution of profits, are eliminated in the consolidated financial statements. Profit for

the period is divided into portions belonging to the parent company´s shareholders and the minority interest companies. The minority interest is also presented as a separate item within shareholder´s equity. The Group had not any minority interest companies during the reported financial period or comparative period.

Minority interest and joint ventures

As of December 31, 2007 the Group had no associated companies or joint ventures.

Conversion of items in foreign currency

The financial statements of the Group are presented in EUR, which is the currency of the parent company. Transactions of the Companies subsidiaries are recorded according to each subsidiaries local currency.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Exchange rate gains and losses from operations are included in corresponding items above operating profit.

Receivables and liabilities denominated in foreign currency have been converted into euro at the exchange rate valid on the balance sheet date.

The income statements of foreign subsidiaries have been converted into euro at the weighted average exchange rate of the period, and their balance sheets have been converted at the exchange rate quoted at the balance sheet date.

The translation differences arising from the application of the acquisition cost method are treated as items adjusting consolidated shareholders´ equity.

Exchange rate differences related to long term loans, which are considered as shareholders equity, are entered as translations differences as a part of shareholders equity. The Group did not have these kinds of loans at the end of financial year nor previous years.

Tangible assets

Tangible assets are recognized at original cost deducted by accumulated planned depreciation and impairment. Assets are depreciated over their estimated useful lives.

The estimated useful lives are as follows:

Machinery and equipment: 2-7 years

The useful life of electronic equipment varies between 2-5 years and office equipment varies between 4-7 years.

Borrowing costs

Borrowing costs are expensed during the period they have occurred. Transaction costs directly attributable to a specific loan are included in the initial cost of the loan, and amortized using the effective interest method.

Intangible assets

Goodwill corresponds to the share of acquisition cost of an entity acquired after January 1, 2004 that exceeds the Group´s share of the fair value of the entity´s net assets on the date of acquisition. Goodwill is tested annually for possible impairment. For this purpose Goodwill is allocated to different cash generating units. Goodwill is recognized at the original cost deducted by impairment. Goodwill of the QPR Group has been depreciated entirely during the previous GAAP and thus The Group does not have any goodwill in its financial statements in 2005-2006.

Development costs arising from the design of new products with significant product improvements are capitalized as intangible assets in the balance sheet until the product is ready for commercial utilization. Development costs related to the current products and minor product improvements are recognized as expenses. Product development improvements before the year 2006 have not been capitalized.

Other intangible assets with limited useful life are booked in the balance sheet and recognized as expenses in the income statement by straight-line amortization over their useful life.

Useful life:

Capitalized product development costs: 4 years
Other intangible assets: 2-5 years

Lease agreements

The Group as lessee

Lease on tangible assets in which the Group has a significant part of risks and benefits characteristics of ownership are categorized as finance lease agreements. A finance lease agreement is recognized in the balance sheet at the fair value of the leased item in the start of lease period or at lower present value of minimum rents. Assets items acquired on finance lease agreements are depreciated over the useful life of the item or lease period, or whichever is shorter. Lease obligations are included in interest-bearing debt.

Lease agreements in which the risks and benefits characteristic of ownership remain with leaser are treated as other lease agreements and thus are recognized as expenses in income statement.

Impairment

The Group asses at each balance sheet date if there is any indication of impairment of assets. If indication exists, the recoverable amount of an asset is estimated. The recoverable amount is higher of the fair value of the asset less cost to sell or value in use. The recoverable amount of financial assets is either the fair value the asset or the present value of the expected future cash flows discounted by the initial effective interest rate.

If the accounting value of an asset exceeds the recoverable amount, impairment loss is recognized in the income statement. Goodwill and intangible assets with indefinite useful lives are assessed for impairment at each balance sheet date.

Financial assets and -liabilities

Financial assets and –liabilities are valued at the initial recognition to cost, which is the value of the received or delivered consideration at the exchange date.

Financial assets are classified to four categories after initial recognition: financial asset at fair value through profit and loss, held-to-maturity investments, available-for-sale investments and loans and other receivables. Transaction expenses are included in the initial acquisition cost.

Financial asset at fair value through profit and loss are valued at fair value through profit and loss statement. Held-to-maturity investments are valued to amortised cost. Available-for-sale investments are valued to fair value and changes in fair value are recognised directly in equity, to valuation reserve, and they are recognised to profit and loss statement when the investment is sold. Such available-for-sale investments that can not be measured to fair value reliably are valued at cost less impairment losses. Loans and other receivables are valued at amortised cost using the effective interest method.

Financial liabilities are classified to financial liabilities at fair value through profit and loss statement and other financial liabilities. Financial liabilities at fair value through profit and loss statement are valued at fair values. Other financial liabilities are valued at amortised cost.

At the balance sheet date potential impairment of financial instruments is assessed and impairment losses are recognised to the financial items in the profit and loss statement. Financial assets are derecognised, when the contractual rights to the cash flows from the financial asset expire or when the group have transferred significantly all risks and rewards.

Derivative instruments

Derivative instruments are classified to financial assets valued at fair value through profit and loss statement. Hedge accounting in accordance with IAS 39 is not applied. In the financial statements derivative instruments are valued at fair value through profit and loss statement and changes in valuation to fair value are recognised to the financial items in the profit and loss statement. In the last accounting period and preceding period group did not have any derivative instruments.

Cash and cash equivalents

Cash and cash equivalents include cash, bank receivables and short-term highly liquid financial investments with a maturity shorter than 3 months.

Own shares

The costs of purchasing own shares have been deducted from shareholders' equity.

Interest bearing debts

Interest bearing debts are valued according to the effective interest rate method based on acquisition cost. The difference between effective interest rate method and original transaction cost is recognized in income statement during the maturity time.

Employee benefits

Pension liabilities

The QPR Group´s pension schemes are arranged through a pension insurance company. The pension schemes are defined contribution plan, and the payments are recognized in the income statement during the period to which payment applies.

Share-based payments

The Group has applied the standard IFRS 2 Share based payment – standard to all option schemes in which the options have been granted after November 7, 2002 and the subscription period has not started before January 1, 2005. No expenses for any previous options schemes are recognized in the income statement.

Options are valued at fair value on the date of granting and recognized as expenses in the income statement over the vesting period. The cost determined at the time of granting the options is based on the Group´s estimate of the amount of options that are expected to become vested at the end of vesting period. Fair value is determined on the basis of Black-Scholes pricing model.

When options are exercised, the payments received for share subscriptions are recognized in shareholder´s equity and the premium fund.

Provisions

A provision is recognized when the Group has a legal or factual obligation based on previous events, the realization of a payment obligation is probable, and the amount of the obligation can be reliably estimated.

A restructuring provision is recognized when the Group has prepared a detailed restructuring plan and started its implementation and disclosed the matter. The provision is based on expected actual costs such as agreed compensation for the termination of employment.

A provision is recognized for unprofitable agreements if the costs necessary for fulfilling the obligation exceed the benefits available from the agreement.

Guarantee provision is recognised in connection with revenue recognition of a product or service that is covered by guarantee. Guarantee provision is based on past experience and estimation of realisation of guarantee expenses.

Income taxes

Taxes recognized in the income statement include taxes based on taxable income for the financial period and changes in deferred taxes. Taxes recognized during the period are calculated according to the local income taxation %:s. Incomes taxes are adjusted by taxes for previous periods.

Deferred taxes are determined on the basis with the tax rate at the balance sheet date.

Revenue recognition

The net sales of the parent company and the Group consist mainly of the following elements: license sales, maintenance and service sales.

Both parent company and consolidated net income consists of following revenues: Computer program licenses, updates to computer programs, revenue from maintenance agreements that include user support, expert services related to programs and partner agreements initial payments.

License sales are recognized when the delivery has been accepted. Maintenance sales, which cover updating of the new versions and customer support, are allocated over the agreement period. Service sales are recognized when, the service has been delivered.

Net sales include software license and service sales, from which the indirect taxes have been deducted, sales related exchange rate differences and discounts.

Revenue is measured at the fair value of consideration received or receivable. The difference between the fair value and nominal value of the consideration in recognised as interest income. This policy has been applied for long term sales receivables.

Government's grants

Government grants are presented as other income, but when the grants attribute to fixed assets they are recognized as deductions of purchase prices.

Non-current assets held for sale and discontinued operations

An operation is classified as discontinuing at the date it is classified as held for sale or it has been disposed. Classification as held for sale requires that the sale is highly probable. Disposal gains or losses of discontinued operations are presented separately from continuing operations in the profit and loss statement excluding tax effect. The group did not have any discontinued operations in the last accounting period.

Segments

The business operations of QPR Group comprised entirely of software business after the transition to IFRS January 1, 2004 and the operations of the Group are mainly concentrated in Finnish parent company. The business idea of the Group is to serve the customers by offering performance management solutions, which include in addition to licenses the service of implementation and software utilization as well as maintenance services. The Group is aiming for customers covering software solution deliveries, which support performance management with new software solutions and long term maintenance agreements. The business of the Group is globally the same, which covers software license sales and service and maintenance sales. QPR cooperates with an extensive network of talented partners in over 50 countries worldwide. Because of the reason above the risk distribution between license sales, service and maintenance sales or between main markets is not appropriate and thus inside the Group there is not possible to distinguish the segments according to the IFRS 14 in the financial years 2006-2007.

Operating profit

Operating profit consist of net sales and other income deducted by the costs of material and services, employee costs, other operative costs and depreciation and impairment of long term assets. The exchange rate differences related to the items of working capital are included in operating profit, whereas exchange rate differences related to financial items are recognized as interest income and expenses.

Estimates in financial statements

During the preparing the financial statements the management have to make estimates and assumptions concerning future and the application of the accounting principles requires considerations, and the outcome may differ from estimates and assumptions. The most outstandingly situations, where the management has to use assumptions and estimates reflect to the decisions as.

• useful life of tangible and intangible assets,
• criteria for capitalization of significant product improvements,
• the probability of future taxable income, towards which the deductible temporary differences can be utilized
• fair value of account receivables,
• the amount of provisions

Adoption of new and revised standards

In year 2007 the group will adopt following standards that IASB has published 2005:
IFRS 7 Financial instruments: Disclosures
IAS 1, Revised: Presentation of financial statements – capital disclosures
In year 2009 The Group will adopt IFRS 8 Operating segments, which was published by IASB in year 2006. The Group is canvassing the impacts of the standard on reportable segments. At this point it is not possible to assess the impacts of the new standard on segment reporting.
The group estimates that the adoption of new and revised standards does not have a material impact on future Financial Statements.
The Group has not applied following new IFRIC-interpretations which has been published, but are not yet required to be applied:
IFRIC 8: Scope of IFRS 2
IFRIC 9: Reassessment of Embedded Derivatives
IFRIC 10: Interim Financial Reporting and Impairment
IFRIC 11: IFRS 2 Group and Treasury Share Transactions
IFRIC 12 Service Concession arrangements

The group estimates that the adoption of new interpretations does not have a material impact on future Group's Financial Statements.

1. Net sales

Group net sales are accrued solely from software business, with following break-down in financial year, (EUR 1000):

Net sales	**2007**	**2006**
Software licenses	3 489	3 256
Maintenance services	2 764	2 509
Professional services	806	1 136
Total net sales	7 059	6 901

The geographical break-down of the net sales was as follows, EUR 000:

Net sales	**2007**	**2006**
Domestic	2 117	2 288
International	4 942	4 613
Group total	7 059	6 901

2. Other operating income

€ 000	**2007**	**2006**
Government grants	46	265
Other operating income	0	3
Total	46	268

3. Material and services

€ 000	**2007**	**2006**
Material and services	689	736
Total	689	736

Materials and services include mainly commissions and localization fees charged by the reseller network.

4. Employee benefits expenses

€ 000	**2007**	**2006**
Salaries	3297	3029
Pension expenses – defined contribution plans	537	553
Granted options	0	10
Other personnel expenses	214	253
Total	4 048	3 846

Group´s personnel average for period	**2007**	**2006**
Total	58	58

The information about employee benefits can be found from the note number 20. Transactions of the inner circle.

5. Deprecations

€ 000	2007	2006
Depreciations by group of assets		
Intangible assets		
Other intangible assets	88	110
Total	88	110
Tangible fixed assets		
Machinery and equipment	125	95
Other tangible assets	0	1
Total	125	95
Total	214	206

6. Other operating expenses

€ 000	2007	2006
Non-statutory indirect employee costs	210	186
Rents	194	121
Travel expenses, marketing and other promotion	677	693
Bad debts provisions	318	151
Other expenses	724	713
Other operating expenses	2 123	1 864

Income statement included auditing and consultancy expenses EUR 28 thousand, from which the yearly auditing fee was EUR 24 thousand. (Correspondingly in 2006 79 and 44).
Income statement included research and development expenses EUR 1.502 million in 2007 (EUR 1.245 million 2006).

7. Financial income and expenses

€ 000	2007	2006
Interest income and other financial income	41	55
Interest expense and other financial expenses	-8	5
Total	33	60

Accrued interest expenses of loans were 8 thousand Euros. In year 2006 interest expenses were positive, due to a received resolution of waiving a product development loan.

8. Income tax expense

€ 000	2007	2006
Taxes based on financial year	30	16
Taxes from previous years	1	-6
Withdrawn taxes	1	6
Deferred tax	-172	-141
Total	-140	-125

Deferred taxes include on the basis of retained losses an increase of deferred tax assets EUR 160 thousand (year 2006 EUR 260 000).

Reconsolidation of taxes between income statement and parent company´s tax rate (26 %):

€ 000	**2007**	**2006**
Profit before tax	64	577
Taxes calculated with the tax-% of parent company	17	150
Tax deviations based on the tax-% used by foreign companies	-4	-16
Utilizing of deferred tax assets	-17	-113
Deferred tax assets	-172	-141
Other items	33	0
Undetectable expenses	3	-5
Taxes in income statement	-140	-125

9. Earnings per share

Undiluted earning per share is calculated by dividing the profit belonging to the owners of parent companies share holders´ during the period with weighted average of shares.

In counting of diluted earnings per share the amount of options is considered in the number of weighted average of shares.

	2007	**2006**
Profit of the period belonging to the parent company´s shareholders (000 €)	204	702
Number of shares; weighted average during the period	12 302	12 171
O The dilution effect options (000)	147	215
Adjusted number of shares during financial year	12 449	12 386
Undiluted earnings per share (EUR/ share)	0.02	0.06
Dilutes earnings per share (EUR/ share)	0.02	0.06

10 a. Property, plant and equipment 2007

€ 000	Machinery and equipments	Other property, plant and equipment	Total
Acquisition cost 1.1.2007	902	3	905
Increase	140	0	140
Decrease	0	0	0
Acquisition cost 31.12.2007	1 042	3	1 045
Accumulated depreciations and amortization 1.1.2007	595	3	598
Depreciations	125	0	125
Decrease	0	0	0
Accumulated depreciations and amortization 31.12.	720	3	723
Book value 1.1.2007	307	0	307
Book value 31.12.2007	321	0	321

10 a. Property, plant and equipment 2006

€ 000	Machinery and equipments	Other property, plant and equipment	Total
Acquisition cost 1.1.2006	740	3	743
Increase	162	0	162
Decrease	0	0	0
Acquisition cost 31.12.2006	902	3	905
Accumulated depreciations and amortization 1.1.2006	500	2	502
Depreciations	95	1	95
Decrease	0	0	0
Accumulated depreciations and amortization 31.12.	595	3	597
Book value 1.1.2006	240	1	241
Book value 31.12.2006	307	0	307

11. Other intangible assets, 2007

€ 000	Computer software	Other intangible assets	Capitalized product development costs	Total
Acquisition cost 1.1.2007	304	963	153	1 420
Increase	134	0	190	324
Acquisition cost 31.12.2007	438	963	343	1 744
Accumulated depreciations and amortization 1.1.2007	238	963	6	1 207
Depreciations	39	0	50	89
Accumulated depreciations and amortization 31.12.	277	963	56	1 296
Book value 1.1.2007	66	0	147	213
Book value 31.12.2007	161	0	287	448

11. Other intangible assets, 2006

€ 000	Computer software	Other intangible assets	Capitalized product development costs	Total
Acquisition cost 1.1.2006	257	963	0	1 221
Increase	47	0	153	199
Acquisition cost 31.12.2006	304	963	153	1 420
Accumulated depreciations and amortization 1.1.2006	213	888	0	1 101
Depreciations	26	75	6	107
Accumulated depreciations and amortization 31.12.2006	238	963	6	1 207
Book value 1.1.2006	45	75	0	120
Book value 31.12.2006	66	0	147	213

12. Receivables, long-term

€ 000	2007	2006
Total	0	75

13. Deferred tax assets and debts

Specification of deferred tax assets 2007:

€ 000	1.1.2007	Recognized in income statement	31.12.2007
Retained losses in taxation	330	172	502
Total	330	172	502

Specification of deferred tax assets 2006:

€ 000	1.1.2006	Recognized in income statement	31.12.2006
Retained losses in taxation	190	141	330
Total	190	141	330

The Group established a new subsidiary in South Africa during the financial year and it started its operations July 1st, 2007. The first year was not profitable mainly because of investments in marketing. Value of deferred tax was 23 thousand Euros at the end of the financial.

Management of the company estimates that retained losses can be utilized in the future.

The Group retained losses, for which no entry has been made in the parent company's books as deferred tax assets.

The parent company has retained losses after the financial year 2007 about EUR 1.0 million, corresponding about EUR 0.3 million deferred tax assets.

QPR Software Inc, subsidiary of the parent company in the United States, has retained losses after the relevant tax filling value of MEUR 0.7. This has not been booked as tax asset in QPR Software´s books.

14. Sales receivables and other receivables

€ 000	**2007**	**2006**
Sales receivables	2 264	2 830
Accrued income	154	226
Other receivables	152	48
Total	2 570	3 104

14 a. Geographical break-down of the sales receivables

€ 000	**2007**	**2006**
Domestic	439	338
European countries	707	793
Other countries	1 118	1 699
Total	2 264	2 830

14 a. Break-down of sales receivables by currency

	2007	2006
AUD	13	0
CHF	0	23
EUR	1 598	2 298
GBP	16	49
JPY	17 100	517
USD	638	530
SEK	245	338
ZAR	656	0
Receivables in Euros	2 264	2 830
%-share of euro receivables	70.6 %	81.2 %

The mainly part of accounts receivables are in EUR and the most significant invoicing currencies in the financial year were USD and JPY. If USD and JPY value will change against EUR +/- 10% and share of different currencies remain on the same value, then the value of accounts receivable will change +/- 50 thousand EUR, which corresponds 2% from the total value of accounts receivables.

At the end of financial year the value of undue invoices and invoices, which were due less than 90 days, was MEUR 1.612 and correspondingly MEUR 2.463 in 2006.

15. Cash and cash equivalents

€ 000	2007	2006
Bank accounts	709	530
Cash equivalents	536	1354
Total	1 245	1 884

16. Shareholder´s equity

€ 000	Number of shares	Share capital	Share premium	Total
1.1.2006	12 134	1 335	181	1 516
Subscripted options	102	11	14	25
31.12.2006				
Total	12 236	1 346	195	1 541
1.1.2007	12 236	1 346	195	1 541
Subscripted options	120	13	36	49
31.12.2007				
Total	12 355	1 359	231	1 590

Book-counter value of a share is EUR 0.11 and maximum value of share capital is 1 359 thousand euro.

All the subscripted options have been fully paid.

Share premium is restricted equity. The Group has repurchased 81.761 of its shares during the financial year with a total nominal value of EUR 8,993.71 and the total purchase price EUR 64,531.85.

16 A. Share-based payments

The Group had stock option programs having an effect during the financial year originating since 1st October 2003. Stock options issued after 7th November 2002 and to which no rights have been given before 1st January 2005, are entered in the financial statements in accordance with the standard IFRS 2 *Share-based Payments.* Issued stock options to which rights have been given before 1st January 2005, are not entered as expenditures in the financial statements.

The stock options are void, in case they have not been redeemed when the share subscription period has expired. Should a stock option owner cease to be employed by or in the service of the Group, for any other reason than the death of the employee, or the statutory retirement of the employee, before the share subscription period has started, such person shall offer to the Group or its order, free of charge, the stock options for which the share subscription period had not begun. The Board of Directors has, however, the right to decide that all or a part of the stock option owner’s stock options are not bound by the above-mentioned obligation to offer, given that the reason is justifiable for the Group.

In the financial year, the Group had three individual stock option programs concerning the employees and servants of the Group:

Stock option program 2003/II: Stock options distributed on October 1st, 2003, to the CEO, members of the Board of Directors and the Executive Committee, key personnel and personnel in the inner circle of QPR Software Plc and the Group, and to the fully owned subsidiary QPR Service Oy. The number of option rights is 259,409 pcs. The share subscription price for stock option 2003/II is EUR 0.30 per share. The share subscription period started September 30th, 2004 and will expire December 31st, 2008. Based on stock option program 2003/II, there are no more unconverted stock options 31 December 2007.

Stock option program 2003/III: Stock options distributed on October 1st, 2003, to personnel of the Group, and to the fully owned subsidiary QPR Service Oy. The number of option rights is 259,408 pcs. The share subscription price for stock option 2003/III is EUR 0.19 per share, after payment of dividends for the financial year 2006, the record date of which was March 19, 2007. The share subscription period for stock options 2003/IIIA started September 30th, 2004 and for stock options 2003/IIIB started September 30th, 2005. The share subscription period for stock option program 2003/III will expire December 31st, 2008. At the end of the review period, based on stock option program 2003/III, in total of 202.500 hitherto unconverted stock options have been issued, and 121,290 stock options are held by the Company's subsidiary.

Stock option program 2005/I: Stock options distributed to the fully owned subsidiary of QPR Software Plc, QPR Service Oy. The Board of Directors shall later on decide upon the further distribution of the stock options to managing directors, members of the Board of Directors and management group as well as key personnel of QPR Software Plc and its subsidiaries. The share subscription price for stock option 2005/I is EUR 0.64 per share, after payment of dividends for the financial year 2006, the record date of which was March 20, 2007. Notwithstanding the previous, the Board of Directors of the company has the right, when allocating the stock option, to decide that the subscription price is higher than the before mentioned, however. No higher than EUR 2.00 per share. The share subscription period for stock options 2005/I started November 1st, 2006 and expire February 15th, 2007. Based on stock option program 2005/I, there are no more unconverted stock options 31 December 2007.

Each stock option issued under these stock option programs entitle to subscribe one new share in the Company.

According to the terms and conditions of the stock option programs, from the share subscription price shall, as per the dividend record date, be deducted the amount of the dividend decided after 15 March 2005 (2005/I) and 1 October 2003 (2003/III) but before the share subtraction. The share subscription price shall nevertheless always amount at least the book equivalent value of the share, EUR 0.11.

At the end of the financial year, for all stock option programs of the Company, the earning periods, as per the terms and conditions of the stock option programs, had expired and the subscription periods started. Thereby, the latest was the expiration of the earning period for the stock option program 2005/I on October 31st, 2006, in accordance with the terms and conditions of the stock option program 2005/I.

In the financial year 2007 no options was granted.

The fair value of the options, which has been granted during the financial periods 2004, 2005 and 2006, has been determined by using the valuation model Black-Scholes – with the following assumptions:

	2006	**2005**
Exercise price, e	0,68	0,27
Current price, e	0,87	0,56
Expected stock volatility	30 %	27 %
Risk free rate	3,50 %	3,00 %
Time to maturity		
As at the day granted (years)	0,5	3,7
Expected dividend (dividend yield)	0 %	0 %

Expected stock volatility has been determined on the basis of actual volatility.
The options granted in 2006, calculated the day of granting, the weighted average fair value was EUR 0.21.

The options granted in 2005, calculated at the day granting, the weighted average of fair value was EUR 0.29.

16 B. Share-based payments

The changes of number options during the period and the weighted average of exercise prices:

	2007		**2006**	
	Weighted average of exercise price EUR/share	Number of options	Weighted average of exercise price EUR/share	Number of options
At the beginning of period	0,31	322 099	0,26	363 167
Granted new options	0,00	0	0,63	57 090
Lost options		0		0
Subscripted options	0,41	119 599	0,24	98 158
Unused options		0		0
At the end of period	0,19	202500	0,31	322 099
Subscripted options at the end of the period	0,19	202 500	0,31	322 099

16 C. Share-based payments

At the balance sheet date exercise prices and number of options to be issued are:

		Options to be issued at the balance sheet date	
Option program – Expiring date	Exercise price 31.12.2007 (euro)	**2007** (number of options)	**2006** (number of options)
2005/I - 15.2.2007	0,64	0	49 599
2003/III - 31.12.2008	0,23	202 500	232 500
2003/II – 31.12.2008	0,30	0	40 000

17 a and b. Interest-bearing liabilities

€ 000	31.12.2007	31.12.2006
17 a. Long-term		
Loans	182	285
Total	182	285

Amortization of interest bearing long term loans:

2009	103
2010	79
	182

Interest of long-term loans is mainly bound to base rate and loans are in Eur. According to terms of loans, interest is fixed so a sensitivity analysis is not representative.

The interest rates of interest bearing loans:

Year	31.12.2007	31.12.2006
Subordinated loan	3,75 %	3 %
Loans	1-5,5%	1-5,5%

17 b. Short-term

€ 000	31.12.2007	31.12.2006
Loans	187	191

18. Accounts payable and other liabilities

€ 000	31.12.2007	31.12.2006
Short-term		
Accounts payable	198	120
Accrued expenses	971	1 021
Prepayments	1 116	1 533
Other liabilities	174	177
Total	2 458	2 850

Accounts payable in other currency than Euro is low.

19. Adjustments to the cash flow of operations

€ 000	**2007**	**2006**
Non-cash business operations		
Waiving of the product development loan	0	-236
Proceeds from issuance of share capital	0	10
Taxes in income statement, deferred tax assets	-140	-125
Other adjustements/IFRS	0	-4
Total	-140	-354

19. Amortization of short term loans

€ 000	**2007**	**2006**
Product development loan	103	9
Loans from financial institutions	0	3
Subordinated loans	83	83
	187	95

19.A. Group´s commitments and contingent liabilities

€ 000	**2007**	**2006**
Current lease liabilities and rent commitments		
Liabilities maturing during one year	241	201
Liabilities maturing 2-5 years	270	468
Total	511	669
Total commitments and contingent liabilities	511	669

Rent commitments concern rental agreement of the new premises, which is consummated for three (3) years. Total amount of floating charges under company possession is EUR 1,337,300.

20. Transactions of the inner circle

I) Salaries, fees, emoluments and fringe benefits of the Executives

The Group	**2007**	**2006**
CEO	137	169
Members of the Board	93	89
	230	258

QPR Software Plc´s Annual General Meeting held on 14th of March 2007 decided that the Chairman of the Board receives an annual emolument in total EUR 25,230 and that each Member of the Board receives an annual emolument in total of EUR 16,820 in year 2007. No separate meeting fees are paid.
The Company does not have any differing pension arrangement for the CEO. The period of notice for the CEO is one (1) month. Compensation on termination is equivalent to six (6) month´s salary.

The Group	**2007**	**2006**
Salaries and other short-term fringe benefits:		
CEO	137	169
Members of the Board	93	89
Executive Management Team	421	430

651 688

Share-based payments of the Group executives are described further in appendices 16 a, b and c.
Share-based payments

The system of compensation for the Executive Management Team is based on the company´s net sales and the trend in net sales, company profitability, and also personal qualitative targets.
The weighting of the corporate financial indicators represent at least 70% of the overall target. The Executive Management Team members have no special benefits tied to the termination of the employment.

No stock options were issued to company´s executives in year 2007.
The executives held in total of 30,000 stock options in 31.12.2007, which subscription period has started.

II) The Group has given no loans to the inner circle.

21 a. Group income statement per quarter

(EUR 1000)	1-3/ 2007	1-3/ 2006	4-6/ 2007	4-6/ 2006	7-9/ 2007	7-9/ 2006	10-12 2007	10-12/ 2006
Net sales	1634	1671	2225	2081	1205	1362	1995	1787
Other operating income	19	159	17	2	7	0	3	107
Materials and services	73	120	383	273	82	126	151	217
Employee benefits expenses	1044	948	1059	960	879	799	1065	1140
Depreciation	42	48	48	49	56	50	67	58
Other operating expenses	476	482	518	572	488	374	642	436
Operating profit	19	232	233	228	-293	13	72	43
Financial income/expenses	15	25	8	8	4	12	6	15
PROFIT BEFORE TAX	34	257	241	236	-289	26	78	58
Income tax	-15	-71	-58	-53	68	-7	144	256
PROFIT FOR THE PERIOD	19	186	183	184	-221	18	222	314

21 b. Distribution of holdings by categorize in size and sector 31.12.2007

Number of shares	Number of shareholders	%	Number of shares and votes	%
1 - 500	238	39,4 %	46 740	0,4 %
501 - 1.000	107	17,7 %	91 991	0,7 %
1.001 - 5.000	143	23,7 %	371 910	3,0 %
5.001 - 10.000	44	7,3 %	341 342	2,8 %
10.001 - 50.000	45	7,5 %	1 029 339	8,3 %
50.001 - 100.000	6	1,0 %	380 545	3,1 %
100.001 - 2.726.914	21	3,5 %	10 093 496	81,7 %
Total	604	100,0 %	12 355 363	100,0 %

	Number of shareholders	%	Number of shares and votes	%
Private companies	43	7,1 %	5 341 814	43,2 %
Financial and insurance institutions	1	0,2 %	10 000	0,1 %
Household	535	88,6 %	5 524 578	44,7 %
Foreigners	19	3,1 %	1 371 020	11,1 %
	598	99,0 %	12 247 412	99,1 %
Nominee-registered	6		107 951	0,9 %
Total	604		12 355 363	100,0 %

21 c. Major shareholders

	Number of shares	%-share shares and votes
Ulkomarkkinat Oy	1 600 000	12.95 %
Vesa-Pekka Leskinen	851 400	6.89 %
+ Kauppamainos Oy	475 170	3.85 %
Total	1 326 570	10.74 %
Alesco S.A	1 300 000	10.52 %
Autocarrera Oy Ab	1 235 917	10.00 %
Jouko Pelkonen	402 000	3.25 %
Pohjolan Rahoitus Oy	504 100	4.08 %
Electrosale Oy	322 000	2.61 %
Total	1 228 100	9.94 %
Kari Junkkonen	512 016	4.14 %
Fortel Invest Oy	425 326	3.44 %
SR EQ Technology	376 000	3.04 %
Päivi Marttila	293 072	2.37 %
Edina Oy	33 900	0.27 %
Total	326 972	2.65 %
Asko Piekkola	316 438	2.56 %
Jaakkola Jari	220 000	1.78 %
Value FM Oy	55 000	0.45 %
Total	275 000	2.23 %
Esa Pääkkönen	246 054	1.99 %
Veli-Mikko Leskinen	232 530	1.88 %
Other shareholders	4 190 357	33.92 %
Total	12 355 363	100.00 %

21 d. Ownership of insiders, 31.12.2007

Statutory Insiders Name and position	Own shares	By Controlled companies	*) by Close persons	Own Options
Vesa-Pekka Leskinen, Chairman of the Board	851 400	475 170	5 000	0
Jarmo Niemi, Member of Board	4 000	0	0	0
Niklas Sonkin, Member of Board	0	0	0	0
Asko Piekkola, Member of Board	316 438	0	0	0
Topi Piela Member of Board	0	40 000	0	0
Sixten Nyman Auditor with primary responsibility	0	0	0	0
Matti Kanninen, CEO	199 107	0	0	0

Name and position Insiders by definition				
Jari Jaakkola, SVP, Business Operations/ Executive management team	220 000	55 000	0	0
Teemu Lehto, VP, Strategic Accounts and Markets / Executive management team	153 654	0	0	30 000
Matti Erkheikki, VP, Business Operations Finland/ Executive management team	7500	0	2 000	30 000
Ritva Lindqvist CFO/ Executive management team	12 850	0	0	0
Tony Virtanen VP, Products, Research and Care/ Executive management team	172 112	0	0	0

*) Shares owned by spouses and persons under guardianship.

21 e. Financial Risk Management

The general principles of risk management are approved by the Board of Directors. In addition, the Board of Directors monitors the adequacy, appropriateness and effectiveness of the Group's risk management.

Currency risk

The majority of the Company's invoicing and purchasing is conducted in Euros. The current internal assessment and classification of currency risks is such that the Company does not have derivative contracts for protection against currency risks.

Operational credit risk

A part of the nature of the international business operations of the Group is a reasonable credit risk concerning individual business partners. However, the Group has a broad customer base and network of resellers, operating in several market areas. Thereby, the sales receivables of the Group consists of a relatively large number of resellers and customers in several market areas, and as per the Management's judgment, the Group's operational credit risks include no significant concentration per any single reseller, customer or geographical area. In addition, the operational credit risks of the Group are sought to be limited by continuous monitoring of receivables and credit limits. Furthermore, standard contract templates are used to further reduce business risks and also credit risks in case of default of its obligations by other parties.

21 b. Key figures of the group illustrating the financial development of the Group 2002-2007

EUR (000)	2007	2006	2005	2004	2003
Net sales	7 059	6 901	6 364	5 394	5 166
Growth of net sales %	2.3	8.4	18.0	4.4	-40.8
Operating profit	31	517	849	805	800
% of net sales	0.4	7.5	13.3	14.9	15.5
Profit or loss before tax	64	577	905	694	727
% of net sales	0.9	8.4	14.2	12.9	14.1
Net Profit	204	702	690	470	709
% of net sales	2.9	10.2	10.8	8.7	13.7
Return on equity,%	8.4	30.0	38.9	44.3	138.3
Return of investments,%	2.5	19.2	32.0	28.7	35.4
Interest bearing liabilities	369	476	811	1 553	1 406
Cash and cash equivalents	1 245	1 884	1 582	767	410
Net liabilities	-876	-1 408	-771	786	993
Equity	2 264	2 586	2 091	1 459	1 259
Gearing,%	-38.7	-54.4	-36.9	53.9	78.8
Equity ratio, %	57.0	59.0	52.4	36.7	20.7
Total balance sheet	5 091	5 913	5 430	4 792	4 430
Investment in non-current assets	463	361	229	24	98
% of net sales	6.6	5.2	3.6	0.4	1.9
Research and development expenses	1 502	1 245	1 324	1 095	1 085
% of net sales	21.3	18.0	20.8	20.3	21.0
Personnel average for period	58	58	48	39	54
Personnel at the beginning of period	59	56	40	41	98
Personnel at the end of period	58	59	56	40	41
Earnings per share ,e	0.02	0.06	0.06	0.04	0.02
Earnings per share /diluted), e	0.02	0.06	0.06		
Equity per share, e	0.18	0.21	0.17	0.12	0.07

21 c. Key figures per share 2003-2007

EUR (000)	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Earnings/share (undiluted),e	0.02	0.06	0.06	0.04	0.02
Earnings/share (diluted), e	0.02	0.06	0.06		
Total equity/share, e	0.18	0.21	0.17	0.12	0.07
Dividend/share, e	0.03	0.04	0.02	0.00	0.00
Dividend/profit,%	181.2	69.0	35.0	0.0	0.0
Effective dividend rate, %	3.53	4.17	3.38		
Price/profit (P/E)	51	17	10	13	25
Development of share price					
Average, EUR	0.84	0.87	0.57	0.58	0.34
Lowest, EUR	0.73	0.57	0.46	0.46	0.20
Highest, EUR	0.97	1.30	0.65	0.77	0,54
Price 31.12., EUR	0.85	0.96	0.59	0.52	0.50
Market price 31.12., 1 000 EUR	10 502	11 746	7 159	6 273	5 713
Development of shares traded					
Number of shares traded mill. pcs	3491	2965	5750	2605	3562
Trading-% from the total number of shares	29.0	24.2	47.4	38.0	31.2
Number of shares 31.12.,1000 pcs	12 355	12 236	12 134	12 063	11 426
Weighted average	12 302	12 171	12 080	11 816	10 414
Diluted	12 449	12 386	12 243	12 000	11 556

22. Events after financial period

No essential events have occurred after the financial period.

23. Capital structure

	2007	**2006**
Interest bearing liabilities	369	476
Cash and cash equivalents	1 245	1 884
Net liabilities	-876	-1 408
Equity	2 264	2 586
Gearing,%	-38,7	-54,4
Equity ratio,%	57,0	59,0
Total balance sheet	5 091	5 913

Development of Group equity structure is followed specially with gearing and equity ratio.

Calculation of Key Indicators:

Return on equity (ROE), %:
Profit for the period x 100
Shareholders' equity (average)

Return on investment (ROI), %:
Profit before taxes + interest and other financial expenses x 100
Balance sheet total - non-interest bearing liabilities (average)

Equity ratio, %:
Shareholders' equity x 100
Balance sheet total - deferred revenue

Gearing, %:
Interest bearing liabilities - cash and cash equivalents x 100
Shareholders' equity

Earnings per share, euro:
Profit for period
Adjusted number of shares over the financial year (average)

Equity per share, euro:
Shareholders' equity
Adjusted number of shares at the end of the financial period

Dividend per share, euro:
Total dividend paid
Adjusted number of shares at the end of the financial period

Dividend / profit, %:
Dividend per share x 100
Earnings per share

Effective dividend yield, %:
Dividend per share (adjusted) x 100
Adjusted share price at the end of the financial period

Price-earnings ratio (P/E):
Adjusted share price at the end of the financial period x 100
Earnings per share (adjusted)

Market value of share capital:
(Number of shares - own shares) x share price at the end of the financial period

Turnover of shares, % of share capital:
Turnover (number of shares) x 100
Number of shares issued (average)

Quick ratio:
Current assets - inventories
Current liabilities - advances received

Income statement of the parent, FAS

€	Note	1.1.-31.12.2007	1.1.-31.12.2006
Net sales	1	6 594 718.87	6 594 376.23
Other operating income	2	46 011.76	268 039.55
Material and services	3	599 734.43	677 642.64
Employee benefits expense	4	4 004 948.53	3 811 569.90
Depreciation	5	213 577.70	202 292.88
Other operating expenses	5a	1 821 045.98	1 777 985.88
		6 639 306.64	6 469 491.30
Operating profit		**1 423.99**	**392 924.48**
Finance income and expenses	6	30 402.10	58 137.01
Operating profit		**31 826.09**	**451 061.49**
Income tax	7	147 642.87	134 328.63
Profit for the period		**179 468.96**	**585 390.12**

Balance sheet of the parent, FAS

€	Note	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Intangible assets	9	447 678.96	212 540.67
Tangible assets	10	321 311.12	306 678.46
Investments in associated companies	11	185 011.02	185 000.35
Other investments	11	4 561.93	4 561.93
		958 563.03	708 781.41
Current assets			
Long-term receivables	12	479 231.53	400 883.25
Short-term receivables	13	2 736 064.97	3 192 415.29
Cash and cash equivalents	14	816 776.69	1 605 273.06
		4 032 073.19	5 198 571.60
Total assets		**4 990 636.22**	**5 907 353.01**

€	Note	31.12.2007	31.12.2006
EQUITY AND LIABILITIES			
Equity belonging to owners of the parent			
Share capital	15	1 359 089.93	1 345 934.04
Share premium		356 539.89	320 252.42
Profit for the previous periods		550 163.45	454 203.89
Treasure shares		-64 531.85	0.00
Profit for the period		179 468.96	585 390.12
Total equity		**2 380 730.38**	**2 705 780.47**
Liabilities			
Non-current liability	16	182 198.60	285 465.90
Current liability	16	2 427 707.24	2 916 106.64
Total liabilities		**2 609 905.84**	**3 201 572.54**
Total equity and liabilities		**4 990 636.22**	**5 907 353.01**

Cash flow statement of the parent, FAS

EUR	1.1.-31.12.2007	1.1.-31.12.2006
Cash flow from operating activities		
Profit for the period	1 423.99	392 924.48
Adjustment for the profit:		
Depreciation	213 577.70	202 292.88
Non-cash transactions	-148 772.00	-376 277.25
Financial items	30 402.10	58 137.01
Income taxes paid	147 642.87	134 328.63
Net cash before changes in working capital	244 274.66	411 405.75
Changes in working capital		
Change in short term receivables, non-interest bearing	456 350.23	-74 943.87
Change in short term liabilities, non-interest bearing	-483 999.37	200 522.00
Change in long term receivables and liabilities	70 423.77	208 256.00
Change in working capital	42 774.63	333 834.13
Net cash from operating activities	**287 049.29**	**745 239.88**
Cash flows from investing activities		
Purchases of intangible assets	-323 635.72	-199 241.28
Purchases of tangible assets	-139 712.93	-161 829.67
Net cash used in investing activities	**-463 348.65**	**-361 070.95**
Cash flows from financing activities		
Repayments of long term borrowings	-107 667.33	-95 431.20
Proceed of issuance of share capital	49 443.40	24 797.40
Purchase of own shares	-64 531.85	0.00
Increase of subsidiaries shares	-10.67	0.00
Dividends paid	-489 430.56	-242 677.12
Net cash used in financing activities	**-612 197.01**	**-313 310.92**
Net change in cash and cash equivalents	**-788 496.37**	**70 858.01**
Cash and cash equivalents at the beginning of the period	**1 605 273.06**	**1 534 415.05**
Cash and cash equivalents at the end of period	**816 776.69**	**1 605 273.06**

ACCOUNTING PRINCIPLES

QPR Software Plc`s financial statements from 2006 have been prepared according to the Finnish GAAP. The Group has started the reporting according to the (IFRS) from January 1, 2005.

General Information of the Company and its Business Activities

QPR Software Plc is a Finnish public limited liability company and has specialized in building performance and process management systems. QPR cooperates with an extensive network of talented partners in over 50 countries worldwide. QPR has its headquarters in Helsinki, Finland and is also listed on the Helsinki Stock Exchange.

QPR Software Plc (Company Code 0832693-7) is the parent company of the QPR-Group. The company´s registered address is in Helsinki, Huopalahdentie 24, FI-00350 Helsinki. The web site address of the company is www.qpr.com.

Revenue recognition

Net sales of parent company consist of license, maintenance and service sales. License sales are recognized when the delivery has been accepted. Maintenance sales, which cover updating of the new versions and customer support, are allocated over the agreement period. Service sales are recognized when, the service has been delivered.

Conversion of items in foreign currency

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Exchange rate gains and losses from operations are included in corresponding items above operating profit.

Receivables and liabilities denominated in foreign currency have been converted into euro at the exchange rate valid on the balance sheet date.

Receivables and Liabilities denominated in foreign currencies were converted into Euro according to the European Central Banks publication 31.12.2007

Exchange rate gains and losses from operations are included in corresponding items above the operating profit.

Other operating income

Government grants are presented as other income, but when the grants attribute to fixed assets they are recognized as deductions of purchase prices.

Product development costs

Development costs arising from the design of new products are capitalized as intangible assets in the balance sheet until the product is ready for commercial utilization.

Product development capitalized and depreciated in four years.
Development costs are recognized as financial year´s costs.

Pensions

QPR Software Plc´s statutory pension are recorded as expenses in income statement in the year they are paid.

Tangible assets

Tangible assets are recognized at original cost deducted by accumulated planned depreciation.

Assets are depreciated over their estimated useful lives. The estimated useful lives are as follows: Machinery and equipment 2-7 years. The useful life of electronic equipment varies between 2-5 years and office equipment varies between 4-7 years.

Intangible assets

Other intangible assets with limited useful life are booked in the balance sheet and recognized as expenses in the income statement by straight-line amortization over their useful life.

The estimated useful lives for other intangible assets are 2-5 years.

Leases

In the parent company financial statements leasing payments have been entered as annual costs according to Finnish Accounting Standards.

Liquid assets

Liquid assets include cash, bank accounts and other short term liquid investments, which maturity is less than 1 day.

Taxes

Income taxes are recorded according to Finnish tax legislation.

Deferred tax assets are recorded to the amount corresponding taxable income in the future, towards which a temporary difference can be used.

Notes to the Parent Company´s Financial Statements, FAS

1. Net sales

Parent´s net sales are accrued solely from software business, with the following break-down in the financial year, (EUR 1000):

Net sales	**2007**	**2006**
Software licenses	3 023	3 205
Maintenance services	2 411	2 293
Professional services	1 160	1 096
Total net sales	6 595	6 594

The geographical break-down of the net sales was as follows (EUR 1000):

Net sales	**2007**	**2006**
Domestic	2 135	2 288
Sale to group companies	353	182
International	4 107	4 125
Total net sales	6 595	6 594

2. Other operating income

€ 000	**2007**	**2006**
Government grants	46	265
Other operating income	0	3
Total	46	268

3. Materials and services

€ 000	**2007**	**2006**
Materials and services	600	678
Total	600	678

Materials and services include, to the majority, commissions and localization fees charged by the reseller network.

4. Employee benefit expenses

€ 000	**2007**	**2006**
Chief Executive Officer	137	169
Members of the Board	93	89
Salaries	3 028	2 748
Pension expenses	537	553
Other personnel expenses	211	251
Total	4 005	3 812

Board fees by member:	**2007**	**2006**
Leskinen Vesa-Pekka, chairman of the board	25	25
Piekkola Asko	17	17
Moilanen Jane, until 14.3.2007	3	17
Malmi Teemu, until 14.3.2007	3	17
Niemi Jarmo, from 14.3.2007	13	0
Sonkin Niklas, from 14.3.2007	13	0
Piela Topi	17	13
	93	89

Parent company´s average number of personnel for the period	**2007**	**2006**
Total	58	58

5. Depreciation

€ 000	**2007**	**2006**
Depreciations by group of assets		
Intangible assets		
Other intangible assets	89	107
Total	89	107
Tangible fixed assets		
Machinery and equipments	125	95
Other tangible assets	0	1
Total	125	96
Total	214	202

5a. Other operating expenses

€ 000	**2007**	**2006**
Non-statutory indirect employee costs	210	186
Travel expenses	300	325
Marketing and other promotion	294	269
Unstable sales receivables / Bad debts	265	133
Other expenses	752	865
Total	1 821	1 778

6. Financial income and expenses

€ 000	**2007**	**2006**
Interest income	38	54
Interest expence	-8	4
Total	30	58

7. Direct taxes

€ 000	**2007**	**2006**
Income tax	-1	-6
Change in deferred tax	149	141
Total	148	134

Parent´s financial reporting notes, FAS

9. Intangible assets

€ 000	Computer softwares	**2007**	**2006**
Acquisition Cost 1.1.		284	238
Increase		134	47
Acquisition Cost 31.12.		418	284
Accumulated depreciations and amortization 1.1		219	193
Depreciations		39	26
Accumulated depreciations and amortization 31.12.		257	219
Book value 1.1.		66	45
Book value 31.12.		161	66

€ 000	R&D costs	**2007**	**2006**
Acquisition Cost 1.1.		125	0
Increase		217	125
Acquisition Cost 31.12.		341	125
Accumulated depreciations and amortization 1.1		6	0
Depreciations		50	6
Accumulated depreciations and amortization 31.12.		56	6
Book value 1.1.		119	0
Book value 31.12.		285	119
semi-finished product, R&D costs		1	28

€ 000	Other intangible assets	**2007**	**2006**
Acquisition Cost 1.1.		0	963
Increase		0	0
Acquisition Cost 31.12.		0	963
Accumulated depreciations and amortization 1.1.		0	888
Depreciations		0	75
Accumulated depreciations and amortization 31.12.		0	963
Book value 1.1.		0	75
Book value 31.12.		0	0
Total intangible assets 31.12.		448	213

10. Property, plant and equipment

€ 000	Machinery and equipments	2007	2006
Acquisition Cost 1.1.		748	586
Increase		140	162
Decrease		0	0
Acquisition Cost 31.12.		888	748
Accumulated depreciations and amortization 1.1.		442	347
Depreciations		125	95
Decrease		0	0
Accumulated depreciations and amortization 31.12.		567	442
Book value 1.1.		307	240
Book value 31.12.		321	307

€ 000	Other tangible assets		
Acquisition Cost 1.1.		0	3
Increase		0	0
Decrease		0	0
Acquisition Cost 31.12.		0	3
Accumulated depreciations and amortization 1.1.		0	2
Depreciations		0	1
Decrease		0	0
Accumulated depreciations and amortization 31.12.		0	3
Book value 1.1.		0	1
Book value 31.12.		0	0
Total tangible assets 31.12.		321	307

11. Investments

Shares, Group company	2007	2006
Cost 1.1.	185	185
Increase	0	0
Decrease	0	0
Cost 31.12.	185	185
Book value 31.12.	185	185
Shares, other		
Cost 1.1.	5	5
Increase	0	0
Decrease	0	0
Cost 31.12.	5	5
Book value 31.12.	5	5
Total investments 31.12.2007	190	190

During fiscal period parent company established a subsidiary in South Africa. The share capital is EUR 10.76.

Group companies	Parent´s share of ownership	Parent´s share of ownership
QPR Software Ab (Halmstad, Sweden)	100 %	100 %
QPR Software (Pty) Ltd (Midrand, South Africa)	100 %	100 %
QPR Software Inc (San Jose, CA, USA)	100 %	100 %
QPR Service Oy (Helsinki)	100 %	100 %

12. Long-term, receivables

€ 000	**2007**	**2006**
Deferred tax assets from retained losses	479	330
Sales receivable	0	70
Total	479	401

The parent company has retained losses, for which no entry has been made in the parent company’s books as deferred tax assets, total Euro 251 thousand.

13. Short-term, receivables

€ 000	**2007**	**2006**
Group receivables	613	404
Accounts receivable	1 933	2 580
Accrued income	126	208
Total	2 672	3 193
Accrued income includes:		
Accrual rents	6	13
Other accrued income	119	195
	126	208
Break-down group receivables:		
QPR Software Ab	146	79
QPR Software Inc	103	57
QPR Software (Pty) Ltd	97	0
QPR Services Oy	267	267
Group receivables consist sales receivables.	613	404

14. Cash and cash equivalents

€ 000	**2007**	**2006**
Bank and cash	817	1 605
Total	817	1 605

Cash and cash equivalents include short-term highly liquid financial investments EUR 0.536 thousand (1,355 in year 2006), with a short maturity, approximately 1 day

Parent´s financial reporting notes, FAS

15. Equity notes

€ 000	**2007**	**2006**
Shareholders ‘equity		
Share capital 1.1.	1 346	1 335
Shares issued	13	11
Equity 31.12.	1 359	1 346
Share premium 1.1.	320	307
Issue premium	36	14
Share premium 31.12.	357	320
Retained earnings 1.1.	1 040	697
Profit for the period	179	585
Dividend distribution	-489	-243
Own shares	-65	0
Profit funds 31.12.	665	1 040
Subordinated loans 1.1.	0	241
Change during the period	0	241
Subordinated loans 31.12.	0	0
Total shareholders’ equity 31.12.	2 381	2 705
Distributable funds	665	1 040

16. Liabilities notes

The company has a subordinated loan in total of 83 thousand Euros since year 2001, and which in accordance with the amortization plan is presented in the short-term liabilities.

Main conditions of the subordinated loan:

1) Capital, interest and other refund may be paid in company´s annulment and bankruptcy, only worse privilege than other debts.

2) Capital may be remitted if and only if in company´s and Group´s valid balance sheet from latest financial year restricted equity and other non distributable items are fully covered

3) Interest may be paid only, if payable amount can be used for profit distribution according to company´s and Group´s valid balance sheet from latest financial year.

The subordinated loan will be paid in yearly basis in a period of 6 years, of which first 3 years are free from payment. The interest of the loan is 3%. It is recorded in the profit loss statement as interest expenses.

	2007	**2006**
Long-term liabilities		
Loans from financial institutions and other loans	182	285
Total long-term liabilities	182	285
Short-term liabilities		
Loans from financial institutions and other loans	187	191
Accounts payable	189	115
Other short-term liabilities	130	177
Accrued expenses	943	1015
Prepayments	979	1419
Group liabilities	0	0
Total short-term liabilities	2428	2916
Accrued expenses		
Holiday pay including social costs	447	393
Commissions including social costs	187	128
Social cost liabilities	27	24
Accrued interest expenses	4	5
Other accrued expenses	279	465
Total accrued expenses	943	1015
Liabilities		
Loans with mortgages		
Loans from financial institutions	369	476
- mortgages	0	0
Total mortgages	369	476
Rental liabilities		
Current rental liabilities	211	186
Rental liabilities maturing later years	249	450
Leasing liabilities		
Current lease liabilities	30	15
Lease liabilities maturing later years	21	18
Total commitments and contingent liabilities	511	669

The parent company has no financial derivates.

The total amount of floating charges under company´s possession is 1.337,300 Eur.

Date and Signatures of Board of Directors' Report and Financial Statements

Helsinki, February 13th, 2008

QPR Software Plc

Board of Directors

Vesa-Pekka Leskinen Jarmo Niemi Asko Piekkola Topi Piela Niklas Sonkin

Jari Jaakkola

Approval of the Financial Statements

The Board of Directors' Report and the Financial Statements are prepared in accordance with generally accepted accounting principles. Concerning the accomplished audit, the Auditors' Report has been issued today.

Helsinki, February 14th, 2008

KPMG Oy Ab
Authorized Public Accountants

SIXTEN NYMAN
Sixten Nyman
Authorized Public Accountant

Account books in use

Financial Statements	binded book
Journal and General Ledger	computer print-outs
Purchase Ledger vouchers	printed receipts
Sales ledger vouchers	printed receipts
Memorandum vouchers	printed receipts

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AUDITORS' REPORT ***Translation***

To the shareholders of QPR Software Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of QPR Software Plc for the period 1.1. – 31.12.2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Limited Liability Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki 14 February 2008

KPMG OY AB
Sixten Nyman
Authorized Public Accountant