

**DOVRE GROUP HALF YEAR FINANCIAL REPORT JANUARY 1 – JUNE 30, 2017**
**Q2 OPERATING RESULT POSITIVE, DEMAND IMPROVING IN NORWAY**

*Dovre Group Plc issues today the company's half year financial report for the six months ended on 30 June 2017. The figures presented in this half year financial report are not audited. Last year's corresponding period in parentheses.*

**January – June 2017**

- Net sales EUR 33.1 (47.8) million – decline 31%
- Project Personnel: net sales EUR 29.9 (44.1) million – decline 32%
- Consulting: net sales EUR 3.2 (3.7) million – decline 13%
- Operating result EUR -0.2 (0.1) million, Q1 operating result EUR -0.3 (-0.0) million incl. EUR 0.3 million of restructuring costs, Q2 operating result EUR 0.0 (0.1) million
- Result for the period EUR -0.5 (-0.8) million, incl. EUR -0.2 (-0.5) million finance items and EUR -0.1 (-0.4) million of the result of the Group's joint venture SaraRasa
- Earnings per share EUR -0.00 (-0.01)
- Net cash flow from operating activities EUR -1.0 (-1.7) million

Outlook for 2017 (unchanged): Operating result is expected to improve compared to 2016.

**KEY FIGURES**

EUR million	1-6 2017	1-6 2016	Change %	1-12 2016
Net sales	33.1	47.8	-30.8	83.8
Operating result	-0.2	0.1	-287.4	0.0
% of net sales	-0.7 %	0.2 %		0.0 %
Result	-0.5	-0.8	37.9	-1.7
% of net sales	-1.4 %	-1.6 %		-2.0 %
Net cash flow from operations	-1.0	-1.7	37.0	0.6
Net debt	-2.4	-2.3	4.8	-4.7
Debt-equity ratio (Gearing), %	-10.3 %	-8.9 %	16.1	-18.3 %
Earnings per share, EUR:				
Undiluted	-0.00	-0.01	38.1	-0.02
Diluted	-0.00	-0.01	38.0	-0.02

**PATRICK VON ESSEN, CEO:**

"Our Q2 operating result was positive although it included Easter this year. The number of billable consultants has increased every month this year, being 15% higher in June than in January. At the end of H1, already almost 45% of our total volume came from energy, infrastructure, and industry projects, and approx. 55% from oil and gas projects. In the oil and gas market prices and margins are still on a low level, although the bottom has probably been reached.

In the Project Personnel business area demand has clearly picked up in our main market Norway. Strong market position, good sales work, and tight cost prudence are bringing results. Volumes have increased strongly also in Singapore, although one major project is coming to an end in the autumn.

Our contract portfolio in Project Personnel business is strong. One example of an industry with new clients is nuclear industry, where we already have assignments in three different projects.

We remain committed to cost effectiveness. We have already implemented additional measures, which further decrease our fixed costs from Q3 onwards by over EUR 0.2 million annually.

Our Consulting business area continues its good performance, and I am pleased, in particular, with the development of our consulting business in Finland. Even if the business area's net sales decreased compared to last year, operating result remained almost on the same level as a year ago."

## NET SALES AND PROFITABILITY

### Net sales

In January – June, Dovre Group's net sales decreased by 30.8%, totaling EUR 33.1 (47.8) million. Project Personnel accounted for 90 (92) % and Consulting for 10 (8) % of the Group's net sales.

During the period under review, net sales for Project Personnel decreased by 32.3%, totaling EUR 29.9 (44.1) million. Net sales for Consulting decreased by 13.4%, totaling EUR 3.2 (3.7) million.

By market area, EMEA's net sales totaled EUR 22.4 (29.1) million, accounting for 68 (61) % of the Group's net sales during the period under review. Net sales for AMERICAS were EUR 6.9 (9.0) million, accounting for 21 (19) % the Group's net sales. Net sales for APAC were EUR 3.8 (9.7) million, accounting for 11 (20) % the Group's net sales.

Fluctuations in foreign currency exchange rates did not have a significant impact on the Group's net sales during the period under review.

In H1, the Group was successful in securing several new frame agreements. We have published two of them: the Finnish Apotti Oy and the Norwegian Bane NOR SF. The other remain confidential at the request of our clients.

<b>Net sales by reporting segment</b>	<b>1-6</b>	<b>1-6</b>	<b>Change</b>	<b>1-12</b>
EUR million	<b>2017</b>	<b>2016</b>	<b>%</b>	<b>2016</b>
Project Personnel	29.9	44.1	-32.3	76.9
Consulting	3.2	3.7	-13.4	6.9
<b>Group total</b>	<b>33.1</b>	<b>47.8</b>	<b>-30.8</b>	<b>83.8</b>

<b>Net sales by market area</b>	<b>1-6</b>	<b>1-6</b>	<b>Change</b>	<b>1-12</b>
EUR million	<b>2017</b>	<b>2016</b>	<b>%</b>	<b>2016</b>
EMEA	22.4	29.1	-23.0	53.4
AMERICAS	6.9	9.0	-23.2	16.9
APAC	3.8	9.7	-61.3	13.5
<b>Group total</b>	<b>33.1</b>	<b>47.8</b>	<b>-30.8</b>	<b>83.8</b>

Dovre Group's market areas are:

- EMEA: Norway, Middle East, Finland
- AMERICAS: Canada, US
- APAC: Singapore, Russia (Sakhalin), Korea

### Profitability

During the period under review, the Group's operating result was EUR -0.2 (0.1) million. The Group's operating result was -0.7 (0.2) % of net sales. Project Personnel's operating result was EUR 0.1 (0.5) million. Consulting business area's operating result was EUR 0.5 (0.5) million. The operating result of the Group's Other functions was EUR -0.6 (-0.7) million. The unallocated costs were EUR 0.1 (0.2) million. In H1, the Group reported a total of EUR 0.3 million restructuring costs in the Project Personnel business area.

Operating result EUR million	1-6 2017	1-6 2016	Change %	1-12 2016
Project Personnel	0.1	0.5	-89.1	0.6
Consulting	0.5	0.5	-5.5	1.0
Other functions	-0.6	-0.7	-12.7	-1.2
Unallocated	-0.1	-0.2	-22.7	-0.3
<b>Group total</b>	<b>-0.2</b>	<b>0.1</b>	<b>-287.4</b>	<b>0.0</b>

### Result

During the period under review, the Group's result before taxes was EUR -0.5 (-0.8) million, including EUR -0.2 (-0.5) million of finance items. Majority of the finance costs are related to foreign exchange losses, both realized and unrealized. The result also includes the Group's share, EUR -0.1 (-0.4) million, of the result of its joint venture SaraRasa Bioindo Pte Ltd. In 2016, the Group's share of profit and loss in joint ventures included a total of EUR -0.3 million impairment of deferred tax assets.

The Group's result after taxes was EUR -0.5 (-0.8) million. The Group's earnings per share was EUR -0.00 (-0.01). The Group's return on average capital employed before taxes (ROI) was -0.9 (-2.0) %.

### CASH FLOW, FINANCING, AND INVESTMENTS

On June 30, 2017, the Group balance sheet total was EUR 39.1 (45.2) million. The Group's cash and cash equivalents totaled EUR 5.4 (7.1) million. In addition, the parent company and the subsidiaries have unused credit limits.

On June 30, 2017, the equity ratio was 59.9 (58.5) % and the debt-equity ratio (gearing) -10.3 (-8.9) %. The interest-bearing liabilities amounted to EUR 3.0 (4.8) million, accounting for 7.7 (10.6) % of the Group's shareholders' equity and liabilities. A total of EUR 1.7 (2.8) million of the Group's interest-bearing liabilities were current and a total of EUR 1.4 (2.0) million non-current.

Net cash flow from operating activities was EUR -1.0 (-1.7) million, which includes EUR -0.7 (-1.6) million change in working capital.

Net cash flow from investing activities was EUR -0.1 (-0.2) million. Gross investments totaled EUR 0.0 (0.2) million. Investments in 2016 related to the Group's joint venture SaraRasa Bioindo Pte. Ltd.

Net cash flow from financing activities was EUR -1.4 (-1.9) million. During the period under review, the Group paid back more loans than it drew out by a total of EUR 0.5 (0.9) million, EUR 0.3 (0.3) million of which was non-current and EUR 0.2 (0.6) current. During the period under review, the Group paid a total of EUR 1.0 (1.0) million in dividends.

The balance sheet goodwill totaled EUR 15.5 (16.1) million on June 30, 2017. No indications of impairment exist.

## PERSONNEL

On June 30, 2017, Dovre Group employed 515 (521) people, 473 (474) of which were employed by Project Personnel, 37 (41) by Consulting, and 5 (6) by Other functions.

During the period under review, the average number of personnel employed by the Group was 477 (596). Project Personnel employed 435 (550) and Consulting 37 (41) people. In the Project Personnel business area 21 (27) % of employees were independent contractors.

<b>Personnel average</b>	<b>1-6 2017</b>	<b>1-6 2016</b>	<b>Change %</b>	<b>1-12 2016</b>
Project Personnel	435	550	-20.9	498
Consulting	37	41	-9.8	40
Other functions	5	5	0.0	5
<b>Group total</b>	<b>477</b>	<b>596</b>	<b>-20.0</b>	<b>543</b>

## CHANGES IN GROUP EXECUTIVE TEAM

During the first quarter Frank Ween, a member of the Group Executive Team, resigned and Ole Olsen, a member of the Group Executive Team, was nominated as a member of the Board of Directors of Dovre Group Plc. As of March 31, 2017, Dovre Group's Group Executive Team consists of Patrick von Essen (CEO), Heidi Karlsson (CFO), Arve Jensen (President, Project Personnel Norway) and Stein Berntsen (President, Consulting).

## SHARES, SHAREHOLDERS, AND STOCK OPTIONS

### Share capital and trading

On June 30, 2017, Dovre Group's share capital was EUR 9,603,084.48 and the total number of shares 100,168,769. There were no changes in the Group's share capital during the period under review. The change in the total number of shares, 300,000 in total, was due to shares subscribed for with the company's 2010C option plan. The increase in the total number of shares has been entered in the Finnish trade register on March 6, 2017.

In January – June 2017, approximately 10.9 (3.8) million Dovre Group shares were exchanged on the Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 3.2 (1.2) million. The lowest quotation was EUR 0.27 (0.27) and the highest EUR 0.33 (0.36). On June 30, 2017, the closing quotation was EUR 0.28 (0.30). The period-end market capitalization was approx. EUR 27.7 (30.0) million.

### Shareholders and holdings of the Board of Directors and the CEO

On June 30, 2017, the number of registered shareholders of Dovre Group Plc totaled 3,424 (3,497), including 8 (8) nominee-registers. Of the Group's shares, 0.4 (0.4) % are nominee-registered.

On June 30, 2017, members of the Group's Board of Directors and the CEO held, including holdings through controlled companies and family members living in the same household, a total of 22,238,142 (4,883,408) shares in the company, representing 22.2 (4.9) % of all shares.

### **Stock options**

At the end of the period under review, Dovre Group had one open option plan, 2013. Each stock option entitles the holder to subscribe one share in Dovre Group Plc.

Under the 2013 option plan, the total number of stock options offered for subscription to Dovre Group's key personnel is 3,000,000. The share subscription period and price per series under the 2013 option plan are as follows:

- 2013A: Subscription price EUR 0.39; subscription period March 1, 2015 – February 29, 2018.
- 2013B: Subscription price EUR 0.52; subscription period March 1, 2016 – February 28, 2019.
- 2013C: Subscription price EUR 0.43; subscription period March 1, 2017 – February 28, 2020.

No stock options were granted to key personnel under the Group's 2013 stock option plan during the period under review. A total of 100,000 stock options were returned to the company. At the end of the period under review, the company had granted a total of 2,350,000 options under the 2013 option plan and had in reserve a total of 650,000 options.

Dovre Group's 2010 option plan expired in accordance with the terms of the option plan on February 28, 2017, when the subscription period for 2010C option series ended. A total of 505,000 shares were subscribed for with the 2010C option series, a total of 300,000 of which were subscribed for during the period under review. The remaining 270,000 stock options expired as unused.

On June 30, 2017, the Group's CEO Patrick von Essen held a total of 675,000 stock options granted under the 2013A, 2013B, and 2013C option plans. On June 30, 2017, Ole Olsen, member of the Group's Board of Directors, held a total of 50,000 stock options granted under the 2013A option plan.

### **ANNUAL GENERAL MEETING AND THE AUTHORIZATIONS OF THE BOARD OF DIRECTORS**

Dovre Group Plc's Annual General Meeting held on March 30, 2017, adopted the financial statements and consolidated financial statements for 2016 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2016. The Annual General Meeting decided on the use of the profit shown on the balance sheet and the payment of dividend, the composition and remuneration of the Board of Directors, the election of the auditor, amendment of the Articles of Association, lifting of lock-up of shares in Dovre Group Plc given as consideration to Commuter AS and Visual Engineering AS in connection with the merger with Norwegian Petroleum Consultants Group AS (NPC), the authorization of the Board of Directors to decide on the repurchase of the Company's own shares and on the issuance of shares as well as the issuance of other special rights entitling to shares.

In accordance with the Board's proposal, the Annual General Meeting decided that a dividend of EUR 0.01 per share to be paid for the financial year 2016. The dividend was paid to a shareholder who, on the dividend record date April 3, 2017 is registered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Ltd. The dividend was paid on April 12, 2017.

The Annual General Meeting decided that the number of Board members be set at four (4). Rainer Häggblom, Aloysius (Louis) Harrewijn and Ilari Koskelo were re-elected as members of the Board, and Ole Olsen was elected as a new member of the Board.

The Annual General Meeting resolved that the chairman of the Board is paid EUR 35,000, the vice chairman of the Board EUR 25,000, and each other member of the Board EUR 22,000 per year. In addition, reasonable travel expenses are also compensated. Out of the annual compensation, 40% of the total gross compensation will be used to purchase Dovre Group Plc's shares on regulated market in trading through Nasdaq Helsinki Ltd, or alternatively by using the own shares held by the company. The shares will be purchased and/or granted as soon as possible after the Annual General Meeting. The remaining 60% of the annual compensation that is to be paid in cash will be paid no later than April 30, 2017. The total amount of the annual compensation paid to Board members and the method of payment did not change from the previous year.

The Annual General Meeting re-elected the Authorized Public Accountant entity Ernst & Young Ltd as the Company's auditor. Ernst & Young Ltd has informed that Authorized Public Accountant Toni Halonen will be the principal auditor.

The Annual General Meeting decided to amend Article 9 of the Articles of Association of the Company so that it corresponds to the changed terminology of the Auditing Act. After the amendment, Article 9 of the Articles of Association reads as follows: The company has one Auditor who shall be an audit firm. The auditor's term ends at the end of the first Annual General Meeting following the election.

The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to accept the termination of the lock-up agreement as from March 30, 2017 as regards the consideration shares in Dovre Group Plc, 18,226,509 in total, given to Commuter AS in connection with the merger with NPC.

The Annual General Meeting also resolved, in accordance with the Board of Directors' proposal, to accept the termination of the lock-up agreement as from March 30, 2017 as regards the consideration shares in Dovre Group Plc, 18,226,509 in total, given to Visual Engineering AS in connection with the merger with NPC.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares on the following conditions: the Board is entitled to decide on repurchase of a maximum of 9,900,000 of the Company's own shares, which shall be repurchased in deviation from the proportion to the holdings of the shareholders using the non-restricted equity and acquired through trading at the regulated market organized by Nasdaq Helsinki Ltd at the share price prevailing at the time of acquisition. This number of shares corresponds to approximately a maximum of 10.0% of the total number of shares in the Company. The shares may be repurchased in order to be used as consideration in possible acquisitions or other arrangements related to the Company's business, to finance investments or as part of the Company's incentive program or to be held, otherwise conveyed or cancelled by the Company. The Board of Directors shall decide on other matters related to the repurchase of the Company's own shares. This repurchase authorization is valid until June 30, 2018 and revokes earlier repurchase authorizations.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of new shares and/or the conveyance of own shares held by the Company and/or the granting of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act on the following conditions:

By virtue of the authorization, the Board may also decide on a directed issue of shares and special rights, i.e. waiving the pre-emptive subscription rights of the shareholders, under the requirements of the law. By virtue of the authorization, a maximum of 9,900,000 shares may be issued, corresponding to approximately a maximum of 10.0% of the Company's existing shares. The Board may use the authorization in one or more instalments. The Board may use the authorization to finance or conclude acquisitions or other arrangements, to strengthen the Company's capital structure, to incentive programs or other purposes decided by the

Board. The new shares may be issued or the Company's own shares conveyed either against payment or free of charge. The new shares may also be issued as an issue without payment to the Company itself. The Board was authorized to decide on other terms of the issuance of shares and special rights. By virtue of the authorization, the Board of Directors may decide on the realization of the Company's own shares possibly held by the Company as pledge. The authorization is valid until June 30, 2018. The authorization revokes earlier authorizations to issue shares and grant option rights and other special rights entitling to shares.

The Board of Directors did not use the authorizations granted by the Annual General Meeting held on March 30, 2017 during the period under review.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

In the Project Personnel business area, the Group's most significant risks still include cautious investment policies of oil and gas clients. Market developments in Norway are particularly important for Project Personnel due to the business area's strong position in the Norwegian market. In addition, expansion to new client segments requires expenditure and includes risks. The business area's other challenges are maintaining its competitiveness and profitability. Project Personnel business is project-based by nature, thus adding an element of uncertainty to forecasting. Dovre Group is responsible for the work performed by its consultants. However, the company has no overall responsibility for project delivery.

In the Consulting business area, general economic uncertainty does not affect as directly the demand for the Group's services. This is mainly due to the fact that one of our main clients, the Norwegian public sector, aims to invest counter-cyclically. Project delivery involves minor risks due to both clients and the Group's own personnel such as project delays or loss of key personnel.

Dovre Group holds a minority share in SaraRasa Bioindo Pte. Ltd. (Bioindo), a company producing pellets from waste material. Bioindo's production unit is located in Indonesia and is thus exposed to high country risk. Other significant risks include risks relating to commercial agreements, especially feedstock purchase and end-product sale agreements. Bioindo's financial information involves certain uncertainties, because the implementation of the shareholders' agreement between Bioindo, Bioindo's subsidiary SaraRasa Sinergy Pte. Ltd. and a local Indonesian operator is still ongoing.

The Group's reporting currency is euro. The Group's most important functional currencies are the Norwegian crown, the Canadian dollar, the Singaporean dollar, and the United States dollar. Although the Group's sales and corresponding expenses are mainly in the same currency, currency fluctuations can affect the Group's net sales and operating result. Foreign currency denominated assets and liabilities can also result in foreign exchange gains or losses. Foreign exchange risks are hedged, when necessary, centrally in the Group.

## **OUTLOOK FOR 2017**

The market is still affected by several uncertainties, including general economic development, oil price, and political instability. Our main markets are in politically and economically stable countries.

In the Project Personnel business area, market outlook has improved in Norway, but globally the price level in the oil and gas industry is still clearly lower than in recent years. Thanks to a strong portfolio of frame agreements as well as cost savings, both implemented and planned, we expect our operating result to improve from 2016.

In the Consulting business area, market outlook remains unchanged.

We expect the Group's operating result to improve compared to 2016.

Espoo, July 26, 2017

DOVRE GROUP PLC  
BOARD OF DIRECTORS

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### **Financial reporting in 2017**

Dovre Group releases its remaining financial reports in 2017 as follows:

- Q3 trading statement for January 1 – September 30, 2017 on Thursday, October 26, 2017

### **Distribution**

Nasdaq Helsinki Ltd  
Major media  
[www.dovregroup.com](http://www.dovregroup.com)

The half year financial report is unaudited.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-6 2017	1-6 2016	Change %	1-12 2016
<b>NET SALES</b>	<b>33 101</b>	<b>47 837</b>	<b>-30.8</b>	<b>83 810</b>
Other operating income	44	131	-66.6	178
Material and services	-57	-54	6.9	-118
Employee benefits expense	-29 978	-43 251	-30.7	-75 617
Depreciation and amortization	-244	-297	-17.8	-578
Other operating expenses	-3 080	-4 251	-27.5	-7 670
<b>OPERATING RESULT</b>	<b>-216</b>	<b>115</b>	<b>-287.4</b>	<b>4</b>
Financing income	34	70	-51.3	77
Financing expenses	-234	-553	-57.7	-780
Share of results in joint ventures	-57	-405	-85.9	-846
<b>RESULT BEFORE TAX</b>	<b>-472</b>	<b>-772</b>	<b>38.8</b>	<b>-1 545</b>
Tax on income from operations	5	19	-74.3	-124
<b>RESULT FOR THE PERIOD</b>	<b>-468</b>	<b>-753</b>	<b>37.9</b>	<b>-1 669</b>
Other comprehensive income				
Other comprehensive income to be classified to profit or loss in subsequent periods:				
Translation differences	-1 030	818	-225.9	1 097
Other comprehensive income for the period, net of tax	-1 030	818	-225.9	1 097
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-1 498</b>	<b>65</b>	<b>-2 414.5</b>	<b>-572</b>
Earnings/share (EUR)				
Basic, result for the period	-0.00	-0.01	38.1	-0.02
Diluted, result for the period	-0.00	-0.01	38.0	-0.02

	1-6 2017	1-6 2016	1-12 2016
<b>Average number of shares</b>			
Basic	100,068,769	99,868,769	99,868,769
Diluted	100,091,144	99,956,200	99,932,539

	June 30, 2017	June 30, 2016	Dec. 31, 2016
<b>Number of shares, period end</b>			
Basic	100,168,769	99,868,769	99,868,769
Diluted	100,168,769	99,924,991	99,896,200

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	June 30, 2017	June 30, 2016	Change %	Dec 31, 2016
<b>ASSETS</b>				
Non-current assets				
Intangible assets	3 349	3 750	-10.7	3 696
Goodwill	15 531	16 084	-3.4	16 198
Tangible assets	933	1 009	-7.6	966
Investments in joint ventures	223	720	-69.1	304
Other receivables	131	38	245.0	95
Deferred tax assets	913	342	167.1	193
Non-current assets	21 080	21 943	-3.9	21 451
Current assets				
Trade receivables and other receivables	12 408	16 073	-22.9	12 957
Tax receivable. income tax	187	19	882.9	73
Cash and cash equivalents	5 417	7 136	-24.1	8 313
Current assets	18 012	23 228	-22.5	21 343
<b>TOTAL ASSETS</b>	<b>39 092</b>	<b>45 171</b>	<b>-13.5</b>	<b>42 794</b>
<b>EQUITY AND LIABILITIES</b>				
Shareholders' equity				
Share capital	9 603	9 603	0.0	9 603
Reserve for invested non-restricted equity	12 300	12 219	0.7	12 219
Fair value reserve	2 869	2 869	0.0	2 869
Translation differences	-2 635	-1 884	39.8	-1 605
Retained earnings	1 267	3 623	-65.0	2 729
Shareholders' equity	23 404	26 430	-11.5	25 815
Non-current liabilities				
Deferred tax liability	1 485	953	55.9	903
Non-current liabilities, interest-bearing	1 350	1 950	-15.4	1 650
Other non-current liabilities	23	38	-39.9	23
Non-current provisions	71	226	-68.4	152
Non-current liabilities	2 930	3 167	2.0	2 728
Current liabilities				
Short-term liabilities, interest-bearing	1 656	2 841	-52.3	1 928
Trade payables and other liabilities	10 793	12 408	-13.0	11 855
Tax liability, income tax	130	39	233.3	132
Current provisions	180	287	-43.1	336
Current liabilities	12 758	15 574	-20.1	14 251
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39 092</b>	<b>45 171</b>	<b>-13.5</b>	<b>42 794</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

- a) Share capital
- b) Reserve for non-restricted equity
- c) Fair value reserve
- d) Translation differences
- e) Retained earnings
- f) Shareholders' equity total

EUR thousand	a)	b)	c)	d)	e)	f)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2016</b>	<b>9 603</b>	<b>12 219</b>	<b>2 869</b>	<b>-2 701</b>	<b>5 339</b>	<b>27 329</b>
<b>Comprehensive income</b>						
Result for the period					-753	-753
Other comprehensive income						
Translation differences				817	1	818
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>817</b>	<b>-752</b>	<b>65</b>
<b>Transactions with shareholders</b>						
Share based compensation					35	35
Dividend distribution					-999	-999
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-964</b>	<b>-964</b>
<b>SHAREHOLDERS' EQUITY June 30, 2016</b>	<b>9 603</b>	<b>12 219</b>	<b>2 869</b>	<b>-1 884</b>	<b>3 623</b>	<b>26 430</b>

EUR thousand	a)	b)	c)	d)	e)	f)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2017</b>	<b>9 603</b>	<b>12 219</b>	<b>2 869</b>	<b>-2 701</b>	<b>5 339</b>	<b>27 329</b>
<b>Comprehensive income</b>						
Result for the period					-468	-468
Other comprehensive income						
Translation differences				-1 030		-1 030
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1 030</b>	<b>-468</b>	<b>-1 498</b>
<b>Transactions with shareholders</b>						
Stock options excercised		81				81
Share based compensation					7	7
Dividend distribution					-1 002	-1 002
<b>Total transactions with shareholders</b>	<b>0</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>-995</b>	<b>-914</b>
<b>SHAREHOLDERS' EQUITY June 30, 2017</b>	<b>9 603</b>	<b>12 300</b>	<b>2 869</b>	<b>-2 635</b>	<b>1 267</b>	<b>23 404</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR thousand	1-6 2017	1-6 2016	Change %	1-12 2016
<b>Cash flow from operating activities</b>				
Operating result	-216	115	-287.4	4
Adjustments:				
Depreciation / Amortization	244	297	-17.8	578
Personnel expenses	7	31	-77.4	104
<b>Adjustments, total</b>	<b>251</b>	<b>328</b>	<b>-23.5</b>	<b>682</b>
Changes in working capital				
Trade and other receivables, increase (-) / decrease (+)	-72	3 613	-102.0	7 143
Trade and other payables, increase (+) / decrease (-)	-676	-5 217	87.0	-6 314
<b>Changes in working capital, total</b>	<b>-748</b>	<b>-1 604</b>	<b>53.4</b>	<b>829</b>
Interest paid	-28	-80	65.0	-120
Interest received	7	21	-66.7	34
Other financial expenses paid and received	-88	-142	38.0	-557
Income taxes paid	-218	-288	24.3	-305
<b>Net cash generated by operating activities</b>	<b>-1 040</b>	<b>-1 650</b>	<b>37.0</b>	<b>567</b>
<b>Cash flow from investing activities</b>				
Investments in tangible and intangible assets	-64	-61	-4.9	-109
Purchase of shares in joint ventures	0	-124	-100.0	-124
Loan receivables, increase (-) / decrease (+)	-47	0	-	-89
<b>Net cash generated by investing activities</b>	<b>-111</b>	<b>-185</b>	<b>-40.0</b>	<b>-322</b>
<b>Cash flow from financing activities</b>				
Stock options exercised	81	0	-	0
Repayments of non-current loans	-300	-300	0.0	-600
Proceeds from short-term loans	1 208	444	172.1	687
Repayments of short-term loans	-1 403	-1 070	-31.1	-2 294
Dividends paid	-1 002	-999	0.3	-999
<b>Net cash generated by financing activities</b>	<b>-1 416</b>	<b>-1 925</b>	<b>-26.4</b>	<b>-3 206</b>
Translation differences	-329	-6		372
<b>Change in cash and cash equivalents</b>	<b>-2 896</b>	<b>-3 766</b>		<b>-2 589</b>
Cash and cash equivalents at beginning of the period	8 313	10 902		10 902
<b>Cash and cash equivalents at end of the period</b>	<b>5 417</b>	<b>7 136</b>		<b>8 313</b>

**NOTES TO THE HALF YEAR FINANCIAL REPORT**

The half year financial report has been prepared in line with IAS 34 and, apart from the additions below, the same accounting principles have been applied as in the 2016 financial statements. Key indicator calculations remain unchanged and have been presented in the 2016 financial statements.

As of January 1, 2017, the Group has adopted the following revised, and amended IFRS standards with the effective date of January 1, 2017: IAS 7 *Statement of Cash Flows (amended)*, IAS 12 *Income Taxes (amended)*, and *Annual Improvements to IFRSs 2012-2014 Cycle*.

**The Group's assessment of the adoption of IFRS 15**

Dovre Group adopts IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018 (mandatory application). As the Group has estimated that the standard does not affect revenue recognition within the Group, the Group has not yet decided whether it will use full or modified retrospective application. The Group will still further assess the impact of the standard on note disclosures.

*Project Personnel*

The Group's Project Personnel business area covers a significant share of the Group's external net sales (92% in 2016).

The Group has several frame agreements with a number of customers in the Project Personnel business area. However, revenue recognition is based not on the frame agreements but on more detailed purchase or work orders. Revenue is recognized based on hourly, daily, weekly, or monthly invoicing. From the point of view of IFRS 15, the service consists of a series of performance obligations that are substantially the same. The Group has estimated that it does not need to change its method of revenue recognition, which will also in future be based on work performed. Travel expenses are invoiced as incurred.

The business area's sales include also some revenue from customer contracts, where the performance obligation consists of finding an employee corresponding to the customer's requirements. In such cases, revenue is recognized at a certain point in time as the performance obligation has been satisfied.

*Consulting*

In 2016, the net sales of the Group's Consulting business area were 8% of the Group's net sales. The business area consists of two separate units, which have distinctively different service offerings.

The Group's Consulting unit in Norway offers strategic and operational consulting services for project management and procurement, including, for example, project definition and evaluation as well as risk and contract management. The Group's Consulting unit in Finland offers a variety of project management software, maintenance, implementation, training, and customer support. In both units, majority of revenue is based on hourly rates invoiced from the customer in accordance with work performed. Typically revenue is recognized at the same time as services are invoiced. Typical project duration is less than a year.

The Consulting unit in Finland derives revenue also from program maintenance and license fees, which have been invoiced monthly. Those very few situations, when the Group sells the license to the customer, will be evaluated on a case-by-case basis.

## 1. OPERATING SEGMENTS

The Group has two reporting segments that are also the Group's strategic business areas:

- Project Personnel business area provides project personnel services for large investment projects worldwide, primarily in the oil and gas industry.
- Consulting business area provides management and project management consulting and project management software for enterprise level management in the Nordic countries.

The Group's segment information is based on internal management reporting prepared in accordance with IFRS standards. The Group does not allocate the parent company's intra-Group charges to segments for the purposes of segment reporting.

### NET SALES

EUR thousand	1-6/2017	% of net sales	1-6/2016	% of net sales
Project Personnel	29 901	90.3 %	44 143	92.3 %
Consulting	3 200	9.7 %	3 694	7.7 %
<b>Total</b>	<b>33 101</b>	<b>100.0 %</b>	<b>47 837</b>	<b>100.0 %</b>

### Net sales by revenue type

EUR thousand	1-6/2017	% of net sales	1-6/2016	% of net sales
Services	32 890	99.4 %	47 640	99.6 %
One-time license revenue	98	0.3 %	107	0.2 %
Recurring license revenue	113	0.3 %	89	0.2 %
<b>Total</b>	<b>33 101</b>	<b>100.0 %</b>	<b>47 837</b>	<b>100.0 %</b>

### OPERATING RESULT

EUR thousand	1-6/2017	1-6/2016	Change %
Project Personnel	53	485	-89.1
Consulting	478	506	-5.5
Other functions	-607	-695	-12.7
Unallocated	-140	-181	-22.7
<b>Total</b>	<b>-216</b>	<b>115</b>	<b>-287.4</b>

Unallocated expenses include amortization of customer agreements and relations and share-based compensation recognized as expense in the income statement.

### PERSONNEL

Average number of personnel	June 30, 2017	June 30, 2016	Change %	Dec. 31, 2016
Project Personnel	435	550	-20.9	498
Consulting	37	41	-9.8	40
Other functions	5	5	0.0	5
<b>Total</b>	<b>477</b>	<b>596</b>	<b>-20.0</b>	<b>543</b>

In the Project Personnel business area, 21 (27) % of personnel were independent contractors.

## 2. INVESTMENTS IN JOINT VENTURES

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Carrying value, opening balance	304	1 029	1 029
Additions	0	124	124
Disposals	-3	0	0
Share of profit and loss in joint ventures	-57	-405	-846
Translation differences	-21	-28	-3
<b>At end of period</b>	<b>223</b>	<b>720</b>	<b>304</b>

Dovre Group Plc's joint venture is Singaporean SaraRasa Bioindo Pte. Ltd. (Bioindo). Dovre Group's ownership of Bioindo was 29% in all presented periods.

Balances with joint ventures

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Trade receivables	0	4	0
Loan receivables	131	0	95

## 3. TRADE AND OTHER RECEIVABLES

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Trade receivables	10 795	13 967	11 591
Other receivables	169	121	160
Prepayments and accrued income on sales	724	1 306	660
Other prepayments and accrued income	704	679	546
<b>Total</b>	<b>12 392</b>	<b>16 073</b>	<b>12 957</b>

The book values of the receivables are based on a reasonable estimate of their fair values. No significant concentrations of credit risk are associated with the receivables. Other prepayments and accrued income include accrued expenses.

### Ageing analysis of trade receivables

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Not due	10 018	12 259	7 480
Overdue			
1 - 30 days	492	463	3 436
31 - 60 days	184	1 183	459
61 - 90 days	94	41	164
Over 90 days	8	22	52
<b>Total</b>	<b>10 795</b>	<b>13 967</b>	<b>11 591</b>

## 4. NON-CURRENT AND CURRENT PROVISIONS

### Changes in provisions,

2017 EUR thousand	Jan 1, 2017	Increase	Reversal of provisions	Provisions used	Translation differences	June 30, 2017
Restructuring provision	488	0	0	-222	-16	251
<b>Total</b>	<b>488</b>	<b>0</b>	<b>0</b>	<b>-222</b>	<b>-16</b>	<b>251</b>

## 5. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Trade receivables pledged as collateral	8 358	10 752	8 804
Floating charges	3 000	3 000	3 000
Pledged shares, book value in Group	835	852	843

### Future minimum lease payments for non-cancellable operating leases

EUR thousand	June 30, 2017	June 30, 2016	Dec. 31, 2016
Not later than one year	409	582	588
Later than one year and not later than five years *)	299	592	360
<b>Total</b>	<b>707</b>	<b>1 174</b>	<b>948</b>

\*) Comparative for Dec. 31, 2016 corrected

The Group's leases business premises and cars under various non-cancellable leases. The leases have varying lengths, index clauses, and renewal and other terms.

## 6. GROUP QUARTERLY INFORMATION

EUR thousand	2017 1-3	2016 1-3	2017 4-6	2016 4-6	2016 7-9	2016 10-12
<b>NET SALES</b>	<b>17 259</b>	<b>24 962</b>	<b>15 843</b>	<b>22 875</b>	<b>17 897</b>	<b>18 075</b>
Other operating income	23	39	20	92	12	34
Material and services	-30	-27	-27	-27	-31	-34
Employee benefits expense	-15 737	-22 716	-14 242	-20 535	-16 265	-16 101
Depreciation and amortization	-124	-151	-121	-146	-145	-135
Other operating expenses	-1 645	-2 137	-1 436	-2 114	-1 597	-1 822
<b>OPERATING RESULT</b>	<b>-254</b>	<b>-30</b>	<b>38</b>	<b>145</b>	<b>-128</b>	<b>17</b>

## 7. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-6 2017	1-6 2016	1-12 2016
Cash and cash equivalents	5.4	7.1	8.3
Interest-bearing liabilities	3.0	4.8	3.6
Net debt	-2.4	-2.3	-4.7
Shareholders' equity	23.4	26.4	25.8
Balance sheet total	39.1	45.2	42.8
Return on equity, % *)	-1.9 %	-2.7 %	-6.3 %
Return on investment, % *)	-0.9 %	-2.0 %	-4.2 %
Debt-equity ratio (Gearing), %	-10.3 %	-8.9 %	-18.3 %
Equity-ratio, %	59.9 %	58.5 %	60.3 %
Personnel (average for period)	477	596	543
Personnel (at end of period)	515	521	462
Earnings per share, EUR (basic, average for period)	-0.005	-0.008	-0.017
Equity per share, EUR (basic, end of period)	0.23	0.26	0.26

\*) Comparatives for 1-6/2016 corrected