

DOVRE GROUP HALF YEAR FINANCIAL REPORT JANUARY 1–JUNE 30, 2018
IMPROVED OPERATING RESULT, NET SALES INCREASED IN Q2

Dovre Group Plc issues today the company's half year financial report for the six months ended on 30 June 2018. The figures presented in this half year financial report are not audited. Last year's corresponding period in parentheses.

January-June 2018

- Net sales nearly stable at EUR 32.7 (33.1) million – decline 1.1%
- Project Personnel: net sales EUR 29.8 (29.9) million – decline 0.2%
- Consulting: net sales EUR 2.9 (3.2) million – decline 9%
- Operating result improved to EUR 0.1 (-0.2) million, Q1 operating result EUR 0.0 (-0.3) million and incl. in the comparable period EUR 0.3 million of restructuring costs, Q2 operating result EUR 0.1 (0.0) million
- Result for the period EUR -0.1 (-0.5) million, incl. EUR -0.1 (-0.2) million finance items and EUR -0.0 (-0.1) million of the result of the Group's joint venture SaraRasa
- Earnings per share EUR -0.001 (-0.005)
- Net cash flow from operating activities EUR -0.7 (-1.0) million

Outlook for 2018 (unchanged): Net sales and operating result are expected to improve compared to 2017.

KEY FIGURES

EUR million	1-6 2018	1-6 2017	Change %	1-12 2017
Net sales	32.7	33.1	-1.1	62.7
Operating result	0.1	-0.2	152.7	0.1
% of net sales	0.3%	-0.7%		0.1%
Result	-0.1	-0.5	84.9	-0.5
% of net sales	-0.2%	-1.4%		-0.9%
Net cash flow from operations	-0.7	-1.0	30.0	-0.9
Net debt	-0.1	-2.4	97.1	-2.1
Debt-equity ratio (Gearing), %	-0.3%	-10.3%	97.1	-9.4%
Earnings per share, EUR:				
Undiluted	-0.001	-0.005	-84.9	-0.005
Diluted	-0.001	-0.005	-84.9	-0.005

PATRICK VON ESSEN, CEO:

“Many things are moving in the right direction for Dovre Group. In Q2, we recorded the first year-on-year quarterly sales increase since 2015. Our Q2 operating result also improved year-on-year, and our H1 operating result was better than last year. The H1 operating result was still modest. However, our order stock for H2 – and for Q3 in particular - is much more robust than at the same time last year. Our cost structure is leaner than ever. We expect a strong finish to the year.

Project personnel: Despite lower volume than last year, the profitability improved significantly in H1. In our largest market Norway, volumes – and lately also prices - are trending up. There are signs of increasing demand also in Canada and Singapore. The efforts in our newest project personnel market – Finland – are starting to pay off. We have several ongoing permanent recruitment mandates with European clients for project management and general management positions. In project personnel, our H2 focus is increased sales, improved gross margin, and fixed cost prudence.

Consulting: Compared to the stellar performance in H1 of 2017, the profitability decreased, but is still on a very respectable level. Increased execution capacity in Norway and an improved order stock gives us confidence that H2 will be strong.

We are seeing good progress also in our joint venture company SaraRasa. The pellet price recovery helped to turn the EBIT of SaraRasa positive in H1 of 2018, and although the net result is still in the red, the market for wood pellets is improving, and the production capacity is expected to increase.

All in all, we are well placed to further improve our service, sales and operating result.”

NET SALES AND PROFITABILITY

Net sales

In January-June, Dovre Group's net sales were nearly at last year's level, totaling EUR 32.7 (33.1) million. The decrease from comparable period was 1.1%. Project Personnel accounted for 91 (90) % and Consulting for 9 (10) % of the Group's net sales. During the period under review, net sales for Project Personnel were stable, totaling EUR 29.8 (29.9) million. Net sales for Consulting decreased by 9.0%, totaling EUR 2.9 (3.2) million.

By market area, EMEA's net sales totaled EUR 24.2 (22.4) million, accounting for 74 (68) % of the Group's net sales during the period under review. Net sales for AMERICAS were EUR 4.8 (6.9) million, accounting for 15 (21) % the Group's net sales. Net sales for APAC were EUR 3.7 (3.8) million, accounting for 11 (11) % the Group's net sales.

Fluctuations in foreign currency exchange rates impacted revenues somewhat. Compared to the first six months in 2017, the Group's net sales during the period under review would have grown by some 3.7 % if the currency exchange rates were comparable.

In March, Dovre Group announced a significant frame agreement with Baltic Connector to provide project management resources in their natural gas pipeline project. Other new agreements remain confidential at the request of our clients.

Net sales by reporting segment	1-6	1-6	Change	1-12
EUR million	2018	2017	%	2017
Project Personnel	29.8	29.9	-0.2	57.1
Consulting	2.9	3.2	-9.0	5.6
Group total	32.7	33.1	-1.1	62.7

Net sales by market area	1-6	1-6	Change	1-12
EUR million	2018	2017	%	2017
EMEA	24.2	22.4	8.1	43.5
AMERICAS	4.8	6.9	-31.0	12.8
APAC	3.7	3.8	-0.9	6.4
Group total	32.7	33.1	-1.1	62.7

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

Operating result	1-6	1-6	Change	1-12
EUR million	2018	2017	%	2017
Project Personnel	0.7	0.1	1 152.6	0.8
Consulting	0.3	0.5	-47.5	0.7
Other functions	-0.7	-0.6	-12.6	-1.2
Unallocated *)	-0.1	-0.1	16.4	-0.3
Group total	0.1	-0.2	152.9	0.1

*) Unallocated expenses include amortization of customer agreements and relations and share-based compensation recognized as expense in profit or loss.

Result

During the period under review, the Group's result before taxes was EUR 0.0 (-0.5) million, including EUR -0.1 (-0.2) million of finance items. The result also includes the Group's share, EUR -0.0 (-0.1) million, of the result of its joint venture SaraRasa Bioindo Pte Ltd.

The Group's result for the period, after taxes was EUR -0.1 (-0.5) million. The Group's earnings per share was EUR -0.001 (-0.005). The Group's return on average capital employed before taxes (ROI) was 0.3 (-0.9) %.

CASH FLOW, FINANCING, AND INVESTMENTS

On June 30, 2018, the Group balance sheet total was EUR 37.2 (39.1) million. The Group's cash and cash equivalents totaled EUR 3.5 (5.4) million. In addition, the Group has unused credit limits.

On June 30, 2018, the equity ratio was 58.6 (59.9) % and the debt-equity ratio (gearing) -0.3 (-10.3) %. The interest-bearing liabilities amounted to EUR 3.4 (3.0) million, accounting for 9.1 (7.7) % of the Group's shareholders' equity and liabilities. A total of EUR 2.6 (1.7) million of the Group's interest-bearing liabilities were current and a total of EUR 0.8 (1.4) million non-current.

Net cash flow from operating activities was EUR -0.7 (-1.0) million, which includes EUR -1.0 (-0.7) million change in working capital. The last day of 2017 was a Sunday, and approx. MEUR 2.0 payments from customers were received beginning of January 2018.

Net cash flow from investing activities was EUR -0.2 (-0.1) million. Gross investments totaled EUR 0.2 (0.0) million.

Net cash flow from financing activities was EUR -0.8 (-1.4) million. During the period under review, the Group used EUR 0.2 million to acquire its own shares. 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 (15.5) million on June 30, 2018. No indications of impairment exist.

PERSONNEL

On June 30, 2018, Dovre Group employed 462 (515) people, 421 (473) of which were employed by Project Personnel, 36 (37) by Consulting, and 5 (5) by Other functions.

During the period under review, the average number of personnel employed by the Group was 498 (477). Project Personnel employed 458 (435) and Consulting 35 (37) people. In the Project Personnel business area 29 (21) % of employees were independent contractors.

Personnel average	1-6 2018	1-6 2017	Change %	1-12 2017
Project Personnel	458	435	5.3	427
Consulting	35	37	-5.4	36
Other functions	5	5	0.0	5
Group total	498	477	4.4	468

CHANGES IN GROUP EXECUTIVE TEAM

Mari Paski was appointed Dovre Group Plc's CFO as of January 1, 2018. At the end of June 2018, Dovre Group's Group Executive Team consists of Patrick von Essen (CEO), Mari Paski (CFO), Arve Jensen (President, Project Personnel Norway) and Stein Berntsen (President, Consulting).

SHARES, SHAREHOLDERS, AND STOCK OPTIONS

Share capital and trading

On June 30, 2018, 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 or number of shares during the period under review.

In January - June 2018, approximately 6.7 (10.9) million Dovre Group shares were exchanged on the Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 1.8 (3.2) million. The lowest quotation was EUR 0.24 (0.27) and the highest EUR 0.29 (0.33). On June 30, 2018, the closing quotation was EUR 0.25 (0.28). The period-end market capitalization was approx. EUR 25.0 (27.7) million.

Own shares

In December 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. The repurchases started on December 5, 2017 and ended on March 27, 2018. In January-June 2018, Dovre Group Plc repurchased in total 527,066 of its own shares with an average price of 0.2761 euro. The total price of the shares repurchased during the period under review was 145,507.34 euro. At the end of June 2018 Dovre Group Plc held 839,262 of its own shares, representing approximately 0.8% of all the company's shares.

Shareholders and holdings of the Board of Directors and the CEO

On June 30, 2018, the number of registered shareholders of Dovre Group Plc totaled 3,264 (3,424), including 8 (8) nominee-registers. The share of nominee-registered shares was 11.4 (0.4) % of the Group's shares. The share of nominee-registered shares grew as the shares owned by GA1 Finance AS, a company controlled by Ole Olsen, were under the nominee-register on June 30, 2018.

On June 30, 2018, 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 21,482,191 (22,238,142) shares in the company, representing 21.4 (22.2) % 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:

- 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. The subscription period for 2013A option plan ended on February 29, 2018. No shares were subscribed for under the option plan. The remaining 740,000 2013A options expired as unused. At the end of the period under review, the company had granted a total of 1,450,000 options under the 2013 option plan and had in reserve a total of 550,000 options.

On June 30, 2018, the Group's CEO Patrick von Essen held a total of 600,000 stock options granted under the 2013B and 2013C option plans.

ANNUAL GENERAL MEETING AND THE AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Dovre Group Plc's Annual General Meeting held on March 28, 2018, adopted the financial statements and consolidated financial statements for 2017 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2017. 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, the authorization of the Board of Directors to decide on the repurchase of the Company's own shares, 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 2017. The dividend was paid to a shareholder who, on the dividend record date April 3, 2018 was registered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Ltd. The dividend was paid on April 10, 2018.

The Annual General Meeting decided that the number of Board members be set at four (4). Ilari Koskelo and Ole Olsen were re-elected as members of the Board, and Antti Manninen and Svein Stavelin were elected as new members 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, 2018. 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 elected the Authorized Public Accountant entity BDO Oy as the Company's auditor. BDO Oy has informed that Authorized Public Accountant Ari Lehto will be the principal auditor.

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 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, 2019 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 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, 2019. The authorization revokes earlier authorizations to issue shares and grant option rights and other special rights entitling to shares.

In December 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. A total of 839,262 shares were repurchased between December 5, 2017 and March 27, 2018. The Board did not use the authorization to decide on a directed issue of shares and special rights during the period under review.

SHORT-TERM RISKS AND UNCERTAINTIES

In the Project Personnel business area, the Group's most significant risks include the cyclicity of our clients' business. 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. From time to time there might be a dependency locally on one major project or client. 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 wood residue. 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. Dovre Group calculates the result of the joint venture based on unaudited figures, hence the financial information on Bioindo is accompanied by uncertainty.

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 2018 (UNCHANGED)

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

In the Project Personnel business area, demand has improved and the prices are improving slightly. Thanks to a strong portfolio of frame agreements, cost savings already implemented, as well as improving demand, we expect our operating result to improve from 2017.

In the Consulting business area, market outlook remains unchanged.

We expect the Group's net sales and operating result to improve compared to 2017.

Espoo, July 26, 2018

DOVRE GROUP PLC
BOARD OF DIRECTORS

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Financial reporting in 2018

Dovre Group releases its remaining financial reports in 2018 as follows:

- Q3 trading statement for January 1 - September 30, 2018 on Thursday, October 25, 2018

Distribution

Nasdaq Helsinki Ltd
Major media
www.dovregroup.com

The half year financial report is unaudited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-6 2018	1-6 2017	Change %	1-12 2017
NET SALES	32 743	33 101	-1.1	62 681
Other operating income	11	44	-74.4	67
Material and services	-99	-57	-72.8	-113
Employee benefits expense	-29 701	-29 978	-0.9	-56 375
Depreciation and amortization	-227	-244	-7.0	-484
Other operating expenses	-2 614	-3 080	-15.1	-5 724
OPERATING RESULT	114	-216	152.7	52
Financing income	15	34	-54.7	89
Financing expenses	-70	-234	-69.9	-324
Share of results in joint ventures	-31	-57	45.9	-215
RESULT BEFORE TAX	28	-472	105.8	-398
Tax on income from operations	-98	5	-2 110.1	-149
RESULT FOR THE PERIOD	-71	-468	84.9	-547
Other comprehensive income				
Other comprehensive income to be classified to profit or loss in subsequent periods:				
Translation differences	342	-1 030	133.2	-1 645
Other comprehensive income for the period, net of tax	342	-1 030	133.2	-1 645
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	271	-1 498	118.1	-2 192
Earnings/share (EUR)				
Basic, result for the period	-0.001	-0.005	84.9	-0.01
Diluted, result for the period	-0.001	-0.005	84.9	-0.01

	1-6 2018	1-6 2017	1-12 2017
Average number of shares			
Basic	100 168 769	100 068 769	100 118 769
Diluted	100 168 769	100 091 144	100 129 956

	June 30, 2018	June 30, 2017	Dec. 31, 2017
Number of shares, period end			
Basic	100 168 769	100 168 769	100 168 769
Diluted	100 168 769	100 168 769	100 168 769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	June 30, 2018	June 30, 2017	Change %	Dec 31, 2017
ASSETS				
Non-current assets				
Intangible assets	3 192	3 349	-4.7	3 183
Goodwill	15 460	15 531	-0.5	15 177
Tangible assets	1 018	933	9.1	1 010
Investments in joint ventures	159	223	-28.6	61
Other receivables	0	131	-100.0	125
Deferred tax assets	193	913	-78.8	183
Non-current assets	20 022	21 080	-5.0	19 740
Current assets				
Trade receivables and other receivables	13 705	12 408	10.4	11 427
Tax receivable, income tax	15	187	-91.8	71
Cash and cash equivalents	3 452	5 417	-36.3	5 151
Current assets	17 173	18 012	-4.7	16 649
TOTAL ASSETS	37 195	39 092	-4.9	36 389
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	9 603	9 603	0.0	9 603
Reserve for invested non-restricted equity	12 300	12 300	0.0	12 300
Fair value reserve	2 869	2 869	0.0	2 869
Treasury shares	-229	0		-84
Translation differences	-2 908	-2 635	-10.4	-3 251
Retained earnings	149	1 267	-88.2	1 188
Shareholders' equity	21 784	23 404	-6.9	22 625
Non-current liabilities				
Deferred tax liability	821	1 485	-44.7	788
Non-current liabilities, interest-bearing	750	1 350	-44.4	1 050
Other non-current liabilities	0	23	-100.0	0
Non-current provisions	0	71	-100.0	0
Non-current liabilities	1 571	2 930	-46.4	1 838
Current liabilities				
Short-term liabilities, interest-bearing	2 633	1 656	59.0	1 977
Trade payables and other liabilities	11 002	10 793	1.9	9 739
Tax liability, income tax	205	130	57.6	210
Current provisions	0	180	-100.0	0
Current liabilities	13 840	12 758	8.5	11 926
TOTAL EQUITY AND LIABILITIES	37 195	39 092	-4.9	36 389

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

EUR thousand	a)	b)	c)	d)	e)	f)	g)
SHAREHOLDERS' EQUITY Jan. 1, 2017	9 603	12 219	2 869		-1 605	2 729	25 815
Comprehensive income							
Result for the period						-468	-468
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-1 030		-1 030
Total comprehensive income	0	0	0		-1 030	-468	-1 498
Transactions with shareholders							
Exercised stock options		81				81	81
Share based compensation						7	7
Dividend distribution						-1 002	-1 002
Total transactions with shareholders	0	81	0		0	-995	-914
SHAREHOLDERS' EQUITY Jun. 30, 2017	9 603	12 300	2 869	0	-2 635	1 267	23 404
SHAREHOLDERS' EQUITY Jan. 1, 2018	9 603	12 300	2 869	-84	-3 251	1 188	22 625
Comprehensive income							
Result for the period						-71	-71
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					343	-1	342
Total comprehensive income	0	0	0	0	343	-72	271
Transactions with shareholders							
Share based compensation						26	26
Buyback of shares				-145			-145
Dividend distribution						-993	-993
Total transactions with shareholders	0	0	0	-145		-967	-1 112
SHAREHOLDERS' EQUITY Jun. 30, 2018	9 603	12 300	2 869	-229	-2 908	149	21 784

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6 2018	1-6 2017	Change %	1-12 2017
Cash flow from operating activities				
Operating result	114	-216	152.8	52
Adjustments:				
Depreciation / Amortization	227	244	-7.0	484
Restructuring provision	0	0		-111
Personnel expenses	26	7	271.4	7
Adjustments, total	253	251	0.8	380
Changes in working capital				
Trade and other receivables, increase (-) / decrease (+)	-2 067	-72	-2 770.8	628
Trade and other payables, increase (+) / decrease (-)	1 052	-676	255.6	-1 636
Changes in working capital, total	-1 015	-748	-35.7	-1 008
Interest paid	-27	-28	3.6	-52
Interest received	15	7	114.3	16
Other financial expenses paid and received	-22	-88	75.0	-173
Income taxes paid	-46	-218	78.9	-106
Net cash generated by operating activities	-728	-1 040	30.0	-891
Cash flow from investing activities				
Investments in tangible and intangible assets	-188	-64	-193.8	-293
Purchase of shares in joint ventures	0	0		3
Loan receivables, increase (-) / decrease (+)	0	-47	100.0	-47
Net cash generated by investing activities	-188	-111	69.4	-337
Cash flow from financing activities				
Stock options exercised	0	81	-100.0	81
Repurchases of own shares	-161	0		-69
Repayments of non-current loans	-300	-300	0.0	-600
Proceeds from short-term loans	622	1 208	-48.5	1 576
Repayments of short-term loans	0	-1 403	100.0	-1 403
Dividends paid	-993	-1 002	0.9	-1 002
Net cash generated by financing activities	-832	-1 416	-41.2	-1 417
Translation differences	49	-329	114.9	-517
Change in cash and cash equivalents	-1 699	-2 896	41.3	-3 162
Cash and cash equivalents at beginning of the period	5 151	8 313		8 313
Cash and cash equivalents at end of the period	3 452	5 417		5 151

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 2017 financial statements. Key indicator calculations remain unchanged and have been presented in the 2017 financial statements.

The Group has adopted the following new and amended IFRS standards with the effective date of January 1, 2018: IFRS 2 *Share-based Payment* (amended), IFRS 9 *Financial instruments* (new) and IFRS 15 *Revenue from Contracts with Customers* (new). The new and amended standards did not have a material impact.

Employee benefits

Share-based compensation

Dovre Group offers share-based incentive plans for its key employees. As of January 1, 2018, the Group has a new share-based remuneration and incentive program, where the remuneration is based on an annually set performance condition and a service condition. The performance obligation does not include a market condition, whereupon the program does not include a fair value part. The vesting condition for a service condition requires that an employee is employed by Dovre Group at the beginning of 2021. The program is a fully equity-settled share-based payment transaction and the Group will recognize the corresponding increase in equity. If the assumption regarding the realized number of shares changes, an adjustment is recorded through profit and loss.

The Group has one valid option plan, the 2013 option plan that originally had three series. The subscription period for 2013B stock options ends on February 28, 2019 and that for 2013C stock options ends on February 28, 2020.

Revenue recognition

The Group's sales consist of revenue from the sale of services and licenses as well as maintenance of licenses. Revenue from sales is recognized in accordance with IFRS 15 *Revenue from Contracts with Customers* standard when a performance obligation, either a good or service or combination, is satisfied. Travel expenses related to rendering services and invoiced to the client are presented as sales of services. License revenue includes a sale or a lease of a license, as well as a lease as part of SaaS-service. Maintenance includes recurring maintenance fee of sold licenses.

Significant part of the Group's sales are recognized over time based on the work done. Additionally, recurring service and license lease and maintenance income are recognized over time. The Group recognizes performance obligations, where the Group receives a recruitment fee, as well as a sale of a license, as a point in time. License sale is recognized upon the transfer of the license ownership to the buyer.

Financial assets

The Group's financial assets are loans and receivables, which are recognized at amortized costs according to IFRS 9 *Financial instruments* standard. They are presented in the statement of financial position as either current or non-current assets, with the latter including assets with maturities greater than 12 months. The loss allowance for trade receivables is measured using the simplified approach. The loss allowance is measured at an amount equal to lifetime expected credit losses with the basis of aging. Trade receivables in Dovre Group are not significantly overdue. Dovre Group has not recognized any impairment loss on trade receivables during 2016 - 2018. The Group had a loan receivable from its joint venture, SaraRasa, at end of 2017. Dovre Group converted the loan into shares in joint venture during the first half year in 2018.

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
- 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	1-6/2018	1-6/2017	Change, %	1-12/2017
Project Personnel	29 830	29 901	-0.2	57 063
Consulting	2 912	3 200	-9.0	5 618
Total	32 742	33 101	-1.1	62 681

OPERATING RESULT

EUR thousand	1-6/2018	1-6/2017	Change, %	1-12/2017
Project Personnel	664	53	1 152.6	808
Consulting	251	478	-47.5	711
Other functions	-683	-607	-12.6	-1 200
Unallocated	-117	-140	16.4	-267
Total	114	-216	152.9	52

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	1-6/2018	1-6/2017	Change, %	1-12/2017
Project Personnel	458	435	5.3	427
Consulting	35	37	-5.4	36
Other functions	5	5	0.0	5
Total	498	477	4.4	468

In the Project Personnel business area, 29 (21) % of personnel were independent contractors.

2. NET SALES

NET SALES BY REVENUE TYPE

EUR thousand	1-6/2018	1-6/2017	Change, %	1-12/2017
Services	32 501	32 890	-1.2	62 363
License revenue	145	98	47.5	174
Maintenance	97	113	-13.9	144
Total	32 743	33 101	-1.1	62 681

Services include 17 thousand euros (66 thousand euros in June 2017) revenue recognized as a point in time. License income includes 64 thousand euros (17 thousand euros) income recognized as a point in time.

NET SALES BY DOMICILE OF THE COMPANY

EUR thousand	1-6/2018	1-6/2017	Change, %	1-12/2017
Finland	2 659	2 156	23.3	4 216
Norway	21 574	20 002	7.9	38 927
Canada	4 234	5 837	-27.5	10 944
Singapore	3 460	3 222	7.4	5 840
Other countries	817	1 883	-56.6	2 754
Total	32 743	33 101	-1.1	62 681

3. INVESTMENTS IN JOINT VENTURES

EUR thousand	June 30, 2018	June 30, 2017	Dec. 31, 2017
Carrying value, opening balance	61	304	304
Additions	121	0	-3
Disposals	0	-3	0
Share of profit and loss in joint ventures	-31	-57	-215
Translation differences	8	-21	-25
At end of period	159	223	61

Dovre Group Plc's joint venture is SaraRasa Bioindo Pte. Ltd. (Bioindo), a company registered in Singapore. Dovre Group Plc holds 20.46% of the shares in Bioindo (29% in 2017). Dovre Group Plc's decrease in ownership relates to increase in equity in Bioindo during the first half year in 2018, where Dovre Group converted its loan receivable to equity.

Balances with joint ventures

EUR thousand	June 30, 2018	June 30, 2017	Dec. 31, 2017
Trade receivables	0	131	125
Loan receivables	0	0	8
Interest income	0	0	8

4. TRADE AND OTHER RECEIVABLES

EUR thousand	June 30, 2018	June 30, 2017	Dec. 31, 2017
Trade receivables	12 739	10 795	10 493
Other receivables	75	169	120
Prepayments and accrued income on sales	347	724	384
Other prepayments and accrued income	545	704	422
Receivables from joint ventures	0	0	8
Total	13 705	12 392	11 427

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, 2018	June 30, 2017	Dec. 31, 2017
Not due	11 887	10 018	6 403
Overdue			
1 - 30 days	574	492	3 857
31 - 60 days	179	184	181
61 - 90 days	39	94	22
Over 90 days	61	8	30
Total	12 740	10 795	10 493

5. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

Collateral for own commitments

EUR thousand	June 30, 2018	June 30, 2017	Dec. 31, 2017
Trade receivables pledged as collateral	4 169	8 358	4 065
Floating charges	3 000	3 000	3 000
Pledged shares, book value in Group	817	835	826

Rental agreements, Group as a Lessee

EUR thousand	June 30, 2018	June 30, 2017	Dec. 31, 2017
Not later than one year	506	409	475
Later than one year and not later than five years	940	299	1 069
Yhteensä	1 446	707	1 544

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	1-3 2018	1-3 2017	4-6 2018	4-6 2017	7-9 2017	10-12 2017
NET SALES	16 418	17 259	16 325	15 843	14 701	14 880
Other operating income	4	23	7	20	9	13
Material and services	-51	-30	-47	-27	-25	-31
Employee benefits expense	-14 871	-15 737	-14 830	-14 242	-13 310	-13 087
Depreciation and amortization	-109	-124	-118	-121	-121	-119
Other operating expenses	-1 343	-1 645	-1 271	-1 436	-1 234	-1 409
OPERATING RESULT	48	-254	66	38	20	247

7. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-6 2017	1-6 2016	1-12 2016
Cash and cash equivalents	3.5	5.4	5.2
Interest-bearing liabilities	3.4	3.0	3.0
Net debt	-0.1	-2,4	-2.1
Shareholders' equity	21.8	23.4	22.6
Balance sheet total	37.2	39.1	36.4
Return on equity, % *)	-0.3%	-1.9%	-2.3%
Return on investment, % *)	0.3%	-0.9%	-1.1%
Debt-equity ratio (Gearing), %	-0.3%	-10.3%	-9.4%
Equity-ratio, %	58.6%	59.9%	62.2%
Personnel (average for period)	498	477	468
Personnel (at end of period)	462	515	476
Earnings per share, EUR (basic, average for period)	-0.001	-0.005	-0.005
Equity per share, EUR (basic, end of period)	0.22	0.23	0.23