

Dovre Group Plc

Interim report

April 25, 2013 at 08:45 a.m.

## DOVRE GROUP INTERIM REPORT (IFRS) JANUARY 1 – MARCH 31, 2013

*Dovre Group's net sales grew. Operating result affected by unexpected expenses.*

(Unless otherwise stated, last year's corresponding period in parentheses.)

### SUMMARY

#### January – March 2013

- Net sales for continuing operations EUR 24.3 (22.0) million – growth 10%
- Project Personnel: net sales EUR 22.2 (19.7) million – growth 13%
- Consulting: net sales EUR 2.1 (2.3) million – change -7%
- Operating result for continuing operations EUR 0.3 (0.9) million, which is 1.3% (4.1%) of net sales
- Result for the period incl. discontinued operations EUR 0.2 (0.8) million
- Earnings per share incl. discontinued operations EUR 0.00 (0.01)
- Net cash flow from operating activities incl. discontinued operations EUR 0.2 (0.8) million
- *Net sales incl. Software (discontinued operations): EUR 25.7 (23.3) million*
- *Operating result incl. Software (discontinued operations): EUR 0.5 (1.2) million*

*As of the fourth quarter of 2012, the Group's Software business area is reported under discontinued operations and thus impacts only the Group's net result.*

Guidance for continuing operations (the guidance has not been changed):  
In 2013, net sales and operating result are expected to grow from 2012.

The interim report is unaudited.

### KEY FIGURES

(EUR million)	1-3 2013	1-3 2012	Change %	1-12 2012
Net sales, continuing operations	24.3	22.0	10.4 %	94.1
Operating result, continuing operations	0.3	0.9	-65.4 %	3.4
% of Net sales	1.3 %	4.1 %		3.6 %
Result for the period, incl. discontinued operations	0.2	0.8	-73.8 %	2.9
% of Net sales	0.9 %	3.6 %		3.0 %
Net cash flow from operations, incl. discontinued operations	0.2	0.8	-79.7 %	2.8
Debt-equity ratio (Gearing), %	-29.1 %	-34.5 %	-14.8 %	-27.0 %
Earnings per share, EUR (incl. discontinued operations)				
Basic	0.00	0.01	-73.8 %	0.05
Diluted	0.00	0.01	-74.0 %	0.05

**JANNE MIELCK, CEO**

Growth in net sales continued in the first quarter of 2013. Despite fewer billable days in the first quarter of the current year, our net sales grew 10% compared to the first quarter of 2012. Project Personnel, our biggest business area, increased its net sales by 13%, while net sales in our Consulting business area decreased by 7%.

Our operating result in the first quarter of 2013 was EUR 0.3 million. Project Personnel's operating result was affected by EUR 0.2 million due to sales adjustments and a bad debt provision relating to previous periods, and by unprofitable operations and restructuring costs totaling EUR 0.2 million in Australia. In the Consulting business area, decrease in the operating result was due to the difficult market situation in Finland and investments in biorenewables consulting. We will be taking further actions to increase profitability.

The Group's Indonesian associate SaraRasa Bioindo is estimated to start production in the second quarter of 2013. SaraRasa Bioindo produces fuel for energy production from woody biomass that emerges as a by-product of the local food industry.

The sales process of Safran Software Solutions AS, previously part of the Group's Software business area, is moving ahead and is currently estimated to be closed during the second quarter of 2013. In case the transaction is completed, the expected consideration for the shares is on the level of EUR 5 million.

**FUTURE OUTLOOK**

General economic insecurity has not affected investment levels among Project Personnel business area's customers in the Oil and Gas industry and we expect demand for the business area's services to remain strong in key market areas. Market demand supports opportunities for growth, but the competitive market still creates pressure on profitability.

In the Group's Consulting business area, current market outlook in Norway remains positive, while market uncertainty in Finland and Sweden affects customers' investment levels.

We will continue developing the Group in accordance with our strategy, which was released on January 25, 2013.

In 2013, net sales and operating result are expected to grow from 2012. Guidance applies to the Group's continuing operations.

This future outlook is based on forecasts approved by Dovre Group's Board of Directors.

**SEGMENT REPORTING**

The Group's segment reporting was changed in the fourth quarter of 2012 after the Group received a notice for a call of option to acquire Safran Software Solutions AS, which has been part of the Group's Software business area. As part of the change in segment reporting, the Group no longer allocates certain intra-Group charges to segments. Unallocated expenses include customer agreements and relations and their amortization as well as share-based compensation recognized as expense in the income statement. Comparatives for the first quarter of 2012 have been updated according to the new reporting structure.

**NET SALES****January – March 2013**

In Q1, net sales for the Group's continuing operations increased by 10.4% totaling EUR 24.3 (22.0) million. Project Personnel accounted for 91 (90) % and Consulting for 9 (10) % of the Group's net sales. Net sales for Project Personnel increased by 12.5% totaling EUR 22.2 (19.7) million. Net sales for Consulting decreased by 7.2% totaling EUR 2.1 (2.3) million.

By market area, EMEA accounted for 52 (53) %, AMERICAS for 42 (42) %, and APAC for 6 (5) % of the Group's net sales. Net sales for EMEA increased by 7.6% totaling EUR 12.6 (11.7) million. Net sales for AMERICAS increased by 10.6% totaling EUR 10.3 (9.3) million. Net sales for APAC grew by 43.2% totaling 1.5 (1.0) million.

Exchange rate variations had no material effect on the Group's net sales.

In Q1, net sales for the Group's discontinued operations were EUR 1.3 (1.3) million.

#### Net sales by reporting segment

(EUR million)	1-3 2013	1-3 2012 *)	Change %	1-12 2012
Project Personnel	22.2	19.7	12.5	85.0
Consulting	2.1	2.3	-7.2	9.2
Net sales between segments	0.0	0.0	0.0	-0.1
Group total	24.3	22.0	10.4	94.1

\*) Comparatives for 2012 changed

#### Net sales by market area

(EUR million)	1-3 2013	1-3 2012 *)	Change %	1-12 2012
EMEA	12.6	11.7	7.6	49.2
AMERICAS	10.3	9.3	10.6	39.4
APAC	1.5	1.0	43.2	5.5
Group total	24.3	22.0	10.4	94.1

\*) Comparatives for 2012 changed

Dovre Group's markets by area are:

- EMEA: Finland, Norway, and Sweden
- AMERICAS: Canada and the US
- APAC: Australia and Sakhalin (Russia)

## PROFITABILITY

### Operating result January – March 2013

In Q1, operating result for the Group's continuing operations was EUR 0.3 (0.9) million. Project Personnel business area's operating result was EUR 0.8 (1.2) million. Consulting business area's operating result was EUR 0.1 (0.3) million.

The profitability of the Group's Project Personnel business area was affected, on the one hand, by sales adjustments and a bad debt provision relating to previous periods and totaling EUR 0.2 million, and, on the other hand, by unprofitable operations and restructuring costs totaling EUR 0.2 million in Australia.

In the Consulting business area, decrease in the operating result was due to the difficult market situation in Finland and investments in biorenewables consulting.

In Q1, operating result for the Group's discontinued operations was EUR 0.2 (0.2) million.

### Operating result by reporting segment (continuing operations)

(EUR million)	1-3 2013	1-3 2012	Change %	1-12 2012
Project Personnel	0.8	1.2	-34.9	3.9
Consulting	0.1	0.3	-69.6	1.4
Other functions	-0.4	-0.5	-10.2	-1.6
Unallocated	-0.1	-0.1	58.6	-0.3
Group total	0.3	0.9	-65.4	3.4

### Result January – March 2013

In Q1, result before taxes for the Group's continuing operations was EUR 0.3 (0.9) million including the Group's share, EUR -0.1 (0.0) million, of the results of its associates SaraRasa Biomass Pte Ltd. and SaraRasa Bioindo Pte Ltd.

In Q1, result after taxes for the Group's continuing operations and including discontinued operations EUR 0.2 (0.8) million. Taxes totaled EUR -0.2 (-0.3) million. The proportionally high tax rate in Q1 was mostly due to losses for which the Group does not recognize deferred tax assets. Discontinued operations accounted for EUR 0.2 (0.2) million of the Group's result.

The Group's earnings per share incl. discontinued operations was EUR 0.00 (0.01).

The Group's return on average capital employed before taxes was 5.3 (17.7) %.

### CASH FLOW, FINANCING, AND INVESTMENTS

On March 31, 2013, the Group balance sheet total was EUR 42.0 (37.8) million.

The cash and cash equivalents for the Group's continuing operations totaled EUR 7.9 (8.3) million at the end of the period. Including discontinued operations, the Group's cash and cash equivalents totaled EUR 9.4 (8.3) million at the end of the period. In addition, the parent company and the subsidiaries have unused credit limits. The Group's cash and cash equivalents increased by EUR 0.2 (0.4) million during January – March 2013.

The equity ratio was 56.7 (54.6) %. The debt-equity ratio (gearing) was -29.1 (-34.5) %. On March 31, 2013, the interest-bearing liabilities amounted to EUR 1.5 (1.2) million, accounting for 3.6 (3.2) % of the Group's shareholders' equity and liabilities. Of the interest-bearing liabilities, EUR 0.0 (0.0) million were non-current and EUR 1.5 (1.2) million current.

The net cash flow from operating activities was EUR 0.2 (0.8) million. This includes the EUR -0.3 (-0.6) million change in working capital. EUR 0.2 (0.0) million were paid in taxes.

The net cash flow from investing activities was EUR -0.2 (-0.8) million. Gross investments totaled EUR 0.2 (0.8) million.

The net cash flow from financing activities was EUR 0.2 (0.4) million. The Group drew new loans worth of EUR 0.2 (0.4) million.

The balance sheet goodwill totaled EUR 7.7 (7.6) million on March 31, 2013. No indications of impairment of assets exist.

## RESEARCH AND DEVELOPMENT

The Group's research and development costs were EUR 0.1 (0.0) million, representing 0.2 (0.1) % of the Group's net sales.

## CHANGES IN DOVRE GROUP

The Group renewed its Executive Team upon the release of the new strategy on January 25, 2013. The Group's Executive Team consists of Janne Mielck (CEO), Heidi Karlsson (CFO), Arve Jensen (Project Personnel), and Petri Karlsson (Consulting).

## PERSONNEL

The Group's personnel expenses for continuing operations were EUR 21.3 (18.8) million in Q1.

The personnel expenses of the Project Personnel business area were EUR 19.1 (16.9) million. The personnel expenses of the Consulting business area were EUR 1.8 (1.8) million. The personnel expenses of Other functions were EUR 0.3 (0.2) million.

In Q1, the number of personnel employed by the Group's continuing operations averaged 460 (401).

In Q1, the Group's personnel expenses for discontinued operations were EUR 1.0 (0.9) million and the average number of personnel employed 29 (24).

### Personnel by reporting segment (average) (continuing operations)

	1-3 2013	1-3 2012	Change %	1-12 2012
Project Personnel	400	349	14.6	379
Consulting	55	48	14.6	50
Other functions	5	4	25.0	5
Total	460	401	14.7	434

On March 31, 2013, Dovre Group employed 465 (413) people worldwide. Of these, 402 (360) were employed by the Project Personnel, 58 (48) by the Consulting, and 5 (5) by Other functions.

In the Project Personnel business area 38 (40) % of the employees were independent contractors in Q1.

## BUSINESS PERFORMANCE

Growth in net sales continued in the first quarter of 2013, although early Easter reduced the number of billable days in the first quarter. However, our operating result decreased compared to the first quarter of 2012. Key reasons for lower profitability were sales adjustments, and unprofitable operations and restructuring costs in Australia.

In the Project Personnel business area, demand for services has remained high, and the business area increased its net sales in all market areas in the first quarter. Business in Norway and Canada, our two key markets, developed positively. However, Project Personnel's profitability was negatively affected by sales adjustments and a bad debt provision relating to previous periods, and unprofitable operations and restructuring costs in Australia. We continue our work to improve Project Personnel's profitability and to strengthen the business area's recruiting and sales functions.

Our Consulting business in Norway has developed according to plan, and our success has continued in the Norwegian market where we signed two new and significant frame agreements in the first quarter of the year. The market situation in Finland and Sweden has been challenging, and our sales have been lower than expected. Also investments in the business area's activities in biorenewables lowered profitability. We will be taking further actions to increase the business area's profitability.

The Group's Indonesian associate SaraRasa Bioindo is estimated to start production in the second quarter of 2013. SaraRasa Bioindo produces fuel for energy production from woody biomass that emerges as a by-product of the local food industry.

The sales process of Safran Software Solutions AS, previously part of the Group's Software business area, is moving ahead and is currently estimated to be closed during the second quarter of 2013. In case the transaction is completed, the expected consideration for the shares is on the level of EUR 5 million.

We continue developing the Group's operations in accordance with our new strategy.

## **SHARES, SHARE HOLDERS, OPTION RIGHTS, AND AUTHORIZATION TO ISSUE SHARES**

On January 1, 2013, Dovre Group's share capital was EUR 9,603,084.48 and the total number of shares 62,895,751. The share capital and the total number of shares did not change during the period under review.

### **Trading and market capitalization**

In January – March, 2013, approximately 3.1 (2.5) million Dovre Group shares were exchanged on the NASDAQ OMX Helsinki Ltd., corresponding to a trade of approximately EUR 1.7 (1.0) million.

From January 1 to March 31, 2013, the lowest quotation was EUR 0.47 (0.33) and the highest quotation was EUR 0.59 (0.42). On March 31, 2013, the closing quotation was EUR 0.50 (0.37).

The period-end market capitalization was approximately EUR 31.4 (23.3) million.

### **Shareholders**

On March 31, 2013, the number of registered shareholders of Dovre Group Plc totaled 3,004 (2,835) including 10 nominee registers. 0.8 (1.2) % of the Group's shares are nominee-registered.

On March 31, 2013, the ownership of the Board of Directors and CEO accounted for 7.9 (8.7) % of all the shares, or 4,967,286 (5,495,140) shares.

A regularly updated list of the 100 largest shareholders registered in the book-entry account system is available on the company's investor pages at [www.dovregroup.com](http://www.dovregroup.com). The list is updated monthly.

### **Option rights**

In its meeting on January 24, 2013, the Board of Directors of Dovre Group Plc has approved a new option plan 2013. Under this plan, a total of 3,000,000 stock options are offered for subscription to Dovre Group's key personnel. The dilution effect of the stock option plan is less than 5% of the total number of Dovre Group shares. Each stock option entitles the holder to subscribe for one share in Dovre Group Plc.

The option plan is divided into three series. The number of stock options, the subscription period, and the subscription price, which is based on the final daily ratings of the company's share in public trading, are as follows:

- Option Series 2013A: a maximum of 1,000,000 stock options can be given, the subscription price is the trade volume weighted average rating during 1 February - 31 March 2013, and the subscription period 1.3.2015 - 29.2.2018

- Option Series 2013B: a maximum of 1,000,000 stock options can be given, the subscription price is the trade volume weighted average rating during 1 February - 31 March 2014, and the subscription period 1.3.2016 - 28.2.2019
- Option Series 2013C: a maximum of 1,000,000 stock options can be given, the subscription price is the trade volume weighted average rating during 1 February - 31 March 2015, and the subscription period 1.3.2017 - 28.2.2020

The full terms and conditions of the 2013 option plan are available on the company's investor pages at [www.dovregroup.com](http://www.dovregroup.com).

In its meeting on January 24, 2013, the Board of Directors of Dovre Group Plc decided to cancel a total of 345,000 2010A stock options and a total of 380,000 2010B stock options. After the cancellation, the remaining 555,000 2010A stock options entitle holders to subscribe for 555,000 shares of Dovre Group Plc. The remaining 395,000 2010B stock options entitle holders to subscribe for 395,000 shares of Dovre Group Plc.

The subscription period for Dovre Group Plc's 2010A option plan begun on March 1, 2012. During the period under review, a total of 20,000 shares were subscribed for with the option rights. The increase in the company's number of shares has been entered in the Finnish trade register on April 12, 2013.

The subscription period for Dovre Group Plc's 2010B option plan begun on March 1, 2013. No shares were subscribed for with the option rights during the period under review.

In Q1, the Group granted a total of 700,000 options under the 2013A option plan to key personnel (share subscription price EUR 0.54).

At the end of the period under review, a total of 1,725,000 options were outstanding under the 2010 option plan. The company has in reserve 25,000 of these. In addition, a total of 3,000,000 options were outstanding under the 2013 option plan. The company has in reserve 2,300,000 of these.

### **The Authorization of the Board of Directors**

During the period, the Board of Directors granted the options under the company's 2013A option plan. The issuance was based on the Board's authorization granted to the Board by the company's Annual General Meeting held on March 15, 2012, and exercised by the Board on January 24, 2013.

The Annual General Meeting held on March 14, 2013, decided to authorize the Board of Directors to decide on the repurchase of a maximum of 6,200,000 of the Company's own shares, corresponding to 9.9% of the Company's total number of shares. The repurchase authorization is valid until June 30, 2014.

In addition, the Annual General Meeting decided to authorize the Board of Directors to decide on the issuance of shares as well as the issuance of special rights. By virtue of the authorization, the Board is entitled to decide on the issuing of a maximum of 12,400,000 new shares, corresponding to approximately 20% of the Company's total number of shares. The Board is entitled to decide on the conveying of a maximum 6,200,000 own shares held by the Company. The number of shares to be issued to the Company shall not exceed 6,200,000 including the number of own shares acquired by the Company by virtue of the authorization to repurchase the Company's own shares. Additionally, the Board is authorized to grant special rights entitling to shares. The maximum number of shares to be thus issued is 5,000,000 whereby this maximum number is included in the maximum number of shares noted above. The authorization is valid until June 30, 2014 and it replaces the authorization granted to the Board by the Annual General Meeting held on March 15, 2012.

During the period under review, the Board did not exercise the authorizations granted by the Annual General Meeting held on March 14, 2013.



## CORPORATE GOVERNANCE

Dovre Group Plc Annual General Meeting, held on March 14, 2013, set the number of Board members to five. The following five members were elected as the members of the Board: Ilari Koskelo, Ossi Pohjola, Hannu Vaajoensuu, and Rainer Häggblom and Anja Silvennoinen as new members. In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as the Chairman and Rainer Häggblom as the Vice Chairman of the Board.

Authorized public accountants Ernst & Young Oy continued as the Group's auditor, with APA Mikko Järventausta as the auditor in charge.

A separate stock exchange bulletin outlining the decisions of the Annual General Meeting was issued on March 14, 2013.

Dovre Group complies with the Finnish Corporate Governance Code with the following exception:

The company's Board does not have any designated board committees. The establishment of committees has not been deemed necessary due to the size of the company and the Board.

The Corporate Governance Statement for 2012 has been composed in accordance with Recommendation 54 of the Corporate Governance Code of the Finnish Securities Market Association and Chapter 7, Section 7 of the Finnish Securities Market Act. The Corporate Governance Statement has been issued separately from the Annual Review by Dovre Group Plc Board of Directors.

Dovre Group's corporate governance principles are available on the company's investor pages at [www.dovregroup.com](http://www.dovregroup.com).

## SHORT-TERM RISKS AND UNCERTAINTIES

The Group is not aware of any significant changes in circumstances affecting the short-term risks and uncertainties of the Group's Project Personnel business area. The success of the Project Personnel business area is influenced by the energy sector market as well as investment levels in the Oil and Gas industry. The business area expands its business to new geographical market areas. Growth in new market areas requires investments and includes risks. The business area's identified main risks are maintaining its overall competitiveness, profitability, and its key resources in an ever more competitive market environment. Project Personnel business is project-based by nature, thus adding an element of uncertainty to forecasting.

The Oil and Gas industry in general involves risks, and single projects may experience delays or accidents. Such situations may affect the operating result of the Project Personnel business area. Dovre Group is responsible for the work performed by its consultants. However, the company has no overall responsibility for project deliveries.

The Group has reviewed and adjusted its assessment of the short-term risks and uncertainties with regards the Group's Consulting business area in the Finnish and Swedish markets. Current market outlook in Norway remains positive, while market uncertainty in Finland and Sweden affects customers' investment levels. The business area is expanding its business in the renewable energy market. Growth in a new market area requires investments and includes risks. Project delivery involves risks which are due to both customers and the Group's own personnel.

Dovre Group has two major customers, each of which accounts for more than 10% of the Group's net sales. The Group has extensive delivery agreements with these clients and is thus dependent on its key customers and the long-term frame agreements signed with them.

Dovre Group has invested in a new company SaraRasa Bioindo Pte. Ltd. The start-up phase involves a number of risks, including, for example, organizational set-up, construction of production capacity, legal and regulatory issues, and commercial agreements, especially feedstock purchase and end-product sale agreements as well as other operational risks. As the company's main operations are located in Indonesia, the company is exposed to high political and operational risk.



The Group's reporting currency is euro. The Group's most important functional currencies are the Canadian dollar, the Norwegian crown, and the US dollar. Currency fluctuations can affect the company's net sales. Assets and liabilities in foreign currencies can also result in foreign exchange gains or losses. The Group is hedging its currency positions.

## OTHER EVENTS

On January 25, 2013, Dovre Group announced the company's new strategy and updated long-term financial objectives for 2013 - 2017. In accordance with the new strategy, Dovre Group will focus on providing project management services, covering project personnel and consulting, to the energy sector world-wide and aims to become the most advanced player in its field. The company's long-term financial objective is an operating profit margin on the level of 5-10% with an average annual net sales growth of more than 15%. A presentation of the new strategy is available on the company's website at [www.dovregroup.com](http://www.dovregroup.com).

## EVENTS AFTER THE PERIOD

A total of 20,000 new shares in Dovre Group Plc were subscribed for with the company's 2010A stock option series between January 1 – March 31, 2013. The total subscription price, EUR 6,600, has been recorded in the company's reserve for non-restricted equity. The increase in the company's number of the shares was entered in the Finnish trade register on April 12, 2013. After the registration, there are a total of 62,915,751 shares in the company. The share capital of the company has not changed.

Espoo, April 24, 2013

Dovre Group Plc  
Board of Directors

For additional information, please contact

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The interim report is unaudited.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousand)	1-3 2013	1-3 2012	Change %	1-12 2012
NET SALES, continuing operations	24 335	22 040	10.4	94 069
Other operating income	4	13	-69.2	87
Material and services	-50	-62	-19.4	-219
Employee benefits expense	-21 264	-18 849	12.8	-80 183
Depreciation and amortization	-109	-106	2.8	-428
Other operating expenses	-2 600	-2 122	22.5	-9 907
OPERATING RESULT, continuing operations	316	913	-65.4	3 419
Financing income	82	140	-41.4	351
Financing expenses	-39	-120	-67.5	-374
Share of results in associates	-68	-13	423.1	-156
RESULT BEFORE TAX, continuing operations	291	920	-68.4	3 240
Tax on income from operations	-239	-302	-20.9	-1 033
RESULT FOR THE PERIOD, continuing operations	52	618	-91.6	2 207
Discontinued operations:				
Result for the period, discontinued operations	156	177	-11.9	662
RESULT FOR THE PERIOD	208	795	-73.8	2 869
Other comprehensive income				
Other comprehensive income to be classified to or loss in subsequent periods:				
Translation differences	-80	-41	-95.1	290
Other comprehensive income for the period, net of tax	-80	-41	-95.1	290
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	128	753	-83.0	3 159
Earnings/share EUR				
Basic, continuing operations	0.00	0.01	-91.6	0.04
Diluted, continuing operations	0.00	0.01	-91.6	0.03
Basic, discontinued operations	0.00	0.00	-11.9	0.01
Diluted, discontinued operations	0.00	0.00	-12.3	0.01
Basic, result for the period	0.00	0.01	-73.8	0.05
Diluted, result for the period	0.00	0.01	-74.0	0.05
Average number of shares				
Basic	62 895 751	62 895 751		62 895 751
Diluted	63 307 375	62 998 832		63 063 235

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(EUR thousand)	March 31, 2013	March 31, 2012	Change %	Dec. 31, 2012
<b>ASSETS</b>				
Non-current assets				
Intangible assets	874	1 037	-15.7	856
Goodwill	7 715	7 585	1.7	7 803
Tangible assets	176	117	50.6	123
Investments in associates	1 265	1 671	-24.3	1 296
Available-for-sale investments	0	75	-100.0	0
Trade receivables and other receivables	24	235	-89.8	25
Deferred tax asset	123	106	16.0	121
Non-current assets	10 177	10 827	-6.0	10 224
Current assets				
Trade receivables and other receivables	20 505	18 650	9.9	19 201
Tax receivable, income tax	27	30	-9.7	41
Cash and cash equivalents	7 878	8 298	-5.1	7 503
Current assets	28 410	26 978	5.3	26 745
Assets held for sale	3 369	0		3 553
<b>TOTAL ASSETS</b>	<b>41 956</b>	<b>37 805</b>	<b>11.0</b>	<b>40 522</b>
<b>EQUITY AND LIABILITIES</b>				
Shareholders' equity				
Share capital	9 603	9 603	0.0	9 603
Reserve for invested non-restricted equity	352	346	1.7	346
Revaluation reserve	63	116	-45.7	79
Translation differences	1 022	774	32.0	1 101
Retained earnings	10 874	9 716	11.9	11 884
Shareholders' equity	21 914	20 555	6.6	23 013
Non-current liabilities				
Deferred tax liability	763	962	-20.7	799
Other long-term liabilities	24	23	4.3	25
Non-current liabilities	787	985	-20.1	824
Current liabilities				
Short-term liabilities, interest-bearing	1 495	1 205	24.1	1 286
Trade payables and other liabilities	15 489	14 122	9.7	13 010
Tax liability, income tax	912	801	13.9	761
Current provisions	0	137	-100.0	0
Current liabilities	17 896	16 265	10.0	15 057
Liabilities held for sale	1 359	0		1 628
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41 956</b>	<b>37 805</b>	<b>11.0</b>	<b>40 522</b>

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

- a) Share capital
- b) Reserve for non-restricted equity
- c) Revaluation reserve
- d) Translation differences
- e) Retained earnings
- f) Equity attributable to shareholders of the parent
- g) Shareholders' equity total

EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan 1, 2012</b>	<b>9 603</b>	<b>346</b>	<b>127</b>	<b>818</b>	<b>9 524</b>	<b>20 418</b>	<b>20 418</b>
<b>Transfers between items</b>			<b>-13</b>		<b>13</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income</b>							
Result for the period					795	795	795
Other comprehensive income							
Translation differences			2	-44		-42	-42
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>-44</b>	<b>795</b>	<b>753</b>	<b>753</b>
<b>Transactions with shareholders</b>							
Share based compensation					12	12	12
Dividend distribution					-628	-628	-628
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>-616</b>	<b>-616</b>	<b>-616</b>
<b>SHAREHOLDERS' EQUITY March 31, 2012</b>	<b>9 603</b>	<b>346</b>	<b>116</b>	<b>774</b>	<b>9 716</b>	<b>20 555</b>	<b>20 555</b>

EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan 1, 2013</b>	<b>9 603</b>	<b>346</b>	<b>79</b>	<b>1 101</b>	<b>11 884</b>	<b>23 013</b>	<b>23 013</b>
<b>Comprehensive income</b>							
Result for the period					208	208	208
Other comprehensive income							
Translation differences			-2	-79	1	-80	-80
Transfers between items			-14		14	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-16</b>	<b>-79</b>	<b>223</b>	<b>128</b>	<b>128</b>
<b>Transactions with shareholders</b>							
Stock options exercised		6				6	6
Share based compensation					25	25	25
Dividend distribution					-1 258	-1 258	-1 258
<b>Total transactions with shareholders</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>-1 233</b>	<b>-1 227</b>	<b>-1 227</b>
<b>SHAREHOLDERS' EQUITY March 31, 2013</b>	<b>9 603</b>	<b>352</b>	<b>63</b>	<b>1 022</b>	<b>10 874</b>	<b>21 914</b>	<b>21 914</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(EUR thousand)	1-3 2013	1-3 2012	1-12 2012
<b>Cash flow from operating activities</b>			
Operating result, continued operations	316	913	3 419
Operating result, discontinued operations	206	248	883
Adjustments			
Depreciation/Amortization	110	107	433
Gain on disposal of investment	0	0	-5
Personnel expenses	25	105	65
Non-cash transactions	0	6	0
<b>Adjustments, total</b>	<b>135</b>	<b>218</b>	<b>493</b>
Changes in working capital			
Trade and other receivables, increase (-) / decrease (+)	-1 469	-3 006	-3 934
Trade and other payables, increase (+) / decrease (-)	1 144	2 449	2 986
<b>Changes in working capital, total</b>	<b>-325</b>	<b>-557</b>	<b>-948</b>
Interest paid	-5	-24	-59
Interest received	23	32	77
Other financial expenses paid and received	-15	-54	-132
Income taxes paid	-172	28	-915
<b>Net cash generated by operating activities</b>	<b>163</b>	<b>804</b>	<b>2 818</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-184	-46	-184
Proceeds from available-for-sale financial assets	0	0	80
Purchase of shares in associates	0	-754	-1 485
Increase (-) / decrease (+) in loans receivable	0	0	218
<b>Net cash generated by investing activities</b>	<b>-184</b>	<b>-800</b>	<b>-1 371</b>
<b>Cash flow from financing activities</b>			
Stock options exercised	6	0	0
Proceeds from short-term loans	180	383	448
Repayments of short-term loans	-13	-16	-16
Dividends paid	0	0	-629
<b>Net cash generated by financing activities</b>	<b>173</b>	<b>367</b>	<b>-197</b>
<b>Change in cash and cash equivalents</b>	<b>152</b>	<b>371</b>	<b>1 250</b>
Translation differences	-45	-14	116
Cash and cash equivalents at beginning of the period	9 307	7 941	7 941
<b>Cash and cash equivalents at end of the period</b>	<b>9 414</b>	<b>8 298</b>	<b>9 307</b>
Cash and cash equivalents at end of the period			
Continued operations	7 878		7 502
Discontinued operations	1 536		1 805
Cash and cash equivalents at end of the period, total	9 414		9 307

## NOTES TO THE INTERIM REPORT

The interim report has been prepared in line with IAS 34 and the same accounting principles have been applied as in the 2012 financial statements. Key indicator calculations remain unchanged and have been presented in the 2012 financial statements.

### Changes to comparatives for 2012

In the fourth quarter of 2012, Dovre Group harmonized the presentation of expense reimbursements received from customers in the income statement across Group companies. The Group has reclassified comparatives for 2012 in accordance with the requirements of IAS 1. In addition, having received a notice for a call of option to acquire Safran Software Solutions AS in the fourth quarter of 2012, the Group has changed comparatives for the first quarter of 2012 in accordance with IFRS 5.

### 1. SEGMENT REPORTING

The Group's segment information is based on the Group's internal financial reporting and has been produced in accordance with IFRS standards. The Group's reporting structure was changed in the fourth quarter of 2012 after the Group received a notice for a call of option to acquire Safran Software Solutions AS, previously part of the Group's Software business area. As part of the change of the Group's reporting structure, the Group no longer allocates the parent company's certain intra-Group charges to segments. Unallocated expenses include customer agreements and relations and their amortization, share-based compensation recognized as expense in the income statement, financial items, and income taxes. Comparatives for 2012 have been updated according to the new reporting structure.

<b>1-3/2013</b> <b>EUR thousand</b>	<b>Project Personnel</b>	<b>Consulting</b>	<b>Other functions</b>	<b>Elimi- nations</b>	<b>Unallocated</b>	<b>Group total</b>
<b>Net sales</b>	<b>22 201</b>	<b>2 134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24 335</b>
<b>Operating result</b>	<b>762</b>	<b>88</b>	<b>-442</b>	<b>0</b>	<b>-92</b>	<b>316</b>
Financing income and expenses					43	43
Income taxes					-239	-239
Share of results in associates			-68			-68
Discontinued operations			156			156
<b>Result for the period</b>	<b>762</b>	<b>88</b>	<b>-354</b>	<b>0</b>	<b>-288</b>	<b>208</b>

<b>1-3/2012</b> <b>EUR thousand</b>	<b>Project Personnel</b>	<b>Consulting</b>	<b>Other functions</b>	<b>Elimi- nations</b>	<b>Unallocated</b>	<b>Group total</b>
<b>Net sales</b>	<b>19 742</b>	<b>2 299</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>22 040</b>
<b>Operating result</b>	<b>1 171</b>	<b>289</b>	<b>-492</b>	<b>3</b>	<b>-58</b>	<b>913</b>
Financing income and expenses					20	20
Income taxes					-302	-302
Share of results in associates			-13			-13
Discontinued operations			177			177
<b>Result for the period</b>	<b>1 171</b>	<b>289</b>	<b>-328</b>	<b>3</b>	<b>-340</b>	<b>795</b>

### 2. DISCONTINUED OPERATIONS

On December 28, 2012, Dovre Group Plc received a notice from SNA Holding AS to call its option to acquire the entire share capital of Dovre Group's fully-owned Norwegian subsidiary Safran Software Solutions AS. The completion of the sales process is estimated to take place during the second quarter of 2013. The following table presents the subsidiary's statement of income excluding certain intra-Group items:

EUR thousand	1-3/2013	1-3/2012
NET SALES	1 346	1 271
Employee benefits expense	-961	-856
Depreciation	-1	-1
Other operating expenses	-178	-166
OPERATING RESULT	206	248
Financing income	4	6
Financing expenses	-3	-18
RESULT BEFORE TAX	207	236
Tax on income from operations	-51	-59
RESULT FOR THE PERIOD, DISCONTINUED OPERATIONS	156	177

Balance sheet items of discounted operations included in the Group's assets and liabilities held for sale on March 31, 2013:

ASSETS	
Tangible assets	14
Deferred tax asset	1
Trade receivables and other receivables	885
Cash and cash equivalents	1 539
TOTAL ASSETS, DISCONTINUED OPERATIONS *)	2 436
LIABILITIES	
Trade payables and other liabilities	1 184
Tax liability, income tax	175
TOTAL LIABILITIES, DISCONTINUED OPERATIONS	1 359

\*) The Group's balance sheet item includes also the parent company Dovre Group Plc's shares in Kiinteistö Oy Kuukoti (see: Related party transactions)

Cash flow from discounted operations, excluding intra-Group items:

EUR thousand	1-3/2013	1-3/2012
Net cash generated by operating activities	-230	128
Net cash generated by investing activities	0	-12
Change in cash and cash equivalents	-230	116

### 3. RELATED PARTY TRANSACTIONS

EUR thousand	March 31, 2013	March 31, 2012	Dec. 31, 2012
Carrying value, opening balance	1 296	933	933
Additions	0	754	1 485
Share of profit and loss in associates	-68	-13	-156
Translation differences	37	-3	-33
Transfer to assets held for sale	0	0	-933
At the end of the period	1 265	1 671	1 296

Transfer to assets held for sale includes the parent company Dovre Group Plc's shares in Kiinteistö Oy Kuukoti in accordance with IFRS 5.

The companies are not publicly listed.



#### 4. SHAREHOLDERS' EQUITY

Dovre Group Plc has one class of shares. The book value of the shares is EUR 0.15 per share. Each share entitles the shareholder to one vote.

##### Reconciliation of the number of shares

EUR thousand	Number of shares	Share capital	Reserve for non- restricted equity
Dec. 31, 2011	62 895 751	9 603	346
Dec. 31, 2012	62 895 751	9 603	346
Stock options exercised	0		6
March 31, 2013	62 895 751	9 603	352

##### Stock options exercised

During the period under review, a total of 20,000 shares were subscribed for under Dovre Group Plc's 2010A option plan. The subscription period of the plan is March 1, 2012 – February 28, 2015. The increase in the company's number of shares has been entered in the Finnish trade register on April 12, 2013.

After the registration, there are a total of 62,915,751 shares in the company. The increase has been recorded in the company's reserve for non-restricted equity.

##### Dividend distribution

Dovre Group Plc's Annual General Meeting held on March 14, 2013, decided that shareholders be paid a dividend of EUR 0.02 per share, corresponding to approx. EUR 1.3 million. The dividend, which is conditional on the creditor protection procedure, is to be paid on August 15, 2013, and has been recognized as liability on March 31, 2013.

**GROUP INCOME STATEMENT QUARTERLY**

(EUR thousand)	2012 1-3	2012 1-3	2012 4-6	2012 7-9	2012 10-12
NET SALES, continuing operations	24 335	22 040	23 218	23 102	25 709
Other operating income	4	13	20	1	53
Material and services	-49	-62	-53	-58	-46
Employee benefits expense	-21 264	-18 849	-19 718	-20 003	-21 614
Depreciation and amortization	-109	-106	-109	-103	-109
Other operating expenses	-2 600	-2 122	-2 227	-2 213	-3 345
OPERATING RESULT, continuing operations	316	913	1 130	727	649
% of Net sales	1.3 %	4.1 %	4.9 %	3.1 %	2.5 %
Financing income	82	140	151	10	50
Financing expenses	-39	-120	-30	-112	-113
Share of results in associates	-68	-13	-67	-33	-43
RESULT BEFORE TAX, continuing operations	291	920	1 185	592	543
% of Net sales	1.2 %	4.2 %	5.1 %	2.6 %	2.1 %
Tax on income from operations	-239	-302	-411	-246	-73
Result from discontinued operations	156	177	90	211	183
RESULT FOR THE PERIOD	208	795	864	557	653
% of Net sales	0.9 %	3.6 %	3.7 %	2.4 %	2.5 %

**GROUP KEY FINANCIAL PERFORMANCE INDICATORS**

The Group's key financial performance indicators have been calculated for the Group's continuing operations excluding result for the period, return on equity, and earnings per share, which include both continuing and discontinued operations.

(EUR million)	1-3 2013	1-3 2012	1-12 2012
Net sales, continuing operations	24.3	22.0	94.1
Operating result, continuing operations	0.3	0.9	3.4
% of Net sales	1.3 %	4.1 %	3.6 %
Result before taxes, continuing operations	0.3	0.9	3.2
% of Net sales	1.2 %	4.2 %	3.4 %
Result for the period	0.2	0.8	2.9
% of Net sales	0.9 %	3.6 %	3.0 %
Return on equity, %	3.7 %	15.5 %	13.2 %
Return on investment, % *)	5.3 %	17.7 %	14.3 %
Interest-bearing liabilities	1.5	1.2	1.3
Cash and cash equivalents	7.9	8.3	7.5
Debt-equity ratio (Gearing), %	-29.1 %	-34.5 %	-27.0 %
Equity-ratio, %	56.7 %	54.6 %	56.8 %
Balance sheet total	42.0	37.8	40.5
Gross investments	0.2	0.8	1.7
% of Net sales	0.8 %	3.6 %	1.8 %
Research & Development costs	0.1	0.0	0.1
% of Net sales	0.2 %	0.1 %	0.1 %

Personnel average for the period	460	401	434
Personnel at the end of the period	465	413	461
Earnings per share, EUR			
Basic, incl. discontinued operations	0.00	0.01	0.05
Diluted, incl. discontinued operations	0.00	0.01	0.05
Equity per share, EUR	0.35	0.33	0.37

\*) Refers to return on capital employed before taxes. Key indicator calculation remains unchanged and has been presented in the 2012 financial statements.