

Dovre Group Plc

Interim report

October 23, 2013 at 08:45 a.m.

**DOVRE GROUP INTERIM REPORT (IFRS) JANUARY 1 – SEPTEMBER 30, 2013***Dovre Group's operating profit improved and net sales increased.*

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

**SUMMARY****July – September 2013**

- Net sales EUR 24.1 (23.1) million – growth 4%
- Project Personnel: net sales EUR 22.2 (21.2) million – growth 5%
- Consulting: net sales EUR 1.9 (2.0) million – change -7%
- Operating result EUR 0.8 (0.7) million, which is 3.2 (3.1) % of net sales
- Result for the period, continuing operations EUR 0.3 (0.3) million
- Result for the period incl. discontinued operations EUR 0.3 (0.6) million
- Earnings per share incl. discontinued operations EUR 0.01 (0.01)
- Net cash flow from operating activities incl. discontinued operations EUR 1.2 (1.1) million, excl. discontinued operations EUR 1.2 (0.4) million
- Change in cash and cash equivalents incl. discontinued operations EUR -0.1 (0.5) million

**January – September 2013**

- Net sales EUR 73.7 (68.4) million – growth 8%
- Project Personnel: net sales EUR 67.4 (61.9) million – growth 9%
- Consulting: net sales EUR 6.3 (6.5) million – change -4%
- Operating result EUR 1.9 (2.8) million, which is 2.6 (4.1) % of net sales
- Result for the period, continuing operations EUR 0.8 (1.7) million
- Result for the period incl. discontinued operations EUR 5.2 (2.2) million
- Earnings per share incl. discontinued operations EUR 0.08 (0.04)
- Net cash flow from operating activities incl. discontinued operations EUR 0.5 (1.5) million, excl. discontinued operations EUR 0.9 (0.4) million
- Change in cash and cash equivalents incl. discontinued operations EUR 2.8 (-0.3) million

*The Group's Software business area, which was sold in the second quarter of 2013, has been reported under discontinued operations as of the fourth quarter of 2012 and thus impacts only the Group's net result in January - September 2013. Result for the period, discontinued operations, EUR 4.3 million, includes the discontinued operations' result for the period and the Group's gain on disposal.*

**New guidance:**

In 2013, net sales are expected to grow from 2012. In 2013, operating result excluding extraordinary items is expected to remain below 2012 operating result, being 2 – 3.5% of net sales.

**Previous guidance:**

In 2013, net sales are expected to grow from 2012. In 2013, operating result excluding extraordinary items is expected to remain below 2012 operating result, being 1.5 – 3% of net sales.

The interim report is unaudited.

## KEY FIGURES

(EUR million)	7-9 2013	7-9 2012	Change %	1-9 2013	1-9 2012	Change %	1-12 2012
Net sales	24.1	23.1	4.3 %	73.7	68.4	7.9 %	94.1
Operating result	0.8	0.7	6.3 %	1.9	2.8	-30.9 %	3.4
% of Net sales	3.2 %	3.1 %		2.6 %	4.1 %		3.6 %
Result for the period, incl. discontinued operations	0.3	0.6	-40.2 %	5.2	2.2	133.0 %	2.9
% of Net sales	1.4 %	2.4 %		7.0 %	3.2 %		3.0 %
Net cash flow from operations, incl. discontinued operations	1.2	1.1	4.6 %	0.5	1.5	-67.0 %	2.8
Net cash flow from operations, continued operations	1.2	0.4	163.2 %	0.9	0.4	161.2 %	1.9
Change in cash and cash equivalents, incl. discontinued operations	-0.1	0.5	-125.3 %	2.8	-0.3	984.5 %	1.3
Debt-equity ratio (Gearing), %	-40.5 %	-29.0 %	39.8 %	-40.5 %	-29.0 %	39.8 %	-27.0 %
Earnings per share, EUR (incl. discontinued operations)							
Basic	0.01	0.01	-40.2 %	0.08	0.04	132.9 %	0.05
Diluted	0.01	0.01	-40.2 %	0.08	0.04	132.4 %	0.05

## JANNE MIELCK, CEO

Growth in the Group's net sales continued in the third quarter of 2013. Our net sales grew 4% (13% in local currencies) compared to the third quarter of 2012. Project Personnel, our biggest business area, increased its net sales by 5% (14% in local currencies), while net sales for Consulting decreased by 7% (2% local currencies). Geographically, growth in net sales was strongest in Norway.

Our operating result grew from the third quarter of 2012 and was EUR 0.8 million. Project Personnel's profitability improved. The operating result of the Consulting business area fell due to the difficult market situation in Finland and Sweden.

During the period under review, our net sales grew 8% (11% in local currencies) from 2012. Our biggest business area Project Personnel increased its net sales by 9% (12% in local currencies). Net sales of the Consulting business area fell by 4% (2% in local currencies). Geographically, growth in net sales was strongest in Norway.

During the period under review, our operating result decreased from 2012. Profitability was affected by unexpected expenses in the Project Personnel business area reported in the first quarter as well as the Consulting business area's challenges.

Renewable fuel production in Indonesia by the Group's associate SaraRasa Bioindo has started slower than expected due to commercial preparations and changes implemented in the production plant's pre-treatment processes. Commercial production is expected to start in phases during the fourth quarter of 2013.

As part of strategy implementation, the Group has continued developing an advanced online service, Dovre Club, in order to strengthen the Group's recruiting and sales functions. The service was launched to the market in October, after the end of the reporting period.

## **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.

Guidance for 2013:

In 2013, net sales are expected to grow from 2012. In 2013, operating result excluding extraordinary items is expected to remain below 2012 operating result, being 2 – 3.5% of net sales.

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 which 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, financial items, and income taxes. Comparatives for the third quarter and the period under review have been updated according to the new reporting structure.

## **NET SALES**

### **July – September 2013**

In Q3, the Group's net sales increased by 4.3% totaling EUR 24.1 (23.1) million. Project Personnel accounted for 92 (91) % and Consulting for 8 (9) % of the Group's net sales. Net sales for Project Personnel increased by 4.7% totaling EUR 22.2 (21.2) million. Net sales for Consulting decreased by 7.4% totaling EUR 1.9 (2.0) million.

By market area, EMEA accounted for 55 (50) %, AMERICAS for 40 (44) %, and APAC for 5 (6) % of the Group's net sales. Net sales for EMEA increased by 14.7% totaling EUR 13.2 (11.5) million. Net sales for AMERICAS decreased by 4.3% totaling EUR 9.7 (10.1) million. Net sales for APAC decreased by 19.9% totaling EUR 1.2 (1.5) million.

Excluding exchange rate variations, the Group's net sales would have increased by 13% in Q3.

### **January – September 2013**

During the period under review, the Group's net sales increased by 7.9% totaling EUR 73.7 (68.4) 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 8.8% totaling EUR 67.4 (61.9) million. Net sales for Consulting decreased by 3.6% totaling EUR 6.3 (6.5) million.

By market area, EMEA accounted for 53 (51) %, AMERICAS for 41 (43) %, and APAC for 6 (6) % of the Group's net sales. Net sales for EMEA increased by 12.6% totaling EUR 39.5 (35.0) million. Net sales for AMERICAS increased by 2.9% totaling EUR 30.2 (29.3) million. Net sales for APAC grew by 3.9% totaling EUR 4.1 (4.0) million.

Excluding exchange rate variations, the Group's net sales would have increased by 11% during the period under review.

### Net sales by reporting segment

(EUR million)	7-9 2013	7-9 2012 *)	Change %	1-9 2013	1-9 2012 *)	Change %	1-12 2012
Project Personnel	22.2	21.2	4.7	67.4	61.9	8.8	85.0
Consulting	1.9	2.0	-7.4	6.3	6.5	-3.6	9.2
Eliminations	0.0	-0.1	146.6	0.1	-0.1	171.9	-0.1
Group total	24.1	23.1	4.3	73.7	68.4	7.9	94.1

\*) Comparatives for 2012 changed

### Net sales by market area

(EUR million)	7-9 2013	7-9 2012 *)	Change %	1-9 2013	1-9 2012 *)	Change %	1-12 2012
EMEA	13.2	11.5	14.7	39.5	35.0	12.6	49.2
AMERICAS	9.7	10.1	-4.3	30.2	29.3	2.9	39.4
APAC	1.2	1.5	-19.9	4.1	4.0	3.9	5.5
Group total	24.1	23.1	4.3	73.7	68.4	7.9	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 July – September 2013

In Q3, the Group's operating result was EUR 0.8 (0.7) million. Project Personnel business area's operating result was EUR 1.0 (0.9) million. Consulting business area's operating result was EUR 0.1 (0.3) million. The operating result of Other functions was EUR -0.3 (-0.4) million.

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

### Operating result January – September 2013

During the period under review, the Group's operating result was EUR 1.9 (2.8) million. Project Personnel business area's operating result was EUR 2.9 (3.2) million. Consulting business area's operating result was EUR 0.4 (1.0) million. The operating result of Other functions was EUR -1.1 (-1.2) million.

In Q1, 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 Sweden.

## Operating result by reporting segment

(EUR million)	7-9 2013	7-9 2012	Change %	1-9 2013	1-9 2012	Change %	1-12 2012
Project Personnel	1.0	0.9	12.4	2.9	3.2	-10.8	3.9
Consulting	0.1	0.3	-52.3	0.4	1.0	-63.0	1.4
Other functions	-0.3	-0.4	18.6	-1.1	-1.2	11.0	-1.6
Eliminations	0.0	0.0	0.0	0.0	0.0	-93.8	0.0
Unallocated	-0.1	-0.1	-13.7	-0.2	-0.2	2.5	-0.3
Group total	0.8	0.7	6.1	1.9	2.8	-30.9	3.4

## Result July – September 2013

In Q3, result before taxes for the Group's continuing operations was EUR 0.6 (0.6) 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 Q3, result after taxes for the Group's continuing operations and including discontinued operations EUR 0.3 (0.6) million. Taxes totaled EUR -0.3 (-0.2) million. Discontinued operations accounted for EUR 0.0 (0.2) million of the Group's result.

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

The Group's return on average capital employed before taxes was 15.7 (14.3) %.

## Result January – September 2013

During the period under review, result before taxes for the Group's continuing operations was EUR 1.7 (2.7) million including the Group's share, EUR -0.2 (-0.1) million, of the results of its associates SaraRasa Biomass Pte Ltd. and SaraRasa Bioindo Pte Ltd.

During the period under review, result after taxes for the Group's continuing operations and including discontinued operations EUR 5.2 (2.2) million. Taxes totaled EUR -0.9 (-1.0) million. Discontinued operations accounted for EUR 4.3 (0.5) million of the Group's result.

The Group's earnings per share incl. discontinued operations was EUR 0.08 (0.04).

The Group's return on average capital employed before taxes was 12.2 (17.3) %.

## CASH FLOW, FINANCING, AND INVESTMENTS

On September 30, 2013, the Group balance sheet total was EUR 41.8 (41.1) million.

The Group's cash and cash equivalents totaled EUR 11.6 (7.8) 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 2.8 (-0.3) million during January – September 2013.

The equity ratio was 68.0 (56.1) %. The debt-equity ratio (gearing) was -40.5 (-29.0) %. On September 30, 2013, the interest-bearing liabilities amounted to EUR 1.2 (1.3) million, accounting for 2.9 (3.1) % of the Group's shareholders' equity and liabilities. Of the interest-bearing liabilities, EUR 0.0 (0.0) million were non-current and EUR 1.2 (1.3) million current.

The net cash flow from operating activities for the Group's continuing operations was EUR 0.9 (0.4) million. The net cash flow from operating activities including discontinued operations was EUR 0.5 (1.5) million, which includes the EUR -1.7 (-1.7) million change in working capital. EUR 0.6 (0.5) million were paid in taxes.

The net cash flow from investing activities was EUR 3.6 (-1.6) million, including disposal of shares in Group companies, net of disposed cash, EUR 3.9 million. Gross investments totaled EUR 0.3 (1.6) million.

The net cash flow from financing activities was EUR -1.3 (-0.2) million. The Group drew new current loans worth of EUR 0.2 (0.4) million. During the period under review, the Group paid a total of EUR 1.3 (0.6) million in dividends.

The balance sheet goodwill totaled EUR 7.2 (7.9) million on September 30, 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 (0.0) % of the Group's net sales.

## CHANGES IN DOVRE GROUP

Heidi Karlsson served as Dovre Group's CFO until September 3, 2013. Tarja Leikas started as Dovre Group's new CFO on September 16, 2013.

## PERSONNEL

The Group's personnel expenses were EUR 64.1 (58.6) million in during the period under review.

The personnel expenses of the Project Personnel business area were EUR 58.0 (53.1) million. The personnel expenses of the Consulting business area were EUR 5.2 (4.9) million. The personnel expenses of Other functions were EUR 0.9 (0.7) million.

During the period under review, the number of personnel employed by the Group averaged 469 (424).

### Personnel by reporting segment (average)

	7-9 2013	7-9 2012	Change %	1-9 2013	1-9 2012	Change %	1-12 2012
Project Personnel	418	393	6.4	409	371	10.2	379
Consulting	53	48	10.4	55	48	14.6	50
Other functions	6	5	20.0	5	5	0.0	5
Group total	477	446	7.0	469	424	10.6	434

On September 30, 2013, Dovre Group employed 481 (453) people worldwide. Of these, 424 (397) were employed by Project Personnel, 52 (51) by Consulting, and 5 (5) by Other functions.

During the period under review, in the Project Personnel business area 41 (40) % of the employees were independent contractors.

## BUSINESS PERFORMANCE

In the third quarter of 2013, business developed positively in our key markets, but growth in our net sales in euros was moderate due to exchange rate variations. Also our profitability improved slightly.

In the Project Personnel business area, demand for services has remained high. Our business has developed positively particularly in Norway. The business area's profitability has been as expected. We continue our work to improve Project Personnel's competitiveness and to strengthen our recruiting and sales functions, especially to introduce our Dovre Club service to the market.

In the Consulting business area, business continued developing much the same as during earlier quarters of 2013. Our Consulting business in Norway has developed according to plan. The market situation in Finland and Sweden has been challenging, and our sales have been lower than expected.

In Asia, we continue cooperation with the Singaporean project developer SaraRasa Biomass Pte. Ltd. The company's first development project, SaraRasa Bioindo Pte. Ltd., started renewable fuel production at its production plant in Indonesia in the second quarter of 2013. Production has started slower than expected due to commercial preparations and changes implemented in the production plant's pre-treatment processes. Commercial production is expected to start in phases during the fourth quarter of 2013. Both SaraRasa companies are Dovre Group's associates.

We continue developing the Group's operations in accordance with our strategy, which was released in January.

## **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. At the end of the period under review, the company's share capital was EUR 9,603,084.48 and the total number of shares 62,915,751.

The company's share capital did not change during the period under review. Increase in the number of shares during the period under review, 20,000, was due to the registration on April 12, 2013, of the new shares subscribed for with the company's 2010A stock option plan.

### **Trading and market capitalization**

In January – September, 2013, approximately 11.8 (6.2) million Dovre Group shares were exchanged on the NASDAQ OMX Helsinki Ltd., corresponding to a trade of approximately EUR 5.7 (2.4) million.

From January 1 to September 30, 2013, the lowest quotation was EUR 0.38 (0.32) and the highest quotation was EUR 0.59 (0.52). On September 30, 2013, the closing quotation was EUR 0.46 (0.50).

The period-end market capitalization was approximately EUR 33.3 (31.4) million.

### **Shareholders**

On September 30, 2013, the number of registered shareholders of Dovre Group Plc totaled 3,083 (2,854) including 10 nominee registers. 1.0 (0.6) % of the Group's shares are nominee-registered.

On September 30, 2013, the ownership of the Board of Directors and CEO accounted for 7.9 (9.1) % of all the shares, or 4,985,962 (5,734,475) 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 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.

During the period under review, the Group granted a total of 725,000 options under the 2013A option plan to key personnel (share subscription price EUR 0.54), 100,000 of which were granted in Q3. In Q2, a total of 150,000 options granted under the company's 2010C option plan and 75,000 options granted under the 2013A option plan were returned to the company.

At the end of the period under review, a total of 1,705,000 options were outstanding under the 2010 option plan. The company has in reserve 175,000 of these. In addition, a total of 3,000,000 options were outstanding under the 2013 option plan. The company has in reserve 2,275,000 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. 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 other unexpected events. 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.

In the Consulting business area, current market outlook in Norway remains positive, while market uncertainty in Finland and Sweden affects demand for consulting services. The business area is expanding its business into new market areas, which creates start-up expenses includes risks. Project delivery also involves minor risks due to both customers and the Group's own personnel such as project delays or loss of key 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, starting production, 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 production unit is 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.

## EVENTS AFTER THE PERIOD

As part of strategy implementation, the Group has continued developing an advanced online service, Dovre Club, in order to strengthen the Group's recruiting and sales functions. The service was launched to the market in October 2013.

Helsinki, October 22, 2013

Dovre Group Plc  
Board of Directors

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The interim report is unaudited.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9 2013	7-9 2012	Change %	1-9 2013	1-9 2012	Change %	1-12 2012
(EUR thousand)							
Continuing operations:							
NET SALES	24 089	23 102	4.3	73 740	68 360	7.9	94 069
Other operating income	54	1	6 280.8	82	33	147.3	87
Material and services	-63	-58	8.3	-181	-173	4.9	-219
Employee benefits expense	-20 947	-20 003	4.7	-64 097	-58 570	9.4	-80 183
Depreciation and amortization	-92	-103	-10.6	-296	-318	-7.1	-428
Other operating expenses	-2 268	-2 213	2.5	-7 333	-6 562	11.7	-9 907
OPERATING RESULT	773	727	6.3	1 914	2 770	-30.9	3 419
Financing income	36	10	255.3	391	302	29.4	351
Financing expenses	-87	-112	-21.8	-395	-261	51.2	-374
Share of results in associates	-92	-33	178.8	-234	-113	107.1	-156
RESULT BEFORE TAX	629	592	6.2	1 675	2 697	-37.9	3 240
Tax on income from operations	-296	-246	20.1	-862	-960	-10.2	-1 033
RESULT FOR THE PERIOD, continuing operations	333	346	-3.7	813	1 737	-53.2	2 207
Discontinued operations:							
Result for the period, discontinued operations	0	211	-100.0	4 349	479	808.2	662
RESULT FOR THE PERIOD	333	557	-40.2	5 162	2 216	133.0	2 869
Other comprehensive income							
Other comprehensive income to be classified to or loss in subsequent periods:							
Translation differences	-384	265	-244.9	-1 342	554	-342.2	290
Other comprehensive income for the period, net of tax	-384	265	-244.9	-1 342	554	-342.2	290
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-51	822	-106.2	3 820	2 770	37.9	3 159
Earnings/share EUR							
Basic, continuing operations	0.01	0.01	-3.7	0.01	0.03	-53.2	0,04
Diluted, continuing operations	0.01	0.01	-3.7	0.01	0.03	-53.3	0,03
Basic, discontinued operations	0.00	0.00	-100.0	0.07	0.01	808.0	0,01
Diluted, discontinued operations	0.00	0.00	-100.0	0.07	0.01	805.7	0,01
Basic, result for the period	0.01	0.01	-40.2	0.08	0.04	132.9	0,05
Diluted, result for the period	0.01	0.01	-40.2	0.08	0.04	132.4	0,05
Average number of shares	7-9 2013	7-9 2012		1-9 2013	1-9 2012		1-12 2012
Basic	62 915 751	62 895 751		62 909 084	62 895 751		62 895 751
Diluted	63 089 864	63 065 244		63 194 083	63 023 077		63 063 235

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(EUR thousand)	Sept. 30, 2013	Sept. 30, 2012	Change %	Dec. 31, 2012
<b>ASSETS</b>				
Non-current assets				
Intangible assets	809	883	-8.4	856
Goodwill	7 205	7 852	-8.2	7 803
Tangible assets	151	138	9.1	123
Investments in associates	1 049	1 368	-23.3	1 296
Available-for-sale investments	0	75	-100.0	0
Trade receivables and other receivables	25	244	-89.7	25
Deferred tax asset	118	87	35.2	121
Non-current assets	9 357	10 647	-12.1	10 224
Current assets				
Trade receivables and other receivables	19 878	21 648	-8.2	19 201
Tax receivable, income tax	37	37	1.1	41
Cash and cash equivalents	11 601	7 839	48.0	7 503
Current assets	31 517	29 524	6.8	26 745
Assets held for sale	933	933	0.0	3 553
<b>TOTAL ASSETS</b>	<b>41 807</b>	<b>41 104</b>	<b>1.7</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	1.9	346
Revaluation reserve	34	92	-63.7	79
Translation differences	-236	1 368	-117.2	1 101
Retained earnings	15 883	11 201	41.8	11 884
Shareholders' equity	25 636	22 609	13.4	23 013
Non-current liabilities				
Deferred tax liability	651	940	-30.8	799
Other long-term liabilities	25	25	0.8	25
Non-current liabilities	676	965	-30.0	824
Current liabilities				
Short-term liabilities, interest-bearing	1 207	1 280	-5.7	1 286
Trade payables and other liabilities	13 298	15 147	-12.2	13 010
Tax liability, income tax	991	1 084	-8.6	761
Current provisions	0	18	-100.0	0
Current liabilities	15 495	17 529	-11.6	15 057
Liabilities held for sale	0	0	0.0	1 628
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41 807</b>	<b>41 104</b>	<b>1.7</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) Shareholders' equity total

EUR thousand	a)	b)	c)	d)	e)	f)
<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>Comprehensive income</b>						
Result for the period					2 216	2 216
Other comprehensive income						
Translation differences			5	549		554
Transfers between items			-40		40	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-35</b>	<b>549</b>	<b>2 256</b>	<b>2 770</b>
<b>Transactions with shareholders</b>						
Share based compensation					49	49
Dividend distribution					-628	-628
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-579</b>	<b>-579</b>
<b>SHAREHOLDERS' EQUITY Sept. 30, 2012</b>	<b>9 603</b>	<b>346</b>	<b>92</b>	<b>1 367</b>	<b>11 201</b>	<b>22 609</b>

EUR thousand	a)	b)	c)	d)	e)	f)
<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>Comprehensive income</b>						
Result for the period					5 162	5 162
Other comprehensive income						
Translation differences			-5	-1 337		-1 342
Transfers between items			-40		40	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-45</b>	<b>-1 337</b>	<b>5 202</b>	<b>3 820</b>
<b>Transactions with shareholders</b>						
Stock options exercised		6				6
Share based compensation					55	55
Dividend distribution					-1 258	-1 258
<b>Total transactions with shareholders</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>-1 203</b>	<b>-1 197</b>
<b>SHAREHOLDERS' EQUITY Sept. 30, 2013</b>	<b>9 603</b>	<b>352</b>	<b>34</b>	<b>-236</b>	<b>15 883</b>	<b>25 636</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(EUR thousand)	<b>7-9 2013</b>	<b>7-9 2012</b>	<b>1-9 2013</b>	<b>1-9 2012</b>	<b>1-12 2012</b>
<b>Cash flow from operating activities</b>					
Operating result, continued operations	773	727	1 914	2 770	3 419
Operating result, discontinued operations	0	275	4 432	631	883
Adjustments:					
Depreciation / Amortization	92	105	298	322	433
Gain on disposal of investment	0	0	-4 080	0	-5
Personnel expenses	20	0	55	49	65
Non-cash transactions	0	18	0	18	0
<b>Adjustments total</b>	<b>112</b>	<b>123</b>	<b>-3 727</b>	<b>389</b>	<b>493</b>
Changes in working capital					
Trade and other receivables, increase (-) / decrease (+)	367	358	-3 940	-5 268	-3 934
Trade and other payables, increase (+) / decrease (-)	-71	-81	2 267	3 536	2 986
<b>Changes in working capital, total</b>	<b>296</b>	<b>277</b>	<b>-1 673</b>	<b>-1 732</b>	<b>-948</b>
Interest paid	-6	14	-16	-34	-59
Interest received	18	-10	59	58	77
Other financial expenses paid and received	2	-34	73	-90	-132
Income taxes paid	-45	-273	-570	-503	-915
<b>Net cash generated by operating activities</b>	<b>1 150</b>	<b>1 099</b>	<b>492</b>	<b>1 489</b>	<b>2 818</b>
<b>Cash flow from investing activities</b>					
Investments in tangible and intangible assets	-39	-9	-323	-94	-184
Proceeds from available-for-sale financial assets	0	0	0	0	80
Disposal of shares in Group companies, net of disposed cash	0	0	3 932	0	0
Purchase of shares in associates	-11	-9	-11	-1 485	-1 485
Increase (-) / decrease (+) in loans receivable	0	0	0	0	218
<b>Net cash generated by investing activities</b>	<b>-50</b>	<b>-18</b>	<b>3 598</b>	<b>-1 579</b>	<b>-1 371</b>
<b>Cash flow from financing activities</b>					
Stock options exercised	0	0	6	0	0
Proceeds from short-term loans	36	30	216	418	448
Repayments of short-term loans	0	0	-271	-16	-16
Dividends paid	-1 258	-629	-1 258	-629	-629
<b>Net cash generated by financing activities</b>	<b>-1 222</b>	<b>-599</b>	<b>-1 307</b>	<b>-227</b>	<b>-197</b>
<b>Change in cash and cash equivalents</b>	<b>-122</b>	<b>482</b>	<b>2 783</b>	<b>-317</b>	<b>1 250</b>
Translation differences	-215	61	-489	215	116
Cash and cash equivalents at beginning of the period	11 938	7 296	9 307	7 941	7 941
<b>Cash and cash equivalents at end of the period</b>	<b>11 601</b>	<b>7 839</b>	<b>11 601</b>	<b>7 839</b>	<b>9 307</b>
Cash and cash equivalents at end of the period					
Continued operations					7 502
Discontinued operations					1 805
Cash and cash equivalents at end of the period, total					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 third quarter of 2012 and the period under review in accordance with IFRS 5.

### Addition to accounting principles

The Group applies the possibility allowed by IAS21.15 to classify receivables as a part of the Group's net investment in a foreign subsidiary and thus recognizes any exchange differences arising from such receivables as other comprehensive income.

## 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 which 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.

1-9/2013 EUR thousand	Project Personnel	Consulting	Other functions	Elimi- nations	Unallocated	Group total
<b>Net sales</b>	67 361	6 308	0	71	0	<b>73 740</b>
<b>Operating result</b>	<b>2 874</b>	<b>373</b>	<b>-1 107</b>	<b>0</b>	<b>-226</b>	<b>1 914</b>
Financing income and expenses					-5	-5
Share of results in associates			-234			-234
Income taxes					-862	-862
Discontinued operations			4 349			4 349
<b>Result for the period</b>	<b>2 874</b>	<b>373</b>	<b>3 008</b>	<b>0</b>	<b>-1 093</b>	<b>5 162</b>

1-9/2012 EUR thousand	Project Personnel	Consulting	Other functions	Elimi- nations	Unallocated	Group total
<b>Net sales</b>	61 916	6 544	0	-100	0	<b>68 360</b>
<b>Operating result</b>	<b>3 221</b>	<b>1 009</b>	<b>-1 244</b>	<b>3</b>	<b>-219</b>	<b>2 770</b>
Financing income and expenses					41	41
Share of results in associates			-113			-113
Income taxes					-960	-960
Discontinued operations			479			479
<b>Result for the period</b>	<b>3 221</b>	<b>1 009</b>	<b>-878</b>	<b>3</b>	<b>-1 138</b>	<b>2 216</b>

## 2. DISCONTINUED OPERATIONS

On December 28, 2012, Dovre Group Plc received a notice for a call of option to acquire the entire share capital of Dovre Group's fully-owned Norwegian subsidiary Safran Software Solutions AS. The disposal was completed on May 30, 2013. The Group recognized a gain on disposal of EUR 4.1 million. The following table presents the subsidiary's statement of income excluding certain intra-Group items:

EUR thousand	1-9/2013 *)	1-9/2012
<b>NET SALES</b>	2 244	3 627
Other operating income	0	1
Employee benefits expense	-1 595	-2 611
Depreciation	-2	-4
Other operating expenses	-295	-382
<b>OPERATING RESULT</b>	<b>352</b>	<b>631</b>
Financing income	4	27
Financing expenses	-2	-26
<b>RESULT BEFORE TAX</b>	<b>354</b>	<b>632</b>
Tax on income from operations	-85	-153
<b>RESULT FOR THE PERIOD, DISCONTINUED OPERATIONS</b>	<b>269</b>	<b>479</b>
Gain on disposal	4 080	
<b>RESULT, DISCONTINUED OPERATIONS</b>	<b>4 349</b>	<b>479</b>

The total consideration received for the shares in Safran Software Solutions AS was EUR 4.4 million (NOK 33.9 million), which was all received as cash. The share consideration was lowered by an extraordinary dividend of approx. EUR 0.8 million (NOK 6.0 million) paid to Dovre Group Plc before closing. Assets and liabilities over which control was lost were as follows on May 30, 2013:

EUR thousand	
Tangible assets	13
Deferred tax asset	1
Trade receivables and other receivables	2 439
Cash and cash equivalents	516
<b>Total assets disposed of</b>	<b>2 969</b>
Trade payables and other liabilities	2 506
Tax liability, income tax	129
<b>Total liabilities disposed of</b>	<b>2 635</b>

Cash flow from discontinued operations:

EUR thousand	1-9/2013 *)	1-9/2012
Net cash generated by operating activities	-438	1 133
Net cash generated by investing activities	0	-20
Net cash generated by financing activities	-788	0
<b>Change in cash and cash equivalents</b>	<b>-1 226</b>	<b>1 133</b>

Net cash generated by financing activities includes extraordinary dividend of approx. NOK 6.0 million paid to Dovre Group Plc.

\*) Includes discontinued operations from January 1, 2013, until May 30, 2013, on which date control of the operations passed to the acquirer.

### 3. RELATED PARTY TRANSACTIONS

EUR thousand	Sept. 30, 2013	Sept. 30, 2012	Dec. 31, 2012
Carrying value, opening balance	1 296	933	933
Additions	11	1 485	1 485
Share of profit and loss in associates	-234	-113	-156
Translation differences	-24	-4	-33
Transfer to assets held for sale	0	-933	-933
<b>At the end of the period</b>	<b>1 049</b>	<b>1 368</b>	<b>1 296</b>

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 company's management has not ceased actively marketing the shares.

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. Dovre Group Plc's shares are traded on NASDAQ OMX Helsinki Ltd.

#### 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	20 000		6
Sept. 30, 2013	62 915 751	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 was conditional on the creditor protection procedure, was paid on August 15, 2013.

**GROUP INCOME STATEMENT QUARTERLY**

	2013	2012	2013	2012	2013	2012	2012
(EUR thousand)	1-3	1-3	4-6	4-6	7-9	7-9	10-12
NET SALES	24 335	22 040	25 316	23 218	24 089	23 102	25 709
Other operating income	4	13	24	20	54	1	53
Material and services	-49	-62	-69	-53	-63	-58	-46
Employee benefits expense	-21 264	-18 849	-21 886	-19 718	-20 947	-20 003	-21 614
Depreciation and amortization	-109	-106	-94	-109	-92	-103	-109
Other operating expenses	-2 600	-2 122	-2 465	-2 227	-2 268	-2 213	-3 345
OPERATING RESULT	316	913	825	1 130	773	727	649
% of Net sales	1.3 %	4.1 %	3.3 %	4.9 %	3.2 %	3.1 %	2.5 %
Financing income	82	140	273	151	36	10	50
Financing expenses	-39	-120	-269	-30	-87	-112	-113
Share of results in associates	-68	-13	-74	-67	-92	-33	-43
RESULT BEFORE TAX,	291	920	755	1 185	629	592	543
% of Net sales	1.2 %	4.2 %	3.0 %	5.1 %	2.6 %	2.6 %	2.1 %
Tax on income from operations	-239	-302	-327	-411	-296	-246	-73
Result from discontinued operations	156	177	4 193	90	0	211	183
RESULT FOR THE PERIOD	208	795	4 621	864	333	557	653
% of Net sales	0.9 %	3.6 %	18.3 %	3.7 %	1.4 %	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.

	7-9	7-9	1-9	1-9	1-12
(EUR million)	2013	2012	2013	2012	2012
Net sales	24.1	23.1	73.7	68.4	94.1
Operating result	0.8	0.7	1.9	2.8	3.4
% of Net sales	3.2 %	3.1 %	2.6 %	4.1 %	3.6 %
Result before taxes	0.6	0.6	1.7	2.7	3.2
% of Net sales	2.6 %	2.6 %	2.3 %	3.9 %	3.4 %
Result for the period	0.3	0.6	5.2	2.2	2.9
% of Net sales	1.4 %	2.4 %	7.0 %	3.2 %	3.0 %
Return on equity, %	5.2 %	10.0 %	28.3 %	13.7 %	13.2 %
Return on investment, % *)	15.7 %	14.3 %	12.2 %	17.3 %	14.3 %
Interest-bearing liabilities	1.2	1.3	1.2	1.3	1.3
Cash and cash equivalents	11.6	7.8	11.6	7.8	7.5
Debt-equity ratio (Gearing), %	-40.5 %	-29.0 %	-40.5 %	-29.0 %	-27.0 %
Equity-ratio, %	68.0 %	56.1 %	68.0 %	56.1 %	56.8 %
Balance sheet total	41.8	41.1	41.8	41.1	40.5
Gross investments	0.1	0.0	0.3	1.6	1.7
% of Net sales	0.2 %	0.1 %	0.5 %	2.3 %	1.8 %
Research & Development costs	0.0	0.0	0.1	0.0	0.1

% of Net sales	0.2 %	0.1 %	0.2 %	0.0 %	0.1 %
Personnel average for the period	477	446	469	424	434
Personnel at the end of the period	481	453	481	453	461
Earnings per share, EUR					
Basic, incl. discontinued operations	0.01	0.01	0.08	0.04	0.05
Diluted, incl. discontinued operations	0.01	0.01	0.08	0.04	0.05
Equity per share, EUR	0.41	0.36	0.41	0.36	0.37

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