Nurminen Logistics

Half Year Financial Report 2018

Half Year Financial Report 9 August 2018 at 1:00 p.m.

NURMINEN LOGISTICS PLC'S HALF YEAR FINANCIAL REPORT 1 JANUARY - 30 JUNE 2018

Net sales increased but operating result declined – the year's outlook remains unchanged: it is expected that comparable net sales and comparable operating result will improve from the level of 2017

NURMINEN LOGISTICS KEY FIGURES 1 JANUARY - 30 JUNE 2018

- Net sales were EUR 40.6 million (1–6/2017: EUR 33.1 million).
- Comparable net sales were EUR 40.7 million (EUR 33.0 million).
- Reported operating result was EUR 0.6 million (EUR 1.1 million).
- Comparable operating result was EUR 0.6 million (EUR 1.1 million).
- Operating margin was 1.5% (3.5%).
- Comparable operating margin was 1.4% (3.4%).
- Net operating result EUR -0.3 million (EUR 0.2 million).
- Comparable net operating result EUR -0.3 million (EUR 0.2 million).
- Earnings per share: EUR -0.01 (EUR 0.01).

MARKO TUUNAINEN, PRESIDENT AND CEO:

"The net sales in the first half of 2018 went up by 22.6% compared to the corresponding period in 2017. Operating result for the review period was positive, although it weakened significantly to EUR 595 thousand (1,147) due to the delay in the start-up of new business projects.

The profit performance of forwarding services was good despite the fact that changes to fees collected by the Customs had a negative impact on the net sales of forwarding services, thereby decreasing profitability. The implementation of new information systems also affected profitability of forwarding services in the beginning of the year. In the future, the new systems will boost new business and improve profitability.

There has been great demand for terminal services in chemical logistics, break-bulk cargo imports and project services as well as for the related added value services. The profitability of the Vuosaari terminal decreased due to the terminal's client contracts being transferred into the next review period. Profitability for the company's other terminals improved and usage rates saw positive development. As a whole, terminal services' net sales and profitability declined from the comparison period.

Demand for Finnish railway transport services grew considerably after several review periods with weaker figures. Growth was supported first and foremost by container transport from Finland to China as well as by the commencement of export deliveries within the project business. Projects will also continue to increase demand for railway transport services over the second half of the year.

Operating result for the Baltic companies was once again good, and this positive development is expected to continue into the end of the year. The weakening of the company's Russian business result did not have a significant impact on the Group's result.

Cash flow from operating activities was negative over the period under review due to changes in working capital. The change in working capital was due to the decrease in the use of customs securities by customers at the turn of the year (change in the collection of VAT by the Customs as of 1 January 2018) and investments in the business development. The operative cash flow for July-December is expected to be positive.

Improvement is expected for the remainder of the year. It is predicted that the reported and comparable operating result for the second half of the year will improve from the first half of the year. The expectation of improved profit in July-December is supported by the development of customer portfolio in Vuosaari and the new railway connection between Finland and China, operating from the Vuosaari terminal. The company will commence regular container train transport from the port of Helsinki to China within the final quarter of the year. Transport services will run on tracks owned by Finnish, Russian, Kazakhstani and Chinese railway operators. The company will publish information on train timetables and destinations during the third quarter of the year. There is a clear demand for this service within the export and import industries in Finland and Northern Europe.

Nurminen Logistics is currently looking into the option of increasing terminal capacity in terms of standard industry products, for which the Vuosaari port has a clear demand but a limited supply of services. Through added terminal capacity, the aim is to expand the company's customer and service portfolios, and through appropriate freight handling investments, improved profitability is expected.

The Finnish railway industry is undergoing dramatic changes after the Ministry of Transport and Communications announced that VR is to be detach parts from VR's operation into separate companies. Not all details of this plan are ironed out as of yet, and therefore many questions and uncertainties remain in terms of the nature of the future market. The company will continue to prepare for the utilization of the equipment that will be possibly separated from the VR."

MARKET SITUATION IN THE REVIEW PERIOD

Wide-scale economic growth in Finland continued, and the growth is predicted to carry on into the coming years. The growth is supported primarily by the positive development of the most significant export markets and improvements in cost competitiveness in Finland. The company managed to maintain a strong market position in break-bulk cargo import forwarding and service demand remained high in the company's key segment of forest industry and engineering industry products. The company is well positioned right at the heart of Finland's import and export traffic through Finland's leading ports and border crossing points. The economies of the Baltic countries saw continued growth, and the demand for services in the Baltic countries remained strong. The Russian economy also experienced growth with the positive development carrying over from 2017. This positive trend in the global economy is expected to carry on into 2018.

NET SALES AND FINANCIAL PERFORMANCE 1 JANUARY – 30 JUNE 2018

1,000 EUR	1–6/2018	1–6/2017	1–6/2018 comparable	1–6/2017 comparable
Net sales	40,629	33,131	40,715	33,038
Operating result	595	1,147	585	1,135

Net sales for the first half of 2018 amounted to EUR 44.6 million (1–6/2017: 33.1 million), which represents an increase of 22.6% compared to the corresponding period in 2017. The operating result for the review period decreased by 48.1% to EUR 595 (1,147) thousand.

Comparable net sales amounted to EUR 40.7 (33.0) million, which represents a year-on-year increase of 23.2%. The comparable operating result for the review period decreased by 48.4% to EUR 585 (1,135) thousand.

The comparable result includes net sales adjustments of EUR +86 (-93) thousand and adjustments for exchange rate effects of EUR -10 (-12) thousand. The adjustments to net sales in the review period consist of a reduction in the net sales of the Russian subsidiary due to the depreciation of the rouble from the exchange rate comparison period (2015).

Business review

The profit performance of forwarding services was good despite the fact that net sales and profitability of forwarding services decreased compared to the corresponding period in 2017. Streamlined activities and new services maintained good profit performance for forwarding services. Demand for import, export and added value services remained high, but changes to fees collected by the Customs had a negative impact on profitability.

Net sales for terminal services went down and profitability fell short during the review period from the comparison period. Demand for break-bulk cargo imports, chemical logistics and project services as well as the related value added services went up from the comparison period. The actions initiated by the company to improve the profitability of the Vuosaari terminal and the customer portfolio are still under way and will be reflected in improved profitability in the second half of the year. Usage rate and profitability of the company's other terminals saw positive development.

Increased demand of Finnish railway logistics services improved profitability. Net sales and profitability clearly increased compared to the corresponding period in the previous year. The growth of railway services resulted in particular from container transport between Finland and China as well as from the increased export volume for project transport. Chemical transport volumes remained stable.

Net sales and profitability for the Russian company decreased during the review period. The circulation of company-owned railway cars and business activities remained at the same level as during the comparison period, but the company did not manage to obtain rental cars from the market to operate due to increased demand and high rental fees.

Net sales for the Baltic companies clearly increased and the results of business activities remained excellent. Economy in the Baltics has continued to grow, and the economic outlook remains encouraging.

OUTLOOK

Nurminen Logistics believes that the positive trend in the economy and markets will continue into the end of 2018. Nurminen Logistics expects that its comparable net sales and comparable operating result will improve from the level of 2017.

SHORT-TERM RISKS AND UNCERTAINTIES

Increased uncertainty in geopolitics and world trade pose the greatest risks for development. Company's new strategic projects being postponed further may have a negative impact to the 2018 result.

FINANCIAL POSITION AND BALANCE SHEET

The company's cash flow from operations was EUR -785 thousand. Cash flow from investments was EUR -711 thousand. Cash flow from financing activities amounted to EUR -868 thousand. Cash flow from operating activities was negative over the period under review due to changes in working capital. The change in working capital was due to the decrease in the use of customs deposits by customers at the turn of the year (change in the collection of VAT by the Customs as of 1 January 2018) and investments in business development projects.

At the end of the review period, cash and cash equivalents amounted to EUR 5,452 thousand. The company’s management estimates that the operating cash flow generated by the company covers the current business needs and current liabilities for the next 12 months.

The company's balance sheet and financial position remained at a stable level. The company has no bank loans at the present time. The company’s current interest-bearing liabilities (EUR 1.5 million) comprise financial leasing debt of EUR 0.5 million and factoring debt of EUR 1.0 million. The company’s non-current interest-bearing liabilities decreased to EUR 17.6 million. 3.7 million of the company’s non-current interest bearing liabilities are due in October 2019. 13.5 million of the non-current interest bearing liabilities will arrive at maturity in more than five years. The company has also a EUR 1.5 million hybrid bond counted as equity.

The Group’s interest-bearing debt totalled EUR 19.1 million and net interest-bearing debt amounted to EUR 13.7 million.

The balance sheet total was EUR 43.0 million, and the equity ratio was 30.4 %.

CAPITAL EXPENDITURE

The Group’s gross capital expenditure during the review period amounted to EUR 0.6 (0.6) million, accounting for 1.4% of net sales. Depreciation totalled EUR 0.9 (0.9) million, or 2.2% (2.7%) of net sales.

GROUP STRUCTURE

There were no changes in the group structure of Nurminen Logistics Plc.

The Group comprises the parent company, Nurminen Logistics Plc, as well as the following subsidiaries and associated companies, owned directly or indirectly by the parent (ownership, %): RW Logistics Oy (100%), Nurminen Logistics Services Oy (100%), NR Rail Oy (51%), Nurminen Maritime Latvia SIA (51%), Pelkolan Terminaali Oy (20%), OOO Nurminen Logistics (100%), ZAO Terminal Rubesh (100%), UAB Nurminen Maritime (51%), Nurminen Maritime Eesti AS (51%) and Team Lines Latvia SIA (23%).

PERSONNEL

At the end of the review period the Group’s number of personnel stood at 199 (198), compared to 182 on 31 December 2017. The number of employees working abroad was 46.

SHARES AND SHAREHOLDERS

The trading volume of Nurminen Logistics Plc’s shares was 2,577,859 during the period from 1 January to 30 June 2018, representing 5.8% of the total number of shares. The value of the turnover was EUR 1,443,346. The lowest price during the review period was EUR 0.46 per share and the highest EUR 0.63 per share. The closing price for the period was EUR 0.47 per share and the market value of the entire share capital was EUR 20,799,462 at the end of the period.

At the end of the review period the company had 1,221 shareholders.

On 30 June 2018, the company held 144,426 of its own shares, corresponding to 0.33% of votes.

DECISIONS MADE BY THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Nurminen Logistics Plc's Annual General Meeting held on 11 April 2018 passed the following decisions:

Adoption of the annual accounts and resolution on the discharge from liability

The General Meeting adopted the annual accounts, including the consolidated annual accounts for the financial year 1 January 2017 − 31 December 2017 and discharged the members of the Board of Directors and the President and CEO from liability.

Payment of dividend

The General Meeting approved the Board’s proposal that no dividend shall be paid for the financial year 1 January 2017 − 31 December 2017.

Composition and remuneration of the Board of Directors

The General Meeting resolved that the Board of Directors is composed of six members. The General Meeting re-elected the following members to the Board of Directors: Olli Pohjanvirta, Juha Nurminen, Jukka Nurminen and Alexey Grom and elected Irmeli Rytkönen and Kari Savolainen new members of the Board of Directors.

The General Meeting resolved that for the members of the Board elected at the General Meeting for the term expiring at the close of the Annual General Meeting in 2019, the remuneration is paid as follows: annual remuneration of EUR 40,000 for the Chairman and EUR 20,000 for the other members of the Board.

In addition, a meeting fee of EUR 1,000 per meeting for the Board and Board Committee meetings is be paid for each member of the Board living in Finland and EUR 1,500 per meeting for a member of the Board living outside Finland. Of the annual remuneration, 50 per cent will be paid in Nurminen Logistics Plc’s shares and the rest in cash. A member of the Board of Directors may not dispose shares received as annual remuneration before a period of three years has elapsed from receiving shares. In addition, the Chairman of the Board will be paid a remuneration of EUR 7,500 per month as well as a car benefit with a maximum value of EUR 1,600 per month and telephone benefit.

Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares

Annual General Meeting authorised the Board to decide on issuance of shares and/or special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Companies Act.

Based on the authorisation, the Board of Directors is entitled to issue or assign, either by one or several resolutions, shares and/or special rights up to a maximum equivalent of 20,000,000 new shares so that aforesaid shares and/or special rights could be used, e.g., for financing of company and business acquisitions or for financing of other business arrangements and investments, for the expansion of ownership structure, paying of remuneration of the Board members and/or for the creating incentives for, or encouraging commitment in, personnel.

The authorisation entitles the Board to decide on share issue with or without payment. The authorisation for deciding on a share issue without payment includes also the right to decide on the share issue for the company itself, so that the authorisation may be used in such a way that in total no more than one tenth (1/10) of all shares in the company may from time to time be in the possession of the company and its subsidiaries.

The authorisation includes the Board of Director’s right to decide on all other terms and conditions of the share issues and the issuances of special rights. The authorisation entitles the Board of Directors to decide on share issues, issuances of option rights and other special rights entitling to shares in every way to the same extent as could be decided by the General Meeting, including the Board of Director's right to decide on directed share issues and/or issuance of special rights. In case of issuances of shares and/or special rights entitling to shares in deviation of the pre-emptive rights of shareholders and in issuance of shares without payment, the subscription price per share shall not be lower than the volume weighted average price of the company's share during the three months' period preceding the decision of the Board of Directors. However, this restriction regarding the subscription price is not applied in case the Board of Directors decides on the directed share issue or share issue without payment or directed issuance of special rights entitling to shares relating to paying of remuneration of the Board members and/or creating incentives for, or encouraging commitment in, personnel.

The authorisation is valid until 30 April 2019 and the authorisation does not revoke the authorisation granted to the Board of Directors by the Extraordinary General Meeting on 17 July 2017 on the issuance of shares as well as the issuance of options and other special rights entitling to shares.

Election of the auditor and resolution on their remuneration

Auditing firm Ernst & Young Oy was elected as auditor for the company for the term ending at the close of the Annual General Meeting 2019. Antti Suominen, Authorised Public Accountant, acts as the principal auditor.

Auditor's fee will be paid in accordance with the auditor's invoice accepted by the company.

DIVIDEND POLICY

The company's Board of Directors has on 14 May 2008 determined the company's dividend policy, according to which Nurminen Logistics Plc aims to annually distribute as dividends approximately one third of its net profit, provided that the company's financial position allows this.

OTHER EVENTS DURING THE REVIEW PERIOD

Nurminen Logistics announced on 23 March 2018 that The Board of Directors of Nurminen Logistics Plc has approved a new share-based incentive plan for the Group key employees. The aim of the new plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating the Company's shares. The new Performance Share Plan 2018–2021 includes two two-year performance periods, fiscal years 2018–2019 and 2020–2021.

The potential reward from the performance period 2018–2019 will be based on the Total Shareholder Return of Nurminen Logistics share (TSR).

The Performance Share Plan is directed to approximately five people, the President and CEO and other members of the Management Team, as well as selected key employees during the performance period 2018–2019. The rewards to be paid on the basis of the performance period 2018–2019 correspond to the value of an approximate maximum total of 1,250,000 Nurminen Logistics Plc shares, including also the proportion to be paid in cash.

The potential rewards from the performance period 2018–2019 will be paid partly in the Company's shares and partly in cash in 2020. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant´s employment or service ends before the reward payment. A plan participant must hold all of the net shares given on the basis of the plan for twenty-four (24) months after the reward payment.

The Board of Directors will be entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

EVENTS AFTER THE REVIEW PERIOD

Nurminen Logistics announced in a stock exchange release on 19 July 2018 that Markku Puolanne has by mutual agreement resigned from his position as Nurminen Logistics Plc's Chief Financial Officer. Puolanne will leave his position on 31 August 2018.

The company has started a recruiting process for a new CFO.

Disclaimer

Certain statements in this bulletin are forward-looking and are based on the management's current views. Due to their nature, they involve risks and uncertainties and are susceptible to changes in the general economic or industry conditions.

Nurminen Logistics Plc
Board of Directors

For more information, please contact: Marko Tuunainen, President and CEO, tel. +358 10 545 7011.

DISTRIBUTION
Nasdaq Helsinki
Major media
www.nurminenlogistics.com

Nurminen Logistics is a listed company established in 1886 that offers logistics services. The company provides high-quality forwarding, cargo handling and value added services as well as railway transports and related to it project transport services to its customers. The main market areas of Nurminen Logistics are Finland, Russia and its neighbouring countries.

TABLES

The figures for the review period and comparative periods are in accordance with IFRS 15 standard and the introduction of IFRS 15 standard has had no impact on the revenue recognition of the company.

Consolidated Statement of Comprehensive Income EUR 1,000	1–6/2018	1–6/2017	1–12/2017
NET SALES	**40,629**	**33,131**	**75,772**
Other operating income	63	55	118
Materials and services	-28,573	-21,305	-52,516
Employee benefit expenses	-4,484	-4,355	-8,921
Depreciation, amortisation and impairment losses	-889	-877	-1,778
Other operating expenses	-6,150	-5,503	-10,984
OPERATING RESULT	**595**	**1,147**	**1,691**
Financial income	98	60	149
Financial expenses	-752	-766	-1,554
Share of profit in equity-accounted investees	-10	-12	-12
RESULT BEFORE TAX	**-70**	**428**	**275**
Income taxes	-235	-248	-517
PROFIT / LOSS FOR THE PERIOD	**-304**	**180**	**-243**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences	-397	-209	-314
Other comprehensive income for the period after tax	**-397**	**-209**	**-314**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-701**	**-29**	**-556**
Result attributable to			
Equity holders of the parent company	-802	-320	-1,167
Non-controlling interest	498	500	925
Total comprehensive income attributable to			
Equity holders of the parent company	-1,199	-529	-1,481
Non-controlling interest	498	500	925
EPS undiluted	-0.01	0.01	-0.04
EPS diluted	-0.01	0.01	-0.04

The Group's Comparable Result EUR 1,000	1–6/2018	1–6/2017	1–12/2017
Reported net sales	**40,629**	**33,131**	**75,772**
Changes in exchange rates	86	-93	-1,026
Comparable net sales	**40,715**	**33,038**	**74,746**
Reported operating result	**595**	**1,147**	**1,691**
Changes in exchange rates	-10	-12	-102
Performance bonus adjustments			406
Comparable operating result	**585**	**1,135**	**1,996**

Consolidated Statement of Financial Position EUR 1,000	30.6.2018	30.6.2017	31.12.2017
ASSETS			
Non-current assets			
Property, plant and equipment	12,645	12,772	13,042
Goodwill	8,970	8,970	8,970
Other intangible assets	48	80	58
Investments in equity-accounted investees	219	294	232
Receivables	3,356	5,893	4,093
Deferred tax assets	499	566	567
Non-current assets	**25,736**	**28,575**	**26,961**
Current assets			
Inventories	79	62	67
Trade and other receivables	11,675	13,601	12,727
Current tax receivables	18	121	0
Cash and cash equivalents	5,452	2,733	7,832
Current assets	**17,223**	**16,518**	**20,626**
ASSETS TOTAL	**42,960**	**45,093**	**47,587**
EQUITY AND LIABILITIES			
Share capital	4,215	4,215	4,215
Other reserves	28,894	21,360	28,894
Translation differences	-7,585	-7,433	-7,511
Retained earnings	-14,809	-12,961	-13,689
Non-controlling interest	845	836	1,261
Hybrid bond	1,500	0	1,500
Equity, total	**13,059**	**6,017**	**14,670**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	288	380	385
Other liabilities	292	344	329
Financial liabilities	17,597	22,268	17,857
Non-current liabilities	**18,178**	**22,993**	**18,571**
Current liabilities			
Current tax liabilities	0	309	331
Financial liabilities	1,538	1,637	1,472
Trade payables and other liabilities	10,185	14,137	12,543
Current liabilities	**11,724**	**16,084**	**14,346**
TOTAL LIABILITIES	**29,901**	**39,076**	**32,917**
TOTAL EQUITY AND LIABILITIES	**42,960**	**45,093**	**47,587**

Condensed Consolidated Cash Flow Statement EUR 1,000	1–6/2018	1–6/2017	1–12/2017
Cash flow from operating activities			
Profit/Loss for the period	-304	180	-243
Depreciation, amortisation and impairment losses	889	877	1,778
Unrealised foreign exchange gains and losses	-6	0	105
Other adjustments	89	1,905	1,796
Paid and received interest	-658	-579	-1,301
Taxes paid	-471	-70	-194
Changes in working capital	-323	-687	1,520
Cash flow from operating activities	-785	1,627	3,461
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	-575	-648	-1,745
Investments in property, plant and equipment and intangible assets	4	26	49
Loans granted	-140	0	0
Cash flow from investing activities	-711	-622	-1,695
Cash flow from financing activities			
Share issue for cash	0	0	5,076
Changes in liabilities	-193	-211	-940
Dividends paid / repayments of equity	-674	-359	-359
Cash flow from financing activities	-868	-570	3,778
Change in cash and cash equivalents	-2,364	428	5,544
Cash and cash equivalents at beginning of period	7,832	2,304	2,304
Cash and cash equivalents at end of period	5,452	2,733	7,832

A = Share capital
B = Share premium reserve
C = Legal reserve
D = Reserve for invested unrestricted equity
E = Issue of shares
F = Translation differences
G = Retained earnings
H = Non-controlling interest
I = Total

Statement of Changes in Equity EUR 1,000	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
1–6/2018									
Equity 1.1.2018	4,215	86	2,378	26,430	0	-7,511	-13,689	1,261	14,670
Result for the period	0	0	0	0	0	0	-802	498	-304
Total comprehensive income for the period / translation differences	0	0	0	0	0	-75	-322	0	-397
Other changes	0	0	0	0	0	0	4	-14	-10
Dividends / repayments of equity	0	0	0	0	0	0	0	-901	-901
Equity 30.6.2018	4,215	86	2,378	26,430	0	-7,585	-14,809	845	13,059
1–6/2017									
Equity 1.1.2017	4,215	86	2,378	18,895	0	-7,285	-12,584	695	6,400
Result for the period	0	0	0	0	0	0	-320	500	180
Total comprehensive income for the period / translation differences	0	0	0	0	0	-148	-62	0	-210
Other changes	0	0	0	0	0	0	5	0	5
Dividends / repayments of equity	0	0	0	0	0	0	0	-359	-359
Equity 30.6.2017	4,215	86	2,378	18,895	0	-7,433	-12,961	836	6,017

Movements in fixed assets

Movements in fixed assets EUR 1,000	Tangible	Intangible	Total
Book value 1.1.2018	13,042	9,028	22,070
Additions	566	9	575
Disposals	-4	0	-4
Depreciation, amortisation and impairment losses	-823	-19	-842
Exchange rate differences	-137	0	-137
Book value 30.6.2018	12,645	9,018	21,662
Book value 1.1.2017	13,253	9,028	22,281
Additions	342	46	388
Disposals	-4	0	-4
Depreciation, amortisation and impairment losses	-850	-27	-877
Exchange rate differences	31	1	32
Book value 30.6.2017	12,772	9,047	21,819

Related party transactions

The related parties comprise the members of the Board of Directors and Management Team of Nurminen Logistics and companies in which these members have control. Related parties are also deemed to include shareholders with direct or indirect control or substantial influence.

Related party transactions EUR 1,000	1–6/2018
Sales	100
Purchases	29
Non-Current receivables	100
Current receivables	69
Non-Current liabilities	0
Current liabilities	41

Key figures

Key figures	1–6/2018	1–6/2017	1–12/2017
Gross capital expenditure, EUR 1,000	575	584	1 624
Personnel	196	198	188
Operating margin %	1.5 %	3.5 %	2.2 %
Share price development			
Share price at beginning of period	0.55	0.40	0.70
Share price at end of period	0.47	0.69	0.55
Highest for the period	0.63	0.71	0.71
Lowest for the period	0.46	0.40	0.40
Eguity/share EUR	0.28	0.41	0.44
Earnings/share (EPS) EUR, undiluted	-0.01	0.01	-0.04
Earnings/share (EPS) EUR, diluted	-0.01	0.01	-0.04
Equity ratio %	30.40	13.34	30.83
Gearing %	104.78	351.90	78.40

Other liabilities and commitments

Contingencies and commitments, EUR 1,000	30.6.2018	30.6.2017	31.12.2017
Mortgages given	15,500	11,000	15,500
Book value of pledged subsidiary shares and -loan receivables	10,108	10,566	10,108
Other contingent liabilities	6,956	9,967	9,965
Rental obligations	55,295	59,490	59,320

Accounting policies

The Half Year Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies applied are consistent with those applied in the 2017 Financial Statements. Other new or amended IFRS standards or interpretations that have entered into force did not have a material impact on the Half Year Financial Report.

All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures. This Half Year Financial Report is unaudited.

Calculation of key figures

Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$
Earnings per share (EUR)	=	$\frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of ordinary shares outstanding}}$
Equity per share (EUR)	=	$\frac{\text{Equity attributable to equity holders of the parent Company}}{\text{Undiluted number of shares outstanding at the end of the financial year}}$
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity}} \times 100$

Comparable net sales (EUR) =

Reported net sales +/- net sales of acquired and divested businesses +/- net sales of discontinued businesses +/- net sales allocable to previous financial years +/- direct effects of exchange rates

Comparable operating result (EUR) =

Reported operating result +/- revenue and expenses of acquired and divested businesses +/- revenue and expenses of discontinued businesses +/- revenue and expenses allocable to previous financial years +/- direct effects of exchange rates

IFRS 15 Revenue from Contracts with Customers

The IFRS 15 Revenue from Contracts with Customers standard entered into force on 1 January 2018. IFRS 15 replaces the current IAS 18 and IAS 11 standards and their interpretations. The standard provides a five-step guideline for the recognition of revenue from contracts with customers.

The introduction IFRS 15 Revenue from Contracts with Customers standard has had no impact on the revenue recognition of Nurminen Logistics Group's revenue or the Group's result.

IFRS 16 Leases

New IFRS 16 Leases standard will replace IAS 17 standard and all its interpretations. IFRS 16 standard will enter into force from the beginning of 2019. The Group management has launched a project to identify the effects of a new standard. The company will announce the effects of the introduction of the standard when the project is completed.