COMPONENTA
Casting Future Solutions

HALF-YEAR FINANCIAL REPORT

1 January –
30 June 2017

Increase in Componenta's comparable EBITDA

January–June 2017 in brief

- Continued operations in the review period were the foundry operations in Finland in Pori and Karkkila, and in Sweden the machine shop in Främmestad and the forges in Wirsbo and Arvika.
- After the end of the review period Componenta signed an agreement to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.S. ("Componenta Turkey"), amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş.
- After the end of the review period Componenta Wirsbo AB and Componenta Arvika AB ("Wirsbo sub-group") in Sweden filed for bankruptcy in the local district courts on 13 July 2017 and the companies were adjudicated bankrupt on 17 July 2017. The companies failed to obtain financing for the payment of restructuring debts.
- Comparable net sales for continued operations in the review period increased 4% to EUR 92.5 million. Comparable adjusted net sales in the period for comparison were EUR 89.0 million and adjusted net sales according to IFRS in the period for comparison were EUR 103.1 million. The comparable adjusted figure means the continued operations in the review period, from which the figures for the divested units Suomivalimo and Pistons have been eliminated as well as the impact of the trade mark and administration service fees charged to the Netherlands and Turkey.
- Comparable net sales for continued operations in the review period excluding Wirsbo sub-group's operations remained at the previous year's level and was EUR 65.4 million (EUR 65.5 million).
- Adjusted EBITDA for continued operations in the review period increased from the previous year to EUR 3.8 million. Comparable adjusted EBITDA in the period for comparison was EUR -0.2 million and adjusted EBITDA calculated from continued operations in accordance with IFRS in the period for comparison was EUR 2.0 million.
- The adjusted EBITDA for continued operations in the review period excluding Wirsbo sub-group's operations increased from the previous year and was EUR 2.9 million (EUR 0.9 million).
- Profitability improved during the review period due to the reduction in fixed costs compared to the reference period and lower financing costs. The profitability of the reference period was weakened by stoppages in production resulting from the tight liquidity situation at the time as well as extra transport costs. The impact of changes in currency rates on the EBITDA was EUR -0.3 million (EUR -1.1 million).
- The adjusted comparable operating profit for continued operations in the review period increased from the previous year to EUR 2.2 million. The comparable adjusted operating profit in the period for comparison was EUR -3.8 million and the adjusted operating profit calculated from continued operations in accordance with IFRS in the period for comparison was EUR -2.0 million. The operating profit from continued operations, including items affecting comparability, was EUR -6.9 million (EUR -8.9 million).
- The net result for the review period was EUR -6.8 million (EUR 19.8 million) and the basic earnings per share were EUR -0.04 (EUR 0.19).
- The local district court gave its ruling regarding restructuring of Componenta Främmestad AB and approved the composition on 3 July 2017. The court's decision became final on 24 July 2017.
- In Finland the administrator of the corporate restructuring proceedings filed amended draft restructuring programmes of Componenta Corporation and Componenta Finland Ltd with the District Court of Helsinki on 12 June 2017. The amended draft restructuring programmes do not differ significantly from the original draft restructuring programmes. After the end of period, according to a report drawn up by the administrator for the Helsinki District Court on 16 August 2017, a clear majority of creditors and their claims supported the draft restructuring programme with respect to Componenta Corporation and Componenta Finland Ltd. The Helsinki District Court is expected to affirm the draft restructuring programmes during the third quarter.

April–June 2017 in brief

- Comparable net sales for continued operations in the review period was at the same level as last year, standing at EUR 46.3 million. Comparable net sales in the period for comparison were EUR 46.4 million and net sales according to IFRS in the period for comparison were EUR 53.5 million. The comparable figure means the current continued operations in 2017, from which the figures for the divested units Suomivalimo and Pistons have been eliminated as well as the impact of the trade mark and administration service fees charged to the Netherlands and Turkey.
- Net sales for continued operations in the review period excluding Wirsbo sub-group's operations decreased 3% and was EUR 33.1 million (EUR 34.1 million).
- The adjusted EBITDA for current continued operations increased from the previous year to EUR 1.9 million. Comparable adjusted EBITDA in the period for comparison was EUR 0.9 million and adjusted EBITDA calculated from continued operations in accordance with IFRS in the period for comparison was EUR 2.2 million.
- The adjusted EBITDA for continued operations in the review period excluding Wirsbo sub-group's operations increased from the previous year and was EUR 1.7 million (EUR 0.9 million).
- The adjusted operating profit for continued operations increased from the previous year to EUR 1.2 million. The comparable adjusted operating profit in the period for comparison was EUR -1.0 million and the adjusted operating profit calculated from continued operations in accordance with IFRS in the period for comparison was EUR 0.1 million. The operating profit for continued operations taking into account items affecting comparability was EUR -16.6 million (EUR -6.7 million).

Guidelines updated for 2017

The company expects continued operations excluding Componenta Wirsbo AB and Componenta Arvika AB to have net sales of EUR 110 – 130 million in 2017. Corresponding EBITDA excluding items affecting comparability is expected to be EUR 4 – 6 million. In 2016 corresponding comparable net sales was some EUR 122 million and EBITDA EUR 0.8 million.

Harri Suutari, CEO of Componenta Corporation:

"Demand for Componenta's castings and forged products remained at the high level it had been at the start of the year. Comparable net sales and order book increased slightly from the period for comparison. The Adjusted EBITDA for continued operations improved from the previous year to EUR 3.8 million (-0.2). The improvement is particularly due to the reduction in fixed costs and a better liquidity situation compared to the reference period, which enabled more effective planning and implementation of production and logistics. Exchange rate differences account for some EUR 0.8 million of the improvement.

After the end of period Componenta signed an agreement to sell its shareholding in Componenta Turkey to Döktaş Metal Sanayi ve Ticaret A.Ş., which is owned by the management of Componenta Turkey. One prerequisite for the completion of the share transaction is that the Turkish club loan banks approve the sale and discharge Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million.

In accordance with the overall agreement relating to the sale of the shares, Componenta Turkey approved the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd. This is a major factor for the success of the companies' restructuring programmes at the Helsinki District Court, since Componenta Turkey, as the major creditor of Componenta Corporation, could on its own have prevented affirmation of the company's restructuring programme.

The restructuring creditors of Componenta Corporation and Componenta Finland Ltd were able to vote by the beginning of August on the companies' draft restructuring programmes, and the administrator gave a report on the vote on 16 August 2017. According to the report, the creditors who voted had a positive view of the draft restructuring programmes, since a clear majority of the creditors and their claims supported the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd. However, the Helsinki District Court still has to affirm the draft restructuring programmes. The results of the votes on the restructuring programmes and the sale of the shareholding in Componenta Turkey have reduced the uncertainty concerning the ability to continue as a going concern.

After the end of period Componenta filed for bankruptcy for Componenta Wirsbo AB and Componenta Arvika AB, which have forge operations in Sweden. The restructuring programmes for the companies were affirmed in the local courts in December 2016 and the rulings came into force in January 2017. As previously announced, the primary objective was to keep the forge operations of Wirsbo and Arvika as part of the Group. According to the terms of the restructuring rulings the companies should have paid restructuring debts of some EUR 4.9 million in July 2017. However, the main goal was to agree with creditors on postponing payment of the restructuring debts and to arrange refinancing by January 2018. It was not until July 2017 that it became clear that arranging external financing and postponing payment of restructuring debts until January 2018 was unlikely due to insufficient support from creditors. At the same time Componenta was negotiating with potential buyers for the forge operations, but the negotiations ended without a result, and the only remaining option then was to file for bankruptcy for the companies. The proceedings for restructuring at the parent company and the arrangements with the company in Turkey were still in progress and this placed the parent company in a weaker position to assist in the financing for Wirsbo and Arvika. I consider that filing for bankruptcy for the companies is regrettable since we had achieved considerable improvements in operations at the forge business. The effect of Wirsbo sub-group on the net sales of Componenta Group in the review period was EUR 27.1 million and on operating profit EUR 0.5 million. On the other hand, the cash flow forecast for the next few years for Wirsbo and Arvika was considerably negative, mainly due to the needs for financing working capital. The stock of steel in particular increases working capital, since there is a wide range of grades and dimensions for steel products. The long payment periods for receivables from the heavy truck industry also place a burden on working capital. Operations were maintained under a temporary arrangement with working capital financing from customers.

Componenta Främmestad AB machines, paints and distributes the cast iron components produced by Componenta's foundries in Finland and by Componenta Turkey for the heavy truck industry. This business accounts for about two thirds of all the cast component business. Componenta Främmestad AB received its restructuring ruling at the beginning of July. Under this ruling it has to pay within 12 months some SEK 20 million of its restructuring debts outside the Group. I believe that Componenta Främmestad AB will be able to pay these debts in time with its own income from operations.

In September 2016 the Group obtained working capital financing from customers and commitments to finance operations for Componenta's operations in Finland and Sweden. At the end of the review period some EUR 2.2 million of this financing is in use. The Group's liquid assets at the end of the period were some EUR 3 million, excluding the Wirsbo sub-group. In addition, the administrator for Componenta Främmestad AB has control over EUR 2.2 million.

Pasi Mäkinen, who has been in charge of Componenta's Orhangazi iron foundry under a fixed term agreement since November 2015, took over as SVP, Cast Components Business Area, at the beginning of July. Following the bankruptcy of the Wirsbo sub-group he is in charge of the Group's remaining business operations, which comprise the iron foundries in Pori and Karkkila and the machine shop in Främmestad. Our priorities for the near future are to carry out the restructuring programmes and ensure we have the required financing for these, as well as to boost efficiency in business operations. Concluding Componenta's corporate restructuring proceedings as I see it, opens up new opportunities for the Group. As for myself, from now on I will concentrate on strategic management."

Net sales

Continued operations in the review period were the foundry operations in Pori and Karkkila, Finland, and in Sweden the machine shop in Främmestad and the forging operations in Wirsbo and Arvika ("Wirsbo sub-group"). Consolidation in accordance with IFRS of Componenta Turkey as part of Componenta Group ended on 31 December 2016.

Comparable net sales corresponding to continued operations in the review period increased 4% and were EUR 92.5 million (EUR 89.0 million). Net sales according to IFRS for the reference period were EUR 103.1 million. In particular, demand in the Swedish heavy truck industry sector remained high throughout the review period. At the beginning of June the order book for continued operations was EUR 22.0 million (EUR 21.8 million). The order book for the reference period, excluding the business operations of the Pistons and Suomivalimo units, was EUR 21.6 million.

Comparable net sales for continued operations in the review period excluding Wirsbo sub-group's operations remained at the previous year's level and was EUR 65.4 million (EUR 65.5 million).

By customer sector, Componenta's net sales for continued iron business operations in the financial period were as follows: heavy trucks 64% (62%) and construction and mining, machine building and agricultural machinery and other industries 36% (38%) in total.

Result

Componenta's adjusted EBITDA corresponding to continued operations in the review period improved from the previous year and was EUR 3.8 million (EUR -0.2 million). EBITDA for continued operations for the first half of 2016, including the EBITDA of Suomivalimo and Pistons as well as trade mark and administrative service fees charged to Netherlands and Turkey, was EUR 2.0 million. The profitability of continued operations improved during the review period, particularly due to the reduction in fixed costs and a better liquidity situation compared to the reference period, which enabled more effective planning and implementation of production and logistics. The productivity of the Swedish factories improved compared to the corresponding reference period. Profitability was weakened, however, by the temporary cancellation of the energy tax refund in Finland, the impact of rising material costs for foundries

Key figures

	1-6/2017	Comparable adjusted 1-6/2016 [1]	Change (1-6/2017 vs. comp. adj. 1-6/2016)	1-6/2016	Change (1-6/2017 vs. 1-6/2016)	2016
Net sales, continued operations, MEUR	**92.5**	89.0	4%	**103.1**	-10%	183.6
Net sales, continued operations, excluding Wirsbo	**65.4**	65.5	0%			121.8
Adjusted EBITDA, continued operations, MEUR	**3.8**	-0.2	n/a	**2.0**	90%	3.1
Adjusted EBITDA, continued operations, excluding Wirsbo	**2.9**	0.9	219%			0.8
Adjusted operating profit, continued operations, MEUR	**2.2**	-3.8	n/a	**-2.0**	n/a	-5.8
Operating profit, continued operations	**-6.9**	-		**-8.9**	22%	-46.0
Adjusted result after financial items, continued operations, MEUR	**1.9**	-		**-7.9**	n/a	-17.0
Result after financial items, continued operations, MEUR	**-7.2**	-		**28.7**	n/a	-16.5
Items affecting comparability after financial items, continued operations, MEUR	**-9.1**	-		**36.6**	n/a	0.5
Net result, MEUR	**-6.8**	-		**19.8**	n/a	-215.5
Earnings per share, euro	**-0.04**	-		**0.19**	n/a	-1.64
Adjusted return on investment, %	**n/a**			**-1.0**		-0.2
Adjusted return on equity, %	**n/a**	-		**-88.3**		n/a
Gross investment in continued operations incl. finance leasing, MEUR	**1.4**	-		**1.0**		1.3
Cash flow from operations, continued operations, MEUR	**0.5**	-		**-8.7**		-9.9
Group's restructuring debt, MEUR	**155**	-				163
Number of personnel at end of quarter, incl. leased personnel, continued operations	**888**	944	-6%	**1072**	-17%	878
Average number of personnel during review period, incl. leased personnel, continued operations	**882**	932	-5%	**1060**	-17%	992
Order book, continued operations, MEUR	**22.0**	21.6	2%	**21.8**	1%	30.8

[1] The comparable adjusted figure means the current continued operations in 2017, from which the figures for the divested units Suomivalimo and Pistons have been eliminated as well as the impact of the trade mark and administration service fees charged to the Netherlands and Turkey. Suomivalimo was sold on 30 June 2016 and Pistons on 17 August 2016. The operations in the Netherlands were declared bankrupt in the third quarter of 2016. Consolidation of the operations in Turkey as part of Componenta Group ended at the end of 2016.

and higher prices for materials for forge operations caused by the corporate restructuring proceedings. The impact of exchange rate differences on EBITDA was EUR -0.3 million (EUR -1.1 million).

Comparable EBITDA for continued operations in the review period excluding Wirsbo sub-group's operations increased from the previous year's level and was EUR 2.9 million (EUR 0.9 million).

The adjusted profit for continued operations in the review period increased from the previous year to EUR 2.2 million (EUR -3.8 million). The profit for continued operations for the first half of 2016, including the profit of Suomivalimo and Pistons as well as trade mark and administrative service fees charged to the Netherlands and Turkey and the impact of income from product licencing fees, was EUR -2.0 million. In addition to the improved EBITDA, the adjusted operating profit improved due to a reduction of EUR 2.4 million in depreciation on machinery and equipment. Depreciation on machinery and equipment was lower due to impairment recorded in previous years, which meant that the depreciable amount was smaller in the review period than in the reference period. The operating profit according to IFRS for continued operations during the review period, including items affecting comparability, was EUR -6.9 million (EUR -8.9 million). The items affecting comparability in the operating profit were EUR -9.1 million (EUR -6.9 million) negative.

In relation to the bankruptcy of the Wirsbo sub-group on 17 June 2017 Componenta Group recorded items affecting comparability. Impairments and write downs of machinery, stocks and receivables were EUR -11.9 million. Other items affecting comparability during the review period consist mainly of the cuts in the restructuring debt of the Wirsbo sub-group that were recorded in the first half of the year, EUR +7.3 million. Value adjustment of EUR -3.1 million was recorded on investment property as the result of developments in the sale of the properties and initial offers received for the properties as part of that process. In addition, impairment of EUR -0.4 million was recorded on long-term production assets, as well as other reorganisation costs related to the restructuring costs of EUR -0.9 million. Other items affecting comparability as a net were EUR -0.1 million.

Net financial costs in the review period, without items affecting comparability, declined considerably and totalled EUR -0.4 million (EUR -5.9 million). Financial costs decreased due to the restructuring processes and new financial arrangements. No transferred interest costs were recorded in the review period for non-preferential interest-bearing debts under the restructuring process. This is because they will be treated as lowest priority debt whereupon the accrued transferrable interest will be cut by 100 percent after the beginning of the restructuring process. Net financial items in the review period were EUR -0.3 million (EUR 37.6 million).

The Group's adjusted result from continued operations after financial items for the review period was EUR 1.9 million (EUR -7.9 million) and the IFRS result after financial items, including items affecting comparability, was EUR -7.2 million (EUR 28.7 million). Items affecting comparability that had an impact on the result for the review period after financial items totalled EUR -9.1 million (EUR 36.6 million).

Taxes paid in the review period totalled EUR 0.4 million (EUR -0.3 million).

The net result for the review period was EUR -6.8 million (EUR 19.8 million). Basic earnings per share for the review period were EUR -0.04 (EUR 0.19).

It is not meaningful to calculate the rate of return on investment and equity since equity and shareholders' equity are negative.

Balance sheet, financing and cash flow

At the end of the review period Componenta's cash funds and bank receivables totalled EUR 3.5 million (EUR 7.1 million) and the Wirsbo sub-group accounted for EUR 0.5 million of this. In addition, the administrator of Componenta Främmestad AB has control over EUR 2.2 million, which has been recorded as receivables. The liquidity of the company's continued operations was better than during the reference period, which enabled production operations to be more effective than in the reference period. The company had no committed credit facilities at the end of the review period. Componenta has made financing agreements with major clients in Finland and Sweden based on advance payments, which will cover the working capital required for operations. The advance payment-based loan amount raised at the end of the review period was EUR 2.2 million.

The Componenta Group has, according to loan terms, long and short-term interest-bearing loans from the Componenta Turkey sub-group, banks and other financial institutions totalling EUR 37.8 million that will be payable in the next 12 months, most of which is debt that falls under the restructuring proceedings. The Group's interest-bearing loans outside of the restructuring programmes that become payable during the next 12 months total EUR 0.4 million. At the end of the review period the Group's interest-bearing net liabilities, including debts under the restructuring programmes, totalled EUR 90.4 million (EUR 167.2 million) in the balance sheet. The interest-bearing net liabilities were mainly to Componenta Turkey. Net gearing at the end of June 2017 cannot be calculated due to the company's negative equity (30 June 2016, 267.8%).

The Group's equity ratio at the end of June was -209.2% (15.5%).

Net cash flow from operations was EUR 0.5 million (EUR 7.4 million) in the review period.

Componenta has sold some of the trade receivables without any right of recourse. The volume of trade receivables of continued operations sold at the end of June totalled EUR 5.5 million (EUR 35.7 million) of which EUR 2.2 million related to the operations of Componenta Wirsbo. In Sweden and Finland the credit facilities from selling trade receivables were mostly lost at the start of the restructuring, which partly explains the decline in selling receivables.

At the end of the review period, the invested capital of the company was negative EUR -42.7 million (EUR 236.8 million).

Investments

Investments in production facilities in the review period totalled EUR 1.4 million (EUR 1.0 million), and financial lease investments accounted for EUR 0.0 million (EUR 0.0 million) of these. The Group's net cash flow from investments was EUR -1.1 million (EUR -4.1 million), which includes the cash flow from the Group's investments in tangible and intangible assets, and the cash flow from shares sold and purchased and from the sale of fixed assets and businesses.

Personnel

The Group had on average 780 (964) employees during the review period, 882 (1,060) including leased employees. The total number of employees in the Group at the end of the review period was 763 (945), 888 (1,072) including leased employees, of which 53% (62%) were in Finland and 47% (38%) in Sweden. At the end of the review period the total number of the employees in Wirsbo sub-group excluding leased employees was 220 (221).

Shares and shareholders

The shares of Componenta Corporation are quoted on Nasdaq Helsinki. The average share price during the review period was EUR 0.20, the lowest price was EUR 0.11, and the highest EUR 0.38. The quoted price at the end of June stood at EUR 0.31 (EUR 0.47). The share capital had a market capitalisation of EUR 54.4 million (EUR 61.3 million) and the volume of shares traded during the period was equivalent to 110% (4%) of the share stock.

Componenta Corporation's share capital stood at EUR 1.0 million (EUR 21.9 million) at the end of the period. At the end of the period the company had a total of 177,269,224 (131,367,224) shares. The increase in the number of shares results from the conversion of the principal of the convertible loan into shares. On 16 May 2016 Componenta Corporation issued a EUR 40 million convertible capital loan. The convertible capital loan was entirely converted into shares by 30 June 2017. Conversion into shares relating to the convertible loan totalled EUR 40 million and the company has issued 80,000,000 new shares.

The company had 7,055 (2,814) shareholders at the end of the review period.

Flagging notices

During the review period Componenta received three flagging notices as required by the Finnish Securities Market Act in the period 10 February – 22 March 2017. A separate stock exchange release has been published for each flagging notice.

According to these flagging notices, the total holding of Etra Capital Oy and Tiiviste-Group Oy, in which Erkki Etola exercises control, in Componenta Corporation shares and voting rights fell below 15% on 22 March 2017. The holding of Sampo Group in Componenta Corporation shares and voting rights fell below 5% on 10 February 2017. The holding of Mandatum Life Insurance Company Limited in Componenta Corporation shares and voting rights fell below 5% on 10 February 2017.

Resolutions of the Annual General Meeting

The Annual General Meeting of Componenta Corporation, held on 5 May 2017, adopted the financial statements and the consolidated financial statements for the financial period from 1 January to 31 December 2016 and discharged the members of the Board of Directors and the CEO from liability concerning the financial period. In accordance with the proposal of the Board of Directors, the General Meeting resolved that no dividend will be paid for the financial period ended 31 December 2016.

The number of the members of the Board of Directors was resolved to be four. The General Meeting resolved to re-elect Olli Isotalo and Tommi Salunen, both currently members of the Board of Directors, and to elect Petteri Walldén and Anne Leskelä as new members of the Board of Directors.

The General Meeting resolved that the annual remuneration payable to the Chairman of the Board shall be EUR 50,000 and the remuneration payable to other members of the Board of Directors shall be EUR 25,000. In addition, the members of any committees of the Board of Directors will be paid an annual remuneration of EUR 5,000. Travel expenses of the members of the Board of Directors shall be compensated in accordance with the Company's travel policy.

The General Meeting elected audit firm PricewaterhouseCoopers Ltd as the Company's auditor.

The General Meeting proposed that out of the loss of EUR 336,419,172.22 related to the financial periods ended on or before 31 December 2016 (the loss of the financial period ended on 31 December 2016 being EUR 236,496,663.78), as shown in the financial statements of the company as per 31 December 2016, a total amount of EUR 233,487,815.06 be covered by reducing the unrestricted equity reserve, the share premium reserve, the reserve fund and the Company's share capital. After these actions the sum of the unrestricted equity reserve, the share premium reserve and the reserve fund is EUR 0.00 and the share capital of the company is EUR 1,000,000.

The General Meeting also resolved to cancel the resolution by the General Meeting made on 15 April 2016 to issue a maximum of 10,000,000 option rights to the key employees of the Componenta Group.

Share-based incentive scheme

The Componenta Group does not have a current share-based incentive scheme.

Board of Directors and management

At its organizational meeting held after the Annual General Meeting on 5 May 2017, the Board of Directors elected Petteri Walldén as the Chairman of the Board and Tommi Salunen as the Vice Chairman of the Board.

The Board resolved not to establish a separate audit committee and that the entire Board shall attend to the tasks that belong to the audit committee under the Finnish Corporate Governance Code.

Componenta Group's Corporate Executive Team between 1 January 2017 and 17 April 2017 comprised President and CEO Harri Suutari; CFO Marko Karppinen; Pauliina Rannikko, Senior Vice President, HR and Legal; Sabri Özdoğan, Senior Vice President, Turkey, Aluminium Business Area; Seppo Erkkilä, Senior Vice President, Finland Business Area; Pasi Mäkinen, Senior Vice President, Turkey, Iron Business Area; Fredric Lindahl, Senior Vice President, Främmestad machine shop; and Mikael Schill, Senior Vice President, Forging.

Pauliina Rannikko, SVP Legal and HR of Componenta Group and member of the corporate executive team resigned from her position in Componenta and she moved as from 18 April 2017 to a new position outside Componenta.

Tuula Rainto was appointed as the Group's General Counsel and a member of the Corporate Executive Team as of 2 May 2017.

Componenta Group's Corporate Executive Team between 1 July 2017 and 3 August 2017 comprised CEO Harri Suutari; CFO Marko Karppinen; Tuula Rainto, Group General Counsel; Pasi Mäkinen, SVP Cast Components Business Area; Mikael Schill, SPV Forging Business and Sabri Özdoğan, Managing Director, Componenta Turkey. Seppo Erkkilä and Fredric Lindahl resigned from the Corporate Executive Team of Componenta and they report to Pasi Mäkinen. Mikael Schill's membership in Componenta's Corporate Executive Team ended on 17 July 2017 as a result of the Wirsbo subgroup's bankruptcy. Sabri Özdoğan left the Corporate Executive Team of Componenta after Componenta signed an agreement to sell the shareholding in Componenta Turkey. As of 4 August 2017, Componenta's Corporate Executive Team consist of CEO Harri Suutari; CFO Marko Karppinen; Pasi Mäkinen, SVP Cast Components Business Area and Tuula Rainto, Group General Counsel.

Restructuring proceedings

The administrator of the corporate restructuring proceedings for Componenta Corporation and Componenta Finland Ltd filed the draft restructuring programmes with the District Court of Helsinki on 30 March 2017. In its interim ruling on 4 April 2017, the District Court of Helsinki decided to continue processing the draft restructuring programmes. The administrator filed amended draft restructuring programmes with the District Court of Helsinki on 12 June 2017. The administrator considered that the draft restructuring programmes comply with the requirements of the Restructuring of Enterprises Act concerning the contents of the programme and that no obstacles existed to affirming the restructuring programmes. The amended draft restructuring programmes did not differ significantly from the original draft restructuring programmes.

On 20 June 2017 the District Court of Helsinki decided at the request of the administrator of the corporate restructuring proceedings to continue processing the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd. At the same time the Court decided on the creditor categories and voting rights, and on starting the voting procedure. In its ruling, the District Court states that the creditors of the companies should submit their voting statements to the District Court by 9 August 2017. On 16 August the administrator filed reports on the outcomes of the creditors' voting procedures relating to the draft restructuring programmes of Componenta Corporation and Componenta Finland Ltd to the District Court of Helsinki and in the same connection requested that the District Court affirmed the draft restructuring programmes. The draft restructuring programmes will be affirmed if the majority of creditors and their claims as required by law vote in favour of the draft restructuring programmes and any other requirements arising from law are met. With respect to Componenta Corporation and Componenta Finland Ltd, a clear majority of creditors and their claims supported the draft restructuring programme. The minimum number of creditors' votes set as the condition for the approval of the draft restructuring programme in the Restructuring of Enterprises Act were received in favour of the programmes. As a result, the administrator was not aware of any barriers to approval of the restructuring programme. It was the administrator's understanding that the restructuring programmes of Componenta Corporation and Componenta Finland Ltd can be affirmed under section 54 of the Restructuring of Enterprises Act. The Helsinki District Court is expected to affirm the draft restructuring programmes during the third quarter.

According to the payment scheme for subordinated loans under the draft restructuring programme, the companies´ restructuring debts will be paid over 5 years at half-yearly intervals so that the first repayment will become payable in 2019 and the last in 2023. A total of some

EUR 124 million in restructuring debt has been recorded in Componenta Corporation's balance sheet, and it is proposed to cut this by some 96%. EUR 95 million of Componenta Corporation's restructuring debt is to the Componenta Turkey sub-group, EUR 11 million to Group companies consolidated in the corporate financial statement, and EUR 18 million to other parties. Restructuring debts totalling around EUR 38 million have been recorded in the balance sheet of Componenta Finland Ltd, and EUR 1 million of this is guarantee liability and around EUR 37 million is subordinated restructuring debt. According to the proposals the subordinated debts would be cut by around 75 per cent. EUR 6 million of Componenta Finland Ltd's subordinated debts is to the Componenta Turkey sub-group, EUR 17 million to Group companies consolidated in the corporate financial statement, and EUR 14 million to other parties.

On 6 March 2017 the restructuring process of Componenta Främmestad AB got extension of time until 1 June 2017. On 29 May 2017 Componenta Främmestad filed an application to the Skaraborg District Court for an extension of three months for the restructuring proceedings of Componenta Främmestad and for convening a composition hearing.

In May 2017 Componenta Främmestad and Componenta Turkey signed a separate agreement regarding EUR 11.4 million restructuring debt receivable of Componenta Turkey. The restructuring debt receivable has later been defined to be EUR 10.0 million. According to the agreement, the debt is cut by 75% and shall be paid back within a period of six years, after the repayment of the other restructuring debt. The repayment is tied to the EBITDA of Componenta Främmestad. In consequence of the agreement Componenta Främmestad had sufficient support secured for the restructuring proceeding.

The local district court handed down its corporate restructuring ruling to Componenta Främmestad AB on 3 July 2017 and the decision became final on 24 July 2017. In accordance with the court ruling, the company is to pay restructuring debts of around SEK 20 million to creditors outside the Componenta Group within 12 months.

The restructuring proposal for Componenta Wirsbo AB came into force on 14 January 2017 and for Componenta Arvika AB on 21 January 2017. In accordance with the rulings of the local courts, the companies were to pay some SEK 47 million of the Group's external restructuring debt in July 2017. The companies did not succeed in reaching agreements to postpone repayments or in obtaining financing for the payment of restructuring debts. The companies filed for bankruptcy at the local district courts on 13 July 2017 and they were adjudicated bankrupt on 17 July 2017. The failure of the restructuring proceedings for Wirsbo and Arvika is not estimated to affect the restructuring proceedings for other Group companies.

At the end of the review period the companies consolidated in the corporate financial statements, after the cuts in the restructuring debt of Componenta Wirsbo and Componenta Arvika, had external restructuring debt of some EUR 154 million recorded in the corporate balance sheet, of which around EUR 110 million was to the Componenta Turkey sub-group. The Wirsbo sub-group's share of the restructuring debts at the end of the review period was EUR 4.9 million.

Risks and factors causing uncertainty to business

The most significant risks to Componenta's business are risks relating to the business environment (competition risk, situation and pricing risk, commodities risks and risks relating to the environment), risks relating to business operations (customer, supplier, productivity, production and process risks, upsets in the employment market, contract and product responsibility risks, personnel and data security risks) and financing risks (risks relating to arranging financing and liquidity; currency, interest and credit risks). The Group's business operations are dependent on the heavy truck industry, especially in Sweden, since 64% of net sales come from this industrial sector.

For the Group's business operations it is imperative that it can source certain raw materials, such as recycled steel, iron blocks and energy, at competitive prices. The cost risk associated with raw materials is primarily managed using pricing agreements, with which the prices of products are adjusted according to the prices of their raw materials. A rise in the price of raw materials can tie up more funds than estimated in working capital.

Componenta's corporate restructuring proceedings and possible future liquidity issues may adversely affect the volumes of future new sales and lessen the size of orders placed by customers for products to replace discontinued products. Due to the restructuring proceedings, at the moment the company cannot obtain the credit facilities it would need for signing hedging derivatives.

Refinancing and liquidity risks

In the near future Componenta Group's operational and financial risks relate to the corporate restructuring proceedings currently underway. The ability of the Group to continue as a going concern depends on whether viable restructuring programmes are approved for Group companies in Finland, and, where restructuring programmes have been approved or are still to be approved, that the companies in Finland and Componenta Främmestad in Sweden are able to make the payments stipulated in the restructuring programmes.

Events after the end of the period

The District Court of Skaraborg gave its ruling regarding the restructuring of Componenta Främmestad AB, the subsidiary of Componenta Corporation located in Sweden, and approved the composition on 3 July 2017. The ruling came final on 24 July 2017. Främmestad's restructuring debts are included in full in the balance sheet on the closing date since the ruling came into force after the end of period.

Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy in the local district courts on 13 July 2017 and the companies were adjudicated bankrupt on 17 July 2017. The companies failed to obtain financing for the payment of restructuring debts. At the end of the review period Componenta Wirsbo and Componenta Arvika are included in continued operations, since the events that led to filing for bankruptcy took place in July. During the third quarter consolidation of the balance sheets will end and any impact on the result will be presented as discontinued operations. At the end of the review period the net assets of the companies affecting the Group have been recorded at about zero, so the ending of consolidation and classification as discontinued operations are not expected to have a significant impact on the result in the second half of the year. The failure of the restructuring proceedings at Componenta Wirsbo and Componenta Arvika is not expected to affect the restructuring proceedings for other Group companies.

Componenta revised its guidance for 2017 on 13 July 2017. According to the new guidance the company expects continued operations excluding Componenta Wirsbo AB and Componenta Arvika AB to have net sales of EUR 110 – 130 million in 2017. Corresponding EBITDA excluding items affecting comparability is expected to be EUR 4 – 6 million. In 2016 corresponding comparable net sales was some EUR 122 million and EBITDA EUR 0.8 million.

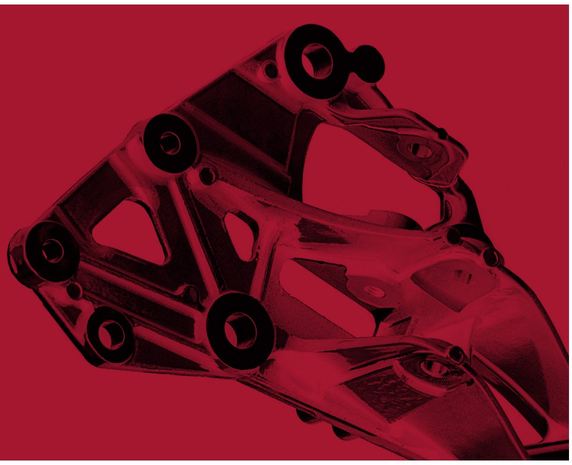
On 4 August 2017 Componenta signed an agreement to sell its shareholding in Componenta Turkey, amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş.. The transaction will not have cash flow impact. One prerequisite for the completion of the share transaction is that the Turkish club loan banks discharge Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million. In connection with signing the sale agreement, Componenta Turkey, as creditor, approved the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd.

The final date for the restructuring creditors of Componenta Corporation and Componenta Finland Ltd to give voting statements on the draft restructuring programmes for the companies was 9 August 2017. On 16 August 2017 the administrator of the corporate restructuring proceedings of Componenta Corporation and Componenta Finland Ltd filed reports on the outcomes of the creditors' voting procedures relating to the draft restructuring programmes of Componenta Corporation and Componenta Finland Ltd to the District Court of Helsinki and in the same connection requested that the District Court affirmed the draft restructuring programmes. The draft restructuring programmes will be affirmed if the majority of creditors and their claims as required by law vote in favour of the draft restructuring programmes and any other requirements arising from law are met. With respect to Componenta Corporation and Componenta Finland Ltd, a clear majority of creditors and their claims supported the draft restructuring programme. The minimum number of creditors' votes set as the condition for the approval of the draft restructuring programme in the Restructuring of Enterprises Act were received in favour of the programmes. As a result, the administrator was not aware of any barriers to approval of the restructuring programme. It was the administrator's understanding that the restructuring programmes of Componenta Corporation and Componenta Finland Ltd can be affirmed under section 54 of the Restructuring of Enterprises Act. The Helsinki District Court is expected to affirm the draft restructuring programmes during the third quarter.

Helsinki, 18 June 2017

COMPONENTA CORPORATION
Board of Directors

HALF-YEAR FINANCIAL REPORT TABLES



Accounting principles

This half-year financial report dated 30 June 2017 has been prepared in accordance with the IAS 34 standard for interim financial reporting. Componenta has applied the same corporate financial statement accounting principles in the preparation of this interim report as in the financial statements for 2016, which were prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU, taking into account the corporate restructuring proceedings described in the paragraph Corporate restructuring proceedings, below. This half-year financial report has not been audited.

Corporate restructuring proceedings

On 1 September 2016 Componenta applied for corporate restructuring of the parent company Componenta Corporation, its Finnish subsidiary Componenta Finland Oy and its Swedish subsidiaries Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB.

The Swedish iron forging businesses Componenta Wirsbo AB and its subsidiary Componenta Arvika AB received decisions concerning corporate restructuring from the local district courts on 30 December 2016 (Componenta Wirsbo AB) and 23 December 2016 (Componenta Arvika AB). The court's decisions decisions became final on 21 January 2017 for Wirsbo and 14 January 2017 for Arvika. In accordance with the rulings of the district courts, the companies were to pay some SEK 42 million of the Group's external restructuring debt in July 2017. As stated in Componenta's January-March business review, it was Componenta's primary goal to reach agreement with creditors on postponing payment of restructuring debts and to arrange refinancing by January 2018. However, after the end of the period it turned out that the companies failed to reach agreement with creditors on postponing payment of the restructuring debts, and they were also unable to obtain financing to pay these debts. At the same time Componenta was negotiating with potential buyers for the forge operations, but these negotiations ended without a result. In Sweden Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy at the local district courts on 13 July 2017. The failure of the restructuring proceedings at the Wirsbo sub-group is not estimated to affect the restructuring proceedings at other Group companies.

The local district court handed down its corporate restructuring decision for Componenta Främmestad AB on 3 July 2017, and the decision became final on 24 July 2017. In accordance with the district court rulings, the company is to pay some SEK 20 million of external restructuring debt by July 2018.The restructuring ruling was for the most part in accordance with the draft restructuring programme.

Componenta Främmestad AB and Componenta's Turkish subsidiary Componenta Dökümcülük Ticaret ve Sanayi A.S. (which is not consolidated in Componenta corporate's Group financial statements) signed a separate agreement in May 2017 regarding the EUR 11.4 million restructuring debt receivable to the Turkish subsidiary. The restructuring debt receivable has later been defined to be EUR 10.0 million. Under this agreement the debt will be cut by 75%, and the remaining debt of some EUR 2.5 million will be repaid after repayment of other restructuring debts within six years. The repayment is tied to Componenta Främmestad AB's EBITDA. Componenta Turkey is Componenta Främmestad's most significant creditor and supplier of castings, and this agreement gave Componenta Främmestad AB sufficient creditor support for the restructuring process.

The Administrator submitted draft debt restructuring programmes for Componenta Corporation and Componenta Finland Oy to the Helsinki District Court on 30 March 2017. In its interim decision on 4 April 2017 the Helsinki District Court decided to continue processing the draft restructuring programmes. On 12 June 2017 the Administrator submitted amended draft restructuring programmes to the local district court. The draft programmes were amended based on discussions with creditors. The Administrator considered that the draft restructuring programmes fulfilled the requirements of the Restructuring of Enterprises Act with regard to programme content and that there is no hindrance to approval of the draft restructuring programmes. Under the payment scheme for subordinated loans proposed in the draft restructuring programmes, the company's restructuring debts were to be paid over a period of five years at half-yearly intervals so that the first repayment would become payable in 2019 and the last in 2023. At the request of the Administrator of the corporate restructuring proceedings, Helsinki District Court decided on 20 June 2017 to continue processing the draft corporate restructuring programmes for Componenta Corporation and Componenta Finland Oy. At the same time the district court decided on the creditor categories and voting rights and that the voting process should begin. According to the district court ruling, the companies' creditors must submit their voting statements to the district court by 9 August 2017. As announced on 15 August, the outcome of the voting procedure was that Componenta Corporation and Componenta Finland Oy obtained the necessary support for continuing the restructuring programmes. After the voting procedure the district court will decide on whether to confirm the restructuring programmes, and this is estimated to take place during the third quarter.

On 4 August 2017 Componenta signed an agreement to sell its shareholding in Componenta Turkey, which accounts for 93,6% of the shares and voting rights in that company, to Döktaş Metal Sanayi ve Ticaret A.Ş.. One prerequisite for the completion of the share transaction is that the Turkish club loan banks discharge Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million. The company expects the sale to be completed after the restructuring programme for the parent company has been affirmed. In connection with signing the sale agreement, Componenta Turkey, as creditor, approved the draft restructuring programmes for Componenta Corporation and Componenta Finland Oy.

On 30 June 2017 the Componenta Group companies that are consolidated in the Group's corporate financial statement had a total of around EUR 155 million external restructuring debt recorded in the corporate statement of financial position, of which around EUR 110 million was to the Componenta Turkey sub-group. During the half-year period, around EUR 7 million of corporate restructuring debt related to Wirsbo sub-group was cut-down. The cuts in the restructuring debt were recorded in the balance sheet after the local court decisions came into force. From Wirsbo subgroup some some EUR 12 million debts were consolidated to Group Financial Statements. These will be derecognised from the Group statement of financial position during the third quarter since the the control has been lost due to the bankruptcy proceedings.

The developments in the restructuring programmes in Finland and at Componenta Främmestad AB in Sweden are likely to change considerably the book values for restructuring debts in the balance sheet. No cuts in the restructuring debts, which may be approved as part of their restructuring programmes, have been made to the figures for Componenta Corporation, Componenta Finland Oy and Componenta Främmestad AB presented in the interim report. The reduction in the debts of Componenta Främmestad AB, estimated at EUR 14 million, will be recorded in the third quarter of 2017. Främmestad's restructuring debts are included in full in the closing date balance sheet since the ruling came into force after the end of the period. The reduction in the debts of Componenta Corporation and Componenta Finland Oy will be recorded after the restructuring programmes have been confirmed, which is estimated to take place during the third quarter.

No accrued interest costs were recorded in the review period for subordinated interest-bearing debt under the restructuring process. This is because they will be treated as lowest priority debt whereupon the accrued transferrable interest will be cut by 100 per cent after the beginning of the restructuring process.

Matters relating to the corporate restructuring proceedings have been described in more detail in the 2016 financial statement

Basis for consolidation

Under the debt restructuring proceedings, the management considers that the Company remains in control of the normal operations of Componenta Finland Oy, Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB. However, in certain special situations, as detailed in the Restructuring Acts of the countries in question, the Administrator's consent must be obtained for actions by a company under restructuring. The Administrator also has access to all operational and financial information of a company to the extent he deems necessary. The Administrator's role becomes a more restricted supervisory role after the local court rulings on corporate restructuring programmes have become final. Despite the limitations related to control under IFRS 10, the company believes that the inclusion of Componenta Finland Oy, Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position. In management opinion, the preparation of a consolidated financial statement is justified because the functions of the company and its consolidated subsidiaries are closely related to each other and are interdependent, and because the companies submitted their restructuring applications to the district courts simultaneously. Accordingly, Componenta's financial information for the review period ending on 30 June 2017 is given in consolidated financial statements, which cover the company and its subsidiaries under corporate restructuring.

In Sweden Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy at the local district courts on 13 July 2017. The company considers that it lost control in these companies in the third quarter of 2017, since the bankruptcy administrator now has control, and for this reason consolidation of the companies in Componenta Group ended in the third quarter. In the 2017 financial statements Componenta Wirsbo AB and Componenta Arvika AB are presented as discontinued operations. In this interim report, writedowns resulting from the bankruptcy proceedings have been recorded for Componenta Wirsbo and Componenta Arvika assets included in the consolidated financial statements such that long-term assets are zero in the consolidated balance sheet and the value of current net assets in the consolidated balance sheet is zero. Because of this, classifying these operations as discontinued and ending consolidation is not expected to have a significant impact on the result in the second half of 2017. In the second quarter, a total of some EUR 11.9 million was recorded in writedowns on assets in connection with the bankruptcy of Componenta Wirsbo AB and Componenta Arvika AB. It is possible, although in the opinion of the company unlikely, that additional costs for the Group may arise in connection with the bankruptcy proceedings in the second half of 2017.

The Company considers that it lost control over the Turkish subgroup towards the end of 2016, and for this reason consolidation of the sub-group in the Group's financial statements ended on 31 December 2016 and its operations have been classified as discontinued operations in Componenta's consolidated financial statements of 31 December 2016. The Dutch subsidiary Componenta B.V. filed for bankruptcy on 1 September 2016 and the corporation lost control over this subgroup. The Dutch sub-group's operations have been classified as discontinued operations in Componenta's corporate financial statement. In this half-year financial report the figures for comparison for the first half-year of 2016 have been adjusted for the income statement, including other comprehensive income items, and for the cash flow statement and certain key figures.

Matters concerning the basis for consolidation, control of companies and discontinued operations are discussed in more detail in the 2016 financial statements

Assumption of ability to continue as a going concern

This half-year financial report has been prepared on the going concern basis. It is assumed that the company can, during the foreseeable future, realise its assets and repay its liabilities as part of normal operations within the framework of the corporate restructuring proceedings. When assessing the going concern principle, company management has taken into account the uncertainties and risks related to the confirmed and draft restructuring programs, available funding sources and the cash flow estimates for the coming 12 months of the companies under restructuring proceedings.

The Group's liquidity and its effect on the Group's financial performance, as well as the success of the restructuring programmes and financial transactions, are affected by significant uncertainty factors, which the Group management has taken into account when assessing the company's ability to continue as a going concern. If the ongoing restructuring proceedings are not successful the Group will not have sufficient working capital required for the next 12 months. It is possible that the restructuring is unsuccessful and the company will file for bankruptcy.

Concerning the continuity of operations, the significant estimates and assumptions made by the company and management as well as uncertainties related to the restructuring procedures are as follows:

- The draft restructuring programmes drawn up for Componenta Corporation and Componenta Finland Oy are adopted as proposed and the creditors, including the parties controlling Componenta Turkey, support the restructuring programmes, or at least do not oppose them. After the end of review period, according to a report drawn up by the administrator for the Helsinki District Court on 16 August 2017, a clear majority of creditors and their claims supported the draft restructuring programme with respect to Componenta Corporation and Componenta Finland Ltd. The company expects to have the court affirmation during the third quarter and therefore the above mentioned uncertainty has decreased prior the release of this half-year financial report.
- Componenta Främmestad AB will be able to pay its restructuring debts in accordance with the agreed payment schedules in July 2018. In accordance with the ruling of the local court, the company is to pay some SEK 20 million of its debts outside the Group by July 2018. The company believes that Componenta Främmestad AB will be able to pay these debts when they fall due from operational income. Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy at the local district courts in July. In Componenta's opinion, the failure of the restructuring proceedings for Com-

ponenta Wirsbo AB and Componenta Arvika AB is not estimated to have a significant impact on the restructuring proceedings for other Group companies or on the ability of the parent company to continue as a going concern.
- When analysing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs. These estimates and therefore going concern assumprion are subject to significant uncertainty.

Management assumptions and accounting principles

In preparing this interim report according to IFRS, management has to make estimates and assumptions about the future. Estimates and assumptions are used for example in the following:
- analyses and conclusions relating to the ability to continue as a going concern
- estimating the impact of restructuring proceedings on the consolidated financial statement
- determining valuation principles and the values of the Group's assets and receivables, particularly taking into account the restructuring proceedings and uncertainty factors relating to the company's ability to continue as a going concern

Operating segments and change in segment reporting in 2017

At the end of 2016 the continuing Iron Business operations included the Pori and Högfors iron foundries in Finland, the Främmestad machine shop in Sweden and the Wirsbo forges in Sweden. At the end of 2016 Other Business included the Finnish service and real estate companies and the Group's administration functions. According to the draft corporate restructuring programmes, Componenta Corporation and Componenta Finland Oy must sell their investment properties, whereby the importance of the services and real estate operations within the Group will decrease in the future. The Group's centralised administrative functions have been considerably reduced in the last 18 months; the role of centralised functions and services has therefore been significantly reduced and will continue to decrease. The nature and financial effects of contract manufacturing, products and services at the Finnish iron foundries, Främmestad machine shop and Wirsbo forges are similar.

Therefore, as announced on 30 March 2017 and described above, Componenta Group now has only one reporting segment , the ''Contract Workshop Business'', which forms the basis for Componenta's reporting from 1 January 2017 onwards. As previously mentioned, the Contract Workshop Business segment includes Componenta's iron foundries in Finland, the machine shop and forge operations in Sweden, the real estate companies and Group functions.

IFRS 15, Revenues from contracts with customers

IFRS 15, Revenues from contracts with customers (effective for financial periods beginning on or after 1 January 2018). It replaces IAS 11, 'Construction contracts,' IAS 18,'Revenue and related interpretations'. Revenue is recognised when a customer obtains control of a good or service.

The Group's assessment of introducing the IFRS 15 standard: during 2016 and during the first half of 2017 the Group carried out a survey of the impact of IFRS 15. The survey examined Componenta's overall business model as seen from the viewpoint of IFRS 15. Componenta's general business model does not include project deliveries or long-term service agreements. In addition, the survey looked in more detail at customer contracts and harmonizing contracts with Componenta's general business model. On the basis of this survey, Componenta's current attitude to recognizing sales income and to control are in harmony with the requirements of the IFRS 15 standard, so in the Group's assessment the introduction of IFRS 15 will not have a significant impact on the Group's future financial statements.

Reconciliation of consolidated EBITDA

MEUR	1.1.–30.6.2017	1.1.–30.6.2016	1.4.–30.6.2017	1.4.–30.6.2016	1.1.–31.12.2016
EBITDA excluding items affecting comparability and operative exchange rate differences of continued operations	4.1	3.1	2.3	3.0	5.4
Operative exchange rate differences	–0.3	–1.1	–0.4	–0.9	–2.3
Adjusted EBITDA of continued operations	3.8	2.0	1.9	2.2	3.1
Items affecting comparability, continued operations *)	3.2	–6.8	–5.9	–6.8	–19.2
EBITDA of continued operations, incl. items affecting comparability	7.0	–4.8	–4.0	–4.6	–16.1

*) Items affecting comparability in EBITDA of continued operations in 2017 relate to Wirsbo sub-group's write-down of restructuring debt EUR +7.3 million. Write-downs to investment property values were EUR –3.1 million. The expenses related to restructuring measures, like legal and other external services, were EUR –0.9 million and other items affecting comparability as a net totalled EUR –0.1 million.

Reconciliation of consolidated operating profit

MEUR	1.1.–30.6.2017	1.1.–30.6.2016	1.4.–30.6.2017	1.4.–30.6.2016	1.1.–31.12.2016
Operating profit excluding items affecting comparability and operative exchange rate differences of continued operations	2.6	–0.9	1.6	1.0	–3.4
Operative exchange rate differences	–0.3	–1.1	–0.4	–0.9	–2.4
Adjusted operating profit of continued operations	2.2	–2.0	1.2	0.1	–5.8
Items affecting comparability, continued operations *)	–9.1	–6.9	–17.8	–6.8	–40.2
Operating profit of continued operations, IFRS	–6.9	–8.9	–16.6	–6.7	–46.0

*) Items affecting comparability in operating profit of continued operations in 2017 relate to Wirsbo sub-group's write-downs of restructuring debt EUR +7.3 million. Write-downs to investment property values were EUR –3.1 million. The expenses related to restructuring measures, like legal and other external services, were EUR –0.9 million. Forging operations registered write-downs of machinery, equipment and inventories EUR –12.3 million. Other items affecting comparability as a net totalled EUR –0.1 million.

Reconciliation of consolidated result after financial items

MEUR	1.1.–30.6.2017	1.1.–30.6.2016	1.4.–30.6.2017	1.4.–30.6.2016	1.1.–31.12.2016
Result after financial items excluding items affecting comparability and operative exchange rate differences of continued operations	2.2	–6.8	1.3	–2.3	–14.7
Operative exchange rate differences	–0.3	–1.1	–0.4	–0.9	–2.4
Adjusted result after financial items of continued operations	1.9	–7.9	0.9	–3.1	–17.0
Items affecting comparability, continued operations *)	–9.1	36.6	–17.8	36.7	0.5
Result after financial items of continued operations, IFRS	–7.2	28.7	–16.9	33.6	–16.5

*) Items affecting comparability in the result after financial items of continued operations in 2017 are the same than in the operating profit of continued operations, see above.

Items affecting comparability

MEUR	1.1.–30.6.2017	1.1.–30.6.2016	1.4.–30.6.2017	1.4.–30.6.2016	1.1.–31.12.2016
Continued operations:					
Restructuring debt decreases	**7.3**	–	–1.7	–	–
Reorganisation and restructuring expenses	**–0.9**	–0.9	–0.6	–0.8	–3.3
Write-downs of tangible and intangible assets and revaluations and bad debts	**–15.7**	–0.2	–15.3	0.0	–29.2
Capital gains and losses of divestments	**–0.1**	–5.9	–0.1	–6.0	–5.4
Other items affecting comparability in operating profit	**0.2**	0.0	–0.2	0.0	–2.3
Total in operating profit, continued operations	**–9.1**	–6.9	–17.8	–6.8	–40.2
Items affecting comparability in financial items	**0.0**	43.5	0.0	43.5	40.7
Total in result after financial items, continued operations	**–9.1**	36.6	–17.8	36.7	0.5
Tax items affecting comparability	**0.2**	0.1	0.0	0.1	–6.9
Total in net profit, continued operations	**–8.9**	36.7	–17.8	36.8	–6.4
Total in net profit, discontinued operations *)	**–**	–3.5	–	–1.7	–181.0
Total in net profit	**–8.9**	33.2	–17.8	35.1	–187.4

Reconciliation of net sales

MEUR	1.1.–30.6.2017	1.1.–30.6.2016	1.4.–30.6.2017	1.4.–30.6.2016	1.1.–31.12.2016
Continued operations total	**92.5**	103.1	46.3	53.5	183.6
Discontinued operations total	**–**	168.8	–	86.0	265.9
Internal items/eliminations	**–**	–28.9	–	–14.7	–45.4
Componenta total	**92.5**	243.1	46.3	124.8	404.1

Reconciliation of comparative figures, review period 2017 continued operations

Reconciliation of comparative net sales of review period continued operations

MEUR	1–6/2016	4–6/2016	1–3/2016	1–12/2016
Net sales, continued operations total, IFRS	**103.1**	53.5	49.6	183.6
Adjustment, Suomivalimo & Pistons net sales in 2016 before divestment	**–7.7**	–4.1	–3.6	–8.1
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016	**–6.5**	–3.1	–3.4	–8.8
Comparative net sales of review period continued operations	**89.0**	46.4	42.6	166.8

Review period continued operations reconciliation of comparative EBITDA

MEUR	1–6/2016	4–6/2016	1–3/2016	1–12/2016
Adjusted EBITDA of continued operations total	**2.0**	2.2	–0.1	3.1
Adjustment, Suomivalimo & Pistons EBITDA in 2016 before divestment	**0.0**	–0.2	0.2	0.1
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	**–2.3**	–1.1	–1.2	–3.9
Comparative adjusted EBITDA of review period continued operations	**–0.2**	0.9	–1.1	–0.7

Review period continued operations reconciliation of comparative operating profit

MEUR	1–6/2016	4–6/2016	1–3/2016	1–12/2016
Adjusted operating profit of continued operations total	**–2.0**	0.1	–2.1	–5.8
Adjustment, Suomivalimo & Pistons operating profit in 2016 before divestment	**0.4**	0.0	0.4	0.4
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	**–2.3**	–1.1	–1.2	–3.9
Comparative adjusted operating profit of review period continued operations	**–3.8**	–1.0	–2.8	–9.3

Wirsbo's balance sheet items in consolidated balance sheet 30.6.2017

MEUR	30.6.2017
Assets	
Total non-current assets	**0.0**
Inventories	**4.7**
Other current receivables	**6.9**
Cash and cash equivalents	**0.5**
Total assets	**12.0**
Shareholders' equity and liabilities	
Total shareholders' equity	**0.0**
Non-current liabilities	**0.3**
Current liabilities	**11.7**
Total shareholders' equity and liabilities	**12.0**

The review period 1–6.2017 continued operations excluding Wirsbo

Reconciliation of review period continued operations net sales excluding Wirsbo

MEUR	1–6/2017	1–6/2016	4–6/2017	4–6/2016	1–12/2016
Net sales, continued operations total, IFRS	**92.5**	103.1	46.3	53.5	183.6
Adjustment, Suomivalimo & Pistons net sales in 2016 before divestment	**–**	–7.7	–	–4.1	–8.1
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016	**–**	–6.5	–	–3.1	–8.8
Review period continued operations net sales	**92.5**	89.0	46.3	46.4	166.8
Adjustment of Wirsbo Group effect	**–27.3**	–23.5	–13.3	–12.3	–45.3
Adjustment of internal net sales	**0.2**	0.0	0.1	0.0	0.3
Review period continued operations net sales excluding Wirsbo	**65.4**	65.5	33.1	34.1	121.8

Reconciliation of review period continued operations comparative adjusted EBITDA excluding Wirsbo

MEUR	1–6/2017	1–6/2016	4–6/2017	4–6/2016	1–12/2016
Adjusted EBITDA of continued operations total	**3.8**	2.0	1.9	2.2	3.1
Adjustment, Suomivalimo & Pistons EBITDA in 2016 before divestment	**–**	0.0	–	–0.2	0.1
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	**–**	–2.3	–	–1.1	–3.9
Review period continued operations comparative adjusted EBITDA	**3.8**	–0.2	1.9	0.9	–0.7
Adjustment of Wirsbo group adjusted EBITDA	**–0.9**	1.1	–0.2	0.0	1.5
Review period continued operations EBITDA excluding Wirsbo	**2.9**	0.9	1.7	0.9	0.8

Reconciliation of review period continued operations comparative adjusted operating profit excluding Wirsbo

MEUR	1–6/2017	1–6/2016	4–6/2017	4–6/2016	1–12/2016
Adjusted operating profit of continued operations total	**2.2**	–2.0	1.2	0.1	–5.8
Adjustment, Suomivalimo & Pistons operating profit in 2016 before divestment	**–**	0.4	–	0.0	0.4
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	**–**	–2.3	–	–1.1	–3.9
Review period continued operations comparative adjusted operating profit	**2.2**	–3.8	1.2	–1.0	–9.3
Adjustment of Wirsbo group adjusted operating profit	**–0.5**	2.0	–0.1	0.5	3.2
Review period continued operations operating profit excluding Wirsbo	**1.7**	–1.9	1.1	–0.5	–6.0

Consolidated income statement excluding items affecting comparability

MEUR	1.1.–30.6.2017	1.1.–30.6.2016 Changed*)	1.1.–31.12.2016
Continued operations:			
Net sales	**92.5**	103.1	183.6
Other operating income	**0.1**	0.3	0.1
Operating expenses	**–88.9**	–101.4	–180.6
EBITDA	**3.8**	2.0	3.1
% of net sales	**4.1**	2.0	1.7
Depreciation, amortization and write-downs	**–1.5**	–4.0	–8.9
Share of the associated companies' result	**0.0**	0.0	0.0
Operating profit	**2.2**	–2.0	–5.8
% of net sales	***2.4***	*–1.9*	*–3.2*
Financial income and expenses	**–0.4**	–5.9	–11.3
Result after financial items	**1.9**	–7.9	–17.0
% of net sales	***2.0***	*–7.6*	*–9.3*
Income taxes	**0.2**	–0.4	–0.3
Net profit of continued operations	**2.1**	–8.3	–17.3
Discontinued operations:			
Net profit of Discontinued operations	**–**	–5.1	–10.8
Net profit	**2.1**	–13.4	–28.1
Allocation of net profit for the period			
To equity holders of the parent	**2.1**	–13.2	–24.9
To non-controlling interest	**0.0**	–0.1	–3.2
	2.1	–13.4	–28.1
Earnings per share calculated on the profit			
attributable to equity holders of the parent			
Earnings per share, Group, EUR	**0.01**	–0.13	–0.20
Earnings per share, continued operations, EUR	**0.01**	–0.08	–0.12
Earnings per share, discontinued operations, EUR	**–**	–0.05	–0.08

Consolidated income statement

MEUR	1.1.–30.6.2017	1.1.–30.6.2016 Changed*)	1.1.–31.12.2016
Continued operations:			
Net sales	**92,5**	103.1	183.6
Other operating income	**7,7**	0.5	1.9
Operating expenses	**–93,2**	–108.4	–201.6
EBITDA	**7,0**	–4.8	–16.1
% of net sales	**7,6**	–4.6	1.7
Depreciation, amortization and write-downs	**–13,9**	–4.1	–29.9
Share of the associated companies' result	**0,0**	0.0	0.0
Operating profit	**–6,9**	–8.9	–46.0
% of net sales	***–7,4***	*–8.6*	*–25.1*
Financial income and expenses	**–0,3**	37.6	29.5
Result after financial items	**–7,2**	28.7	–16.5
% of net sales	***–7,8***	*27.8*	*–9.0*
Income taxes	**0,4**	–0.3	–7.2
Net profit of continued operations	**–6,8**	28.5	–23.7
Discontinued operations:			
Net profit of discontinued operations	**–**	–8.6	–191.8
Net profit	**–6,8**	19.8	–215.5
Allocation of net profit for the period			
To equity holders of the parent	**–6,8**	20.0	–206.4
To non-controlling interest	**0,0**	–0.1	–9.1
	–6,8	19.8	–215.5
Earnings per share calculated on the profit			
attributable to equity holders of the parent			
Earnings per share, Group, EUR	**–0.04**	0.19	–1.64
Earnings per share, continued operations, EUR	**–0.04**	0.27	–0.18
Earnings per share, discontinued operations, EUR	**–**	–0.08	–1.46
Earnings per share with dilution, Group, EUR	**–0.04**	0.18	–1.64

Consolidated statement of comprehensive income

MEUR	1.1.–30.6.2017	1.1.–30.6.2016 Changed*)	1.1.–31.12.2016
Net profit	**–6.8**	19.8	–215.5
Continued operations:			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings and land areas	**0.0**	–	0.0
Items that may be reclassified subsequently to profit or loss			
Translation differences	**–0.4**	0.5	1.3
Actuarial gains and losses	**–**	0.0	0.0
Cash flow hedges	**0.1**	0.1	0.4
Other items	**0.0**	–0.1	0.0
Total items that may be reclassified to profit or loss subsequently	**–0.4**	0.5	1.6
Income tax on other comprehensive income	**0.0**	0.0	–0.1
Other comprehensive income of continued operations, net of tax	**–0.4**	0.5	1.5
Discontinued operations			
Revaluation of buildings and land areas, net of tax	**–**	–	–16.3
Translation differences	**–**	–0.2	38.7
Actuarial gains and losses, net of tax	**–**	–0.6	4.0
Other comprehensive income of discontinued operations, net of tax	**–**	–0.8	26.4
Total comprehensive income	**–7.2**	19.5	–187.6
Allocation of total comprehensive income			
To equity holders of the parent	**–7.2**	19.6	–180.0
To non-controlling interest	**0.0**	–0.1	–7.6
	–7.2	19.5	–187.6

*) The comparative figures from the first half of 2016 on income statement and cash flow statement have been adjusted because the Dutch and Turkey sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard

Consolidated statement of financial position

MEUR	30.6.2017	30.6.2016	31.12.2016
Assets			
Non-current assets			
Intangible assets	0.3	5.6	0.9
Goodwill	0.0	28.4	–
Investment properties	1.5	7.9	3.6
Tangible assets	22.4	224.6	35.8
Investment in associates	0.0	1.4	–
Receivables	0.3	7.4	0.3
Other investments	0.0	0.9	0.0
Deferred tax assets	0.0	5.5	–
Total non-current assets	24.5	281.7	40.6
Current assets			
Inventories	17.8	66.3	17.7
Receivables	21.9	43.3	21.4
Tax receivables	0.1	0.1	0.1
Cash and cash equivalents	3.5	7.1	4.4
Total current assets	43.3	124.7	43.5
Total assets	67.8	406.4	84.2
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1.0	21.9	21.9
Other equity	–137.6	33.1	–151.6
Equity attributable to equity holders of the parent company	–136.6	55.0	–129.7
Non-controlling interest	0.0	7.5	0.0
Shareholders' equity	–136.6	62.4	–129.7
Liabilities			
Non-current			
Capital loans, interest bearing	0.0	14.4	0.4
Interest bearing liabilities	56.1	75.5	56.2
Interest free liabilities and capital loans	27.0	0.4	27.0
Provisions	0.0	11.0	0.0
Deferred tax liability	2.0	11.4	2.4
Current			
Interest bearing	37.8	84.5	37.9
Interest free	80.7	142.4	89.1
Tax liabilities	0.0	0.3	0.0
Provisions	0.8	4.0	0.8
Total liabilities *)	204.3	343.9	213.8
Total shareholders' equity and liabilities	67.8	406.4	84.2

*) Group companies consolidated in the Group's financial statements had restructuring debts, at 31 December 2016, outside the Group that were recorded in the consolidated balance sheet totalling EUR 163 million and at 30 June 2017 EUR 155 million.

Condensed consolidated cash flow statement

MEUR	1.1.–30.06.2017	1.1.–30.6.2016 Changed *)	1.1.–31.12.2016
Cash flow from operating activities			
Result after financial items of continued operations	**–7.2**	28.7	–16.5
Depreciation, amortization and write-downs, continued operations	**13.9**	4.1	29.9
Net financial income and expenses, continued operations	**0.3**	–37.6	–29.5
Other income and expenses, adjustments to cash flow, continued operations	**–4.7**	–1.0	–1.0
Change in net working capital, continued operations	**–1.8**	–1.9	10.0
Cash flow from operations before financing and income taxes, continued operations	**0.6**	–7.7	–7.1
Interest received and paid and dividends received, continued operations	**–0.1**	–1.0	–2.8
Taxes paid, continued operations	**0.0**	0.0	0.0
Net cash flow from operating activities, continued operations	**0.5**	–8.7	–9.9
Net cash flow from operating activities, discontinued operations	**–**	16.1	9.7
Net cash flow from operating activities	**0.5**	7.4	–0.2
Cash flow from investing activities			
Capital expenditure in tangible and intangible assets, continued operations	**–1.3**	–0.9	–2.6
Proceeds from tangible and intangible assets, continued operations	**0.0**	3.7	9.7
Other investments and loans granted, continued operations	**0.0**	0.0	0.0
Proceeds from other investments and repayments of loan receivables, continued operations	**0.3**	0.3	0.3
Net cash flow from investing activities, continued operations	**–1.1**	3.1	7.4
Net cash flow from investing activities, discontinued operations	**–**	–7.1	–8.3
Net cash flow from investing activities	**–1.1**	–4.1	–0.9
Cash flow from financing activities			
Proceeds from the issue of convertible bond, continued operations	**–**	25.4	25.4
Repayment of finance lease liabilities, continued operations	**–0.2**	–1.1	–3.0
Draw-down (+)/ repayment (–) of current loans, continued operations	**–0.2**	–0.1	–0.5
Draw-down of non-current loans, continued operations	**0.0**	0.0	0.1
Repayment of non-current loans and other changes, continued operations	**0.0**	–15.4	–15.7
Net cash flow from financing activities, continued operations	**–0.4**	8.8	6.3
Net cash flow from financing activities, discontinued operations	**–**	–11.1	–6.9
Net cash flow from financing activities	**–0.4**	–2.3	–0.6
Change in liquid assets	**–0.9**	1.0	–1.7
Cash and cash equivalents at the beginning of the period	**4.4**	6.1	6.1
Effects of exchange rate changes on cash	**0.0**	0.0	0.0
Cash and cash equivalents at the period end	**3.5**	7.1	4.4

*) The comparative figures from the first half of 2016 on income statement and cash flow statement have been adjusted because the Dutch and Turkey sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Other reserves	Cash flow hedges	Retained earnings: Trans lation diffe- rences	Retained earnings: Retained earnings	Total	Non-controlling interest	Share holders' equity total
Shareholders' equity 1.1.2016	**21.9**	**15.0**	**172.5**	**–0.4**	**–37.0**	**–160.9**	**11.1**	**7.6**	**18.6**
Net profit						19.9	19.9	–0.1	19.8
Translation differences					0.5		0.5	0.0	0.5
Actuarial gains and losses						0.0	0.0	0.0	0.0
Cash flow hedges				0.1			0.1		0.1
Revaluation of buildings and land areas			0.3			–0.3	0.0		0.0
Other comprehensive income items			–0.1				–0.1		–0.1
Comprehensive income items, discontinued operations			0.0		–0.2	–0.6	–0.8	0.0	–0.8
Total comprehensive income			0.1	0.1	0.3	19.1	19.6	–0.1	19.5
Issue of convertible bond			8.0				8.0		8.0
Dividend			16.4				16.4		16.4
Shareholders' equity 30.6.2016	**21.9**	**15.0**	**197.0**	**–0.3**	**–36.7**	**–141.8**	**55.0**	**7.5**	**62.4**

MEUR	Share capital	Share premium account	Other reserves	Cash flow hedges	Trans lation diffe- rences	Retained earnings	Total	Non-controlling interest	Share holders' equity total
Shareholders' equity 1.1.2017	**21.9**	**15.0**	**196.7**	**–0.1**	**0.6**	**–363.6**	**–129.7**	**0.0**	**–129.7**
Net profit						–6.8	–6.8	0.0	–6.8
Translation differences					–0.4		–0.4	0.0	–0.4
Cash flow hedges				0.0			0.0		0.0
Revaluation of buildings, land areas and investment properties			0.0			0.0	0.0		0.0
Other comprehensive income items			0.0				0.0		0.0
Total comprehensive income			0.0	0.0	–0.4	–6.8	–7.3	0.0	–7.3
Convertible bond, conversion to shares			0.4				0.4		0.4
Reclassifications	–20.9	–15.0	–191.9			227.8	0.0		0.0
Shareholders' equity 30.6.2017	**1.0**	**0.0**	**5.1**	**–0.1**	**0.1**	**–142.7**	**–136.6**	**0.0**	**–136.6**

Key Ratios

	30.6.2017	30.6.2016	31.12.2016
Equity ratio, %	**–209.2**	15.5	–165.3
Equity per share, EUR	**–0.77**	0.42	–0.74
Invested capital at period end, MEUR	**–42.7**	236.8	–35.2
Adjusted return on investment, %	**n/a**	–1.0	–0.2
Return on investment, %	**n/a**	–9.4	–61.7
Adjusted return on equity, %	**n/a**	–88.3	n/a
Return on equity, %	**n/a**	130.8	n/a
Net interest bearing debt, preferred capital note in debt, MEUR	**90.4**	167.2	90.1
Net gearing, preferred capital note in debt, %	**n/a**	267.8	n/a
Order book of continued operations, MEUR	**22.0**	21.8	30.8
Investments in non-current assets incl. finance leases, continued operations, MEUR	**1.4**	1,0	1,3
Investments in non-current assets incl. finance leases, discontinued operations, MEUR	**–**	13.8	18.5
Investments in non-current assets excl. finance leases, Group, MEUR	**1.4**	9.4	13.5
Investments in non-current assets incl. finance leases, Group, MEUR	**1.4**	14.9	19.9
Investments in non-current assets (incl. finance leases), % of net sales, Group	**1.5**	6.1	4.9
Average number of personnel during the period, continued operations	**780**	964	893
Average number of personnel during the period, incl. leased personnel, continued operations	**882**	1 060	992
Average number of personnel during the period, Group	**780**	3 914	3 614
Average number of personnel during the period, incl. leased personnel, Group	**882**	4 238	3 893
Number of personnel at period end, continued operations	**763**	945	791
Number of personnel at period end, incl. leased personnel, continued operations	**888**	1 072	878
Number of personnel at period end, Group	**763**	3 832	3 154
Number of personnel at period end, incl. leased personnel, Group	**888**	4 194	3 350
Share of export and foreign activities in net sales, %, Group	**85.7**	92.5	93.0
Contingent liabilities, MEUR	**146.6**	455.3	149.4

Per Share Data	30.6.2017	30.6.2016	31.12.2016
Earnings per share (EPS), EUR	**–0.04**	0.19	–1.64
Earnings per share, with dilution (EPS), EUR	**–0.04**	0.18	–1.64
Cash flow per share, EUR	**0.00**	0.07	0.00

Changes in tangible assets and goodwill

MEUR	1–6/2017	1–6/2016	1–12/2016
Changes in tangible assets			
Acquisition cost at the beginning of the period	**211.5**	586.1	586.1
Translation differences	**–0.8**	–2.4	–3.6
Additions	**1.4**	14.8	19.8
Companies acquired	**0.0**	0.0	0.0
Revaluation of buildings and land areas	**0.0**	0.0	–0.8
Disposals and transfers between items	**–1.5**	–29.9	–390.0
Acquisition cost at the end of the period	**210.6**	568.6	211.5
Accumulated depreciation at the beginning of the period	**–175.7**	–351.7	–351.7
Translation differences	**0.5**	1.5	2.3
Accumulated depreciation on disposals and transfers	**0.1**	14.1	212.2
Accumulated depreciation on companies acquired	**0.0**	0.0	0.0
Depreciation, amortization and write-downs during the period	**–13.1**	–7.9	–38.5
Accumulated depreciation at the end of the period	**–188.2**	–344.0	–175.7
Book value at the end of the period	**22.4**	224.6	35.8
Goodwill			
Acquisition cost at the beginning of the period	**0.0**	29.2	29.2
Translation difference	**0.0**	–0.1	0.2
Disposals and transfers between items	**0.0**	–0.7	–29.4
Book value at the end of the period	**0.0**	28.4	0.0

Group development

Net sales by market area, continued operations

MEUR	1-12/2016	1-6/2016	1-6/2017
Sweden	74.9	41.2	**42.9**
Finland	28.2	18.0	**13.2**
Benelux countries	25.0	13.5	**12.9**
Germany	17.5	9.1	**9.3**
Other European countries	30.4	15.3	**11.6**
Other countries	7.6	6.0	**2.5**
Continued operations	183.6	103.1	**92.5**
Discontinued operations	265.9	168.8	**–**
Eliminations	-45.4	-28.9	**–**
Total	404.1	243.1	**92.5**

Quarterly net sales development by market area, continued operations

MEUR	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Sweden	20.2	21.0	15.7	18.0	21.8	**21.0**
Finland	8.8	9.2	5.0	5.2	6.2	**7.0**
Benelux countries	7.4	6.1	4.8	6.7	6.1	**6.8**
Germany	3.8	5.3	4.3	4.1	5.1	**4.3**
Other European countries	6.6	8.8	6.1	8.9	5.8	**5.9**
Other countries	2.8	3.2	0.3	1.3	1.3	**1.2**
Continued operations	49.6	53.5	36.2	44.3	46.3	**46.3**
Discontinued operations	82.8	86.0	47.3	49.8	–	**–**
Eliminations	-14.2	-14.7	-8.4	-8.2	–	**–**
Total	118.2	124.8	75.1	85.9	46.3	**46.3**

Group continued operations development excluding items affecting comparability

MEUR	1-12/2016	1-6/2016	1-6/2017
Net sales	183.6	103.1	**92.5**
Operating profit	-5.8	-2.0	**2.2**
Net financial items	-11.3	-5.9	**-0.4**
Profit after financial items	-17.0	-7.9	**1.9**

Group continued operations development by quarter excluding items affecting comparability

MEUR	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Net sales	49.6	53.5	36.2	44.3	46.3	**46.3**
Operating profit	–2.1	0.1	–3.1	–0.7	1.0	**1.2**
Net financial items *)	–2.6	–3.3	–3.3	–2.0	–0.1	**–0.3**
Profit after financial items	–4.8	–3.1	–6.4	–2.7	1.0	**0.9**

Group continued operations development

MEUR	1–12/2016	1–6/2016	1–6/2017
Net sales	183.6	103.1	**92.5**
Operating profit	–46.0	–8.9	**–6.9**
Net financial items *)	29.5	37.6	**–0.3**
Profit after financial items	–16.5	28.7	**–7.2**

Group continued operations development by quarter

MEUR	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Net sales	49.6	53.5	36.2	44.2	46.3	**46.3**
Operating profit	–2.3	–6.7	–8.5	–28.6	9.7	**–16.6**
Net financial items	–2.6	40.3	–3.4	–4.7	–0.1	**–0.3**
Profit after financial items	–4.9	33.6	–11.8	–33.4	9.6	**–16.9**

Order book at period end, MEUR	Q1/16	Q2/16*)	Q3/16	Q4/16	Q1/17	Q2/17
Continued operations total	32.4	21.8	31.4	30.8	31.3	**22.0**

*) Q2/16 comparative order book figure has been changed. In earlier years Q2 order books period has been extended from the upcoming 2 months window in order to better reflect the effective coming operational production and delivery days. Annual holiday season related production plant closures among Componenta and among its customers are mainly taking place during Q3 period. The new comparative figure for Q2/16 EUR 22.6 million takes into consideration only the next 2 months orders. Earlier released comparative figure was EUR 34.5 million, which counted only the operative production- and delivery dates.

Fair values of derivative instruments

MEUR	30.6.2017 Fair value, positive	30.6.2017 Fair value, negative	30.6.2017 Fair value, net	30.6.2016 Fair value, net	31.12.2016 Fair value, net
Currency derivatives					
Foreign exchange forwards	–	–	–	–	–
Currency swaps	–	–	–	–	–
Interest rate derivatives					
Interest rate swaps	–	–	–	–	–
Commodity derivatives					
Electricity price forwards	–	–	–	–0.5	–
Total	**0.0**	**0.0**	0.0	–0.5	0.0

Nominal values of derivative instruments

MEUR	30.6.2017 Nominal value	30.6.2016 Nominal value	31.12.2016 Nominal value
Currency derivatives *)			
Foreign exchange forwards	–	–	–
Currency swaps	–	–	–
Foreign exchange options	–	–	–
Interest rate derivatives			
Interest rate swaps			
Maturity in less than a year	–	–	–
Maturity after one year and less than five years	–	–	–
Commodity derivatives			
Electricity price forwards			
Maturity in less than a year	–	0.7	–
Maturity after one year and less than five years	–	1.9	–
Total	**0.0**	2.6	0.0

Classification of fair value of financial assets and liabilities

Financial assets and liabilities that are valued at fair value, are classified on three levels depending on the estimated reliability of the valuation method:

LEVEL 1:
A reliable quoted market price exists for identical instruments quoted on an active market. Electricity price forwards are classified on this level, as their valuations are based on market prices for Nord Pool's similar standardized products.

LEVEL 2:
A market price quoted on the active market exists for similar but not identical instruments. The price may, however, be derived from observable market information. The fair values of interest rate and currency derivatives are calculated by deriving them from price information obtained on the active market and using valuation techniques that are commonly applied in the market.

LEVEL 3:
There is no active market for the instrument, a fair market price cannot be reliably derived, and defining the fair value requires significant assumptions.

Fair values by classification of valuation method Q2 / 2017

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	–	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	–	–	–
Available-for-sale investments	–	–	–

Fair values by classification of valuation method Q2 / 2016

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	–	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	–0.5	–	–
Available-for-sale investments	–	–	0.8

Fair values by classification of valuation method Q4 / 2016

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	–	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	–	–	–
Available-for-sale investments	–	–	–

No financial assets or liabilities were transferred from one level to another during the financial year.

The fair value of forward rate agreements is the profit or loss that would occur from closing the agreement, calculated at the market price on the balance sheet date. The fair value of interest rate and currency options is measured using commonly known option pricing models. The fair value of interest rate swaps is calculated by discounting future cash flows at current interest rates at the balance sheet date. Foreign exchange forwards and swaps are valued at forward prices on the balance sheet date. The fair value of electricity price forwards is the estimated profit or loss that would derive from closing the contracts at market prices on the balance sheet date.

Contingent liabilities

MEUR	30.6.2017	30.6.2016	31.12.2016
Real-estate mortgages			
For own debts	7.8	4.7	7.8
Business mortgages			
For own debts	51.0	64.2	53.3
Pledges			
For own debts	4.0	381.1	4.0
Other leasing commitments	3.0	4.2	3.4
Other commitments	80.8	1.2	80.9
Total	146.6	455.3	149.4

On 30 June 2016 Componenta had contingent financial leasing liabilities, from not yet started contracts, amounting to EUR 0.0 million (EUR 0.9 million) and 31.12.2016 EUR 0.0 million. Financial leasing liability and the investment capitalization is recorded in the statement of financial position when the financial leasing contract begins and when the financial leasing underlying machinery etc. object is received.

Key exchange rates for the Euro

	Closing rate			Average rate		
One Euro is	30.6.2017	30.6.2016	31.12.2016	30.6.2017	30.6.2016	31.12.2016
SEK	9.6398	9.4242	9.5525	9.5968	9.3019	9.4689
USD	1.1412	1.1102	1.0541	1.0830	1.1159	1.1069
GBP	0.8793	0.8265	0.8562	0.8606	0.7788	0.8195
TRY (Turkish central bank)	4.0030	3.2044	3.7099	3.9303	3.2562	3.3413
RUB	67.5449	71.5200	64.3000	62.8057	78.2968	74.1446

Total restructuring debt in Group's balance sheet 30 Jun 2017

Current interest bearing liabilities

MEUR	30.6.2017
To Turkish sub-group	36.2
To other creditors	1.7
	37.8

Non-current interest bearing liabilities

To Turkish sub-group	55.0
To other creditors	1.1
	56.1

Current non-interest bearing liabilities

To Turkish sub-group	19.3
To other creditors	42.0
	61.3

Non-current non-interest bearing liabilities

To Turkish sub-group	-
To other creditors	-
	-

Group's total restructuring debt

To Turkish sub-group	110.4
To other creditors	44.8
	155.2

Summary of Groups's restructuring debt (to Turkish sub-group and to other creditors) per each company

Componenta Corporation	110.0
Componenta Finland Oy	20.5
Componenta Främmestad AB	19.8
Componenta Wirsbo Group	4.9
	155.2

In addition, Group has restucturing debt from hybrid bonds with a capital of EUR 2.6 million and EUR 1.4 million of interest liabilities of the hybrid bonds which have been recorded under Shareholders' equity.

Total restructuring debt in Group's balance sheet 31 Dec 2016

Current interest bearing liabilities

MEUR	31.12.2016
To Turkish sub-group	36.2
To other creditors	1.8
	37.9

Non-current interest bearing liabilities

To Turkish sub-group	55.0
To other creditors	1.6
	56.6

Current non-interest bearing liabilities

To Turkish sub-group	19.3
To other creditors	49.6
	68.9

Non-current non-interest bearing liabilities

To Turkish sub-group	-
To other creditors	-
	-

Group's total restructuring debt

To Turkish sub-group	110.4
To other creditors	53.0
	163.4

Summary of Groups's restructuring debt (to Turkish sub-group and to other creditors) per each company

Componenta Corporation	108.7
Componenta Finland Oy	20.5
Componenta Främmestad AB	20.0
Componenta Wirsbo Group	14.2
	163.4

In addition, Group has restucturing debt from hybrid bonds with a capital of EUR 2.6 million and EUR 0.9 million of interest liabilities of the hybrid bonds which have been recorded under Shareholders' equity.

Calculation of key financial ratios

Return on equity, % (ROE) *)	=	$\frac{\text{Profit (Group) after financial items – income taxes x 100}}{\text{Shareholders' equity without preferred capital notes + non-controlling interest (quarterly average)}}$
Return on investment, % (ROI) *)	=	$\frac{\text{Profit (Group) after financial items + interest and other financial expenses x 100}}{\text{Shareholders' equity + interest bearing liabilities (quarterly average)}}$
		Adjusted return on equity and adjusted return on investment are computed similarly as above mentioned, except that the income statement items included in the numerator are excluding items affecting comparability.
Equity ratio, %	=	$\frac{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest x 100}}{\text{Balance sheet total – advances received}}$
Earnings per share, EUR (EPS)	=	$\frac{\text{Profit after financial items – income taxes +/– non-controlling interest – deferred and paid interest on hybrid loan}}{\text{Average number of shares during the financial period}}$
Earnings per share with dilution, EUR	=	As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.
Cash flow per share, EUR (CEPS)	=	$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares during the financial period}}$
Equity per share, EUR	=	$\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$
Net interest bearing debt, MEUR	=	Interest bearing liabilities + preferred capital notes – cash and bank accounts
Net gearing, %	=	$\frac{\text{Net interest bearing liabilities x 100}}{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest}}$
EBITDA, EUR	=	Operating profit + Depreciation, amortization and write-downs +/– Share of the associated companies' result

*) The profit for the first quarter of the year in ROE and ROI has been calculated as an average annual return (annualised).

Componenta Corporation

Teknobulevardi 3 – 5, D-building, FI-01530 Vantaa, Finland

Tel. +358 10 403 00, fax +358 10 403 2721

www.componenta.com