

COMPONENTA FINLAND LTD

**ADMINISTRATOR'S
DRAFT RESTRUCTURING PROGRAMME**

HELSINKI, 30/03/2017



CASTRÉN & SNELLMAN

SECRECY OBLIGATION

This document contains confidential information, with respect to which sections 14 and 95 of the **Restructuring of Enterprises Act** (47/1993) provide the following:

Section 14

Confidentiality obligation

‘The administrator, a member of the committee of creditors and a creditor, a person employed by the same, or an assistant or expert advisor retained by them shall not disclose or use for personal benefit any information relating to the financial position, business relationships or business secrets of the debtor that he or she had learned in connection with the proceedings.’

Section 95

Liability in Damages for a Violation of a Secrecy Obligation

‘A person who, deliberately or through negligence, violates the secrecy obligation provided in section 14, shall be liable to compensate to the debtor the loss thus caused.’

Violating the secrecy obligation can be subject to punishment also pursuant to the provisions of the Criminal Code regarding the violation of a business secret.

Insider Information

The company is part of the Componenta group, and the shares of the parent company, Componenta Corporation, are listed on the stock exchange list of Nasdaq Helsinki Ltd.

This draft restructuring programme does not include insider information.

TABLE OF CONTENTS

1	GOALS AND MAIN CONTENTS OF THE RESTRUCTURING PROGRAMME	6
1.1	Reasons for Componenta Finland Ltd's Financial Difficulties	6
1.2	Improving the Efficiency of Operations and the Profitability.....	6
1.3	Sale of Assets Unrelated to the Business.....	6
1.4	Debt Arrangement Relating to the Restructuring Proceedings	7
1.4.1	Total Amount of Restructuring Debt	7
1.4.2	Secured Debts	7
1.4.3	Unsecured Debts	7
1.4.4	Debts with Lowest Priority	8
1.5	Obligation to Make Supplementary Payments	8
1.6	Duration of the Restructuring Programme.....	8
1.7	Financing of the Restructuring Programme	8
1.8	Viability of the Restructuring Programme for Approval and Implementation	9
I	ACCOUNTS	10
2	CONTACT	10
2.1	Debtor	10
2.2	Administrator	10
2.3	Court of the Restructuring Proceedings.....	10
3	RESTRUCTURING PROCEEDINGS	10
3.1	Restructuring Application.....	10
3.2	Interim Interdictions.....	11
3.3	Initiation of Restructuring Proceedings.....	11
3.4	Notices Concerning the Procedure	11
3.5	Time Limits.....	11
3.6	Notification of the Claims of the Creditors	11
3.7	Restructuring Debt.....	11
3.8	Committee of creditors.....	12
3.9	Minor Creditors	12
3.10	Report on the Debtor's Assets, Liabilities and Other Undertakings	13
3.11	Draft Restructuring Programme	13
3.12	Experts Consulted by the Administrator.....	13
3.13	Insider Information.....	13
4	COMPANY	13
4.1	General	13
4.1.1	Incorporation and Field of Operation.....	13
4.1.2	Business of the Componenta Group.....	13
4.2	Operations of the Company	14
4.3	Personnel	14
4.4	Group Companies	15
4.5	Ownership.....	15
4.6	Board of Directors	15
4.7	President and CEO	15
4.8	The Remuneration of the President and CEO and the Members of the Board.....	15
4.9	Books and Auditors	16
4.10	Close Relationships of Persons in Charge.....	16
5	STATEMENT OF AFFAIRS ON THE ASSETS, LIABILITIES AND OTHER UNDERTAKINGS AND OF THE SECURITY FOR THE LIABILITIES.....	17
5.1	General	17
5.2	Valuation Basis of the Company's Funds	17
5.3	Assets of the Company	17
5.4	Assessment of Assets in the Event of Bankruptcy	19
5.4.1	General.....	19
5.4.2	Non-Current Assets.....	19
5.4.3	Current Assets	20
5.5	Restructuring Debts	22
5.5.1	General.....	22
5.5.2	Secured Debts	22
5.5.3	Accounts Payable (Group External)	23
5.5.4	Debts under Public Law	23

	5.5.5	Debts to Group Companies	23
	5.5.6	Disputed Debts	23
5.6		Securities and Guarantees Given by Third Parties on Behalf of the Company	23
	5.6.1	General	23
	5.6.2	Ilmarinen Mutual Pension Insurance Company	23
	5.6.3	Guarantees on Behalf of Subsidiaries	23
	5.6.4	Uusimaa ELY Centre	24
	5.6.5	Garantia Insurance Company Ltd	24
	5.6.6	Iisalmen Valiomo Oy and Iisalmen Teollisuuskylä Oy	24
5.7		Changes in the Restructuring Debts after the Commencement of the Proceedings	24
	5.7.1	Reduction of the Secured Debt	24
	5.7.2	Set-Offs	25
	5.7.3	Small Claims	26
5.8		Collateral and Valuation of Restructuring Debt	27
	5.8.1	Collateral in General	27
	5.8.2	Property Mortgages	27
	5.8.3	Leasing Property	28
	5.8.4	Margins	28
	5.8.5	Collaterals Based on a Retention of Title Clause	28
6		ACTIVITIES AND THEIR RESULTS FROM THE PERIOD AFTER THE COMMENCEMENT OF THE PROCEEDINGS	30
	6.1	Business Operations during the Proceedings	30
	6.2	Result of Operations	30
7		CHANGES AFTER THE COMMENCEMENT OF THE PROCEEDINGS IN THE ORGANISATION OR THE OTHER OPERATING CONDITIONS OF THE DEBTOR	31
	7.1	Reorganisation of Activities	31
	7.2	Changes in Places of Business and Personnel	32
	7.3	Changes in Management	32
	7.4	Changes in Fixed Assets	32
	7.4.1	Acquisition of Fixed Assets	32
	7.4.2	Sale of Fixed Assets	32
	7.5	Termination of Agreements	32
8		CREDIT TAKEN AFTER THE COMMENCEMENT OF THE PROCEEDINGS AND OTHER UNDERTAKINGS	33
9		CLOSE RELATIONSHIPS OF CREDITORS AND THE DEBTOR	33
10		THE RESULTS OF AUDITS AND INSPECTIONS OF THE ACTIVITIES OF THE COMPANY AS WELL AS MEASURES CAUSED BY THEM	34
	10.1	Special Audit	34
	10.1.1	General	34
	10.1.2	Equity, Excessive Indebtedness and Insolvency	34
	10.1.3	Contracts with the Persons in Charge and Other Related Parties	34
	10.1.4	Changes and Observations Related to the Financing	35
	10.1.5	Possible Grounds for Recovery	35
	10.1.6	Compliance with the Interlocutory Interdiction of Repayment	35
	10.1.7	Accounting	35
11		DEBTOR'S FINANCIAL STATUS IN THE ABSENCE OF A RESTRUCTURING PROGRAMME	35
12		DEBTOR'S OBLIGATION TO PROVIDE INFORMATION AND TO CO-OPERATE	35
II		MEASURES AND ARRANGEMENTS	36
13		THE OBJECTIVES OF THE RESTRUCTURING PROGRAMME	36
14		CONTINUATION OF THE ACTIVITIES OF THE DEBTOR AND CHANGES IN THE LEGAL AND ORGANISATIONAL ENVIRONMENT	36
	14.1	General	36
	14.2	Business Operations	36
	14.3	Management and Administration	37
	14.4	Premises	37
	14.5	Legal Structure	37
15		MEASURES AND ARRANGEMENTS THAT AFFECT THE ASSETS OF THE DEBTOR	37
	15.1	Sales	37
	15.2	Programme Balance Sheet	38
16		ARRANGEMENTS CONCERNING THE PERSONNEL	38
17		ARRANGEMENTS REGARDING RESTRUCTURING DEBTS	38

17.1	General	38
17.2	Secured Debts	38
17.2.1	General	38
17.2.2	Part Payments of Secured Debt	39
17.2.3	Interest on Secured Debt	39
17.3	Debts under Public Law	39
17.3.1	General	39
17.3.2	Cutting Restructuring Debts under Public Law	39
17.3.3	Part Payments of and Interest on Debts under Public Law	39
17.4	Unsecured Restructuring Debts	40
17.4.1	General	40
17.4.2	Cutting Unsecured Restructuring Debts	40
17.4.3	Part Payments of and Interest on Unsecured Restructuring Debts	40
17.5	Conditional and Maximum Amount Restructuring Debts	40
17.5.1	General	40
17.5.2	Reduction of Conditional and Maximum Amount Restructuring Debts	41
17.5.3	Part Payments of and Interest on Conditional and Maximum Amount Debts	41
17.6	Debts with Lowest Priority	41
17.7	Disputed Debts	41
17.8	Unknown Debts	42
17.9	Guarantors' Position	42
18	PAYMENTS TO CLOSE PERSONS	42
19	MEASURES RELATED TO CORPORATE LAW	43
19.1	Reduction of Share Capital	43
20	OBLIGATION TO MAKE SUPPLEMENTARY PAYMENTS	43
20.1	Obligation to Make Supplementary Payments Due to Better-Than-Expected Cash Flow of the Company's Business	43
20.2	Obligation to Make Supplementary Payments Due to Premature Repayment	43
21	FINANCING OF THE PROGRAMME	44
III	PAYMENT PROGRAMME	45
22	PAYMENT PROGRAMME	45
IV	APPROVAL AND VALIDITY OF THE RESTRUCTURING PROGRAMME	46
23	APPROVAL OF THE RESTRUCTURING PROGRAMME IN GENERAL	46
24	DIVISION INTO GROUPS	46
24.1	Groups of Creditors	46
24.2	Groups of Creditors and Votes	46
24.3	Voting Rights Related to the Division of the Creditors into Groups	46
25	APPROVAL OF THE RESTRUCTURING PROGRAMME	46
25.1	Requirements for Approval	46
25.2	Compliance Regardless of Appeal	47
26	VALIDITY AND LAPSING OF THE RESTRUCTURING PROGRAMME	47
26.1	Provision on the Validity of the Programme	47
26.2	Right to Premature Repayment	47
26.3	Lapsing of the Restructuring Programme by Virtue of Law	48
26.4	Lapse of the Debt Arrangement on the Basis of Law	48
27	AMENDMENT OF THE RESTRUCTURING PROGRAMME	49
28	OTHER PROVISIONS	49
28.1	Monitoring of the Programme	49
28.1.1	Company Management	49
28.1.2	Supervisor	49
28.1.3	Committee of Creditors	50
28.2	Actions Requiring the Supervisor's Consent	50
28.2.1	Sale of the Real Estate Properties or Real Estate Companies Related to the Business	50
28.2.2	Commencement of Operations in a New Location	50
28.2.3	Winding up of Business	50
	APPENDICES	51

1 GOALS AND MAIN CONTENTS OF THE RESTRUCTURING PROGRAMME

1.1 Reasons for Componenta Finland Ltd's Financial Difficulties

The Company's financial difficulties originate from the economic recession caused by the financial crisis of 2008 and 2009. In 2009, the Componenta group's turnover was 58% lower than in 2008. The weak demand in the market and the weak financial situation of several companies in the sector led to very intense competition in the market. The Componenta group lost some of its customer relationships in competitive tender processes. The group's production capacity has been excessive in proportion to its production and the turnover. The group's sales have decreased, particularly in high-margin business areas, highlighting only large-volume, low-profit business areas. The Company has not been able to react sufficiently quickly and effectively to the weakening demand. Measures to improve the situation, such as the closure of the Pietarsaari foundry, have also involved significant costs.

In order to acquire working capital, the Company and the group companies have had to finance its sales receivables with the help of financing companies and its clients. This has been necessary in order to continue the operations, but which has increased financing costs and weakened both the group's and the Company's result.

As a result of Componenta Corporation's acquisitions and expansion, the group structure became heavy and expensive to manage, and the group became indebted. For this reason, the administrative fees paid by the Company to the parent company became heavy compared to the Company's earning power.

The Company and the group parent company, Componenta Corporation, filed restructuring applications to the court on 01/09/2016, and the restructuring application commenced on 30/09/2016. In addition, the Company's subsidiary, Componenta Främme stad AB, and the companies belonging to its subgroup, Componenta Wirso AB and Componenta Arvika AB, filed for corporate restructuring proceedings under Swedish law. Their proceedings commenced on 01/09 and 02/09/2016, respectively. Componenta B.V, the Company's sister company registered in the Netherlands, was declared bankrupt on 02/09/2016.

1.2 Improving the Efficiency of Operations and the Profitability

The success of the implementation of the restructuring programme requires that the Company is able to improve the efficiency of its operations and the productivity of the work. The Company must regularly assess the efficiency of its production processes. The Company must also try to increase the share of high-margin products of the volume of the Company's total sales and to avoid possible losses of customers, partly with the help of further improving supply security.

The success of the implementation of the Company's restructuring programme is also affected by the reduction of the management fee paid by the Company following the improved efficiency of the operations of the Company's parent company, Componenta Corporation.

1.3 Sale of Assets Unrelated to the Business

The Company owns a few real estate properties unrelated to the Company's core business through real estate companies and the share capital of some non-operational companies.

During the restructuring programme, the Company must sell its real estate companies and parts thereof that are not related to the group's core business to a party outside the group.

In addition, in order to simplify its administrative structure, the Company must sell or dissolve its non-operational subsidiaries through liquidation or merger within 18 months of the confirmation of the restructuring programme.

During the restructuring programme, the Company is obligated to sell its fixed assets unrelated to the business.

1.4 Debt Arrangement Relating to the Restructuring Proceedings

1.4.1 Total Amount of Restructuring Debt

The total amount of restructuring debt to be taken into account in the Company's restructuring proceedings is approximately EUR 37.2 million, including disputed debts. The secured debt's share of the restructuring debts amounts to approximately EUR 0.8 million. Of the restructuring debts, the amount of debts to parties outside the group is approximately EUR 14.4 million and the amount of intra-group debts is approximately EUR 22.7 million. The Company also owes approximately EUR 0.1 million of disputed debt.

The Company has no lowest-priority restructuring debt.

1.4.2 Secured Debts

The Company has a total of EUR 0.8 million of secured debt considered restructuring debt.

The secured debt includes a pension contribution credit loan of EUR 0.7 million to Ilmarinen Mutual Pension Insurance Company. The mortgage deeds given by the Company for a confirmed real estate mortgage serve as security for the loan. The secured debt also includes overdue receivables of approximately EUR 5,000 to OP Corporate Bank plc which are based on a leasing agreement. The objects of lease serve as security for the debts. The secured debt also includes a debt of EUR 0.1 million to Elenia Oy concerning electricity supply. The refundable connection fee, which is larger than the debt, of a connection agreement concerning a place of electricity use serves as a security for the debt.

According to the payment programme for secured debts, the Company's secured debts will be paid every six months over 5 years from the commencement of the payment programme so that the first instalment will fall due for payment on 03/05/2019 and the last on 03/11/2023. The final instalment is larger than the other instalments.

Interest will be paid to the secured debt for the period of the restructuring proceedings in accordance with the original credit terms, and as of the approval of the restructuring programme 6-month Euribor plus a margin of 2.0%, however, so that the interest is at least 2.5%. The interest will be determined with respect to the first interest period in accordance with the interest rate quotation of the date of the approval and after that on the basis of the interest rate quotation of the first day of each interest period. The interest will be paid afterwards in conjunction with each instalment.

1.4.3 Unsecured Debts

The total amount of unsecured restructuring debt is approximately EUR 36.3 million. The unsecured debts consist of group external accounts payable, debts under public law as well as of the Company's debts to other group companies.

The amount of unsecured debts will be cut by 75% in the restructuring programme.

According to the payment programme for unsecured debts, the Company's unsecured debts will be paid every six months over 5 years from the commencement of the payment programme so that the first instalment will fall due for payment on 03/05/2019 and the last on 03/11/2023. The final instalment is larger than the other instalments.

No interest will be paid on unsecured debts for the duration of the restructuring proceedings and restructuring programme.

1.4.4 Debts with Lowest Priority

With the exception of lowest-priority restructuring debts, the Company has no interest accrued on the unsecured debts during the restructuring proceedings. Under the restructuring programme, debts with lowest priority will not receive payments.

1.5 Obligation to Make Supplementary Payments

The Company may be obligated to make supplementary payments on the basis of better-than-expected cash flow.

The obligation to make supplementary payments will be incurred if the Company's realised cash flow during a calendar year between 2018 and 2022 exceeds the cash flow from operating activities projected in the programme balance sheet for the calendar year in question. When determining the obligation to make supplementary payments, any shortfall of the cash flow from operating activities incurred in 2018 or thereafter compared to the cash flow from operating activities projected in the programme balance sheet will be deducted once from the projected cash flow. The obligation to make supplementary payments is 50% of the amount calculated above.

Only the Company's unsecured creditors are entitled to supplementary payments.

1.6 Duration of the Restructuring Programme

The duration of the restructuring programme is approximately 7 years. The duration of the payment programme both for secured debts and unsecured debts is approximately 5 years, starting on 03/05/2019 and ending on 03/11/2023.

The company is entitled, if it so wishes, to have the restructuring programme end prematurely. The premature ending of the restructuring programme requires that the Company

- pays the remaining payments under the payment programme to secured creditors as a lump sum; and
- pays the remaining payments under the payment programme to each unsecured creditor at a multiple based on the ending date as defined in section 26.2 of the restructuring programme.

1.7 Financing of the Restructuring Programme

The administrator is of the opinion that the restructuring programme can be financed using the cash flow from the Company's operations and sales of assets.

1.8**Viability of the Restructuring Programme for Approval and Implementation**

The administrator is of the opinion that the Company's business can be rehabilitated under the requirements stated above and that a restructuring programme fit for approval and implementation can be achieved for the Company.

I ACCOUNTS

2 CONTACT

2.1 Debtor

Trade name Componenta Finland Ltd (hereinafter also the **Company**)
Registered office Helsinki
Business ID 0114490-3

Debtor's contact information:

Componenta Finland Ltd
Bremerintie 6
03600 Karkkila, Finland
Telephone +358 10 403 00
Fax +358 10 403 2614

Name and contact information of debtor's representative:

Seppo Erkkilä, President and CEO
Telephone +358 10 403 00
E-mail seppo.erkkila@componenta.com

2.2 Administrator

The Helsinki District Court appointed Mr Mika Ilveskero, Attorney, as administrator of the debtor on 30/09/2016. Contact information:

Mika Ilveskero, Attorney
Castrén & Snellman Attorneys Ltd
PO Box 233 (Eteläesplanadi 14)
00131 Helsinki, Finland
Tel. +358 20 7765 403
Fax +358 20 7765 001
E-mail mika.ilveskero@castren.fi

In addition to the administrator, the administrator's organisation consists of Elina Pesonen, Attorney, and Christer Svartström, Master of Laws.

2.3 Court of the Restructuring Proceedings

Helsinki District Court
Porkkalankatu 13
00180 Helsinki, Finland
Tel: +358 29 564 4200
Fax +358 29 564 4218
E-mail helsinki.ko@oikeus.fi

The record number of the matter is HS 16/34970.

3 RESTRUCTURING PROCEEDINGS

3.1 Restructuring Application

The application for commencement of restructuring proceedings was filed at the District Court of Helsinki on 01/09/2016. The applicant was the debtor.

The creditors who can be regarded significant on the basis of the amount of their claims have not opposed the commencement of the restructuring proceed-

ings concerning the Company. No other obstacles to the restructuring proceedings as referred to in section 7 of the Restructuring of Enterprises Act have been found.

3.2 Interim Interdictions

By a decision issued at 14:00 on 09/09/2016, the Helsinki District Court temporarily enforced the sections of the Company's application concerning the interdiction of repayment and provision of security provided for in section 17 of the Restructuring of Enterprises Act, the interdiction of debt collection referred to in section 19 of the Restructuring of Enterprises Act, and the interdiction of distraint and other enforcement measures referred to in section 21 of the Restructuring of Enterprises Act prior to the commencement of the proceedings.

3.3 Initiation of Restructuring Proceedings

The restructuring proceedings began by virtue of decision No 16/47476 issued by the Helsinki District Court at 10:00 on 30/09/2016.

3.4 Notices Concerning the Procedure

A notice of commencement of the proceedings was sent on 05/10/2016 to the creditors, guarantors, joint creditors and providers of collateral mentioned in the Company's application. The notice sent to the creditors on the commencement of restructuring proceedings was translated into English for foreign creditors.

In addition, a notice of the commencement of the proceedings was sent in accordance with sections 5 and 8 of the Decree on the Restructuring of Companies (55/1993) to the Finnish Patents and Registration Office for registration in the Trade Register and to the execution offices of the debtor's registered office, the ELY Centre and the National Land Survey of Finland. The administrator has entered those creditors that have so requested into the KOSTI data management system for bankruptcy and restructuring proceedings.

3.5 Time Limits

Time limit for recovery action 01/09/2016
Time limit for notifications concerning the claims of the creditors
04/11/2016
Time limit for preparation of the report 16/12/2016
Time limit for preparation of the restructuring programme 31/03/2017
Initiation of actions for recovery 30/03/2017

3.6 Notification of the Claims of the Creditors

The creditors have been requested to declare their claims to the administrator by 04/11/2016 if they differ from those reported by the debtor or if the creditor has wished to claim the overdue interest that has accrued until the commencement of the proceedings on 30/09/2016.

The administrator has reviewed the creditors' declarations and has sought to work out any conflicts between the debtor company and the creditors' declarations.

3.7 Restructuring Debt

Any debts that have arisen before the filing of the application for restructuring on 01/09/2016 are treated as restructuring debt.

3.8 Committee of creditors

The committee of creditors was appointed by a decision of the Helsinki District Court on 04/11/2016.

The following members were appointed to the committee of creditors:

Representative of secured creditors

1. Petri Jokinen
Ilmarinen Mutual Pension Insurance Company
Porkkalankatu 1
00018 Ilmarinen, Finland
E-mail petri.jokinen@ilmarinen.fi

Representatives of the creditors of accounts payable

2. Iiro Hollmén, attorney
GTP Schäfer GmbH
c/o Lukander Ruohola HTO Attorneys at Law Ltd
Yliopistonkatu 15 B
20100 Turku, Finland
E-mail iiro.hollmen@lrhto.fi
3. Samuli Sirkkunen
Material Nexus Finland Oy
Teknobulevardi 3–5
01530 Vantaa, Finland
E-mail samuli.sirkkunen@materiaalikeskus.fi

The secretary of the committee of creditors is Elina Pesonen, attorney, of Castrén & Snellman Attorneys Ltd.

The committee of creditors has met on 22/11/2016, 14/12/2016, 24/01/2017, 15/02/2017, 07/03/2017 and 23/03/2017.

3.9 Minor Creditors

On 15/12/2016, the administrator decided in accordance with section 18(2)(4) of the Restructuring of Enterprises Act that creditors whose claims are less than EUR 500 will be paid their claims, provided the claims are not lowest-priority restructuring debt. There are approximately 105 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 22,588.17.

On 13/03/2017, the administrator decided that creditors whose claims are no more than EUR 1,000 will be paid their claims, provided the claims are not lowest-priority restructuring debt. There are approximately 53 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 36,941.37.

The total amount of the restructuring debts paid as minor debts under section 18(2)(4) of the Restructuring of Enterprises Act is EUR 59,629.54, and the total number of the creditors whose claims will be paid is 158. At the time of writing the draft restructuring programme, the final restructuring claim of the creditor has not been specified with respect to a few minor debts. As a result, the aforementioned figures may slightly change.

3.10 Report on the Debtor's Assets, Liabilities and Other Undertakings

The report on the debtor's assets, liabilities and other undertakings was prepared on 16/12/2016. The report has been provided to the debtor, to the members of the committee of creditors, to the major creditors and to the creditors who have specifically requested it as well as to the Bankruptcy Ombudsman.

3.11 Draft Restructuring Programme

In accordance with the decision of the Helsinki District Court, the administrator was to present a draft restructuring programme and present it to the Helsinki District Court at the latest by 30/01/2017.

Based on the administrator's application of 26/01/2017, the District Court extended the deadline for the draft restructuring programme so that the administrator is obligated to submit the draft to the District Court no later than on 31/03/2017.

3.12 Experts Consulted by the Administrator

RSM AuditSum Oy carried out a targeted special audit.

The administrator has discussed the draft restructuring programme and its principles with the Company's board of directors and operative management, the secured creditors, the Office of Bankruptcy Ombudsman and the committee of creditors.

3.13 Insider Information

The company is part of the Componenta group, and the shares of the parent company, Componenta Corporation, are listed on the stock exchange list of Nasdaq Helsinki Ltd. Componenta Corporation falls within the scope of legislation on listed companies and other authority regulations. The company's business is closely connected with that of the group's parent company, and projects concerning the company may also have an effect on the share value of the parent company. As a result, the rules and regulations concerning insider information and the stock exchange's communications rules have been taken into consideration in the restructuring proceedings.

4 COMPANY

4.1 General

4.1.1 Incorporation and Field of Operation

The company was entered into the Trade Register on 10/01/1947.

The Company's field of operation entered in the Trade Register is to engage in the metal industry and trade related thereto.

4.1.2 Business of the Componenta Group

The Componenta group was established in 1918 when it started its operations as an iron foundry in Helsinki under the trade name Rauta- ja Metallivalimo Suomi. The group grew organically until the 1980s, from which time the group has mainly grown through acquisitions.

The business operations of the Componenta group cover the engineering, casting and machining of iron and aluminium components for various industrial needs. The production of the components manufactured by the group ranges

from single items to series of tens of thousands of items manufactured from different material alternatives. The customer base of the group mainly consists of operators in the truck, construction, mining and engineering industries as well as of manufacturers of passenger cars and farming machinery.

The Componenta group has key business operations in Finland, Sweden and Turkey. The group structure is described in more detail in section 4.4.

The administrative parent company of the group is Componenta Corporation, which owns the entire share capital of the Company. Componenta Corporation's shares are listed on the stock exchange list of Nasdaq Helsinki Ltd.

The Company engages in operative business in foundries located in Karkkila and Pori, Finland. The Company's business operations are described in more detail in Section 4.2.

The Company's Swedish subsidiary, Componenta Främmestad AB, engages primarily in the machining, painting and distribution of the iron components manufactured by the Company and the Turkish group company. The Company's Swedish group companies, Componenta Arvika AB and Componenta Wirsbo AB, engage in forging operations.

The Company's Turkish affiliate, Componenta Dökümcülük Ticaret ve Sanayi A.Ş. (hereinafter **Componenta Turkey**), has a foundry and engineering works in Orhangaz, Turkey, and an aluminium foundry, engineering works and a wheel production unit in Manisas, Turkey. Componenta Turkey is listed on the Istanbul stock exchange.

The group also had foundry operations in the Netherlands. The operations ceased on 02/09/2016 when the group's Dutch company, Componenta B.V., was declared bankrupt.

4.2 Operations of the Company

The company is the group's Finnish operative group company. The company includes the Högfors foundry located in Karkkila, which the Componenta group acquired in 1985. The Company also includes the former Rosenlew foundry located in Pori, which the Company acquired in 1988. The Company used to include iron foundries in Iisalmi and Pietarsaari. The Iisalmi foundry was sold in the summer of 2016 and the Pietarsaari foundry ceased operations in 2014.

The Company has focused on the manufacturing of iron castings for the heavy automotive industry, agricultural machinery, work machinery, wind turbine and engineering industries. Part of the Company's turnover is formed by sales carried out by the Company's subsidiary, Componenta Främmestad AB. Componenta Främmestad AB is responsible for the further machining, painting and distribution of the components manufactured by the Company through its own customer network.

The Company's trade register extract ([Appendix 4.2a](#)) and its articles of association ([Appendix 4.2b](#)) are also attached to the draft restructuring programme.

4.3 Personnel

At the time of the commencement of the restructuring proceedings, the Company had 388 employees. At the time the draft restructuring programme was prepared, the Company employed 386 employees in total.

At the commencement of restructuring proceedings, the entire group had 3,248 employees in various places of business located in Finland, Turkey and Sweden.

4.4 Group Companies

The Company is part of the Componenta group, the administrative parent company of which is Componenta Corporation.

The Company's most significant directly owned group company is Componenta Främmestad AB. The Company's most significant indirectly owned group companies are:

- Componenta Wirsbo AB, 100% ownership, corporate restructuring proceedings commenced on 01/09/2016 and the debt arrangement was approved on 30/12/2016.
- Componenta Arvika AB, 100% ownership, corporate restructuring proceedings commenced on 02/09/2016 and the debt arrangement was approved on 23/12/2016.

Componenta Turkey is also one of the most significant group companies.

The group also consists of several real estate and service companies.

The group structure chart is presented in its entirety in Appendix 4.4.

4.5 Ownership

The Company's share capital is EUR 12,099,439.44, divided into 5,995 shares.

The group parent company, Componenta Corporation, owns the entire share capital of the Company.

4.6 Board of Directors

The general meeting of shareholders appoints the members of the board of directors.

The board of directors of the Company consists of the following members:

Harri Suutari, chairman as of 09/12/2015

Seppo Erkkilä, member as of 10/05/2012

Marko Karppinen, member as of 01/11/2016 up to which time Marko Honkasaalo acted as a board member as of 03/08/2016

The Company's Trade Register entries are up to date.

4.7 President and CEO

The board of directors appoints the President and CEO.

The Company's President and CEO is Seppo Erkkilä.

4.8 The Remuneration of the President and CEO and the Members of the Board

The administrator has examined the remuneration of the President and CEO. The administrator has assessed that the remuneration paid to the President and CEO is normal.

No remuneration was paid to the chairman of the board or to the members of the board for working in the board in 2016.

4.9 Books and Auditors

The Company handles its own accounting together with its parent company, Componenta Corporation. The group's financial statements bulletin concerning the period 01/01/2016–31/12/2016 has been published on 30/03/2017 and the financial statements and the auditor's report will be issued on or about 12/04/2017. Componenta Finland Ltd's financial statements will be completed during April 2017.

The Company's auditor is audit firm PricewaterhouseCoopers Oy (business ID 0486406-8) and its responsible auditor is Samuli Perälä, APA.

4.10 Close Relationships of Persons in Charge

According to information gathered by the administrator, the following persons in charge of the Company have connections with the affiliates listed below.

Harri Suutari

- Kiinteistö Oy Ylä-Emali (business ID: 0790792-4)
- Componenta Karkkilan Palvelut Oy (business ID: 0793423-6)
- Componenta Corporation (business ID: 1635451-6)
- Kiinteistö Oy Pietarsaaren Tehtaankatu 13 (business ID: 1654307-7)
- Karkkilan Valimokiinteistö Oy (business ID: 0618348-5)
- Kiinteistö Oy Ala-Emali (business ID: 0771550-0)
- Karkkilan Koskikiinteistö Oy (business ID: 0618347-7)
- Oy Högfors-Ruukki Ab (business ID: 0871292-6)
- Oy Componenta-Öljypoltin Ab (business ID: 0771552-7)
- Oy Componenta-Services Ab (business ID: 0771555-1)
- Oy Componenta-Lämmitysjärjestelmät Ab (business ID: 0774887-1)
- Componenta Kehitysyhtiö Oy (business ID: 0771557-8)
- Pietarsaaren Vanha Valimo Oy (business ID: 0771557-8)
- Oy Högfors-Design Ab (business ID: 0843071-8)
- Uudenmaan Rakennustiimi Oy (business ID: 0897223-4)

Seppo Erkkilä

- Oy Högfors-Ruukki Ab (business ID: 0871292-6)
- Kiinteistö Oy Ala-Emali (business ID: 0771550-0)
- Karkkilan Valimokiinteistö Oy (business ID: 0618348-5)
- Kiinteistö Oy Pietarsaaren Tehtaankatu 13 (business ID: 1654307-7)
- Karkkilan Koskikiinteistö Oy (business ID: 0618347-7)
- Kiinteistö Oy Ylä-Emali (business ID: 0790792-4)
- Uudenmaan Rakennustiimi Oy (business ID: 0897223-4)
- Pietarsaaren Vanha Valimo Oy (business ID: 0791516-6)

Marko Karppinen

- Pietarsaaren Vanha Valimo Oy (business ID: 0771557-8)
- Karkkilan Koskikiinteistö Oy (business ID: 0618347-7)
- Oy Högfors-Design Ab (business ID: 0843071-8)
- Karkkilan Valimokiinteistö Oy (business ID: 0618348-5)
- Kiinteistö Oy Ala-Emali (business ID: 0771550-0)
- Componenta Karkkilan Palvelut Oy (business ID: 0793423-6)
- Oy Högfors-Ruukki Ab (business ID: 0871292-6)
- Oy Componenta-Öljypoltin Ab (business ID: 0771552-7)
- Oy Componenta-Services Ab (business ID: 0771555-1)
- Oy Componenta-Lämmitysjärjestelmät Ab (business ID: 0774887-1)
- Componenta Kehitysyhtiö Oy (business ID: 0771557-8)
- Kiinteistö Oy Ylä-Emali (business ID: 0790792-4)
- Uudenmaan Rakennustiimi Oy (business ID: 0897223-4)

The administrator has also investigated the business connections of the persons in charge in other respects, but has deemed that they have no bearing on the restructuring proceedings at hand.

5 STATEMENT OF AFFAIRS ON THE ASSETS, LIABILITIES AND OTHER UNDERTAKINGS AND OF THE SECURITY FOR THE LIABILITIES

5.1 General

The restructuring programme shall contain itemised accounts of the assets, liabilities and other undertakings of the debtor and of the security for the liabilities.

Debts that have formed before the filing of the restructuring application, i.e. 01/09/2016, will be considered restructuring debts.

In accordance with section 3(1)(7) of the Restructuring of Enterprises Act, the amount of secured debt to be included in the restructuring proceedings is based on the value of the collateral at the time the proceedings were initiated after the deduction of liquidation costs and claims with a higher priority.

5.2 Valuation Basis of the Company's Funds

Interim financial statements were drawn up for the Company as at the starting date of the restructuring proceedings, 30/09/2016.

The assets stated below are measured according to the going concern principle as at the date of the interim financial statements and the financial statements.

5.3 Assets of the Company

The Company's balance sheet as at 30/09/2016 and 31/12/2016:

Non-current assets	30/09/2016	31/12/2016
Intangible Assets	118,878.13	72,431.96
Tangible Assets	25,634,983.86	15,594,801.41
Investments	4,666,662.81	485,729.65

Total non-current assets	30,420,524.80	16,152,963.02
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The Company's intangible assets consist of investments stated as development costs and other long-term costs.

In terms of the balance sheet value, the most significant part of the Company's tangible assets consists of machinery, devices and equipment located in the foundries in Pori and Karkkila and related to the production. The Company's tangible assets also include the foundry real estate, which is directly owned by the Company, and the buildings on the real estate. The Company's tangible assets also include advance payments made by the Company and the company's pending projects.

The Company's investment assets include the shares of its subsidiaries, the most significant example being the entire share capital of the Swedish Componenta Främmestad AB. The subsidiary shares also include the real estate companies Pietarsaaren Vanha Valimo Oy and Karkkilan Valimokiinteistö Oy which own real property in Pietarsaari and Karkkila.

The Company's investment assets also include a 14% share of Karkkilan Koskikiinteistö Oy which owns a part of the foundry real estate in Karkkila. The part in question is not part of the Company's production operations. The investment assets also include the Company's shares of purchasing associations related to energy and other goods as well as share-based memberships in, among other things, cultural communities. The Company's investment assets include the refundable connection fee paid by the Company to Elenia Oy concerning a place of electricity use.

Current Assets	30/09/2016	31/12/2016
Stocks	5,766,847.85	4,808,915.36
Long-term receivables	535,089.65	59,043.81
Short-term receivables	5,346,314.75	5,760,904.27
Cash in hand and at bank	3,566,943.39	3,339,157.23
Total current assets	15,215,195.64	13,968,020.67

The Company's inventories consist of raw materials owned by it as well as semi-finished and finished products. The Company's inventories also include a significant number of advance payments paid by the Company.

The Company's long-term receivables consist of consolidated account and group loan receivables. The long-term receivables also include a group external and secured loan receivable of approximately EUR 0.5 million.

The Company's short-term receivables consist of intra-group and external trade receivables. The Company's short-term receivables include a share of the group external secured loan receivable stated above in the long-term receivables. The share has been recorded as short-term in the accounting. The Company's short-term receivables also include its advance payment receivables which are partly accounting items similar to, among other things, completed leasing payments. The Company's prepayments and accrued income are also taken into account in the Company's short-term receivables.

5.4 Assessment of Assets in the Event of Bankruptcy

5.4.1 General

Pursuant to section 42(2) of the Restructuring of Enterprises Act, the restructuring programme shall include an estimate of the debtor's share to be paid in case of a bankruptcy. In order to conduct a bankruptcy comparison, the Company's realisation balance sheet of 30/09/2016 ([Appendix 5.4](#)) is attached to restructuring programme.

The administrator considers that the most probable alternative in the bankruptcy is that the foundries located in Pori and Karkkila would be sold together with their real estates to the parties that continue the business operations and that would be ready to pay such a price for the business operations that is only slightly better than the separate sale of the machinery and equipment.

The measurement principles applied to the realisation balance sheet for the bankruptcy alternative are described below.

5.4.2 Non-Current Assets

Intangible assets, such as development expenses, intangible rights and other long-term expenses, have been removed entirely from the valuation of assets, because said balance sheet items do not bring income in a bankruptcy.

Tangible assets comprise of the foundry real estate in Pori, the buildings, machinery and equipment owned by the Company, and of other fixed assets of minor significance. The tangible assets also include unfinished projects.

The valuation of the foundry real estate in Pori and the buildings located thereon is based on the division in accordance with the balance sheet value between the value of the buildings and the real estate calculated for the aggregate realisation value of approximately EUR 0.8 million. When determining the realisation value, it has been considered likely that a new operator would continue the foundry operations on the real estate, but at a calculated rent level that is lower compared to the current level. If the foundry operations were not to be continued on the real estate, the realisation value of the real estate and the buildings located thereon would probably be considerably lower.

Reports have been obtained on the Company's machinery and equipment. On the basis of the valuation report, the sales price of the Company's machinery and equipment would be crucially dependent on whether a party continuing the business operations can be found.

The Company's investments comprise of holdings in group organisations, other shares and units, and of other investments.

The Company has 9 subsidiaries that it fully owns. Of these subsidiaries, the Swedish Componenta Främmestad AB is the only one carrying on business operations. Two of the subsidiaries are real estate companies which own the foundry real estate properties in Karkkila and Pietarsaari, and other companies are such companies that do not have business operations. The Company also own 13.99% of the real estate company Karkkilan Koskikiinteistö Oy.

Other shares and units comprise of, among other things, units in energy and other purchasing associations, telephone company units, shares of one real estate company and of other minor shares and units. Other shares and units also include the Company's holding in Karkkilan Malliapu Oy which produces casting models for the Company and third parties.

The investments also include a refundable connection fee of EUR 247,500.00 to Elenia Oy.

The balance sheet value of the subsidiaries is based on the synergy produced by them as part of the Componenta group. In the administrator's view, the companies could not be sold by the bankruptcy estate so that their value would remain. With respect to the real estate companies, the debts of the companies exceed the value of their assets, so, as a result, the shares of the real estate companies would not have realisation value in the bankruptcy. Thus, the shares of the subsidiaries would not accrue assets into the bankruptcy estate.

The valuation of the group affiliate Karkkilan Koskikiinteistö Oy is based on the probable realisation value of the real estate in its ownership, taking into consideration on the one hand the rental income accrued by the real estate and on the other hand the challenging market situation. The value in accordance with the realisation balance is based on the Company's relative proportion of Karkkilan Koskikiinteistö Oy's share capital.

The value of the units of the Company's purchasing associations is based on the benefit produced by them for the business operations, and they have no independent realisation value. In addition, the Company has holdings in culture and sports associations which are based on the Company's membership in these associations. These holdings are not considered to have any realisation value in the bankruptcy.

The Company's holdings in Karkkilan Malliapu Oy is considered to have minor realisation value on the grounds that the Company's shares have no markets. The shares of Kiinteistö Oy Ahjolansato entitle to the possession six state-subsidised loan-funded flats in Iisalmi. The shares are assumed to have an aggregate realisation value of approximately EUR 200,000 in the Company's bankruptcy. The realisation value can vary depending on the market situation. The telephone company share owned by the Company has been valued at its balance sheet value in the realisation balance sheet, because assets would probably be accrued into the bankruptcy estate on the basis of it.

The refundable connection fee paid to Elenia Oy belongs to other investments and it has been valued at its balance sheet value in the realisation balance sheet. Elenia Oy is entitled to set off its possible receivables from the Company from the connection fee. The set-off is taken into consideration later in the realisation balance sheet in the calculation concerning distributable assets.

5.4.3 Current Assets

The inventories include the products, semi-finished products and raw materials located in the Company's warehouses in Pori and Karkkila. The realisation value of the inventories is defined on the basis that the business operations can be sold in the bankruptcy and the value of the assets will be higher than the smelting value.

The long-term receivables are comprised of the Company's consolidated account receivables from Componenta Corporation, a loan receivable of approximately EUR 0.5 million, a security deposit given on the basis of the Company's environmental permit, and of a security deposit given on behalf of the energy procurement company Chevys Voiman Ostajat Oy.

The Company's bankruptcy would most likely also lead to the bankruptcy of Componenta Corporation. The group account receivable from Componenta Corporation has been deemed to have no value, because any disbursement paid on the basis of it in Componenta Corporation's bankruptcy would be very small. The Company's loan receivable from a company that is not part of the group is valid and it is valued at its balance sheet value. The security deposit given on

behalf of Chevys Voiman Ostajat Oy is valued at its balance sheet value – during the restructuring proceedings, the receivable has been converted into equity in Chevys Voiman Ostajat Oy. This has been taken into consideration in the realisation balance sheet as a fact that decreases distributable assets. The security deposit given on the basis of the Company's environmental permit has not been assumed to be recoverable in the Company's bankruptcy.

The short-term receivables are comprised of the Company's external and the group's internal trade receivables, short-term loan receivables, advance payment receivables as well as prepayments and accrued income. The short-term loan receivables include given employee loans. The Company's advance payment receivables consist of, among other things, pay advances, leasing payments paid in advance, insurance premiums, procurements and energy tax receivables. The intra-group trade receivables written down by the Company have been recovered in the realisation balance sheet to the extent these receivables are admissible for set-off and the right of claim related to them still exists.

The external trade receivables of the Company's group have been valued in the realisation balance sheet at 75% of its balance sheet value in compliance with the prudence principle. It is likely that the trade receivables would not become income in their entirety in the bankruptcy estate due to, among other things, counterclaims and set-offs of other claims.

Of the intra-group trade receivables, the trade receivables from Componenta Corporation, Componenta Främmestad AB, Karkkilan Valimokiinteistö Oy, Kiinteistö Oy Ala-Emali and Kiinteistö Oy Ylä-Emali are valued at their likely realisation accrual. The trade receivables from the aforementioned and from Componenta Turkey have been valued at their balance sheet value to the extent that that Company has counterclaims eligible for set off from them. The mutual set-offs of counterclaims as well as the conversion of the receivable from Componenta Främmestad AB into equity have been taken into consideration later in the realisation balance sheet as a factor that decreases distributable assets. No assets would be accrued into the bankruptcy estate on the basis of the trade receivables from Componenta B.V. and other group companies.

With respect to the short-term loan receivables, the group external loan receivable is valid and it is valued at its balance sheet value. It is unlikely that the employee loan receivables would produce income into the bankruptcy estate due to the fact the staff would very likely have counterclaims subject to set-off as a result of the allocation of the salaries. With respect to the employee loan receivables, the short-term loan receivables are considered to have no value in the realisation balance sheet.

The advance payment receivables are either accounting items or they have been given to such parties that would likely incur counterclaims subject to set-off due to the Company's bankruptcy. No assets would be accrued into the bankruptcy estate on the basis of the advance payment receivables, or the accrual would be very uncertain. Observing the prudence principle, the administrator has deemed that the Company's advance payment receivables would have no value in the bankruptcy alternative.

The prepayments and accrued income comprise of the interest receivables of the short-term loan receivables, arrangement fee of the loan, energy tax receivables, insurance premium refund, reimbursements paid by the Social Insurance Institution of Finland in relation to occupational health, other prepayments and accrued income of minor significance and a clearing account.

The interest receivable based on the group external loan receivable is valued at its balance sheet value, because its accrual would be likely in the event of a bankruptcy. The receivables based on the energy tax, insurance premium refunds and reimbursements paid by the Social Insurance Institution of Finland

in relation to occupational health are also considered to enter as income into the bankruptcy estate at their full book value. Other prepayments and accrued income are considered to be accounting items or of such nature that no assets would be accrued into the bankruptcy estate on the basis of them.

Cash and cash receivables are appraised to their book value.

5-5 Restructuring Debts

5.5.1 General

According to section 3(1)(5) of the Restructuring Act, restructuring debt means all of the debts of the debtor that have arisen before the application became pending, including secured debts and debts whose basis or amount are conditional or contested or which are otherwise ambiguous.

Consequently, the Company's restructuring debts are all debts that have arisen before 01/09/2016.

The restructuring debts can broadly be divided as follows:

Secured Debts	appr. EUR 0.8 million
Accounts payable (group external)	appr. EUR 11.4 million
Debts under Public Law	appr. EUR 2.2 million
Debts to group companies	appr. EUR 22.7 million

The Company also owes approximately EUR 0.1 million of disputed debt.

The restructuring debts have been itemised in [Appendices 5.5.2–5.5.6](#).

5.5.2 Secured Debts

Pursuant to section 3(1)(7) of the Restructuring of Enterprises Act, secured debt means restructuring debt where the creditor holds a real security right effective against third parties to property that belongs to or is in the possession of the debtor. The restructuring debt is deemed as secured debt in so far as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority.

On the basis of a promissory note signed on 07/10/2008, the Company's secured debt includes a pension contribution credit loan to Ilmarinen Mutual Pension Insurance Company, amounting to a total of EUR 661,506.07. The mortgage deeds given by the debtor for a confirmed real estate mortgage serve as security for the loan. The mortgage deeds are specified below.

On the basis of a connection agreement concerning a place of electricity use, the Company has provided a refundable connection fee amounting to EUR 258,971.50 to Elenia Oy. Under the connection agreement, the connection fee serves as security for the Company's liabilities to Elenia Oy. The total amount of the liabilities is EUR 133,444.40.

The Company has a debt of a total of EUR 6,093.36 from OP Corporate Bank plc based on leasing payments that have fallen due. The leasing property is security for the debt.

5.5.3 Accounts Payable (Group External)

The Company has approximately EUR 11.4 million of group external accounts payable. There are a total of 280 accounts payable creditors. The accounts payable consist of normal supply and service contracts that are part of the Company's business operations.

5.5.4 Debts under Public Law

The Company's debts under public law consist of taxes, payments to the Unemployment Insurance Fund and pension contributions. The Company has approximately EUR 2.2 million of debts under public law.

5.5.5 Debts to Group Companies

The Company has restructuring debt to the group companies related to intra-group loans and accounts payable totalling approximately EUR 22.7 million. The most significant part of the debt to the group companies is represented by a debt of approximately EUR 16.5 million to Componenta Corporation. The debt is based on a group loan. In addition, the Company has a debt of approximately EUR 6 million to Componenta Turkey.

5.5.6 Disputed Debts

In a notice of claims dated 04/11/2016, Componenta B.V. stated that it has a total of EUR 119,754,19 of restructuring claims from the Company. The Company's accounts ledger has one of the sales invoices included on the list of Componenta B.V., the sum of the invoice is EUR 1,027.90. Other receivables are related to complaints that the Company has not approved or of which it has received additional information from Componenta B.V. or the bankruptcy estate.

As a result, the administrator has entered EUR 118,717.29 in disputed debts.

5.6 **Securities and Guarantees Given by Third Parties on Behalf of the Company**

5.6.1 General

The following guarantees and third-party securities have been given on behalf of the Company for the Company's restructuring debts. If a payment is made to a creditor on behalf of the Company on the basis of said guarantees or securities, the party that gave the guarantee or security will incur a corresponding right of recourse against the Company and said party will replace the original creditor as a restructuring creditor of the Company.

5.6.2 Ilmarinen Mutual Pension Insurance Company

The Company's parent company has given a guarantee as for its own debt, signed on 13/10/2008, to Ilmarinen Mutual Pension Insurance Company as security for the pension contribution credit loan it has granted to the Company.

5.6.3 Guarantees on Behalf of Subsidiaries

Componenta Corporation, the Company's parent company, has given guarantees of approximately EUR 16 million for the benefit of some of the Company's suppliers and other parties. Some of the guarantees are also security for debt of another Componenta group company and some of these guarantees are not subject to claims by creditors.

5.6.4 Uusimaa ELY Centre

Componenta Corporation has given a group guarantee of approximately EUR 34,000 to the Uusimaa ELY Centre on behalf of the Company as security for carrying out the landscaping cleaning and landscaping work required by the Company's environmental permit. The guarantee can be realised in a situation where the Company ceases its business operations referred to in the aforementioned environmental permit.

The guarantee issued by Componenta Corporation has been converted into a EUR 40,000 account security on the basis of a decision issued by the Uusimaa ELY Centre in the beginning of 2017. The account guarantee replaced the group guarantee, and the documents relating to said guarantee were returned to Componenta Corporation in February 2017.

5.6.5 Garantia Insurance Company Ltd

On 23/10/2012, Componenta Corporation gave a guarantee as for its own debt on behalf of the Company. Therefore, the Componenta Corporation is responsible for the payment of the obligations, liabilities and debts in accordance with the suretyship agreements between Garantia Insurance Company Ltd (hereinafter Garantia) and the Company. Due to the Company having applied for restructuring proceedings, on 08/09/2016, Garantia paid an insurance indemnity of EUR 181,973.00 to Ilmarinen Mutual Pension Insurance Company, in which connection the receivable has been transferred to Garantia as regards the indemnified part.

Kiinteistö Oy Pietarsaaren Tehtaankatu 13 , which belongs to the Componenta group, has given as security for the liabilities incurred by the Company's aforementioned suretyship agreements mortgage deed number 4118 given for a confirmed joint real estate mortgage for mortgages 598-33-2-1, 598-33-2-6 and 598-33-2-7, which are owned the Company. The capital amount of the mortgage deed is EUR 1.500.000,00.

5.6.6 Iisalmen Valiomo Oy and Iisalmen Teollisuuskylä Oy

On 28/06/2016, the Company's boards of directors decided to sell the Suomivalimo business to Iisalmen Valiomo Oy and the Company's real estate property located in Iisalmi (property identifier 140-011-0001-0006-J) to Iisalmen Teollisuuskylä Oy. In connection with the transaction, Componenta Corporation issued a guarantee as for its own debt for all of the Company's obligations and liabilities. The liabilities relating to the sale of the Suomivalimo business are limited to EUR 1,200,000 and the liabilities related to the real estate sale to EUR 200,000.

The administrator has not received claims in relation to the guarantee.

5.7 **Changes in the Restructuring Debts after the Commencement of the Proceedings**

5.7.1 Reduction of the Secured Debt

The Company has leased a core moulding machine that is essential for its operations from Nordea Finance Finland Ltd under a leasing contract that which ended during the restructuring proceedings. The Company was entitled to redeem the leased machine at the end of the contract for the agreed redemption price. With the administrator's consent granted on 19/12/2016, the Company redeemed the core moulding machine from Nordea Finance Finland Ltd for a redemption price of EUR 81,190.18. In the same connection, Nordea Finance Finland Ltd has dropped its claim concerning the due interest for late payment and costs of EUR 1,025.82 that are within the scope of the restructuring.

The Company has also leased a blast machine that is essential to the production processes from OP Corporate Bank plc under a leasing contract that which ended during the restructuring proceedings. With the administrator's consent, the Company has agreed on redeeming the machine for a redemption price of EUR 352,415.35 so that OP Corporate Bank plc has simultaneously dropped its claim for the last EUR 30,374.95 lease instalment that constituted restructuring debt.

Due to the aforementioned redemption, the amount of the Company's secured restructuring debt was reduced by a total of EUR 31,400.77.

5.7.2 Set-Offs

5.7.2.1 Componenta Främmestad AB

At the time of the commencement of the restructuring proceedings, the Company had group sale receivables amounting to approximately EUR 2.5 million from its subsidiary Componenta Främmestad AB. Componenta Främmestad AB's counter-receivables from the Company were approximately EUR 23 thousand. The restructuring proceedings under Swedish law concerning Componenta Främmestad AB were commenced on 01/09/2016.

In the spring of 2016, the amount of Componenta Främmestad AB's equity fell below its share capital. On the basis of the Swedish Companies Act, the Company's board of directors is obligated to call a general meeting within eight months to decide on the liquidation of the Company unless the Company's equity has been successfully reinstated (so-called compulsory liquidation).¹ Due to the Company's excessive indebtedness, Componenta Främmestad AB's liquidation would have led to its bankruptcy.

Part of the Company's turnover is formed by the group's internal sales to Componenta Främmestad AB, which machines and paints iron castings manufactured by the Company and sells them forward using its own customer network. Therefore, the continuation of Componenta Främmestad AB's operations has been necessary in order to secure sufficient cash flow and to enable the continuation of the restructuring proceedings.

Together with the administrator, the Company has examined alternatives for the necessary capitalisation of Componenta Främmestad AB. On the basis of the administrator's consent under section 29 of the Restructuring of Enterprises Act, the Company has converted its receivable of approximately EUR 2.5 million into an investment in Componenta Främmestad AB's reserve for invested unrestricted equity (*aktieägartillskott*) in accordance with the Swedish Companies Act. Prior to this, the Company set off in full its debt of approximately EUR 23 thousand against receivables from Componenta Främmestad AB.

5.7.2.2 Fortaco Oy

At the time of the commencement of the restructuring proceedings, Fortaco Oy had a total of EUR 20,185.23 of restructuring claims from the Company. The Company, for its part, has a total of EUR 41,173.90 in claims from Fortaco Oy that was formed before the commencement of restructuring proceedings. Fortaco has given notice that it is setting of its claims.

The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set-off, the Company's restructuring debt to Fortaco Oy has been reduced

¹ In accordance with information acquired by the administrator concerning the interpretation of Swedish law, the provisions concerning compulsory liquidation are applied irrespective of whether restructuring proceedings concerning the company have commenced.

by the set off amount, and Fortaco Oy no longer has claims in the Company's restructuring.

5.7.2.3 Ilmarinen Mutual Pension Insurance Company

At the time of the commencement of the restructuring proceedings, Ilmarinen Mutual Pension Insurance Company (**Ilmarinen**) had a total of EUR 335,133.51 of restructuring receivable from the Company. The Company had a total of EUR 6,344.13 of insurance refund receivable from Ilmarinen concerning said receivables.

In a notification dated 20/02/2017, Ilmarinen stated that it was setting off the Company's receivable of EUR 6,344.13 from Ilmarinen against its restructuring claim from the Company. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Ilmarinen has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 341,477.64.

5.7.2.4 Konecranes Finland Corporation

At the time of the commencement of the restructuring proceedings, Konecranes Finland Corporation had a total of EUR 128,449.63 of restructuring claims from the Company. The Company has a total of EUR 61,487.42 in claims from Konecranes Finland Corporation that was formed before the commencement of restructuring proceedings.

In a notification dated 31/10/2016, Konecranes Finland Corporation stated that it was setting off the Company's claim of EUR 61,487.42 against its restructuring claims from the Company. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Konecranes Finland Corporation has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 66,962.21.

5.7.2.5 OP Vakuutus Oy

At the time of the commencement of the restructuring proceedings, OP Vakuutus Oy had a total of EUR 138,879.04 of restructuring claims from the Company. The Company has had a total of EUR 2,972.40 in insurance refund receivables from OP Vakuutus Oy on the insurance claims in question.

In a notice dated 25/10/2016, OP Vakuutus stated that it is setting off the Company's receivable of EUR 2,972.40 from OP Vakuutus Oy against its restructuring claim from the Company. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to OP Vakuutus Oy has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 135,906.64.

5.7.3 Small Claims

Based on the administrator's decision of 15/12/2016 and under section 18(2)(4) of the Restructuring of Enterprises Act, the Company has paid restructuring debt claims to such creditors whose total amount of the restructuring debt is less than EUR 500. There are approximately 105 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 22,688.17.

Based on the administrator's decision on 13/03/2017, the Company has paid restructuring debt claims to such creditors whose total amount of the restruc-

turing debt is no more than EUR 1,000, provided the claims are not lowest-priority restructuring debt. There are approximately 53 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 36,941.37.

The total amount of the restructuring debts paid as minor debts under section 18(2)(4) of the Restructuring of Enterprises Act is EUR 59,629.54, and the total number of the creditors whose claims have been paid was 158. On the date of the draft restructuring programme, the restructuring claims of a few creditors that must be deemed minor debts are still unspecified. As a result, minor changes may still be made to the above figures.

5.8 Collateral and Valuation of Restructuring Debt

5.8.1 Collateral in General

According to section 3(1)(7) of the Restructuring of Enterprises Act, secured debt means restructuring debt where the creditor holds, as against third parties, an effective real security right to property that belongs to or is in the possession of the debtor, in so far as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority. The share of the debt not covered by the collateral is treated as ordinary restructuring debt.

The Company has given mortgage deeds totalling EUR 3,150,000 confirmed for a real estate mortgage on a real estate owned by the company to Ilmarinen Mutual Pension Insurance Company as security for the Company's liabilities for the pension contribution credit loan.

On the basis of a connection agreement concerning a place of electricity use, the Company has also paid a refundable connection fee amounting to EUR 258,971.50 to Elenia Oy. Elenia Oy is entitled to set off any open receivables it may have based on the connection fee at the expiry or cancellation of the agreement. The refundable connection fee can, thus, be considered equivalent to a margin.

The Company also has certain leasing contracts in which the leasing property serves as security.

Assets are valued in accordance with the going concern principle in the Company's balance sheet. In corporate restructuring, the value of secured debt is determined based on the most likely method of realisation that would be the alternative to restructuring. The most likely alternative to corporate restructuring must, in this case, be considered to be bankruptcy. For this reason, the valuation principles for secured debt are the same as the valuation principles for the bankruptcy alternative set forth in section 5.4 and the realisation balance sheet of 30/09/2016 ([Appendix 5.4](#)).

5.8.2 Property Mortgages

A property mortgage has been confirmed on property number 609-8-76-9, which is owned by the Company. Mortgage deeds number 4532-4568, totalling EUR 3,150,000, given on the property mortgage serve as security for Ilmarinen Mutual Pension Insurance Company's pension contribution credit loan, which amounts to EUR 661,506.07. The mortgage deeds have been issued for the property mortgage at the highest priority.

Based on a second priority pledge, the aforementioned mortgage deeds are also security for the liabilities under the advance payment agreement described

above in section 8 of the draft restructuring programme. The liability under the agreement in question is not restructuring debt.

Because from the sole perspective of restructuring debt the mortgage deeds are only security for Ilmarinen Mutual Pension Insurance Company's receivable based on the pension contribution credit loan, the value of the real estate mortgage only accounts for the amount that is sufficient to cover said Ilmarinen Mutual Pension Insurance Company's receivables in full. This being the case, the administrator is of the opinion that the security value of the real estate mortgage is EUR 661,506.07.

5.8.3 Leasing Property

The leasing receivables are secured by an ownership-based collateral on the financed property. According to the administrator's understanding, the Company has the following leasing agreements:

Lessor	Number of agreements	Object of lease
OP Corporate Bank plc	1 pcs	Production equipment
Nordea Finance Finland Ltd	2 pcs	Office equipment

The value of the leasing property serving as security for the receivables under the leasing agreements is sufficient to cover the leasing receivables that constitute restructuring debt.

5.8.4 Margins

On the basis of a connection agreement concerning a place of electricity use, the Company has provided a refundable connection fee amounting to EUR 258,971.50 to Elenia Oy. Under the connection agreement, Elenia Oy has the right to withhold its receivables from the Company on the connection fee. Therefore, the connection fee is comparable to a security deposit in the Company's restructuring proceedings.

As security for the environmental permits it has been granted, the Company has given bank deposits amounting to a total of EUR 51,637.56 to the Uusimaa and Southwest Finland ELY Centres. The bank deposits serve as security for the fulfilment of environmental obligations under the Company's environmental permits.

Margins have been valued at their balance sheet value, which corresponds to the deposited amount.

5.8.5 Collaterals Based on a Retention of Title Clause

5.8.5.1 Binding Third Parties by Retention of Title

In accordance with Finnish legal practice, a retention of title clause must fulfil certain criteria in order for it to be binding on a third party, i.e. on the creditors. Some of the criteria are referred to in Chapter 5(7) of the Bankruptcy Act, and the same criteria apply in restructuring proceedings. The criteria are:

1. The retention of title clause must be agreed clearly and expressly.
2. The retention of title clause must be agreed before the buyer takes possession of the sold item.

3. The retention of title clause must be targeted at a specified item.
4. Assets sold under retention of title must be separable from the debtor's assets.
5. The retention of title clause can only be used as security for the seller's purchase price receivable and for receivables that have arisen from actions paid for by the seller relating to the sold item.
6. The item posted as security must be intended to remain with the buyer as an independent item for the duration of the credit, both in the agreement and in reality.

In accordance with what has been confirmed in the Bankruptcy Act, a retention of title clause does not bind the creditors of the buyer if the buyer, regardless of the clause, is entitled to further transfer the security item, take it into use, attach it to the debtor's other assets or otherwise dispose of it in the manner of an owner.

The clauses of each creditor invoking a retention of title clause are discussed below and justifications for the administrator's view are provided based on the above.

5.8.5.2 Karkkilan Malliapu Oy

Karkkilan Malliapu Oy has claimed secured creditor status based on the notation on the creditor's invoices stating that the products supplied by the creditor are the seller's property until the invoice for them has been paid in full. To the administrator's knowledge, no retention of title clause has been agreed between the creditor and the Company.

In order to become binding on the debtor's other creditors, a retention of title clause must be agreed clearly and expressly. A mere note on the seller's invoice referring to the retention of title is not sufficient to create a binding retention of title clause. For the clause to become binding, the position of the Supreme Court is that it would require that the buyer has had the opportunity to review the general terms and conditions including the retention of title clause in advance. In addition, a retention of title clause must be agreed before the item is transferred to the possession of the debtor. Karkkilan Malliapu Oy has not shown that that retention of title clause was agreed before the transfer of possession of the object of sale and purchase.

In addition, a retention of title clause is not considered binding on third parties if the buyer can take the object of sale and purchase into use, attach it to its property or otherwise dispose of it as if being the owner. Case law has held that it is not necessary that an item be taken into use or attached to the debtor's property; merely the opportunity to do so has been considered sufficient.

The Company has been entitled to take the products subject to the alleged retention of title clause into use. No significance can be given to the fact that some of the products may have not yet been taken into use. The decisive factor is considered to be that the Company has factually had the right to dispose of the products as if being the owner.

On the above grounds, the administrator is of the opinion that Karkkilan Malliapu Oy is not a secured creditor, and its claim must be taken into account as unsecured debt in full.

6 ACTIVITIES AND THEIR RESULTS FROM THE PERIOD AFTER THE COMMENCEMENT OF THE PROCEEDINGS

6.1 Business Operations during the Proceedings

The Company has continued its business operations normally during the restructuring proceedings.

The Company has been able, e.g. by means of the financing arrangement for working capital described below in section 8, to continue its business operations uninterrupted and to secure its delivery schedules.

The Company has maintained continuous dialogue with its suppliers and customers and tried to continue at least the same supply amounts with them as before the commencement of the restructuring proceedings.

The Company has not terminated lease agreements or other agreements on the basis of section 27 of the Restructuring Act.

6.2 Result of Operations

Componenta Corporation, the Company's parent company, published a financial statements bulletin 30/03/2017 concerning the period between 01/01 and 31/12/2016. The bulletin has been drawn up at the group level, so it contains the business operations of the entire Componenta group. The main points of the financial statement bulletin were the following:

- On 01/09/2016, Componenta applied for the restructuring of its parent company Componenta Corporation and its subsidiaries in Finland and Sweden and applied for the bankruptcy of its Dutch subsidiary. The Turkish subsidiary continued its operations without authority proceedings.
- The Company believes that the approval and implementation of the restructuring programmes in Finland and Sweden will make it possible to rehabilitate and develop the business operations in the future, but significant uncertainties remain concerning the continuation of operations. The restructuring decisions concerning Componenta Wirsbo AB and Componenta Arvika AB were issued in December 2016. An extension to the deadline for Componenta Främmestad's draft restructuring programme was granted until 01/06/2017. In Finland, the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd were filed to the Helsinki District Court on 30/03/2017.
- Due to the bankruptcy proceedings, the Company is of the opinion that it has lost control in the Dutch sub-group, and for this reason, the compiling of consolidated financial statements was ceased in the third quarter of 2016 and the operations have been classified as ceased operations. Due to the restructuring proceedings of Componenta Corporation and issued shares pledges, the Company is of the opinion that it has lost control in the Turkish sub-group, and for this reason, the compiling of consolidated financial statements was ceased on 31/12/2016 and the operations have been classified as ceased operations on 31/12/2016. On 07/10/2016, Componenta issued a release in which it stated that it is planned to sell the shares it owns in Componenta Dökümcülük. Starting at the end of 2016, the Turkish club loan banks took a more active role in the sales process of the shares in Componenta Dökümcülük owned by Componenta, and negotiations are underway in practice lead by the club loan banks. In addition, the opportunities for Componenta's representatives to participate in the management of Componenta Dökümcülük have become more limited. The comparison figures have been adjusted accordingly.

- The group's continuing business operations are the foundry operations in Pori and Karkkila in Finland and the machine shop in Främmestad and the forges in Wirsbo and Arvika in Sweden.
- The turnover of the continuing operations in the review period decreased 12.6% from the previous year and was MEUR 183.6 (MEUR 210.1).
- The adjusted EBITDA of the continuing operations in the review period decreased from the previous year and was MEUR 3.1 (MEUR 8.3). The EBITDA including items affecting comparability was MEUR -14.5 (MEUR 3.9).
- The profitability of the continuing operations in during the review period was weakened by lower production volumes compared to the previous year, currency fluctuations and the production interruptions caused by the restructuring application and the tight liquidity situation. The effect of currency differences on the EBITDA was MEUR -2.3 (MEUR 0.8).
- The adjusted operating profit of the continuing operations in the review period decreased from the previous year and was MEUR -5.8 (MEUR 0.4). The IFRS operating profit of the continuing operations during the review period, including items affecting comparability, was MEUR -46.0 (MEUR -18.5). Write-downs and value adjustments affecting comparability were entered in the amount of MEUR -30.
- The adjusted profit/loss after financing items of the continuing operations was MEUR -17.0 (MEUR -16.2) and the IFRS profit/loss after financing items of the continuing operations, including items affecting comparability, was MEUR -16.5 (MEUR -35.1).
- The group's profit/loss for the review period, including continuing and ceased operations, was MEUR -215.5 (MEUR -82.7) and the basic earnings per share were EUR -1.64 (EUR -0.86).
- The order book of the continuing operation at the beginning of January was 2.0% lower than the previous year, being MEUR 30.8 (MEUR 31.4).
- The Suomivalimo foundry operations located in Iisalmi and the related real estate were sold on 30/06/2016, and the Company entered a MEUR 6.1 loss for the transaction, which has been presented in items affecting comparability.
- Componenta's piston business located in Pietarsaari was sold on 17/08/2016 and the group entered a profit of MEUR 1.0 on the transaction, which has been presented in items affecting comparability.

7 **CHANGES AFTER THE COMMENCEMENT OF THE PROCEEDINGS IN THE ORGANISATION OR THE OTHER OPERATING CONDITIONS OF THE DEBTOR**

7.1 **Reorganisation of Activities**

In order to improve the efficiency of group administration, some of the functions related to, among other things, materials procurement and sales have been transferred from the parent company Componenta Corporation directly to the Company's control.

The Company has also continued other measures to improve the efficiency of group-level administration.

7.2 Changes in Places of Business and Personnel

At the time of the commencement of the restructuring proceedings, the Company had 388 employees.

During the restructuring proceedings, administration of the Company has been transferred from Componenta Corporation to the Company. This has been carried out by transferring personnel working in payroll management, materials procurement and sales from Componenta Corporation directly into the employment of the Company. At the time the restructuring programme was drafted, the Company employed 386 people.

The Company terminated one person during the restructuring proceedings.

7.3 Changes in Management

The composition of the Company's board of directors has changed during the restructuring proceedings. Company board member Markku Honkasalo, who also served as Componenta Corporation's CFO, resigned his position and his membership in the Company's board. The Company's extraordinary general meeting appointed Marko Karppinen to take Markku Honkasalo's place on the board of directors. Karppinen has also been appointed Componenta Corporation's CFO.

No other changes have occurred in the Company's management during the restructuring proceedings.

7.4 Changes in Fixed Assets

7.4.1 Acquisition of Fixed Assets

The Company has leased a core moulding machine that is essential for its operations from Nordea Finance Finland Ltd under a leasing contract that which ended during the restructuring proceedings. The Company was entitled to redeem the leased machine at the end of the contract for the agreed redemption price. With the administrator's consent granted on 19/12/2016, the Company redeemed the core moulding machine from Nordea Finance Finland Ltd for a redemption price of EUR 81,190.18.

The Company has also leased a blast machine that is essential to the production processes from OP Corporate Bank plc under a leasing contract that which ended during the restructuring proceedings. With the administrator's consent, the Company has agreed on redeeming the machine for a redemption price of EUR 352,415.35 so that OP Corporate Bank plc has simultaneously dropped its claim for the last EUR 30,374.95 lease instalment that constituted restructuring debt.

7.4.2 Sale of Fixed Assets

The Company has not sold any fixed assets during the restructuring proceedings.

7.5 Termination of Agreements

The Company has not terminated lease agreements or other agreements on the basis of section 27 of the Restructuring Act during the restructuring proceedings.

CREDIT TAKEN AFTER THE COMMENCEMENT OF THE PROCEEDINGS AND OTHER UNDERTAKINGS

The company has paid all the new debts that have arisen during the restructuring proceedings after the commencement of proceedings in accordance with the payment terms.

On 14/09/2016, i.e. before the commencement of the restructuring proceedings but after the filing of the restructuring application, the Company entered into an advance payment agreement and a pledge undertaking agreement with some of its key customers in order to procure working capital.

Under the agreement, said customers agreed to pay the Company advance payments amounting to EUR 4.8 million for the Company's future supplies. The purpose of the arrangement was to ensure that the Company has sufficient of working capital in order to continue its operations.

As security for the liabilities incurred by the agreement, the Company has given a second-priority pledge totalling EUR 3,150,000 on mortgage deeds numbers 4532–4568 based on the mortgage on property number 609-8-76-9 confirmed on 22/09/2008. The company has also given lowest-priority mortgage deeds numbers 4569–4605, issued for the same property mortgage, as security totalling amount of EUR 3,150,000.

As security for the liabilities incurred due to said agreement, the Company has given a mortgage deed of EUR 50,000,000 issued on a business mortgage on the Company's eligible assets confirmed on 27/04/2012. In addition, the Company has pledged as security for its liabilities shares 1–20 of Karkkilan Valimo-kiinteistö Oy, which it owns. The shares comprise the entire share capital of the Company.

In other respects, the Company has not acquired external financing during the restructuring proceedings.

CLOSE RELATIONSHIPS OF CREDITORS AND THE DEBTOR

Pursuant to section 41(1)(5) of the Restructuring of Enterprises Act, the restructuring programme shall contain itemised accounts on close relationships between creditors and the debtor, as referred to in section 3 of the Act on the Recovery of Assets to a Bankruptcy Estate (758/1991).

Pursuant to section 3 of the Act on the Recovery of Assets to a Bankruptcy Estate, close parties are considered to be the debtor company and parties that, alone or together with their close parties, share interests with the debtor company on the basis of partnership or comparable financial factors or parties that have significance influence over the debtor company's operations due to having a leadership position. The close parties of the debtor company based on indirect close relationships are also the spouses and immediate family of the close parties referred to above and entities owned or lead by close parties.

Based on the above, close parties participating the Company's operations include at least:

- the subsidiaries and group companies mentioned in section 4.4 and the members of their boards;
- the members of the board referred to in section 4.6; and
- the President and CEO mentioned in section 4.7.

The special audit found no contracts between the Company and its management or owners that would prevent the continuation of the restructuring proceedings.

Based on the information acquired by the administrator, no credit or collateral arrangements have been discovered that would have allowed the creditor to exercise such control in the Company that the creditor would have to be treated as a related party in accordance with the Act on the Recovery of Assets to a Bankruptcy Estate.

10 THE RESULTS OF AUDITS AND INSPECTIONS OF THE ACTIVITIES OF THE COMPANY AS WELL AS MEASURES CAUSED BY THEM

10.1 Special Audit

10.1.1 General

In order to fulfil its audit obligation pursuant to section 8(1)(3) of the Restructuring of Enterprises Act, the administrator gave an assignment to RSM Auditsum Oy to carry out a special audit in the Company.

The audit focused particularly on essential security and financing arrangements as well as significant related-party transactions.

In addition, the target areas of a special audit described in section 6.3 of recommendation 16/2007 of the Advisory Board for Bankruptcy Affairs were discussed in the special audit.

The preliminary report of the audit was completed on 08/03/2017. The most relevant findings of the special audit report were discussed in a meeting of the committee of creditors 24/01/2017. In addition, discussions related to one audit finding were continued in a meeting of the committee of creditors on 15/02/2017.

10.1.2 Equity, Excessive Indebtedness and Insolvency

The Company's equity was lost in the interim financial statements of 30/09/2016. The loss of the equity was registered in the Trade Register on 02/11/2016, i.e. soon after the interim financial statements were completed. The administrator is of the opinion that that the Trade Register was notified without undue delay.

Based on the book values, the Company was excessively indebted in the manner set forth in the Act on the Recovery of Assets to a Bankruptcy Estate on the date of the interim financial statements 30/09/2016. The excessive indebtedness based on book values was a result of the significant depreciations carried out in 2016.

The Company became insolvent in the manner referred to in the Act on the Recovery of Assets to a Bankruptcy Estate at the end of August 2016, at the latest, when it was clear that the commencement of the group's production for the required extent after the summer shutdown was not possible due to lack of sufficient financing.

10.1.3 Contracts with the Persons in Charge and Other Related Parties

No inappropriate contracts with related parties arose during the drafting of the special audit report.

10.1.4 Changes and Observations Related to the Financing

The special audit report makes a note of the advance payment and collateral arrangement described in section 8 of the draft restructuring programme in which certain of the Company's largest customers provided the Company with working capital financing. The special audit report observed that share and real estate pledge undertakings and a business mortgage were issued on 14/09/2016, i.e. during the interim interdictions relating to the restructuring proceedings.

The administrator's understanding is that the security posted by the Company on 14/09/2016 was given for a debt that arose after the restructuring application's date of filing, and was not, thus, posted in violation of the interim prohibition of granting security. The administrator is similarly of the opinion that the arrangement was necessary to secure sufficient working capital. The special audit report deemed that the arrangement did not weaken the position of the creditors, rather it enabled the continuation of the Company's operations.

10.1.5 Possible Grounds for Recovery

No findings that in the administrator's view would be of relevance in the Company's restructuring proceedings were reported in the special audit report. Thus, there were no grounds for issuing actions for recovery.

10.1.6 Compliance with the Interlocutory Interdiction of Repayment

According to the special audit report, the Company complied with the interlocutory interdiction of repayment.

10.1.7 Accounting

According to the special audit report, the Company's accounting was appropriately arranged.

11 DEBTOR'S FINANCIAL STATUS IN THE ABSENCE OF A RESTRUCTURING PROGRAMME

If the restructuring programme for the Company is not approved, the administrator's understanding is that the Company will have to release its assets into bankruptcy. The Company's debts are greater than its assets, and the Company is unable to pay its debts as they fall due.

12 DEBTOR'S OBLIGATION TO PROVIDE INFORMATION AND TO CO-OPERATE

The Company, its owners, board of directors and CEO as well as its other officers and employees have fulfilled the duty to provide information to the administrator as provided for in section 13 of the Restructuring of Enterprises Act.

II MEASURES AND ARRANGEMENTS

13 THE OBJECTIVES OF THE RESTRUCTURING PROGRAMME

The objective of the restructuring programme is:

- to secure the continuation of the debtor's viable business operations in the manner set out in the programme to ensure that the confirmed creditors' payments can be paid;
- to provide for the payment of restructuring debt in the manner approved in the programme;
- to define the main lines of future business, ensuring a programme that is as simple and enforceable as possible and that can be controlled by the creditors as efficiently as possible;
- to result in a more favourable financial outcome for all the creditors than a bankruptcy; and
- to provide for the duties of the supervisor and committee of creditors.

The duration of the restructuring programme has been set at approximately 7 years. The duration of the payment programme included in the restructuring programme is approximately 5 years for both secured and unsecured debts.

The implementation of the restructuring programme will end when:

- the payments in accordance with the payment programme have been made to the creditors;
- all other pending matters relating to the restructuring debts have been resolved; and
- the supervisor has delivered the final report to the creditors in accordance with the provisions of the restructuring programme.

The debtor's right to end the implementation of the restructuring programme prematurely is separately provided for in section 26.2.

14 CONTINUATION OF THE ACTIVITIES OF THE DEBTOR AND CHANGES IN THE LEGAL AND ORGANISATIONAL ENVIRONMENT

14.1 General

Moving forward, the Company's business operations will be developed by taking into account external operational preconditions and the financial targets set by the restructuring programme. It is the obligation of the Company's board of directors and management to develop the business strategy so that it will ensure the implementation of the restructuring programme. The functions that require the consent of the supervisor or the committee of creditors are mentioned separately.

14.2 Business Operations

The Company must continue improving the efficiency of its operations and production processes and the profitability of its work in order to make the manufacturing of foundry products profitable moving forward.

The Company must seek more profitable orders and increase the share of high-profit products in its overall sales in order to increase profitability.

The Company must also seek to reduce its fixed costs in such a way that the Company is better able to adapt its operations to fluctuations in turnover if necessary.

14.3 Management and Administration

The Company's management and board of directors must continue already initiated measures to improve the efficiency of operations.

During the restructuring programme, the management and the board of directors must implement such internal arrangements in the Company that are deemed necessary and that are intended to make the Company's business operations and organisation more efficient.

14.4 Premises

There is no need for the Company to take any measures in relation to its business premises during the restructuring programme.

14.5 Legal Structure

The Company indirectly owns real property through the real estate companies in its ownership. The Company also owns group companies that have no business operations of their own.

The arrangements and measures concerning the Company's subsidiaries are described in section 15.1 below.

15 MEASURES AND ARRANGEMENTS THAT AFFECT THE ASSETS OF THE DEBTOR

15.1 Sales

Within 18 months from the approval of the restructuring programme, the Company is obligated to sell or dissolve by means of liquidation proceedings or a merger such subsidiaries in its ownership that have no business operations or that are not substantially related to the Company's business operations.

During the restructuring programme, the Company must sell its holdings in Karkkilan Koskikiinteistö Oy and the share capital of its non-business real estate company Pietarsaaren Vanha Valimo Oy.

The supervisor of the restructuring programme has the right to extend set deadlines or exclude some of the companies from the sales measures upon a well-founded application by the Company.

During the restructuring proceedings, the Company has given the sales commission concerning said real estate companies to Newsec Asset Management Oy.

The Company must also sell its non-core business assets and holdings in companies that are not part of the Company's business operations.

The Company must see to it that the assets are sold at fair value in an arrangement beneficial to the Company.

15.2 Programme Balance Sheet

A programme balance sheet describing the effect of the debt arrangements on the group's balance sheet has been attached to the draft restructuring programme ([Appendix 15.2](#)).

16 ARRANGEMENTS CONCERNING THE PERSONNEL

The restructuring programme does not contain decisions on changes to personnel or recruiting. The Company will evaluate its need to recruit personnel during the restructuring programme. The Company is entitled to make its own decisions regarding recruiting and to allocate personnel to its business units in the manner it deems sensible.

17 ARRANGEMENTS REGARDING RESTRUCTURING DEBTS

17.1 General

The debt arrangements to be applied in the restructuring programme are specified in sections 44 and 45 of the Restructuring of Enterprises Act. These provisions may be deviated from with the consent of the relevant creditors.

Pursuant to section 3(1)(5) of the Restructuring of Enterprises Act, restructuring debt means such debts that have arisen before the filing of the application, including secured debts and debts whose basis or amount is conditional or contested or which are otherwise unclear.

The arrangements concerning restructuring debts are treated according to the following classification:

1. secured debts
2. debts under public law
3. other unsecured restructuring debts
4. debts with lowest priority;
5. unknown debts.

The payment of restructuring debts will be effected every six months during a payment programme lasting approximately 5 years. With respect to secured and unsecured debts, the first instalment in accordance with the payment programme will fall due on 03/05/2019 and the last instalment of the payment programme will fall due on 03/11/2023.

In the event that a payment under the payment programme is delayed, the creditor is entitled to receive interest on the delayed payment in accordance with section 4(1) of the Interest Act.

17.2 Secured Debts

17.2.1 General

Pursuant to section 3(1)(7) of the Restructuring of Enterprises Act, secured debt means restructuring debt where the creditor holds, as against third parties, an effective real security right to property that belongs to or is in the possession of the debtor, in so far as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority.

Pursuant to section 45(3) of the Restructuring of Enterprises Act, payments on a secured debt shall be set so that at least the present value of the secured debt will be repaid within a reasonable period, not to materially exceed the remain-

der of the credit period without the consent of the creditor or, if the debt has become due in full, not to materially exceed one half of the original credit period.

Notwithstanding the interdiction of payment provided for in the Restructuring of Enterprises Act, a secured creditor is entitled, in accordance with the terms of the debt, to receive payments of interest and other costs of credit that have become due after the filing of the application for the period of the restructuring proceedings. A total of EUR 15,588.55 in interest on secured debt has been paid to Ilmarinen Mutual Pension Insurance Company during the proceedings.

17.2.2 Part Payments of Secured Debt

Payments of secured debts will be made every six months starting on 03/05/2019 and ending on 03/11/2023 in accordance with the payment programme for secured debt attached hereto in such a way that the amount of each instalment is one-twelfth and the final instalment approximately three-twelfths of the capital of the secured debt.

The payment programme for secured debt is attached as [Appendix 17.2](#).

17.2.3 Interest on Secured Debt

Interest will be paid on the secured debt for the period of the restructuring proceedings in accordance with the original credit terms, and as of the approval of the restructuring programme 6-month Euribor plus a margin of 2.0%, however, so that the interest is, at least, 2.5%. The interest will be determined with respect to the first interest period in accordance with the interest rate quotation of the date of the approval and after that on the basis of the interest rate quotation of the first day of each interest period. The interest will be paid afterwards in conjunction with each instalment.

17.3 Debts under Public Law

17.3.1 General

Debts under public law are treated entirely as unsecured restructuring debts and are subject to the debt arrangements applied to other unsecured restructuring debts.

Debts under public law have the same right to payments in accordance with the restructuring programme as other unsecured debts.

17.3.2 Cutting Restructuring Debts under Public Law

The amount of restructuring debts under public law will be cut by 75%, however, in such a way that each creditor will be paid at least EUR 1,000.

17.3.3 Part Payments of and Interest on Debts under Public Law

No interest or any other consequence for late payment will be paid on debts under public law during the restructuring proceedings.

In the payment programme, overdue interest on the claims has been taken into account up to the commencement of the restructuring proceedings on 30/09/2016 if the creditor has declared its interest claim.

Payments will be made every six months starting on 03/05/2019 and ending on 03/11/2023 in accordance with the payment programme for unsecured creditors attached hereto in such a way that the amount of each instalment is one-

twelfth and the final instalment approximately three-twelfths of the capital of the restructuring debt.

The payment programme for restructuring debts under public law is enclosed as Appendix 17.4.

17.4 Unsecured Restructuring Debts

17.4.1 General

The unsecured restructuring debts include, among other things, accounts payable and debts to group companies. The portion of a restructuring debt secured by collateral that is not covered by the value of the assets subject to the collateral in accordance with the law and the restructuring programme is considered unsecured restructuring debt.

Between themselves and together with debts under public law, such restructuring debts have the same right to payments in accordance with the restructuring programme.

17.4.2 Cutting Unsecured Restructuring Debts

The amount of unsecured restructuring debts will be cut by 75%, however, in such a way that each creditor will be paid at least EUR 1,000.

17.4.3 Part Payments of and Interest on Unsecured Restructuring Debts

No overdue interest or any other consequence for late payment will be paid on unsecured restructuring debt during the proceedings.

In the payment programme, overdue interest on the claims has been taken into account up to the commencement of the restructuring proceedings on 30/09/2016 if the creditor has declared its interest claim.

Payments will be made every six months starting on 03/05/2019 and ending on 03/11/2023 in accordance with the payment programme for unsecured creditors attached hereto in such a way that the amount of each instalment is one-twelfth and the final instalment approximately three-twelfths of the capital of the restructuring debt.

The payment programme for unsecured restructuring debts is enclosed as Appendix 17.4.

17.5 Conditional and Maximum Amount Restructuring Debts

17.5.1 General

By virtue of section 47(1) of the Restructuring of Enterprises Act, if a restructuring debt is unclear as to its amount or basis, the court shall determine the amount at which the said debt is to be included in the restructuring programme.

Conditional and maximum amount restructuring debts are unsecured debts in their entirety. Conditional and maximum amount restructuring debts are subject to the same arrangement measures applicable to the Company's other unsecured debts.

17.5.2 Reduction of Conditional and Maximum Amount Restructuring Debts

The amount of conditional and maximum amount debts will be cut by 75%. If the final amount of a conditional and maximum amount restructuring debt is less than what has been stated in the restructuring programme and payment programme, the reduction of the amount will be applied to the final amount.

17.5.3 Part Payments of and Interest on Conditional and Maximum Amount Debts

No overdue interest or any other consequences for late payment will be paid on conditional and maximum amount restructuring debts during the proceedings.

Overdue interest is taken into account until the commencement of restructuring proceedings, i.e. 30/09/2016, if the creditor has stated the final amount of the conditional and maximum amount restructuring debt when adopting the interest.

Payments will be made on conditional and maximum amount restructuring debts in the payment programme in accordance with the maximum amount of the receivable. The Company must reserve the payments on the receivables when they become final. Payments on conditional and maximum amount receivables will not be made to creditors before the receivables have become final as described below.

Payments on conditional and maximum amount restructuring debts will start on the payment date for unsecured debts in accordance with the payment programme that follows the date when the creditor has confirmed to the Company and the supervisor the final amount of its claims and the supervisor has approved it. In such circumstances, any earlier payments on the confirmed amount of the debt in accordance with the payment programme will also be paid in connection with the first payment.

If the final amount of conditional and maximum amount restructuring debt is not known on the payment programme's last payment date for unsecured debt, the Company must separately agree with each such creditor on the repayment of the debt.

The payments to be made on conditional and maximum amount debts are listed in [Appendix 17.5](#).

17.6 Debts with Lowest Priority

Pursuant to section 46(3) of the Restructuring of Enterprises Act, interest and other credit costs accruing during the restructuring proceedings to restructuring debts other than secured debts shall be deemed to be lowest priority debts; the lowest priority debts after such debts shall be those that would be paid last in a bankruptcy.

No payments will be made on debts with lowest priority.

17.7 Disputed Debts

No disputed debts have been taken into account in the payment programme. Disputed debts that have been approved by the court when approving the restructuring programme or in separate proceedings or that are subject to a final decision will be arranged as unsecured debts in the manner described in section 17.4.

Payments will begin to be made on the first payment date for unsecured debts following the date when the decision concerning the receivable has become fi-

nal. The amount to be paid on each payment date in accordance with the payment programme is calculated by dividing the reduced amount of the debt in accordance with the number of the remaining instalments. In such circumstances, any earlier payments on the confirmed amount of the debt in accordance with the payment programme will also be paid in connection with the first payment.

17.8 Unknown Debts

A restructuring debt that has not been declared by the debtor or, in accordance with section 71(1)(3), by the creditor, and which has otherwise not come to the attention of the administrator before the approval of the restructuring programme, shall lapse on the approval of the restructuring programme, unless otherwise provided in the programme. However, the debt shall not lapse if the creditor did not know and ought not to have known of it and it had not come to the attention of the administrator before the approval of the programme.

In accordance with section 66a of the Restructuring of Enterprises Act, if a restructuring debt appears after the conclusion of the restructuring programme and it would have been possible to amend the programme on the basis of that debt, the debtor shall repay the debt to an amount that the creditor would have received had the debt been taken into the restructuring programme.

17.9 Guarantors' Position

Pursuant to section 42(3) of the Restructuring of Enterprises Act, if someone is liable for a given debt as a personal guarantor, the programme shall also contain provisions on the duty of the said person to pay the creditor. If the security provided for a debt consists of a real security for the property of a third person, the programme shall indicate the effect of the debt arrangement on the liability of said person.

The liability of the guarantor towards the beneficiary is determined in accordance with the initial terms and conditions of the guarantee.

If the guarantor pays restructuring debt to the creditor on the basis of the guarantee after the restructuring programme has been approved, the guarantor will replace the main creditor for the amount of the payment in the mutual relationship between the guarantor and the Company.

To the administrator's knowledge, no payments have been paid against guarantees given for the Company's obligations by the date of the draft restructuring programme.

18 PAYMENTS TO CLOSE PERSONS

Section 58 of the Restructuring of Enterprises Act prohibits the distribution of the debtor's assets to the owners during the implementation of the restructuring programme, with the exception of remuneration or compensation for work performance in accordance with the programme.

The remuneration payable to the chairman of the board or to its members cannot be changed without the consent of the supervisor.

The Company's board of directors decides on the application of the terms and conditions related to the service relationship of the President and CEO. The terms and conditions set out in the service contract of the President and CEO cannot be changed without the consent of the supervisor.

During the proceedings, the Company has desisted from paying voluntary additional pension insurance to some executives of the Company.

19 MEASURES RELATED TO CORPORATE LAW

19.1 Reduction of Share Capital

The Company's general meeting must make a decision on the reduction of the Company's share capital as referred to in Chapter 14 of the Limited Liability Companies Act (624/2006) so that the amount of the share capital is EUR 1,000,000. The reduction of the share capital is not subject to creditor protection by virtue of Chapter 14, section 2(1) of the Limited Liability Companies Act due to the fact that the amount of reduction is used for loss coverage.

20 OBLIGATION TO MAKE SUPPLEMENTARY PAYMENTS

20.1 Obligation to Make Supplementary Payments Due to Better-Than-Expected Cash Flow of the Company's Business

The Company will incur an obligation to make supplementary payment if the Company's realised cash flow from operating activities in a calendar year, beginning with 2018 and ending with 2022, exceeds the cash flow from operating activities projected for that year in the programme balance sheet in accordance with Appendix 15.2, less any shortfall of the cash flow from operating activities projected in the programme balance sheet incurred once in 2018 or thereafter. Only the Company's unsecured creditors are entitled to supplementary payments.

In such circumstances, the Company has an obligation to make a supplementary payment that is 50% of the amount by which the realised cash flow from operating activities in the calendar year in question exceeded the projected cash flow from operating activities for said year, less any shortfall of the cash flow from operating activities projected in the programme balance sheet incurred once in 2018 or thereafter. However, there is no obligation to make supplementary payments if the realised cash flow from operating activities has exceeded the predicted cash flow from operating activities in accordance with the programme balance sheet by no more than 10%.

The supplementary payment must be made to the entitled creditors by 3/11 during the financial period immediately following the end of the calendar year in question.

The payments made to a creditor on the basis of the payment programme, plus the obligation to make supplementary payments, may not exceed the total amount of the creditor's restructuring debt claim.

The supplementary payments will be paid to the creditors entitled to them in proportion to the total amounts of the cut claims.

Supplementary payments of less than EUR 50 will not be made to creditors.

The duty to make supplementary payments in accordance with this section will expire if the restructuring programme ends prematurely in the manner set forth in section 26.2.

20.2 Obligation to Make Supplementary Payments Due to Premature Repayment

If the restructuring programme is ended prematurely in the manner provided for in section 26.2 and it is observed that the Company has incurred a duty to make supplementary payments in accordance with section 20.1 for the calendar

year preceding the premature end of the restructuring programme, such supplementary payments will be made to the entitled creditors in deviation from the provisions of section 20.1 on the payment date for restructuring debts. No duty to make supplementary payments will be incurred for the calendar year during which the restructuring programme has been prematurely ended.

In other respects, the duty to make supplementary payments will be subject to the provisions of section 20.1.

21

FINANCING OF THE PROGRAMME

The restructuring programme will be financed by cash flow financing from the Company's business and by the sale of the assets not related to the business operations.

III PAYMENT PROGRAMME

22 PAYMENT PROGRAMME

Pursuant to section 42(2) of the Restructuring of Enterprises Act, the restructuring programme shall contain a payment programme indicating the contents of the debt arrangement and the payment schedule of payments itemised for each debt and, for ordinary debts, an assessment of what their share would have been in bankruptcy without the application of section 32(2). The payment programme shall also contain information on the set-offs carried out during the restructuring proceedings.

The contents of the debt arrangement are presented in section 17.

A payment programme for the secured and unsecured debts has been attached to the draft restructuring programme (Appendices [17.2](#) and [17.4](#)). The payment programme contains a specification of each creditor's claim, the payment schedule or the claim and interest payable on the claim.

There are entries in the separate payment programme for payments to conditional and maximum amount creditors ([Appendix 17.5](#)). Such payments will only be made when the amounts of the related receivables have become final in accordance with the provisions set forth in section 17.5.

With respect to secured and unsecured debts, the first instalment of the payment programme is 03/05/2019 and the last instalment is 03/11/2023. The payments will be effected twice a year on 03/05 and 03/11.

The payment programme is an enforceable document by virtue of section 60 of the Restructuring of Enterprises Act.

The comparison to the bankruptcy alternative is presented in section 5.4. The payments made to the creditors in accordance with the payment programme exceed the amount that the creditors would receive as a disbursement if the Company is declared bankrupt according to the calculation comparing the restructuring proceedings and the bankruptcy proceedings. According to the calculation comparing the restructuring proceedings and the bankruptcy proceedings, unsecured creditors would receive 11.92% of the amount of their claims in the event of a bankruptcy.

IV APPROVAL AND VALIDITY OF THE RESTRUCTURING PROGRAMME

23 APPROVAL OF THE RESTRUCTURING PROGRAMME IN GENERAL

Pursuant to section 51(2) of the Restructuring of Enterprises Act, the administrator's proposal for how the creditors are to be divided into groups shall be included in the restructuring programme. In addition, the restructuring programme must include the administrator's view of the amounts at which debts that are unclear as to their amount or basis may participate in the voting. Pursuant to section 52(3) of the Restructuring of Enterprises Act, the administrator's view on whether creditors with lowest priority have the right to vote shall be included in the restructuring programme.

24 DIVISION INTO GROUPS

24.1 Groups of Creditors

The administrator proposes that creditors be divided into groups as follows when voting on the restructuring programme of Componenta Finland Ltd:

1. secured creditors;
2. creditors under public law; and
3. other unsecured creditors.

The receivables of guarantors must be taken into account to the extent that the receivables have been accounted for in the payment programme.

24.2 Groups of Creditors and Votes

The division into groups by creditors and the number of votes are listed in Appendix 24.2.

24.3 Voting Rights Related to the Division of the Creditors into Groups

The claims of minor creditors with a maximum capital of EUR 1,000 have been repaid by decisions of the administrator. Consequently, these creditors do not have the right to participate in the vote.

No unsecured creditors will receive full payment of their claims within a month from the approval of the programme, and therefore there has been no need form several groups of unsecured creditors.

Restructuring debts that are unclear as to their basis or amount will be taken into consideration in the voting procedure in the amount approved by the court when approving the draft restructuring programme.

The administrator proposes that conditional and maximum amount restructuring debts and restructuring debts that are unclear as to their amount be taken into consideration in the amount stated in the Appendix 24.2.

Creditors with the lowest priority do not have the right to vote.

25 APPROVAL OF THE RESTRUCTURING PROGRAMME

25.1 Requirements for Approval

The District Court of Helsinki will decide on the approval of the final restructuring programme. The following factors are prerequisites for approval:

- a) sufficient support of the restructuring creditors as required by section 51 or section 54 of the Restructuring of Enterprises Act; and
- b) there being no barriers to the approval of the programme referred to in sections 53 or 55 or other sections of the Restructuring of Enterprises Act.

If the programme is not be approved, in the administrator's view, this would entail the initiation of the bankruptcy proceedings.

25.2 Compliance Regardless of Appeal

The administrator requests, with reference to section 77(3) of Restructuring of Enterprises Act, that when approving this draft restructuring programme as the restructuring programme, the court order that restructuring programme shall be complied with regardless of appeal.

26 VALIDITY AND LAPSING OF THE RESTRUCTURING PROGRAMME

26.1 Provision on the Validity of the Programme

The restructuring programme is valid during the period of its implementation. The implementation of the programme will end when:

- all payments specified in the payment programme of the restructuring programme have been paid, or their payment has been agreed upon;
- final decisions have been issued in any trials or authority procedures regarding the conditional and maximum amount restructuring debts, and restructuring debts defined in such proceedings have been paid;
- any disputes regarding contested restructuring debts have been settled, either by a final decision of a court or by a settlement confirmed by the supervisor, and restructuring debts thus defined have been paid in accordance with the restructuring programme; and
- the supervisor has submitted a final report in accordance with section 62 of the Restructuring of Enterprises Act.

26.2 Right to Premature Repayment

The company is entitled to have the restructuring programme end prematurely.

The requirements for ending the restructuring programme prematurely is that the Company pays remaining payments under the payment programme as a lump sum to each secured creditor.

In addition, the requirements for ending the restructuring programme prematurely is that the Company pays the remaining payments under the payment programme as a lump sum to each unsecured creditor

- Multiplied by 1.6 if the objective is to end the restructuring programme during the period between the approval of the restructuring programme and 31/12/2017.
- Multiplied by 1.5 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2018.
- Multiplied by 1.4 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2019.

- Multiplied by 1.3 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2020.
- Multiplied by 1.2 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2021.
- Multiplied by 1.1 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2022.

If the objective is to end the restructuring programme during the period after 31/12/2022, the Company must pay the remaining payments under the payment programme as a lump sum to each unsecured creditor.

The Company must notify the supervisor of the premature ending of the restructuring programme at least one month prior to the effecting of the aforementioned payments.

The Company may incur a duty to make supplementary payments in accordance with section 20.2 due to the premature ending of the restructuring programme.

26.3 Lapsing of the Restructuring Programme by Virtue of Law

If the Company is declared bankrupt, the restructuring programme will lapse in its entirety. A court that decides on declaring a company bankrupt may also, for a special reason under section 66(2) of the Restructuring of Enterprises Act, order that the restructuring programme will not lapse due to bankruptcy if the majority of the restructuring debts have already been paid in accordance with the programme.

The lapse of the restructuring programme is subject to the provisions of section 64 and 65 of the Restructuring of Enterprises Act.

26.4 Lapse of the Debt Arrangement on the Basis of Law

At the request of a creditor or the supervisor, the court may order that a debt arrangement in the restructuring programme pertaining to this creditor is to lapse if the Company has materially neglected its obligations under the programme to the creditor and has not fulfilled these obligations within a reasonable additional period set by the creditor.

A request for the lapsing of the debt arrangement may be filed by the supervisor or by a creditor in respect of his or her claim.

The creditor in respect of whom the debt arrangement lapses has the same right to payment as he or she would have had, had the restructuring programme not been approved. However, the debtor need not pay overdue interest on the debt for the period during which the debt arrangement was in effect, unless the court orders otherwise for a special reason.

The court may also order that a debt arrangement in the restructuring programme is to lapse, if:

- (a) the company implements measures lacking the approval of the supervisor as required by the restructuring programme, or
- (b) the company has neglected to implement any actions decided by the supervisor that the supervisor is entitled to demand under the restructuring programme within a period to be set by supervisor.

A request for the lapsing of the debt arrangement may be filed by the supervisor or by a creditor in respect of his or her claim.

AMENDMENT OF THE RESTRUCTURING PROGRAMME

Under section 63 of the Restructuring of Enterprises Act, the provisions on the rectification of a judgment apply to rectification of a clerical error, arithmetical error or other comparable obvious error in the approved programme. The same provision applies if the amount of a debt has been incorrectly entered into the payment programme owing to an earlier payment or some other comparable reason. The court may also rectify other errors in the programme if those whose position is affected by the matter accept the same.

The contents of a debt arrangement or the payment programme in an approved programme may be amended with the consent of the creditor whose rights are violated by the amendment. However, no consent need be obtained if the claim of the creditor is insignificant as to its amount and if the position of the creditor is not affected in a material respect by the amendment.

If the amount of the restructuring debt or rights of a creditors are approved in deviation from how they were approved by the court in accordance with section 47(1) of the Restructuring of Enterprises Act, the programme must be amended upon the demand of a creditor or the supervisor in so far as the decision concerning the creditor's right affects the contents of the debt arrangement or the payment programme. The same applies correspondingly if other restructuring debts turn up that have not ceased based on section 57(1) of the Restructuring of Enterprises Act. In the amendment of the payment programme, the creditor shall be treated equally in the debt arrangement with other creditors in the same position.

28 OTHER PROVISIONS

28.1 Monitoring of the Programme

28.1.1 Company Management

The company's owners, board of directors and management have their own responsibilities to supervise and monitor the implementation of the restructuring programme.

28.1.2 Supervisor

A supervisor is appointed to monitor the restructuring programme of Compena Finland Ltd whose term of office covers the implementation period of the restructuring programme.

It is proposed that the administrator be appointed supervisor.

The duties of the supervisor are

- to supervise compliance with the requirements of the restructuring programme, and if necessary, to propose to the Court on behalf of all of the creditors that the debt arrangement lapse; and
- to request the lapsing of the debt arrangement on behalf of all the creditors under a specific condition on lapsing in the restructuring programme.

The supervisor must report to the creditors annually on the implementation of the restructuring programme. The annual report will be delivered to creditors whose restructuring claims are at least EUR 50,000. All restructuring creditors are entitled to receive the annual report provided that they have ordered it from the supervisor.

At the conclusion of the restructuring programme the supervisor shall present the final report to the District Court of Helsinki. All restructuring creditors are entitled to receive the final report provided that they have ordered it from the Company or the supervisor.

The Company will be liable for the supervisor's fee and for the costs arising from the supervisor's work. The committee of creditors must approve the supervisor's invoices.

28.1.3 Committee of Creditors

It is proposed that the committee of creditors continue in its position during the validity of the programme.

The committee of creditors will be convened by the supervisor or by a member of the committee.

28.2 Actions Requiring the Supervisor's Consent

28.2.1 Sale of the Real Estate Properties or Real Estate Companies Related to the Business.

The Company cannot sell, disclose, transfer or otherwise relinquish from its possession material fixed assets related to the business of the Pori and Karkkila foundries or shares or units in companies it owns that own the aforementioned assets without the supervisor's prior and explicit written consent.

28.2.2 Commencement of Operations in a New Location

The Company cannot commence business operations in a new location or transfer operations or part thereof to a new location without the supervisor's prior and explicit written consent.

28.2.3 Winding up of Business

The Company has no right to wind up its business or any part thereof without the supervisor's prior and explicit consent.

Drafted by

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Administrator appointed by the District Court of Helsinki

APPENDICES

Appendix 4.1 a	Trade Register Extract
Appendix 4.1 b	Articles of Association
Appendix 4.4	Group Structure Chart
Appendix 5.4	Realisation Balance Sheet as at 30/09/2016
Appendix 5.5.2	Secured Debts
Appendix 5.5.3	Accounts Payable
Appendix 5.5.4	Debts under Public Law
Appendix 5.5.5	Debts to Group Companies
Appendix 5.5.6	Disputed Debts
Appendix 15.2	Programme Balance Sheet
Appendix 17.2	Payment Programme, Secured Debts
Appendix 17.4	Payment Programme, Unsecured Debts;
Appendix 17.5	Payment Programme, Conditional and Maximum Amount Debts
Appendix 24.2	Groups of Creditors and Votes