COMPONENTA
Casting Future Solutions

FINANCIAL STATEMENTS 2015

Contents

Report on 2015 by the Board of Directors

For Componenta 2015 was a challenging year. After the start of the year there was little change in the markets and demand. The order book at the beginning of 2016 was 14% lower than at the beginning of 2015. Componenta's net sales in 2015 were at a similar level as in the previous year, but EBITDA and the operating profit were both down on the previous year.

The improvement in productivity and the estimated cost savings from the measures in the Group's efficiency improvement program were not achieved as expected and targets were not met. Profitability was weakened not only by the poor developments in productivity but also by costs arising from quality-related problems, extra costs arising from local strikes, a general rise in costs in Turkey, and problems due to disruptions in production in Främmestad.

Key strategic goals in 2015 were to improve productivity and profitability and to achieve cost savings in the production units. Actual developments fell considerably short of expectations and towards the end of the year this resulted in changes in company management and in the strategy. The president and CEO of Componenta Group changed on 16 November 2015 when Harri Suutari, who until then had been chairman of the company's Board of Directors, was appointed president and CEO. Matti Ruotsala, formerly vice chairman of the Board, took over as chairman of the Board.

According to the new strategy that is being drawn up, in future Componenta will focus on medium volume product series and on aluminium castings, and aims to raise capacity utilization rates at all its production plants. The means for raising capacity utilization include both intensive sales promotion activities and possible closures of production lines.The goals in the new strategy will be to raise efficiency, to improve customer service, and to reduce quality related and fixed costs, aiming through these at profitable business operations.

Componenta's liquidity was tight towards the end of the year. During the year the company failed to comply with certain terms for the Nordic syndicated loan agreement. In December the company signed a standstill agreement with the parties to the Nordic syndicated loan, where the lenders released Componenta from having to comply with the terms of the loan until the end of April 2016.As part of the strategy that is being drawn up, Componenta's Board of Directors has decided to launch an investigation into ways of strengthening the company's financial position and balance sheet.

In June Componenta's Turkish subsidiary Componenta Dökümcülük A.S. signed a new credit facility agreement, which comprises a EUR 10 million revolving credit facility and a EUR 20 million investment loan for the new aluminium foundry in Manisa in Turkey.

Componenta's aluminium business segment has been some of the Group's most profitable business. The new aluminium foundry under construction in Manisa is in response to increased market demand and to the growth in delivery volumes. In 2015 Componenta signed a major contract for aluminium components, with deliveries continuing until 2025. The new foundry building was completed by the end of the year and installation of machinery began at the start of 2016, so production will partially begin during 2016. The cost of the property investment is EUR 12.4 million.

In the summer Componenta signed an agreement with Michel Van de Wiele NV, owner of Belgian company Ferromatrix NV, to start cooperation on the production and sale of large Furan cast components at the beginning of 2016. The Ferromatrix foundry is responsible for the production of the Furan castings and a joint venture, in which the two companies have equal shares, for sales and customer relations. In consequence of these changes, the loss-making Furan casting line at Componenta's Heerlen foundry is being closed down in the first quarter of 2016. A write-down of EUR 1.6 million on machinery and equipment was recorded in the 2015 financial statements as the result of the closure of the production line. This will reduce the number of jobs at the foundry by 128 and future personnel costs of EUR 3.3 million were recorded arising from past work performed.

Group strategy and changes in it

In 2015 Componenta's strategic projects and the measures they involve focused on improving productivity and cost-efficiency and raising efficiency in operations and operating methods. The objectives of the projects were to safeguard the Group's competitive standing, develop closer cooperation with customers, and increase sales.

Efficiency improvement program

Componenta's group-wide efficiency improvement program, which began in 2012 and was expanded in 2013 and 2014, had the target of improving the company's profitability from year 2012 level by EUR 45 million by the end of 2015. During 2015 the efficiency improvement program fell considerably short of the targets set for production efficiency. The efficiency improvement program will be replaced in line with the changes considering company's management and strategy done in November.

Developing the quality and service culture and utilising product development projects

In line with the objectives, Componenta developed its quality assurance processes and renewed its management practices so as to reduce quality costs, improve customer service and increase customer satisfaction.

Through the product development projects the company created considerable added value for customers. Taking advantage of these has enabled the company to sign major new contracts.

In future, in line with Componenta's new strategic alignment, product development and engineering and quality functions close to production will correspond even better to customer needs. Componenta failed to achieve its targets for reducing quality costs in 2015 and the measures to cut costs will continue in 2016.

EUR 100 million organic growth program

In the organic growth program had the goal of a EUR 100 million increase in net sales. The impact of the program on growth in sales lower than previously reported due to weakening market prospects. As part of the reorganisation of sales and the re-assessment of production operations, the program has for the time being been suspended. The business units are being strengthened by integrating into them the engineering, quality and customer service functions as well as sales, apart from global customer accounts. The changes aim to increase cooperation between production and sales, improve customer service and obtain cost savings.

Renewal of Componenta's strategy

According to the new strategy that is being drawn up, Componenta will in future concentrate on medium volume product series and on aluminium castings, and aims to raise capacity utilization rates at all its production plants. The primary objective is a clear improvement in profitability. In connection with this, Componenta is beginning a strategic review of the business structure, which will include the possible closure or sale of production plants, transfers of production and other measures aiming to significantly improve profitability. The strategic review will cover all the Group's production plants in the Netherlands, Sweden and Finland.

The objectives of the strategic review are to clarify the structure of business operations and to concentrate production capacity so that it serves Componenta's customers in the most effective way. In consequence of these measures, the profitability and competitiveness of the remaining business operations are expected to improve considerably. Other goals include considerable improvements in capacity usage, efficiency and quality, stabilising the production process, and significant reductions in fixed costs.

As part of the new policies, the business units are being strengthened by integrating into them the engineering, quality and customer service functions as well as sales, apart from global customer accounts, that are key functions for production. The changes aim to increase cooperation between production and sales, improve customer service and obtain cost savings.

Developments in Componenta's business environment and markets in 2015

The order book for the Componenta's heavy trucks customer sector was 20% smaller than at the same time in the previous year. Overall, market conditions in the heavy trucks customer sector in Europe have improved from the previous year. But this has only had a small impact on demand for components in Europe, since heavy truck manufacturers have temporarily switched their production outside Europe to balance out their own production and demand in different market areas. Componenta's sales to customer sector were slightly better than in the previous year.

The order book for the construction and mining customer sector declined 17% from the same time in the previous year. Componenta's full year sales to construction and mining customers declined, although this was less than the decline in the market thanks to the impact of new products. The slowdown towards the end of the year in the construction and mining market has affected all customers. Low volumes have also affected new sales.

The order book for the machine building customer sector declined 6% from the previous year. The weak market has mainly impacted customers in central Europe, and positive developments in new sales and the more stable state of the market in the Nordic countries have helped to compensate this.

The order book for Componenta's agricultural machinery customer sector fell 17% from the previous year due to the weak market conditions that continue in the sector.

The order book for the automotive customer sector declined 1% from the previous year. Componenta's sales increased 18% from the previous year. Market demand has remained strong as have the company's new sales to vehicle manufacturers.

Order book and net sales

Componenta's order book at the beginning of 2016 was 14% lower than in the previous year at EUR 77 (89) million. The order book comprises confirmed orders for the next two months. The fall in the prices of recycled steel, iron and aluminium in 2015 reduced the order book by some EUR 3 million compared to the same time in the previous year, because of lower supplementary charges for raw materials. Demand especially in the construction, mining industries and agricultural machinery industries remained low.

Componenta's net sales in the year were the same as in the previous year, at EUR 495 (495) million. The Group's capacity utilization rate in the period was 58% (58%).

Componenta's net sales in the financial year by customer sector were as follows: heavy trucks 32% (32%), construction and mining 16% (18%), machine building 21% (20%), agricultural machinery 13% (15%) and automotive 18% (15%).

Result

Componenta's EBITDA for the 2015 financial year excluding one-time items and exchange rate differences on balance sheet items declined from the previous year to EUR 23.8 (35.8) million. EBITDA was reduced by the weakening of the Turkish lira and high wage inflation - some EUR -5 million, the strikes in the second quarter in the Turkish automotive industry - some EUR -2 million, and problems arising from disruptions in production at the Främmestad machine shop mainly during the first and second quarters – some EUR -2 million. During the final quarter the Group had quality-related problems that had an estimated impact on EBITDA for the quarter of some EUR -2 million. In addition the result for the final quarter was weakened by write-downs on raw material inventories due to the fall in prices of recycled steel, by higher material costs than expected in the Foundry Division, and by disruptions to operations caused by the tight liquidity. The positive impact of the efficiency improvement program on production efficiency and capacity usage fell short of its targets.

The consolidated operating profit in the year excluding one-time items and exchange rate differences on balance sheet items declined from the previous year to EUR 6.0 (17.8) million. The operating profit including these items was EUR -23.4 (2.2) million.

The Group's net financial costs in the review period, excluding one-time costs, totalled EUR -25.4 (-27.3) million. Net financial costs were EUR 1.9 million lower than in the previous year due to lower net interest costs of EUR 3.6 million, although their positive impact was weakened by exchange rate losses on financial items of EUR -1.4 million. One-time items relating to net financial costs for the year were EUR -0.1 (-3.7) million.

The Group's result for the period after financial items, excluding one-time items and exchange rate differences on operative balance sheet items, was EUR -19.4 (-9.5) million, and including these items EUR -48.9 (-28.7) million. The Group's result after financial items excluding one-time items was EUR -18.4 (-12.2) million.

One-time items in the year included in the operating profit totalled EUR -30.5 (-12.9) million. One-time costs in the operating profit in 2015 are related to the consolidation measures at the units in the Netherlands EUR -3.3 million, write-downs on machinery, equipment and buildings at the units in the Netherlands EUR -4.2 million and write-downs on receivables and inventories at the units in the Netherlands EUR -0.8 million, write-downs and revaluations at the units in Finland on machinery and equipment EUR -9.3 million and on buildings EUR -4.6 million, revaluations on investment property in Finland EUR -1.3 million, costs in connection with transferring production from the Pietarsaari foundry to the Pori foundry EUR -0.9 million, closing down the Smedjebacken forge in Sweden EUR -1.3 million, extra waste treatment costs and other costs at the Orhangazi foundry EUR -2.4 million, write-downs on overdue receivables at the Turkish units EUR -0.6 million, and write-downs on projects that have been terminated EUR -1.1 million. Other one-time items in operating profit were EUR -0.7 million.

One-time items include a total of EUR -19.6 million in write-downs on machinery, equipment and property mainly due to the low capacity usage in foundry operations in the Netherlands and Finland.

Income taxes for the financial year totalled EUR -33.8 (+0.2) million. Deferred taxes were re-assessed during the year in consequence of the new strategic policies, and tax expenses include write-downs of EUR 37.5 million on deferred tax assets relating to tax losses. The write-downs by country were as follows: Finland EUR 22.5 million, Netherlands EUR 8.1 million and Sweden EUR 6.8 million. The company believes that it will be able to make use of the written down tax assets in the future, but because of the poor financial performance, and with the efficiency improvement program falling short of its targets and the probability of utilising the tax losses in these countries has declined significantly compared to 2014. At the end of the 2015 financial year the company has on its balance sheet deferred tax assets relating to tax losses of EUR 5.4 million in Finland and EUR 0.4 million in Sweden.

The result for the period was EUR -82.7 (-28.6) million. Basic earnings per share were EUR -0.86 (-0.63).

The return on investment, excluding one-time items and exchange rate differences on operative balance sheet items, was 2.0% (5.6%) and after these items -7.2% (0.8%).

Return on equity, excluding one-time items and exchange rate differences on operative balance sheet items, was -21.6% (-12.1%) and after these items -92.6% (-29.1%).

Balance sheet, financing and cash flow

In June Componenta's Turkish subsidiary Componenta Dökümcülük A.S. signed a 5.5 year credit facility agreement, which comprises a EUR 20 million investment loan, which is taken in stages as the investment is carried out, and a EUR 10 million revolving credit facility. Through this financial arrangement the average maturity for Componenta Dökümcülük's interest bearing loans rose.

At the beginning of December Componenta started negotiations towards a financing solution that would support the new strategic alignments and ensure the strengthening of the company's financial position and balance sheet. The company also began negotiations in connection with the Nordic syndicated loan agreement, for which the company had not met certain conditions at that time. At the end of December Componenta signed a standstill agreement with the Nordic partners in the syndicated loan agreement, whereby the lenders released Componenta from having to comply with certain terms of the loan for a fixed period. The agreement is in force until the end of April 2016 and it contains terms that are normal for agreements of this nature and that the company has to fulfil while the agreement is in force. The Group has long- and short-term loans from financial institutions of EUR 143.9 million maturing in 2016 and EUR 24.9 million maturing in 2017. Failure to comply with certain terms of the syndicated loan agreement and cross default terms have resulted in several debt instalments, nominal amount of EUR 63.2 million, being classified as current in the company's balance sheet. The company's liquidity was tight at the end of 2015 and early in 2016, which has had a negative impact on the company's production operations. Negotiations with financial and other investment institutions have continued at the beginning of 2016. Componenta has on 11 March 2016 announced that the negotiations have proceeded as planned. The arrangement, being the subject of the negotiations, consists of cutting some of the current bank loans and converting them into long-term. Also, the company conducts negotiations in order to get new long-term financing.

At the end of the year, Componenta's cash funds, bank receivables and binding credit facilities totalled EUR 10.6 (14.0) million. The binding credit facilities take into account the unused amount of EUR 4.5 million on the closing date of the loan agreement signed in June. The loan is being taken in stages as the investment is carried out. The Group's interest-bearing net debt, including the outstanding capital notes of EUR 0.0 (2.0) million, totalled EUR 237 (216) million at the end of the period. The company's net debt as a proportion of shareholders' equity was 1,273% (194%). At the end of December the Group's equity ratio was 4.6% (23.7%).

Net cash flow from operations in the year was EUR 10.3 (–20.6) million. The improvement in the cash flow from operations is due to changes in working capital, which totalled EUR 21.6 (–16.8) million in the period. The funds tied up in working capital declined mainly due to reductions in inventories and trade receivables and to an increase in trade payables. Due to the company's poor financial performance, financing for working capital has however remained tight.

Componenta makes more efficient use of capital with a program to sell its trade receivables. Under this arrangement, some of the trade receivables are sold without any right of recourse. The volume of trade receivables sold at the end of year totalled EUR 86.0 (88.9) million.

At the end of 2015, the invested capital of the company was EUR 262 (339) million.

Loans, commitments and contingent liabilities given by the parent company to Group companies classified as related parties on 31 December 2015 totalled EUR 52.7 (69.9) million. Loans, commitments and contingent liabilities given by the company to private persons classified as related parties on 31 December 2015 totalled EUR 0.2 (0.2) million.

Investments

Componenta's investments in production facilities in the financial year totalled EUR 31.5 (22.6) million, and financial lease investments accounted for EUR 5.3 (6.2) million of these. Some EUR 1.2 million of these were investments that also reduce the environmental impact of production. The net cash flow from investments was EUR –26.8 (–13.4) million, which includes the cash flow from the Group's investments in tangible and intangible assets, and the cash flow from shares sold and purchased and from the sale of fixed assets. During the year investments to increase capacity were mainly the EUR 13.6 million spent on the aluminium business operations in Manisa, Turkey EUR 13.6 million, which explains most of the increase in the cash flow tied up in investments.

Research and development

At the end of the 2015 financial year, 94 (99) people worked in research and development at Componenta, which corresponds to 2% (2%) of the company's total personnel. Componenta's research and development expenses in 2015 totalled EUR 2.5 (2.8) million, the equivalent of 0.5% (0.6%) of the Group's total net sales.

Environment

The objectives of Componenta's quality, environmental, and occupational health and safety policy are to fulfil customer requirements and to comply with all essential legal requirements relating to the environment, occupational health and safety. Componenta ensures that all its business locations have sufficient competent resources and relevant knowledge to be successful and continuously improves its own production processes to guarantee the best possible results. The programmes implemented for continuous improvement aim at achieving the principle of zero defects in quality, zero accidents and zero illness in health and safety, and at meeting agreed environmental targets.

Componenta is committed to continuous improvement and to reducing the environmental impact of its production. The most significant environmental aspects have been identified as the use of energy, preventing the creation of waste, and utilising waste instead of dumping it at waste disposal sites.

In 2015 the Group's production units used 657 GWh (666 GWh) of energy. Most of the energy used, 67% (68%), was electricity. The foundries consume more than 90% of all the energy, since especially the melting processes at the foundries utilise much energy. In 2015 energy consumption in proportion to output at Componenta's iron foundries rose 3%, which was due to the lower capacity utilisation rate.

Componenta uses recycled material for its raw material and correspondingly sends some of the waste it generates for beneficial reuse. In 2015 68% (71%) of the raw material used at the Group's iron foundries was recycled steel. 91% (60%) of the waste generated went for beneficial reuse. EUR 1.2 million of the total investments in 2015 were investments that also reduced the environmental impact of production. The impact of the investments mainly at the Orhangazi foundry in Turkey in the previous year relating to the volume and treatment of waste was seen in 2015 as a higher proportion of the waste was sent for beneficial reuse. In 2015 waste costs were some EUR 1.5 million lower than in 2014.

Personnel

The Group had on average 4,281 (4,438) employees during the year, including 299 (326) leased employees. The number of Group personnel at the end of the period was 4,269 (4,238), which includes 290 (257) leased employees.

At the end of the year 62% (61%) of personnel were in Turkey, 15% (16%) in Finland, 13% (13%) in the Netherlands, and 10% (10%) in Sweden.

Shares and share capital

The shares of Componenta Corporation are quoted on Nasdaq Helsinki. At the end of the financial year the company had a total of 97,269,224 (97, 269,224) shares and the company's share capital stood at EUR 21.9 (21.9) million. The quoted price on 31 December 2015 stood at EUR 0.69 (EUR 0.72). The average price during the year was EUR 0.82, the lowest price was EUR 0.63, and the highest EUR 1.13. At the end of the financial year the share capital had a market capitalization of EUR 66.6 (69.5) million and the volume of shares traded during the period was equivalent to 12.3% (21.6%) of the share stock.

Componenta terminated the Liquidity Providing (LP) agreement it made with Nordea Bank Finland Plc in 2005 on 27 May 2015. The company estimates that the liquidity of the share traded is sufficient and no longer requires an external provider of liquidity.

Flagging notices

On 25 March 2015 Componenta received notification in accordance with the Securities Markets Act according to which the holding of Tiiviste-Group Oy, in which Erkki Etola exercises control, in Componenta Corporation shares and voting rights had exceeded 5%, and at the same time the total holding of Etra Capital Oy and Tiiviste-Group Oy together, in which Erkki Etola exercises control, had exceeded 15% of all Componenta shares and voting rights.

As the result of these transactions, the holding of Tiiviste-Group Oy rose to 4,907,340 shares (previously 3,000,000 shares), which corresponds to 5.05% (previously 3.08%) of Componenta's shares and voting rights. At the same time the total holding of Etra Capital Oy and Tiiviste-Group Oy together, in which Erkki Etola exercises control, in Componenta shares and voting rights rose to 16,288,790 shares, or 16.75% (previously 14,381,450 shares, 14.79%).

Decisions of the Annual General Meeting

The Annual General Meeting of Componenta Corporation, held on 11 March 2015, adopted the annual accounts and the consolidated annual accounts for the financial period from 1 January to 31 December 2014 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the proposal of the Board of Directors, the AGM resolved that no dividend be paid for the financial year ended 31 December 2014.

The AGM decided that the Board of Directors should have seven members and elected Olavi Huhtala, Olli Isotalo, Perttu Louhiluoto, Riitta Palomäki, Matti Ruotsala, Tommi Salunen and Harri Suutari to the Board.

The AGM elected Authorised Public Accountants Pricewaterhouse-Coopers Oy as the company's auditors.

The AGM authorised the Board of Directors to decide on a share issue and an issue of special rights entitling to shares for a maximum of 20,000,000 shares, in one or more instalments, either against payment or without payment. The authorisation entitles the Board of Directors to decide on all conditions for the share issue and the issue of special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders. The authorisation may be used to strengthen the balance sheet and financial position of the company or for other purposes as decided by the Board of Directors. The authorisation is in force until the end of the next Annual General Meeting, however not later than 30 June 2016. The authorisation had not been exercised at all on 31 December 2015.

The AGM decided to establish a Nomination Board comprising shareholders or their representatives to annually prepare and present proposals for the next Annual General Meeting concerning the composition and remuneration of the Board of Directors.

Share-based incentive scheme 2015

The Board of Directors of Componenta Corporation resolved on 10 February 2015 on a new share-based incentive scheme for key personnel. The objective of the plan was to bring together the goals of the owners and key personnel so as to raise the value of the company, to commit key personnel to the company, and to offer them a competitive bonus scheme based on share ownership.

The scheme had one earning period, the 2015 calendar year. The earning criteria for the 2015 earning period was Componenta Group's result after financial items.

Under the terms of the incentive scheme, any bonus for the 2015 earning period is paid as a combination of company shares and cash. The part to be paid in cash is intended to cover the taxes and tax-related costs incurred by key personnel from the bonus. Any shares paid in the incentive scheme may not be disposed of during a restriction period of about two years. Should the employment of a key employee end during this restriction period, they shall return the shares given as a bonus without compensation.

At the end of 2015 the target group for the scheme comprised 12 people. The Board of Directors decided not to allocate any shares for the 2015 earning period. The scheme's impact on the Group's result before tax at the end of 2015 was therefore EUR 0.0 million. The bonuses which could have been paid for the 2015 earning period corresponded altogether at most to the value of about 780,000 Componenta Corporation shares, including the portion to be paid in cash.

Board of Directors and Management

The Board of Directors held an organization meeting after the Annual General Meeting on 11 March 2015 where it elected Harri Suutari as chairman of the Board and Matti Ruotsala as vice chairman. The Board of Directors met 17 times in 2015. The average attendance rate for Board members at their meetings was 99%. The Board of Directors assessed their activities in 2015 under the leadership of the chairman in February 2016.

Componenta has an audit committee of the Board of Directors. At its organisation meeting the Board elected Riitta Palomäki to be chairman of this committee and Olavi Huhtala and Tommi Salunen to be ordinary members. The audit committee met 5 times in 2015 and the average attendance rate for its members was 93%. The audit committee assessed its activities and working methods in 2015.

Componenta has a shareholders' nomination committee. The nomination committee is convened annually by asking the three largest shareholders in the company as of 31 August to appoint one member to the committee. In addition to these, the chairman of the company's Board of Directors serves as an expert member of the committee. In 2015 the nomination committee comprised Erkki Etola (shareholders Etra Capital Oy and Tiiviste-Group Oy), Reima Rytsölä (shareholder Varma Mutual Pension Insurance Company), and Heikki Lehtonen (shareholders Heikki Lehtonen and companies in which he has a controlling interest Oy Högfors-Trading Ab and Cabana Trade SA). In addition, the chairman of Componenta's Board of Directors, Harri Suutari until 16 November 2015 and Matti Ruotsala from 16 November 2015, served as expert members of the nomination committee. The nomination committee met once under the leadership of its chairman Reima Rytsölä and had an attendance rate of 100%.

In 2015 Heikki Lehtonen, b. 1959, was President and CEO of Componenta until 16 November 2015. He was Componenta's President and CEO from 1993 onwards. Harri Suutari, b. 1959, took over as the new President and CEO as from 16 November 2015

Componenta's Corporate Executive Team from 1 January – 16 November 2015 comprised: President and CEO Heikki Lehtonen; Juha Alhonoja, Senior Vice President, Machine Shop Division; CFO Mika Hassinen; Olli Karhunen, Senior Vice President, Foundry Division; Anu Mankki, Senior Vice President, HR and Internal Communications; Pauliina Rannikko, Senior Vice President, Legal and Risk Management; Maurice Ruiter, Senior Vice President, Quality and Engineering, Furio Scolario, Senior Vice President, Sales and Product Development and Sabri Özdogan, Senior Vice President, Aluminium Division. On 1 November 2015 Henri Berg became a member of the Corporate Executive Team when he was appointed CFO, after Mika Hassinen became full-time managing director of Componenta BV with responsibility for the Group's operations in the Netherlands.

Heikki Lehtonen was President and CEO of Componenta until 15 November 2015. Componenta's Board of Directors appointed Harri Suutari as the new President and CEO as from 16 November 2015.

Markku Honkasalo started as CFO and member of the Corporate Executive Team on 14 December 2015.

At the end of 2015 Componenta Group's Corporate Executive Team comprised President and CEO Harri Suutari, Olli Karhunen, Senior Vice President, Foundry Division, Juha Alhonoja, Senior Vice President, Machine Shop Division, Sabri Özdogan, Senior Vice President, Aluminium Division, CFO Markku Honkasalo, Pauliina Rannikko, Senior Vice President, HR and Legal, and Furio Scolario, Senior Vice President, Sales, Global Accounts.

Risks and business uncertainties

The most significant risks for Componenta's business operations are risks related to the business environment (competition and price risk, commodity and environmental risks), operational risks (customer and supplier risks, productivity, production and process risks, labour market disruptions, contract and product liability risks, personnel risks, and data security risks) as well as financial risks (financing and liquidity risk, currency, interest rate and credit risks).

In order to manage the Group's business operations it is essential to secure the availability of certain raw materials, such as recycled metal and pig iron, and of energy, at competitive prices. The cost risk relating to raw materials is mainly managed with price agreements, and under these agreements the prices of products are adjusted in line with the changes in raw material prices. Increases in prices for raw materials may tie up more funds in working capital than estimated.

The financial risks relating to Componenta's business operations are managed in accordance with the Group Treasury Policy approved by the Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets and to secure the Group's financial performance and financial position. More detailed information about the management of financial risks is given in the 2015 financial statements.

Refinancing and liquidity risks

During the financial year the company failed to meet certain terms for the Nordic syndicated loan. At the end of December Componenta signed a standstill agreement with the Nordic partners in the syndicated loan agreement, whereby the lenders released Componenta from having to comply with certain terms of the loan for a fixed period. The agreement is in force until the end of April 2016 and it contains terms that are normal for agreements of this nature and that the company has to fulfil while the agreement is in force. As part of the strategy being drawn up, Componenta's Board of Directors has decided to initiate a review into ways of strengthening the company's financial position and balance sheet. The Group has long- and short-terms loans from financial institutions totalling EUR 143.9 million maturing in 2016 and EUR 24.9 million maturing in 2017. Failure to comply with certain terms of the syndicated loan agreement and cross default terms have resulted in several debt instalments being classified as current in the company's balance sheet. The company's liquidity was tight at the end of 2015 and early in 2016, and this has had a negative impact on the company's production operations.

Componenta is drawing up a program of measures to ensure the continuity of its operations and to strengthen its financial position. Negotiations with financial and other investment institutions have continued during the first months of the year 2016. The arrangements that are being sought form a total package, and if this comes into effect it will create an opportunity for the company to start to carry out its new strategy complying with the going concern principle. The financial arrangement is provisory and there are uncertainties about whether it will come into effect. The company has published an announcement concerning the progress of financial negotiations on 11 March 2016. The company aims to publish more details about the arrangements by 1 April 2016.

The Group aims to ensure the availability of financing by spreading the repayment schedules, sources of funding and financial instruments in the loan portfolio. The proportion of one source of funding may not exceed a limit set in the Group Treasury Policy. The most important sources of finance used in the Group are the club loan from Turkish banks, trade receivables financing without recourse, the syndicated credit facility, other bilateral short- and long-term loan agreements with Turkish banks, lease financing, bonds, pension loans and capital notes.

There are uncertainties relating to whether the financing arrangements will actually take place, and these are described in the accounting principles for the financial statements and in Note 32.

Currency risk

According to Componenta's hedging policy for the transaction position, Componenta's currency denominated income and expense items in Turkey may be hedged in the range 0 – 100 per cent, at the discretion of the President and CEO. In the opinion of the company, the Turkish lira will in the long term weaken against the euro and other main currencies due to the big difference in inflation rates.

More detailed information about the risks to which Componenta is exposed and risk management is given in the notes to the 2015 financial statements.

Events after the end of period

Componenta announced on 5 February 2016 that is was postponing the publication date for its 2015 financial statements bulletin and only giving preliminary figures for the net sales and the result for the fourth quarter and the whole of 2015 on 9 February 2016. Preparation of the company's strategy relating to the reorganisation of operations and negotiations on a financing solution were still in progress, which affected the preparation of the 2015 financial statements. At the same time the company announced that it would publish the financial statements bulleting and the financial statements on 11 March 2016.

On 3 March 2016 Componenta announced that it was clarifying its management structure as part of its ongoing strategy work. The new management structure replaces the previous division structure by dividing operations into five business areas: the Finnish business area, the Swedish business area, the Netherlands business area, the Turkey, iron business area and the Turkey, aluminium business area. The business areas comprise the business units ie. the local foundries, machine shops and forges, including the sales companies.

In consequence of this change in the business structure, as from 3 March 2016, the Componenta Group Corporate Executive Team comprises the following: President and CEO Harri Suutari, Juha Alhonoja, Senior Vice President, Sweden business area; Seppo Erkkilä, Senior Vice President, Finland business area; Mika Hassinen, Senior Vice President, Netherlands business area; Pasi Mäkinen, Senior Vice President, Turkey, iron business area; and Sabri Özdogan, Senior Vice President, Turkey, aluminium business area; as well as CFO Markku Honkasalo, Pauliina Rannikko, Senior Vice President, HR and Legal, and Sami Sivuranta, Senior Vice President, Development. No deputy has been appointed to the president and CEO. Mika Hassinen previously held this position.

Another consequence of clarifying the management structure is that the reporting segments have also changed. The new reporting segments for Componenta Group are the aluminium business and the iron business, and Componenta is reporting in accordance with this new structure as from 1 January 2016. The iron business includes Componenta's iron foundries and machine shops in Finland, Sweden, the Netherlands and Turkey. It also includes pistons manufacturer Pistons in Finland and the Wirsbo forges in Sweden. The aluminium business includes the aluminium foundry and the wheels production unit in Turkey. Comparative data in accordance with the new reporting segments will be published before the January – March 2016 interim report.

Componenta published an announcement concerning the progress of financial negotiations on 11 March 2016.

Business environment

Demand prospects in all the Group's customer sectors remain uncertain.

The order book for Componenta's heavy trucks customer sector was 20% lower at the beginning of 2016 than at the same time in the previous year. Demand in the truck industry in Europe is expected to rise in 2016.

The order book for Componenta's construction and mining customer sector at the beginning of 2016 was 17% lower than at the same time in the previous year. The weaker prospects for economic growth in China have brought down raw material prices in recent months, and this has weakened demand for investment in the construction and mining industries. Total demand in construction and mining is expected to fall below that in the previous year.

The order book for Componenta's machine building customer segment was 6% lower at the beginning of 2016 than at the same time in the previous year.

The order book for Componenta's agricultural machinery customer sector was 17% lower at the beginning of 2016 than at the same time in the previous year. Weak market conditions mean that demand is expected to continue to decline in 2016.

The order book for Componenta's automotive customer sector was 1% lower at the beginning of 2016 than at the same time in the previous year. Demand in 2016 is estimated to improve from the previous year.

Componenta's prospects in 2016

Due to the financial situation of the company and the structural changes currently taking place, giving earnings guidance is exceptionally challenging. Because of this, Componenta is not for the time being making forecasts about its financial performance when commenting on its prospects.

Dividend proposal by the Board of Directors

On 31 December 2015 the parent company had distributable equity of EUR 58.1 (204.1) million. The Board of Directors proposes to the Annual General Meeting to be held on 1 April 2016 that no dividend be paid for the 1 January – 31 December 2015 financial period.

Annual General Meeting

Componenta Corporation's Annual General Meeting of Shareholders will be held at 10.00 am on 1 April 2016 in Helsinki. Notice of the annual general meeting will be published in a separate stock exchange release.

Corporate Governance Statement

Componenta Corporation is publishing its Corporate Governance Statement for 2015 as a separate report from the Report by the Board of Directors. After publication the statement will be available on the company's website at www.componenta.com.

CONSOLIDATED INCOME STATEMENT 1.1. – 31.12.

MEUR	Note	2015	%	2014	%
NET SALES	1	494.8	100.0	495.2	100.0
Other operating income	4	2.6		-0.1	
Operating expenses	5,6,7	-484.3		-470.1	
Depreciation, amortization and write-down of non-current assets	8	-36.6		-22.9	
Share of the associated companies' result		0.1		0.1	
OPERATING PROFIT	1	-23.4	-4.7	2.2	0.4
Financial income	9	8.4		7.7	
Financial expense	9	-33.9		-38.7	
Financial income and expenses in total		-25.4		-30.9	
PROFIT/LOSS AFTER FINANCIAL ITEMS		-48.9	-9.9	-28.7	-5.8
Income taxes	10	-33.8		0.2	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		-82.7		-28.6	
Allocation of net profit for the period					
To equity holders of the parent		-83.1		-29.2	
To non-controlling interest		0.4		0.6	
		-82.7		-28.6	
Earnings per share calculated on the profit attributable to the shareholders of the parent company					
Earnings per share, EUR	11	-0.86		-0.63	
Earnings per share with dilution, EUR	11	-0.86		-0.63	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1.1.–31.12.

MEUR	2015	2014
Net profit	-82.7	-28.6
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of land and property	-8.8	0.0
Items that may be reclassified subsequently to profit or loss		
Translation differences	-0.6	0.4
Actuarial gains and losses	-2.1	-1.0
Cash flow hedges	0.0	0.4
Other items	0.0	0.0
Total items that may be reclassified to profit or loss subsequently	-2.7	-0.2
Income tax on other comprehensive income	2.0	0.1
Other comprehensive income, net of tax	-9.5	-0.1
Total comprehensive income	-92.2	-28.6
Allocation of total comprehensive income		
To equity holders of the parent	-92.1	-29.2
To non-controlling interest	-0.1	0.6
	-92.2	-28.6

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31.12.

MEUR	Note	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	12	234.3	251.5
Goodwill	13	29.2	29.1
Intangible assets	14	7.1	8.2
Investment properties	15	8.1	8.3
Shares in associated companies	16	1.2	1.2
Financial assets	17	0.9	0.9
Receivables	18	7.8	1.4
Deferred tax assets	19	5.5	37,4
		294.1	338.0
CURRENT ASSETS			
Inventories	20	68.9	75.0
Receivables	21	31.7	43.5
Tax receivables	21	1.4	0.2
Cash and cash equivalents	23	6.1	12.1
		108.2	130.8
TOTAL ASSETS		402.2	468.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		21.9	21.9
Share premium reserve		15.0	15.0
Unrestricted equity reserve		152.3	152.3
Other reserves		20.2	27.2
Cash flow hedges		-0.4	-0.4
Translation differences		-37.0	-36.3
Retained earnings		-77.9	-47.3
Profit/loss for the financial period		-83.1	-29.2
Equity attributable to equity holders of the parent company	24	11.1	103.1
Non-controlling interest		7.6	8.0
Shareholders' equity		18.6	111.2
LIABILITIES			
Non-current liabilities			
Capital loans	28	-	0.0
Interest bearing	28	87.3	159.1
Other non-interest bearing	33	0.3	0.1
Provisions	27	10.4	9.7
Deferred taxes	19	10.8	12.9
Current liabilities			
Capital loans	28	-	2.0
Interest bearing	28	155.7	67.1
Other non-interest bearing	29	110.0	102.2
Tax liability		2.0	0.1
Provisions	27	7.0	4.5
		383.6	357.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		402.2	468.9

The notes are an integral part of these financial statements.

CASH FLOW STATEMENT 1.1. – 31.12.

MEUR	2015	2014
Cash flow from operations		
Result after financial items	**–48.9**	–28.7
Depreciation, amortization and write-down	**36.6**	22.9
Net financial income and expenses	**25.4**	30.9
Other income and expenses, adjustments to cash flow	**–1.8**	–0.8
Change in net working capital		
Inventories	**6.8**	–12.5
Current non-interest bearing receivables	**7.0**	–7.1
Current non-interest bearing liabilities	**8.4**	2.0
Other working capital items	**–0.6**	0.8
Interest received	**0.2**	0.3
Interest paid	**–21.4**	–23.0
Other financial income and expenses	**–0.9**	–3.0
Dividends received	**0.0**	0.0
Taxes paid	**–0.6**	–2.4
Net cash flow from operations	**10.3**	–20.6
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	**–**	–0.3
Capital expenditure in tangible assets	**–27.1**	–15.7
Capital expenditure in intangible assets	**–1.5**	–0.6
Proceeds from tangible and intangible assets	**0.4**	2.9
Other investments and loans granted	**0.0**	0.0
Proceeds from other investments and repayments of loan receivables	**1.4**	0.3
Net cash flow from investing activities	**–26.8**	–13.4
Cash flow from financing activities		
Dividends paid	**–0.4**	–
Proceeds from share issue	**–**	28.4
Expenses of share issue	**–**	–1.9
Repayment of finance lease liabilities	**–4.0**	–4.1
Draw-down (+)/ repayment (–) of current loans	**5.3**	33.4
Draw-down of non-current loans	**26.4**	7.0
Repayment of non-current loans and other changes	**–16.8**	–26.8
Net cash flow from financing activities	**10.5**	36.0
Change in liquid assets	**–6.0**	2.0
Cash and bank accounts at the beginning of the period	**12.1**	10.2
Effects of exchange rate changes on cash	**0.0**	0.0
Cash and bank accounts at period end	**6.1**	12.1

The notes are an integral part of these financial statements.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium reserve	Unre-stricted equity reserve	Revaluation reserve of land and buildings	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Total	Non-controlling interest	Share-holders' equity total
Shareholders' equity 1.1.2014	**21.9**	**15.0**	**58.1**	**22.7**	**40.6**	**-0.7**	**-36.8**	**-42.9**	**77.7**	**7.4**	**85.2**
Net profit								-29.2	-29.2	0.6	-28.6
Translation differences							0.4		0.4	0.0	0.4
Actuarial gains and losses								-0.8	-0.8	0.0	-0.8
Cash flow hedges						0.3			0.3		0.3
Revaluation of buildings and land areas				-0.4				0.4	0.0		0.0
Other comprehensive income items					0.0				0.0		0.0
Total comprehensive income				-0.4	0.0	0.3	0.4	-29.6	-29.2	0.6	-28.6
Interest, hybrid bond								-3.8	-3.8		-3.8
Share issue			94.3		-35.6				58.6		58.6
Minority share acquisition								-0.3	-0.3		-0.3
Shareholders' equity 31.12.2014	**21.9**	**15.0**	**152.3**	**22.2**	**4.9**	**-0.4**	**-36.3**	**-76.5**	**103.1**	**8.0**	**111.2**

MEUR	Share capital	Share premium reserve	Unre-stricted equity reserve	Revaluation reserve of land and buildings	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Total	Non-controlling interest	Share-holders' equity total
Shareholders' equity 1.1.2015	**21.9**	**15.0**	**152.3**	**22.2**	**4.9**	**-0.4**	**-36.3**	**-76.5**	**103.1**	**8.0**	**111.2**
Net profit								-83.1	-83.1	0.4	-82.7
Translation differences							-0.6		-0.6	0.0	-0.6
Actuarial gains and losses								-1.4	-1.4	-0.1	-1.5
Cash flow hedges						0.0			0.0		0.0
Revaluation of buildings, land areas and investment properties				-6.5	-0.5		0.0	0.0	-7.0	-0.3	-7.4
Other comprehensive income items					0.0				0.0		0.0
Total comprehensive income				-6.5	-0.5	0.0	-0.6	-84.4	-92.1	-0.1	-92.2
Dividend									0.0	-0.4	-0.4
Shareholders' equity 31.12.2015	**21.9**	**15.0**	**152.3**	**15.8**	**4.4**	**-0.4**	**-37.0**	**-160.9**	**11.1**	**7.6**	**18.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting Principles

General information

Componenta is a metal sector group of companies with international operations. The Group manufactures cast, machined, surface-treated, ready-to-install components and total solutions made up from these. The Group's customers are global manufacturers in the machine building, heavy truck, automotive, construction & mining and agriculture industries.

The Group's parent company is Componenta Corporation (business identity code 1635451-6), whose shares are quoted on the Nasdaq Helsinki. The parent company is domiciled in Helsinki. The registered street address is Panuntie 4, 00610 Helsinki, Finland.

A copy of the consolidated financial statements can be obtained on the Internet at www.componenta.com or from the head office of the Group's parent company at Panuntie 4, 00610 Helsinki, Finland.

The financial year for all group companies is the calendar year and it ended on 31 December 2015.

The Board of Directors of Componenta Corporation has at its meeting on 10 March 2016 approved these financial statements for publication. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

Basis for preparing consolidated financial statements

Componenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards in force on 31 December 2015 and SIC and IFRIC interpretations. The term 'IFRS standards' refers to standards and interpretations of these in Finnish legislation and provisions based on this approved for applying in the EU in accordance with the procedure established in EU regulation (EY) 1606/2002. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared based on the historical cost, except that the following items have been assessed at fair value: investment properties, financial assets and liabilities recognized in the income statement, derivative financial instruments, and items hedged at fair value. The buildings and land areas included in the revaluation are also presented at their fair value deducted by the post revaluation depreciation related to buildings.

The preparation of the financial statements in accordance with IFRS standards requires management to make estimates and judgments in applying the accounting principles. Information about the judgments made by management in the application of the accounting principles employed by the Group and which have the biggest impact on the figures given in the financial statements is given in the chapter ''Accounting principles requiring judgments by management and key sources of estimation uncertainty''.

Assumption of ability to continue as a going concern

The financial statements for the 2015 fiscal year have been prepared on the going concern basis. When assessing the going concern principle, company management has taken into account the company's strategy that is being updated and related forecasts as well as the sources of finance available and the refinancing and liquidity risks.

Despite its excellent customers and skilled personnel, and in spite of many measures taken and efforts to improve, Componenta's financial performance has fallen short of its targets in the past few years, due to poorer developments than expected in productivity, high quality-related costs, and tight liquidity over a long period. On top of this, the targeted cost savings have not been achieved as expected. The poorer financial performance than planned has resulted in the company's liquidity and working capital being tight at the end of 2015 and in early 2016, and in uncertainty about the sufficiency of working capital in 2016. The tight liquidity situation has also had a negative impact on the company's production operations.

In November 2015 the company's Board of Directors changed the CEO of the company, prepared new strategical alignment and started to initiate changes, and progress will be made step by step with these until the company's profitability is brought in line with its targets. The main guidelines for the new strategy were published in December 2015 and it has the goal of a clear improvement in profitability. In future Componenta will focus on medium volume product series in iron castings and on aluminium castings production and also aims to raise the capacity utilization rates at all its production plants. . Typical customers for medium volume product series are global players in the heavy truck, agricultural machinery, construction and mining industries. The new aluminium foundry in Manisa, Turkey comes into operation in 2016 and this will for its part strengthen Componenta's position as a supplier to the automotive industry. Concentrating the production of iron castings in most competitive business units in line with the new strategy being drawn up may reduce the Group's production capacity in some business units. The impact of the strategy on customers and suppliers will be assessed during 2016, when any changes in capacity will also be announced. There are technical challenges in connection with concentrating production and transferring the production of individual products, and for this reason the planning and execution of product transfers will take time. Reserve stocks of the products being transferred also need to be built up, so that Componenta can safeguard deliveries to customers. In 2016 most of investments will be targeted on the aluminium foundry in Turkey and in 2017-2018 most of the Group's investments will be carried out at the iron foundry in Orhangazi, Turkey.

The Group has long- and short-term loans from financial institutions of EUR 143.9 million maturing in 2016 and EUR 24.9 million maturing in 2017, and it is not completely certain that the company will be able to refinance these loans. The Group reports to the banks behind the Nordic syndicated loan and to the banks providing the club loan to the Turkish subsidiary on the finance covenants defined in the terms of the loan agreements. The finance covenants relate to investments, and to key figures calculated on the basis of the equity ratio, interest-bearing debt, EBITDA and the debt service coverage ratio. Componenta announced on 4 December 2015 that it had started negotiations relating to the Nordic syndicated loan agreement, since the company does not comply with certain terms of the agreement. As a result of these negotiations, on 30 December 2015 Componenta signed a standstill agreement with the parties to the syndicated loan, whereby the lenders released Componenta from having to meet these terms of the loan for a fixed period. The agreement is in force until the end of April 2016 and it contains normal terms for agreements of this nature that the company has to comply with while the agreement is in force. More details are given in Note 32.

The company has continued negotiations during 2016 to find a financial solution to ensure the strengthening of its financial position and balance sheet. The objective of the new financing arrangements is to ensure the company has sufficient working capital in 2016, and to ensure the sufficient financing to carry out the strategic actions and sufficient funds for the servicing fees for the agreed loans and for the repayment instalments. Negotiations with financial and other investment institutions are still continuing. Componenta has on 11 March 2016 announced that the negotiations have proceeded as planned. The arrangement, being the subject of the negotiations, consists of cutting some of the current bank loans and converting them into long-term. Also, the company conducts negotiations in order to get new long-term financing.

Significant uncertainty factors relate to the company's liquidity situation and to the success of the measures described above to reorganise business operations and the financing arrangements, and company management has taken these factors into account when assessing the ability of the company to continue as a going concern. Should the refinancing arrangements that are being negotiated not take place, the company will not have sufficient working capital for the needs of the next 12 months. Should the arrangements described above not take place on a sufficient scale, the company may not be able to realise its assets and pay its debts as part of normal business. In the view of the company, it is however probable that the refinancing will be arranged. The impact of the measures in the reorganisation of business operations arising from the strategy being drawn up, and the inherent uncertainty factors relating to them, have been taken into account in the presentation of balance sheet items. The company has recorded significant write-down losses on material fixed assets and deferred tax assets. In addition, failure to comply with certain terms of the syndicated loan agreement and cross default terms have resulted in several debt instalments, nominal amount of EUR 63.2 million on total, being classified as current in the company's balance sheet. Should it prove in the foreseeable future that basing the financial statements on the going concern principle is not justified, the carrying values and/or classification of the company's assets and liabilities would have to be altered.

Accounting principles for consolidated financial statements

Subsidiaries

Componenta's consolidated financial statements contain the financial statements of Componenta Corporation and its subsidiaries. Companies are considered to be subsidiaries if the Group controls the company. The Group controls its subsidiary when the Group is exposed, or has rights, to variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Intra-group holdings are eliminated using the purchase method. The acquisition cost includes the fair value of the funds paid or the shares issued. Direct costs arising from the acquisition are recognized as expenses. The consideration does not include transactions accounted separately from the acquisition. These are recognised in profit or loss at the date of transaction. Any contingent consideration is measured at fair value at the date of acquisition and is classified as liability or equity. Contingent consideration classified as a liability is measured at fair value on the last day of each reporting period, and the resulting loss or gain is recognised in other operating income or other operating expenses. The unwinding of the contingent consideration is recognized as finance cost. Contingent liability classified as equity is not remeasured. Subsidiaries acquired during the year are consolidated from the date when the Group's control commences and divested subsidiaries until the date on which control ceases. The accounting principles for the financial statements of subsidiaries have where necessary been amended to correspond to the accounting principles for the consolidated financial statements.

All intra-group transactions are eliminated as part of the consolidation process. Unrealized losses are not eliminated if the loss results from impairment.

Associated companies and joint arrangements

Associated companies are entities in which the Group has significant influence but not control. A significant influence is generally exerted through a 20–50% share of the votes.

A joint arrangement is an arrangement under which two or more parties have joint control.

Associated companies and joint ventures are consolidated using the equity method of accounting. The Group's share of the profit for the financial period of an associated company or joint venture is shown in the statement of comprehensive income before the Group's operating profit or loss. The Group's share of changes in equity that have not been recognized through profit or loss at the invested entity is recorded in other items in the statement of comprehensive income. The Group's share of the net assets of an associated company or joint venture, together with goodwill arising from the acquisition (less any accumulated impairment), less impairment made on individual investments, is shown in the statement of financial position. The accounting principles for the financial statements of associated companies and joint ventures have where necessary been amended to correspond to the accounting principles for the consolidated financial statements.

Non-controlling interest

Distribution of the profit for the financial period to parent company owners and non-controlling interests is presented in the statement of comprehensive income, and the non-controlling interest's share of equity is presented as a separate item under equity in the statement of financial position. Any non-controlling interest in an acquired entity is valued, on a case by case basis, either at fair value or at an amount corresponding to the non-controlling interest's proportionate share of the identifiable net assets of the acquired entity. Total comprehensive income is allocated to the owners of the parent company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. Changes in the holdings of non-controlling interests in the Group's subsidiaries that do not result in loss of control are accounted for as equity transactions.

Translation of foreign currency items

Functional and presentation currency

The result and financial position of each of the Group's business units are measured in the currency of the main operating environment for that unit. The functional currency in the company's Turkish subsidiary is the euro, because a considerable part of the sales of the Turkish subsidiary are denominated in euros and the euro is also widely used as the trading currency in purchases. Since this is the case, management has affirmed that as the functional currency of the Turkish subsidiary the euro gives the most accurate picture of the financial impact of its business transactions, events and circumstances. The operational and presentation currency for the Group's parent company is the euro. The consolidated financial statements are presented in millions of euros unless otherwise stated.

Transactions and balances

The foreign currency receivables and liabilities of the parent company and subsidiaries domiciled in euro area are translated into euros at the exchange rate on the balance sheet date. Foreign currency receivables and liabilities of Group companies outside the euro area are translated into the functional currency of the respective Group company at the exchange rate on the closing date.

The foreign exchange rate differences arising from trade payables and trade receivables are presented under other operating income together with any related hedging results. Exchange rate differences arising from borrowings, deposits and cash and cash equivalents together with any related hedging results are recognized under financial income and expenses.

Group companies

The income statements of subsidiaries whose functional currency is not euro are translated into euros using the average exchange rates for the accounting period. Balance sheet items are translated into euros at the average exchange rate on the balance sheet date.

The difference in the result for the period between the average exchange rate for the accounting period and the exchange rate on the balance sheet date is recorded in shareholders' equity in translation differences. The shareholders' equity of subsidiaries is translated into euros in consolidation. Translation differences caused by changes in exchange rates between the date of acquisition and the balance sheet date have been recorded in shareholders' equity.

The functional currency of the Turkish subsidiary changed to euro from the beginning of March 2012 onwards. After that the Group has not recorded any translation differences in equity related to exchange rate changes of Turkish lira. The taxable earnings or tax deductible loss of the Turkish subsidiary are defined in Turkish lira. Non-monetary deferred tax assets and tax liabilities are also defined in Turkish lira, and changes in the exchange rate with the euro give rise to temporary differences that result in the recognition of deferred tax assets or tax liabilities. The amount corresponding to the resulting deferred tax liability or assets is recognised in profit or loss. Also monetary deferred tax liabilities and assets are translated into euros at the exchange rate on the closing date.

Tangible and intangible assets

Property, plant and equipment is recorded in the statement of financial position at original acquisition cost less planned depreciation and write-downs, except for land areas, buildings and constructions. The acquisition cost includes all costs directly incurred by the purchase of the asset.

On 31 December 2012 Componenta started to use the revaluation model permitted by IAS 16, according to which land areas, buildings and constructions are recorded at fair value, which is based on assessments made by independent valuers, and for buildings is the fair value less depreciation after the revaluation. Land and water areas are not depreciated. Measurements of value are made sufficiently regularly so that the fair value of a revalued asset does not differ materially from its carrying amount. Valuations of assets subject to revaluation are carried out at a maximum of three year intervals. However, valuations are carried out more frequently if substantial changes are about to take place that may affect the valuation of the assets.

Valuations are carried out by independent, competent, external valuers in Finland, Sweden, Turkey and the Netherlands, following each valuer's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. The valuation is based on what is probably the most productive use of the asset and on valuation models where the input used portrays the facts and conditions of each economic environment (such as level of employment, general economic situation, recent transactions). In the revaluation of fixed assets, the income approach is used for property, a market-based model for land areas, and a model based on the historical cost for property in markets that do not have an effective rental market. During the fiscal year ended 31 December 2015, valuations have been made of all the company's asset items being revalued, and entries based on these have been made to the values of the assets. The values defined do not correspond to the market realisable value of the asset.

Accumulated depreciation is eliminated when an item is revalued against the gross carrying amount of the asset, and the net amount is adjusted so that it corresponds to the value based on the revaluation of the asset.

Increases in the carrying amounts resulting from the revaluation of land areas, buildings and constructions are recorded in other comprehensive income and are presented under shareholders' equity in other reserves. Reductions that offset increases in value previously recognised for the same asset are recognised in other comprehensive income and are deducted from other reserves in shareholders' equity, and all other reductions are recognised in the income statement. The difference between the depreciation recorded in the income statement based on the revalued carrying amount and the depreciation based on the original cost of the asset is transferred each year from Other reserves to Retained earnings.

Intangible assets include mainly computer software and capitalized development costs. For intangible assets that have a limited useful economic life, straight-line depreciation is entered as an expense in the income statement over their useful economic lives.

The Group has no intangible assets that have an unlimited useful economic life.

Maintenance and repair costs are usually recognized in the income statement as an expense has incurred. Major refurbishment costs are capitalized and depreciated over their estimated useful life if these costs are likely to increase the future economic benefits embodied in the specific asset to which they relate. Spare parts for production machinery, stand-by equipment and servicing equipment are presented as tangible assets when they comply with the definition of property, plant and equipment. Otherwise these assets are classified as inventory. The depreciation period after installation is 3 years.

Investment grants are deducted from the carrying value of the asset, and grants to be recorded in the income statement are entered under other operating income.

Planned depreciation, except of production machinery and equipment, is calculated on a straight line basis on the historical cost, based on the estimated useful economic life. On 1 January 2009 the Group started to use the units-of-production depreciation method, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than the straight line method, especially when capacity usage changes quickly. Estimated useful economic lives are as follows:

capitalized development costs	5 years
intangible rights	3–10 years
other intangible costs	3–20 years
buildings and constructions	25–40 years
computing equipment	3–5 years
other machinery and equipment	5–25 years
other tangible assets	3–10 years

Goodwill equals the part of the acquisition cost that exceeds the net fair value on the date of acquisition of the identifiable assets, liabilities and contingent liabilities of a company acquired.

Goodwill is not amortized but is tested annually for impairment.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the balance sheet value of the asset exceeds the recoverable amount for the asset. The recoverable amount of an asset is the greater of its net selling price and value in use. As a rule, value in use is based on the estimated discounted future net cash flows obtainable through the asset.

Land areas, buildings and constructions included in property, plant and equipment and investment properties are valued in the statement of financial position at fair value on the closing date. The fair values are defined each year for investment properties and at least in every third year for the other properties under revaluation practice, so impairment testing is not carried out on land areas, buildings and constructions included in property, plant and equipment and investment properties.

Investment property

Property that is owned by the Group and leased to an external party, and that is not mainly owner-occupied, and which is held by the Group to earn rentals or capital appreciation rather than for a use in the production of goods is classified as investment property and is valued in the balance sheet at fair value. Gains and losses arising on revaluation to fair value are recognised in profit or loss for the period in which they arise and are presented in other operating income in the income statement. Rental income from investment property is recorded in the Group's net sales. The fair values of investment properties are determined by an independent and qualified real estate evaluator annually and the fair values are principally measured by using the income approach method.

Research and development costs

Research costs are charged to the income statement as incurred. Expenditure on development activities relating to new products is capitalized and recognized as an expense under depreciation over their useful economic lives. The planned depreciation period for these costs is 5 years. In other respects, the Group's minor research and development costs are recorded as expenses as incurred.

Inventories

Inventories are stated at the lower of acquisition cost and net realizable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, other direct costs as well as a proportion of variable and fixed production overheads. Also those spare-parts, which are not recorded by definition under tangible assets, are recorded under inventories.

Leases

The Group classifies its leases at the inception as finance or operating leases. Leases for fixed assets that transfer substantially all the risks and rewards incidental to ownership to the Group are classified as finance leases. They are recognized in the balance sheet under fixed assets at the commencement of the lease at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Any substantial incremental costs that are directly attributable to negotiating and arranging the lease are added to the amount recognized as an asset. Depreciation is made on the asset over its estimated useful economic life consistently with the Group's depreciation policy, or if there is no reasonable certainty that ownership is obtained at the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful economic life.

The lower of the fair value of the asset and the present value of the minimum lease payments is recognized as a finance lease liability. Lease payments are divided into financing charges and reduction of the outstanding liability, using the effective interest rate method so that the liability is repaid over the lease term as an annuity.

The financing charge calculated with the effective interest rate is recognized as a financial expense. The difference between the floating interest rate of the agreement and the effective interest rate is recorded as a rental expense.

A lease is classified as operating lease if the lessor retains the majority of the risks and benefits of ownership, or if the value of the lease agreement is insignificant. Lease payments under operating lease agreements are recognized as expenses in the income statement on an accrual basis throughout the lease term.

Employee benefits/ Pensions and other employee benefits

Most of the Group's pension schemes are defined contribution schemes, for which payments are entered in the income statement in the period in which they occur. Componenta has a pension scheme classified as a multi-employer defined benefit scheme in Sweden (Alecta ITP). Alecta ITP has been treated as a defined contribution plan, in accordance with IAS 19.30 (a), as the pension companies have not been able to provide actuarial valuations.

Pension coverage for employees of Group companies in Finland is provided in line with statutory arrangements under the TyEL insurance scheme with an insurance company. Under an agreement made with the pension insurance company, the Group, as a major employer, is responsible in Finland for unemployment payments and work disability payments included in pension insurance payments in their entirety at the moment when the pension starts.

Other non-Finnish subsidiaries operate pension schemes in accordance with local practice and legislation.

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary for each employment year.

The estimated present value of the future probable obligation of the Group arising from the termination benefits to be paid to the employees has been presented in non-current provisions. The liability has not been funded. This Turkish employee benefit is interpreted as a post-employment benefit scheme and in accordance with the IAS 19 standard all actuarial gains and losses are recognized immediately in other items in the statement of comprehensive income. By using actuarial calculations the Group calculates the amount that actuarial gains and losses account for in the change in the current value for the scheme, and this is recognised in items in the statement of comprehensive income.

Employee benefits/Share-based payments

A share-based incentive scheme has been set up for senior management for the year 2015. Earnings criteria were not met and therefore no bonuses were paid. Possible bonuses from the earnings period 2015 would have been paid partly in shares and partly in cash.

The Group applies the IFRS 2 –standard to the share-based incentive schemes. The benefits given in the scheme are valued at fair value at the time when they are granted and are recognized as an expense in the income statement on a straight-line basis over the earnings period. A liability is recognized for the part to be paid in cash and the change in its fair value is correspondingly recognized as an expense for the period in which it occurs. The fair value of the part to be paid in shares is recognized as an expense and an increase in shareholders' equity. The impact of the scheme on the result is presented in the income statement under personnel expenses. During year 2015 no bonuses were paid in relation to the previous share-based incentive scheme for the year 2014.

Operating segments

Componenta has four business segments which are Foundry Division, Machine Shop Division, Aluminium Division and Other Business. The current segment reporting model has been applied from 1 January 2013 onwards.

Foundry Division comprise the iron foundry in Orhangazi, the iron foundries in Iisalmi, Karkkila and Pori in Finland and iron foundries in Heerlen and Weert, the machine shop operations in Weert in the Netherlands. The manufacturing operations in Pietarsaari foudry were closed down in July 2014. The Machine Shops Division comprise the Främmestad machine shop in Sweden, the production unit for pistons in Pietarsaari and the machine shop in Orhangazi. The operations in Aluminium Division comprise the aluminium foundry and production unit for aluminium wheels in Manisa Turkey. Other Business comprises the operations outside the core business, which includes the Wirsbo and Arvika Smide forges, the sales and logistics company Componenta UK Ltd in Great Britain, service and real estate companies in Finland, the Group's administrative functions and associated company Kumsan A.S. in Turkey. The operating business segments are based on the Group's internal organizational structure and internal financial reporting.

Supreme authority at Componenta is exercised by the shareholders at the General Meeting of Shareholders. The highest operational decision making body at Componenta is the company's Boardof Directors together with the President and CEO. The Board and the President and CEO decide on strategy, the selection of key personnel, major development projects, company acquisitions, investments, the organisational structure and financing. The Group's Corporate Executive Team and other management assist and support the President and CEO in his work.

Revenues and transfers between Componenta's operating business segments are recorded at fair market prices. Segment assets and liabilities are items which the segment can utilize in its business operations and which can be reasonably allocated to the segment. Net financial items, taxes and one-time items are not allocated to the operating business segments.

Information on geographical areas

Componenta monitors non-current assets and capital expenditure in production facilities in its geographical areas which are Turkey, Finland, the Netherlands, Sweden and other countries. In addition the net sales by market area is monitored in more detail.

One-time items and exchange rate differences of operative balance sheet items

One-time items, described in the Report by the Board of Directors, are exceptional transactions that are not related to normal business operations. The most common one-time items are capital gains and losses, inefficiencies in production related to plant closures, additional write-downs, or reversals of write-downs, expenses due to accidents and natural disasters, provisions for planned restructuring, environmental matters and penalties.

The Group's management exercises its discretion when taking decisions regarding the classification of one-time items. The Group also monitors the development of the normal business operations with operating profit measures which are excluding operative exchange rate differences. Operative exchange rate differences are arising, for example, from foreign currency trade payables and trade receivables and also from foreign currency denominated other operative receivables and payables. The result impact of the derivatives, which are hedging operative foreign currency positions, are also included by definition for the operative exchange rate differences.

Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. If it is possible to obtain compensation for some of the obligation from a third party, the compensation is recognized as a separate asset item, but only when it is in practice certain that the compensation will be obtained.

A provision for restructuring is recognized when the Group has drawn up a detailed and formal restructuring plan and restructuring has either commenced or the plan has been announced publicly.

Income taxes

Consolidated direct taxes include direct taxes based on the taxable profit of Group companies, calculated according to tax legislation in each company's domicile. Deferred tax liabilities are recognized in the balance sheet in full and deferred tax assets to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax liabilities and assets are calculated from all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate in force on the balance sheet date. Future changes in tax rates are taken into account when they have in practice become certain.

Deferred tax assets for confirmed losses or for losses for the financial period have only been recognized to the extent to which it is probable that future profits will be generated that can be offset with the temporary differences. If a Group company has in the recent past made a loss, a deferred tax asset is only recorded to the extent that the company has sufficient taxable temporary differences or some other convincing proof of its ability to make use of the tax loss. A deferred tax liability is recognized for the retained earnings of subsidiary companies only if it can be considered that the tax payment will take place in the foreseeable future. Deferred tax liabilities have been calculated for Finnish companies by using a tax rate of 20.0%, for Swedish companies using a rate of 22.0%, for the Turkish company using a rate of 20.0% and for Dutch companies using a rate of 25.0%.

Deferred tax liabilities and assets are presented in the balance sheet as a net figure where they apply to the same tax authority and when they can offset each other.

Revenue recognition

Net sales comprises revenue from the sale of products, services, raw materials, goods and energy, adjusted by indirect taxes and sales adjustments. Sales adjustments primarily comprise annually calculated bulk discounts and product returns that result in adjustments to original invoicing. The most significant revenue streams from products involve sales of castings and machined castings. Revenue streams from services primarily include rental income and possible minor machining and assembly work performed on a subcontracting basis. Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the Group no longer has a right to dispose of the product or effective control over the product. This normally means when a product has been delivered to the customer in accordance with agreed delivery terms. Revenue from the sale of services is recognized when the service is rendered to the customer.

Other income from operations

Revenues that are not part of actual net sales, such as revenue from the sale of non-current assets and changes in the fair value of investment properties, are recorded under other income from operations. In addition the foreign exchange rate differences arising from trade payables and trade receivables are presented under other operating income together with any related hedging results.

Financial assets

The Group's financial assets are initially classified in the following categories: financial assets at fair value through profit and loss, loans and other receivables, held-to-maturity investments and available-for-sale financial assets. At the balance sheet date Componenta does not have any financial assets classified as held-to-maturity date. The Group makes more efficient use of capital with a program to sell its trade receivables. Under this arrangement some of the trade receivables are sold without any right to recourse. Trade receivables without any right to recourse have been transferred and derecognised from the statement of financial position.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include derivative instruments acquired for hedging purposes to which hedge accounting is not applied. They are recognized at fair value using market prices on the balance sheet date. Realized and unrealized profit and loss resulting from changes in fair value are recognized in the financial income and expenses for the period in which they are incurred.

Loans and other receivables

Loans and other receivables are initially recognized at fair value and valued thereafter at amortized cost using the effective interest rate method. Substantial transaction costs are taken into account when calculating the acquisition cost.

Available-for-sale financial assets

Holdings and investments that do not belong to the other financial asset categories are classified under available-for-sale financial assets. The investments in this category are long-term unlisted shares and holdings that are closely linked with business operations and which the Group does not intend to sell or otherwise dispose of. Available-for-sale financial assets are valued at acquisition cost if no reliable market value is available, less any impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and in bank accounts and deposits held at call with banks.

Impairment losses on financial assets

An impairment loss is recognized in the income statement for a financial asset or group of assets if there is objective evidence that an event or events, such as a customer becoming insolvent, delinquency of payments and financial reorganisation or bankruptcy procedure of the customer, have had a significant impact on estimated future cash flows. The amount of the impairment loss is determined as the difference between the carrying amount of the financial asset and the discounted estimated future cash flows. Impairment losses on trade receivables can later be reversed through the income statement if it is believed that the customer will pay their liabilities. For available-for-sale financial assets, impairment losses are permanent.

Financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss and financial liabilities at amortized cost.

Financial liabilities at fair value through profit and loss

Derivative instruments acquired for hedging purposes to which the principles of hedge accounting are not applied are classified under financial liabilities at fair value through profit and loss.

Financial liabilities held for trading are recognized at fair value using the market prices on the balance sheet date. Realized and unrealized profit and losses resulting from changes in fair value are recognized under financial income and expenses for the period in which they are incurred.

Financial liabilities at amortized cost

Other financial liabilities are initially recognized at fair value, less any substantial transaction costs that are directly attributable to the acquisition or issue of the financial liability. Financial liabilities other than held for trading are recognized at amortized cost using the effective interest rate method, so that the costs related to the acquisition or issue of the liability are recognized in the income statement during its contractual term. Substantial transaction costs related to credit facility agreements are capitalized in the balance sheet and recognized in the income statement during the credit facility's expected lifetime. Interest payable on the financial liability is recognized through profit and loss on an accrual basis.

All changes in financial assets and liabilities are recognized using settlement date accounting.

Hybrid Bond

During 2012 and 2013 Componenta issued two equity loans (hybrid bonds), combined nominal value summing up to EUR 38.2 million. In the share issue executed in September 2014, the hybrid bond holders had a right to use the loan receivables from the company to pay the share subscription price and as a consequence the nominal value of the hybrid bonds decreased to EUR 2.6 million.

The hybrid bonds are presented under shareholders' equity and are ranked lower than the company's other borrowings. They are ranked higher however than other items classified as equity. The equity loans have no maturity dates but the Group is entitled but not obliged to pay back the loans four years after they were issued, ie. in 2016 and 2017. The interest on hybrid bonds is paid if the Board of Directors decides to pay the interest. Unpaid interest accumulates, but it is not presented in Financial Statements until after the Board of Directors' interest payment decision. However the unpaid yearly accumulated interest is taken into account when earnings per share are calculated. Holders of hybrid bonds exercise no authority or voting rights at the company's general meeting of shareholders.

Derivative instruments and hedge accounting

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

Derivative instruments are recognized as defined in IAS 39 either as financial hedging instruments that are excluded from hedge accounting or as hedging instruments that qualify as cash flow hedges or as currency hedges of net investments in foreign operations. When hedge accounting is applied, the hedged item and the hedging relationship are identified and documented in accordance with the principles of hedge accounting. Hedge effectiveness is assessed retrospectively when initiating hedge accounting and prospectively on a regular basis, at least quarterly.

When cash flow hedge accounting is applied, the effective portions of changes in the fair value of hedging instruments are recognized in share-holders' equity in the hedging reserve.

Accumulated changes in fair value of the interest rate derivatives are recognized in financial income and expenses in the income statement for the period when the hedged business operation takes place. Correspondingly, accumulated changes in fair value of the electricity price forwards are recognized as an adjustment to purchases in operating profit in the income statement for the period when the hedged business operation takes place. When a hedging instrument matures, is sold, the hedging relationship is perceived to be ineffective or it is terminated, the cumulative gain or loss on the hedging instrument from the period when the hedge was effective remains separately recognized in equity until the forecast transaction occurs. The cumulative gain or loss is recognized immediately through profit and loss if the forecast transaction is no longer expected to occur. The ineffective part of the interest rate hedging relationship is recognized in the income statement under financial income or expenses and the ineffective part of the electricity price hedging relationship is recognized as an adjustment to purchases in operating profit.

The realized and fair values of foreign exchange differences of currency derivatives designated as effective hedges of net investments in foreign operations are recognized in equity as a correction item to translation differences. These items will be recognized through profit and loss on disposal of the foreign operation. The ineffective part of the hedging relationship is recognized in the income statement under financial income or expenses.

Accumulated interest income or expenses from interest rate swaps and currency swaps that have taken place during the financial period are recognized in the income statement under financial items, as are changes, in accordance with IAS 39, in the fair value of interest rate derivatives that are a part of the Group's risk management policy but are excluded from hedge accounting. Exchange differences rising from currency derivatives designated as hedges of accounts receivables and payables are recognized in other operating income and from currency derivatives used to hedge against exchange differences for borrowings, deposits and other monetary items recognized in financial income and expenses. Realized gains or losses from electricity price forwards are recognized under purchases as adjustment items. The fair values of derivative instruments are recognized under current assets and liabilities in the balance sheet.

For balance sheet date, cash flow hedge accounting is applied when hedging against future changes in electricity spot market prices.

Earnings per share

The basic earnings per share are calculated using the weighted average of shares in issue. The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of outstanding options, conditional share-based payments, earnings-related share-based payments and convertible capital notes and the calculated interest of the hybrid bonds.

Dividend payment

Dividends proposed by the Board of Directors to the Annual General Meeting are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Accounting principles requiring judgments by management and key sources of estimation uncertainty

To prepare the consolidated financial statements in accordance with International Financial Reporting Standards, management has to make estimates and assumptions about the future.

The Group's management exercises its discretion when taking decisions about the choice of accounting principles for the financial statements and their application. Estimates have been used when determining in the financial statements for example the realizable value of certain assets like deferred tax assets, the amount of provision related to pension obligations, impairments of trade receivables, the useful economic life of tangible and intangible assets, assumptions of the income approach method, fair values of financial assets and liabilities including derivatives, income tax, the value of inventories, provisions and contingent liabilities, and for tests for impairment. In addition the management exercises its discretion when evaluating, during financial statements preparation, possible uncertainties in relation to going concern. When preparing the financial statements, management also assesses any uncertainties concerning the company's ability to continue as a going concern. In its assessment, management takes into account all available information about future cash flows and other factors, such as current and forecast profitability, debt repayment schedules, and potential sources of replacement financing.

Assumptions used in testing goodwill

On 31 December 2015 the Group had goodwill of EUR 29.2 million. Componenta tests the carrying value of goodwill once a year or more frequently if certain events or changes in circumstances show that the carrying value may not be recoverable. Goodwill is allocated to cash generating units. The recoverable amounts at cash generating units are based on value in use calculations that require the use of estimates, for example of forecast future cash flows, discount interest rates and developments in the European economy. See also Note 13.

Ability to utilise deferred tax assets
Discretion is required when evaluating the recording of deferred tax assets and certain deferred tax liabilities on the balance sheet. Deferred tax assets are recorded only if it is considered probable that they can be utilised, which depends on whether sufficient taxable income is generated in the future. Assumptions of future taxable income are based on management estimates of future cash flows. These estimates of future cash flows are for their part dependent on management estimates concerning for example future sales volumes, business operation costs and financing costs. The company's ability to accumulate taxable income also depends on general factors relating to the economy, financing, competitiveness and regulation that are not under its own control. There are risks and uncertainty relating to the estimates and assumptions, so it is possible that expectations will change as circumstances change. This may affect the volume of deferred tax assets and liabilities in the balance sheet and in the volume of temporary differences. On 31 December 2015 the net value of deferred tax assets, comprising mainly unused tax losses, was EUR 5.5 million, and the value of deferred tax liabilities was EUR 10.8 million. The Group has recorded significant write-downs of deferred tax assets relating to tax losses in the fiscal year. See also Notes 10 and 19.

Determining the fair value of assets acquired when merging business operations

In major mergers of business operations the Group has used an external consultant when estimating the fair value of tangible and intangible assets. For tangible assets, comparisons have been made with the market prices of similar assets and estimates made of the reduction in value of the acquired assets due to age, wear and similar factors. The fair value of intangible assets has been determined based on estimates of the cash flows relating to the assets, since no information has been available on the market about purchases of similar assets.

Management believes that the estimates and assumptions used are sufficiently accurate as a basis for determining fair value. In addition the Group examines at least on every balance sheet date any indications of impairment in tangible and intangible assets.

Revaluation of buildings and land areas

Valuations of property and land areas are carried out by independent, competent, external valuers, following each valuer's own process and the method considered most appropriate for the asset being valued, starting with a review of macroeconomic factors and available market information and ending with the use of an appropriate model and a fair value calculated with this. In the revaluation of fixed assets, the income approach is used for property, a market-based model for land areas, and a model based on the historical cost for property in markets that do not have an effective rental market. Comparable transactions that have taken place and the prices paid for these may be used to help in the valuation, if these are available and they are in other respects appropriate for use as a basis for the valuation. The rental prices used in the income approach are mainly based on market rents at the time of the valuation. The reliability of valuations is classified at level 2 and level 3, where those at level 3 are mainly industrial property for which there is no active market and the price cannot be derived from observable market data. Defining the fair value of assets requires considerable discretion so there is uncertainty relating to the valuation of buildings and land areas. The valuation is based on the best possible use of the asset, so the values defined do not correspond to the market realisable value of the asset.

Application of standards

As from 1 January 2015 the Group has applied the following new and revised standards and interpretations.

· Annual improvements to IFRS 2010–2012 and 2011–2013

· IAS 19 (Amendment), Employee benefits: treatment of employee contributions

· IFRIC 21, Levies

The appliance of these standards did not have impact on Group's financial statements 2015 or any comparative periods.

New and amended standards and interpretations not yet effective in 2015

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2015 or later periods and which the Group has not yet applied:

· IFRS 15, Revenues from contracts with customers (effective for financial periods beginning on or after 1 January 2018). It replaces IAS 11, 'Construction contracts,' IAS 18,'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the five steps procedure described in the standard. IFRS 15 also includes a cohesive set of disclosure requirements regarding the contracts with the customers. The standard has not yet been approved for application in the EU. The Group is currently evaluating the impact of the standard. According to preliminary evaluation the standard will not have a material impact on the Group's financial statements.

· IFRS 9 Financial Instruments (effective for financial periods beginning on or after 1 January 2018). The complete version of IFRS 9 replaces most of the guidance in IAS 39. In the future there will be three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9 amends also requirements related to hedge accounting. The standard has not yet been approved for application in the EU. The Group is currently evaluating the impact of the standard.

The other released IFRSs or IFRIC interpretations that are not yet effective are expected to have non-material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Figures are in millions of euros unless otherwise stated.

1. Operating segments

Componenta's business operations are divided into four operational segments, Foundry Division, Machine Shop Division, Aluminium Division and Other Business. The current segment reporting model has been in use from 1 January 2013 onwards.

The operations in the Foundry Division comprise the iron foundry in Orhangazi in Turkey, the iron foundries in Iisalmi, Karkkila and Pori in Finland, and the iron foundries in Heerlen and Weert and the machine shop in Weert in the Netherlands. The operations in the Machine Shop Division comprise the Främmestad machine shop, the production unit for pistons in Pietarsaari and the machine shop in Orhangazi. The operations in the Aluminium Division comprise the aluminium foundry and production unit for aluminium wheels in Manisa in Turkey. Other Business comprises the operations outside the core business, which includes the forges of Wirsbo and Arvika Smide, the sales and logistics company Componenta UK Ltd in the UK, service and real estate companies in Finland, the Group's administrative functions and associated company Kumsan A.S. in Turkey. Transactions between the operating business segments and with Other Business are based on market prices. Segment information is based on internal management reporting, and the accounting principles for this are in accordance with IFRS standards.

The main products sold by the Foundry Division are non-machined iron cast components. The main products sold by the Machine Shop Division are machined and painted iron cast components. The main products sold by the Aluminium Division are machined and non-machined aluminium cast components. The main business of Other Business consists of the production of forged components, the production of logistic services and the rental of office and industrial premises. In addition, Group service units are included in Other Business. Machined and non-machined iron castings and forged products account for 80% (83%) of the Group's external net sales. Machined and non-machined aluminium components account for 19% (16%) of the Group's external net sales. Rental income and property services account for 1% (1%) of the Group's external net sales.

The highest operational decision making body at Componenta is the company's Board of Directors together with the President and CEO. The Board and the President and CEO decide on strategy, the selection of key personnel, major development projects, company acquisitions, investments, the organisational structure and financing. The Group's Corporate Executive Team and other management assist and support the President and CEO in his work.

Segment assets and liabilities include items which the segment uses in its business operations. Unallocated items include financial and tax items, and items which are common to the whole Group.

Business segments 2015

MEUR	Foundry division	Machine shop division	Aluminium division	Other business	Operative FX differences	One-time items *)	Eliminations and unallocated items of normal operations	Group
External sales	212.9	113.9	84.5	83.5				494.8
Internal sales	80.8	10.2	8.5	26.4			–125.9	0.0
Total sales	293.6	124.2	93.0	109.9			–125.9	494.8
Share of the associated companies' result				0.1				0.1
Segment operating profit	–4.9	1.6	12.0	–2.8	1.0	–30.5	0.1	–23.4
Unallocated items						–34.0	–25.3	–59.3**)
Net profit								–82.7
Segment assets	242.0	60.4	72.2	67.2			–62.6	379.3
Shares in associated companies				1.2				1.2
Unallocated assets								21.7
Total assets								402.2
Segment liabilities	76.3	49.6	21.2	52.4			–69.7	129.7
Unallocated liabilities								253.9
Total liabilites								383.6
Capital expenditure in production facilities	8.3	4.6	16.8	1.9				31.5
Depreciation and write-downs	–7.6	–3.4	–3.1	–3.8		–18.7		–36.6

*) One-time items in operating profit in 2015 relate to the restructuring measures at the units in the Netherlands EUR -3.3 million, to write-downs on machinery and equipment and buildings at the units in the Netherlands EUR -4.2 million and write-downs on receivables and inventories at the units in the Netherlands EUR -0.8 million, write-downs of EUR -9.3 million on machinery and equipment and write-downs and revaluations of EUR -4.6 million on buildings at the units in Finland, revaluations of EUR -1.3 million on investment property in Finland, costs of EUR -0.9 million relating to the transfer of production from the Pietarsaari foundry to the Pori foundry, EUR -1.3 million in connection with the closure of the Smedjebacken forge in Sweden, EUR -2.4 million for restructuring measures and extra waste disposal costs at the Orhangazi foundry, write-downs of EUR -0.6 million on overdue receivables at the units in Turkey and write-downs of EUR -1.1 million for projects that have been terminated. Other one-time items in operating profit totalled EUR -0.7 million. One-time items for financial items were EUR -0.1 million and net tax-related one-time items were EUR -33.9 million, which includes write-downs of EUR -37.5 million on deferred tax assets relating to tax losses. Classifications regarding one-time items are unaudited.

**) Includes EUR -25.3 million financial and tax items of normal operations.

Business segments 2014

MEUR	Foundry division	Machine shop division	Aluminium division	Other business	Operative FX differences	One-time items *)	Eliminations and unallocated items of normal operations	Group
External sales	212.0	109.6	72.4	101.2				495.2
Internal sales	95.7	12.1	7.1	28.7			–143.7	0.0
Total sales	307.8	121.7	79.5	129.9			–143.7	495.2
Share of the associated companies' result				0.1				0.1
Segment operating profit	5.3	3.8	8.2	0.7	–2.7	–12.9	–0.2	2.2
Unallocated items						–1.2	–29.6	–30.8**)
Net profit								–28.6
Segment assets	271.0	67.8	51.5	78.1			–52.6	415.7
Shares in associated companies				1.2				1.2
Unallocated assets								52.0
Total assets								468.9
Segment liabilities	75.4	39.9	5.5	50.9			–55.1	116.6
Unallocated liabilities								241.1
Total liabilites								357.7
Capital expenditure in production facilities	12.4	6.0	2.8	1.5				22.6
Depreciation and write-downs	–8.1	–3.4	–2.9	–3.8		–4.7		–22.9

*) One-time items in operating profit in 2014 relate to the transfer of the smaller production line from the Pietarsaari foundry and the closure of the foundry, EUR –2.2 million, the costs for the transfer of the DISA production line to the Pori foundry and for starting it up, EUR –1.2 million, write-downs and the loss recorded on the sale of the Nisamo property, EUR –0.6 million, write-downs on machinery and equipment at Heerlen Foundry, EUR –4.2 million, restructuring measures in the Netherlands, EUR –1.5 million, running down the Smedjebacken forge, EUR –0.8 million, the temporary closure of the forge in Virsbo due to the forest fire, EUR –0.4 million and to the restructuring measures and extra waste disposal costs at Orhangazi foundry EUR –1.6 million. Other one-time items were EUR –0.4 million. Classifications regarding one-time items are unaudited..

**) Includes EUR –29.6 million financial and tax items of normal operations.

Geographical areas 2015

MEUR	Turkey	Finland	The Netherlands	Sweden	Other countries	Total
Non-current assets *)	164.0	53.0	22.8	39.1	1.0	279.9
Capital expenditure in production facilities	25.2	1.6	0.5	4.1	0.0	31.5

Geographical areas 2014

MEUR	Turkey	Finland	The Netherlands	Sweden	Other countries	Total
Non-current assets *)	153.9	75.6	28.5	39.3	1.0	298.4
Capital expenditure in production facilities	12.7	4.0	3.1	2.7	0.0	22.6

*) Excluding non-current deferred tax assets, financial assets and other receivables.

External net sales by market area

MEUR	2015	2014
Germany	105.9	103.1
Sweden	86.0	89.1
Turkey	69.0	60.6
Finland	43.0	41.0
Benelux countries	40.5	40.2
UK	36.8	45.1
Italy	30.2	30.9
France	27.3	30.5
Other European countries	21.3	20.8
Other countries	34.8	33.9
External net sales total	494.8	495.2

Country-specific net sales reflect the destination where goods have been delivered, or requested to be delivered by the customer.

2. Business acquisitions

There were no business acquisitions in 2014 and in 2015.

3. Business divestments

Componenta did not sell any business operations in 2014 and in 2015.

Componenta Corporation and Michel Van de Wiele NV, the owner of Ferromatrix NV, agreed in July 2015 to combine and concentrate their production of large furan cast components into one foundry in Kortrijk, Belgium which is owned by Ferromatrix NV. Ferromatrix NV belongs to Van de Wiele Group. In addition, Componenta B.V. and Ferromatrix NV established in the latter part of the year a 50/50 joint venture company, which has specialized from 1 January 2016 onwards in sales of large furan cast components. As a consequence, the furan foundry line in Heerlen, the Netherlands will be closed down during the first half of 2016. A write-down of EUR 1.6 million was made on machinery and equipment in consequence of the closure of a production line, and extra personnel costs of EUR 3.3 million were recorded in Heerlen relating to future personnel costs that are based on work done previously.

The smaller production line in Pietarsaari was transferred to the Pori foundry in May 2014 and the larger production line was closed down in July 2014. In consequence of the closure of the foundry, and in addition to the previous year write-down, an additional write-down of EUR 0.5 million was recorded on buildings in 2014. Furthermore, in year 2012 recorded impairment of EUR 0.4 million related to larger production line machinery and equipment was reversed in 2014, since the larger production line was transfererd to Organgazi foundry in Turkey by the end of the year 2014.

4. Other operating income

MEUR	2015	2014
Rental income	0.6	0.7
Profit from sale of non-current assets	0.1	0.0
Exchange gains and losses of trade receivables and payables, incl. hedges	1.0	-2.7
Increase in fair value of investment properties	0.0	0.0
Release of negative goodwill	0.0	0.2
Other operating income	0.9	1.7
Other operating income total	2.6	-0.1
Rental income from investment property included in net sales	0.6	0.5

5. Operating expenses

MEUR	2015	2014
Change in inventory of finished goods and work in progress	-4.0	10.6
Production for own use	0.3	0.5
Materials, supplies and products	-205.8	-204.8
External services	-31.3	-28.9
Personnel expenses	-124.8	-126.1
Rents	-4.7	-4.8
Maintenance costs of investment properties	-0.3	-0.3
Waste, property and maintenance costs	-24.6	-23.5
Energy	-33.5	-36.5
Sales and marketing	-0.2	-0.2
Computer software	-4.5	-4.8
Tools for production	-6.3	-5.6
Freights	-12.8	-14.6
Decrease in fair value of investment properties	-1.3	-0.4
Other operating expenses	-30.5	-30.7
Total operating expenses	-484.3	-470.1
Audit fees	-0.4	-0.4
Other fees *)	-0.2	-0.9
Total fees paid to auditors	-0.6	-1.3

*) Some of these fees paid to the auditors in 2014 are presented in financial expenses.

6. Personnel expenses

MEUR	2015	2014
Personnel expenses		
Salaries and fees	-100.4	-104.1
Pension costs	-11.0	-10.7
Other personnel costs	-13.4	-11.3
	-124.8	-126.1
Average number of personnel by segment, excluding leased personnel		
Foundry division	2,309	2,508
Machine shop division	381	353
Aluminium division	887	815
Other business	405	436
	3,982	4,111

Personnel expenses include costs related to share-based payment EUR -0.0 (-0.0) million.

7. Research and development costs

MEUR	2015	2014
The following amounts have been recognized in the income statement under research and development costs	-2.5	-2.8

8. Depreciation, amortization and write-down of non-current assets

MEUR	2015	2014
Depreciation and amortization		
Tangible assets		
Buildings and structures	-3.0	-2.8
Machinery and equipment *)	-11.6	-12.1
Other tangible assets	-0.7	-0.5
	-15.2	-15.4
Intangible assets		
Intangible rights	-1.1	-1.2
Computer software	-0.3	-0.4
Other capitalized expenditure	-1.7	-1.3
	-3.2	-2.8
Write-downs on tangible and intangible assets **)	-18.3	-4.6
Total depreciation, amortization and write-downs of non-current assets	-36.6	-22.9

*) The units-of-production depreciation method is used for production machinery and equipment. Planned depreciation based on normal utilized capacity was EUR -14.9 (-15.7) million and capacity utilization correction was EUR 3.3 (3.6) million.

**) Write-downs on machinery and equipment in 2015 relate to the closure of the Furan line in Heerlen in the Netherlands EUR -1.6 million and write-downs on other production lines in the Netherlands of EUR -1.2 million. Write-downs on machinery and equipment at the foundries in Finland in 2015 totalled EUR -9.3 million. In addition a write-down of EUR -0.1 million was recorded at the Smedjebacken forge in Sweden, which belongs to the Wirsbo profit centre and was closed down in 2015. The write-downs for the Finnish and Dutch foundries were recorded because of a lower estimated yield. Write-downs on buildings and structures recorded in the income statement in 2015 relate to foundry property in the Netherlands EUR -1.5 million and to foundry property in Finland EUR -4.6 million.

9. Financial income and expenses

MEUR	2015	2014
Interest income from loans and other receivables	0.2	0.3
Exchange rate gains from financial assets and liabilities recognized at amortized cost	3.4	0.8
Realized exchange rate gains from currency derivatives	4.7	3.5
Other financial income	0.1	3.1
Change in fair value of financial assets and liabilities held for trading	0.1	0.2
Effective interest expenses for financial liabilities recognized at amortized cost	-13.9	-18.6
Exchange rate losses from financial assets and liabilities recognized at amortized cost	-5.6	-4.3
Other charges on financial liabilities valued at amortized cost	0.0	0.0
Interest expenses and commissions for supplier factoring	-1.2	-1.7
Interest expenses and commissions for sold trade receivables	-7.2	-6.0
Interest expenses for interest rate swaps	-0.5	-0.4
Realized exchange rate losses from currency derivatives	-3.9	-1.2
Other financial expenses	-1.5	-6.8
Financial income and expenses, total	-25.4	-30.9

In addition to the foreign exchange rate differences presented in financial items, foreign exchange rate differences are also recorded in the consolidated operating profit. Other operating income in note 4 includes a total of EUR 1.0 (-2.4) million in exchange rate gains and losses arising from foreign currency denominated sales and purchases and EUR 0.0 (-0.2) million from foreign exchange derivatives designated to these items.

Interest income of interest rate swaps has been moved to compensate interest expenses. During 2015 the Group has not received any significant commissions from financial assets.

10. Income taxes

MEUR	2015	2014
Income taxes		
Income taxes for financial period	-1.5	-1.6
Change in deferred taxes (see note 19)	-32.3	1.8
	-33.8	0.2

Income tax reconciliation between tax expense computed at statutory rates in Finland of 20.0 % and income tax expense provided on earnings.

MEUR	2015	2014
Profit before tax	-48.9	-28.7
Income tax using Finnish tax rate	9.8	5.7
Difference between Finnish tax rate and rates in other countries	0.8	0.6
Tax exempt income	0.8	0.7
Non-deductible expenses	-0.3	-0.5
Adjustments to the taxable income for previous years	1.1	0.2
Tax losses from which no deferred tax assets have been recorded	-8.6	-6.5
Re-assessment of deferred taxes	-37.5	0.0
	-33.8	0.2

The revaluation of deferred tax includes write-downs of deferred tax assets relating to tax losses. Write-downs in the fiscal year by country were recorded as follows: Finland EUR 22.5 million, Netherlands EUR 8.1 million and Sweden EUR 6.8 million. The company believes that it will be possible to utilise the written-down tax assets in the future, but because of the poor financial performance, with the efficiency improvement program having fallen short of its targets and due to Group's strategic changes the probability of being able to utilise the tax loss in these countries has declined significantly from 2014. In addition, the assumptions concerning the Group's financing structure and internal dividends have changed during 2015, which has resulted in higher anticipated net financing expenses in these countries. The company has deferred tax assets of EUR 5.4 million in Finland and EUR 0.4 million in Sweden relating to tax losses in its balance sheet at the end of the 2015 fiscal year.

11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of outstanding shares during the financial year.

MEUR	2015	2014
Basic and diluted earnings per share		
Numerator: Profit for the period attributable to the shareholders of the parent company, 1,000 EUR *)	-83,363	-32,003
Denominator: Weighted average number of outstanding shares during the financial year, 1,000 shares	97,269	50,921
Basic earnings per share, EUR	-0.86	-0.63
Earnings per share with dilution, EUR	-0.86	-0.63

*) Unpaid interest on the 2012 and 2013 hybrid bonds is not recorded until after the decision of the Board of Directors, in accordance with IFRS. Unpaid interest on hybrid bond totalled EUR 0.3 million after deferred taxes in 2015 and it has been taken into account as a factor reducing the profit for the period attributable to equity holders of the parent company when calculating the earnings per share. The profit for the period attributable to the equity holders of the parent company presented in the consolidated income statement was EUR -83.1 million.

The weighted average number of shares used to calculate the diluted earnings per share takes into account the dilutive effect of all potential shares with such an effect. The dilutive effect of the share-based incentive scheme for employees (Note 25) will not be taken into account in 2015 and in 2014 since the dilution would increase the earnings per share.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12. Tangible assets

MEUR	2015	2014
Land and water areas		
Acquisition cost at 1 Jan	36.7	36.9
Additions	2.8	0.0
Disposals	0.0	-0.2
Re-classifications	-0.1	0.0
Revaluation on land and water areas *)	-2.7	0.0
Translation differences	0.0	0.0
Book value at 31 Dec	36.7	36.7

MEUR	2015	2014
Buildings and constructions		
Acquisition cost at 1 Jan	110.5	110.7
Additions	0.4	0.3
Disposals	-0.1	-0.1
Re-classifications	0.9	0.1
Revaluation on buildings *)	-9.1	0.0
Translation differences	0.2	-0.5
Acquisition cost at 31 Dec	102.8	110.5
Accumulated depreciation at 1 Jan	-50.1	-47.1
Accumulated depreciation on decreases and re-classifications	2.8	0.0
Translation differences	-0.1	0.3
Depreciation and write-downs during the period **)	-9.0	-3.3
Accumulated depreciation at 31 Dec	-56.3	-50.1
Book value at 31 Dec	46.5	60.4

MEUR	2015	2014
Buildings and constructions, finance leasing		
Acquisition cost at 1 Jan	0.3	0.3
Re-classifications	-0.1	0.0
Acquisition cost at 31 Dec	0.2	0.3
Accumulated depreciation at 1 Jan	-0.1	-0.1
Accumulated depreciation on re-classifications	0.0	0.0
Depreciation during the period	0.0	0.0
Accumulated depreciation at 31 Dec	-0.1	-0.1
Book value at 31 Dec	0.1	0.2

MEUR	2015	2014
Machinery and equipment		
Acquisition cost at 1 Jan	359.0	360.0
Additions	6.1	3.3
Disposals	-3.7	-5.4
Re-classifications	6.3	4.6
Companies acquired	0.0	0.0
Translation differences	1.2	-3.5
Acquisition cost at 31 Dec	368.9	359.0
Accumulated depreciation at 1 Jan	-252.2	-245.3
Accumulated depreciation on decreases and re-classifications	0.2	5.3
Translation differences	-1.2	2.5
Depreciation and write-downs during the period ***)	-22.1	-14.7
Accumulated depreciation at 31 Dec	-275.3	-252.2
Book value at 31 Dec	93.6	106.8

MEUR	2015	2014
Machinery and equipment, finance leasing		
Acquisition cost at 1 Jan	28.5	23.9
Additions	5.3	6.2
Disposals	0.0	0.0
Re-classifications	-2.1	-1.0
Translation differences	0.2	-0.6
Acquisition cost at 31 Dec	31.9	28.5
Accumulated depreciation at 1 Jan	-9.4	-8.4
Accumulated depreciation on decreases	-0.2	0.2
Translation differences	-0.1	0.3
Depreciation during the period	-1.7	-1.4
Accumulated depreciation at 31 Dec	-11.4	-9.4
Book value at 31 Dec	20.5	19.1

MEUR	2015	2014
Other tangible assets		
Acquisition cost at 1 Jan	14.9	14.7
Additions	1.3	0.7
Disposals	-4.7	-0.6
Re-classifications	5.0	0.1
Translation differences	0.0	0.0
Acquisition cost at 31 Dec	16.5	14.9
Accumulated depreciation at 1 Jan	-8.0	-7.1
Accumulated depreciation on decreases and re-classifications	0.0	0.0
Translation differences	0.0	-0.5
Depreciation during the period	-0.6	-0.4
Accumulated depreciation at 31 Dec	-8.6	-8.0
Book value at 31 Dec	7.9	6.9

MEUR	2015	2014
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	21.3	14.8
Additions	14.1	11.5
Disposals	-0.2	-0.2
Re-classifications	-6.2	-4.7
Translation differences	0.1	-0.1
Book value at 31 Dec	29.0	21.3
Total tangible assets	234.3	251.5

*) The accounting principles for the consolidated financial statements contain further information about the treatment of changes in the value of land and buildings. According to the accounting principles for the consolidated financial statements, changes in the value of land and buildings are measured at three year intervals. The previous revaluation process throughout the Group was carried out in 2012. The valuation is mainly based on the income approach. The value of buildings and land used in operations in Turkey was reduced by EUR -4.3 (0.0) million through other comprehensive income. The value of buildings and land at other Group units was reduced by EUR -3.0 (0.0) million through other comprehensive income. EUR 15.8 (22.2) million was recorded after tax in the revaluation reserve in shareholders' equity. The net change in the value of property in 2015 and 2014 in land and water areas and buildings and structures recognised through other comprehensive income before deferred tax was EUR -7.3 (0.0) million. The carrying value of land and water areas without revaluation would have been EUR 24.4 (21.7) million. The carrying value of buildings and structures without revaluation would have been EUR 46.9 (51.5) million. The current treatment of revaluation in the accounting principles was introduced in 2012. The reliability of the valuation of property is classified as Level 3, in other words there is no active market for these mainly industrial properties and the price cannot be deduced from verifiable market data. The valuation is based on the income approach and determining the fair value involves considerable discretion. The Group is not able to give detailed information about the sensitivity of used input data since the fair valuation calculations of land and buildings are made by the external evaluator.

**) Write-downs on buildings and structures recorded in the income statement in 2015 relate to foundry property in the Netherlands EUR -1.5 million and to foundry property in Finland EUR -4.6 million. According to the accounting principles for the consolidated financial statements, changes in the value of land and buildings are measured at three year intervals. The previous revaluation process throughout the Group was carried out in 2012. The valuation is mainly based on the income approach.

***) Write-downs on machinery and equipment in 2015 relate to the closure of the Furan line in Heerlen in the Netherlands EUR -1.6 million and write-downs on other production lines in the Netherlands of EUR -1.2 million. Write-downs on machinery and equipment at the foundries in Finland in 2015 totalled EUR -9.3 million. In addition a write-down of EUR -0.1 million was recorded at the Smedjebacken forge in Sweden, which belongs to the Wirsbo profit centre and was closed down in 2015. The write-downs for the Finnish foundries were recorded because of a lower estimated yield. The write-downs for other production lines in the Netherlands relate to the future reduction in capacity usage. The write-down at the Smedjebacken forge was related to the closure of the unit. EUR 0.4 million of the write-downs on machinery and equipment made in 2012 for the Pietarsaari foundry was reversed in 2014. Write-downs recognized in the income statement on buildings used in foundry operations in Pietarsaari totalled EUR -0.5 million in 2014, in connection with the closure of the foundry.

Minimum lease payments and present values of the payments by maturity classes relating to finance lease agreements are presented in note 28. Finance lease agreements mainly comprise production equipment leases, with average maturity of 5-7 years. Lease payments are tied to short-term market interest rates. The agreements do not include restrictions on dividend payments, additional borrowing nor on entering into new lease agreements.

13. Goodwill

MEUR	2015	2014
Acquisition cost at 1 Jan	29.1	29.1
Translation difference	0.1	0.0
Book value at 31 Dec	29.2	29.1

Allocation of goodwill and impairment testing

Goodwill has been allocated to cash generating units. Most of the goodwill is allocated to the Orhangazi foundry, part of the Foundry Division segment, and the goodwill related to this stood at EUR 27.6 (27.6) million at the end of 2015.

The future cash flows of the Orhangazi foundry, part of the Foundry Division segment, have been estimated using value-in-use calculations. The calculations have used 5-year discounted cash flow plans that are based on strategic plans approved by the management and for the estimated development of the sales and business environment. The estimated cash flow of the foundry is based on the use of property, plant and machinery in their present condition without any acquisitions. Average historical growth and developments in EBITDA have been taken into account in drawing up the strategic plans. The cash flow for the coming five years is based on estimates of developments in costs and demand. The 2015 EBITDA margin 2.4% was exceptionally low, largely because of the strikes in the automotive industry in Turkey, quality problems and write-downs on inventories. In 2016 it is anticipated that these factors will not affect EBITDA and the EBITDA margin is expected to be about 7.8%. Average annual growth in EBITDA of 18% has been used for the period 2017-2020. Growth in profitability is based partly on growth in volumes, on new contracts that have been agreed, and on product transfers in accordance with the new strategy. For these reasons sales are also estimated to increase at an average annual rate of 7% in the period 2016-2020. In addition, productivity and developments in costs are expected to improve profitability thanks to the processes that have either already been carried out or that have been decided on and through the quality improvement programs. The Group has decided on and carried out cuts in fixed costs that also reduce local fixed costs since they result in lower service charges to be paid to Group administration. Cash flows beyond five years are calculated using the residual value method. No growth factor has been included in the residual value.

The discount rate used is the weighted average cost of capital before tax defined by an external expert. The factors in this are risk-free interest rate, market risk premium, beta of the peer group, weighted average of borrowing costs, and the target ratio of the comparison group for shareholders' equity and to interest bearing liabilities. Componenta has used a pre-tax weighted average cost of capital of 9.9 % in its calculations related to Orhangazi foundry.

There was no need to record impairment losses on the basis of impairment testing in 2015 and in 2014.

Sensitivity analysis:
A sensitivity analysis was carried out on the Orhangazi foundry using a variety of scenarios. These scenarios were achieved by altering the assumed values as follows:
- by reducing profitability (EBITDA) 1-10%
- by raising the weighted average cost of capital 1-20%

It is the opinion of management that the changes in the basic assumptions in the theoretical scenarios mentioned above should not be interpreted as evidence that they are likely to occur. However, none of these scenarios would have resulted in the need to recognize an impairment loss for goodwill. Raising the weighted average cost of capital 22 per cent to a level of 12.1% or reducing the average EBITDA by 15% would have led into an impairment of goodwill.

14. Intangible assets

MEUR	2015	2014
Capitalized development costs		
Acquisition cost at 1 Jan	3.0	2.1
Additions	0.0	0.5
Disposals	0.0	-0.1
Re-classifications	-0.2	0.6
Translation differences	0.0	-0.1
Acquisition cost at 31 Dec	2.8	3.0
Accumulated amortization at 1 Jan	-0.5	-0.3
Accumulated amortization on decreases and re-classifications	-0.3	0.1
Translation differences	0.0	0.0
Amortization during the period	-0.4	-0.4
Accumulated amortization at 31 Dec	-1.3	-0.5
Book value at 31 Dec	1.6	2.4

MEUR	2015	2014
Intangible rights		
Acquisition cost at 1 Jan	7.6	7.7
Additions	0.0	0.0
Disposals	0.0	0.0
Re-classifications	0.1	0.0
Translation differences	0.0	-0.1
Acquisition cost at 31 Dec	7.8	7.6
Accumulated amortization at 1 Jan	-3.7	-2.6
Accumulated amortization on decreases and re-classifications	0.0	0.0
Translation differences	0.0	0.1
Amortization during the period	-1.1	-1.2
Accumulated amortization at 31 Dec	-4.9	-3.7
Book value at 31 Dec	2.9	4.0

MEUR	2015	2014
Computer software		
Acquisition cost at 1 Jan	6.9	6.6
Additions	1.5	0.0
Re-classifications	0.0	0.3
Acquisition cost at 31 Dec	8.4	6.9
Accumulated amortization at 1 Jan	-5.9	-5.2
Accumulated amortization on decreases and re-classifications	0.0	-0.1
Translation differences	0.0	0.0
Amortization during the period	-0.4	-0.6
Accumulated amortization at 31 Dec	-6.3	-5.9
Book value at 31 Dec	2.1	1.0

MEUR	2015	2014
Other capitalized expenditure		
Acquisition cost at 1 Jan	10.1	10.1
Additions	0.0	0.0
Re-classifications	0.8	0.0
Acquisition cost at 31 Dec	10.9	10.1
Accumulated amortization at 1 Jan	-9.3	-8.8
Accumulated amortization on decreases and re-classifications	-0.1	0.0
Translation differences	0.0	0.0
Amortization during the period	-0.9	-0.6
Accumulated amortization at 31 Dec	-10.4	-9.3
Book value at 31 Dec	0.5	0.8

MEUR	2015	2014
Advance payments for intangible assets		
Acquisition cost at 1 Jan	0.0	0.1
Additions	0.0	0.0
Re-classifications	-	-0.1
Book value at 31 Dec	0.0	0.0
Total intangible assets	7.1	8.2

15. Investment properties

MEUR	2015	2014
Book value at 1 Jan	8.3	11.6
Additions	-	-
Disposals	-	-2.9
Transfers	2.6	-
Profit/loss from the fair valuation	-2.8	-0.4
Book value at 31 Dec	8.1	8.3

The fair values of investment properties are based on assessment books prepared by an independent and professionally qualified evaluator and last updated in 2014 and in 2015. In both years the evaluation was prepared for Finnish properties by Kiinteistötaito Peltola & Co Oy and for Swedish properties by Svefa AB, mainly by using the yield value methods. The reliability of the valuation of property is classified as Level 3. The fair values of properties transferred to investment properties were EUR 2.6 million.

16. Shares in associated companies

MEUR	2015	2014
Book value at 1 Jan	1.2	1.3
Disposals	0.0	-0.2
Share of results of associated companies	0.1	0.1
Additions	0.0	-
Translation differences	0.0	0.0
Book value at 31 Dec	1.2	1.2

Associated companies 31 Dec 2015

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding, %
Kumsan A.S., Turkey	5.3	0.4	3.9	0.3	25.1
Componenta-Ferromatrix NV, Belgium	0.4	0.0	0.0	0.0	50.0

Associated companies 31 Dec 2014

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding, %
Kumsan A.S., Turkey	5.9	0.6	4.7	0.5	25.1

The value of shares in associated companies does not include goodwill at 31 Dec 2015. All associated companies are unlisted.

17. Financial assets

MEUR	2015	2014
Available-for-sale financial assets		
Acquisition cost at 1 Jan	0.9	0.9
Additions	–	–
Disposals	0.0	–
Book value at 31 Dec	0.9	0.9

Available-for-sale financial assets consist of non-listed shares, the biggest investment being Majakka Voima Oy. As the fair value of these shares is difficult to determine reliably, they are recognized at acquisition cost less any impairment losses. According to Componenta's view the fair value and acquisition cost do not differ essentially. Other financial assets are classified in fair value valuation method level 3, please see additional information in note 22. The gains from the sale of available-for-sale financial assets in 2015 were EUR 0.0 million.

18. Non-current receivables

MEUR	2015	2014
From associates		
Loan receivables	0.0	0.0
Other non-current receivables		
Loan receivables	0.7	0.2
Other receivables	7.1	1.2
	7.8	1.4
Total non-current receivables	7.8	1.4

The Group's non-current loan receivables are mainly related to investments. Other receivables in 2015 includes VAT receivables EUR 3.5 (EUR 0.0) million in Turkey, which utilization depends on the relation between domestic sales and export sales. The utilization is estimated to be possible in the time after year 2016. In addition, advanced payments have been recorded in other receivables EUR 2.3 (0.0) million which are related to the ongoing construction of the aluminium foundry in Manisa. Other non-current receivables were EUR 1.3 (1.2) million.

19. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2015

MEUR	at 1 Jan 2015	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2015
Deferred tax assets					
Intercompany margin in inventory	0.1	0.0		0.0	0.1
Provisions and pension provisions	2.1	0.9	0.6		3.5
Tax losses carried forward	43.1	-37.5		0.2	5.8
Fair valuation of investment properties	0.1	0.2			0.3
Revaluation of buildings and land areas	1.3	0.6		0.0	1.9
Other differences	2.6	2.9	0.2	0.0	5.7
Total	49.4	-33.0	0.8	0.2	17.3
Offset with deferred tax liabilities	-12.0				-11.8
Total	37.4				5.5

Deferred tax assets recognized for losses in Finland (EUR 5.4 million) and in Sweden (EUR 0.4 million) are based on the expected taxable income of the companies in these countries. It is estimated that these deferred tax assets can be utilized in 1–10 years. At the end of 2015, the Group justifies being able to make use of the deferred tax assets recorded for losses on, for example, the impact of the efficiency improvement program that is still in progress, on lower costs relating to quality, and on considerably lower fixed costs, which also contribute to lower service fees charged by Group administration, which in turn improves the profitability of the business units.

MEUR	at 1 Jan 2015	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2015
Deferred tax liabilities					
Valuing tangible assets at fair value when merging businesses	3.1	–0.2		0.0	2.8
Accelerated depreciation	8.0	0.8		0.0	8.8
Fair valuation of investment properties	0.3	0.0	–0.3	0.0	0.0
Revaluation of buildings and land areas	5.6	–1.0	–1.0	0.0	3.6
Finance leases	1.2	0.3		0.0	1.5
Other differences	6.9	–0.8	0.0	–0.1	6.0
Total	24.9	–0.8	–1.3	–0.1	22.6
Offset with deferred tax assets	–12.0				–11.8
Total	12.9				10.8

Deferred income tax assets and liabilities are netted on the balance sheet primarily on a country-by-country basis when the country in question allows the balancing of taxable profits and losses between Group companies or when there is only one subsidiary in the country in question.

Changes in deferred taxes during the financial year 2014

MEUR	at 1 Jan 2014	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2014
Deferred tax assets					
Intercompany margin in inventory	0.1	0.0		0.0	0.1
Provisions and pension provisions	2.1	–0.2	0.2		2.1
Tax losses carried forward	41.9	1.7		–0.4	43.1
Fair valuation of investment properties	0.1	0.0			0.1
Revaluation of buildings and land areas	1.4	0.0		0.0	1.3
Other differences	1.7	0.5	0.4	0.0	2.6
Total	47.2	2.0	0.6	–0.5	49.4
Offset with deferred tax liabilities	–13.2				–12.0
Total	34.0				37.4

MEUR	at 1 Jan 2014	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2014
Deferred tax liabilities					
Valuing tangible assets at fair value when merging businesses	3.3	–0.2		0.0	3.1
Accelerated depreciation	8.1	–0.1		0.0	8.0
Fair valuation of investment properties	0.6	–0.3			0.3
Revaluation of buildings and land areas	5.7	–0.1	0.0	0.0	5.6
Finance leases	1.0	0.1		0.0	1.2
Other differences	7.0	0.9	–0.9	–0.1	6.9
Total	25.8	0.2	–0.9	–0.1	24.9
Offset with deferred tax assets	–13.2				–12.0
Total	12.6				12.9

20. Inventories

MEUR	2015	2014
Raw materials and consumables	13.8	17.2
Work in progress	11.3	12.6
Finished products and goods	30.4	32.0
Other inventories	13.3	12.8
Advance payments	0.1	0.4
Total inventories	68.9	75.0

Other inventories include mainly tools, patterns, fixtures and spare parts.
During the financial year 2015 in Finnish units EUR –0.5 million; in Swedish units EUR –0.6 million; in Dutch units EUR –0.6 million and in Turkish units EUR –2.7 million, an expense of total EUR –4.4 (–0.2) million was recognized to reduce the book value of inventories to their net realizable value.

21. Trade and other short-term receivables

MEUR	2015	2014
Trade receivables	21.3	23.5
Loan receivables	1.4	3.6
Derivative receivables	0.0	1.2
Tax receivables, income taxes	1.4	0.2
Prepayments and accrued income	2.2	4.2
VAT receivables	5.0	9.1
Other receivables	1.9	2.0
Total trade and other short-term receivables	33.2	43.7

Prepayments and accrued income include mainly prepaid accrued expenses.

Trade receivables by currency

	2015 %	2014 %
EUR	86.2	69.6
SEK	7.0	12.8
TRY	4.6	14.8
GBP	1.9	1.8
RUB	0.2	0.3
USD	0.1	0.8

22. Classification of fair value of financial assets and liabilities

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

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

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

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

Fair values by classification of valuation method 2015

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	-0.6	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	-0.8	–	–
Available-for-sale investments	–	–	0.8

Fair values by classification of valuation method 2014

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	0.4	–
Interest rate derivatives (OTC)	–	-0.1	–
Commodity derivatives	-0.7	–	–
Available-for-sale investments	–	–	0.9

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

23. Cash and cash equivalents

MEUR	2015	2014
Cash and cash equivalents included in the statement of financial position		
Cash at bank and in hand	6.1	12.1
Cash and cash equivalents included in the cash flow statement		
Cash at bank and in hand	6.1	12.1

24. Share capital, share premium reserve and other reserves

MEUR	Number of shares, (1,000)	Share capital, MEUR	Share premium reserve, MEUR	Cash flow hedges, MEUR	Unrestricted equity reserve, MEUR	Buildings and land revaluation reserve, MEUR	Other reserves, MEUR
At 1 Jan 2014	29,269	21.9	15.0	-0.7	58.1	22.7	40.6
Share issue	68,000	–	–	–	94.3	–	-35.6
Issue of hybrid bond	–	–	–	–	–	–	–
Transfers to retained earnings	–	–	–	–	–	-0.4	–
Other comprehensive income	–	–	–	0.3	–	–	0.0
At 31 Dec 2014	97,269	21.9	15.0	-0.4	152.3	22.2	4.9
Transfers to retained earnings	–	–	–	–	–	-0.3	0.3
Other comprehensive income	–	–	–	0.0	–	-6.2	-0.8
At 31 Dec 2015	97,269	21.9	15.0	-0.4	152.3	15.8	4.4

The cumulative translation differences EUR -37.0 (-36.3) million in the Statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-Euro area business units. Gains and losses from hedging the net investments in non-Euro area units are also included in translation differences if the conditions for hedge accounting are met. The functional currency of the Turkish subsidiary changed to Euro from the beginning of March 2012 onwards. After that the group has not recorded any translation differences from the consolidation of the subsidiary related to exchange rate changes of Turkish lira.

The share premium reserve contains the amount paid for shares in a share issue that exceeds the nominal value of the share if the decision concerning the issue of convertible capital notes on which the subscriptions are based was made before the 2006 change in the Finnish Company Act. The amount exceeding the nominal value when converting convertible capital notes issued after the new Company Act came into force (1 September 2006) is recognized in the unrestricted equity reserve. Cash flow hegdes include the valuations of commodity and interest derivatives. The fair value changes in effective portion of hedging instruments in hedging reserve, before taxes, was EUR -0.6 (-0.3) million, the amount released to income statement from the hedging reserve, before taxes, was EUR -0.6 (-0.7) million and the change of deferred taxes in hedging reserve was EUR 0.0 (-0.1) million.

The building and land area revaluation reserve presents the impact on shareholders' equity of the revaluation of these assets. The change resulting from revaluation presented in comprehensive income, excluding non-controlling interest, after deferred tax in 2015 was EUR -6.2 (0.0) million. EUR 0.3 (0.4) million was transferred from the reserve to retained earnings in 2015.

Other reserves include the conversion option component of the convertible capital notes EUR 2.1 (2.1) million, share-based payments EUR 0.3 (0.3) million according to IFRS 2 and the difference of the fair value and book value of the properties re-classified to investment property class EUR 0.0 (0.6) million. Legal reserve EUR 0.0 (0.0) million is also included in other reserves. The company's shareholders' equity includes two equity bonds (hybrid bonds), which improve the company's equity ratio and are presented in shareholders' equity under other reserves. The nominal amount of the hybrid bonds were EUR 2.6 (2.6) million in 2015.

In August and September 2014 Componenta carried out share issues for a total of 68,000,000 shares in two phases. In the first private placement on 15 August 2014, Componenta offered 15,000,000 new company shares to a limited number of selected investors. In the other share issue on 8 – 12 September 2014, 53,000,000 new company shares were offered to the public. Holders of the company's 2012 and 2013 Hybrid Bonds, 2013 Unsecured Bond, 2013 Secured Bond, and 2009 and 2010 Capital Notes, had the right to use the loan and interest receivables from the company to pay the share subscription price. After the conversions in the share issue, the company has EUR 0.5 million remaining of the 2013 hybrid bond and EUR 2.1 million of the 2012 hybrid bond. In consequence of the share issues the unrestricted equity reserve increased by a total of EUR 94.3 million and the hybrid bond reserve presented in 'Other reserves' was reduced by EUR 35.6 million.

After the closing date the Board of Directors has proposed to the Annual General Meeting that no dividend will be paid for 2015.

25. Share-based payment

Share-based incentive scheme

The Board of Directors of Componenta Corporation decided on 10 February 2015 to set up a new share-based incentive scheme for key personnel in the Group. The scheme had one earning period, the 2015 calendar year. The earning criterion for the 2015 earning period was Componenta's consolidated result after financial items. Any bonuses would have been paid for the 2015 earning period is paid partially in company shares and partially in cash. The part paid in cash is meant to cover tax and similar costs arising from the bonus. There is a ban on disposing of, pledging or otherwise using the shares during the commitment period of two years set for them. If the employment of a key employee ends during this commitment period, they must return the shares given as a bonus to the company without compensation.

The Board of Directors of Componenta Corporation resolved on 17 February 2014 on a share-based incentive scheme for key personnel in the Group. The scheme had one earning period, the 2014 calendar year. The earning criterion for the 2014 earning period was Componenta's consolidated result after financial items. Any bonuses would have been paid for the 2014 earning period is paid partially in company shares and partially in cash. The part paid in cash is meant to cover tax and similar costs arising from the bonus. There is a ban on disposing of, pledging or otherwise using the shares during the commitment period of two years set for them. If the employment of a key employee ends during this commitment period, they must return the shares given as a bonus to the company without compensation.

Any earnings in the incentive schemes decided on 10 February 2015 and 17 February 2014 were based on the result after financial items excluding one-time items in 2015 and 2014. The target group for the incentive scheme decided on 10 February 2015 contained 12 people at the end of 2015. If the targets set for the schemes had been met in full, bonuses of a maximum of 780,000 Componenta Corporation shares would have been paid in the scheme for the 2015 earning period. No share bonuses were paid for the 2015 and 2014 earning periods in the schemes, since the earning criteria were not fulfilled. The impact of the schemes on the result before tax in 2015 was EUR 0.0 (0.0) million.

Share-based incentive scheme 2015	
Vesting period begins	1.1.2015
Vesting period ends	31.12.2015
Release date of shares	1.1.2018
Maximum number of shares	780,000
Binding time left	2 years
Share price at grant date, EUR	0.82
Share price at end of accounting period, EUR	0.69
Criteria	100 % Result after financial items excluding one-time items
Combined pay-out of earnings criteria	0%
Share ownership obligation	2 years
Share ownership obligation ending date	1.1.2018
Number of personnel in scheme	12

Calculation of fair value of share bonus in 2015	
Number of shares granted	780,000
Share price upon grant, EUR	0.82
Assumed dividend before payment of bonus, EUR	0.00
Fair value (proportion in shares), EUR	0.82
Share price 31 December 2015, EUR	0.69
Pay-out of earnings criteria, %	0.00
Assumed number of shares to be rewarded	0.00
Fair value of reward 31 December 2015, MEUR	0.00

Share-based incentive scheme 2014	
Vesting period begins	1.1.2014
Vesting period ends	31.12.2014
Release date of shares	1.1.2017
Maximum number of shares	200,000
Binding time left	2 years
Share price at grant date, EUR	1.58
Share price at end of accounting period, EUR	0.69
Criteria	100 % Result after financial items excluding one-time items
Combined pay-out of earnings criteria	0%
Share ownership obligation	2 years
Share ownership obligation ending date	1.1.2017
Number of personnel in scheme	18

Calculation of fair value of share bonus in 2014	
Number of shares granted	200,000
Share price upon grant, EUR	1.58
Assumed dividend before payment of bonus, EUR	0.00
Fair value (proportion in shares), EUR	1.58
Share price 31 December 2015, EUR	0.69
Pay-out of earnings criteria, %	0.00
Number of rewarded shares	0.00
Fair value of reward 31 December 2015, MEUR	0.00

26. Pension obligations and other benefit plans

Pension obligations

Most of the Group's pension plans are defined contribution plans. In Sweden Componenta has pension scheme, Alecta ITP, classified as multi-employer defined benefit scheme. However, since Alecta has not been able to supply the required actuarial valuations, the Swedish pension plan has been treated as defined contribution plan in Accordance with IAS 19.30 (a).

Other benefit plans

Other employee benefits' mainly include commitments required under Turkish employment legislation.

Under Turkish employment legislation, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TL 3,828.37 for each year of service as of 31 December 2015 (31 December 2014: TL 3,438.22). The liability is not funded.

The non-current provision recorded under other benefit plans in note 27 includes also previously described liability under Turkish employment legislation. The related provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the termination benefits to be paid to the employees. The following assumptions were used in the calculation of the total liability on 31 December 2015 and on 31 December 2014; Annual discount rate 9.80% (9.80%), annual salary increase expectation 5.50% (5.25%) and turnover rate to estimate the probability of retirement 94.55% (94.40%).

The pension scheme in Turkey described above is treated as a defined benefit scheme and its actuarial gains and losses are presented in the statement of comprehensive income and other items in personnel expenses in the income statement. Changes in the current value of the liability are as follows:

MEUR	2015	2014
Opening liability 1 Jan	8.9	7.7
Current service costs	0.6	0.6
Interest costs	0.9	0.8
Severance paid	-1.3	-1.5
Actuarial gains (-) and losses (+)	1.9	1.0
Translation gains and losses	-1.1	0.3
Closing liability 31 Dec	9.9	8.9

27. Provisions

Current

MEUR	Other benefit plans	Reorganisation provisions	Environmental provisions	Other provisions	Total
1 Jan 2015	–	2.7	–	1.9	4.5
Translation differences	–	0.0	–	–	0.0
Additions to provisions	–	3.3	0.1	1.1	4.5
Utilized during the period	–	–1.8	–	–0.3	–2.1
31 Dec 2015	–	4.2	0.1	2.7	7.0
1 Jan 2014	–	1.4	–	2.0	3.3
Translation differences	–	–	–	–	–
Additions to provisions	–	1.7	–	0.1	1.8
Utilized during the period	–	–0.3	–	–0.2	–0.5
31 Dec 2014	–	2.7	–	1.9	4.5

The restructuring provisions consist mainly of forecast costs for units in the Netherlands and the foundry operations in Pietarsaari. Net addition to provisions relating to the reorganization in the Netherlands of EUR 1.7 million was recorded during 2015.

The environmental provision relates to the closing of the waste yard used by the old production plant in Karkkila in accordance with the demands of environmental authorities. Closure includes piling up various soil layers and landscaping the area. According to the current plan, the project will be completed during year 2016.

Other current provisions mainly comprise Turkish foundry waste sand pile cleaning and disposal costs of EUR 1.0 million in accordance with authories demands and EUR 1.5 (1.6) million for court cases relating to work accidents. The amount of the provisions is based on the estimate of company management. The expenses relating to the current provisions are expected to be realized during year 2016.

Non-current

MEUR	Other benefit plans	Reorganisation provisions	Environmental provisions	Total
1 Jan 2015	9.5	0.0	0.1	9.7
Translation differences	–1.1	–	–	–1.1
Additions to provisions	3.2	–	0.0	3.2
Utilized during the period	–1.3	–	–0.1	–1.4
31 Dec 2015	10.3	0.0	0.0	10.4
1 Jan 2014	8.3	0.0	0.2	8.5
Translation differences	0.3	–	–	0.3
Additions to provisions	2.4	–	0.0	2.4
Utilized during the period	–1.5	0.0	–0.1	–1.5
31 Dec 2014	9.5	0.0	0.1	9.7

Other benefit plans, are mainly consisting of the plans under Turkish employment legislation EUR 9.9 (8.9) million, more information in note 26.

MEUR	2015	2014
Change in provisions recognized as operating expenses in income statement, increase of expense (–) / decrease of expense (+) *)	–1.3	–1.4

*) Increases in provisions in other employee benefits include actuarial losses of EUR 1.9 (1.0) million relating to the post-employment benefit schemes in Turkey, and these are presented in the statement of comprehensive income.

28. Interest-bearing liabilities

MEUR	2015	2014
Non-current interest-bearing financial liabilities		
Loans from financial institutions *)	78.9	143.7
Finance lease liabilities	7.3	7.2
Pension loans	1.1	2.0
Bonds	–	6.3
	87.3	159.2
Current interest-bearing financial liabilities		
Loans from financial institutions *)	142.6	59.3
Finance lease liabilities	5.9	4.7
Pension loans	0.9	3.0
Capital notes	–	2.0
Bonds	6.3	–
	155.7	69.0
Total interest-bearing liabilities	243.1	228.2

*) The long term part EUR 55.7 million in 2017 according to the syndicated loan agreement and EUR 6.3 million in 2019 according to the bond agreements have been classified as short term loans for the year 2016 due to the IFRS requirement. This is because the relieve of the covenant breach was not given at least for twelve months ahead from the end of the reporting period.

Currency breakdown of interest-bearing financial liabilities

		2015 %	2014 %
Non-current	EUR	99.2	98.6
	SEK	0.8	1.4
	TRY	–	0.0
Current	EUR	92.4	90.2
	SEK	1.9	2.9
	TRY	5.5	6.9
	GBP	0.1	–

Cash flows are settled in the nominal currency of each liability agreement.

Cash flows are settled in the nominal currency of each liability agreement.

	2015 Nominal interest rates %	2015 Effective interest rates %	2014 Nominal interest rates %	2014 Effective interest rates %
Loans from financial institutions	0.8 – 7.8	0.8 – 10.4	0.9 – 7.5	0.9 – 9.8
Finance lease liabilities	0.6 – 13.8	1.7 – 19.9	0.6 – 13.8	1.7 – 19.9
Pension loans	1.9 – 4.8	1.9 – 4.8	1.9 – 4.8	1.9 – 4.8
Capital notes	–	–	10.0 – 10.0	14.4 – 14.4
Bonds	2.0 – 5.0	4.5 – 5.9	2.0 – 5.0	3.7 – 5.9

Repayment schedule for interest-bearing financial liabilities 2015

MEUR	2016	2017	2018	2019	2020	2021+
Loans from financial institutions *)	142.6	24.6	13.7	13.1	13.1	14.3
Finance lease liabilities	5.9	3.5	2.4	1.4	0.1	–
Pension loans	0.9	0.5	0.5	–	–	–
Capital notes	–	–	–	–	–	–
Bonds	6.3	–	–	–	–	–
	155.7	28.6	16.6	14.5	13.3	14.3

*) The long term part EUR 55.7 million in 2017 according to the syndicated loan agreement and EUR 6.3 million in 2019 according to the bond agreements have been classified as short term loans for the year 2016 due to the IFRS requirement. This is because the relieve of the covenant breach was not given at least for twelve months ahead from the end of the reporting period.

Repayment schedule for interest-bearing financial liabilities 2014

MEUR	2015	2016	2017	2018	2019	2020+
Loans from financial institutions	59.3	30.1	68.0	10.6	10.0	25.0
Finance lease liabilities	4.7	4.0	1.9	0.9	0.4	–
Pension loans	3.0	0.9	0.5	0.5	–	–
Capital notes	2.0	–	–	–	–	–
Bonds	–	–	–	–	6.3	–
	69.0	35.1	70.4	12.0	16.7	25.0

Maturity of finance lease liabilities

MEUR	2015	2014
Minimum lease payments fall due as follows:		
Not later than one year	6.3	5.2
Later than one year but not later than five years	7.8	7.6
Later than five years	–	–
	14.1	12.8
Future financial expenses	-0.9	-0.9
	13.2	11.9
Present value of minimum lease payments:		
Not later than one year	5.9	4.7
Later than one year but not later than five years	7.3	7.2
Later than five years	–	–
	13.2	11.9

Capital notes

Capital Notes 2010

The remaining EUR 2.0 million of the Componenta Corporation's capital loan 2010 was paid off with accrued interests in accordance with the loan terms on 15 September 2015. The accrued interest on the loan from 1 January to 15 September 2015 has been recorded as an expense in the income statement.

Bonds

Unsecured Bond 2013

The unsecured bond 2013 had a balance sheet value of EUR 0.3 million on 31 December 2015. The loan was issued originally with a nominal amount of EUR 22.3 million. The holders of the bond had a right to use the loan and interest receivables from the company to pay the share subscription price in the September 2014 share issue. This right was used by EUR 22.0 million from the part of loan receivable which amount the nominal value of the loan decreased. It was agreed during August and September 2014 to extend the maturity period of the unsecured bond to 31 December 2019, apart from the portion that was not used as a subscription payment in the September 2014 share issue. In addition, it was resolved the amendments to the terms and conditions of the notes so that as of the amendment date the notes bear fixed interest at the rate of 2.00 % p.a. and that any interest accrued after 2 March 2014 shall be paid on the redemption date.

The loan is not secured. Receivables based on the bond rank equal to Componenta Corporation's other unsecured debt commitments. The bond has a balance sheet value of EUR 0.3 million on 31 December 2015. The accrued interest on the loan from 1 January to 31 December 2015 has been recorded as an expense in the income statement and as a liability in accrued expenses. The loan units of the unsecured bond are for trading on the regulated market on the Nasdaq Helsinki Ltd stock list.

Secured Bond 2013

The secured bond 2013 had a balance sheet value of EUR 6.0 million on 31 December 2015. The loan was issued originally with a nominal amount of EUR 10.0 million. The holders of the bond had a right to use the loan and interest receivables from the company to pay the share subscription price in the September 2014 share issue. This right was used by EUR 4.0 million which amount the nominal value of the loan decreased. As part of financing arrangements it was agreed to extend the maturity period of the unsecured bond to 2 September 2019 when the bond is due for repayment in full. Receivables based on the bond rank secondary to Componenta Corporation's other secured debt commitments. The bond had a balance sheet value of EUR 6.0 million on 31 December 2015. The accrued interest on the loan from 2 September to 31 December 2015 has been recorded as an expense in the income statement and as a liability in accrued expenses.

29. Current non-interest bearing liabilities

MEUR	2015	2014
Trade payables to others	84.2	78.5
Trade payables to associated companies	0.0	–
Accrued expenses and deferred income	20.5	18.4
Derivative liabilities	1.0	0.7
Advances received	0.3	0.3
Other current liabilities	4.1	4.3
Current non-interest bearing liabilities total	110.0	102.2

Accrued expenses and deferred income includes deferred personnel costs and deferred interest expenses. The most significant items in other current liabilities are value added tax payables, withholding taxes and custom payments.

Trade payables by currency

	2015 %	2014 %
EUR	50.8	46.0
TRY	30.4	27.0
SEK	13.4	18.4
USD	5.0	8.0
GBP	0.4	0.7

30. Carrying values and fair values of financial assets and liabilities by category

Financial assets

MEUR	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
ITEMS RECOGNIZED AT FAIR VALUE				
Financial assets recognized at fair value through profit and loss				
Derivatives classified as held for trading	0.0	0.0	0.6	0.6
Financial items included in hedge accounting				
Derivatives (effective and ineffective portion)	0.0	0.0	0.0	0.0
ITEMS RECOGNIZED AT AMORTIZED COST AND AT COST				
Loans and other receivables				
Cash and cash equivalents	6.1	6.1	12.1	12.1
Loan receivables	1.2	1.2	2.7	2.7
Trade receivables	21.3	21.3	23.5	23.5
Available-for-sale financial assets				
Shares and holdings	0.8	0.8	0.9	0.9

Financial liabilities

MEUR	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
ITEMS RECOGNIZED AT FAIR VALUE				
Financial liabilities recognized at fair value through profit and loss				
Derivatives classified as held for trading	0.6	0.6	0.2	0.2
Financial items included in hedge accounting				
Derivatives (effective and ineffective portion)	0.8	0.8	0.7	0.7
ITEMS RECOGNIZED AT AMORTIZED COST				
Other financial liabilities				
Loans from financial institutions	221.5	224.7	203.0	205.7
Finance leases	13.2	13.2	11.9	11.9
Pension loans	2.0	2.0	5.0	5.0
Capital notes	–	–	2.0	2.0
Bonds	6.3	6.3	6.3	6.3
Trade payables and advances received	84.5	84.5	78.8	78.8

The fair values of interest-bearing liabilities have been calculated by discounting the future cash flows for the contract with market rates corresponding to the terms of the contract on the closing date or with estimates of a fair rate.

The carrying values of trade receivables and payables, commercial papers and finance leases tied to short-term market rates can be assumed to correspond with sufficient accuracy to their fair values due to the short maturity and interest rate renewal periods. The trade receivables are recorded in the statement of financial position adjusted by any impairment.

31. Capital management

Componenta Group's objective for capital management is to ensure the Group's viability to operate in all circumstances. The sector in which Group operates is by nature relatively capital intensive and thus requires active measures to optimize the capital structure.

The Board of Directors and Corporate Executive Team regularly monitor the capital structure of the Group. In management reporting hybrid loans are included in shareholders' equity. The Group monitors in particular the equity ratio, which due to the long-lasting difficult state of the market and write-downs on assets has fallen considerably below the target level of 40 %. The equity ratio was 4.6% on 31 December 2015.

The Group's capital structure is managed among other things with the dividend policy and share issues (with the approval of shareholders). During 2015 the Group has continued its efforts to reduce working capital, for example by optimizing inventories, enhancing the collection of customer receivables and further expanding the sale of trade receivables and by negotiating longer payment terms for trade payables. The Group also makes more efficient use of capital with a program to sell its trade payables in Turkey.

On 31 December 2015 the total outstanding amount of the company's hybrid bond 2013 was EUR 0.5 million and hybrid bond 2012 was EUR 2.1 million.

The key indicators for capital structure

	31.12.2015	31.12.2014
Net gearing, hybrid loans included in equity	1273.0 %	194.4 %
Equity ratio, hybrid loans included in equity	4.6 %	23.7 %

32. Financial risk management

The financial risks relating to Componenta Group's business operations are managed in accordance with the Group Treasury Policy approved by the Componenta Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets and to secure the performance of the Group and its financial position. Management of financial risks is centralized to the Group Treasury.

Refinancing and liquidity risks

The Group aims to safeguard the availability of finance by spreading the maturity dates, sources and instruments in its loan portfolio. A single source of finance may not account for more than an amount specified in the Group Treasury Policy. The most important sources of finance in use in the Group are the long-term syndicated credit facility which was signed on 14 August 2014 and as at the closing date was with the nominal value of EUR 63.8 million, Componenta Turkish subsidiary's EUR 90 million long-term credit facility agreement with Turkish banks dated on 13 August 2014 and Turkish subsidiary's a 5.5 year credit facility agreement of EUR 30 million with Turkish banks dated on 17 June 2015, bilateral long-term loan agreements, bonds, pension loans, hybrid loans, financing of trade receivables without right to recourse, and lease finance.

The Group reports to the Nordic banks in the syndicate and to Turkish subsidiary's credit facility agreement banks on the financial covenants defined in the terms of the loan agreements. These financial covenants are linked to key indicators calculated on the basis of the investments, equity ratio, interest-bearing liabilities, EBITDA and the debt coverage. Componenta announced on 4 December 2015 that it has started negotiations relating to the Nordic syndicated loan agreement due to the company not being in compliance with certain terms of the loan agreement. As a result of the negotiations Componenta signed on 30 December 2015 a so called standstill agreement with the Nordic counterparties of the syndicated loan, according to which the lenders will relieve Componenta from complying with the above mentioned loan terms for a fixed period. The agreement will apply until end of April 2016 and it contains typical terms for such agreements that the company has to fulfill for the duration of the agreement. Componenta has on 11 March 2016 announced that the negotiations have proceeded as planned. The arrangement, being the subject of the negotiations, consists of cutting some of the current bank loans and converting them into long-term. Also, the company conducts negotiations in order to get new long-term financing. The negotiations with the banks are still ongoing and it is not possible to anticipate the outcome at this stage. The Group has long- and short-term loans from financial institutions EUR 143.9 million maturing in 2016 and EUR 24.9 million maturing in 2017 and there is no full certainty about the refinancing of these loans.

Componenta Turkish subsidiary signed a new 5,5 year EUR 30 million credit facility agreement with Turkish banks on 17 June 2015. New credit facility consists of two separate loan agreements which are an investment loan of EUR 20 million and a working capital loan of EUR 10 million. As a consequence, the average maturity of the interest bearing debt portfolio of Componenta Turkish subsidiary has been further lengthened.

The working capital of the Group was EUR 5.7 million at the end of year 2015. The Group has unused committed credit facilities EUR 4.5 million which however are available only to the investment in Manisa and thus they are not available for the financing of the working capital. The Group's liquidity situation is tight which has led to delay in payments of accouts payable. The amount of due accounts payable was EUR 30.9 million on 31 December 2015. Tight liquidity situation has caused some operation breaks in the production.

The maturing dates for long-term loans are presented in the notes to the consolidated balance sheet, Note 28. The Treasury policy states that the Group's liquidity should cover its near-term commitments. The minimum liquidity is defined in the Group Treasury policy. At the end of the financial year, Componenta's cash and cash equivalents totalled EUR 6.1 (12.1) million.

Installments (nominal values) and interest payments on financial liabilities 2015

MEUR	2016	2017	2018	2019	2020	2021+
Loans from financial institutions *)	-143.9	-24.9	-14.0	-13.5	-13.5	-15.0
Finance leases	-5.9	-3.5	-2.4	-1.4	-0.1	-
Pension loans	-0.9	-0.5	-0.5	-	-	-
Bonds	-6.3	-	-	-	-	-
Trade payables and other debt	-84.5	-	-	-	-	-
Interest expenses on loans	-11.2	-7.7	-4.7	-3.9	-2.8	-0.6
Interest rate swaps, net	-	-	-	-	-	-
	-252.7	-36.7	-21.6	-18.7	-16.4	-15.6

*) The long term part EUR 56.9 million (nominal amount) in 2017 according to the syndicated loan agreement and EUR 6.3 million in 2019 according to the bond agreements have been classified as short term loans for the year 2016 due to the IFRS requirement. This is because the relieve of the covenant breach was not given at least for twelve months ahead from the end of the reporting period.

The figures have not been discounted to correspond to their present values. The figures are valid only on the closing date and the amount of interest on floating rate contracts may vary from actual cash flows. The repayment table for financial liabilities is not meant to portray the Group's expected total cash flow.

There is a significant possibility of variation in future cash flows for currency derivatives concerning the exchange rate difference and for this reason they are not included in the repayment table. Electricity forwards are essentially connected to physical electricity supplies and therefore are treated as part of future electricity purchases. This being the case they are not reported in the Group's cash flow table for financial liabilities. The expected cash flows for currency derivatives, electricity forwards and interest rate options at the closing date correspond to their fair values (Note 33).

For finance leases, repayments of the finance lease liability and interest expenses are used as a sufficient approximation of actual rents paid. Only changes in interest rates cause a small difference in the actual cash flow. The interest to be paid has been calculated with prevailing nominal interest rates. The actual interest payments on variable interest contracts will, therefore, probably differ slightly from the figures presented in the table.

Installments (nominal values) and interest payments on financial liabilities 2014

MEUR	2015	2016	2017	2018	2019	2020+
Loans from financial institutions	–60.3	–32.1	–68.0	–10.6	–10.0	–25.0
Finance leases	–4.7	–4.0	–1.9	–0.9	–0.4	–
Pension loans	–3.0	–0.9	–0.5	–0.5	–	–
Capital notes	–2.0	–	–	–	–	–
Bonds	–	–	–	–	–6.3	–
Trade payables and other debt	–78.8	–	–	–	–	–
Interest expenses on loans	–10.3	–9.7	–6.2	–3.4	–2.7	–2.2
Interest rate swaps, net	–0.1	–	–	–	–	–
	–159.2	–46.7	–76.6	–15.4	–19.4	–27.2

Foreign exchange risk

The Group's foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments and related profit or loss denominated in foreign currencies. The transaction position is calculated from the foreign currency denominated trade receivables and trade payables in the balance sheet. These form the part of the transaction position in which changes affect 'Operating profit'. The other part of transaction exposure includes items where the impact of changes in exchange rates are recorded in the income statement in 'Financial income and expenses' such as foreign currency cash in hand and at bank and the Group's internal and external foreign currency loans and loan receivables. The hedging level for both parts of the transaction position is set at 90 – 110%. If the total exposure for a specific currency is less than EUR 3 million, however, the hedging decision is taken on a case by case basis.

The Board of Directors decided to change the currency transaction risk policy related to Turkish subsidiary in 2014. According to the new policy the hedging levels of Turkish subsidiary may stand at anywhere between 0% and 100% in respect of currency transaction risk at the discretion of the Group's President and CEO. According to the previous policy Turkish subsidiary's hedging level for both transaction positions were set at 90–110%. However, these hedging levels might have been standing at 70–130% at the discretion of the Group's President & CEO. Since the functional currency of Turkish subsidiary was changed from Turkish lira to euro as of 1 March 2012, Turkish lira denominated balance sheet items create currency risk exposure to Componenta Turkey. Therefore, Turkish lira denominated balance sheet items affecting either 'Operating profit' or 'Financial income and expenses' are included for both transaction exposures. Foreign exchange risk hedges are not in hedge accounting.

The translation position is determined from the shareholders' equity and retained earnings of those foreign subsidiary and associated companies of the Group whose business currency is not the euro. The translation risk to the Group's equity is related to the British, Swedish and Russian subsidiaries as their equity denominated in local currency is converted to euros. As stated in the Group Treasury Policy, the translation position is hedged 0 – 100% at the discretion of the Group's President & CEO.

To hedge against changes in exchange rates, the Group uses foreign currency loans and deposits and other natural hedging relationships, as well as common derivative instruments such as foreign currency forward contracts and options, for which pricing on the market is reliable. Foreign currency derivatives mature in less than one year

The currencies with the most significant currency risk exposure are the Turkish lira, the Swedish krona, US dollar and the British pound sterling.

The table below shows the sensitivity for price changes of the Group's open currency exposures, including the currency derivatives used for hedging (note 33) in both transaction and translation position. Impact of change in currency rate + / – shows in the first case the effect on the income statement or the shareholder's equity as currency depreciates 10% against euro and in the second case as currency appreciates 10% against euro.

31.12.2015	Closing rate 31.12.2015	Open transaction exposure MEUR	Open transaction exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / – To income statement	To equity
EUR/USD	1.0887	–4.1	–	10	0.4 / –0.5	
EUR/GBP	0.73395	3.8	1.9	10	–0.3 / 0.4	–0.2 / 0.2
EUR/TRY	3.1776	–27.0	–	10	2.5 / –3.0	
EUR/SEK	9.1895	29.9	–5.1	10	–2.7 / 3.3	0.5 / –0.6
EUR/RUB	80.6736	0.2	–0.0	10	–0.0 / 0.0	0.0 / –0.0

31.12.2014	Closing rate 31.12.2015	Open transaction exposure MEUR	Open transaction exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / – To income statement	To equity
EUR/USD	1.2141	–6.0	–	10	0.5 / –0.7	–
EUR/GBP	0.7789	13.9	1.2	10	–1.3 / 1.5	–0.1 / 0.1
EUR/TRY	2.8207	–21.7	–	10	2.0 / –2.4	–
EUR/SEK	9.3930	16.9	–5.3	10	–1.5 / 1.9	0.5 / –0.6
EUR/RUB	72.3370	0.2	–0.0	10	–0.0 / 0.0	0.0 / –0.0

The Group does not apply cash flow or fair value hedge accounting as stated in IAS 39 for the transaction position.

Interest rate risk

The interest rate risk to which fair values and the cash flow are exposed arises mainly from the Group's loan portfolio, sold trade receivables and finance leases. Because of the cyclical nature of the Group's customer markets, the Treasury policy states that the average period for renewing the interest rates of the Group's net liabilities should be at least three months but no more than two years. The average interest fixing period for net liabilities is 6 months (6 months). The interest rate risk is managed by spreading the loan portfolio between fixed and floating interest rate loans and investments. The interest rate risk is spread among several interest rate renewal periods and fluctuations in interest rates affect the Group's financial position in stages. The interest rate risk can be managed also by using interest rate derivatives.

Interest rate derivatives that hedge the Group's result are divided into derivatives included in cash flow hedge accounting as defined in IAS 39, and assets and liabilities held for trading. Therefore interest rate fluctuations do not affect the carrying values of interest-bearing items but only interest expenses and income recognized in the income statement. Changes in the fair values of interest rate derivatives classified as held for trading affect financial income and expenses in income statement whereas changes in the fair values of interest rate swaps included in cash flow hedge accounting affect the Group's shareholders' equity. The Group does not have any interest rate swaps in cash flow hedge accounting nor any interest rate derivatives classified as held for trading on the reporting date.

INCOME STATEMENT – FINANCIAL EXPENSES

	31.12.2015 for 2016		31.12.2014 for 2015	
MEUR	Forecast change in financial expenses	Sensitivity interest rate curve +100bp	Forecast change in financial expenses	Sensitivity interest rate curve +100bp
Interest-bearing financial liabilities	–0.2	–1.0	–0.1	–1.0
Interest rate swaps, interest expenses and income net	–	–	0.0	0.0
Interest rate swaps, change in fair value	–	–	–	0.0

The forecast change in financial expenses shows the change in interest expenses if interest rates actually follow the yield curve as priced by the market at the point of reference. The sensitivity analysis estimates the parallel rise in the interest rate curve at 1.0 percentage points. A positive change indicates a decrease and a negative change an increase in interest expenses.

The assumption in the calculations is that loans that mature are refinanced with comparable instruments. It is also assumed that no repayments are made, thus the calculations only take into account the interest rate renewal risk regarding interest-bearing loans and their nominal interest rates. An exception are the interest rate swaps where it is not assumed that the instruments will be rolled-over with similar instruments when they mature. As the interest rate risk on the asset side of the balance sheet is not significant it has not been included to the interest rate risk sensitivity analysis.

Commodity risk

The price risk of electricity is hedged with electricity derivatives in Nordic countries by an external consultant. In electricity purchase and hedging the external consultant acts according to Componenta's instructions which follow Componenta's purchase and risk policy. The maturity of the electricity forwards is in maximum current year and the following three years.

Credit risk

Each Group company is primarily responsible for the credit risk of its own trade receivables. Group Credit Controlling sets guidelines, monitors credit risk management, and evaluates the creditworthiness of customers and their ability to fulfil their payment obligations.

The Group has no significant concentrations of trade receivables. The customer base is widespread and the trade receivables from any single customer on a consolidated basis do not exceed 10 % of the Group's total trade receivables. 93% (93%) of sales is to Europe and is spread among several countries.

Many customers are financially sound and solid companies with long-term business relationship with Componenta, but in individual cases reports on payment behaviour and capital adequacy from credit rating companies are used to assist in credit decisions. The Group reduces its credit risk exposure by selling its trade receivables to financing companies without recourse. The share of sold trade receivables at the end of 2015 was 80% (79%) of all trade receivables.

The overdue trade receivables and customer payment behaviour is monitored on a regular basis at least every fortnight. If overdue trade receivables exceed the limits set by Group's management, the Group Credit Controlling is prepared to suspend deliveries until payment obligations have been met.

Credit losses in the year totalled EUR -0.5 (-0.1) million. Componenta BV recorded credit losses from insolvent RBDH. Componenta Wirsbo recorded credit losses from insolvent Rani AB, Kenny Holm and Wahlqvists Verkstäder AB. In Finland credit losses were recorded from Nisamo Oy, Jarparo Oy, Walpella Järvenpää Oy and Witte-Pemax Ab. The Group's credit loss risk was EUR 25.3 (27.3) million, which in addition to the trade receivables includes also other receivables such as loan and interest receivables.

In accordance with the treasury policy approved by the Board of Directors, surplus cash reserves are invested only with institutions that are considered to carry low credit risk. The maximum period of the investment is limited to one week and maximum amounts are defined for each counterparty.

The Group has received bank guarantees and bills of exchange against advances paid and trade receivables from some of its subcontractors, suppliers and customers. The total amount of the guarantees and other commitments received from subcontractors and suppliers is EUR 3.5 (4.0) million. The total amount of guarantees and other commitments received from customers is EUR 1.0 (1.0) million. The guarantees cannot be transferred or resold and they cannot be pledged forward.

Outstanding trade receivables fall due as follows

MEUR	31.12.2015	31.12.2014
Not due	14.5	15.4
Overdue		
less than 1 month	2.1	2.5
1 - 3 months	1.9	3.5
3 - 6 months	1.4	1.7
more than 6 months	1.3	0.4
	21.3	23.5

33. Derivative instruments

Nominal values of derivative instruments

MEUR	2015 Nominal value	2014 Nominal value
Foreign exchange rate derivatives *)		
Foreign exchange rate forwards	7.5	0.1
Foreign exchange rate swaps	9.8	54.3
Interest rate derivatives		
Interest rate swaps		
Maturity in less than a year	-	5.0
Maturity after one year but less than five years	-	-
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	1.3	2.4
Maturity after one year but less than five years	1.7	1.9

*) Foreign exchange rate derivatives mature in less than a year.

Fair values of derivative instruments

MEUR	2015 Fair value, positive	2015 Fair value, negative	2015 Fair value, net	2014 Fair value, net
Foreign exchange rate derivatives				
Foreign exchange rate forwards	–	–0.2	–0.2	0.0
Foreign exchange rate swaps	–	–0.4	–0.4	0.4
Interest rate derivatives				
Interest rate swaps	–	–	–	–0.1
Commodity derivatives				
Electricity price forwards	0.0	–0.8	–0.8	–0.7

The fair value of derivative instruments corresponds to the gain or loss that would be recognized in the income statement if the contract were closed on the balance sheet date. The fair value of interest rate options, foreign exchange and electricity price forwards is calculated using the prevailing market prices. Interest rate swaps are valued using discounted cash flow analysis using the yield curve prevailing on the reporting date.

The realized and unrealized exchange rate differences for currency derivatives hedging against changes in exchange rates for foreign currency trade receivables and trade payables in the balance sheet are recognized in 'Other operating income'. Exchange rate differences for foreign currency derivatives hedging against foreign currency loans and the accumulated interest difference and interest difference valuations are recognized in 'Financial income and expenses'. The fair values of interest rate derivatives that are not included in cash flow hedge accounting as defined in IAS 39 are recognized in 'Financial income and expenses'. Unrealized valuation gains and losses of derivatives are recognized in current and non-current receivables and liabilities. Unrealized fair valuation losses of EUR 0.3 (0.1) million were recorded under other non-current non-interest bearing liabilities.

Sensitivity analysis of electricity price forwards

Changes in the market prices of electricity price forwards would have the following impact on the fair values:

	Change in market price of electricity price forwards	
MEUR	2015 15% / –15%	2014 15% / –15%
Change in fair value of electricity price forwards	0.3 / –0.3	0.5 / –0.5

The sensitivity of the open foreign currency and interest rate exposures to changes in market prices is presented in Note 32.

Derivative instruments included in cash flow hedge accounting

MEUR	2015 Nominal value	2015 Fair value, effective portion of hedge	2014 Nominal value	2014 Fair value, effective portion of hedge
Commodity derivatives				
Electricity price forwards	3.1	–0.5	4.4	–0.5

The fair values of commodity derivatives designated as cash flow hedges against changes in market prices have been recognized in the hedging reserve of equity and will be recognized through profit and loss when the hedged item affects profit and loss or its occurance is no longer likely. Income statement effects arising from electricy forwards are recognized in purchases included in 'Operating Profit'.

No exchange rate differences have been capitalized for the acquisition cost of subsidiaries during the current or previous year.

Derivative instruments included in hedge accounting on net investments in foreign entities

No foreign exchange derivatives have been designated in the fiscal year or in the previous year as specifically hedges of translation items for foreign currency denominated shareholders' equity. Hedge accounting on net investments in foreign entities does therefore not include derivatives.

Derivative instruments held for trading

MEUR	2015 Nominal value	2015 Fair value	2014 Nominal value	2014 Fair value
Foreign exchange rate derivatives				
Foreign exchange rate forwards	7.5	-0.2	0.1	0.0
Foreign exchange rate swaps	9.8	-0.4	54.3	0.4
Interest rate derivatives				
Interest rate swaps	-	-	5.0	-0.1

Derivative instruments classified as held for trading are part of the Group's risk management but the hedge accounting principles of IAS 39 are not applied. The Group has no embedded derivatives at the balance sheet date.

34. Other leases

Group as lessee

Minimum lease payment schedule for other non-cancellable leases

MEUR	2015	2014
Not later than one year	0.9	1.3
Later than one year but not later than five years	2.6	2.9
Later than five years	0.6	1.1
Minimum lease payments total	4.1	5.3

Other non-cancellable leases mainly comprise real estate, production equipment and car leases. The leases mature on average in 3-5 years. Some of the leases contain call options at a strike price that can be expected to correspond to the fair value at the expiry date.
The 2015 income statement includes lease payments of EUR -2.1 (-2.8) million for other non-cancellable leases.

Group as lessor

The minimum lease receivable schedule for other non-cancellable leases

MEUR	2015	2014
Not later than one year	0.2	0.7
Later than one year but not later than five years	0.7	0.6
Minimum lease payments total	0.8	1.3

Some of the production and office space that is currently not needed by the Group is leased to external parties. The rental agreements are from one to three years in length and normally contain an option to extend the lease period after the lease expires. Some of the property is classified, in accordance with IFRS, as investment property.

35. Contingent liabilities

MEUR	2015	2014
Real-estate mortgages		
For own debts	8.1	11.2
Business mortgages		
For own debts	114.5	103.4
Pledges		
For own debts	458.2	541.4
Other commitments	1.2	1.3

On 31 December 2015 Componenta had contingent financial leasing liabilities, from not yet started contracts, amounting to EUR 3.7 (1.2) million. Financial leasing liability and the investment capitalization is recorded in the statement of financial position when the financial leasing contract begins and when the financial leasing underlying machinery etc. object is received.

Some group companies are involved in few lawsuits and disputes relating to their business. Management believes that the outcome of such lawsuits and disputes will not have a material adverse effect on the Group's result or financial position when taking into consideration the grounds presented for the lawsuits and disputes, insurance coverage in force and the extent of Group's business.

There are certain land use and environmental law related lawsuits pending in Turkey that concern Componenta Dökümcülük. Turkish legislation is unclear as regards the matters under consideration and the possibility for material adverse effects regarding these lawsuits cannot be excluded. However, the realization of such material adverse effects is, according to management, unlikely.

Secured liabilities

MEUR	2015	2014
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	0.0	0.0
Pension loans	2.0	4.0
	2.0	4.0
Liabilities secured with pledges and business mortgages		
Loans from financial institutions	178.3	163.7
Pension loans	–	–
	178.3	163.7

36. Related party disclosures

Group companies

Company	Domicile	Group share of holding, %	Parent company share of holding, %
Arvika Smide AB	Arvika, Sweden	100.0	–
Componenta B.V.	Belfeld, The Netherlands	100.0	100.0
Componenta Dökümcülük Ticaret ve Sanayi A.S.	Orhangazi, Turkey	93.6	93.6
Componenta Finland Oy	Karkkila, Finland	100.0	100.0
Componenta France S.A.S.	Nanterre, France	100.0	–
Componenta Främmestad AB	Essunga, Sweden	100.0	–
Componenta Germany GmbH	Korshenbroich, Germany	100.0	–
Componenta Italy Srl	Milan, Italy	100.0	–
Componenta Netherlands B.V.	Tegelen, The Netherlands	100.0	–
Componenta Russia, LLC	Moscow, Russia	100.0	1.0
Componenta UK Ltd	Staffordshire, United Kingdom	93.6	–
Componenta USA, LLC	Iowa, USA	100.0	–
Componenta Wirsbo AB	Surahammar, Sweden	100.0	–
Karkkilan Koskikiinteistö Oy	Karkkila, Finland	81.0	66.9
Karkkilan Lääkärikeskus Oy	Karkkila, Finland	100.0	100.0
Karkkilan Valimokiinteistö Oy	Karkkila, Finland	100.0	–
Kiinteistö Oy Ala-Emali	Karkkila, Finland	98.2	98.2
Kiinteistö Oy Pietarsaaren Tehtaankatu 13	Pietarsaari, Finland	100.0	–
Kiinteistö Oy Ylä-Emali	Karkkila, Finland	100.0	100.0
Pietarsaaren Vanha Valimo Oy	Pietarsaari, Finland	100.0	–
Uudenmaan Rakennustiimi Oy	Karkkila, Finland	100.0	100.0
Vanhan Ruukin Kiinteistöpalvelu Oy	Karkkila, Finland	100.0	100.0

Transactions with related parties

MEUR	2015	2014
Sale of goods to associated companies	–	–
Purchase of goods from associated companies	-0.1	-0.5
Purchase of services from associated companies	–	–
	-0.1	-0.5

The prices of transactions with related parties are based on the Group's general price lists in force during the financial year.

Fees, salaries and other benefits of the Board of Directors, President and CEO and other members of the Corporate Executive Team (CET)

2015, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Bonuses	Share bonuses	Total
Board of Directors	245,000	0	0	0	245,000
President and CEO Heikki Lehtonen (until 16 Nov 2015)	259,434	60,000	0	0	319,434
President and CEO Harri Suutari (as of 16 Nov 2015)	57,905	15,000	0	0	72,905
Deputy CEO	221,379	25,627	0	0	247,006
Other members of CET	1,089,395	51,669	0	0	1,141,064
Total	1,873,113	152,296	0	0	2,025,409

2014, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Bonuses	Share bonuses	Total
Board of Directors	235,000	0	0	0	235,000
President and CEO	319,976	63,014	0	0	382,990
Deputy CEO	256,695	37,868	33,008	0	327,571
Other members of CET	961,686	41,336	0	0	1,003,022
Total	1,773,357	142,218	33,008	0	1,948,583

Remuneration of the Board of Directors, CEO and Deputy CEO excluding share bonuses

Remuneration and fees, 1,000 EUR	2015	2014
President and CEO Heikki Lehtonen	319	383
President and CEO Harri Suutari	73	–
Deputy CEO	247	328
Members of Board of Directors		
Harri Suutari	40	65
Matti Ruotsala	40	30
Heikki Lehtonen	–	35
Riitta Palomäki	35	35
Tommi Salunen	35	35
Olavi Huhtala	35	35
Olli Isotalo	30	–
Perttu Louhiluoto	30	–
Total, Board of Directors	245	235

The remuneration shown above for the Presidents and person acting as deputy for the President include additional pension agreements in 2015 (2014) of EUR 75,000 (63,014) and 25,627 (37,868) a year. The retirement age of the President and CEO is 63 years. The retirement age for the deputy to the president and CEO is set in accordance with local legislation and at present is 65 years. The president and CEO is paid a supplementary pension each year, which is 6% of the basic annual earnings and the payments in 2015 were EUR 18,000 to Heikki Lehtonen and EUR 3,420 to Harri Suutari. This supplementary pension agreement includes old age pension after reaching the age of retirement, paid up pension policy rights if the employment of the insured is terminated before reaching the age entitling to old age pension as stated in the insurance policy, disability insurance, and life insurance for the duration of employment, of the paid up pension policy and of pension. In addition the president and CEO has a separate pension capitalisation agreement, under which the pension begins at the age of 63 years and ends at the age of 68 years or when the savings in the capitalisation agreement have been used up. The pension capitalisation agreement with Heikki Lehtonen was made in 2013 and in 2015 (2014) EUR 42,000 (45,000) was paid to the savings under the capitalisation agreement. The pension capitalisation agreement with Harri Suutari was made in 2015 and in 2015 EUR 11,580 was paid to the savings under the capitalisation agreement. The actual pension is calculated annually by dividing the remaining amount of the savings by the remaining number of months for the pension. The annual payments by the company for the supplementary pension of the deputy to the president and CEO correspond to his gross total salary for one month. ´

Receivables from and payables to associated companies are listed in notes 18, 21 and 29.

Other related party disclosures
Componenta has granted loan receivables totalling EUR 0.2 (0.2) million to persons who are related parties in this and previous financial years. Of these receivables EUR 0.1 million is from the corporation controlled by the former President and CEO and EUR 0.1 million from the current and former members of the Corporate Executive Team.

In year 2015 Componenta did not make any material transactions with persons who are related parties. Oy Högfors-Trading Ab, a company controlled by the Company's CEO (Heikki Lehtonen) purchased 100% of the shares of Luoteis-Uudenmaan Kiinteistöt Oy and Uusporila Oy in February 2014. In addition, Oy Högfors-Trading purchased 25% of the associated company Niliharju Oy shares from Company Oyj in February 2014. The total purchase price of the shares purchased was EUR 2.1 million. The purchase price was based on valuations made by external parties. In October 2014 the Group purchased 3 % of the share stock of its subsidiary Componenta Wirsbo AB from the CEO of this company when he left to take up employment elsewhere. The price of EUR 0.3 million (nominal currency SEK) was the same as that for which the Group sold the shares to this person in 2007.

In addition persons classified as related parties to the company have carried out minor transactions with companies belonging to the Group in 2014 and in 2015.

37. Events after end of period

Componenta announced on 5 February 2016 that is was postponing the publication date for its 2015 financial statements bulletin and only giving preliminary figures for the net sales and the result for the fourth quarter and the whole of 2015 on 9 February 2016. Preparation of the company's strategy relating to the reorganisation of operations and negotiations on a financing solution were still in progress, which affected the preparation of the 2015 financial statements. At the same time the company announced that it would publish the financial statements bulleting and the financial statements on 11 March 2016.

On 3 March 2016 Componenta announced that it was clarifying its management structure as part of its ongoing strategy work. The new management structure replaces the previous division structure by dividing operations into five business areas: the Finnish business area, the Swedish business area, the Netherlands business area, the Turkey, iron business area and the Turkey, aluminium business area. The business areas comprise the business units ie. the local foundries, machine shops and forges, including the sales companies.

In consequence of this change in the business structure, as from 3 March 2016, the Componenta Group Corporate Executive Team comprises the following: President and CEO Harri Suutari, Juha Alhonoja, Senior Vice President, Sweden business area; Seppo Erkkilä, Senior Vice President, Finland business area; Mika Hassinen, Senior Vice President, Netherlands business area; Pasi Mäkinen, Senior Vice President, Turkey, iron business area; and Sabri Özdogan, Senior Vice President, Turkey, aluminium business area; as well as CFO Markku Honkasalo, Pauliina Rannikko, Senior Vice President, HR and Legal, and Sami Sivuranta, Senior Vice President, Development. No deputy has been appointed to the president and CEO. Mika Hassinen previously held this position.

Another consequence of clarifying the management structure is that the reporting segments have also changed. The new reporting segments for Componenta Group are the aluminium business and the iron business, and Componenta is reporting in accordance with this new structure as from 1 January 2016. The iron business includes Componenta's iron foundries and machine shops in Finland, Sweden, the Netherlands and Turkey. It also includes pistons manufacturer Pistons in Finland and the Wirsbo forges in Sweden. The aluminium business includes the aluminium foundry and the wheels production unit in Turkey. Comparative data in accordance with the new reporting segments will be published before the January - March 2016 interim report.

Componenta published an announcement concerning the progress of financial negotiations on 11 March 2016.

GROUP DEVELOPMENT 2011 – 2015 *)

Group development 2011 – 2015

MEUR	2011	2012	2013	2014	2015
Net sales	576.4	544.8	510.5	495.2	494.8
Operating profit	22.5	4.0	14.9	2.2	-23.4
Financial income and expenses	-25.9	-29.4	-24.5	-30.9	-25.4
Profit/loss after financial items	-3.4	-25.4	-9.6	-28.7	-48.9
Profit for the financial period	-3.1	-24.0	-15.5	-28.6	-82.7
Order book at period end	99.5****)	82.9***)	87.3**)	88.9*)	76.9
Change in net sales, %	27.6	-5.5	-6.3	-3.0	-0.1
Share of export and foreign activities in net sales, %	90.0	92.0	91.6	91.7	91.3

*) Order book on 8 January 2015
**) Order book on 6 January 2014
***) Order book on 13 January 2013
****) Order book on 12 January 2012

Group development 2011 – 2015 excluding one-time items and operative exchange rate differences

MEUR	2011	2012	2013	2014	2015
Net sales	576.4	544.8	510.5	495.2	494.8
Operating profit	29.8*)	10.0*)	14.5	17.8	6.0
Financial income and expenses	-25.9*)	-27.7*)	-24.4	-27.3	-25.4
Profit/loss after financial items	3.9*)	-17.6*)	-9.9	-9.5	-19.4

*) The figures are including operative exchange rate differences.

Key ratios

	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Statement of financial position total, MEUR	437	460	452	469	402
Net interest bearing debt, MEUR	243	236	230	216	237
Invested capital, MEUR	326	340	325	339	262
Return on investment, %	7.8	2.0	4.9	0.8	-7.2
Return on equity, %	-5.8	-32.9	-18.6	-29.1	-92.6
Equity ratio, %	9.4	18.1	18.9	23.7	4.6
Net gearing, %	591.4	283.5	269.6	194.4	1,273.0
Investments in non-current assets, MEUR	21.8	19.2	18.9	22.6	31.5
Number of personnel at period end	4,240	4,104	4,154	3,981	3,979
Average number of personnel	4,234	4,249	4,153	4,111	3,982

Net sales by market area

MEUR	1-12/2014	1-12/2015
Germany	103.1	105.9
Sweden	89.1	86.0
Turkey	60.6	69.0
Finland	41.0	43.0
Benelux countries	40.2	40.5
UK	45.1	36.8
Italy	30.9	30.2
France	30.5	27.3
Other European countries	20.8	21.3
Other countries	33.9	34.8
Total	495.2	494.8

*) Tables presented under Group development 2011 – 2015 section are unaudited.

Quarterly net sales development by market area

MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Germany	28.2	26.0	22.8	26.1	29.4	26.9	23.0	26.6
Sweden	25.3	25.8	17.7	20.3	23.7	25.4	17.5	19.4
Turkey	15.4	14.0	14.0	17.2	18.2	17.9	14.0	19.0
Finland	12.1	11.1	8.3	9.5	11.9	11.5	8.2	11.4
Benelux countries	10.3	10.4	9.2	10.3	10.4	11.6	9.1	9.4
UK	12.2	12.7	10.3	9.9	10.0	9.9	10.8	6.2
Italy	6.9	8.9	9.5	5.6	7.5	8.0	9.2	5.6
France	8.1	8.9	6.0	7.4	7.3	7.1	5.8	7.1
Other European countries	5.1	5.7	5.4	4.6	5.8	5.8	5.5	4.3
Other countries	8.2	9.1	7.8	8.7	9.1	8.0	7.5	10.2
Total	131.9	132.6	111.0	119.6	133.1	132.0	110.5	119.2

Reconciliation of consolidated operating profit

MEUR	1.1.–31.12.2015	1.1.–31.12.2014
Operating profit excluding one-time items and operative exchange rate differences	6.0	17.8
Operative exchange rate differences	1.0	-2.7
Operating profit excluding one-time items	7.0	15.1
One-time items	-30.5	-12.9
Operating profit, IFRS	-23.4	2.2

Reconciliation of consolidated result after financial items

MEUR	1.1.–31.12.2015	1.1.–31.12.2014
Result after financial items excluding one-time items and operative exchange rate differences	-19.4	-9.5
Operative exchange rate differences	1.0	-2.7
Result after financial items excluding one-time items	-18.4	-12.2
One-time items	-30.5	-16.5
Result after financial items, IFRS	-48.9	-28.7

*) Net financial items are not allocated to business segments

Group development excluding one-time items and operative exchange rate differences

MEUR	1-12/2014	1-12/2015
Net sales	495.2	494.8
Operating profit	17.8	6.0
Net financial items *)	-27.3	-25.4
Profit after financial items	-9.5	-19.4

*) Net financial items are not allocated to business segments

Group development by business segment excluding one-time items and operative exchange rate differences

Operating profit, MEUR	1-12/2014	1-12/2015
Foundry division	5.3	-4.9
Machine shop division	3.8	1.6
Aluminium division	8.2	12.0
Other business	0.7	-2.8
Internal items	-0.2	0.1
Componenta total	17.8	6.0

Group development by quarter excluding one-time items and operative exchange rate differences

MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Net sales	131.9	132.6	111.0	119.6	133.1	132.0	110.5	119.2
Operating profit	7.4	7.9	1.3	1.2	5.8	3.9	0.5	-4.2
Net financial items *)	-7.5	-7.0	-6.8	-6.0	-5.3	-6.2	-6.5	-7.4
Profit after financial items	-0.1	0.9	-5.5	-4.9	0.5	-2.3	-6.0	-11.6

*) Net financial items are not allocated to business segments

Quarterly development by business segment excluding one-time items and operative exchange rate differences

Operating profit, MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Foundry division	3.8	3.8	-1.0	-1.2	2.0	1.6	-3.1	-5.4
Machine shop division	0.9	1.9	0.8	0.2	0.8	0.3	0.6	-0.1
Aluminium division	2.4	2.2	1.8	1.8	2.6	2.3	3.1	4.0
Other business	0.3	0.2	-0.2	0.4	0.4	-0.4	-0.2	-2.7
Internal items	0.0	-0.2	0.0	-0.1	0.0	0.1	0.1	-0.1
Componenta total	7.4	7.9	1.3	1.2	5.8	3.9	0.5	-4.2

Group development

MEUR	1-12/2014	1-12/2015
Net sales	495.2	494.8
Operating profit	2.2	-23.4
Net financial items *)	-30.9	-25.4
Profit after financial items	-28.7	-48.9

*) Net financial items are not allocated to business segments

Group development by business segment

Net sales, MEUR	1-12/2014	1-12/2015
Foundry Division		
External sales	212.0	212.9
Internal sales	95.7	80.8
Total sales	307.8	293.6
Machine Shop Division		
External sales	109.6	113.9
Internal sales	12.1	10.2
Total sales	121.7	124.2
Aluminium Division		
External sales	72.4	84.5
Internal sales	7.1	8.5
Total sales	79.5	93.0
Other Business		
External sales	101.2	83.5
Internal sales	28.7	26.4
Total sales	129.9	109.9
Internal items	-143.7	-125.9
Componenta total	495.2	494.8

Operating profit, MEUR	1-12/2014	1-12/2015
Foundry division	3.7	-5.2
Machine shop division	3.2	2.5
Aluminium division	7.9	12.3
Other business	0.5	-2.8
One-time items	-12.9	-30.5*)
Internal items	-0.2	0.2
Componenta total	2.2	-23.4

*) One-time items in 2015 relate to the restructuring measures at the units in the Netherlands (EUR -3.3 million), to write-downs on machinery and equipment and buildings at the units in the Netherlands (EUR -4.2 million) and write-downs on receivables and inventories at the units in the Netherlands (EUR -0.8 million), write-downs on machinery and equipment (EUR -9.3 million) and write-downs on buildings (EUR -4.6 million) at the units in Finland, write-downs on investment property in Finland (EUR -1.3 million), costs relating to the transfer of production from the Pietarsaari foundry to the Pori foundry (EUR -0.9 million), the closure related costs of the Smedjebacken forge in Sweden (EUR -1.3 million), restructuring measures and extra waste disposal costs at the Orhangazi foundry (EUR -2.4 million), write-downs on overdue receivables at the units in Turkey (EUR -0.6 million) and write-downs for projects that have been terminated (EUR -1.1 million). Other one-time items totalled EUR -0.7 million.

Group development by quarter

MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Net sales	131.9	132.6	111.0	119.6	133.1	132.0	110.5	119.2
Operating profit	6.5	5.5	-0.8	-9.0	4.4	5.7	0.8	-34.3
Net financial items *)	-7.5	-7.0	-10.0	-6.4	-5.3	-6.2	-6.5	-7.4
Profit after financial items	-1.0	-1.5	-10.8	-15.4	-0.9	-0.5	-5.8	-41.8

*) Net financial items are not allocated to business segments

Quarterly development by business segment

Net sales, MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Foundry division	84.6	83.1	70.9	69.2	81.4	76.9	65.9	69.5
Machine shop division	30.4	33.1	26.8	31.5	33.5	33.7	26.8	30.3
Aluminium division	18.1	19.7	20.7	21.0	22.2	25.2	22.8	22.8
Other business	36.0	34.2	28.5	31.2	31.8	30.6	23.2	24.2
Internal items	-37.1	-37.5	-35.8	-33.2	-35.8	-34.3	-28.3	-27.5
Componenta total	131.9	132.6	111.0	119.6	133.1	132.0	110.5	119.2

Operating profit, MEUR	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15
Foundry division	4.0	3.1	-1.7	-1.7	1.4	3.2	-1.9	-7.8
Machine shop division	0.8	1.6	0.8	0.0	1.0	0.6	0.3	0.6
Aluminium division	2.3	2.3	1.7	1.6	2.4	2.8	3.4	3.6
Other business	0.3	0.1	-0.2	0.3	0.5	-0.4	-0.3	-2.7
One-time items	-0.9	-1.5	-1.4	-9.1	-1.0*)	-0.5*)	-0.8*)	-28.1*)
Internal items	0.0	-0.2	0.0	-0.1	0.1	0.1	0.1	-0.1
Componenta total	6.5	5.5	-0.8	-9.0	4.4	5.7	0.8	-34.3

*) One-time items in 2015 relate to the restructuring measures at the units in the Netherlands (EUR -3.3 million), to write-downs on machinery and equipment and buildings at the units in the Netherlands (EUR -4.2 million) and write-downs on receivables and inventories at the units in the Netherlands (EUR -0.8 million), write-downs on machinery and equipment (EUR -9.3 million) and write-downs on buildings (EUR -4.6 million) at the units in Finland, write-downs on investment property in Finland (EUR -1.3 million), costs relating to the transfer of production from the Pietarsaari foundry to the Pori foundry (EUR -0.9 million), the closure related costs of the Smedjebacken forge in Sweden (EUR -1.3 million), restructuring measures and extra waste disposal costs at the Orhangazi foundry (EUR -2.4 million), write-downs on overdue receivables at the units in Turkey (EUR -0.6 million) and write-downs for projects that have been terminated (EUR -1.1 million). Other one-time items totalled EUR -0.7 million.

Order book at period end, MEUR	Q1/14	Q2/14***)	Q3/14	Q4/14**)	Q1/15*)	Q2/15	Q3/15	Q4/15
Foundry division	55.3	54.4	42.3	49.2	51.9	56.5	45.8	43.1
Machine shop division	23.2	25.2	19.0	22.1	22.8	26.4	21.0	21.0
Aluminium division	14.1	15.3	14.4	15.9	17.2	18.1	16.5	14.4
Other business	21.0	23.2	18.9	17.7	17.2	19.4	13.3	14.4
Internal items	-22.9	-23.2	-15.5	-16.0	-16.8	-23.5	-14.4	-16.2
Componenta total	90.7	94.8	79.1	88.9	92.3	96.8	82.1	76.9

*) Order book on 6 April 2015
**) Order book on 8 January 2015
***) Order book on 4 July 2014

ACCOUNTING PRINCIPLES FOR FINANCIAL STATEMENTS OF COMPONENTA CORPORATION

The financial statements for Componenta Corporation have been prepared in accordance with current laws and regulations in Finland. Finnish legislation is based on the provisions of the 4th and 7th directives of the European Union. The itemized income statement and balance sheet format have been applied in presenting the financial statements.

Copies of the financial statements of Componenta Group may be obtained from the Group's head office at Panuntie 4, 00610 Helsinki, Finland.

Foreign currency transactions
Business transactions in foreign currencies are recognized at the exchange rate on the date of the transaction. Forward contracts made to hedge foreign exchange risks are recognized in profit or loss at the same time as the commitment being hedged. Receivables and liabilities in foreign currency are translated into euros at the European Central Bank's average exchange rate on the balance sheet date.

Exchange differences arising from translation are recognized in profit or loss under adjustments to sales or purchases or under financial items, depending on their nature.

Derivatives
The fair value of forward rate agreements is the profit or loss calculated at market prices on the closing date that would result from terminating the agreements. The fair value of interest rate options is estimated using commonly used option pricing models. The fair value of interest rate swaps is calculated by estimating and discounting future cash flows at market interest rates on the closing date. Forward foreign exchange contracts and foreign exchange swaps are valued at quoted forward exchange rates on the closing date and are divided into the fair value of the exchange rate difference and the fair value of the interest rate difference.

Negative fair values for exchange rate differences for foreign exchange derivatives are recognized on the closing date in the income statement. Positive fair values for foreign exchange derivatives made for hedging purposes are only recognized in the income statement if the hedging has also proved to be effective when examined after the event. Translation differences for foreign currency equity-based investments in subsidiaries and the hedging of internal foreign currency loans within the Group are defined as hedged items.

The positive fair values of other foreign exchange derivatives are not recognized in the income statement but are presented in the notes to the balance sheet. The fair values of foreign exchange derivatives presented in the notes also include the fair values of interest rate differences.

Cumulative interest expenses and income incurred during the financial period for interest rate swaps and foreign currency derivatives are recognized under financial items in the income statement. Exchange rate differences for foreign exchange derivatives are recognized in the income statement as incurred.

Inventories
Indirect acquisition and manufacturing costs have been added to the acquisition cost of inventories.

The lowest cost principle has been applied in valuing inventories, so stock has been valued at acquisition cost, repurchase cost or probable sales price, whichever gives the lowest value for stock. Inventory usage is recorded on the FIFO principle.

Non-current assets and depreciation
Non-current assets are recorded in the balance sheet at their historical cost less planned depreciation. In addition, buildings contain revaluations on which depreciation is not made.

Planned depreciation, except for production machinery and equipment, is calculated on a straight-line basis on the historical cost, based on the estimated useful economic life. As from 1 January 2009, the Group has applied the units-of-production method of depreciation for production machinery and equipment, in which the amount of depreciation is based on the actual output of production machinery and equipment. The units-of-production method gives a more precise picture of the actual economic wear on production machinery and equipment than straight-line depreciation, especially when capacity usage changes quickly.

Planned depreciation is calculated on a straight-line basis on the historical cost based on the probable useful life.

Intangible rights	3 – 10 years
Other long-term expenditure	3 – 10 years
Computing equipment	3 – 5 years
Other machinery and equipment	10 – 25 years
Other tangible assets	5 – 10 years

Leasing
Leasing payments are treated as rental expenses. Liabilities falling due for payment in the future are presented under contingent liabilities in the notes to the balance sheet.

Pensions
Statutory pension contributions for personnel are handled by external pension insurance companies and there are no uncovered pension liabilities. Pension insurance payments are allocated so that they correspond to the performance-based pay stated in the financial statements.

Income taxes
Taxes include taxes for the fiscal year calculated on the actual figures as well as taxes due for payment or refund from previous fiscal years that differ from the calculated taxes. However, taxes on one-time items are included in one-time items. Deferred tax assets have not been recorded for losses.

Change in presentation
The presentation of write-downs on long-term investments in the income statement, notes to the income statement and cash flow statement has changed, as they are recorded in financial expenses instead of depreciations as in previous years.

PARENT COMPANY INCOME STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT 1.1. – 31.12. (according to Finnish Accounting Standards)

Parent company income statement 1.1.–31.12.

TEUR	Note	2015	2014
NET SALES	1	28,690.1	26,944.8
Other operating income	2	733.0	1,660.6
Operating expenses	3	-25,691.9	-21,766.3
Depreciation, amortization and write-down of non-current assets	4	-11,677.4	-2,553.8
OPERATING PROFIT		-7,946.1	4,285.3
Financial income and expenses in total	5	-138,102.5	-1,868.5
PROFIT AFTER FINANCIAL ITEMS		-146,048.7	2,416.9
Extraordinary items	6	384.0	817.7
PROFIT AFTER EXTRAORDINARY ITEMS		-145,664.7	3,234.6
Income taxes	7	-298.2	-
PROFIT/LOSS FOR THE FINANCIAL PERIOD		-145,962.8	3,234.6

Parent company balance sheet 31.12.

TEUR	Note	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	6,773.3	18,116.5
Tangible assets	9	2,046.9	1,971.8
Investments	10	220,392.9	337,471.3
		229,213.1	357,559.6
CURRENT ASSETS			
Inventories	11	944.7	1,190.7
Non-current receivables	12	38,899.6	48,348.6
Current receivables	12	18,411.1	21,137.7
Cash and bank accounts		537.9	987.0
		58,793.4	71,664.0
TOTAL ASSETS		288,006.5	429,223.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	13		
Share capital		21,891.4	21,891.4
Share premium reserve		15,114.5	15,114.5
Unrestricted equity reserve		158,043.0	158,043.0
Reserve fund		5.0	5.0
Retained earnings		46,040.3	42,805.7
Profit/loss for the financial period		-145,962.8	3,234.6
Shareholders' equity		95,131.3	241,094.1
LIABILITIES	14		
Non-current liabilities		78,610.0	148,489.9
Current liabilities		114,265.2	39,639.6
Liabilities		192,875.2	188,129.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		288,006.5	429,223.6

Parent company cash flow statement 1.1.–31.12.

TEUR	2015	2014
CASH FLOW FROM OPERATIONS		
Profit/loss after financial items	-146,049	2,417
Depreciations according to plan	2,540	2,554
Write-downs of non-current assets	9,138	–
Other income and expenses, non-cash items	-127	435
Selling profit of non-current assets	-32	-881
Financial income and expenses	138,103	1,868
Cash flow before changes in working capital	3,573	6,393
Changes in working capital		
Current non-interest bearing receivables increase (-)/decrease (+)	-6,023	-6,000
Inventories, increase (-)/decrease (+)	246	-76
Current non-interest bearing liabilities increase (+)/decrease (-)	1,640	1,542
Cash flow from operating activities before financial items and taxes	-564	1,859
Interest and payments paid from other financial expenses of operations	-17,409	-26,350
Dividends received from operations	2,893	–
Interest received from operations	11,720	9,649
Paid income taxes	-298	–
Cash flow before extraordinary items	-3,658	-14,842
Cash flow from operations extraordinary items	818	–
CASH FLOW FROM OPERATING ACTIVITIES (A)	-2,840	-14,842
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	-382	-797
Proceeds from current and non-current assets	36	–
Investments in shares of subsidiary companies	-74	-2
Other investments	–	–
Loans receivables, decrease (+) / increase (-)	-1,643	-1,034
Proceeds from shares of associated companies	–	2,078
Proceeds from sale of investments	121	–
CASH FLOW FROM INVESTING ACTIVITIES (B)	-1,942	245
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	–	28,397
Repayment of capital note	–	-367
Draw-downs (+) and repayments (-) of current loans	-953	-11,069
Draw-downs (+) and repayments (-) of non-current loans	5,286	-2,081
CASH FLOW FROM FINANCING ACTIVITIES (C)	4,333	14,880
CHANGE IN LIQUID ASSETS (A + B +C) increase (+)/decrease (-)	-449	283
Cash and bank accounts at the beginning of the period	987	704
Cash and bank accounts at period end	538	987
Change during the period	-449	283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PARENT COMPANY

Figures are in thousands of euros unless otherwise stated.

TEUR	2015	2014
NOTES TO THE INCOME STATEMENT		
1. Net sales by market area		
Finland	10,345.6	9,947.0
Other Nordic countries	1,871.9	2,112.8
Central Europe	6,013.2	6,192.0
Other countries	10,459.4	8,693.0
Net sales total	28,690.1	26,944.8
2. Other operating income		
Rental income	635.5	622.7
Sales gains of fixed assets	32.2	–
Other operating income	65.3	1,037.9
Other operating income total	733.0	1,660.6
3. Operating expenses		
Change in inventory of finished goods and work in progress	–219.8	85.0
Materials, supplies and products		
Purchase of goods during the period	–2,043.6	–1,596.3
Change in inventory	–26.2	23.1
Total	–2,069.7	–1,573.2
External services	–122.3	–97.2
Rents	–1,566.0	–1,479.8
Other operating expenses	–13,388.7	–10,293.7
Other operating expenses total	–14,954.7	–11,773.5
Personnel expenses	–8,325.3	–8,407.5
Total operating expenses	–25,691.9	–21,766.3
Audit fees	–136.6	–168.4
Other fees	–23.4	–
Total fees paid to auditors	–160.1	–168.4
Personnel expenses and number of personnel		
Salaries and fees	–6,650.8	–6,819.4
Pension costs	–1,331.9	–1,288.1
Other personnel costs	–342.6	–300.0
Total	–8,325.3	–8,407.5
Salaries and other remuneration of the Corporate Executive Team	–991.6	–947.6
Fringe benefits of the Corporate Executive Team	–23.2	–24.6
Additional pension agreements, see note 36 on the consolidated financial statements.		
Average number of personnel	132	136

TEUR	2015	2014
4. Depreciation and write-downs		
Intangible assets		
Development expenditure	**-4.4**	-4.5
Intangible rights	**-10.2**	-9.9
Goodwill	**-1,846.3**	-1,846.3
Other long-term expenditure	**-501.4**	-554.1
Tangible assets		
Machinery and equipment	**-177.0**	-139.1
Write-downs on non-current assets	**-9,138.0**	-
Total depreciation and write-downs	**-11,677.4**	-2,553.8
5. Financial income and expenses		
Interest and other finance income		
Group companies	**9,290.5**	25,942.8
Others	**8,467.2**	4,463.4
Total	**17,757.8**	30,406.3
Interest and other finance expenses		
Group companies	**-10,633.3**	-10,800.2
Others	**-8,921.7**	-21,170.1
Total	**-19,555.0**	-31,970.3
Write-downs on investments of non-current assets	**-136,305.2**	-304.4
Financial income and expenses, total	**-138,102.5**	-1,868.5
Financial income and expenses include exchange gains/losses (net)		
Group companies	**-218.3**	-2,920.6
Others	**988.0**	2,045.1
Total	**769.7**	-875.4
6. Extraordinary items		
Extraordinary income		
Group contributions received	**384.0**	817.7
Total	**384.0**	817.7
7. Income taxes		
Direct taxes from current period	**-298.2**	-
Direct taxes from previous periods	**-**	-
Total	**-298.2**	-
Taxes in income statement	**-298.2**	-

TEUR	2015	2014
NOTES TO THE STATEMENT OF FINANCIAL POSITION		
Non-current assets		
8. Intangible assets		
Development expenditure		
Acquisition cost at 1 Jan	22.5	22.5
Additions	60.6	–
Acquisition cost at 31 Dec	83.1	22.5
Accumulated planned amortization at 1 Jan	-22.1	-17.6
Amortization during the period	-4.4	-4.5
Accumulated amortization at 31 Dec	-26.6	-22.1
Book value at 31 Dec	56.5	0.4
Capitalized development expenditure is consisting of new product family development costs.		
Capitalized expenditure are treated in accordance with the decision of Ministry of Trade and Industry and the amortization period is 5 years.		
Intangible rights		
Acquisition cost at 1 Jan	96.6	79.8
Re-classifications	–	16.7
Acquisition cost at 31 Dec	96.6	96.6
Accumulated planned amortization at 1 Jan	-72.1	-62.2
Amortization during the period	-7.6	-9.9
Accumulated amortization at 31 Dec	-79.7	-72.1
Book value at 31 Dec	16.9	24.5
Goodwill		
Acquisition cost at 1 Jan	25,031.0	25,031.0
Acquisition cost at 31 Dec	25,031.0	25,031.0
Accumulated planned amortization at 1 Jan	-8,414.5	-6,568.2
Amortization during the period	-1,846.3	-1,846.3
Accumulated amortization at 31 Dec	-10,260.8	-8,414.5
Accumulated write-downs at 1 Jan	–	–
Write-downs during the period	-9,138.0	–
Accumulated write-downs at 31 Dec	-9,138.0	–
Book value at 31 Dec	5,632.2	16,616.5
Other long-term expenditure		
Acquisition cost at 1 Jan	5,313.5	5,205.1
Additions	43.1	28.1
Re-classifications	76.5	80.3
Acquisition cost at 31 Dec	5,433.0	5,313.5
Accumulated planned amortization at 1 Jan	-3,874.9	-3,320.8
Amortization during the period	-528.2	-554.1
Accumulated amortization at 31 Dec	-4,403.2	-3,874.9
Book value at 31 Dec	1,029.9	1,438.5
Advance payments and assets under construction		
Acquisition cost at 1 Jan	36.6	72.8
Additions	1.2	44.0
Re-classifications	–	-80.3
Acquisition cost at 31 Dec	37.8	36.6
Total intangible assets	6,773.3	18,116.5

TEUR	2015	2014
9. Tangible assets		
Machinery and equipment		
Acquisition cost at 1 Jan	2,955.8	2,898.5
Additions	3.6	5.1
Re-classifications	345.6	52.1
Acquisition cost at 31 Dec	3,304.9	2,955.8
Accumulated planned depreciation at 1 Jan	-2,471.9	-2,332.9
Depreciation during the period	-152.9	-139.1
Accumulated depreciation at 31 Dec	-2,624.8	-2,471.9
Book value at 31 Dec	680.1	483.8
Book value of productional machinery and equipment at 31 Dec	502.4	311.6
Other tangible assets		
Acquisition cost at 1 Jan	168.7	168.7
Acquisition cost at 31 Dec	168.7	168.7
Book value at 31 Dec	168.7	168.7
Assets under construction		
Acquisition cost at 1 Jan	1,319.3	668.2
Additions	334.5	719.9
Disposals	-33.5	-
Re-classifications	-422.1	-68.9
Acquisition cost at 31 Dec	1,198.1	1,319.3
Total tangible assets	2,046.9	1,971.8
10. Investments		
Shares in group companies		
Acquisition cost at 1 Jan	338,113.1	320,063.0
Additions	74.2	19.0
Disposals	-	-976.7
Acquisition cost at 31 Dec	338,187.3	338,113.1
Accumulated write-downs at 1 Jan	-1,439.8	-1,135.4
Write-downs during the period	-136,330.0	-304.4
Accumulated write-downs at 31 Dec	-137,769.8	-1,439.8
Book value at 31 Dec	200,417.5	336,673.3
Other shares		
Acquisition cost at 1 Jan	769.7	769.7
Additions	-89.0	-
Acquisition cost at 31 Dec	680.7	769.7
Book value at 31 Dec	680.7	769.7
Capital note investments in group companies		
Acquisition cost at 1 Jan	-	2,100.0
Additions	19,268.3	
Disposals	-	-2,100.0
Acquisition cost at 31 Dec	19,268.3	-

TEUR		2015	2014
	Other investments		
	Acquisition cost at 1 Jan	28.4	31.2
	Deductions	-2.0	-2.9
	Acquisition cost at 31 Dec	26.4	28.4
	Investments total	220,392.9	337,471.3
	Current assets		
11.	**Inventories**		
	Materials and supplies	311.8	338.0
	Work in progress	208.9	386.6
	Finished goods	424.0	466.1
	Total inventories	944.7	1,190.7
12.	**Receivables**		
	Non-current receivables		
	Loan receivables from group companies	38,844.2	48,237.7
	Loan receivables from others	55.5	110.9
	Total non-current receivables	38,899.6	48,348.6
	Current receivables		
	Trade receivables	9.8	70.8
	Loan receivables	253.7	260.3
	Other receivables	1,018.5	1,379.8
	Prepayments and accrued income	1,580.6	1,519.9
	Total	2,862.6	3,230.8
	Receivables from group companies		
	Trade receivables	11,980.0	5,538.8
	Loan receivables	2,100.8	10,298.8
	Other receivables	387.2	817.7
	Prepayments and accrued income	1,080.5	1,251.6
	Total	15,548.5	17,906.9
	Total current receivables	18,411.1	21,137.7
	Prepayments and accrued income		
	Interest receivables	88.0	141.0
	Amortized arrangement fees of the loan agreements	1,363.0	1,107.7
	Exchange rate gains	168.5	295.6
	Insurance payments	80.0	16.6
	Rents	25.3	15.8
	Others	936.2	1,194.8
	Total	2,661.1	2,771.6

TEUR	2015	2014
13. Shareholders' equity		
Share capital at 1 Jan	**21,891.4**	21,891.4
Share capital at 31 Dec	**21,891.4**	21,891.4
Share capital		
The share capital of the company was EUR 21,891,396 on 31 Dec 2015 and the number of shares was 97,269,224.		
Share premium reserve at 1 Jan	**15,114.5**	15,114.5
Share premium reserve at 31 Dec	**15,114.5**	15,114.5
Unrestricted equity reserve at 1 Jan	**158,043.0**	59,471.9
Additions and share issue	**–**	98,571.1
Unrestricted equity reserve at 31 Dec	**158,043.0**	158,043.0
Reserve fund at 1 Jan	**5.0**	5.0
Reserve fund at 31 Dec	**5.0**	5.0
Retained earnings at 1 Jan	**46,040.3**	42,805.7
Profit/loss for the financial period	**–145,962.8**	3,234.6
Retained earnings total	**–99,922.5**	46,040.3
Shareholders' equity	**95,131.3**	241,094.1
Calculation of distributable equity at 31 Dec		
Retained earnings	**46,040.3**	42,805.7
Profit/loss for the financial period	**–145,962.8**	3,234.6
Unrestricted equity reserve	**158,043.0**	158,043.0
Total	**58,120.5**	204,083.3
14. Liabilities		
Interest bearing liabilities	**178,705.4**	177,651.9
Non-interest bearing liabilities	**14,169.7**	10,477.6
	192,875.2	188,129.4
Non-current interest bearing liabilities		
Capital notes	**–**	0.0
Hybrid loans	**2,586.0**	2,586.0
Bonds	**–**	6,343.0
Loans from financial institutions	**–**	63,823.5
Other non-current liabilities to group companies	**76,024.0**	75,737.4
Non-current interest bearing liabilities total	**78,610.0**	148,489.9
Non-current liabilities fall due as follows		
Not later than one year	**–**	–
Later than one year but not later than five years	**38,610.0**	72,752.5
Later than five years	**40,000.0**	75,737.4
Terms of the capital notes, see note 28 on the consolidated financial statements.		

TEUR	2015	2014
Current interest bearing liabilities		
Capital notes	–	1,970.0
Loans from financial institutions	64,909.2	5,874.1
Bonds	6,343.0	–
Loans from group companies	28,843.2	21,317.9
Current interest bearing liabilities total	100,095.4	29,162.0
Current non-interest bearing liabilities		
Trade payables	2,411.1	2,198.9
Other current liabilities	713.8	568.0
Accrued expenses and deferred income	4,506.4	3,386.8
Advances received	147.5	306.5
Total	7,778.8	6,460.1
Liabilities to group companies		
Trade payables	2,255.3	566.0
Accrued expenses and deferred income	4,135.7	3,451.4
Total	6,390.9	4,017.5
Current non-interest bearing liabilities total	14,169.7	10,477.6
Current liabilities total	114,265.2	39,639.6
Accrued expenses and deferred income		
Interests	5,744.6	4,075.7
Exchange rate losses	562.9	114.0
Annual salaries with social security	1,132.7	1,179.4
Pensions	256.5	245.5
Others	945.4	1,223.5
Total	8,642.0	6,838.2
Total liabilities	192,875.2	188,129.4
15. Secured liabilities, contingent liabilities and other commitments		
Pledges		
For own debts	406,924.0	414,946.7
	406,924.0	414,946.7
Guarantees		
On behalf of group companies	10,962.3	10,043.4
	10,962.3	10,043.4
Other commitments		
Future payments of the lease liabilities		
Not later than one year	528.5	668.1
Later than one year	451.1	949.5
	979.6	1,617.6
Other commitments on behalf of group companies	824.7	1,306.2
Liabilities secured with mortgages		
Loans from financial institutions	69,823.5	74,823.5
	69,823.5	74,823.5

TEUR		2015	2014
16.	**Financial risk management and derivative instruments**		
	Foreign exchange rate derivatives		
	Foreign exchange rate forwards		
	Nominal value	**7,500.0**	102.7
	Fair value	**–168.4**	–0.7
	Foreign exchange rate swaps		
	Nominal value	**9,801.9**	54,346.0
	Fair value	**–391.8**	406.7
	Interest rate derivatives		
	Interest rate swaps		
	Nominal value	**–**	5,000.0
	Fair value	**–**	–71.4
	Commodity derivatives		
	Electricity derivatives		
	Nominal value	**3,058.4**	4,351.0
	Fair value	**–773.7**	–666.0
	Foreign exchange rate derivatives inside the group		
	Foreign exchange rate forwards		
	Nominal value	**7,500.0**	7,500.0
	Fair value	**165.7**	–114.0

The fair value of derivative instruments corresponds to the gain or loss that would berecognized in the income statement if the contract were closed on the balance sheet date.

Nominal values of the derivative instruments do not necessary correspond with the payments of the contracting parties, hence the nominal values do not provide unambigous general view of the risk position.

Deferred tax assets and liabilities not recored in the statement of the financial position Unutilized tax losses for which the company has not recorded any deferred tax assets totalled EUR 73,597,250 (EUR 63,232,242). The related deferred tax receivable of these losses is EUR 14,719,150 (EUR 12,646,448).

SHAREHOLDERS AND SHARES

Largest registered shareholders on 31 December 2015

	Shareholder		Shares	Share of total voting rights, %
1	Etra Capital Oy		11,808,673	12.14
2	Lehtonen Heikki		11,528,492	11.85
	Oy Högfors-Trading Ab	8,010,704		
	Cabana Trade S.A.	3,501,988		
	Lehtonen Heikki	15,800		
3	Keskinäinen työeläkevakuutusyhtiö Varma		8,688,771	8.93
4	Mandatum Life Unit-Linked		7,979,183	8.20
5	Keskinäinen Eläkevakuutusyhtiö Ilmarinen		6,952,281	7.15
6	Suomen Teollisuussijoitus Oy		6,171,916	6.35
7	Tiiviste-Group Oy		5,000,000	5.14
8	Keskinäinen Työeläkevakuutusyhtiö Elo		4,901,288	5.04
9	Sampo Oyj		4,615,384	4.74
10	Nordea Henkivakuutus Suomi Oy		4,108,500	4.22
11	Säästöpankki Kotimaa -sijoitusrahasto		2,400,000	2.47
12	Gösta Serlachiuksen taidesäätiö		1,693,834	1.74
13	Sijoitusrahasto Danske Invest Suomen pienyhtiöt		1,405,030	1.44
14	Laakkonen Mikko		1,400,000	1.44
15	Sijoitusrahasto Säästöpankki Pienyhtiöt		1,234,006	1.27
Nominee-registered shares			258,745	0.27
Other shareholders			17,123,121	17.60
Total			97,269,224	100.00

The members of the Board of Directors own 0.1% of the shares. All shares have equal voting rights.

Breakdown of share ownership on 31 December 2015

Number of shares	Shareholders	%	Shares	%
1 – 100	446	16.70	27,937	0.03
101 – 500	776	29.06	232,156	0.24
501 – 1,000	420	15.73	348,925	0.36
1,001 – 5,000	652	24.42	1,670,715	1.72
5,001 – 10,000	163	6.10	1,264,504	1.30
10,001 – 50,000	146	5.47	3,299,594	3.39
50,001 – 100,000	25	0.94	1,652,623	1.70
100,001 – 500,000	21	0.79	4,500,457	4.63
500,001 –	21	0.79	84,272,313	86.64
Total = total issued	2,670	100.00	97,269,224	100.00

Shareholders by sector on 31 December 2015

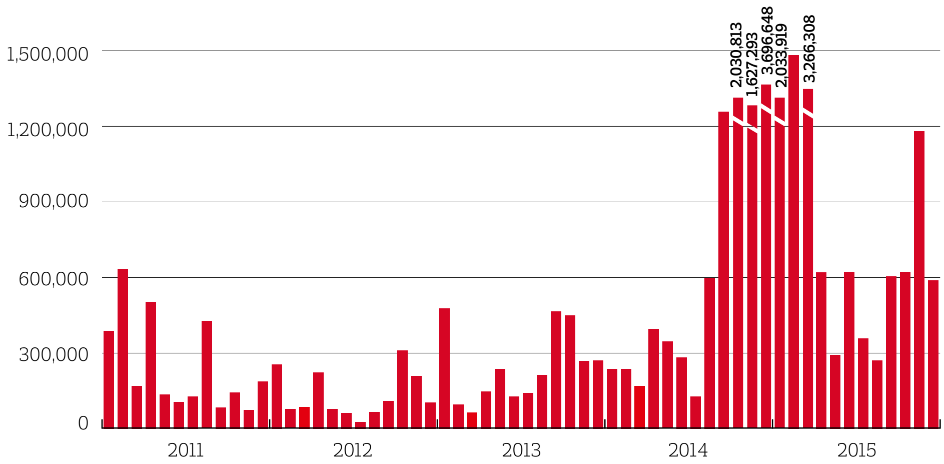
	%
Finnish companies	39.21
Financial institutions and insurance companies	19.54
General government bodies	21.12
Non-profit institutions	3.66
Households	11.20
Nominee-registered shares and other foreign shareholders	5.28
	100.00

PER SHARE DATA

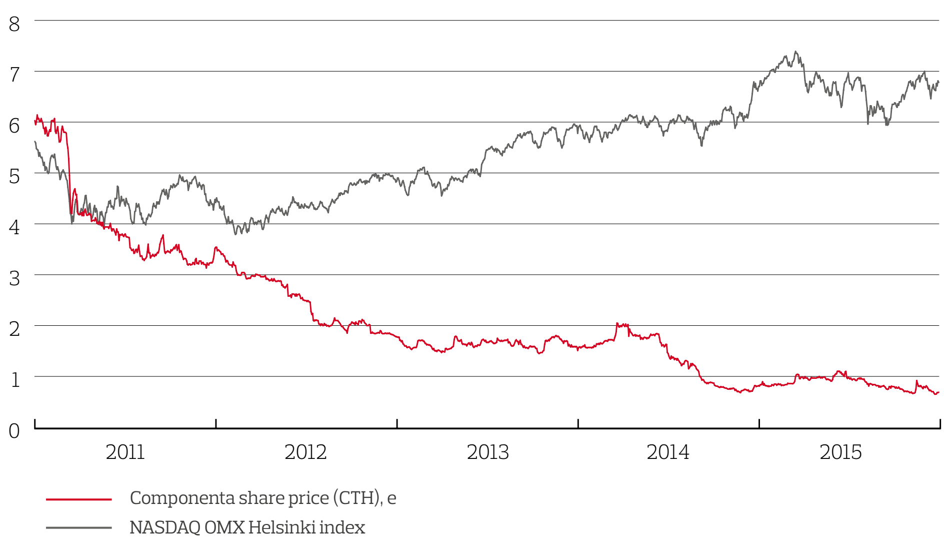
	2015	2014
Earnings per share (EPS), EUR	-0.86	-0.63
Earnings per share, with dilution (EPS), EUR	-0.86	-0.63
Cash flow per share, EUR	0.11	-0.40
Equity per share, EUR	0.11	1.06
Dividend per share, EUR	0.00 *)	0.00
Payout ratio, %	0.00	0.00
Effective dividend yield, %	0.00	0.00
P/E multiple	neg.	neg.
Share price at year end, EUR	0.69	0.72
Average trading price, EUR	0.82	1.09
Lowest trading price, EUR	0.63	0.67
Highest trading price, EUR	1.13	2.15
Market capitalization at year end, MEUR	66.6	69.5
Trading volume, 1,000 shares	11,947	10,999
Trading volume, %	12.3	21.6
Weighted average of the number of shares, 1,000 shares	97,269	50,921
Number of shares at year end, 1,000 shares	97,269	97,269

*) For the year 2015 a proposal of the Board of Directors.

Componenta Corporation (CTH) monthly share trading volume in 2011 – 2015, pcs



Componenta Corporation (CTH) share price development in 2011 – 2015, EUR



CALCULATION OF KEY FINANCIAL RATIOS

Return on equity, % (ROE) =

$$\frac{\text{Profit after financial items – income taxes x 100}}{\text{Shareholders' equity without preferred capital notes + non-controlling interest (quarterly average)}}$$

Return on investment, % (ROI) =

$$\frac{\text{Profit after financial items + interest and other financial expenses x 100}}{\text{Shareholders' equity + interest bearing liabilities (quarterly average)}}$$

Equity ratio, % =

$$\frac{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest x 100}}{\text{Balance sheet total – advances received}}$$

Earnings per share, EUR (EPS) =

$$\frac{\text{Profit after financial items – income taxes +/– non-controlling interest – deferred and paid interest on hybrid loan}}{\text{Average number of shares during the financial period}}$$

Earnings per share with dilution, EUR = As above, the number of shares has been increased with the warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.

Cash flow per share, EUR (CEPS) =

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares during the financial period}}$$

Average trading price, EUR =

$$\frac{\text{Trading volume}}{\text{Number of shares traded during the financial period}}$$

Equity per share, EUR =

$$\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$$

Dividend per share, EUR =

$$\frac{\text{Dividend}}{\text{Number of shares at period end}}$$

Payout ratio, % =

$$\frac{\text{Dividend x 100}}{\text{Earnings (as in Earnings per share)}}$$

Effective dividend yield, % =

$$\frac{\text{Dividend per share x 100}}{\text{Market share price at period end}}$$

Market capitalization, MEUR = Number of shares x market share price at period end

P/E multiple =

$$\frac{\text{Market share price at period end}}{\text{Earnings per share}}$$

Net interest bearing debt, MEUR = Interest bearing liabilities + preferred capital notes – cash and bank accounts

Net gearing, % =

$$\frac{\text{Net interest bearing liabilities x 100}}{\text{Shareholders' equity, preferred capital notes excluded + non-controlling interest}}$$

EBITDA, EUR = Operating profit + Depreciation, amortization and write-downs +/– Share of the associated companies' result

THE PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The distributable equity of the parent company statement of financial position is EUR 58,120,462.92. The Board of Directors proposes to the Annual General Meeting to be held on 1 April 2016 that no dividend will be paid for financial year 2015.

Helsinki 10 March 2016

Matti Ruotsala
chairman

Olavi Huhtala

Olli Isotalo

Perttu Louhiluoto

Riitta Palomäki

Tommi Salunen

Harri Suutari
CEO

AUDITOR'S REPORT (Translation from the Finnish Original)

To the Annual General Meeting of Componenta Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Componenta Oyj for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Emphasis of Matter

We draw attention to the accounting principles of the consolidated financial statements, according to which the company's financial performance has fallen short of its targets due to poorer developments than expected in productivity, high quality-related costs, and tight liquidity over a long period. According to the accounting principles of the consolidated financial statements the targeted cost savings have not been achieved as expected and the company's liquidity and working capital were tight at the end of 2015 and early in 2016. As described in the accounting principles of the consolidated financial statements, the net result for the period includes significant write-down losses on non-current assets and deferred tax assets due to the impact of the measures in the reorganisation of business operations arising from the strategy being drawn up, and the inherent uncertainty factors relating to them. Company also states in the accounting principles of the consolidated financial statements that during the financial year it has not complied with certain terms of the Nordic syndicated loan agreement and that the so called standstill agreement with the parties of the syndicated loan is in force until the end of April 2016. Failure to comply with certain terms of the syndicated loan agreement and cross default terms have resulted in certain long-term borrowings being classified to current liabilities in the company's balance sheet.

As described in more detail in the accounting principles of the consolidated financial statements, the Board of Directors and Management consider that the company is able to reorganize its business operations and the financing arrangements during 2016 and to continue as a going concern. As such, the Board of Directors and Management believe that going concern basis of presentation in the financial statements is appropriate. In our opinion, the success of the measures described above to reorganize business operations and the success of the financing arrangements in a manner described in the accounting principles to the consolidated financial statements are such uncertainties that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Helsinki 11 March 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

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