Half-Year Financial Report 2018

COMPONENTA

Componenta Corporation Half-Year Financial Report 1 January–30 June 2018

Net sales increased and result improved.

The information presented in this half-year financial report relates to the development of continued operations of Componenta Group in January–June 2018 and in the corresponding period in 2017, unless otherwise stated. Continued operations in the reporting period were the foundry operations in Pori and Karkkila, Finland, and the machine shop in Främmestad, Sweden. In alternative performance measures, certain value adjustment items not related to ordinary business, items related to the sold and discontinued operations and other items with impact on comparability have been adjusted. The net sales for 2017 include service fees charged from companies that were divested in 2017, namely the forges that filed for bankruptcy in Sweden.

January — June, H1 2018

- Net sales increased by 1% to EUR 66.1 million (EUR 65.4 million). The adjusted net sales in the reporting period were EUR 66.1 million and the comparable adjusted net sales in the comparison period amounted to EUR 65.2 million.
- EBITDA increased to EUR 2.7 million (EUR -1.9 million). The adjusted EBITDA in the reporting period was EUR 3.4 million while the comparable adjusted EBITDA in the comparison period amounted to EUR 2.7 million.
- Operating result was EUR 1.7 million (EUR -3.1 million). The adjusted operating result was EUR 2.4 million, while the comparable adjusted operating result in the comparison period amounted to EUR 1.5 million.

April — June, Q2 2018

- Net sales decreased by 1% to EUR 32.8 million (EUR 33.1 million). The adjusted net sales in the reporting period were EUR 32.8 million and the comparable adjusted net sales in the comparison period amounted to EUR 33.0 million.
- EBITDA increased to EUR 1.3 million (EUR -2.3 million). The adjusted EBITDA was in the reporting period EUR 1.9 million while the comparable adjusted EBITDA in the comparison period amounted to EUR 1.6 million.
- Operating result was EUR 0.8 million (EUR -2.8 million). The adjusted operating was EUR 1.4 million, while the comparable adjusted operating result in the comparison period amounted to EUR 1.0 million.

Guidance for 2018 intact

Componenta expects continued operations to have net sales of EUR 110 - 130 million in 2018 and adjusted EBITDA excluding items affecting comparability is expected to be EUR 4 - 6 million. Net sales for continued operations in 2017 were EUR 122.4 million and adjusted EBITDA EUR 4.8 million. Componenta's business outlook is based on the business outlook of its largest customers and the market outlook of the industry. Potential fluctuations in exchange rates, higher raw material prices and the general competitive climate may affect the business outlook.

Harri Suutari, CEO:

The demand for Componenta products continued as viable in the first half of the year. Profitability increased due to cost reducing activities.

We aim to change operations in Componenta, particularly in Componenta Främmestad AB in order to engage less working capital and financial requirements in the operations. The changes in operation models are being negotiated with customers. The objective of these actions is to decrease invested capital and increase profitability. The possible changes are not anticipated to have effect on net sales or the result on the current year. The progress of this subject will be reported in the future business reviews and financial statement.

The restructuring program is proceeding according to plan and liquidity has remained on a good level. There are no restructuring debts left, which fall due in 2018.

Key figures

MEUR	IFRS 1-6/2018	IFRS 1-6/2017*	Change-%	IFRS 1-12/2017
Net sales, continued operations	**66.1**	65.4	1%	122.4
EBITDA, continued operations	**2.7**	-1.9	-	29.8
Operating result, continued operations	**1.7**	-3.1	-	26.3
Operating result, continued operations, %	**2.6**	-4.7	-	21.5
Result after financial items, continued operations	**1.6**	-3.3	-	128.3
Items affecting comparability after financial items, continued operations	**-0.7**	-4.8	-	120.4
Net result, continued operations	**1.4**	-3.2	-	128.8
Basic earnings per share, EUR	**0.01**	-0.04	-	0.70
Interest bearing net debt, continued operations **	**-4.6**	90.4	-	-3.0
Return on equity, %	**15.3**	n/a	-	-
Return on investment, %	**16.2**	n/a	-	-
Equity ratio, %	**35.8**	-209.2	-	34.8
Gross investment incl. finance leasing, continued operations	**0.9**	0.2	350%	1.6
Cash flow from operations, continued operations	**3.7**	-0.2	-	2.8
Group's restructuring debt	**16.1**	150.3	-89%	19.0
Average number of personnel during reporting period, incl. leased personnel, continued operations	**710**	671	5%	680
Number of personnel at end of quarter, incl. leased personnel, continued operations	**728**	687	6%	691
Order book, continued operations	**16.2**	15.9	1%	23.6

*) The comparative figures from 2017 have been adjusted because the Wirsbo sub-group operations have been classified as discontinued operations.
**) Only interest-bearing restructuring debts included.

Alternative performance measures

Componenta publishes alternative performance figures to describe the financial development of its business and to improve the comparability between reporting periods. Management has evaluated which alternative performance measures gives the best presentation and has decided to report adjusted net sales, adjusted EBITDA and adjusted operating result as alternative performance measures

Continued operations, MEUR *)	1-6/2018	Comparable adjusted 1-6/2017	Change-%
Adjusted net sales	**66.1**	65.2	1%
Adjusted EBITDA	**3.4**	2.7	25%
Adjusted operating result	**2.4**	1.5	69%

*) Reconciliation of IFRS figures are presented in the end of this half-year financial report

Order book

Componenta's order book of continued operations in the end of June 2018 was 1,9% larger than in the previous year, standing at EUR 16.2 million (EUR 15.9 million). The order book comprises confirmed orders of customers for the next two months.

Net sales

Continued operations in the reporting period were the foundry operations in Pori and Karkkila, Finland, and the machine shop in Främmestad, Sweden. Additionally, the Group has administration operations and real estate business operations in Finland.

Net sales of continued operations in the reporting period increased by 1% to EUR 66.1 million (EUR 65.4 million). The adjusted net sales were EUR 66.1 million and the comparable adjusted net sales in the comparison period amounted to EUR 65.2 million.

By customer sector, Componenta's net sales in the reporting period were as follows: heavy trucks 63% (64%) and other industries 37% (36%).

Result

Componenta's adjusted EBITDA corresponding to continued operations in the reporting period improved from the previous year and was EUR 3.4 million (EUR 2.7 million). Adjusted EBITDA of continued operations in the reporting period improved particularly due to the reduction in fixed costs and a better liquidity situation compared to the reference period, which enabled more effective planning and implementation of production and logistics. The impact of exchange rate differences on EBITDA was EUR -0.0 million (EUR -0.3 million). Profitability was weakened by the impact of rising material costs for foundries and some special freights due to material deliveries.

The adjusted comparable operating result of the Group's continued operations improved from the previous year and amounted to EUR 2.4 million (EUR 1.5 million). The adjusted operating result was improved by the higher EBITDA as well as the depreciation of machinery and equipment being lower than in the previous year. Depreciation on machinery and equipment was reduced due to impairment recognised in previous years, which resulted in a reduced depreciationbase. The operating result according to IFRS for continued operations during the reporting period, including items affecting comparability, was EUR 1.7 million (EUR -3.1 million). Items affecting comparability in 2018 of continued operations EBITDA in the first half of the year, in total EUR -0.7 million, relate to revaluation of investment properties in Karkkila of EUR -0.6 million, reconstructuring and reorganisation costs of EUR -0.2 million and sales profits of selling real estate properties which are unrelated to core business of EUR 0.2 million. Other items affecting comparability totalled net EUR -0.1 million.

The financial costs decreased due to the restructuring proceedings and financing arrangements. No transferred interest costs were recorded in the reporting period for unsecured interest-bearing debts under the restructuring process. This is because they have been treated as lowest priority debt where-upon the accrued transferrable interest has been cut by 100 per cent after the beginning of the restructuring process. Net financial items for continued operations, including items affecting comparability, amounted to EUR -0.1 million (EUR -0.3 million).

The result for discontinued operations in the end of June 2017 was EUR -3.6 million. Componenta Wirsbo AB and Componenta Arvika AB were declared bankrupt in July 2017.

The Group's profit for the reporting period of continued operations was EUR 1.4 million (EUR -3.2 million). Basic earnings per share were EUR 0.01 (EUR -0.04) for the reporting period and the basic earnings per share for continued operations were EUR 0.01 (EUR -0.02).

Balance sheet, financing and cash flow

At the end of the reporting period, Componenta's cash funds and bank receivables totalled EUR 6.2 million (EUR 3.5 million). The Company had no committed credit facilities at the end of the reporting period. The remaining advance payment based loan from main customers, EUR 0,1 million, was paid in its entirety in the end of February 2018.

At the end of the reporting period, the Componenta Group's total liabilities were EUR 33.7 million and the external restructuring debts amounted to EUR 16.1 million, of which Componenta Corporation's share was EUR 7.8 million, Componenta Finland Ltd's share was EUR 5.8 million and Componenta Främmestad AB's share EUR 2.5 million. The external restructuring debt includes EUR 0.8 million in interest-bearing debt, of which EUR 0.1 million is short-term. In addition, there are other long-term liabilities amounting to EUR 2.1 million and short-term account payables, accrued debts and other debts, amounting to EUR 15.5 million.

Net gearing stood at -24% at the end of June 2018, calculating the comparison figure for 2017 is not appropriate due to negative equity. Net gearing includes only interest-bearing liabilities of restructuring debts. At the end of June 2018, the Group's equity ratio stood at 36% (-209%). Each of the Group companies had positive equity at the end of the reporting period. The Group's equity was positive at EUR 18.8 million. The Group's equity was also improved by the fact that the EUR 27.0 million capital notes received from Componenta Dökümcülük Ticaret ve Sanayi A.Ş. were classified as a capital loan in the third quarter of 2017. According to the agreement, the capital loan carries no interest and no repayment schedule has been specified for it. The loan must be fully paid before Componenta Främmestad AB can distribute dividends.

The net cash flow from operations in the reporting period for continued operations was EUR 3.7 million (EUR -0.2 million). The improved cash flow for continued operations is due to the higher profitability of operations and decreased working capital.

The Company's invested capital at the end of the reporting period was positive EUR 20.6 million and the return on investment was 16% and the return on equity was 15%. Calculating the comparison figure for June 2017 is not appropriate due to negative equity.

Investments

Production investments for continued operations totalled EUR 0.6 million (EUR 1.4 million) of which financial lease investments accounted for EUR 0.0 million (EUR 0.0 million). The net cash flow from investments was EUR 0.2 million (EUR -1.1 million), which includes the cash flow from the Group's investments in tangible and intangible assets, and the cash flow from sold and bought shares and the sale of fixed assets and businesses.

Personnel

The average number of personnel in Componenta's continued operations at the end of the reporting period was 584 (571), and including leased personnel a total of 710 (671). At the end of the reporting period, the number of personnel in Componenta's continued operations was 598 (565), and including leased personnel a total of 728 (910). The geographic distribution was 67% (53%) of the personnel of continued operations were in Finland at the end of the reporting period, and 33% (47%) were in Sweden.

Risks and factors causing uncertainty to business

The most significant risks to Componenta's business are risks relating to the business environment (competition risk, situation and pricing risk, commodities risks and risks relating to the environment), risks relating to business operations (customer, supplier, productivity, production and process risks, upsets in the employment market, contract and product responsibility risks, personnel and data security risks) and financing risks (risks relating to arranging financing and liquidity; currency, interest and credit risks). Foreign currency loans, deposits and other natural hedging relationships are used to protect against exchange rate fluctuations. Due to the restructuring proceedings, at the moment the Company cannot obtain the credit facilities it would need for signing hedging derivatives. Uncertainties and other business risks related to the Company's ability to continue as a going concern have been described in the financial statement published on 30 April 2018.

Regarding the ability of Componenta to continue as a going concern, the main risks and factors causing uncertainty are related to the ability of Componenta Corporation and Componenta Finland to pay the restructuring debts accordingly with the payment programs. A material risk regarding executing the restructuring programs is the adequacy of working capital, because the main customers support Componenta with shorter payment terms in sales and because the group companies are unable to obtain external financing at the moment. The change of operation model in Componenta Främmestad AB aims on structured reduction of invested capital and need of working capital.

Restructuring programs

The implementations of restructuring programs in the Group have proceeded as planned. Componenta Främmestad AB paid its restructuring debts in March, which fell due in July 2018. The payment programs for Componenta Corporation and Componenta Finland Ltd will commence in 2019 and end in 2023. The payment program ends in the Group in 2024. The Group restructuring debts on 30 June 2018, were EUR 16.1 million (31 December 2017: EUR 19.0 million). The external restructuring debts, EUR 16.1 million, include EUR 0.8 million short-term debts. The external restructuring debts include EUR 0.8 million in interest-bearing debt, of which EUR 0.1 million is short-term.

Repayment schedule for external restructuring debts to be paid

MEUR	2018	2019	2020	2021	2022	2023	2024	Total
Componenta Corporation	–	0.7	0.7	0.7	0.7	5.2	–	7.8
Componenta Finland Ltd	–	1.0	1.0	1.0	1.0	2.0	–	5.8
Componenta Främmestad AB	–	0.4	0.4	0.4	0.4	0.4	0.4	2.4
Total	–	2.0	2.0	2.0	2.0	7.5*	0.4	16.1

*) The last repayment amounts of Componenta Corporation and Componenta Finland Ltd are bigger as it is assumed that the income from sale of real estate properties unrelated to the core business are used for the repayments at the end of the program and in addition, it is including the supplementary payment obligation of EUR 3.2 million following the exclusion of loan guarantee of EUR 80 million.

According to the restructuring programs, Componenta should sell their real estate properties which are unrelated to the core business. One real estate property and two parcels of land were sold in Pietarsaari on 23 February 2018. The real estate and both parcels were sold at market value and the total cash flow impact of all sales on the Group was EUR 0.2 million. The subsidiary of Componenta Corporation, Oy Högfors-Ruukki Ab, sold real estate Company named Pietarsaaren Tehtaankatu 13 whole capital stock on 5 April 2018. The real estate was sold at market value and the total cash flow impact on the Group was EUR 0.4 million. Additionally Componenta Finland Ltd sold the shares of a housing company named Asunto-osakeyhtiö Iisalmen Ahjolansato on 25 June 2018. The housing company was sold at market value and the total cash flow impact on the group was EUR 0.2 million. The sales mentioned above had a total of EUR 0.2 million effect on result.

Componenta signed a letter of intent in June 2018 to sell its real estate properties in Karkkila, which are unrelated to the core business. The deal is expected to be finalised during the third quarter of the year. The deal will not have a material impact on the result, because the real estates are valued at market value at the end of June 2018. Impairment recognised in the reporting period totalled EUR -0.6 million. The cash flow impact of this deal is expected to amount to EUR 0.9 million.

The contents of the restructuring programs are presented in detail in the financial statement for 2017.

Resolutions of the Annual General Meeting

The Annual General Meeting of Componenta Corporation, held on 24 May 2018, adopted the financial statements and the consolidated financial statements for the financial period from 1 January to 31 December 2017 and discharged the members of the Board of Directors and the CEO from liability concerning the financial period. In accordance with the proposal of the Board of Directors, the General Meeting resolved that no dividend will be paid for the financial period ended 31 December 2017.

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

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

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

The General meeting authorised the Board of Directors to decide on the issue of shares, stock options and other special rights entitling to shares, as referred to in chapter 10 section 1 of the Limited Liability Companies Act (624/2006), in one or more lots, as follows:

The number of shares to be issued or transferred pursuant to the authorisation may not exceed 9,320,000 shares (including shares issued based on the special rights), which corresponds to approximately 4.99 per cent of all shares in the Company.

The Board of Directors decides on all the conditions of the issue of shares, stock options and other special rights entitling to shares. Pursuant to the authorisation, both new shares may be issued and treasury shares held by the Company may be transferred. New shares may be issued, and treasury shares held by the Company may be transferred either against payment or without payment. The issue of shares, stock options and other special rights entitling to shares will be carried out in deviation from the shareholders' pre-emptive rights (directed issue). There is a weighty financial reason for the deviation from the shareholders' pre-emptive rights because the authorisation will be used for the implementation of the Company's incentive plans, such as the implementation of stock options and restricted share plan planned by the Board of Directors. The authorisation also includes the right to decide on the issue of new shares without payment to the Company itself.

The authorisation is effective until 24 May 2022.

The General Meeting resolved to amend Section 7 in the Articles of Association to reflect the entering into force of the Finnish Auditing Act (1141/2015). After the amendment, Section 7 of the Articles of Association reads as follows: "The Company shall have one auditor which shall be an auditing firm registered with the Auditor Register maintained by the Finnish Patent and Registration Office, the responsible auditor of which is an Authorised Public Accountant. The term of office of the auditor ends upon the closing of the Annual General Meeting following the auditor's election."

Board of Directors and management

At its organizational meeting held after the Annual General Meeting on 24 May 2018, the Board of Directors elected Petteri Walldén as the Chairman of the Board and Olli Isotalo as the Vice Chairman of the Board.

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

Componenta Group Corporate Executive Team was complemented by appointing Mervi Immonen as Group General Counsel and a member of the Group Executive Team on 17 May 2018. As of 17 May 2018, the Group Corporate Executive Team consists of CEO Harri Suutari, Group General Counsel Mervi Immonen, CFO Marko Karppinen and COO Pasi Mäkinen.

Shares and shareholders

The shares of Componenta Corporation are quoted on Nasdaq Helsinki. The average share price during the reporting period was EUR 0.18, the lowest price was EUR 0.14, and the highest EUR 0.26. The quoted price at the end of June stood at EUR 0.18 (EUR 0.31). The share capital had a market capitalisation of EUR 34.8 million (EUR 54.4 million) and the volume of shares traded during the period was equivalent to 40% (110%) of the share stock.

Componenta Corporation's share capital stood at EUR 1.0 million (EUR 1.0 million) at the end of the reporting period. At the end of the reporting period the Company had a total of 177,269,224 (177,269,224) shares.

The Company had 7,798 (7,055) shareholders at the end of the reporting period.

Helsinki, 9 August 2018

COMPONENTA CORPORATION

Board of Directors

Componenta is an international technology company. Componenta specialises in supplying cast and machined components for its global customers, who are manufacturers of vehicles, machines and equipment. The Company's share is listed on Nasdaq Helsinki.

Half-year financial report tables

Accounting principles

Componenta Corporation's half-year financial report for January—June 2018 has been prepared in line with IAS 34, Interim Financial Reporting, and should be read in conjunction with Componenta's financial statements for 2017, published on 30 April 2018. Componenta has applied the same corporate financial statement accounting principles in the preparation of this half-year financial report as in the financial statements for 2017, except for the adoption of new IFRS-standards and IFRIC-interpretations, published by IASB, effective during 2018, and that are relevant to Componenta operations. These changes do not have any material impact on the half-year financial report. This half-year financial report has not been audited.

New applied standards

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard defines the principles for classification and measurement of financial assets and liabilities, evaluating impairment and revised regulations related to hedge accounting. Componenta has applied the standard according to the simplified retrospective approach, where the IFRS 9 adoption will be shown as an equity adjustment in the opening balance.

At the moment Componenta has no investments or derivatives used for hedging, that is financial assets and liabilities recognised at fair value, which would be recognised according to IFRS 9. Therefore IFRS 9 is applied only for trade receivables and other receivables. The application of IFRS 9 in Componenta impacts assessed impairment losses of doubtful receivables, when applying the new credit loss model. Componenta applies the simplified approach to assess the impairment loss for doubtful accounts receivables. The expected credit losses are measured and recognised based on aging classification. Additionally, credit losses are measured based on historical loss rates and knowledge of customer payment behaviour. From a historical point of view credit losses have been on a low level due to Componenta's solid global customers. The application of the new expected credit loss model did not have any material impact on the Group and the comparable figures of 2017 were therefore not restated. Componenta recognised by the end of June 2018 EUR 0,1 million in credit losses of the income statement and in accounts receivables of the balance sheet, due to the new expected credit loss model.

Financial assets classified applying IFRS 9:

	Classification according to IAS 39	Classification according to IFRS 9
Trade receivables and other receivables	Loans and other receivables	At amortised cost
Other investments	Financial assets held for sale	At fair value through profit and loss (or through other comprehensive income)
Hedge derivatives, hedge accounting is applied	Derivatives used for hedging (at fair value through other comprehensive income)	At fair value through other comprehensive income
Hedge derivatives, hedge accounting is not applied	At fair value through profit and loss	At fair value through profit and loss

IFRS 15, Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers, replaces IAS 11 – Construction Contracts, and IAS 18 – Revenue, and related interpretations. Componenta has adopted the standard in full on 1.1.2018. IFRS 15 includes a five-step model for recognising sales revenue from contracts with customers.

Revenues are recognised in the amount, that is the transaction price, which has been agreed on, considering possible allowances. Customers accept the transaction prices by signing the contracts. The Group does not have the kind of long-term contracts where the time between delivery of goods and payment is longer than one year. Therefore, no material changes in transactions prices arise on the performance obligations.

The obligation to offer compensation for defective products in accordance with normal guarantee principles are recognised in accordance with IAS 37.

Componenta has evaluated the impact of the application of IFRS 15, affective on 1.1.2018, and arrived at the conclusion that the new standard has not had material impact on revenue recognition. According to IAS 18, revenue was recognised when the material risks of ownership was transferred to the customer, while according to the new IFRS 15 revenue is recognised as control is passed to the customer. At Componenta the point of time, when risks of ownerships of products transfers and control of products passes to customers, is identical. Therefore, the application of the new standard did not have impact on the income statement, balance sheet or cash flow of the fiscal year or previous year and no financial information of year 2017 have been restated.

Componenta manufactures and sell iron castings and machined iron castings on the market. Componenta recognises revenue, when (or as) it satisfies a performance obligation, by delivering agreed upon products to its customers. Componenta satisfies its performance obligation at a point in time. The control is passed to the customers, when the products have been delivered to the place determined by customers in accordance with agreed delivery terms. After passing the control, customers are in control of the usage of products and gain a material benefit from the product. In practice, the customers use the products of Componenta in producing their own products and increasing their value.

The main share of Componenta's customers are large, solid global companies. The amount of expected credit losses from these customers is assessed on a low level. The provision of credit losses is based on historical loss rates and customer specific assessments.

IFRS 16, Leases

Componenta continues assessing the impact of IFRS 16, Leases, as told in the financial statements for 2017.

Corporate restructuring programs

The District Court of Helsinki issued its decision regarding the commencement of the restructuring proceedings in respect of Componenta Corporation and Componenta Finland Ltd on 30 September 2016. The District Court of Helsinki appointed Mr Mika Ilveskero, Attorney-at-Law, from Castrén & Snellman Attorneys to act as an administrator (hereinafter referred to as the "Administrator") in respect of the corporate restructurings of Componenta Corporation and Componenta Finland Ltd. Furthermore, in connection with both corporate restructurings, the District Court of Helsinki appointed creditor committees, which act as the joint representatives of the creditors in the restructuring proceedings. Various creditor groups, including secured creditors, trade creditors, creditors with supplier guarantees and other unsecured creditors, are represented in the creditor committees appointed by the court. The creditor committees of Componenta Corporation and Componenta Finland Ltd have different compositions due to different creditors.

The District Court of Helsinki confirmed the restructuring program for Componenta Corporation and its subsidiary Componenta Finland Ltd on 23 August 2017. On the basis of the restructuring program, the unsecured debts of Componenta Corporation were cut by approximately 94% and the lowest-priority debts were cut in their entirety. The secured debts of Componenta Finland Ltd will be paid in their entirety, whereas unsecured debts were cut by 75%.

The payment programs for both companies will commence in May 2019 and end in November 2023.

On 4 August 2017, Componenta signed an agreement to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.Ş., amounting to 93.6% of the Company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş. The transaction was completed on 27 September 2017. The agreement covered all of the Company's iron, machine shop and aluminium business in Turkey. The transaction had no cash flow impact. In connection with the closing of the sale of the shareholding, the Turkish club loan banks discharged Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million.

The completion of the sale of the shareholding in the Turkish company has some effect on the fulfilment of the restructuring program of Componenta Corporation, confirmed by the District Court of Helsinki on 23 August 2017. The loan guarantee of EUR 80 million to the Turkish club loan banks has been taken into account as a conditional and maximum amount in the confirmed restructuring program, since the Turkish club loan banks had not yet discharged Componenta Corporation from the loan guarantee by the time of the confirmation of the restructuring program. Following the completion of the sale of the shares held in the Turkish company, the guarantee liability of EUR 80 million was excluded from Componenta Corporation's debts that have been taken into account as a conditional and maximum amount in the restructuring program. On grounds of the supplementary payment obligation included in the restructuring program, Componenta Corporation's unsecured creditors are entitled to a proportion corresponding to payment of the restructuring debt of EUR 80 million, i.e. a supplementary payment totalling EUR 3.2 million, on the last payment date of the payment program in November 2023. The supplementary payment will be paid to the unsecured creditors in accordance with the restructuring program in proportion to their receivables. The restructuring program of Componenta Corporation still contains approximately EUR 7.3 million in other debts that have been taken into account as a conditional and maximum amount, for which the payments of approximately EUR 0.3 million have been allocated in accordance with the payment program included in the restructuring program. Following the debt cuts, the total external restructuring debts on the balance sheets of Componenta Corporation and Componenta Finland Ltd will amount to approximately EUR 13.6 million, as the supplementary payment obligation following the exclusion of the guarantee liability of EUR 80 million and the payments allocated for the debts considered as a conditional and maximum amount have been taken into account. The guarantee liability and other debts that have been considered as a conditional and maximum amount had earlier been taken into account in off-balance sheet liabilities.

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. According to the terms of the restructuring rulings, the companies should have paid restructuring debts of some EUR 4.9 million in July 2017. The primary goal was to agree with creditors on postponing payment of the restructuring debts and to arrange refinancing by January 2018. In July 2017, it became clear that arranging external financing and postponing the payment of the restructuring debts until January 2018 was unlikely due to insufficient support from the creditors. At the same time, Componenta was negotiating with potential buyers for the forge operations, but the negotiations ended without a result.

The restructuring program for Componenta Främmestad AB was confirmed by the ruling of the District Court of Skaraborg on 3 July 2017. In accordance with the court ruling, the Company is to pay restructuring debts of around EUR 2.6 million to creditors outside the Componenta Group, and a salary guarantee of EUR 0.6 million to the Swedish government, within 12 months. The sufficient support by the creditors was a prerequisite for the confirmation of the restructuring program and it was obtained as Componenta Främmestad AB and Componenta Turkey signed a separate agreement in May 2017 regarding a EUR 10 million restructuring debt receivable of Componenta Turkey. According to the agreement, the debt is cut by 75% and the remaining EUR 2.5 million shall be paid back within a period of six years, after the repayment of the other restructuring debt. The repayment is tied to the EBITDA of Componenta Främmestad AB. Componenta Främmestad AB has a capital loan of EUR 27.0 million from the Group's divested Turkish subsidiary. The loan carries no interest and no repayment schedule has been specified for it. The loan prevents the distribution of dividend by the subsidiary in question.

The contents of the restructuring programs are presented in detail in the financial statement for 2017.

Basis for consolidation

Following the confirmation of the restructuring decision, a restructuring program supervisor was assigned to Componenta. According to the restructuring program, the supervisor is required to submit a report on the implementation of the restructuring program annually, as well as a final report at the conclusion of the restructuring program. At the request of a creditor or the supervisor, the court may order that the restructuring program is to lapse. Despite the limitations related to control under IFRS 10, the company believes that the inclusion of Componenta Finland Ltd and Componenta Främmestad AB in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position.

Still in the management's opinion, the preparation of a consolidated financial statement is justified because the functions of the company and its consolidated subsidiaries are closely related to each other and are interdependent. Accordingly, Componenta's financial information for the first half-year ending on 30 June 2018 is given as a consolidated half-year financial report, which covers the company and its subsidiaries under corporate restructuring as well as other companies under the parent Company's control.

The contents of the restructuring programs are presented in detail in the financial statement for 2017.

Assumption of the ability to continue as a going concern

This half-year financial report has been prepared on the going concern basis. It is assumed that the Company can, during the foreseeable future, realise its assets and pay back its liabilities as part of normal operations within the framework of the restructuring programs. When assessing the going concern principle, Componenta's management has taken into account the uncertainties and risks related to the various confirmed restructuring programs, available funding sources and the cash flow estimates for the coming 12 months of the companies under restructuring proceedings. Due to limitations arising from the restructuring programs, Componenta's assessment is that it has only a limited opportunity to influence how it can transfer cash funds and bank receivables between group companies (such as the subsidiaries' ability to distribute funds in the form of dividends, Group contributions or intra-Group loans) and the nature of new financing the Group can acquire. In assessing the ability to continue as a going concern, the management has analysed the impact of the approved restructuring programs on the financial position and cash flow of the Group, the companies under restructuring proceedings and the parent Company.

The Group's liquidity and its effect on the Group's financial performance are affected by significant uncertainty factors, which the Group management has taken into account when assessing the Company's ability to continue as a going concern. It is possible that the restructuring will be unsuccessful and the group companies will file for bankruptcy. The implementation of the restructuring programs may be unsuccessful due to, for example, the companies under restructuring being unable to repay the restructuring debts confirmed in the restructuring programs confirmed by the courts, and the creditors in such circumstances being unwilling to renegotiate debt repayment arrangements that the companies would be able to satisfy.

From the point of view of the continuity of operations, the company's and its management's significant estimates and assumptions as well as uncertainties are as follows:

- Componenta Corporation and Componenta Finland Ltd will be able to make payments stipulated in the restructuring program.

- Componenta Främmestad AB will be able to pay its restructuring debts in accordance with the agreed payment schedule. The company believes that Componenta Främmestad AB will be able to pay these debts, when they fall due, from operational income. Componenta Främmestad AB has paid all its short-term restructuring debts, EUR 2,9 million, on time. Componenta Främmestad AB still has a EUR 2.5 million debt to Döktaş Metal Sanayi ve Ticaret A.Ş., which shall be paid back within six years, after the repayment of the restructuring debt. The repayment is tied to the EBITDA of Componenta Främmestad AB.

- When analysing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes and net sales, EBITDA margins, investments and working capital needs. The cash flow estimates and finances of the companies under the restructuring programs are subject to significant management judgement and assumptions as well as factors of uncertainty.

The cash flow forecasts and financing of the companies subject to restructuring proceedings involve significant management estimates and assumptions as well as uncertainties. When preparing cash flow forecasts for the companies, the management has estimated the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs. These estimates are subject to significant uncertainty, as there is no certainty that the anticipated sales volumes, sales prices and operating margins will be achieved or that investments can be implemented as expected.

Accounting principles requiring judgement by the management

When consolidated half-year financial report is being prepared in accordance with International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The following are the estimates and assumptions that have a significant risk of material changes in the carrying amounts of assets and liabilities within the next financial year.

In preparing Componenta's half-year financial report, the management has exercised significant discretion in evaluating the company's ability to continue as a going concern. The management's judgment and uncertainties related to the continuity of operations are described in more detail above in the section Assumption of ability to continue as a going concern. The management has made significant estimates and assumptions in determining the valuation in the financial statements of assets such as investment properties, tangible and intangible assets and inventories, the realisability of deferred tax assets as well as contingent liabilities.

Consolidated income statement

MEUR	1.1.–30.6.2018	1.1.–30.6.2017 Changed*)	1.1.–31.12.2017
Continued operations:			
Net sales	**66.1**	65.4	122.4
Other operating income	**1.2**	0.2	31.5
Operating expenses	**-64.5**	-67.5	-124.1
EBITDA	**2.7**	-1.9	29.8
% of net sales	***4.1***	-2.9	*24.4*
Depreciation, amortization and write-downs	**-1.0**	-1.2	-3.5
Share of the associated companies' result	**0.0**	0.0	0.0
Operating result	**1.7**	-3.1	26.3
% of net sales	***2.6***	-4.7	*21.5*
Financial income and expenses	**-0.1**	-0.3	102.1
Result after financial items	**1.6**	-3.3	128.3
% of net sales	***2.4***	-5.1	*104.8*
Income taxes	**-0.2**	0.2	0.5
Net result of continued operations	**1.4**	-3.2	128.8
Discontinued operations:			
Net result of discontinued operations	**0.0**	-3.6	-4.8
Net result	**1.4**	-6.8	124.1
Allocation of net profit for the period			
To equity holders of the parent	**1.4**	-6.8	124.1
To non-controlling interest	**0.0**	0.0	0.0
Total	**1.4**	-6.8	124.1
Earnings per share calculated on the profit attributable to equity holders of the parent			
Earnings per share, Group, EUR	**0.01**	-0.04	0.70
Earnings per share, continued operations, EUR	**0.01**	-0.02	0.73
Earnings per share, discontinued operations, EUR	**0.00**	-0.02	-0.03
Earnings per share with dilution, Group, EUR	**0.01**	-0.04	0.70

*) The comparative figures from 2017 on income statement and cash flow statement have been adjusted because Wirsbo sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard.

Consolidated statement of comprehensive income

MEUR	1.1.–30.6.2018	1.1.–30.6.2017 Changed*)	1.1.–31.12.2017
Net result	**1.4**	-6.8	124.1
Continued operations:			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of buildings and land areas	**0.0**	0.0	0.0
Items that may be reclassified subsequently to profit or loss			
Translation differences	**-1.0**	-0.6	-0.9
Actuarial gains and losses	**0.0**	0.0	0.0
Cash flow hedges	**0.0**	0.1	0.1
Other items	**0.0**	0.0	-0.2
Total items that may be reclassified to profit or loss subsequently	**-1.0**	-0.6	-1.0
Income tax on other comprehensive income	**0.0**	0.0	0.0
Other comprehensive income of continued operations, net of tax	**-1.0**	-0.6	-1.0
Discontinued operations			
Revaluation of buildings and land areas, net of tax	**0.0**	0.0	0.0
Translation differences	**0.0**	0.2	-0.6
Actuarial gains and losses, net of tax	**0.0**	0.0	0.0
Other items	**0.0**	0.0	0.0
Other comprehensive income of discontinued operations, net of tax	**0.0**	0.2	-0.6
Total comprehensive income	**0.5**	-7.2	122.5
Allocation of total comprehensive income			
To equity holders of the parent	**0.5**	-7.2	122.5
To non-controlling interest	**0.0**	0.0	0.0
Total	**0.5**	-7.2	122.5

*) The comparative figures from 2017 on income statement and cash flow statement have been adjusted because Wirsbo sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard.

Consolidated statement of financial position

MEUR	30.6.2018	30.6.2017	31.12.2017
Assets			
Non-current assets			
Intangible assets	**0.6**	0.3	0.2
Goodwill	**–**	–	–
Investment properties	**0.0**	1.5	0.5
Tangible assets	**19.7**	22.4	21.0
Investment in associates	**–**	–	–
Receivables	**0.4**	0.3	0.4
Other investments	**0.0**	0.0	0.0
Deferred tax assets	**–**	–	–
Total non-current assets	**20.7**	24.5	22.1
Current assets			
Inventories	**13.5**	17.8	14.3
Receivables	**11.2**	21.9	9.3
Tax receivables	**0.0**	0.1	0.0
Cash and cash equivalents	**6.2**	3.5	5.5
Total current assets	**30.8**	43.3	29.1
Assets classified as held for sale	**1.0**	0.0	1.5
Total assets	**52.5**	**67.8**	**52.8**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	**1.0**	1.0	1.0
Other equity	**17.8**	-137.6	17.3
Equity attributable to equity holders of the parent company	**18.8**	-136.6	18.3
Non-controlling interest	**0.0**	0.0	0.0
Shareholders' equity	**18.8**	-136.6	18.3
Liabilities			
Non-current			
Capital loans, interest bearing	**0.0**	0.0	0.0
Interest bearing liabilities	**1.2**	56.1	1.4
Interest free liabilities and capital loans	**14.8**	27.0	15.3
Provisions	**0.0**	0.0	0.0
Deferred tax liability	**1.4**	2.0	1.3
Total non-current liabilities	**17.4**	85.1	18.0
Current			
Capital loans	**0.0**	0.0	0.0
Interest bearing	**0.3**	37.8	1.1
Interest free	**15.9**	80.7	15.3
Tax liabilities	**–**	–	–
Provisions	**0.1**	0.8	0.1
Total current liabilities	**16.3**	119.2	16.4
Total liabilities	**33.7**	204.3	34.4
Total shareholders' equity and liabilities	**52.5**	**67.8**	**52.8**

Consolidated cash flow statement

MEUR	1.1.–30.6.2018	1.1.–30.6.2017	1.1.–31.12.2017
Cash flow from operating activities			
Result after financial items of continued operations	**1.6**	–3.3	128.3
Depreciation, amortization and write-downs, continued operations	**1.0**	1.2	3.5
Net financial income and expenses, continued operations	**0.1**	0.3	–102.1
Other income and expenses, adjustments to cash flow, continued operations	**–0.2**	2.9	–29.5
Change in net working capital, continued operations	**1.2**	–1.2	2.7
Cash flow from operations before financing and income taxes, continued operations	**3.8**	–0.1	2.9
Interest received and paid and dividends received, continued operations	**–0.1**	–0.1	0.0
Taxes paid, continued operations	**0.0**	0.0	0.0
Net cash flow from operating activities, continued operations	**3.7**	–0.2	2.8
Net cash flow from operating activities, discontinued operations	**0.0**	0.7	1.3
Net cash flow from operating activities	**3.7**	0.5	4.1
Cash flow from investing activities			
Capital expenditure in tangible and intangible assets, continued operations	**–0,5**	–0.2	–1.8
Proceeds from tangible and intangible assets, continued operations	**0,7**	0.0	0.0
Other investments and loans granted, continued operations	**0,0**	0.0	0.0
Proceeds from other investments and repayments of loan receivables, continued operations	**–**	0.1	0.3
Net cash flow from investing activities, continued operations	**0.2**	0.0	–1.4
Net cash flow from investing activities, discontinued operations	**0.0**	–1.0	–1.2
Net cash flow from investing activities	**0.2**	–1.0	–2.6
Cash flow from financing activities			
Proceeds from the issue of convertible bond, continued operations			0.0
Repayment of finance lease liabilities, continued operations	**–0.2**	0.0	0.1
Draw-down (+) / repayment (-) of current loans, continued operations	**–3.0**	–0.1	0.0
Draw-down of non-current loans, continued operations	**–**	–	0.0
Repayment of non-current loans and other changes, continued operations	**–**	–	–0.1
Net cash flow from financing activities, continued operations	**–3.2**	–0.1	0.0
Net cash flow from financing activities, discontinued operations	**0.0**	–0.3	–0.5
Net cash flow from financing activities	**–3.2**	–0.4	–0.4
Change in liquid assets	**0.7**	–0.9	1.1
Cash and cash equivalents at the beginning of the period	**5.5**	4.4	4.4
Effects of exchange rate changes on cash	**0.0**	0.0	0.0
Cash and cash equivalents at the period end	**6.2**	3.5	5.5

*) The comparative figures from 2017 on income statement and cash flow statement have been adjusted because Wirsbo sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Total	Non-controlling interest	Share-holders' equity total
Shareholders' equity Jan 1, 2018	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**–0.9**	**–11.7**	**18.3**	**0.0**	**18.3**
Net result								1.4	1.4		1.4
Translation differences							–1.0		–1.0		–1.0
Actuarial gains and losses									0.0		0.0
Cash flow hedges						0.0			0.0		0.0
Revaluation of buildings and land areas									0.0		0.0
Other comprehensive income items								0.0	0.0		0.0
Comprehensive income items, discontinued operations									0.0		0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	–1.0	1.4	0.4	0.0	0.4
Issue of convertible bond									0.0		0.0
Convertible bond, conversion to shares									0.0		0.0
Re-classifications									0.0		0.0
Capital loan									0.0		0.0
Write-down of hybrid bond									0.0		0.0
Shareholders' equity Jun 30, 2018	**1.0**	**0.0**	**0.4**	**0.0**	**29.5**	**0.0**	**–1.9**	**–10.2**	**18.8**	**0.0**	**18.8**

MEUR	Share capital	Share premium account	Unrestricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Total	Non-controlling interest	Share-holders' equity total
Shareholders' equity Jan 1, 2017	**21.9**	**15.0**	**191.1**	**0.0**	**5.6**	**–0.1**	**0.6**	**–363.6**	**–129.7**	**0.0**	**–129.7**
Net result								–6.8	–6.8		–6.8
Translation differences							–0.4		–0.4		–0.4
Actuarial gains and losses									0.0		0.0
Cash flow hedges						0.0			0.0		0.0
Revaluation of buildings and land areas					0.0			0.0	0.0		0.0
Other comprehensive income items									0.0		0.0
Comprehensive income items, discontinued operations									0.0		0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	–0.4	–6.8	–7.3	0.0	–7.3
Issue of convertible bond									0.0		0.0
Convertible bond, conversion to shares			0.4						0.4		0.4
Re-classifications	–20.9	–15.0	–191.2		–0.7			227.8	0.0		0.0
Capital loan									0.0		0.0
Write-down of hybrid bond									0.0		0.0
Shareholders' equity Jun 30, 2017	**1.0**	**0.0**	**0.2**	**0.0**	**4.8**	**–0.1**	**0.1**	**–142.7**	**–136.6**	**0.0**	**–136.6**

Net sales

Following the Group's reorganisations, restructuring process and organisational changes Componenta has one reporting segment at the end of 2017. The highest operational decision-making body at Componenta is the Company's President and CEO, who also act as the Chairman of the Board in all of the subsidiaries of the parent Company. The Group's Corporate Executive Team and other management assist and support the President and CEO in his work.

In accordance with IFRS 15, a disaggregation of revenue needs to be presented, in order to reflect how nature, timing and uncertainties to revenues are affected by economic factors. All revenue at Componenta is recognised at a point in time, when products are delivered to customers. Net sales by market area in the Group are presented in the table below. The heavy truck business brings 64% of net sales at Componenta. There are only few customers in this group, which are large, global and very solid companies. Componenta assesses that the risks and uncertainties, related to the sales that contribute to the net sales from these customers, are on a very low level. Other industries like construction and mining, machine building and farming machinery bring 36 % of net sales at Componenta. This group consists of heterogeneous customers, of which some operate globally. Hence, Componenta assesses that the risks related to smaller customers of this group are on a higher level and additionally the uncertainties increase the smaller the customer is.

The Chapter of Net sales in the half-year financial report and accounting principles as well as the description on risks and factors causing uncertainty is considered sufficiently reflecting the impact of economic factors.

Net sales by business area, continued operations

%	1-12/2017	1-6/2017	1-6/2018
Heavy truck	65%	64%	**63%**
Other	35%	36%	**37%**
Total	100%	100%	**100%**

Net sales by market area, continued operations

MEUR	1-12/2017*)	1-6/2017*)	1-6/2018
Sweden	44.1	23.7	**24.2**
Finland	25.5	13.3	**14.6**
Benelux countries	24.6	12.7	**11.5**
Germany	7.3	4.4	**3.3**
Other European countries	16.6	9.5	**9.4**
Other countries	4.4	1.9	**3.0**
Continued operations	122.4	65.4	**66.1**
Discontinued operations	27.2	27.3	**-**
Eliminations	-0.2	-0.2	**-**
Total	149.5	92.5	**66.1**

*) Discontinued operations include Wirsbo sub-group's net sales.

Quarterly net sales development by market area, continued operations

MEUR	Q1/17*)	Q2/17*)	Q3/17	Q4/17	Q1/18	Q2/18
Sweden	12.0	11.6	9.3	11.1	**12.4**	**11.8**
Finland	6.2	7.1	5.8	6.3	**7.2**	**7.4**
Benelux countries	6.0	6.7	5.0	7.0	**6.2**	**5.4**
Germany	2.4	1.9	1.5	1.4	**1.6**	**1.7**
Other European countries	4.7	4.7	3.0	4.1	**4.2**	**5.2**
Other countries	0.9	1.0	1.3	1.2	**1.7**	**1.3**
Continued operations	32.3	33.1	25.9	31.2	**33.3**	**32.8**
Discontinued operations	14.1	13.3	-0.1	-	**-**	**-**
Eliminations	-0.1	-0.1	-	-	**-**	**-**
Total	46.3	46.3	25.8	31.2	**33.3**	**32.8**

*) Discontinued operations include Wirsbo sub-group's net sales.

Group development

Group continued operations development excluding items affecting comparability

MEUR	1–12/2017	1–6/2017	1–6/2018
Net sales	122.4	65.4	**66.1**
Operating profit	2.9	1.7	**2.4**
Net financial items	–0.4	–0.3	**–0.1**
Profit after financial items	2.5	1.4	**2.3**

Group continued operations development by quarter excluding items affecting comparability

MEUR	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Net sales	32.3	33.1	25.9	31.2	**33.3**	**32.8**
Operating profit	0.6	1.1	0.3	0.8	**1.0**	**1.4**
Net financial items	0.0	–0.2	–0.1	0.0	**–0.1**	**0.0**
Profit after financial items	0.6	0.9	0.3	0.8	**0.9**	**1.4**

Group continued operations development

MEUR	1–12/2017	1–6/2017	1–6/2018
Net sales	122.4	65.4	**66.1**
Operating profit	26.3	–3.1	**1.7**
Net financial items	102.1	–0.3	**–0.1**
Profit after financial items	128.3	–3.3	**1.6**

Group continued operations development by quarter

MEUR	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Net sales	32.3	33.1	25.9	31.2	**33.3**	**32.8**
Operating profit	–0.2	–2.8	28.7	0.7	**0.9**	**0.8**
Net financial items	0.0	–0.2	101.6	0.7	**–0.1**	**0.0**
Profit after financial items	–0.3	–3.1	130.2	1.4	**0.9**	**0.7**

Order book at period end

MEUR	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Continued operations total	22.4	15.9	25.1	23.6	**23.6**	**16.2**

Reconciliation to IFRS figures

MEUR	1–6/2018	4–6/2018
EBITDA, excl. items affecting comparability, continued operations	3.4	1.9
Adjusted EBITDA, continued operations	3.4	1.9
Items affecting comparability	–0.7	–0.6
Adjusted EBITDA, incl. items affecting comparability, continued operations	2.7	1.3

Items affecting comparability in 2018 of continued operations EBITDA in the first half of the year relate to revaluation of investment properties in Karkkila EUR –0.6 million, restructuring and reorganisation costs EUR –0.2 million and sales profits of selling real estate properties which are unrelated to core business EUR 0.2 million. Other items affecting comparability net totalled EUR –0.1 million.

MEUR	1–6/2018	4–6/2018
Operating result, excl. items affecting comparability, continued operations	2.4	1.4
Adjusted Operating result, continued operations	2.4	1.4
Items affecting comparability	–0.7	–0.6
Adjusted EBITDA, incl. items affecting comparability, continued operations	1.7	0.8

Items affecting adjusted operating result are identical to items affecting adjusted EBITDA.

Reconciliation of comparable adjusted net sales, continued operations, MEUR	1–6/2017	4–6/2017
Net sales, IFRS	65.4	33.1
Adjusted net sales	65.4	33.1
Adjustment of administration service fee from the Wirsbo sub-group in 2017	–0.2	–0.1
Comparable adjusted net sales	65.2	33.0

Reconciliation of comparable adjusted EBITDA, continued operations, MEUR	1–6/2017	4–6/2017
EBITDA, IFRS	–1.9	–2.3
Write-downs of tangible and intangible assets and receivables	3.9	3.2
Restructuring and reorganisation costs	0.8	0.6
Other items	0.1	0.2
Adjusted EBITDA	2.9	1.7
Adjustment of administration service fee from the Wirsbo sub-group in 2017	–0.2	–0.1
Comparable adjusted EBITDA	2.7	1.6

Reconciliation of comparable adjusted operating result, continued operations, MEUR	1–6/2017	4–6/2017
Operating result, IFRS	–3.1	–2.8
Write-downs of tangible and intangible assets and receivables	3.9	3.2
Restructuring and reorganisation costs	0.8	0.6
Other items	0.1	0.2
Adjusted operating result	1.7	1.1
Adjustment of administration service fee from the Wirsbo sub-group in 2017	–0.2	–0.1
Comparable adjusted operating result	1.5	1.0

Divested business operations

Componenta sold one real property estate and two parcels of land in Pietarsaari on 23 February 2018. The real estate and both parcels were sold at market value and the total cash flow impact of all sales on the Group were EUR 0.2 million. The subsidiary of Componenta Corporation, Oy Högfors-Ruukki Ab, sold all the capital stock of a real estate company named Pietarsaaren Tehtaankatu 13 on 5 April 2018. The real estate was sold at market value and the total cash flow impact on the Group was EUR 0.4 million. Additionally, Componenta Finland Ltd sold the shares of a housing company named Asunto-osakeyhtiö Iisalmen Ahjolansato on 25 June 2018. The housing company was sold at market value and the total cash flow impact on the Group was EUR 0.2 million. The sales mentioned above had a total of EUR 0.2 million effect on result.

Real estate and two parcels

MEUR	
The carrying value of the sold net assets	0.1
Sales price of the sold net assets	0.2
Sales profit	0.1
Cash flow impact 1-6/2018	0.2

Real estate Pietarsaaren Tehtaankatu 13

MEUR	
The carrying value of the sold net assets	0.4
Sales price of the sold net assets	0.4
Sales loss	0.0
Cash flow impact 1-6/2018	0.4

Housing company Iisalmen Ahjolansato

MEUR	
The carrying value of the sold net assets	0.0
Sales price of the sold net assets	0.2
Sales profit	0.2
Cash flow impact 1-6/2018	0.2

Discontinued operations

MEUR	2017
Net profit of discontinued operations total, IFRS	-4.8
Net profit of discontinued operations total, excluding items affecting comparability	0.1
Operating profit of discontinued operations total, excluding items affecting comparability	0.2

Cash flow of discontinued operations

MEUR	2017
Net cash flow from operating activities	1.3
Net cash flow from investing activities	-1.2
Net cash flow from financing activities	-0.5
Change in liquid assets	-0.4

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017 on their own petition. The companies were classified as discontinued operations in accordance with IFRS 5 standard "Non-current Assets Held for Sale and Discontinued operations". The consolidation of Componenta Wirsbo AB and Componenta Arvika AB in the Group financial statement ended in July 2017.

Componenta Wirsbo sub-group's net profit for the period in discontinued operations totalled EUR -4.8 million. The write-downs of net assets of Componenta Wirsbo sub-group's operations were EUR -0.8 million in 2017. In addition, the parent Company recorded losses of EUR -1.7 million related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group's.

Discontinued operations 2017

Componenta Wirsbo sub-group

MEUR	2017
Net sales, 1-6/2017	27.2
Operating profit excluding items affecting comparability	0.5
Result after financial items excluding items affecting comparability	0.5
Net profit excluding items affecting comparability, 1-6/2017	0.5
Items affecting comparability under Componenta Wirsbo sub-group Income Statement before the derecognition from Group's statement of financial position, 1-6/2017	-4.1
Net profit, IFRS, before the derecognition from Group's statement of financial position, 1-6/2017	-3.6
Items affecting comparability, all write-downs of receivables from Componenta Wirsbo sub-group registered by the remaining consolidated companies within the corporation	-0.8
Items affecting comparability, recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7
Items affecting comparability, items moved from consolidated statement of comprehensive income to consolidated income statement	0.5
Items affecting comparability, derecognition of Componenta Wirsbo sub-group net assets from the Group's statement of financial position	0.8
Componenta Wirsbo sub-group, discontinued operations net profit, IFRS	-4.8

Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity, reconciliations

MEUR	2017
Derecognition of Componenta Wirsbo sub-group net assets from the Group's statement of financial position through income statement or through statement of other comprehensive income	0.8
All write-downs of receivables from Componenta Wirsbo sub-group registered by the remaining consolidated companies within the corporation	-0.8
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7
Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-1.7

MEUR	2017
Derecognition of Componenta B.V's group external assets from the Group's statement of financial position	-12.0
Derecognition of Componenta B.V's group external liabilities from the Group's statement of financial position	12.0
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7
Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-1.7

Changes in tangible assets

MEUR	1-6/2018	1-6/2017	1-12/2017
Changes in tangible assets			
Acquisition cost at the beginning of the period	**142.9**	211.5	211.5
Translation differences	**-2.1**	-0.8	-1.1
Additions	**0.6**	1.4	1.7
Companies acquired	**0.0**	0.0	0.0
Revaluation of buildings and land areas	**0.0**	0.0	0.0
Disposals and transfers between items	**-0.3**	-1.5	-69.2
Acquisition cost at the end of the period	**141.0**	210.6	142.9
Accumulated depreciation at the beginning of the period	**-121.9**	-175.7	-175.7
Translation differences	**1.5**	0.5	0.8
Accumulated depreciation on disposals and transfers	**0.0**	0.1	56.2
Accumulated depreciation on companies acquired	**0.0**	0.0	0.0
Depreciation, amortization and write-downs during the period	**-1.0**	-13.1	-3.2
Accumulated depreciation at the end of the period	**-121.3**	-188.2	-121.9
Book value at the end of the period	**19.7**	22.4	21.0

Assets classified as held for sale

MEUR	30.6.2018	30.6.2017	31.12.2017
Real estate properties	**1.0**	0.0	1.5
Assets classified as held for sale total	**1.0**	0.0	1.5

Non-current assets held for sale represent investment properties held for sale. Due to the restructuring program the companies should sell the real estate companies that are not part of the companies' core business. Some of the real estate companies, EUR 1.0 million, that meet the requirements of IFRS 5, are classified as Non-current assets held for sale. The investment properties are measured at fair value and in fiscal year 2018 an impairment charge of EUR -0.5 (31 December 2017: EUR -2.6 million) million was recognised. Additionally, the companies have sold parts of the real estate companies, which balance sheet value were EUR 0.5 million and reclassified one real estate property as assets held for sale at balance sheet value EUR 0.5 million.

Contingent liabilities

MEUR	30.6.2018	30.6.2017	31.12.2017
Real-estate mortgages			
For own debts	**3.2**	7.8	7.8
Business mortgages			
For own debts	**0.0**	51.0	50.0
Pledges			
For own debts	**0.0**	4.0	4.0
Other leasing commitments	**0.8**	3.0	0.2
Other commitments	**0.0**	80.8	1.0
Total	**4.0**	146.6	63.0

Key Ratios

	30.6.2018	30.6.2017	31.12.2017
Equity ratio, %	**35.8**	–209.2	34.8
Equity per share, EUR	**0.11**	–0.77	0.10
Invested capital at period end, MEUR	**20.6**	–42.7	20.8
Adjusted return on investment, %	**23.0**	n/a	n/a
Return on investment, %	**16.2**	n/a	n/a
Adjusted return on equity, %	**22.9**	n/a	n/a
Return on equity, %	**15.3**	n/a	n/a
Net interest bearing debt, preferred capital note in debt, MEUR	**–4.6**	90.4	–3.0
Net gearing, preferred capital note in debt, %	**–24.1**	n/a	–16.2
Order book of continued operations, MEUR	**16.2**	15.9	23.6
Investments in non-current assets incl. finance leases, continued operations, MEUR	**0.9**	0.2	1.6
Investments in non-current assets incl. finance leases, discontinued operations, MEUR	**–**	1.2	1.2
Investments in non-current assets excl. finance leases, Group, MEUR	**0.9**	1.4	2.1
Investments in non-current assets incl. finance leases, Group, MEUR	**0.9**	1.4	2.8
Investments in non-current assets (incl. finance leases), % of net sales, continued operations	**1.3**	0.3	1.3
Average number of personnel during the period, continued operations	**584**	571	567
Average number of personnel during the period, incl. leased personnel, continued operations	**710**	671	680
Average number of personnel during the period, Group	**584**	784	673
Average number of personnel during the period, incl. leased personnel, Group	**710**	885	787
Number of personnel at period end, continued operations	**598**	565	572
Number of personnel at period end, incl. leased personnel, continued operations	**728**	687	691
Number of personnel at period end, Group	**598**	785	572
Number of personnel at period end, incl. leased personnel, Group	**728**	910	691
Share of export and foreign activities in net sales, %, continued operations	**77.9**	79.6	79.2
Contingent liabilities, MEUR	**4.0**	146.6	63.0

Per Share Data	30.6.2018	30.6.2017	31.12.2017
Earnings per share (EPS), EUR	**0.01**	–0.04	0.70
Earnings per share, with dilution (EPS), EUR	**0.01**	–0.04	0.70
Cash flow per share, EUR	**0.02**	0.00	0.02

Calculation of key financial ratios

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

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

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