FINANCIAL STATEMENTS 2013

COMPONENTA

CONTENTS

REPORT ON 2013 BY THE BOARD OF DIRECTORS

The uncertainty in Europe and in the global economy continued in 2013. Although the markets stabilised towards the end of the year, growth prospects remained moderate. Reductions and postponements of investments in production affected all Componenta's customer business sectors and were reflected in the Group's order and production volumes. To safeguard its competitive standing and improve its profitability, the company further expanded the measures for renewing its operating structures, raising efficiency in operations and cutting costs.

The restructuring of its business operations announced by Componenta in October 2012 also changed the Group's reporting segments from the beginning of 2013. Componenta's business was divided into three operational divisions, namely the Foundry Division, the Machine Shop Division and the Aluminium Division. The new division structure aims to support the implementation of the efficiency improvement program to increase profitability. With this change in business structure the Group reinforced its "One Componenta" method of operating in line with the Group strategy and made sure it can provide customers with the services of an efficient service chain formed by specialized production units and logistics centres. At the same time it made it possible to take greater advantage of synergies within each division.

During 2013 one particular focus was on achieving the strategic target set the previous year, of reducing the Group's gearing.

The capital market transactions planned by the company were completed around the end of August, when it carried out a share issue and issued a hybrid bond and two bonds. Through these transactions the company acquired almost EUR 29 million in equity financing, which improved the company's equity ratio from the previous quarter by about 5 percentage points.

The Group's new financial targets and dividend policy were approved in March 2013. The new EBIT target by 2015 is now a minimum of 8% instead of 12%. The new target for return on investment is minimum 15% instead of more than 20%. For the equity ratio the target is mininum 40%.

According to the dividend policy, the Board of Directors takes into account the financial performance, the financing structure and growth expectations when making its dividend proposal. The new target is to pay a dividend of 25 – 40% of the net profit instead of the previous target of 30 – 50%.

In September 2013 Componenta expanded the programme to raise productivity and improve profitability that it began in October 2012, which had made progress in line with its targets. Through the new development projects in the expanded programme, the goal is to improve profitability by a further EUR 10 million, in addition to the annual cost savings of EUR 25 million to be achieved by the end of 2014. The new projects were included in the efficiency improvement program that was already underway, and some of their measures will start to improve profitability even in 2014.

Improving capacity usage at the Group's iron foundries and concentrating production at larger production units is part of the efficiency improvement program to improve profitability and competitiveness. Following the statutory personnel negotiations at the Pietarsaari foundry, it was decided to transfer the small DISA production line from Pietarsaari to the Pori foundry and close down the Pietarsaari foundry. Closing down the foundry means terminating the employment of a maximum of 110 people by the end of October 2014. One-time costs and write-downs on balance sheet assets will total some EUR 2 million during 2013 and 2014 and the annual cost savings to be achieved will be about EUR 2 million. Project investments are about EUR 1 million.

Transferring the small DISA production line and production from Pietarsaari to Pori will improve capacity utilisation at the Pori foundry and will strengthen its position as a flexible, competitive supplier to Nordic customers. The transfer will also have a positive impact on employment at the Pori foundry.

As part of the efficiency improvement program, a total of EUR 5.5 million is being invested in developing production processes and reducing waste at the Orhangazi foundry and in reducing environmental emissions at the Heerlen foundry. At the Orhangazi foundry in Turkey, the foundry sand system is being renewed, which will bring a significant reduction in the amount of waste sand. The new sand system will improve efficiency in the casting process and raise the quality of both the process and the cast components. It will also reduce material costs and the amount of finishing work on castings. The new system will be taken into use by the end of summer 2014.

The investment at the Heerlen foundry in the Netherlands will significantly reduce odour emissions from the foundry, and in future emissions from the foundry will stay below the new limits. Componenta's share of the investment is estimated to be some EUR 1.8 million, which is included in the total figure of EUR 5.5 million mentioned above. The Dutch government, the province of Limburg and the commune of Heerlen in the Netherlands will contribute EUR 4.2 million to the environmental investment at the Heerlen foundry. The work will be carried out in the summer of 2014.

Componenta's standing as a global supplier of pistons will be reinforced by expanding Componenta's Pistons business unit located in Pietarsaari, Finland. Through an investment of EUR 3.7 million to be completed in 2014, the production capacity of the unit will be doubled. The investment will have a positive impact on employment with work for about 10 people.

According to the Group strategy that was updated in December, Componenta will focus in the near future primarily on improving its profitability. The company's mission remains "Casting Future Solutions" and its vision is "to be the preferred casting solutions provider locally and globally". The basis for the strategy lies in the diversity of Componenta's production capabilities, a broad range of products, services covering the full supply chain, and long-term customer relationships. In addition to the current program to raise profitability, the Group is continuing its measures to develop engineering and project management services and to strengthen the common One Componenta ways of working, especially in matters relating to quality, health and safety, customer service and enterprise resource planning.

Efficiency Improvement Program 2012 – 2014

Componenta's group-wide efficiency improvement program that started in October 2012 made progress in 2013 according to plan. The Group is on the way to achieving the program's goal of improving the company's profitability by EUR 25 million by 2014. At the end of September 2013 Componenta expanded the efficiency improvement program with new projects that particularly focus on raising foundry capacity utilization rates, developing processes and improving profitability by EUR 10 million by the end of 2015. Some of the measures will already help improve the result in 2014.

The current run rate impact of the development projects and measures included in the efficiency improvement program in EBITDA is estimated to be in total EUR 26.8 million.

The efficiency improvement program comprises the following sub-programs and measures:

Project to raise productivity and improve quality at Orhangazi in Turkey

During 2013 many measures were carried out to increase efficiency in different phases of the production process, and overall productivity improved in line with the targets set. In September 2013, in connection with the expansion of the efficiency improvement program, the Group decided to make improvements to the foundry sand system and melting operations at Orhangazi, which will further improve productivity and quality at the unit and make more efficient use of raw materials in production. The company's best practices are being utilized in these measures. The result improvement target of the quality and productivity development projects in the Orhangazi foundry is EUR 9 million. EUR 3 million out of that was achieved in 2013. The EBITDA run rate improvement based on the measures carried out in the foundry by now are estimated to be EUR 6 million.

Project to improve profitability and productivity in the Netherlands by raising production efficiency and cutting fixed costs

The restructuring of the production units in the Netherlands and the cutting of 55 jobs were finalized during the first quarter of 2013. The job reductions brought annual cost savings of EUR 2.6 million, corresponding to half of the original total target for the program in the Netherlands. Productivity rose in all production lines. The measures to improve efficiency were expanded during the second and third quarters, with the goals of improving capacity usage by increasing new sales and of further increasing productivity by improving production control, cutting through-put times and improving quality. The additional efficiency improvement measures will continue until the end of 2014. Some of the new savings will be achieved during 2014 and the full amount in 2015. The result improvement target of the development projects in the Netherlands is in total EUR 5 million, and EUR 3 million out of that realized in 2013. Based on the efficiency improvement measures carried out by now, the run rate EBITDA improvement is EUR 4.3 million.

Improving capacity utilisation at the foundries by closing down under-utilised production lines and transferring production to Componenta's other production lines

Many measures were taken during 2013 to improve capacity utilisation and cut fixed costs at the foundries in Finland. The operations of the large DISA production line at the Pietarsaari foundry were terminated as planned and the products were transferred for production at the Group's foundries in Orhangazi, Turkey and Pori, Finland.

Statutory personnel negotiations were conducted at the Pietarsaari foundry, and as a result in November 2013 it was decided to transfer the small DISA production line from Pietarsaari to the Pori foundry and close down the Pietarsaari foundry by the end of October 2014. The result improvement target due to the production changes in the Finnish foundries is in total EUR 3 million. EUR 0.5 million of that realized in 2013, and based on the measures already carried out, the run rate EBITDA improvement is EUR 1.5 million. The result improvement due to the close down of the Pietarsaari foundry will realize in 2015.

Project to improve cost efficiency and productivity at Främmestad in Sweden including planned internal product transfers from the Främmestad machine shop to the Orhangazi machine shop in Turkey

The machining operations for long series at the Främmestad machine shop in Sweden are being transferred to the Orhangazi machine shop in Turkey, where this work is being concentrated. The Orhangazi machine shop was enlarged for this purpose, and the construction work on the expansion and the installation of machinery were completed in September 2013. The transfer of the long series products is mainly taking place during the final quarter of 2013 and the first quarter of 2014.

In September 2013 Componenta expanded its efficiency improvement program and continued its internal product transfers from the Främmestad machine shop in Sweden to the Orhangazi machine shop in Turkey. At the same time additional measures were taken to raise productivity at the Orhangazi machine shop, to ensure the cost benefits are obtained from the extra volumes transferred there.The result improvement target of the production changes in Främmestad is EUR 3 million, and EUR 1 million of that realized in 2013. The run rate EBITDA improvement based on the measures already carried out, is EUR 3.4 million.

Boosting efficiency in administration and the sales and planning organisation and cutting fixed costs

Measures were taken to improve efficiency and cut fixed costs during the first quarter of 2013. The measures resulted in cost savings of altogether EUR 2.9 million in 2013.

The Wirsbo forging business in Sweden is managed as a separate business, and the measures in the efficiency program affected all three forges of Componenta Wirsbo. The running down of the forge in Smedjebacken and the transfer of products to the Arvika forge were started in the first quarter of 2013. Altogether 41 jobs were cut in the forge business during 2013. The result improvement target of the efficiency improvement measures at Wirsbo is EUR 2 million. EUR 0.5 million realized in 2013, and based on the measures already carried out the run rate EBITDA improvement is EUR 1.5 million.

Other efficiency improvement measures carried out in 2013 resulted in profit improvement of EUR 3.9 million. Based on all the measures already carried out the run rate EBITDA improvement is EUR 5.2 million.

Developments in Componenta's business environment and markets in 2013

Demand prospects were affected throughout the year by uncertainty about developments in the economy. During the first half of the year the Group's order book rose all the way until the summer, after which it started to decline towards the end of the year. The order books for different customer business sectors varied in different ways during the year and this partially evened out developments in the Group's order book. The consolidated order book rose from the previous year, standing at EUR 87 (83) million at the end of the year. Increased demand from the heavy truck and construction and mining industries and from the machine building sector contributed to the rise in the order book.

Demand from the heavy truck industry increased as expected during the first half of the year, but took a downward turn after the summer holiday season, only to rise again towards the end of the year. At the end of the year the order book for Componenta's heavy truck customer business sector was 9% higher than in the previous year. This increase from the corresponding period in the previous year is due mainly to the general ageing of the heavy truck fleet.

Demand for construction and mining machinery was steady during the first half of the year, but took a downward turn particularly in the final quarter of the year as customers prepared for year-end production stoppages. The order book for Componenta's construction and mining customer sector was 6% higher at the end of the year than at the same time in the previous year.

Demand from the machine building customer segment was stable throughout 2013, although demand varied from one month to another. The order book for the segment was 17% higher at the end of the year than at the same time in the previous year.

Demand from the agricultural machinery customer sector picked up well in the first half of the year, but evened off after the summer holidays. The order book for the customer sector was 2% lower at end of the year than at the same time in the previous year.

Demand from Componenta's automotive customer segment increased in the first half of the year but started to decline in the summer. At the end of the year the order book for the segment was 9% lower than in the previous year.

Order book and net sales

The order book at the end of the year was higher than in the previous year, standing at EUR 87 million (EUR 83 million). The order book reported comprises orders confirmed to customers for the next two months. The order book is not exposed to any significant risk of cancellation.

The Group's net sales in 2013 declined 6 % from the previous year to EUR 511 million (EUR 545 million). The Group's capacity utilization rate during the financial year was 59% (63%).

The Foundry Division's net sales declined 10% from the previous year to EUR 329 (367) million. The Machine Shop Division's net sales declined 1% from the previous year to EUR 116 (117) million. The Aluminium Division's net sales declined 1% from the previous year to EUR 73 (73) million.

Componenta's net sales in the financial period by customer sector were as follows: heavy trucks 31% (28 %), construction and mining 19 % (24%), machine building 18 % (19 %), agricultural machinery 17% (15%) and automotive 15 % (14%).

Result

The consolidated operating profit for the year, excluding one-time items, was EUR 18.2 million (EUR 10.0 million) and after one-time items EUR 14.9 million (EUR 4.0 million). The one-time items included in the operating profit relate to the current reorganization of operations, in total EUR -2.7 million, and to compensation for cases involving problems with quality in previous years, in total EUR -0.7 million.

The operating profit improved from the previous year as the result of the cost savings achieved in the efficiency improvement program and the weakening of the Turkish lira, even though volumes declined 6%.

The Group's net financial costs for the financial year, excluding one-time items, were EUR 24.4 million (EUR 27.7 million) and after one-time items EUR 24.5 million (EUR 29.4 million). Net financial costs declined from the previous year because of lower interest costs and significantly lower refinancing costs.

The Group's result for the period after financial items, excluding one-time items, was EUR -6.2 million (EUR -17.6 million) and after one-time costs EUR -9.6 million (EUR -25.4 million).

Income taxes calculated from the result for the financial year excluding one-time items totalled EUR -4.7 million (EUR 0.1 million) and after one-time costs EUR -6.0 million (EUR 1.4 million). The increase in tax costs in the fiscal year is mainly due to the cut in Finland's corporate tax rate in 2014 from 24.5% to 20.0%, which has resulted in a reduction in the value of deferred tax assets in Finland. Other factors that increased tax costs were the supplementary taxes imposed following the tax audit in Turkey and the increase in deferred tax liabilities arising from the weakening of the Turkish lira.

The net result for the financial period excluding one-time items was EUR -10.7 million (EUR -17.6 million) and after one-time items EUR -15.5 million (EUR -24.0 million).

Basic earnings per share for the period excluding one-time items was EUR -0.55 (EUR -0.92) and after one-time items EUR -0.75 (EUR -1.22).

The Group's return on investment excluding one-time items was 5.9% (4.0%) and after one-time items 4.9% (2.0%). The return on equity excluding one-time items was -12.8% (-24.8%) and after one-time items -18.6% (-32.9%).

Balance sheet, financing and cash flow

In August Componenta strengthened its balance sheet and financial position with a share issue, hybrid bond and two bonds, raising in total EUR 77.3 million. The company issued 7,038,051 new shares, corresponding to EUR 11.3 million at the subscription price of EUR 1.60. The company raised a total of EUR 33.7 million in capital through the hybrid bond and altogether EUR 32.3 million through the two bonds. Holders of the company's 2009 and 2010 capital notes, 2010 bond and 2012 hybrid bond were able to use the loan receivable from the company pertaining to the principals of the capital notes and the bonds to pay their subscriptions. After payment of the subscriptions and of the instalment due in the repayment scheme at the end of September, at the end of the review period the remaining amount of the company's 2009 capital notes was EUR 0.6 million and of the 2010 capital notes EUR 2.3 million. EUR 18.0 million of the 2010 bond was converted into a new bond and the remainder was paid off. At the end of the review period some EUR 4.5 million remained of the 2012 hybrid bond. New funds invested in the company, excluding the capital conversions, totalled some EUR 22.6 million, which includes altogether EUR 4 million invested in the company in June by the two largest shareholders.

Componenta will repay the instalments due in 2014 on the syndicated loan and the 2009 capital notes, in total EUR 15.6 million, with cash flow from operations. Componenta plans to refinance the repayment instalments on the loans from Turkish banks due for payment in 2014 with new bilateral or similar short-term loans from Turkish banks. In addition, the company has started preparations to re-finance the company's interest bearing debts with new long-term financing instruments. As a consequence, the average maturity of the interest bearing debt portfolio will be lengthened significantly from the current maturity. The company aims to finalise the re-financing in the course of spring 2014.

At the end of the financial year, Componenta's cash and bank receivables totalled EUR 10.2 (20.6) million. In addition, Componenta's Turkish subsidiary, Componenta Dökümcülük A.S., had unused committed credit facilities from Turkish banks totalling EUR 3.0 (23.3) million on the closing date. Particular factors affecting liquidity at the end of the year were the repayment of loans in the final quarter in Turkey.

The Group's interest-bearing net debt, including the outstanding capital notes of EUR 2.9 (23.4) million as defined in IFRS, totalled EUR 230 (236) million at the end of the year. The company's net debt as a proportion of shareholders' equity was 270% (284%).

At the end of the financial year the Group's equity ratio was 18.9% (18.1%). The cut in the corporate tax rate in Finland from 24.5 per cent to 20.0 per cent in December 2013 reduced the equity ratio by one percentage point, and in consequence the values of Componenta's net tax receivables relating to Finland and shareholders' equity declined EUR 4.4 million.

Net cash flow from operations during the review period was EUR 2.2 (-8.7) million, and within this the changes in working capital were EUR 2.6 (-1.0) million. Net cash flow from operations improved from the previous year mainly because of the improved EBITDA.

Componenta makes more efficient use of capital with a programme to sell its trade receivables. Under this arrangement, some of the trade receivables are sold without any right of recourse. At the end of December the company had sold trade receivables totalling EUR 82.4 (76.5) million.

At the end of 2013, the invested capital of the company was EUR 325 (340) million.

Loans, commitments and contingent liabilities given by the parent company to Group companies classified as related parties on 31 December 2013 totalled EUR 87.5 (84.1) million. Loans, commitments and contingent liabilities given by the company to private persons classified as related parties on 31 December 2013 totalled EUR 0.4 (0.4) million.

Investments

Componenta again restricted the volume of investment in production facilities in 2013 due to the under-utilisation of current capacity. Investments in production facilities during the year totalled EUR 18.9 (19.2) million, of which finance lease investments accounted for EUR 2.5 (0.6) million. The net cash flow from investments was EUR -15.7 (-19.2) 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 tangible and intangible assets.

Research and development

At the end of the 2013 financial period 106 (112) people worked in research and development at Componenta, which corresponds to 3% (3%) of the company's total personnel. Componenta's research and development expenses in 2013 totalled EUR 2.6 (3.2) 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 and zero occupational accidents and illness, 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 2013 the Group's production units used 671 GWh (695 GWh) of energy. Most of the energy used, 67% (67%), was electricity. The foundries consume about 90% of all the energy, since especially the melting processes at the foundries utilise much energy. In 2013 energy consumption in proportion to output at Componenta's iron foundries rose 2 %, which was due to the lower capacity utilisation rate.

In 2013 Componenta's total volume of waste declined to 137,118 tonnes (145,805 tonnes). Of this, 63% (71%) went for beneficial reuse. Componenta's waste that goes for beneficial reuse includes metals, slag, sand and dust. The proportion of waste sent for beneficial reuse declined as the result of the lower proportion of the waste at the Orhangazi foundry being reused.

Almost all waste generated at Componenta is sorted. The proportion of unsorted waste in 2013 was at the same level as in the previous year, 0.5% (0.5%) of the total amount of waste.

Personnel

The Group had on average 4,464 (4,642) employees during the financial year, including 311 (393) leased employees. The number of Group personnel at the end of the year was 4,431 (4,277), which includes 277 (173) leased employees. At the end of the year 60% (58%) of the personnel were in Turkey, 17% (20%) in Finland, 13% (13%) in the Netherlands, and 10% (9%) in Sweden.

Shares and share capital

The shares of Componenta Corporation are quoted on NASDAQ OMX Helsinki. At the end of the financial year the company had a total of 29,269,224 shares. At the end of December Componenta had 2 169 shareholders. At the end of the financial year the share capital had a market capitalization of EUR 47.7 (42.9) million and the volume of shares traded during the period was equivalent to 10.1% (7.2%) of the share stock.

Flagging notices

On 27 August 2013 Componenta Corporation received notification from Heikki Lehtonen in accordance with Section 10 of Chapter 9 of the Securities Markets Act that, in consequence of the Componenta Corporation 2013 share issue the holding of Cabana Trade S.A., an enterprise in which Heikki Lehtonen exercises control, had fallen below 15% of the total number of shares and voting rights in Componenta Corporation.

After the disclosure obligation arose, the holding and voting rights of Cabana Trade S.A. totalled 3,501,988 shares, or 11.96% of the total number of shares and voting rights. After the share issue Heikki Lehtonen and the companies in which he exercises control owned in total 7,528,492 shares, or 25.72% of the total number of shares and voting rights.

Decisions of the AGM

The Annual General Meeting of Componenta Corporation, held on 22 March 2013, adopted the annual accounts for the financial period 1 January – 31 December 2012 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 be distributed for the 2012 fiscal year.

The General Meeting elected Heikki Lehtonen, Marjo Miettinen, Riitta Palomäki, Matti Ruotsala, Tommi Salunen and Harri Suutari as members of the Board of Directors. The General Meeting elected Authorised Public Accounting firm PricewaterhouseCoopers Oy as the company's auditor.

The AGM on 22 March 2013 authorised the Board of Directors to resolve on a share issue and an issue of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act in one or several instalments, either against payment or without payment. The aggregate amount of shares to be issued, including the shares to be received based on special rights, shall not exceed 7,500,000 shares. The Board of Directors may resolve either to issue new shares or to transfer any treasury shares held by the company.

The authorisation entitles the Board of Directors to resolve 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 rights of the shareholders. The authorisation may be used to strengthen the balance sheet and financial position of the company or for other purposes to be resolved on by the Board of Directors.

The authorisation is in force for five (5) years from the resolution of the General Meeting. The authorisation cancels the authorisation to resolve on a share issue and issue of special rights entitling to shares given to the Board of Directors by the Extraordinary General Meeting on 8 September 2009. The authorisation also cancels the authorisation to resolve on a share issue and issue of special rights entitling to shares given to the Board of Directors by the Annual General Meeting on 23 February 2012.

The Extraordinary General Meeting of Componenta Corporation, held on 16 August 2013, authorised the Board of Directors to resolve on a share issue and an issue of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act in one or several instalments, either against payment or without payment. The aggregate amount of shares to be issued, including the shares to be received based on special rights, shall not exceed 2,500,000 shares. The maximum amount of the authorisation corresponds to approximately 11% of all the shares in the company. The maximum amount of this authorisation and the authorisation to resolve on a share issue and issue of special rights entitling to shares, given to the Board of Directors by the Annual General Meeting of Shareholders for a maximum of 7,500,000 shares on 22 March 2013, correspond together to approximately 45% of all the shares in the company. The Board of Directors may resolve either to issue new shares or to transfer any treasury shares held by the company.

The authorisation entitles the Board of Directors to resolve 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 rights of the shareholders. The authorisation may be used to strengthen the balance sheet and financial position of the company or to other purposes to be resolved on by the Board of Directors.

The authorisation is in force until the next Annual General Meeting, however at most until 30 June 2014. The authorisation does not cancel the earlier authorisation to resolve on a share issue and issue of special rights entitling to shares given to the Board of Directors by the Annual General Meeting of Shareholders on 22 March 2013.

Share-based incentive scheme 2013

The Board of Directors of Componenta Corporation resolved on 11 February 2013 to set up a new share-based incentive scheme for key personnel. The objective of the scheme 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 2013 calendar year. The earning criterion for the 2013 earning period was Componenta Group's result after financial items.

Any bonus for the 2013 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. The shares may not be disposed of during a two-year restriction period. 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 target group for the scheme contained 18 people in 2013. The bonuses to be paid for the 2013 earning period were the equivalent of at most the value of 400,000 Componenta Corporation shares, including the part to be paid in cash.

The Board of Directors decided not to allocate shares for the 2013 earning period. The scheme's impact on the Group's result before tax at the end of 2013 was EUR 0.0 million.

Board of Directors and Management

After the AGM on 22 March 2013, the Board of Directors held its organization meeting and elected Harri Suutari as its chairman and Matti Ruotsala as vice chairman. The Board met 19 times in 2013. The average attendance rate of Board members at its meetings was 97%. The Board assessed its performance in 2013, under the leadership of its chairman, in December 2013.

At its organization meeting the Board elected Riitta Palomäki to be chairman of the audit committee and Tommi Salunen as the other member of the committee. The audit committee met 5 times in 2013 and its average attendance rate was 100%. The audit committee assessed its performance in 2013, under the leadership of its chairman, in December 2013.

Heikki Lehtonen is president and CEO of Componenta. During 2013 the Corporate Executive Team comprised: President and CEO Heikki Lehtonen; Juha Alhonoja, Senior Vice President, Machine Shop Division; CFO Mika Hassinen; Olli Karhunen, Senior Vice President, Foundry Division; Furio Scolario, Senior Vice President, Sales and Product Development (from 1 June 2013); Anu Mankki, Senior Vice President, HR and Internal Communications; Pauliina Rannikko, Senior Vice President, Legal and Risk Management; and Sabri Özdogan, Senior Vice President, Aluminium Division.

Antti Lehto, Senior Vice President, Sales and Customer Services, who was a member of the Corporate Executive Team, resigned from Componenta on 31 May 2013 to take up employment elsewhere.

Risks and business uncertainties

Some of 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, under which 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 treasury policy approved by the Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets and through this to secure the Group's financial performance and financial position.

Re-financing and liquidity risks

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 syndicated credit facility dated 12 October 2012, which had a nominal value at the end of 2013 of EUR 71.8 million and a maturity date of 30 June 2015, various capital notes and bonds, bilateral long-term loan agreements, trade receivables financing without recourse, and lease financing. The Group also has a commercial paper programme, but the company had no debt from this at the end of the year.

Componenta will repay the instalments due in 2014 on the syndicated loan and the 2009 capital notes, in total EUR 15.6 million, with cash flow from operations. Componenta plans to refinance the repayment instalments on the loans from Turkish banks due for payment in 2014 with new bilateral or similar long-term loans from Turkish banks.

In the opinion of the Board of Directors, the risk of not being able to refinance the short-term loans maturing in 2014 is limited. The Board believes that the company meets the other conditions set for obtaining the finance.

More details about risks and risk management at Componenta are given in the notes to the 2013 financial statements.

Events after end of period

Componenta announced on 6 February 2014 to postpone the publishing time of the Financial Statements Bulletin for the year 2013 by one week and publish the preliminary information on net sales and result for the fourth quarter and full year 2013 and prospects for 2014 on 10 February 2014. The publishing times of the Financial Statements Bulletin and the Financial Statements for the year 2013 changed, as the financial statements of Componenta's Turkish subsidiary Componenta Dökümcülük A.S. were not finalized in accordance with the time schedule.

After the financial year in February 2014 Componenta renegotiated certain terms of the syndicated bond and at the same time committed ifself to an additional repayment of EUR 5 million on 1 June 2014.

Business environment

The demand outlook in all the Group's customer sectors remains uncertain.

At year end the order book for Componenta's heavy trucks customer sector was 9% higher than in the previous year. Demand for heavy trucks in Europe is expected to decrease in 2014. Componenta's sales to heavy trucks customer segment is expected to increase due to the growing market share.

The order book for Componenta's Construction and mining customer sector was 6% higher at year end than at the same time in the previous year. Demand is expected to remain at the same level as in the previous year. Customers reduced their stocks during 2012 and 2013 due to weaker prospects in particular for mining machinery industry. Demand prospects for Componenta are stable.

The order book for Componenta's Machine building customer segment was 17% higher at year end than at the same time in the previous year. Componenta's sales outlook for machine building customer segment is expected to improve during the first half of 2014.

The order book for Componenta's Agricultural machinery customer sector was 2% lower at year end than at the same time in the previous year. Demand for agricultural machinery is expected to remain stable in 2014. Componenta's sales to agricultural machinery customer sector is expected to remain at the same level as in the previous year or to increase due to growing market share.

The order book for Componenta's Automotive customer sector was 9% lower at year end than at the same time in the previous year. The demand for automotive industry improved towards the end of the year 2013 compared with the same period a year earlier. In 2014, the market is expected to improve from the previous year. Componenta's sales are expected to increase during the first half of the year even though the increased demand is not yet visible in Componenta's order book.

Prospects for Componenta in 2014

The prospects for Componenta in 2014 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.

Componenta's order book at the beginning of 2014 was EUR 87 (83) million. Based on the order book and production forecasts given by customers, Componenta's first quarter net sales in 2014 are expected to be higher than in the corresponding period in the previous year. Thanks to structural efficiency measures and cost savings the first quarter operating profit excluding one-time items is expected to improve from the previous year.

In consequence of the structural efficiency measures being carried out, the operating profit excluding one-time items is expected to improve from the previous year.

Dividend proposal by the Board of Directors

The Board of Directors proposes to the Annual General Meeting to be held on 13 March 2014 that, in accordance with the Group's current dividend policy, no dividend be paid for the 1 January – 31 December 2013 financial period. On 31 December 2013 the parent company had distributable equity of EUR 102.3 (87.6) million.

Annual General Meeting

Componenta Corporation's Annual General Meeting of Shareholders will be held at 14.30 on 13 March 2014 in Helsinki. Notice of the annual general meeting will be published in a separate stock exchange release.

Corporate Governance Statement

Componenta Corporation is publishing the Corporate Governance Statement for 2013 as a separate report. 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	2013	%	2012	%
NET SALES	1	**510.5**	**100.0**	544.8	100.0
Other operating income	4	**5.9**		2.3	
Operating expenses	5, 6, 7	**-483.2**		-525.3	
Depreciation, amortization and write-down of non-current assets	8	**-18.4**		-17.9	
Share of the associated companies' result		**0.1**		0.2	
OPERATING PROFIT	1	**14.9**	**2.9**	4.0	0.7
Financial income	9	**7.5**		8.5	
Financial expense	9	**-32.0**		-37.9	
Financial income and expenses in total		**-24.5**		-29.4	
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-9.6**	**-1.9**	-25.4	-4.7
Income taxes	10	**-6.0**		1.4	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		**-15.5**		-24.0	
Allocation of net profit for the period					
To equity holders of the parent		**-15.8**		-24.3	
To non-controlling interest		**0.2**		0.3	
		-15.5		-24.0	
Earnings per share calculated on the profit attributable to the shareholders of the parent company					
Earnings per share, EUR	11	**-0.75**		-1.22	
Earnings per share with dilution, EUR	11	**-0.75**		-1.22	

Consolidated statement of comprehensive income 1.1.–31.12.

MEUR	2013	2012
Net profit	**-15.5**	-24.0
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of land and property	**-1.8**	27.3
Items that may be reclassified subsequently to profit or loss		
Translation differences	**-1.2**	5.8
Actuarial gains and losses	**-1.7**	0.0
Cash flow hedges	**-0.3**	0.3
Other items	**0.0**	0.1
Total items that may be reclassified to profit or loss subsequently	**-3.2**	6.2
Income tax on other comprehensive income	**0.9**	-1.6
Other comprehensive income, net of tax	**-4.1**	31.9
Total comprehensive income	**-19.6**	7.8
Allocation of total comprehensive income		
To equity holders of the parent	**-19.7**	5.6
To non-controlling interest	**0.0**	2.2
	-19.6	7.8

The notes are an integral part of these financial statements.

Consolidated statement of financial position 31.12.

MEUR	Note	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	12	**253.3**	255.9
Goodwill	13	**29.1**	29.1
Intangible assets	14	**9.7**	6.3
Investment properties	15	**11.6**	11.4
Shares in associated companies	16	**1.3**	1.4
Financial assets	17	**0.9**	0.9
Receivables	18	**4.2**	4.2
Deferred tax assets	19	**34.0**	31.3
		344.1	340.5
CURRENT ASSETS			
Inventories	20	**63.1**	65.2
Receivables	21	**34.4**	32.3
Tax receivables	21	**0.1**	1.8
Cash and cash equivalents	23	**10.2**	20.6
		107.8	119.8
TOTAL ASSETS		**452.0**	460.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		**21.9**	21.9
Share premium reserve		**15.0**	15.0
Unrestricted equity reserve		**58.1**	47.1
Other reserves		**63.2**	47.6
Cash flow hedges		**-0.7**	-0.4
Translation differences		**-36.8**	-35.6
Retained earnings		**-27.2**	3.4
Profit/loss for the financial period		**-15.8**	-24.3
Equity attributable to equity holders of the parent company	24	**77.7**	74.6
Non-controlling interest		**7.4**	8.8
Shareholders' equity		**85.2**	83.4
LIABILITIES			
Non-current liabilities			
Capital loans	28	**2.3**	19.6
Other interest bearing	28	**134.2**	182.7
Other non-interest bearing	33	**0.6**	1.1
Provisions	27	**8.5**	8.3
Deferred taxes	19	**12.6**	12.0
Current liabilities			
Capital loans	28	**0.6**	3.7
Other interest bearing	28	**102.7**	50.9
Other non-interest bearing	29	**101.8**	92.5
Tax liability		**0.4**	0.2
Provisions	27	**3.3**	5.8
		366.8	377.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**452.0**	460.4

The notes are an integral part of these financial statements.

Cash flow statement 1.1.–31.12.

MEUR	2013	2012
Cash flow from operations		
Result after financial items	**-9.6**	-25.4
Depreciation, amortization and write-down	**18.4**	17.9
Net financial income and expenses	**24.5**	29.4
Other income and expenses, adjustments to cash flow	**-4.7**	0.7
Change in net working capital		
Inventories	**-4.4**	-1.7
Current non-interest bearing receivables	**-2.3**	5.1
Current non-interest bearing liabilities	**10.9**	-2.4
Other working capital items	**-1.7**	-2.1
Interest received	**0.5**	0.7
Interest paid	**-23.6**	-27.0
Other financial income and expenses	**-0.2**	0.0
Dividends received	**0.0**	0.0
Taxes paid	**-5.7**	-4.0
Net cash flow from operations	**2.2**	-8.7
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	**-0.1**	-0.2
Capital expenditure in tangible assets	**-13.2**	-17.7
Capital expenditure in intangible assets	**-3.2**	-1.9
Proceeds from tangible and intangible assets	**0.6**	0.2
Other investments and loans granted	**0.0**	0.0
Proceeds from other investments and repayments of loan receivables	**0.1**	0.2
Net cash flow from investing activities	**-15.7**	-19.2
Cash flow from financing activities		
Dividends paid	**-1.1**	-0.7
Interest paid, hybrid bond	**-3.3**	-
Proceeds from share issue	**4.2**	15.1
Proceeds from the issue of hybrid bond	**0.1**	7.9
Repayment of finance lease liabilities	**-3.8**	-0.6
Draw-down (+)/ repayment (-) of current loans	**13.6**	-142.6
Draw-down of non-current loans	**30.3**	168.5
Repayment of non-current loans and other changes	**-37.0**	-41.6
Net cash flow from financing activities	**3.0**	5.9
Change in liquid assets	**-10.5**	-22.0
Cash and bank accounts at the beginning of the period	**20.6**	41.6
Effects of exchange rate changes on cash	**0.0**	1.0
Cash and bank accounts at period end	**10.2**	20.6

The notes are an integral part of these financial statements.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium reserve	Un-restricted 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 1.1.2012	**21.9**	**15.0**	**32.3**	**0.0**	**2.9**	**-0.7**	**-41.0**	**3.4**	**33.8**	**7.3**	**41.1**
Net profit								-24.3	-24.3	0.3	-24.0
Translation differences							5.4		5.4	0.3	5.8
Cash flow hedges						0.3			0.3		0.3
Revaluation of buildings and land areas				24.2					24.2	1.5	25.7
Other comprehensive income items					0.1				0.1		0.1
Total comprehensive income				24.2	0.1	0.3	5.4	-24.3	5.6	2.2	7.8
Share issue			14.8						14.8		14.8
Issue of hybrid bond					20.4				20.4		20.4
Dividend									0.0	-0.7	-0.7
Shareholders' equity 31.12.2012	**21.9**	**15.0**	**47.1**	**24.2**	**23.4**	**-0.4**	**-35.6**	**-20.9**	**74.6**	**8.8**	**83.4**

MEUR	Share capital	Share premium reserve	Un-restricted 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 1.1.2013	**21.9**	**15.0**	**47.1**	**24.2**	**23.4**	**-0.4**	**-35.6**	**-20.9**	**74.6**	**8.8**	**83.4**
Net profit								-15.8	-15.8	0.2	-15.5
Translation differences							-1.2		-1.2	0.0	-1.2
Actuarial gains and losses								-1.2	-1.2	-0.1	-1.3
Cash flow hedges						-0.3			-0.3		-0.3
Revaluation of buildings and land areas				-1.8				0.4	-1.4	0.0	-1.4
The impact of the change in Finland's tax rate on items presented in the statement of comprehensive income				0.2					0.2		0.2
Other comprehensive income items					0.0				0.0		0.0
Total comprehensive income				-1.6	0.0	-0.3	-1.2	-16.6	-19.7	0.0	-19.6
Interest, hybrid bond								-2.5	-2.5		-2.5
Dividend			11.0						11.0		11.0
Share issue					17.2				17.2		17.2
Issue of hybrid bond									0.0	-1.1	-1.1
Items decreased directly from equity *)								-2.9	-2.9	-0.2	-3.2
Shareholders' equity 31.12.2013	**21.9**	**15.0**	**58.1**	**22.7**	**40.6**	**-0.7**	**-36.8**	**-42.9**	**77.7**	**7.4**	**85.2**

*) Prior year 2004 the subsidiary in Turkey has recorded the inflation related value increase adjustments directly in equity in accordance with IAS 29. The inflation adjustments have been reclassified in equity and the tax charges of the reclassification have been recorded directly in equity, hence the value adjustments were also recorded directly in equity at the time.

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 OMX 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 2013.

The Board of Directors of Componenta Corporation has at its meeting on 17 February 2014 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 2013 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. For mergers of business operations that took place before 2004, goodwill, as stated in IFRS 1, corresponds to the book value as defined under the previous financial statement standards, and this has been used as the deemed cost.

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".

Accounting principles for consolidated financial statements

The consolidated financial statements include Componenta Corporation and those Finnish and foreign subsidiaries in which the Group holds directly or indirectly shares with over 50% of the voting rights or in which the Group has control over financial and operating principles. The financial statements of subsidiaries are included in the consolidated financial statements from the date that Componenta has obtained control in the subsidiary.

The financial statements of foreign subsidiaries have been adjusted to ensure consistency with the Group's accounting policies. The financial statements of subsidiaries are consolidated using the acquisition method. Intra-group transactions have been eliminated in the consolidation, as have the internal margin included in the inventories of Group companies and intra-group receivables and liabilities. The share of owners with a non-controlling interest (NCI) in the acquired entity is measured either at fair value or as the NCI's proportionate share of the identifiable net assets of the acquired entity. The principle for measurement is specified separately for each acquisition.

Changes in the parent company's holdings in subsidiaries that do not result in a loss of control are treated as transactions affecting shareholders' equity.

Associated companies are companies in which the Group holds shares with 20% to 50% of the voting rights or in which the Group has significant interest but not control.

The financial statements of associated companies are consolidated according to the equity method. The Group's share of the result of associated companies is entered in the income statement. The value of shares is presented in the balance sheet as the acquisition cost of the shares adjusted by the Group's share of the accumulated results of associated companies and by the dividends paid by the associated companies. Known deviations from the Group accounting policies in the financial statements of associated companies have been corrected.

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 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. Translation differences from before 1 January 2004 are recorded, in accordance with the exception permitted by IFRS 1, under retained earnings. After the transition date, translation differences arising during the preparation of the consolidated financial statements are presented as a separate item of 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 writedowns, 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 3 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. On 31 December 2013 the properties in Pietarsaari were revalued since the company announced towards the end of 2013 that foundry operations were being terminated in Pietarsaari, a change that will have a significant impact on the valuation.

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. New valuation principle was started to be used on 31 December 2012 and therefore the revaluation of the land areas, buildings and constructions did not have an impact to depreciations on 2012.

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 computer software, capitalized development costs and capitalized costs for obtaining customers. 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 as 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 Group's share of the net fair value on the date of acquisition of the identifiable assets, liabilities and contingent liabilities of a company acquired after 1 January 2004. For mergers of business operations that took place before 2004, goodwill corresponds to the book value as defined under the previous financial statement standards, and this has been used as the deemed cost in accordance with IFRS.

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 practise, so impairment testing is not carried out on land areas, buildings and constructions included in property, plant and equipment and investment properties. The fair values are principally measured by using the income approach method.

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.

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 amended IAS 19 standard all actuarial gains and losses are recognized immediately in other items in the statement of comprehensive income. Under previous accounting practice the current value of the scheme in the long-term reserves was presented as the probable current value of the liability when a person's employment ends. The Group has changed the accounting practice for defining the current value of the defined benefit in Turkey during the financial year such that, using actuarial calculations it has calculated the amount that actuarial gains and losses account for in the change in the current value for the scheme, and this has been recognised in items in the statement of comprehensive income. The result for the period for comparison did not include any significant actuarial gains or losses.

Employee benefits/Share-based payments

The Group has applied the IFRS 2 standard to the share-based incentive scheme for key personnel which was decided on 11 February 2013.

A share-based incentive scheme has been set up for senior management for the year 2013. Possible bonuses are paid partly in shares and partly in cash in the early part of year 2014. 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 2013 no bonuses were paid in relation to the previous share-based incentive scheme for the year 2012.

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, Pietarsaari and Pori in Finland and iron foundries in Heerlen and Weert, the machine shop operations in Weert in the Netherlands. 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. Arvika Smide AB was acquired in November 2012. 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 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.

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

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.

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. A deferred tax liability is recognised 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% (tax rate of 24.5% was used in 2012), 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.

On initial recognition, the fair value of the liability component of convertible capital notes is estimated, in the lack of a reliably determined corresponding market interest rate, as the present value of the contractually determined stream of future cash flows discounted at a rate reflecting the investor's return taken into account the conversion option value to the investor and the early redemption call option value to the issuer. The liability component is subsequently measured at amortized cost. The equity component of the convertible capital notes is recognized in other equity reserves less the costs attributable to the issue and deferred tax liability.

2 euros per share of the conversion price for shares converted with the loan notes of the convertible capital notes is recognized in the share capital, and the remainder in the share premium reserve or the reserve for invested unrestricted equity. The balance sheet liability is reduced by the same proportion as that of the converted loan notes to the remaining notional value of the loan.

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

Hybrid Bond

During 2012 and 2013 Componenta issued a two hybrid bonds, combined nominal value summing up to EUR 38.2 million, presented under shareholders' equity. The equity bonds (hybrid bonds) 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 a hybrid bonds are 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. Unpaid 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 shareholders' 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 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.

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.

Application of standards

As from 1 January 2013 the Group has applied the following new and revised standards and interpretations.

IAS 1 Presentation of Financial Statements (amendment, effective for financial periods beginning on or after 1 July 2012). The most significant change concerns the grouping of other comprehensive income items based on whether they are potentially reclassifiable to profit or loss at a later date, subject to certain conditions being met. The amendment had an impact on the Group's presentation of the other comprehensive income.

IAS 19 Employee Benefits (amendment, effective for financial periods beginning on or after 1 January 2013). The amendment requires immediate recognition of actuarial gains and losses in other comprehensive income items, discontinuing the use of the corridor method and measuring finance cost based on net interest. The Group has unfunded post- employment other benefit plan in Turkey. The Group presents the financing costs under the new accounting practice in costs arising from employee benefits and the actuarial gains and losses in retained earnings. The Group has changed the accounting practice for defining the current value of the defined benefit in Turkey during the financial year such that, using actuarial calculations it has calculated the amount that actuarial gains and losses account for in the change in the current value for the scheme, and this has been recognised in items in the statement of comprehensive income. The result for the period for comparison did not include any significant actuarial gains or losses, so applying the amended standard retroactively in accordance with the transition rules did not affect the statement of comprehensive income or the balance sheet for the period for comparison.

IFRS 7 (Amendment) Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (effective for financial periods beginning on or after 1 January 2013). The amendment requires more extensive disclosures in notes. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the statement of financial position. The amendment did not have material impact on the notes of the Group's financial statements.

IFRS 13 Fair Value Measurement (effective for financial periods beginning on or after 1 January 2013). The purpose of the standard is to increase consistency and reduce complexity by providing an exact definition of fair value and setting out in a single standard the requirements for measuring fair value and making related disclosures. The standard does not extend the use of fair value, but provides a framework for situations where another standard requires or permits fair value measurements. The standard increased slightly the notes information of the Group's financial statements.

Annual Improvements to IFRS 2011. Improvements which were released 2009–2011 incorporated amendments to the following standards: IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant & Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting". None of the amendments had a material effect on the consolidated financial statements of the Group.

New and amended standards and interpretations not yet effective in 2013

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 2013 or later periods and which the Group has not yet applied:

IFRS 9 Financial Instruments (effective for financial periods beginning on or after 1 January 2015). IFRS 9 is the first phase in a broader project to replace IAS 39 with a new standard. Different measurement methods have been maintained, but they have been simplified. IFRS 9 divides financial assets into two classifications: those measured at amortised acquisition cost and those measured at fair value. The classification depends on the entity's business model and the characteristics of the contractual cash flows. The IAS 39 instructions on impairment and hedge accounting will remain in force. The new standard does not change the recognition and measurement of financial liabilities, with the exception of financial liabilities to which the fair value option is applied. The impact to the Group's financial statements cannot be assessed yet, since there unfinished parts remaining in the standard preparations. The standards have not yet been approved for application in the EU.

IFRS 10 Consolidated Financial Statements (effective for financial periods beginning on or after 1 January 2014). In line with existing principles, the standard establishes control as the basis for consolidation. The standard also sets out how to apply the principle of control to identify whether an investor controls an investee. The standard will not have an impact on the Group's financial statements.

IFRS 11 Joint Arrangements (effective for financial periods beginning on or after 1 January 2014). The standard emphasises the importance of the rights and obligations arising from joint arrangements in accounting rather than the legal structure of such arrangements. There are two types of joint arrangements: joint operations and joint ventures. The standard also requires the equity method to be used in reporting on joint ventures in place of the previously allowed proportionate consolidation method. The standard will not have an impact on the Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities (effective for financial periods beginning on or after 1 January 2014). The standard covers the disclosure of information regarding interests in other entities, including subsidiaries, joint arrangements, special purpose entities and unconsolidated structured entities. The standard will not have material impact on the Group's financial statements.

IAS 27 Consolidated and Separate Financial Statements (revised in 2011, effective for financial periods beginning on or after 1 January 2014). The revised standard sets out the remaining requirements pertaining to separate financial statements after the inclusion of the provisions on control in IFRS 10. The amendment will not have material impact on the Group's financial statements.

IAS 28 Investments in Associates and Joint Ventures (revised in 2011, effective for financial periods beginning on or after 1 January 2014). The revised standard sets out requirements for using the equity method of accounting for associates and joint ventures as a result of the publication of IFRS 11. The amendment will not have material impact on the Group's financial statements.

IAS 32 (Amendment) Financial instruments (effective for financial periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria. The standard will not have a material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Figures are in millions of euros unless otherwise stated.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

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 applied 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, Pietarsaari 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 Great Britain, 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 85% (86%) of the Group's external net sales. Machined and non-machined aluminium components account for 14% (13%) 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 2013

MEUR	Foundry division	Machine shop division	Aluminium division	Other business	One-time items *)	Eliminations and unallocated items of normal operations	Group
External sales	220.9	106.6	70.8	112.3			510.5
Internal sales	108.2	8.9	2.0	29.6		-148.7	0.0
Total sales	329.0	115.5	72.8	141.9		-148.7	510.5
Share of the associated companies' result				0.1			0.1
Segment operating profit	4.6	2.7	9.7	1.6	-3.3	-0.3	14.9
Unallocated items					-1.5	-28.9	-30.5 **)
Net profit							-15.5
Segment assets	222.8	61.9	70.4	83.7		-37.6	401.3
Shares in associated companies				1.3			1.3
Unallocated assets							49.4
Total assets							452.0
Segment liabilities	73.8	25.9	8.2	44.7		-38.0	114.5
Unallocated liabilities							252.3
Total liabilites							366.8
Capital expenditure in production facilities	6.6	6.4	1.7	4.2			18.9
Depreciation	-8.6	-2.8	-2.5	-4.1	-0.4		-18.4

*) One-time items in operating profit in 2013 relate to planned shut down of Pietarsaari Foundry, EUR -1.8 million, structural changes and adaptation measures in Wirsbo, EUR -0.7 million, legal dispute and compensation for damages in Holland, EUR -0.7 million and to Orhangazi Foundry in Turkey, EUR -0.2 million. Other one-time items were EUR +0.1 million.

**) Includes EUR -28.9 million financial and tax items of normal operations.

Business segments 2012

MEUR	Foundry division	Machine shop division	Aluminium division	Other business	One-time items *)	Eliminations and unallocated items of normal operations	Group
External sales	245.7	116.9	72.5	109.6			544.8
Internal sales	121.4	0.2	0.9	35.1		-157.6	0.0
Total sales	367.2	117.1	73.4	144.7		-157.6	544.8
Share of the associated companies' result				0.2			0.2
Segment operating profit	-2.9	2.3	9.2	0.3	-6.0	1.1	4.0
Unallocated items					-0.4	-27.6	-28.0 **)
Net profit							-24.0
Segment assets	219.1	54.3	70.0	85.9		-29.2	400.1
Shares in associated companies				1.4			1.4
Unallocated assets							58.8
Total assets							460.4
Segment liabilities	54.7	21.7	17.0	44.0		-29.5	107.9
Unallocated liabilities							269.0
Total liabilites							377.0
Capital expenditure in production facilities	8.0	5.0	3.5	2.7			19.2
Depreciation	-8.8	-2.5	-1.3	-3.6	-1.6		-17.9

*) One-time items in operating profit in 2012 relate to shut down of the bigger production line in Pietarsaari Foundry, EUR -2.5 million, and terminating machining operations in Pietarsaari, EUR -0.5 million, and also adaptation measures in Holland EUR -1.4 million, adaptation measures and write-down of receivables in Orhangazi foundry in Turkey, EUR -1.3 million and adaptation measures in Wirsbo -0.9 million. Other one time items as a net were EUR -0.5 million. One-time items also include negative goodwill, EUR +1.1 million, from the acquisition of Arvika Smide by Wirsbo.

**) Includes EUR -27.6 million financial and tax items of normal operations.

Geographical areas 2013

MEUR	Turkey	Finland	The Netherlands	Sweden	Other countries	Total
Non-current assets *)	148.6	80.6	31.3	43.6	1.0	305.1
Capital expenditure in production facilities	9.4	2.3	2.1	5.0	0.0	18.9

Geographical areas 2012

MEUR	Turkey	Finland	The Netherlands	Sweden	Other countries	Total
Non-current assets *)	148.0	85.1	31.0	38.9	1.1	304.1
Capital expenditure in production facilities	11.3	1.9	1.8	4.2	0.0	19.2

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

External net sales by market area

MEUR	2013	2012
Germany	107.4	105.6
Sweden	97.6	97.1
Turkey	64.8	76.0
UK	56.3	55.4
Finland	42.7	46.3
Benelux countries	37.2	44.4
France	32.9	35.5
Italy	27.6	33.1
Other European countries	17.5	19.1
Other countries	26.6	32.2
External net sales total	510.5	544.8

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 2013.
Componenta Wirsbo AB, part of Componenta Group, purchased the share stock of Arvika Smide AB in November 2012. Both companies have forging business operations. Arvika Smide AB's net sales after the acquisition date in 2012 totalled EUR 0.6 million and recorded a loss of EUR -0.1 million. Net sales for the full year 2012 were EUR 10.0 million and the operating profit EUR -1.4 million. Arvika Smide AB was in a difficult financial state and because of this the purchasing price was less than the company's net assets. The acquisition price was EUR 0.5 million (nominal currency SEK) and the company's net assets EUR 1.7 million (nominal currency SEK). The negative goodwill of EUR 1.1 million arising from the transaction is presented under other operating income. The following assets and debts were recorded in 2012 from the acquisition of Arvika Smide:

MEUR	Book values before acquisition	Book values in consolidation
Non-current assets	5.7	6.3
Inventories	1.8	1.8
Trade receivables and other receivables	0.7	1.0
Cash and cash equivalents	0.0	0.0
Total assets	8.3	9.2
Deferred tax liabilities	1.1	1.2
Interest bearing liabilities	4.2	4.2
Trade payables and other current liabilities	1.8	2.1
Total liabilities	7.1	7.5
Net assets	1.2	1.7
Acquisition cost		0.5
Negative goodwill		1.1
Acquisition cost		0.5
Unpaid acquisition cost		-0.3
Cash and cash equivalents in subsidiary acquired		0.0
Cashflow on acquisitions		0.2

3. Business divestments

Componenta did not sell or close down any operations in 2012 and in 2013. The statutory personnel negotiations started by Componenta at the Pietarsaari foundry on 1 November 2012 were completed in December 2012. The negotiations resulted in the decision to close down the operations of the bigger production line at the foundry by the end of September 2013. Factors behind this decision were the poor capacity utilisation rate and profitability of the Pietarsaari foundry, which had continued for a long time. The following write-downs were made in consequence of the closure decision in 2012: machinery and equipment EUR 1.3 million, projects in progress EUR 0.3 million, and inventories EUR 0.1 million.

On 30 September 2013 Componenta began new statutory personnel negotiations at the Pietarsaari foundry, and these were completed in November 2013. As a result of the negotiations, it was decided to transfer the operations of the smaller production line in Pietarsaari to the Pori foundry and close down the Pietarsaari foundry in phases by the end of October 2014. The larger production line will continue to operate up until the foundry is closed down. In consequence of the decision to close the foundry, the following write-downs were made in 2013: on buildings EUR 2.2 million, on machinery and equipment EUR 0.0 million, and on inventories EUR 0.5 million. In addition to the write-downs, extra personnel costs of EUR 0.2 million were recorded in Pietarsaari relating to future personnel costs that are based on work done previously.

4. Other operating income

MEUR	2013	2012
Rental income	0.8	0.7
Profit from sale of non-current assets	0.0	0.1
Exchange gains and losses of trade receivables and payables, incl. hedges	3.7	-0.3
Changes in fair value of investment properties	0.2	-0.2
Release of negative goodwill	-	1.1
Refunds of government charges relating to previous financial periods	-	1.0
Other operating income	1.2	-0.2
Other operating income total	5.9	2.3
Rental income from investment property included in net sales	0.5	0.5

5.Operating expenses

MEUR	2013	2012
Change in inventory of finished goods and work in progress	1.7	1.3
Production for own use	0.6	0.2
Materials, supplies and products	-209.1	-232.4
External services	-28.3	-37.4
Personnel expenses	-128.2	-132.9
Rents	-5.0	-5.2
Maintenance costs of investment properties	-0.4	-0.4
Waste, property and maintenance	-25.0	-24.6
Energy	-39.1	-41.8
Sales and marketing	-1.1	-1.0
Computer software	-4.4	-3.9
Tools for production	-6.2	-5.7
Freights	-12.5	-13.3
Other operating expenses	-26.2	-28.4
Total operating expenses	-483.2	-525.3
Audit fees	-0.4	-0.4
Other fees	-0.2	-0.2
Total fees paid to auditors	-0.6	-0.6

6. Personnel expenses

MEUR	2013	2012
Personnel expenses		
Salaries and fees	-105.0	-107.5
Pension costs	-11.4	-11.5
Other personnel costs	-11.8	-13.9
	-128.2	-132.9
Average number of personnel by segment, excluding leased personnel		
Foundry division	2,654	2,823
Machine shop division	328	326
Aluminium division	734	698
Other business	438	402
	4,153	4,249

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

7. Research and development costs

MEUR	2013	2012
The following amounts have been recognized in the income statement under research and development costs	-2.6	-3.2

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

MEUR	2013	2012
Depreciation and amortization		
Tangible assets		
Buildings and structures	-3.0	-2.3
Machinery and equipment *)	-11.7	-11.3
Other tangible assets	-0.4	-0.5
	-15.1	-14.1

Intangible assets		
Intangible rights	-1.1	-0.4
Computer software	-0.4	-0.4
Other capitalized expenditure	-1.4	-1.4
	-2.9	-2.3
Write-downs on tangible and intangible assets **)	-0.4	-1.5
Total depreciation, amortization and write-downs of non-current assets	-18.4	-17.9

*) The units-of-production depreciation method is used for production machinery and equipment. Planned depreciation based on normal utilized capacity was EUR -16.6 (-15.6) million and capacity utilization correction was EUR 4.9 (4.3) million.

**) Write-downs on machinery and equipment and intangible assets in 2012 relate to shut down of the bigger production line in Pietarsaari Foundy, EUR -1.3 million, and closing down the Pietarsaari machine shop, EUR -0.2 million. Write-downs recognized in the income statement in 2013 on buildings used in foundry operations in Pietarsaari totalled EUR -0.4 million, in connection with the planned closure of the foundry.

9. Financial income and expenses

MEUR	2013	2012
Dividend income from available-for-sale financial assets	-	-
Interest income from loans and other receivables	0.5	0.7
Exchange rate gains from financial assets and liabilities recognized at amortized cost	1.2	2.7
Realized exchange rate gains from currency derivatives	4.7	3.1
Other financial income	1.2	2.0
Change in fair value of financial assets and liabilities held for trading	0.8	-0.5
Ineffective portion of hedge accounting of net investment in foreign entities	-	-
- fair values transferred from equity to profit and loss	-	-
Ineffective portion of cash flow hedge accounting	-	-
Effective interest expenses for financial liabilities recognized at amortized cost	-19.4	-22.2
Exchange rate losses from financial assets and liabilities recognized at amortized cost	-2.4	-2.5
Other charges on financial liabilities valued at amortized cost	0.0	-0.1
Interest expenses and commissions for sold trade receivables	-4.9	-6.3
Interest expenses for interest rate swaps	-1.0	-1.6
Realized exchange rate losses from currency derivatives	-3.5	-3.8
Other financial expenses	-1.5	-1.0
Financial income and expenses, total	-24.5	-29.4

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 8.2 (-0.4) million in exchange rate gains and losses arising from foreign currency denominated sales and purchases and EUR -4.5 (0.1) million from foreign exchange derivatives designated to these items.

Interest income on interest rate swaps has been moved to compensate interest expenses. During 2013 the Group has not received any significant commissions from financial assets.

10. Income taxes

MEUR	2013	2012
Income taxes		
Income taxes for financial period	-6.9	-2.7
Change in deferred taxes (see note 19)	0.9	4.1
	-6.0	1.4

Income tax reconciliation between tax expense computed at statutory rates in Finland of 24.5% and income tax expense provided on earnings.

MEUR	2013	2012
Profit before tax	-9.6	-25.4
Income tax using Finnish tax rate	2.3	6.2
Difference between Finnish tax rate and rates in other countries	0.4	0.5
Tax exempt income	0.3	0.3
Non-deductible expenses	-0.7	-2.4
Adjustments to the taxable income for previous years	-1.6	-
Re-assessment of deferred taxes	-2.1	-2.1
Effect of the change in corporate income tax rate in other countries **)	-	-1.1
Effect of the change in corporate income tax rate in Finland *)	-4.6	-
	-6.0	1.4

*) The Finnish corporate income tax rate decreased from 24.5% to 20.0% in 2014. As a result, deferred tax assets and liabilities relating to Finnish operations presented in the statement of financial position dated 31 December 2013 were valued at the new tax rate of 20.0%. EUR -4.6 million of the impact of the change in tax rate on deferred tax assets and liabilities was recorded in the income statement and EUR +0.2 million in the statement of comprehensive income.

**) The Swedish corporate income tax rate decreased from 26.3% to 22.0% in 2013. As a result, deferred tax assets and liabilities relating to Swedish operations presented on the statement of financial position dated 31 December 2012 were valued at the new tax rate of 22.0%. The effect of the change in tax rate on deferred tax assets and liabilities was recorded through income statement.

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.

	2013	2012
Basic and diluted earnings per share		
Numerator: Profit for the period attributable to the shareholders of the parent company, 1,000 EUR *)	-18,337	-25,751
Denominator: Weighted average number of outstanding shares during the financial year, 1,000 shares	24,507	21,022
Basic earnings per share, EUR	-0.75	-1.22
Earnings per share with dilution, EUR	-0.75	-1.22

*) Unpaid interest on the 2013 hybrid bond is not recorded until after the decision of the Board of Directors, in accordance with IFRS. Unpaid interest on hybrid bond totalled EUR 1.4 million and paid interest on hybrid bond totalled EUR 1.1 million after deferred taxes in 2013 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 -15.8 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 convertible capital notes that have not been converted into shares (Note 28) and the share-based incentive scheme for employees (Note 25) will not be taken into account in 2013 and in 2012 since the dilution would increase the earnings per share.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12. Tangible assets

MEUR	2013	2012
Land and water areas		
Acquisition cost at 1 Jan	36.9	21.3
Re-classifications	-	0.1
Revaluation on land and water areas *)	-	14.9
Translation differences	0.0	0.5
Book value at 31 Dec	36.9	36.9

MEUR	2013	2012
Buildings and constructions		
Acquisition cost at 1 Jan	110.7	93.5
Additions	2.2	0.6
Disposals	-0.1	-
Re-classifications	0.0	2.9
Revaluation on buildings *)	-1.8	12.4
Translation differences	-0.3	1.3
Acquisition cost at 31 Dec	110.7	110.7
Accumulated depreciation at 1 Jan	-44.0	-40.1
Accumulated depreciation on decreases and re-classifications	-	-0.9
Translation differences	0.1	-0.7
Depreciation and write-downs during the period **)	-3.2	-2.3
Accumulated depreciation at 31 Dec	-47.1	-44.0
Book value at 31 Dec	63.7	66.6

MEUR	2013	2012
Buildings and constructions, finance leasing		
Acquisition cost at 1 Jan	0.3	0.3
Acquisition cost at 31 Dec	0.3	0.3
Accumulated depreciation at 1 Jan	-0.1	0.0
Depreciation during the period	0.0	0.0
Accumulated depreciation at 31 Dec	-0.1	-0.1
Book value at 31 Dec	0.2	0.2

MEUR	2013	2012
Machinery and equipment		
Acquisition cost at 1 Jan	375.1	328.3
Additions	5.3	6.7
Disposals	-21.3	-2.5
Re-classifications	3.5	17.3
Companies acquired	0.0	17.3
Translation differences	-2.6	8.0
Acquisition cost at 31 Dec	360.0	375.1
Accumulated depreciation at 1 Jan	-256.5	-216.3
Accumulated depreciation on decreases and re-classifications	20.0	-9.3
Accumulated depreciation on companies acquired	-	-14.3
Translation differences	1.4	-4.9
Depreciation and write-downs during the period **)	-10.3	-11.6
Accumulated depreciation at 31 Dec	-245.3	-256.5
Book value at 31 Dec	114.7	118.7

MEUR	2013	2012
Machinery and equipment, finance leasing		
Acquisition cost at 1 Jan	22.9	21.8
Additions	2.5	0.6
Disposals	-0.9	0.0
Re-classifications	-0.2	0.0
Translation differences	-0.4	0.5
Acquisition cost at 31 Dec	23.9	22.9
Accumulated depreciation at 1 Jan	-7.8	-6.5
Accumulated depreciation on decreases	0.7	0.0
Translation differences	0.1	-0.1
Depreciation during the period	-1.4	-1.2
Accumulated depreciation at 31 Dec	-8.4	-7.8
Book value at 31 Dec	15.5	15.1

MEUR	2013	2012
Other tangible assets		
Acquisition cost at 1 Jan	8.6	7.6
Additions	0.1	0.4
Disposals	-0.2	-0.1
Re-classifications	5.6	0.5
Translation differences	0.5	0.2
Acquisition cost at 31 Dec	14.7	8.6
Accumulated depreciation at 1 Jan	-6.8	-5.7
Accumulated depreciation on decreases and re-classifications	0.1	-0.4
Translation differences	0.0	-0.2
Depreciation during the period	-0.5	-0.5
Accumulated depreciation at 31 Dec	-7.1	-6.8
Book value at 31 Dec	7.6	1.9

MEUR	2013	2012
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan	16.5	8.2
Additions	5.6	9.0
Disposals	-0.4	-0.1
Re-classifications	-6.8	-0.8
Translation differences	-0.2	0.3
Book value at 31 Dec	14.8	16.5
Total tangible assets	253.3	255.9

*) The accounting principles for the consolidated financial statements contain further information about the treatment of changes in the value of land and buildings. The value of the buildings used in foundry operations in Pietarsaari was reduced in 2013 by EUR -1.8 million in the statement of comprehensive income in connection with the planned closure of the foundry. Real estate is normally revalued at three year intervals, but the property in Pietarsaari was revalued in January 2014 as a result of the planned closure. The previous time property was valued throughout the Group was in connection with the 2012 financial statements. After tax EUR 23.1 (24.2) million was recorded in the revaluation fund in shareholders' equity. The net change in the revaluation of property in 2013 and in 2012 in land and water areas and buildings and constructions was EUR -1.8 (27.3) million. The carrying value of land and water areas without revaluation would have been EUR 21.9 (22.0) million. The carrying value of buildings and constructions without revaluation would have been EUR 54.2 (54.3) 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 estimated yield method and determining the fair value involves considerable discretion.

**) Write-downs on machinery and equipment in 2012 relate to shut down of the bigger production line in Pietarsaari Foundry, EUR -1.3 million, and closing down the Pietarsaari machine shop, EUR -0.2 million. Write-downs in 2013 on the buildings used in foundry operations in Pietarsaari recorded in the income statement totalled EUR -0.4 million in connection with the planned 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	2013	2012
Acquisition cost at 1 Jan	29.1	28.0
Translation difference	0.0	1.1
Book value at 31 Dec	29.1	29.1

Allocation of goodwill and impairment testing

Goodwill has been allocated to units generating cash flow. Most of the goodwill is allocated to the Orhangazi foundry, part of the Foundry Division segment, and the goodwill connected to this stood at EUR 27.6 (27.6) million at the end of 2013.

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 flows for the coming three years have been calculated based on detailed estimates of developments in costs and demand, and the following two years have been calculated using estimated growth. The average rate of EBITDA growth used for 2017-2018 is 5 %. Cash flows beyond five years are calculated by using the residual value method. Stable annual growth of 1% in the EBITDA has been assumed when defining the residual value.

The discount rate used is the weighted average cost of capital before tax defined by Componenta. The factors in this are risk-free interest rate, market risk premium, the Componenta's beta, weighted average of borrowing costs, and the target ratio for shareholders' equity and to interest bearing liabilities. Componenta has used a pre-tax weighted average cost of capital of 7.3% in its calculations related to Orhangazi foundry.

There was no need to record impairment losses on the basis of impairment testing in 2013 and in 2012.

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 1–28%
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 165% to a level of 19.2% or reducing the average EBITDA by 55% would have led into an impairment of goodwill.

14. Intangible assets

MEUR	2013	2012
Capitalized development costs		
Acquisition cost at 1 Jan	0.6	0.3
Additions	1.3	0.2
Re-classifications	0.3	–
Translation differences	0.0	0.0
Acquisition cost at 31 Dec	2.1	0.6
Accumulated amortization at 1 Jan	-0.1	0.0
Translation differences	0.0	0.0
Amortization during the period	-0.1	-0.1
Accumulated amortization at 31 Dec	-0.3	-0.1
Book value at 31 Dec	1.8	0.5

MEUR	2013	2012
Intangible rights		
Acquisition cost at 1 Jan	2.8	2.3
Additions	1.4	0.5
Disposals	-0.1	–
Re-classifications	3.6	0.0
Translation differences	0.0	0.1
Acquisition cost at 31 Dec	7.7	2.8
Accumulated amortization at 1 Jan	-1.4	-0.9
Accumulated amortization on decreases and re-classifications	0.1	0.0
Translation differences	-0.1	0.0
Amortization during the period	-1.1	-0.4
Accumulated amortization at 31 Dec	-2.6	-1.4
Book value at 31 Dec	5.1	1.4

MEUR	2013	2012
Computer software		
Acquisition cost at 1 Jan	5.6	5.5
Additions	0.3	0.1
Re-classifications	0.6	0.0
Acquisition cost at 31 Dec	6.6	5.6
Accumulated amortization at 1 Jan	-4.5	-4.0
Accumulated amortization on decreases and re-classifications	0.0	0.0
Translation differences	-0.2	–
Amortization during the period	-0.5	-0.5
Accumulated amortization at 31 Dec	-5.2	-4.5
Book value at 31 Dec	1.4	1.1

MEUR	2013	2012
Other capitalized expenditure		
Acquisition cost at 1 Jan	9.7	9.0
Additions	0.0	0.6
Re-classifications	0.3	0.2
Acquisition cost at 31 Dec	10.1	9.7
Accumulated amortization at 1 Jan	-7.6	-6.3
Accumulated amortization on decreases and re-classifications	0.3	0.2
Amortization during the period	-1.4	-1.5
Accumulated amortization at 31 Dec	-8.8	-7.6
Book value at 31 Dec	1.3	2.2

MEUR	2013	2012
Advance payments for intangible assets		
Acquisition cost at 1 Jan	1.2	1.0
Additions	0.2	0.5
Re-classifications	-1.3	-0.2
Book value at 31 Dec	0.1	1.2
Total intangible assets	9.7	6.3

15. Investment properties

MEUR	2013	2012
Book value at 1 Jan	11.4	11.6
Additions	–	–
Disposals	–	–
Transfers	–	–
Profit/loss from the fair valuation	0.2	-0.2
Book value at 31 Dec	11.6	11.4

The fair values of investment properties are based on assessment books prepared by an independent and professionally qualified evaluator and last updated in late autumn in 2012 and in 2013. In both years the evaluation was prepared by Kiinteistötaito Peltola & Co Oy, mainly by using the yield value methods. The reliability of the valuation of property is classified as Level 3 and transfers between levels have not occurred during the financial period.

16. Shares in associated companies

MEUR	2013	2012
Acquisition cost at 1 Jan	1.4	1.3
Disposals	0.0	0.0
Share of results of associated companies	0.1	0.2
Translation differences	-0.2	0.0
Book value at 31 Dec	1.3	1.4

Associated companies 31 Dec 2013

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding, %
Kumsan A.S., Turkey	5.2	0.9	5.3	0.6	25.1
Kiinteistö Oy Niliharju, Helsinki	0.6	0.2	0.0	0.0	25.0

Associated companies 31 Dec 2012

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding, %
Kumsan A.S., Turkey	6.0	1.4	5.4	0.9	25.1
Kiinteistö Oy Niliharju, Helsinki	0.6	0.2	0.0	0.0	25.0

The value of shares in associated companies does not include goodwill at 31 Dec 2013. All associated companies are unlisted.

17. Financial assets

MEUR	2013	2012
Available-for-sale financial assets		
Acquisition cost at 1 Jan	0.9	0.7
Additions	0.0	0.2
Disposals	–	–
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. There were no gains or losses from the sale of available-for-sale financial assets in 2013.

18. Non-current receivables

MEUR	2013	2012
From associates		
Loan receivables	0.1	0.1
Other non-current receivables		
Loan receivables	3.0	3.1
Other receivables	1.2	1.0
	4.1	4.2
Total non-current receivables	4.2	4.2

From other non-current loan receivables EUR 2.3 (2.4) million (nominal currency SEK) mature in 2015 and EUR 0.5 (0.6) million in 2017. The Group's loan receivables are mainly related to company reorganizations and acquisitions or investments.

19. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2013

MEUR	at 1 Jan 2013	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2013
Deferred tax assets					
Intercompany margin in inventory	0.1	0.0		0.0	0.1
Provisions	2.3	-0.5	0.3		2.1
Tax losses carried forward	39.7	2.3		-0.2	41.9
Fair valuation of investment properties	0.1	0.0			0.1
Revaluation of buildings and land areas	1.5	-0.1		0.0	1.4
Other differences	2.0	-0.3	0.0	0.0	1.7
Total	45.8	1.3	0.3	-0.2	47.2
Offset with deferred tax liabilities	-14.4				-13.2
Total	31.3				34.0

Deferred tax assets recognized for losses in Finland, in Sweden and in the Netherlands 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.

MEUR	at 1 Jan 2013	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2013
Deferred tax liabilities					
Valuing tangible assets at fair value when merging businesses	3.6	-0.2		0.0	3.3
Accelerated depreciation	6.1	2.0		0.0	8.1
Fair valuation of investment properties	0.7	-0.1			0.6
Revaluation of buildings and land areas	6.9	-0.5	-0.6	-0.1	5.7
Finance leases	1.0	0.2		-0.1	1.0
Other differences	8.2	-1.0	-0.1	0.0	7.0
Total	26.4	0.4	-0.7	-0.2	25.8
Offset with deferred tax assets	-14.4				-13.2
Total	12.0				12.6

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 2012

MEUR	at 1 Jan 2012	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec 2012
Deferred tax assets					
Intercompany margin in inventory	0.2	0.0		0.0	0.1
Provisions	1.8	0.4		0.1	2.3
Tax losses carried forward	31.4	8.1		0.3	39.7
Fair valuation of investment properties	0.1	0.0			0.1
Revaluation of buildings and land areas	0.8		0.7		1.5
Other differences	3.0	-1.0	-0.1	0.0	2.0
Total	37.3	7.5	0.6	0.3	45.8
Offset with deferred tax liabilities	-11.0				-14.4
Total	26.4				31.3

The deferred tax assets from reductions in the value of buildings and land areas recognised in shareholders' equity in the 2012 financial period relate to a change in an accounting principle that was treated as revaluation. More details in the accounting principles for the consolidated financial statements.

MEUR	at 1 Jan 2012	Recognized in income statement	Recognized in equity	Acquisition of subsidiaries	Translation differences	at 31 Dec 2012
Deferred tax liabilities						
Valuing tangible assets at fair value when merging businesses	3.6	-0.2	0.1		0.1	3.6
Accelerated depreciation	5.0	0.9			0.2	6.1
Fair valuation of investment properties	0.7	0.0				0.7
Revaluation of buildings and land areas	4.6	0.0	2.3			6.9
Finance leases	0.9	0.1			0.0	1.0
Other differences	4.5	2.6	-0.1	1.2	0.0	8.2
Total	19.2	3.3	2.4	1.2	0.4	26.4
Offset with deferred tax assets	-11.0					-14.4
Total	8.3					12.0

The deferred tax liabilities from increases in the value of buildings and land areas recognised in shareholders' equity in the 2012 financial period relate to a change in an accounting principle that was treated as revaluation. More details in the accounting principles for the consolidated financial statements.

20. Inventories

MEUR	2013	2012
Raw materials and consumables	15.5	14.3
Work in progress	11.8	8.9
Finished products and goods	24.1	24.4
Other inventories	11.4	17.4
Advance payments	0.3	0.1
Total inventories	63.1	65.2

Other inventories include mainly tools, patterns, fixtures and spare parts.
During the financial year 2013 an expense of EUR -0.1 (-0.1) million was recognized to reduce the book value of inventories to their net realizable value.

21. Trade and other short-term receivables

MEUR	2013	2012
Trade receivables	22.4	19.3
Loan receivables	1.3	1.7
Derivative receivables	0.1	0.1
Tax receivables, income taxes	0.1	1.8
Prepayments and accrued income	5.4	5.5
VAT receivables	2.7	3.4
Other receivables	2.6	2.2
Total trade and other short-term receivables	34.6	34.0

Prepayments and accrued income include mainly prepaid accrued expenses.

Trade receivables by currency

	2013	2012
	%	%
EUR	86.2	93.6
SEK	11.0	4.6
GBP	2.4	1.8
USD	0.4	0.0
TRY	0.0	0.0

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 2013

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	-	-2.1	-
Interest rate derivatives (OTC)	-	-0.3	-
Commodity derivatives	-1.1	-	-
Available-for-sale investments	-	-	0.9

Fair values by classification of valuation method 2012

MEUR	TASO 1	TASO 2	TASO 3
Foreign exchange rate derivatives (OTC)	-	-0.4	-
Interest rate derivatives (OTC)	-	-1.0	-
Commodity derivatives	-0.9	-	-
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	2013	2012
Cash and cash equivalents included in the statement of financial position		
Cash at bank and in hand	10.2	20.6
Cash and cash equivalents included in the cash flow statement		
Cash at bank and in hand	10.2	20.6

24. Share capital, share premium reserve and other reserves

	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 2012	17,500	21.9	15.0	-0.7	32.3	-	2.9
Share issue	4,713	-	-	-	14.8	-	-
Issue of hybrid bond	-	-	-	-	-	-	20.4
Directed share issue without consideration	18	-	-	-	-	-	-
Other comprehensive income	-	-	-	0.3	-	24.2	0.1
At 31 Dec 2012	22,231	21.9	15.0	-0.4	47.1	24.2	23.4
Share issue	7,038	-	-	-	11.0	-	-
Issue of hybrid bond	-	-	-	-	-	-0.4	17.2
Other comprehensive income	-	-	-	-0.3	-	-1.2	0.0
At 31 Dec 2013	29,269	21.9	15.0	-0.7	58.1	22.7	40.6

The cumulative translation differences EUR -36.8 (-35.6) 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 -0.8 (-0.5) million, the amount released to income statement from the hedging reserve, before taxes, was EUR -0.4 (-0.8) 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 2013 was EUR -1.2 (24.2) million. EUR 0.4 (0.0) million was transferred from the reserve to retained earnings in 2013.

Other reserves include the conversion option component of the convertible capital notes EUR 2.1 (2.0) 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 0.6 (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. Componenta issued a hybrid bond with a total nominal value of EUR 20.7 million in March 2012. The book value of the 2012 hybrid bond after issue costs was EUR 20.4 million. In September 2013 Componenta issued a hybrid bond with a total nominal value of EUR 33.7 million. Holdings in the 2012 hybrid bond amounting to EUR 16.2 million were used to pay subscriptions to the new hybrid bond, and the net increase in the reserve after issue costs was EUR 17.2 million in 2013. On 31 December 2013 the book values after issue costs are EUR 4.2 million for the 2012 hybrid bond and EUR 33.4 million for the 2013 hybrid bond. More details about the hybrid bond are given in the accounting principles for the financial statements.

The 7,038,051 new shares subscribed in Componenta Corporation's 2013 share issue to the public were registered in the Trade Register on 4 September 2013. The new shares subscribed at a price of EUR 1.60 per share corresponded to a total of EUR 11.3 million. The share issue was entered in the invested unrestricted equity reserve less related costs for the share issue.

After the closing date the Board of Directors has proposed to the Annual General Meeting that no dividend will be paid for 2013.

25. Share-based payment

Share-based incentive scheme

The Board of Directors of Componenta Corporation decided on 11 February 2013 to set up a new share-based incentive scheme for key personnel in the Group. The scheme has one earning period, the 2013 calendar year. The earning criterion for the 2013 earning period is Componenta's consolidated result after financial items. Any bonus paid for the 2013 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 10 March 2010 on a share-based incentive scheme for the period 2010-2012. The scheme has three earning periods, the calendar years 2010, 2011 and 2012. Any bonuses were be paid in 2011, 2012 and 2013 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 arising from the bonus. The shares may not be disposed of for two years after the end of the earning period. If the employment or service of a key person ends during this restriction period, they must return any shares given as a bonus without consideration.

Any earnings in the incentive schemes decided on 11 February 2013 and 10 March 2010 were based on the result after financial items excluding one-time items in 2013 and 2012. The target group for the incentive scheme decided on 11 February 2013 contained 18 people at the end of 2013. If the targets set for the schemes had been met in full, bonuses of a maximum of 200,000 and 247,500 Componenta Corporation shares would have been paid in the scheme for the 2013 and 2012 earning periods. No share bonuses are being paid for the 2013 and 2012 earning periods in the schemes, since the earning criteria were not fulfilled. The impact of the schemes on the result before tax in 2013 was EUR -0.0 (-0.0) million.

Share-based incentive scheme 2013	
Vesting period begins	1.1.2013
Vesting period ends	31.12.2013
Release date of shares	1.1.2016
Maximum number of shares	200,000
Binding time left	2 years
Share price at grant date, EUR	1.85
Share price at end of accounting period, EUR	1.63
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	1.1.2016
Number of personnel in scheme	18

Calculation of fair value of share bonus in 2013	
Number of shares granted	200,000
Share price upon grant, EUR	1.85
Assumed dividend before payment of bonus, EUR	0.00
Fair value (proportion in shares), EUR	1.85
Share price 31 December 2013, EUR	1.63
Pay-out of earnings criteria, %	0.00
Assumed number of shares to be rewarded	0.00
Fair value of reward 31 December 2013, MEUR	0.00

Share-based incentive scheme 2012	
Vesting period begins	1.1.2012
Vesting period ends	31.12.2012
Release date of shares	1.1.2015
Maximum number of shares	247,500
Binding time left	1 year
Share price at grant date, EUR	3.31
Share price at end of accounting period, EUR	1.63
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	1.1.2015
Number of personnel in scheme	57

Calculation of fair value of share bonus in 2012	
Number of shares granted	247,500
Share price upon grant, EUR	3.31
Assumed dividend before payment of bonus, EUR	0.00
Fair value (proportion in shares), EUR	3.31
Share price 31 December 2013, EUR	1.63
Pay-out of earnings criteria, %	0.00
Number of rewarded shares	0.00
Fair value of reward 31 December 2013, 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 3,254.44 for each year of service as of 31 December 2013 (31 December 2012: TL 3,129.25).The liability is not funded.

The provisions 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 2013 and on 31 December 2012; Annual discount rate 9.37 % (9.16%), annual salary increase expectation 5.10% (5.10%) and turnover rate to estimate the probability of retirement 94.60% (94.96%).

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	2013	2012
Opening liability 1 Jan	7.3	6.9
Current service costs	0.5	0.2
Interest costs	0.6	0.5
Severance paid	-1.0	-0.5
Actuarial gains (-) and losses (+)	1.7	0.0
Translation gains and losses	-1.5	0.3
Closing liability 31 Dec	7.7	7.3

27. Provisions

Current

MEUR	Other benefit plans	Reorganisation provisions	Other provisions	Total
1 Jan 2013	-	2.9	2.9	5.8
Translation differences	-	0.0	0.0	0.0
Additions to provisions	-	1.0	1.0	2.0
Utilized during the period	-	-2.5	-1.9	-4.4
31 Dec 2013	-	1.4	2.0	3.3
1 Jan 2012	-	1.0	1.2	2.2
Translation differences	-	0.0	0.0	0.0
Additions to provisions	-	2.2	1.9	4.1
Utilized during the period	-	-0.3	-0.3	-0.6
31 Dec 2012	-	2.9	2.9	5.8

The restructuring provisions consist of forecast costs for the foundry operations in Pietarsaari and for the Wirsbo forge. The reorganization of operations in the Netherlands was concluded during 2013 and the provisions matched the actual costs. Other current provisions mainly comprise EUR 1.7 (1.4) million for court cases relating to accidents at work. The amount of the provisions is based on the estimate of company management. The expenses relating to the current provisions are expected to be incurred during 2014.

Non-current

MEUR	Other benefit plans	Reorganisation provisions	Environmental provisions	Total
1 Jan 2013	7.9	0.1	0.3	8.3
Translation differences	-1.5	-	-	-1.5
Additions to provisions	2.8	-	-	2.8
Utilized during the period	-1.0	-0.1	-0.1	-1.2
31 Dec 2013	8.3	0.0	0.2	8.5
1 Jan 2012	7.2	0.1	0.3	7.6
Translation differences	0.3	-	-	0.3
Additions to provisions	1.6	-	-	1.6
Utilized during the period	-1.1	0.0	0.0	-1.1
31 Dec 2012	7.9	0.1	0.3	8.3

The environmental provision relates to the closing of the landfill site used by the old production works 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 by latest in 2015. Other benefit plans are mainly consisting of the plans under Turkish employment legislation EUR 7.7 (7.3) million, more information in note 26.

MEUR	2013	2012
Change in provisions recognized as operating expenses in income statement, increase of expense (-) / decrease of expense (+) *)	3.9	-4.1

*) Increases in provisions in other employee benefits include actuarial losses of EUR 1.7 (0.0) 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	2013	2012
Non-current interest-bearing financial liabilities		
Loans from financial institutions	90.8	166.0
Finance lease liabilities	6.9	8.8
Pension loans	5.0	8.0
Capital notes	2.3	19.6
Convertible capital notes, liability portion	–	–
Bonds	31.5	–
Other liabilities	–	–
	136.6	202.4
Current interest-bearing financial liabilities		
Loans from financial institutions	95.7	22.0
Finance lease liabilities	3.9	3.5
Pension loans	3.0	3.0
Capital notes	0.6	3.7
Convertible capital notes, liability portion	–	–
Bonds	–	22.4
Other liabilities	–	–
	103.2	54.6
Total interest-bearing liabilities	239.7	257.0

Currency breakdown of interest-bearing financial liabilities

		2013 %	2012 %
Non-current	EUR	96.9	96.6
	SEK	2.6	2.4
	TRY	0.5	0.9
Current	EUR	94.4	81.9
	SEK	2.7	7.4
	TRY	2.2	1.7
	USD	0.7	9.0

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

Range of nominal and effective interest rates for interest-bearing financial liabilities

	2013 Nominal interest rates %	2013 Effective interest rates %	2012 Nominal interest rates %	2012 Effective interest rates %
Loans from financial institutions	0.9 - 7.9	0.9 - 8.7	2.7 - 7.9	2.7 - 7.9
Finance lease liabilities	0.8 - 13.3	1.7 - 19.9	0.7 - 10.4	1.7 - 19.9
Pension loans	1.9 - 4.8	1.9 - 4.8	1.9 - 4.8	1.9 - 4.8
Convertible capital notes	–	–	–	–
Capital notes	10.0 - 10.1	12.6 - 13.9	10.0 - 10.1	12.6 - 13.1
Bonds	10.8 - 15.0	15.4 - 21.4	8.0 - 8.0	10.9 - 10.9
Commercial papers	–	–	–	–

Repayment schedule for interest-bearing financial liabilities 2013

MEUR	2014	2015	2016	2017	2018	2019+
Loans from financial institutions	95.7	85.7	0.1	–	5.0	–
Finance lease liabilities	3.9	3.5	2.7	0.6	0.2	–
Pension loans	3.0	3.0	0.9	0.5	0.5	–
Convertible capital notes	–	–	–	–	–	–
Capital notes	0.6	2.3	–	–	–	–
Bonds	–	–	9.8	21.7	–	–
Other interest-bearing liabilities	–	–	–	–	–	–
	103.2	94.4	13.6	22.8	5.7	–

Repayment schedule for interest-bearing financial liabilities 2012

MEUR	2013	2014	2015	2016	2017	2018+
Loans from financial institutions	22.0	98.1	67.8	0.0	–	–
Finance lease liabilities	3.5	3.6	3.1	2.1	0.1	–
Pension loans	3.0	3.0	3.0	0.9	0.5	0.5
Convertible capital notes	–	–	–	–	–	–
Capital notes	3.7	3.7	15.9	–	–	–
Bonds	22.4	–	–	–	–	–
Other interest-bearing liabilities	–	–	–	–	–	–
	54.6	108.4	89.7	3.0	0.6	0.5

Maturity of finance lease liabilities

MEUR	2013	2012
Minimum lease payments fall due as follows:		
Not later than one year	4.4	4.2
Later than one year but not later than five years	7.2	9.4
Later than five years	–	–
	11.7	13.6
Future financial expenses	−0.8	−1.3
	10.9	12.3
Present value of minimum lease payments:		
Not later than one year	3.9	3.5
Later than one year but not later than five years	6.9	8.8
Later than five years	–	–
	10.9	12.3

Capital notes

Capital Notes 2009

The capital loan 2009 had a balance sheet value of EUR 0.6 million on 31 December 2013. The loan was issued originally with a nominal amount of EUR 12.3 million. Holders of the capital loan were able to use the outstanding principle of the capital loan for paying the subscription price for the hybrid bond and the share issue in September 2013. This possibility was used by EUR 6.2 million which amount the nominal value of the loan decreased. If the terms and conditions for repayment are met, the loan will be repaid on 28 September 2014. The fixed interest of 10.10% p.a. is to be paid on the loan capital in connection with the repayment of the loan. Accrued interest for the period 28 September – 31 December 2013 has been recorded as an expense in the income statement and as a liability in accrued expenses.

The loan is not secured. Receivables based on the capital loan rank lower than Componenta Corporation's other debt commitments. The principal and interest may be repaid only to the extent that Componenta Corporation's unrestricted equity and the sum of all the capital notes exceed on the payment date the amount of the loss as stated in Componenta Corporation's balance sheet approved for the previous financial year or in the balance sheet included in more recent financial statements. Should the conditions for repayment not be met on the due date, that part of the principal shall be repaid as is possible under the repayment conditions. Repayment of the remaining loan will be deferred to future financial periods such that the conditions for repayment are met, on 28 September and after that annually on the basis of the first financial statements that make it possible to pay. Any unpaid interest shall remain as liability of Componenta and will earn annual interest of 2% in excess of the interest rate payable on the notes.

Capital Notes 2010

The capital loan 2010 had a balance sheet value of EUR 2.3 million on 31 December 2013. The loan was issued originally with a nominal amount of EUR 23.4 million. Holders of the capital loan were able to use the outstanding principle of the capital loan for paying the subscription price for the hybrid bond and the share issue in September 2013. This possibility was used by EUR 13.7 million which amount the nominal value of the loan decreased. Notes are due for repayment in full at maturity on 15 September 2015. The fixed interest is paid annually in arrears on 15 September is 10.00% p.a. The accrued interest on the loan from 15 September to 31 December 2013 has been recorded as an expense in the income statement and as a liability in accrued expenses.

The loan is not secured. The loan is a subordinated debenture. The principal and interest may be repaid only to the extent that the amount of the unrestricted equity of Componenta and the amount of all capital notes of Componenta upon payment exceed the amount of loss as stated in the balance sheet approved for the preceeding financial year or with the balance sheet included in more recent financial statements. Should the conditions for repayment not be met at maturity, the principal shall be repaid in part to the extent that this is possible. The repayment of the remaining part is deferred until the financial statements meet the conditions under which it can be paid. Any unpaid interest shall earn interest of 2% in excess of the interest payable on the notes.

Bonds

Bond 2010

Componenta Corporation's bond dated 29 September 2010 was repaid with the interest in accordance with the terms on 29 September 2013. The accrued interest on the loan for the period 1 January – 29 September 2013 was recorded as an expense in the income statement. The holders of the company's 2010 bond were able to use the assets receivable from the company pertaining to the principal of the unsecured bond 2013 to pay its subscription. This possibility was used by EUR 18.0 million which amount the nominal value of the loan decreased. The remaining EUR 4.1 million was paid off in accordance with the terms on 29 September 2013.

Unsecured Bond 2013

Componenta Corporation's Board of Directors decided in August 2013 to offer a Finnish law governed bond to a limited group of selected investors and to holders of the bond 2010. An unsecured Bond issued on 2 September 2013 had a nominal amount of EUR 22.3 million. The rate of issue was 100%. The bond is due for repayment in full at maturity on 2 March 2017. The fixed interest 10.75% p.a. will be paid semi-annually in arrears on 2 March and 2 September.

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 21.7 million on 31 December 2013. The accrued interest on the loan from 2 September to 31 December 2013 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Componenta Corporation applied the loan units of the unsecured bond issued on 2 September 2013 for trading on the regulated market on the NASDAQ OMX Helsinki Ltd stock list. Trading with the loan units started in October 2013.

Secured Bond 2013

Componenta Corporation's Board of Directors decided in August 2013 to offer also a Secured Bond to a Finnish institutional investor. The loan issued on 2 September 2013 had a nominal amount of EUR 10.0 million. The rate of issue was 100%. The bond is due for repayment in full at maturity on 2 September 2016. Receivables based on the bond rank secondary to Componenta Corporation's other secured debt commitments.The bond had a balance sheet value of EUR 9.8 million on 31 December 2013. The accrued interest on the loan from 2 September to 31 December 2013 has been recorded as an expense in the income statement and as a liability in accrued expenses.

29. Current non-interest bearing liabilities

MEUR	2013	2012
Trade payables to others	72.5	58.7
Trade payables to associated companies	0.0	0.0
Accrued expenses and deferred income	21.0	24.7
Derivative liabilities	1.8	0.9
Advances received	0.5	0.5
Other current liabilities	5.9	7.7
Current non-interest bearing liabilities total	101.8	92.5

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

	2013	2012
	%	%
EUR	50.3	45.8
TRY	26.8	31.4
SEK	17.9	17.6
USD	4.5	4.2
GBP	0.5	0.9
DKK	-	0.1

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

Financial assets

MEUR	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
ITEMS RECOGNIZED AT FAIR VALUE				
Financial assets recognized at fair value through profit and loss				
Derivatives classified as held for trading	0.2	0.2	0.4	0.4
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	10.2	10.2	20.6	20.6
Loan receivables	3.2	3.1	3.2	3.2
Trade receivables	22.4	22.4	19.3	19.3
Available-for-sale financial assets				
Shares and holdings	0.9	0.9	0.9	0.9

Financial liabilities

MEUR	2013 Tasearvo	2013 Käypä arvo	2012 Tasearvo	2012 Käypä arvo
ITEMS RECOGNIZED AT FAIR VALUE				
Financial liabilities recognized at fair value through profit and loss				
Derivatives classified as held for trading	2.5	2.5	1.8	1.8
Financial items included in hedge accounting				
Derivatives (effective and ineffective portion)	1.1	1.1	0.9	0.9
ITEMS RECOGNIZED AT AMORTIZED COST				
Other financial liabilities				
Loans from financial institutions	186.5	190.3	188.0	192.4
Finance leases	10.9	10.9	12.3	12.3
Pension loans	8.0	8.2	10.9	11.3
Convertible capital notes, liability component	-	-	-	-
Capital notes	2.9	2.9	23.4	23.4
Bonds	31.5	33.9	22.4	22.1
Commercial papers	-	-	-	-
Trade payables and advances received	73.0	73.0	59.2	59.2

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 and the other capital notes are included in shareholders' equity. The Group monitors, in particular, the equity ratio, with capital notes included in equity. The company has set the strategic financial target to 40% by the end of 2015.

The Group's capital structure is managed among other things with the dividend policy (with the approval of shareholders) and by issuing different types of capital notes. During 2013 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. The Group also makes more efficient use of capital with a program to sell small amounts of its trade payables in Turkey. During 2013 Componenta issued a hybrid bond nominal value of EUR 33.7 million which is presented in Group's shareholders' equity. The holders of the company's 2012 hybrid bond were able to use the assets receivable from the company pertaining to the principal of the hybrid bond 2013 to pay its subscription. This possibility was used by EUR 16.2 million which amount the nominal value of the hybrid loan 2012 decreased. The nominal amount of hybrid bond 2012 was EUR 4.5 million on 31 December 2013.

The Group reports to internal monitoring and also to the banks in the syndicate 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 equity ratio, investments, interest-bearing liabilities, EBITDA and the debt coverage. The Group aims to achieve the interest margin incentives defined in the loan agreements in order to reduce interest expenses.

The key indicators for capital structure

	31.12.2013	31.12.2012
Net gearing, hybrid loans and other capital notes included in equity	257.4%	199.6%
Equity ratio, hybrid loans and other capital notes included in equity	19.5%	23.2%

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 syndicated credit facility which was signed on 12 October 2012 and as at the closing date was a 1.5 year agreement with the nominal value of EUR 71.8 million, bonds, hybrid loans, bilateral long-term loan agreements, pension loans, financing of trade receivables without right to recourse, and lease finance. The Group also has a EUR 150 million commercial paper programme, but had no debt from this at the end of the year.

In August-September Componenta strengthened its balance sheet and financial position with a share issue, hybrid bond and two bonds, raising in total EUR 77.3 million. The company raised a total of EUR 11.3 million with a share issue, EUR 33.7 million in capital through the hybrid bond and altogether EUR 32.3 million through the two bonds. Holders of the company's 2009 and 2010 capital notes, 2010 bond and 2012 hybrid bond were able to use the assets receivable from the company pertaining to the principals of the capital notes and the bonds to pay their subscriptions. New funds invested in the company, excluding the capital conversions, totalled some EUR 22.6 million.

Componenta will repay the instalments due in 2014 on the syndicated loan and on the 2009 capital notes, in total EUR 15.6 million, with cash flow from operations. Componenta plans to refinance the repayment instalments on the loans from Turkish banks due for payment in 2014 with new bilateral or similar long-term loans from Turkish banks.

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. In addition to cash reserves, the Group ensures its liquidity with unused committed credit facilities. At the end of the financial year, Componenta's cash and cash equivalents totalled EUR 10.2 (20.6) million. In addition, on the closing date Componenta's Turkish subsidiary, Componenta Dökümcülük A.S., had unused committed credit facilities from Turkish banks totalling EUR 3.0 (23.3) million. The repayment of loans in Turkey during the final quarter had a particular impact on the company's liquidity at the end of the fiscal year.

Installments (nominal values) and interest payments on financial liabilities 2013

MEUR	2014	2015	2016	2017	2018	2019+
Loans from financial institutions	-96.0	-87.6	-0.1	-	-5.0	-
Finance leases	-3.9	-3.5	-2.7	-0.6	-0.2	-
Pension loans	-3.0	-3.0	-0.9	-0.5	-0.5	-
Capital notes	-0.6	-2.3	-	-	-	-
Convertible capital notes	-	-	-	-	-	-
Bonds	-	-	-10.0	-22.3	-	-
Commercial papers	-	-	-	-	-	-
Trade payables and other debt	-73.0	-	-	-	-	-
Interest expenses on loans	-12.4	-8.6	-4.3	-1.5	-0.2	-
Interest rate swaps, net	-0.2	-0.1	-	-	-	-
	-189.1	-105.0	-18.1	-24.9	-6.0	-

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 2012

MEUR	2013	2014	2015	2016	2017	2018+
Loans from financial institutions	-22.3	-98.3	-70.1	0.0	-	-
Finance leases	-3.5	-3.6	-3.1	-2.1	-0.1	-
Pension loans	-3.0	-3.0	-3.0	-0.9	-0.5	-0.5
Capital notes	-3.7	-3.7	-16.0	-	-	-
Convertible capital notes	-	-	-	-	-	-
Bonds	-22.4	-	-	-	-	-
Commercial papers	-	-	-	-	-	-
Trade payables and other debt	-59.2	-	-	-	-	-
Interest expenses on loans	-14.5	-10.5	-4.5	-0.1	0.0	0.0
Interest rate swaps, net	-0.9	-0.2	-0.1	-	-	-
	-129.6	-119.4	-96.6	-3.1	-0.7	-0.6

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.

Componenta Turkey's hedging level for both transaction positions is set at 90–110%. However, these hedging levels may stand at 70–130% at the discretion of the Group's President & CEO. Since the functional currency of Componenta Turkey 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.

31.12.2013	Closing rate 31.12.2013	Open transaction exposure MEUR	Open translation exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / – To income statement	To equity
EUR/USD	1.3791	-3.2	-	10	0.3 / -0.4	-
EUR/GBP	0.8337	3.6	5.9	10	-0.3 / 0.4	-0.5 / 0.7
EUR/TRY	2.9365	-16.0	-	10	1.5 / -1.8	-
EUR/SEK	8.8591	-1.4	0.9	10	0.1 / -0.2	-0.1 / 0.1
EUR/RUB *)	45.3246	0.0	0.1	10	-0.0 / 0.0	-0.0 / 0.0
EUR/DKK	7.4593	-	-	10	-	-

31.12.2012	Closing rate 31.12.2012	Open transaction exposure MEUR	Open translation exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / – To income statement	To equity
EUR/USD	1.3194	-1.3	-	10	0.1 / -0.1	-
EUR/GBP	0.8161	-0.5	4.8	10	0.1 / -0.1	-0.4 / 0.5
EUR/TRY	2.3517	-3.1	-	10	0.3 / -0.3	-
EUR/SEK	8.5820	-0.3	5.9	10	0.0 / -0.0	-0.5 / 0.7
EUR/RUB *)	40.3295	0.0	0.0	10	-0.0 / 0.0	-0.0 / 0.0
EUR/DKK	7.4610	0.0	-	10	0.0 / -0.0	-

*) In 2012 a subsidiary was established in Russia.

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 six months but no more than two years. The average interest fixing period for net liabilities is 11 months (10 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 is managed also by using interest rate derivatives. Interest rate derivatives have been used to increase the number of fixed interest-bearing liabilities, so as to extend the average interest rate renewal period.

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 on the reporting date.

INCOME STATEMENT – FINANCIAL EXPENSES

	31.12.2013 for 2014		31.12.2012 for 2013	
MEUR	Interest-bearing financial liabilities	Sensitivity interest rate curve +100bp	Forecast change in financial expenses	Sensitivity interest rate curve +100bp
Interest rate swaps, interest expenses and income net	-0.5	-1.3	-0.6	-1.5
Interest rate swaps, change in fair value	0.2	0.1	0.4	0.3
Koronvaihtosopimukset, käyvän arvon muutos	-	0.1	-	0.3

SHAREHOLDERS' EQUITY – HEDGING RESERVE

MEUR	Change in fair value interest rate curve +100bp	Change in fair value interest rate curve +100bp
Interest rate swaps, net	–	0.2
(Included in cash flow hedge accounting)		

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. The 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 5% of the Group's total trade receivables. 95 % of sales is to Europe and is spread among several countries.

Many customers are financially sound and solid companies, 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 2013 was 79 % (80 %) 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 for the financial year were EUR -0,1 (-0.6) million. Componenta Främmestad wrote down receivables from Fräger GmbH due to bankruptcy and Componenta Wirsbo wrote down receivables from Arkivator AB and Gebr Brinkmann GmbH, also due to bankruptcy. In 2012 the Turkish unit wrote down receivables from 2009 relating to tractor manufacturer Uzel. The Group's credit loss risk was EUR 26.5 (23.5) million.

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 2.2 (2.6) million. The total amount of guarantees and other commitments received from customers is EUR 1.1 (1.4) million. The guarantees cannot be transferred or resold and they cannot be pledged forward.

Outstanding trade receivables fall due as follows

MEUR	31.12.2013	31.12.2012
Not due	17.0	13.7
Overdue		
less than 1 month	3.2	3.5
1 - 3 months	0.9	1.4
3 - 6 months	1.0	0.6
more than 6 months	0.3	0.2
	22.4	19.3

33. Derivative instruments

Nominal values of derivative instruments

MEUR	2013 Nominal value	2012 Nominal value
Foreign exchange rate derivatives *)		
Foreign exchange rate forwards	0.7	11.1
Foreign exchange rate swaps	96.2	89.0
Foreign exchange options	–	2.9
Interest rate derivatives		
Interest rate swaps		
Maturity in less than a year	12.5	35.0
Maturity after one year but less than five years	5.0	17.5
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	2.5	3.1
Maturity after one year but less than five years	2.9	4.2

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

Fair values of derivative instruments

MEUR	2013 Fair value, positive	2013 Fair value, negative	2013 Fair value, net	2012 Fair value, net
Foreign exchange rate derivatives				
Foreign exchange rate forwards	0.0	0.0	0.0	0.0
Foreign exchange rate swaps	0.2	-2.3	-2.1	-0.4
Foreign exchange options	–	–	–	0.0
Interest rate derivatives				
Interest rate swaps	0.0	-0.3	-0.3	-1.0
Commodity derivatives				
Electricity price forwards	0.0	-1.1	-1.1	-0.9

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 0.6 (1.1) 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	
	2013	2012
MEUR	15% / -15%	15% / -15%
Change in fair value of electricity price forwards	0.6 / -0.6	0.8 / -0.8

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	2013 Nominal value	2013 Fair value, effective portion of hedge	2012 Nominal value	2012 Fair value, effective portion of hedge
Interest rate derivatives				
Interest rate swaps	–	–	–	–
Commodity derivatives				
Electricity price forwards	5.4	-0.8	7.3	-0.5

The fair values of interest rate and 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 interest rate derivatives are recognized in 'Financial income and expenses' and from electricy forwards 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	2013 Nominal value	2013 Fair value	2012 Nominal value	2012 Fair value
Foreign exchange rate derivatives				
Foreign exchange rate forwards	0.7	0.0	11.1	0.0
Foreign exchange rate swaps	96.2	-2.1	89.0	-0.4
Foreign exchange options	–	–	2.9	0.0
Interest rate derivatives				
Interest rate options	–	–	–	–
Interest rate swaps	17.5	-0.3	52.5	-1.0

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	2013	2012
Not later than one year	1.4	1.3
Later than one year but not later than five years	2.9	2.2
Later than five years	1.4	0.3
Minimum lease payments total	5.7	3.8

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 2013 income statement includes lease payments of EUR -2.6 (-4.0) million for other non-cancellable leases.

Group as lessor

The minimum lease receivable schedule for other non-cancellable leases

MEUR	2013	2012
Not later than one year	0.6	0.7
Later than one year but not later than five years	0.6	2.7
Minimum lease payments total	1.2	3.4

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	2013	2012
Real-estate mortgages		
For own debts	11.7	11.8
Business mortgages		
For own debts	103.6	103.7
Pledges		
For own debts	404.0	404.4
Other commitments *)	0.9	5.5

*) Other commitments in 2013 include bank guarantees of EUR 0.4 (3.5) million.

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.

Secured liabilities

MEUR	2013	2012
Liabilities secured with real estate or business mortgages		
Loans from financial institutions	0.0	0.1
Pension loans	4.7	6.0
	4.7	6.1
Liabilities secured with pledges and business mortgages		
Loans from financial institutions	83.0	91.4
Pension loans	–	-
	83.0	91.4

36. Related party disclosures

Group companies

Company	Domicile	Group share of holding, %	Parent company share of holding, %
Arvika Smide AB	Arvika, Sweden	97.0	–
Componenta Belgium N.V.	Sint-Lambrechts-Woluwe, Belgium	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 Sweden AB	Kristinehamn, Sweden	100.0	–
Componenta UK Ltd	Staffordshire, United Kingdom	93.6	–
Componenta USA, LLC	Iowa, USA	100.0	–
Componenta Wirsbo AB	Surahammar, Sweden	97.0	–
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 Uusporila	Karkkila, Finland	100.0	31.8
Kiinteistö Oy Ylä-Emali	Karkkila, Finland	100.0	100.0
Luoteis-Uudenmaan Kiinteistöt Oy	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	2013	2012
Sale of goods to associated companies	–	–
Purchase of goods from associated companies	-0.6	-0.8
Purchase of services from associated companies	–	–
	-0.6	-0.8

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)

2013, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Bonuses	Share bonuses	Total
Board of Directors	220,000	0	0	0	220,000
President and CEO	319,482	64,169	0	0	383,651
Deputy CEO	226,000	15,494	0	0	241,494
Other members of CET	984,350	44,709	0	0	1,029,059

2012, EUR	Salaries, fees & fringe benefits	Voluntary pension benefits	Bonuses	Share bonuses	Total
Board of Directors	255,000	0	0	0	255,000
President and CEO	359,906	10,000	0	33,867	403,773
Deputy CEO	217,205	20,958	15,790	20,320	274,273
Other members of CET	1,431,908	32,987	118,702	23,352	1,606,949

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

Remuneration and fees, 1,000 EUR	2013	2012
President and CEO	384	370
Deputy CEO	241	254
Members of Board of Directors		
Harri Suutari	60	60
Matti Ruotsala	30	30
Heikki Lehtonen	30	30
Marjo Miettinen	30	35
Riitta Palomäki	35	35
Tommi Salunen	35	–
Juhani Mäkinen	–	35
Pii Kotilainen	–	30
Total, Board of Directors	220	255

The remuneration shown above for the President and person acting as deputy for the President include additional pension agreements in 2013 (2012) of EUR 64,169 (10,000) and 15,494 (20,958) 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 these payments were EUR 19,169 in 2013. 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 was made in 2013 and in 2013 EUR 45,000 was paid to the savings under the capitalisation agreement. The Board of Directors confirms the amount of the payment each year. 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 0.4 (0.4) million to persons who are related parties in this and previous financial years.

Componenta Wirsbo AB, part of Componenta Group, purchased the share stock of Arvika Smide AB in November 2012. A person classified as a related party to the Group owned 50 % of the company that acted as seller. The transaction was carried out on market terms and the price was the same as the company acting as seller had paid when it previously purchased Arvika Smide AB from a third party in 2011. During 2012 Componenta Wirsbo AB purchased products from Arvika Smide AB for EUR 4.9 million. The sale of the products was carried out on generally accepted market terms and at market prices. In March 2013 the Group purchased 2 % of the share stock of its subsidiary Componenta Wirsbo AB from the chairman of the board of this company when he left to take up employment elsewhere. The price of EUR 0.1 million (nominal currency SEK) was the same as that for which the Group sold the shares to this person in the first half of 2012.

In addition persons classified as related parties to the company have carried out minor transactions with companies belonging to the Group in 2012 and in 2013.

37. Events after end of period

On 6 February Componenta announced to postpone the publishing time of the Financial Statements Bulletin for the year 2013 by one week and publish on 10 February 2014 the preliminary information on net sales and result for the fourth quarter and full year 2013 and prospects for 2014. The publishing times of the Financial Statements Bulletin and the Financial Statements for the year 2013 changed, as the financial statements of Componenta's Turkish subsidiary Componenta Dökümcülük A.S. were not finalized in accordance with the time schedule.

After the financial year in February 2014 Componenta renegotiated certain terms of the syndicated bond and at the same time committed itself to an additional repayment of EUR 5 million on 1 June 2014.

GROUP DEVELOPMENT

Group development 2009 – 2013

MEUR	2009	2010	2011	2012	2013
Net sales	299.6	451.6	576.4	544.8	510.5
Operating profit	-15.4	13.5	22.5	4.0	14.9
Financial income and expenses	-21.8	-23.5	-25.9	-29.4	-24.5
Profit/loss after financial items	-37.2	-10.0	-3.4	-25.4	-9.6
Profit for the financial period	-28.7	-7.5	-3.1	-24.0	-15.5
Order book at period end	58.8	94.6****)	99.5***)	82.9**)	87.3*)
Change in net sales, %	-56.0	50.7	27.6	-5.5	-6.3
Share of export and foreign activities in net sales, %	82.7	88.1	90.0	92.0	91.6

*) Order book on 6 January 2014
**) Order book on 13 January 2013
***) Order book on 12 January 2012
****) Order book on 10 January 2011

Group development 2009 – 2013 excluding one-time items

MEUR	2009	2010	2011	2012	2013
Net sales	299.6	451.6	576.4	544.8	510.5
Operating profit	-15.4	13.6	29.8	10.0	18.2
Financial income and expenses	-21.8	-23.5	-25.9	-27.7	-24.4
Profit/loss after financial items	-37.2	-9.9	3.9	-17.6	-6.2

Key ratios

	31.12.2009	31.12.2010	31.12.2011	31.12.2012	31.12.2013
Statement of financial position total, MEUR	388	420	437	460	452
Net interest bearing debt, MEUR	242	230	243	236	230
Invested capital, MEUR	317	311	326	340	325
Return on investment, %	-4.1	5.0	7.8	2.0	4.9
Return on equity, %	-45.1	-10.3	-5.8	-32.9	-18.6
Equity ratio, %	17.5	16.8	9.4	18.1	18.9
Net gearing, %	356.4	325.0	591.4	283.5	269.6
Investments in non-current assets, MEUR	17.9	8.5	21.8	19.2	18.9
Number of personnel at period end	3,614	4,016	4,240	4,104	4,154
Average number of personnel	3,684	3,853	4,234	4,249	4,153

Net sales by market area

MEUR	1-12/2012	1-12/2013
Germany	105.6	107.4
Sweden	97.1	97.6
Turkey	76.0	64.8
UK	55.4	56.3
Finland	46.3	42.7
Benelux countries	44.4	37.2
France	35.5	32.9
Italy	33.1	27.6
Other European countries	19.1	17.5
Other countries	32.2	26.6
Total	544.8	510.5

Quarterly development by market area

MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Germany	28.2	29.6	24.3	23.5	27.9	27.8	24.5	27.2
Sweden	25.8	28.8	19.3	23.2	22.6	27.2	21.9	25.8
Turkey	23.2	21.2	17.1	14.6	17.2	20.4	13.0	14.2
UK	15.3	15.6	12.1	12.4	13.8	15.3	15.6	11.6
Finland	11.6	14.2	10.6	9.9	11.3	11.9	9.8	9.7
Benelux countries	12.9	12.5	9.4	9.6	9.6	10.1	9.2	8.2
France	10.3	10.2	7.7	7.3	7.8	9.2	7.1	8.7
Italy	8.3	8.4	9.0	7.4	6.9	7.1	7.6	5.9
Other European countries	5.4	5.6	4.2	3.9	4.2	4.6	3.6	5.0
Other countries	9.4	10.3	7.0	5.5	6.2	6.7	6.7	7.0
Total	150.4	156.4	120.7	117.3	127.7	140.3	119.0	123.5

Group development excluding one-time items

MEUR	1-12/2012	1-12/2013
Net sales	544.8	510.5
Operating profit	10.0	18.2
Net financial items *)	-27.7	-24.4
Profit after financial items	-17.6	-6.2

*) Net financial items are not allocated to business segments

Group development by business segment excluding one-time items

Operating profit, MEUR	1-12/2012	1-12/2013
Foundry division	-2.9	4.6
Machine shop division	2.3	2.7
Aluminium division	9.2	9.7
Other business	0.3	1.6
Internal items	1.1	-0.3
Componenta total	10.0	18.2

Group development by quarter excluding one-time items

MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Net sales	150.4	156.4	120.7	117.3	127.7	140.3	119.0	123.5
Operating profit	10.2	8.9	-5.5	-3.5	3.8	8.5	2.2	3.7
Net financial items *)	-7.4	-7.4	-7.0	-5.9	-6.0	-5.7	-6.7	-6.1
Profit after financial items	2.8	1.4	-12.4	-9.5	-2.2	2.9	-4.4	-2.5

*) Net financial items are not allocated to business segments

Quarterly development by business segment excluding one-time items

Operating profit, MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Foundry division	5.6	4.9	-9.0	-4.3	2.6	5.0	-1.9	-1.0
Machine shop division	1.0	0.8	1.4	-0.8	0.0	0.9	1.0	0.8
Aluminium division	3.4	2.6	1.8	1.4	2.0	2.3	2.6	2.9
Other business	0.2	0.4	-0.3	0.0	-0.4	0.8	0.5	0.6
Internal items	0.0	0.1	0.6	0.2	-0.3	-0.3	0.0	0.3
Componenta total	10.2	8.9	-5.5	-3.5	3.8	8.5	2.2	3.7

Group development

MEUR	1-12/2012	1-12/2013
Net sales	544.8	510.5
Operating profit	4.0	14.9
Net financial items *)	-29.4	-24.5
Profit after financial items	-25.4	-9.6

*) Net financial items are not allocated to business segments

Group development by business segment

Net sales, MEUR	1-12/2012	1-12/2013
Foundry division	367.2	329.0
Machine shop division	117.1	115.5
Aluminium division	73.4	72.8
Other business	144.7	141.9
Internal items	-157.6	-148.7
Componenta total	544.8	510.5

Operating profit, MEUR	1-12/2012	1-12/2013
Foundry division	-2.9	4.6
Machine shop division	2.3	2.7
Aluminium division	9.2	9.7
Other business	0.3	1.6
One-time items	-6.0	-3.3*)
Internal items	1.1	-0.3
Componenta total	4.0	14.9

*) One-time items in operating profit in 2013 relate to planned shut down of Pietarsaari Foundry, EUR -1.8 million, structural changes and adaptation measures in Wirsbo, EUR -0.7 million, legal dispute and compensation for damages in Holland, EUR -0.7 million and to Orhangazi Foundry in Turkey, EUR -0.2 million. Other one-time items were EUR +0.1 million.

Order book, MEUR	12/2012**)	12/2013*)
Foundry division	55.6	51.2
Machine shop division	18.7	20.5
Aluminium division	12.1	12.8
Other business	17.8	21.7
Internal items	-21.4	-19.0
Componenta total	82.9	87.3

*) Orderbook on 6 January 2014
**) Orderbook on 13 January 2013

Group development by quarter

MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Net sales	150.4	156.4	120.7	117.3	127.7	140.3	119.0	123.5
Operating profit	10.1	8.7	-5.6	-9.2	3.3	8.0	1.5	2.1
Net financial items *)	-7.4	-7.4	-7.0	-7.7	-6.0	-5.7	-6.7	-6.1
Profit after financial items	2.7	1.3	-12.5	-16.9	-2.7	2.3	-5.2	-4.0

*) Net financial items are not allocated to business segments

Quarterly development by business segment

Net sales, MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Foundry division	106.3	108.3	77.9	74.7	85.0	95.9	74.9	73.3
Machine shop division	32.2	32.6	27.1	25.2	27.7	30.9	26.7	30.2
Aluminium division	19.8	19.3	17.4	16.9	17.1	18.7	18.6	18.4
Other business	37.5	40.3	32.8	34.1	35.5	38.9	33.5	33.9
Internal items	-45.4	-44.1	-34.5	-33.6	-37.6	-44.1	-34.8	-32.2
Componenta total	150.4	156.4	120.7	117.3	127.7	140.3	119.0	123.5

Operating profit, MEUR	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Foundry division	5.6	4.9	-9.0	-4.3	2.6	5.0	-1.9	-1.0
Machine shop division	1.0	0.8	1.4	-0.8	0.0	0.9	1.0	0.8
Aluminium division	3.4	2.6	1.8	1.4	2.0	2.3	2.6	2.9
Other business	0.2	0.4	-0.3	0.0	-0.4	0.8	0.5	0.6
One-time items	-0.1	-0.2	-0.1	-5.7	-0.5*)	-0.6*)	-0.7*)	-1.5*)
Internal items	0.0	0.1	0.6	0.2	-0.3	-0.3	0.0	0.3
Componenta total	10.1	8.7	-5.6	-9.2	3.3	8.0	1.5	2.1

*) One-time items in operating profit in 2013 relate to planned shut down of Pietarsaari Foundry, EUR -1.8 million, structural changes and adaptation measures in Wirsbo, EUR -0.7 million, legal dispute and compensation for damages in Holland, EUR -0.7 million and to Orhangazi Foundry in Turkey, EUR -0.2 million. Other one-time items were EUR +0.1 million.

Order book at period end, MEUR	Q1/12	Q2/12	Q3/12	Q4/12**)	Q1/13	Q2/13	Q3/13	Q4/13*)
Foundry division	68.9	59.7	56.4	55.6	58.7	54.6	46.7	51.2
Machine shop division	20.1	22.0	18.9	18.7	20.4	24.3	19.2	20.5
Aluminium division	14.3	13.2	11.4	12.1	12.4	14.1	13.0	12.8
Other business	22.7	21.0	18.9	17.8	21.6	25.6	20.3	21.7
Internal items	-20.1	-16.1	-19.0	-21.4	-24.1	-24.0	-15.4	-19.0
Componenta total	105.9	99.9	86.7	82.9	89.1	94.7	83.6	87.3

*) Orderbook on 6 January 2014
**) Orderbook on 13 January 2013

ACCOUNTING PRINCIPLES FOR FINANCIAL STATEMENTS

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.

Foreign currency transactions

Business transactions in foreign currencies are recognized at the exchange rate on the date of the transaction.

Receivables and liabilities in foreign currency are translated into euros at the European Central Bank's average exchange rate on the balance sheet date.

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.

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 tax

Income tax has been recognized in accordance with Finnish tax legislation. Deferred tax assets have not been recognized in respect of losses.

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	2013	2012
NET SALES	1	23,259.6	27,003.9
Other operating income	2	722.7	829.4
Operating expenses	3	-18,538.0	-20,762.3
Depreciation and amortization	4	-458.8	-465.6
OPERATING PROFIT		4,985.5	6,605.3
Financial income and expenses in total	5	-723.1	-13,579.3
PROFIT AFTER FINANCIAL ITEMS		4,262.4	-6,973.9
Extraordinary items	6	-	443.9
PROFIT AFTER EXTRAORDINARY ITEMS		4,262.4	-6,530.0
Income taxes	7	-867.2	-1,277.0
PROFIT/LOSS FOR THE FINANCIAL PERIOD		3,395.2	-7,807.0

Parent company balance sheet 31.12.

TEUR	Note	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	20,442.3	2,066.6
Tangible assets	9	1,402.5	326.3
Investments	10	322,049.5	318,038.7
		343,894.4	320,431.6
CURRENT ASSETS			
Inventories	11	1,114.8	-
Non-current receivables	12	60,835.8	50,751.3
Current receivables	12	17,513.6	20,747.3
Cash and bank accounts		703.6	2,802.9
		80,167.8	74,301.5
TOTAL ASSETS		424,062.2	394,733.1
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		59,471.9	48,211.0
Reserve fund		5.0	5.0
Retained earnings		39,410.7	47,217.6
Profit/loss for the financial period		3,395.2	-7,807.0
Shareholders' equity		139,288.6	124,632.5
LIABILITIES	14		
Non-current liabilities		156,378.8	213,821.0
Current liabilities		128,394.8	56,279.6
Liabilities		284,773.5	270,100.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		424,062.2	394,733.1

Parent company cash flow statement 1.1.–31.12.

TEUR	2013	2012
CASH FLOW FROM OPERATIONS		
Profit/loss after financial items	4,262	-6,974
Depreciations according to plan	459	466
Other income and expenses, non-cash items	-598	968
Financial income and expenses	723	13,579
Cash flow before changes in working capital	4,846	8,039
Changes in working capital		
Current non-interest bearing receivables increase (-)/decrease (+)	224	-7,901
Current non-interest bearing liabilities increase (+)/decrease (-)	743	156
Cash flow from operating activities before financial items and taxes	5,813	294
Interest and payments paid from other financial expenses of operations	-30,072	-33,057
Dividends received from operations	15,989	9,474
Interest received from operations	12,558	12,242
Paid income taxes	-803	-1,421
Cash flow before extraordinary items	3,485	-12,468
Cash flow from operations' extraordinary items	–	588
CASH FLOW FROM OPERATING ACTIVITIES (A)	3,485	-11,880
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	-397	-874
Investments in shares of subsidiary companies	-8	-1
Other investments	-8	-159
Loans receivables, decrease (+) / increase (-)	-10,080	-9,690
CASH FLOW FROM INVESTING ACTIVITIES (B)	-10,493	-10,724
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	4,249	15,083
Repayment of capital note	-628	-3,745
Draw-down of capital note	4,000	–
Draw-downs (+) and repayments (-) of current loans	13,409	-199,015
Draw-downs (+) and repayments (-) of non-current loans	-16,121	198,411
Dividends paid and other profit distribution	–	–
CASH FLOW FROM FINANCING ACTIVITIES (C)	4,909	10,734
CHANGE IN LIQUID ASSETS (A + B +C) increase (+)/decrease (-)	-2,099	-11,870
Cash and bank accounts at the beginning of the period	2,803	14,673
Cash and bank accounts at period end	704	2,803
Change during the period	-2,099	-11,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PARENT COMPANY

Figures are in thousands of euros unless otherwise stated.

TEUR		2013	2012
NOTES TO THE INCOME STATEMENT			
1.	**Net sales by market area**		
	Finland	7,146.8	8,317.4
	Other Nordic countries	2,019.9	2,788.8
	Central Europe	4,977.5	5,468.6
	Other countries	9,115.3	10,429.1
	Net sales total	23,259.6	27,003.9
2.	**Other operating income**		
	Rental income	653.8	673.8
	Other operating income	68.8	155.6
	Other operating income total	722.7	829.4
3.	**Operating expenses**		
	Rents	-1,046.0	-1,093.6
	Other operating expenses	-10,819.6	-12,133.8
	Other operating expenses total	-11,865.6	-13,227.4
	Personnel expenses (*	-6,672.3	-7,535.0
	Total operating expenses	-18,538.0	-20,762.3
	Audit fees	-141.7	-247.1
	Other fees	-30.4	-59.8
	Total fees paid to auditors	-172.1	-307.0
	Personnel expenses and number of personnel (*		
	Salaries and fees	-5,372.2	-6,313.4
	Pension costs	-1,036.6	-929.3
	Other personnel costs	-263.5	-292.3
	Total	-6,672.3	-7,535.0
	Salaries and other remuneration of the Corporate Executive Team	-955.2	-1,303.9
	Fringe benefits of the Corporate Executive Team	-28.6	-84.9
	Additional pension agreements, see note 36 on the consolidated financial statements.		
	Average number of personnel	99	88
4.	**Depreciation and amortization**		
	Intangible assets		
	Other long-term expenditure	-417.0	-413.1
	Tangible assets		
	Machinery and equipment	-41.8	-52.5
	Total depreciation and amortization	-458.8	-465.6
5.	**Financial income and expenses**		
	Interest and other finance income		
	Group companies	22,262.2	15,498.2
	Others	7,094.0	5,445.0
	Total	29,356.1	20,943.3
	Interest and other finance expenses		
	Group companies	-20,173.5	-5,862.3
	Others	-9,905.8	-28,574.0
	Total	-30,079.3	-34,436.3
	Write-downs on investments of non-current assets	-	-86.2
	Financial income and expenses, total	-723.1	-13,579.3
	Financial income and expenses include exchange gains/losses (net)		
	Group companies	-1,392.4	96.6
	Others	1,402.2	-492.8
	Total	9.8	-396.1

TEUR	2013	2012
6. Extraordinary items		
Extraordinary income		
Group contributions received	–	558.0
Extraordinary items taxes	–	-144.1
Total	–	443.9
7. Income taxes		
Direct taxes from current period	-803.4	-1,277.0
Direct taxes from previous periods	-63.9	–
Total	-867.2	-1,277.0
Taxes in income statement	-867.2	-1,277.0
NOTES TO THE STATEMENT OF FINANCIAL POSITION		
Non-current assets		
8. Intangible assets		
Development expenditure		
Transferred with business acquisition	22.5	–
Accumulated amortization on business acquisition	-17.6	–
Accumulated amortization at 31 Dec	-17.6	–
Book value at 31 Dec	4.9	–
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	22.7	22.7
Transferred with business acquisition	57.2	–
Acquisition cost at 31 Dec	79.8	22.7
Accumulated planned amortization at 1 Jan	-18.4	-13.9
Accumulated amortization on business acquisition	-39.9	–
Amortization during the period	-4.0	-4.5
Accumulated amortization at 31 Dec	-62.2	-18.4
Book value at 31 Dec	17.6	4.3
Goodwill		
Addition	18,462.8	–
Transferred with business acquisition	6,568.2	–
Acquisition cost at 31 Dec	25,031.0	–
Accumulated planned amortization at 1 Jan	–	–
Accumulated amortization on business acquisition	-6,568.2	–
Accumulated amortization at 31 Dec	-6,568.2	–
Book value at 31 Dec	18,462.8	–
Other long-term expenditure		
Acquisition cost at 1 Jan	3,510.9	2,953.0
Additions	210.6	390.6
Transferred with business acquisition	365.9	–
Re-classifications	1,117.7	167.3
Acquisition cost at 31 Dec	5,205.1	3,510.9
Accumulated planned amortization at 1 Jan	-2,639.2	-2,230.7
Accumulated amortization on business acquisition	-268.6	–
Amortization during the period	-413.0	-408.5
Accumulated amortization at 31 Dec	-3,320.8	-2,639.2
Book value at 31 Dec	1,884.3	871.7
Advance payments and assets under construction		
Acquisition cost at 1 Jan	1,190.7	951.4
Additions	177.1	472.9
Disposals	-388.2	–
Re-classifications	-906.8	-233.6
Acquisition cost at 31 Dec	72.8	1,190.7
Total intangible assets	20,442.3	2,066.6

TEUR	2013	2012
9. Tangible assets		
Machinery and equipment		
Acquisition cost at 1 Jan	961.5	950.6
Additions	9.5	10.9
Transferred with business acquisition	1,927.5	–
Acquisition cost at 31 Dec	2,898.5	961.5
Accumulated planned depreciation at 1 Jan	-803.9	-751.3
Accumulated depreciation on business acquisition	-1,487.2	–
Depreciation during the period	-41.8	-52.5
Accumulated depreciation at 31 Dec	-2,332.9	-803.9
Book value at 31 Dec	565.7	157.6
Book value of productional machinery and equipment at 31 Dec	350.2	–
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	–	–
Transferred with business acquisition	668.2	–
Acquisition cost at 31 Dec	668.2	–
Total tangible assets	1,402.5	326.3
10. Investments		
Shares in group companies		
Acquisition cost at 1 Jan	315,006.1	315,005.3
Additions	4,007.6	0.8
Acquisition cost at 31 Dec	319,013.8	315,006.1
Accumulated write-downs at 1 Jan	-86.2	-86.2
Accumulated write-downs at 31 Dec	-86.2	-86.2
Book value at 31 Dec	318,927.6	314,919.9
Shares in associated companies		
Acquisition cost at 1 Jan	221.1	221.1
Acquisition cost at 31 Dec	221.1	221.1
Book value at 31 Dec	221.1	221.1
Other shares		
Acquisition cost at 1 Jan	761.5	602.2
Additions	8.2	159.4
Acquisition cost at 31 Dec	769.7	761.5
Book value at 31 Dec	769.7	761.5
Capital note investments in group companies		
at 1 Jan	2,100.0	2,100.0
at 31 Dec	2,100.0	2,100.0
Other investments		
at 1 Jan	36.2	42.0
Deductions	-4.9	-5.8
at 31 Dec	31.2	36.2
Investments total	322,049.5	318,038.7

TEUR	2013	2012
Current assets		
11. Inventories		
Materials and supplies	314.9	–
Work in progress	309.4	–
Finished goods	490.6	–
Total inventories	1,114.8	–
12. Receivables		
Non-current receivables		
Loan receivables from group companies	60,471.4	50,375.9
Loan receivables from associates	63.7	63.7
Loan receivables from others	300.7	311.7
Total non-current receivables	60,835.8	50,751.3
Current receivables		
Trade receivables	14.0	10.4
Loan receivables	193.8	468.4
Other receivables	1,274.4	358.8
Prepayments and accrued income	1,447.7	708.0
Total	2,929.9	1,545.6
Receivables from group companies		
Trade receivables	4,274.6	2,704.9
Loan receivables	8,656.5	14,766.7
Other receivables	234.8	588.0
Prepayments and accrued income	1,417.8	1,142.1
Total	14,583.6	19,201.7
Total current receivables	17,513.6	20,747.3
Prepayments and accrued income		
Interest receivables	151.9	131.9
Amortized arrangement fees of the loan agreements	1,068.7	428.6
Exchange rate gains	327.1	177.2
Insurance payments	89.2	10.6
Rents	33.2	3.0
Others	1,195.3	1,098.7
Total	2,865.5	1,850.1
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 2013 and the number of shares was 29,269,224.		
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	48,211.0	33,128.2
Additions and share issue	11,260.9	15,082.8
Unrestricted equity reserve at 31 Dec	59,471.9	48,211.0
Reserve fund at 1 Jan	5.0	5.0
Reserve fund at 31 Dec	5.0	5.0
Retained earnings at 1 Jan	39,410.6	47,217.6
Profit/loss for the financial period	3,395.2	-7,807.0
Retained earnings total	42,805.7	39,410.6
Shareholders' equity	139,288.5	124,632.5
Calculation of distributable equity at 31 Dec		
Retained earnings	39,410.6	47,217.6
Profit/loss for the financial period	3,395.2	-7,807.0
Unrestricted equity reserve	59,471.9	48,211.0
Total	102,277.7	87,621.6

TEUR	2013	2012
14. Liabilities		
Interest bearing liabilities	274,966.3	260,370.5
Non-interest bearing liabilities	9,807.2	9,730.1
	284,773.5	270,100.6
Non-current interest bearing liabilities		
Capital notes	2,270.0	19,744.7
Hybrid loans	38,209.3	20,716.0
Bonds	32,295.0	-
Loans from financial institutions	61,823.5	80,000.0
Other non-current liabilities to group companies	21,781.0	93,360.3
Non-current interest bearing liabilities total	156,378.8	213,821.0
Non-current liabilities fall due as follows		
Not later than one year	–	–
Later than one year but not later than five years	134,597.8	188,744.7
Later than five years	21,781.0	25,076.3
Terms of the capital notes, see note 28 on the consolidated financial statements.		
Current interest bearing liabilities		
Capital notes	628.0	3,744.7
Loans from financial institutions	11,094.8	12,114.1
Bonds	–	22,420.0
Loans from group companies	106,864.7	8,270.8
Current interest bearing liabilities total	118,587.6	46,549.5
Current non-interest bearing liabilities		
Trade payables	1,212.8	1,181.0
Other current liabilities	356.5	382.8
Accrued expenses and deferred income	6,102.0	6,306.0
Advances received, transferred with business acquisition	306.5	-
Total	7,977.8	7,869.8
Liabilities to group companies		
Trade payables	221.5	70.8
Accrued expenses and deferred income	1,607.9	1,789.6
Total	1,829.4	1,860.3
Current non-interest bearing liabilities total	9,807.2	9,730.1
Current liabilities total	128,394.8	56,279.6
Accrued expenses and deferred income		
Interests	4,715.8	5,221.5
Exchange rate losses	690.9	178.4
Annual salaries with social security	1,042.7	760.8
Pensions	95.0	79.4
Others	1,165.7	1,855.6
Total	7,710.0	8,095.5
Total liabilities	284,773.5	270,100.6

TEUR	2013	2012
15. Secured liabilities, contingent liabilities and other commitments		
Pledges		
For own debts	416,689.9	417,038.8
	416,689.9	417,038.8
Guarantees		
On behalf of group companies	11,214.4	10,823.1
	11,214.4	10,823.1
Other commitments		
Future payments of the lease liabilities		
Not later than one year	718.2	494.5
Later than one year	1,459.2	1,863.7
	2,177.3	2,358.2
Other commitments on behalf of group companies	4,950.5	5,939.6
Liabilities secured with mortgages		
Loans from financial institutions	81,823.5	90,000.0
	81,823.5	90,000.0
16. Financial risk management and derivative instruments		
Foreign exchange rate derivatives		
Foreign exchange rate forwards		
Nominal value	700.0	10,103.2
Fair value	4.9	-31.7
Foreign exchange rate swaps		
Nominal value	73,552.9	53,989.6
Fair value	-540.5	38.7
Foreign exchange options		
Nominal value	–	2,913.1
Fair value	–	-22.2
Interest rate derivatives		
Interest rate swaps		
Nominal value	17,500.0	52,500.0
Fair value	-275.0	-1,044.5
Commodity derivatives		
Electricity derivatives		
Nominal value	5,437.4	7,319.6
Fair value	-1,079.8	-889.7
Foreign exchange rate derivatives inside the group		
Foreign exchange rate forwards		
Nominal value	23,300.0	15,970.0
Fair value	208.0	8.5

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.

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 48,642,165.01 (EUR 36,938,445.56).
The related deferred tax receivable of these losses is EUR 11,917,330.43 (EUR 9,049,919.16).

SHAREHOLDERS AND SHARES

Largest registered shareholders on 31 December 2013

Shareholder		Shares	Share of total voting rights, %
1 Lehtonen Heikki		7,528,492	25.72
Oy Högfors-Trading Ab	4,010,704		
Cabana Trade S.A.	3,501,988		
Lehtonen Heikki	15,800		
2 Etra Capital Oy		6,751,450	23.07
3 Finnish Industry Investment Ltd		2,666,662	9.11
4 Varma Mutual Pension Insurance Company		2,385,218	8.15
5 Mandatum Life		1,025,000	3.50
6 Nordea Life Assurance Finland Ltd		660,430	2.26
7 Alfred Berg Finland Fund		411,574	1.41
8 Bergholm Heikki		375,016	1.28
9 Laakkonen Mikko		370,000	1.26
10 Danske Fund Finnish Small Cap		332,000	1.13
11 Alfred Berg Small Cap Finland Fund		315,110	1.08
12 SEB Life International		215,668	0.74
13 Suutari Harri		211,000	0.72
14 Laine Mika		205,000	0.70
15 Savings Bank Finland Fund		200,000	0.68
Nominee-registered shares		289,978	0.99
Other shareholders		5,326,626	18.20
Total		29,269,224	100.00

The members of the Board of Directors own 26.8% of the shares. All shares have equal voting rights.

Breakdown of share ownership on 31 December 2013

Number of shares	Shareholders	%	Shares	%
1 - 100	433	19.96	27,392	0.09
101 - 500	809	37.30	237,570	0.81
501 - 1,000	349	16.09	285,937	0.98
1,001 - 5,000	420	19.36	1,002,237	3.42
5,001 - 10,000	62	2.86	459,412	1.57
10,001 - 50,000	63	2.90	1,570,835	5.37
50,001 - 100,000	7	0.32	471,210	1.61
100,001 - 500,000	19	0.88	4,213,179	14.39
500,001 -	7	0.32	21,001,452	71.75
Total = total issued	2,169	100.00	29,269,224	100.00

Shareholders by sector on 31 December 2013

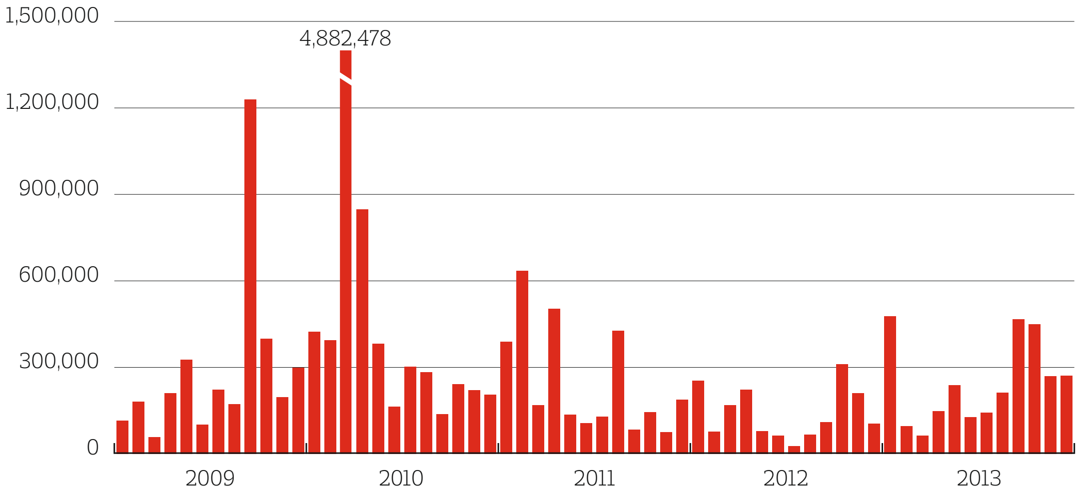
	%
Finnish companies	50.63
Financial institutions and insurance companies	10.11
General government bodies	9.12
Non-profit institutions	0.25
Households	15.10
Nominee-registered shares and other foreign shareholders	14.79
	100.00

PER SHARE DATA

	2013	2012
Earnings per share (EPS), EUR	-0.75	-1.22
Earnings per share, with dilution (EPS), EUR	-0.75	-1.22
Cash flow per share, EUR	0.09	-0.41
Equity per share, EUR	2.66	3.36
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	1.63	1.94
Average trading price, EUR	1.72	2.83
Lowest trading price, EUR	1.43	1.85
Highest trading price, EUR	2.12	3.84
Market capitalization at year end, MEUR	47.7	42.9
Trading volume, 1 000 shares	2,965	1,612
Trading volume, %	10.1	7.2
Weighted average of the number of shares, 1 000 shares	24,507	21,022
Number of shares at year end, 1 000 shares	29,269	22,231

*) For the year 2013 a proposal of the Board of Directors.

Componenta Corporation (CTH) monthly share trading volume in 2009 – 2013, pcs



Componenta Corporation (CTH) share price development in 2009 – 2013, EUR

CALCULATION OF KEY FINANCIAL RATIOS

Oman pääoman tuotto-% (ROE)	=	Profit after financial items – income taxes x 100 / Shareholders' equity without preferred capital notes + non-controlling interest (quarterly average)
Return on investment, % (ROI)	=	Profit after financial items + interest and other financial expenses x 100 / Shareholders' equity + interest bearing liabilities (quarterly average)
Equity ratio, %	=	Shareholders' equity, preferred capital notes excluded + non-controlling interest x 100 / Balance sheet total - advances received
Earnings per share, EUR (EPS)	=	Profit after financial items – income taxes +/- non-controlling interest - deferred and paid interest on hybrid loan / 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)	=	Net cash flow from operating activities / Average number of shares during the financial period
Average trading price, EUR	=	Trading volume / Number of shares traded during the financial period
Equity per share, EUR	=	Shareholders' equity, preferred capital notes excluded / Number of shares at period end
Dividend per share, EUR	=	Dividend / Number of shares at period end
Payout ratio, %	=	Dividend x 100 / Earnings (as in Earnings per share)
Effective dividend yield, %	=	Dividend per share x 100 / Market share price at period end
Market capitalization, MEUR	=	Number of shares x market share price at period end
P/E multiple	=	Market share price at period end / Earnings per share
Net interest bearing debt, MEUR	=	Interest bearing liabilities + preferred capital notes - cash and bank accounts
Net gearing, %	=	Net interest bearing liabilities x 100 / Shareholders' equity, preferred capital notes excluded + non-controlling interest

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 102,277,655.20. The Board of Directors proposes to the Annual General Meeting to be held on 13 March 2014 that no dividend will be paid for financial year 2013.

Helsinki 17 February 2014

Harri Suutari Chairman	**Marjo Miettinen**	**Riitta Palomäki**
Matti Ruotsala	**Tommi Salunen**	**Heikki Lehtonen** President & 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 period 1 January – 31 December 2013. 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 and 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.

Helsinki 17 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Componenta Corporation will be held at 14.30 on Thursday, 13 March 2014 at the company's headquarters in Käpylä, in the auditorium of the Sato building at Panuntie 4, 00610 Helsinki, Finland.

Right to participate

A shareholder, who on the record date of the General Meeting, 3 March 2014, is registered as a shareholder in the company's shareholders' register maintained by Euroclear Finland Ltd, is entitled to attend the General Meeting.

Registration

A shareholder, who is registered in the shareholders' register, wishing to participate in the General Meeting is required to register his/her participation no later than 10 March 2014 at 10.00 by letter to the address Componenta Corporation, Panuntie 4, 00610 Helsinki, by telephone +358 10 403 2744, by fax +358 10 403 2721 or by email to ir.componenta@componenta.com. The registration letter or message must arrive prior to the expiration of the registration period.

Dividend and dividend policy

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 1 January – 31 December 2013 financial period.

The Board of Directors takes the Group's financial performance, financing structure and growth expectations into account when making its proposal for the dividend to be paid. The objective is to pay dividends amounting to 25 – 40 per cent of net profit.

Financial information in 2014

- Interim report Januar – March 2014 on Friday 25 April 2014
- Interim report January – June 2014 on Wednesday 16 July 2014
- Interim report January – September 2014 on Tuesday 21 October 2014

The press conferences for media representatives and analysts, held when the interim reports are published, will be webcast simultaneously on the company's website at www.componenta.com.

Componenta's publications and releases are available immediately after their release date at www.componenta.com -> Investors -> Releases and publications.

Componenta's 2013 Annual Report has been published as an online report which can be printed out as a ready-to-use PDF file or a tailored PDF file consisting of the pages the reader is interested in. Previous Annual Reports, Sustainability Reports and Interim Reports are also available online. Publications printed on paper can be ordered by visiting Componenta's website at www.componenta.com -> Investors -> Releases and publications -> Order reports or by emailing ir.componenta@componenta.com.

If you register on Componenta's website at www.componenta.com -> Investors -> Order releases to your email, all releases will be sent to your email address immediately after their release.

All of Componenta's financial publications are drafted in both Finnish and English.

Investor relations and contacts

Our aim is to provide comprehensive information about Componenta's business, operating environment and financial position for investment decisions.

Thirty days prior to the publication of any financial statements or interim reports, we have a closed window period during which we do not meet with capital market representatives or comment on result developments.

Investors and shareholders are served by Componenta's investor relations team consisting of the President and CEO, the CFO and the Communications Director. Contact our investor relations team by email at ir.componenta@componenta.com.

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