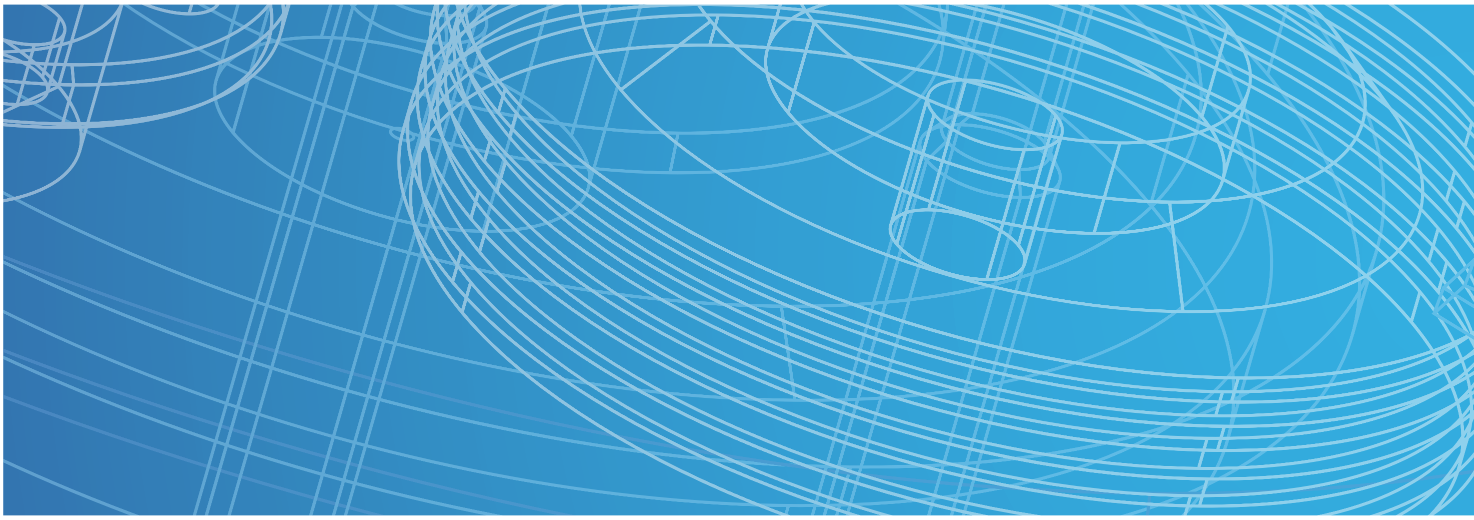
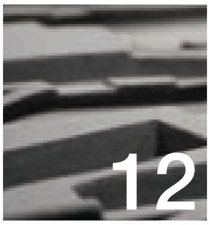
COMPONENTA

Casting Future Solutions

Annual Report 2007



Content



Information for shareholders

Annual General Meeting

The Annual General Meeting of Componenta Corporation will be held at 11 am on Monday, 25 February 2008 at the company's headquarters in Käpylä, in the auditorium of the Sato building, at the address Panuntie 4, 00610 Helsinki.

Shareholders desiring to attend the Annual General Meeting shall register no later than 18 February 2008 by letter to Componenta Corporation, Panuntie 4, 00610 Helsinki, Finland, by telephone on +358 010 403 2744, by fax to +358 010 403 2721 or by e-mail to ir.componenta@componenta.com. Any powers of attorney are requested to be sent to the mentioned address in connection with the registration.

Notice of Annual General Meeting is on the website www.componenta.com.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of fifty (50) cents per share is paid for 2007. Provided that the Annual General Meeting approves the proposal by the Board of Directors on dividend for 2007, the dividend shall be paid to shareholders registered in the shareholders' register maintained by the Finnish Central Securities Depository Ltd on the record date, 28 February 2008, as determined by the Board of Directors. The dividend shall be paid on the fifth banking day following the record date.

Financial information

In 2008 Componenta will publish interim reports in Finnish and English as follows:

- January - March on 16 April 2008
- January - June on 15 July 2008
- January - September on 14 October 2008

The press conferences to be held when the interim reports are published will be webcast simultaneously on the company's website.

Componenta's Annual Report 2007 is available as a printed report and as a pdf version which can be read on the Internet. On the company's web pages there is also a printable pdf format of the Annual Report. Publications and releases are available immediately after their release date on the Internet. Releases can be ordered from Componenta's web site direct to the receiver's email. A printed version of publications can be ordered by telephone at +358 10 403 2744 or by e-mail at ir.componenta@componenta.com.

Componenta will publish its 2007 sustainability report during the spring 2008.

Componenta in brief

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 for globally operating customers in the off-road, heavy truck and automotive industries, and manufacturers of diesel engines, wind turbine components and machine building. The components supplied by Componenta are often strategic parts in the products of the customers.

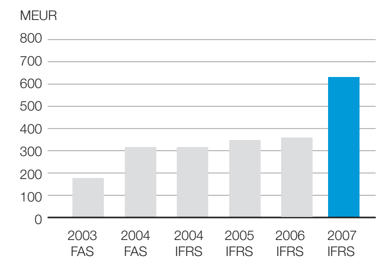
Componenta creates added value for the customers through close R&D partnership. Specialized production units and efficient supply chains, management of the production process and logistics expertise enable the Group to supply products just in time, direct to the customer's assembly line.

28% of the Group's sales in 2007 were in the Nordic countries, 63% in other European countries and 9% in other countries.

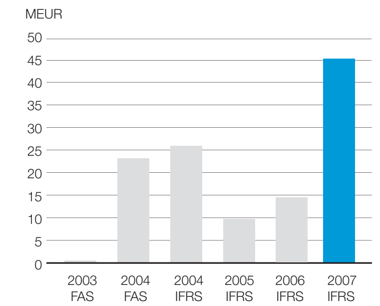
Componenta's production plants – foundries, machine shops and forges – are located in Finland, the Netherlands, Sweden, and Turkey. The Group's head office is in Helsinki. In 2007 the Group had net sales of EUR 635 million and 5,100 employees. 22% of personnel work in Finland, 51% in Turkey, 17% in the Netherlands and 10% in Sweden.

Componenta's shares are quoted on the OMX Nordic Exchange in Helsinki.

Net sales



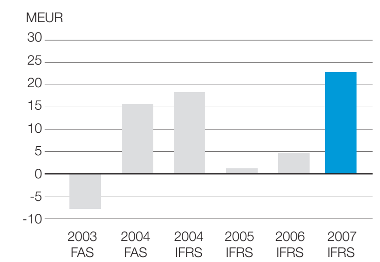
Operating profit



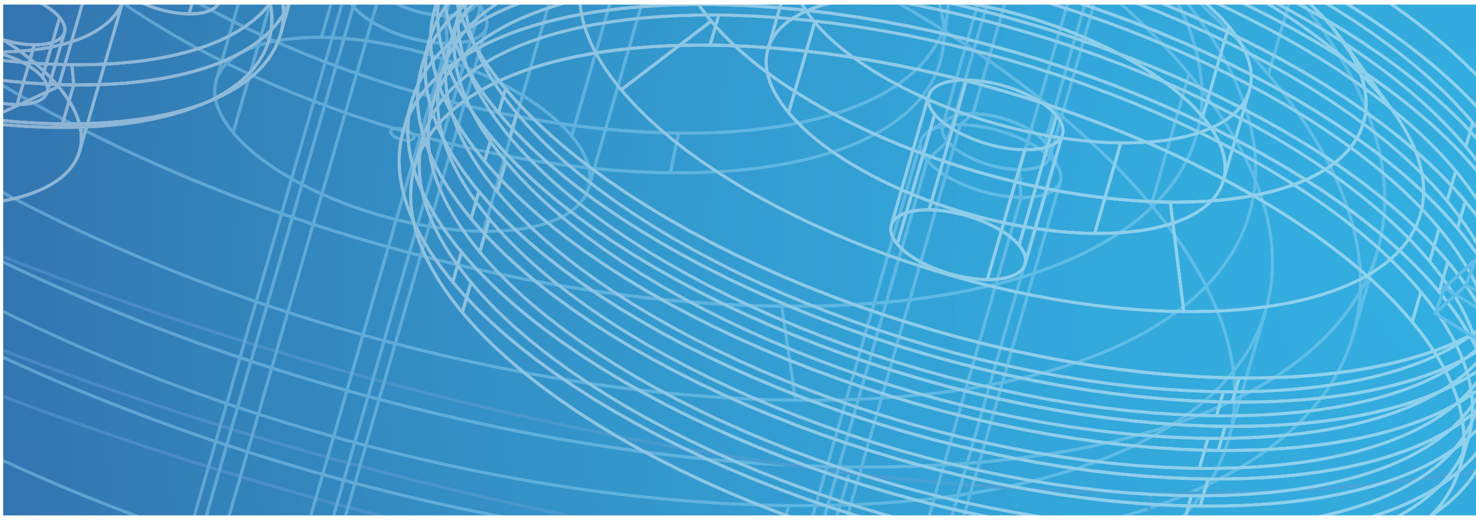
Key figures

	31.12.2007	31.12.2006
Net sales, MEUR	**634.7**	362.1
Operating profit excluding one-time items, MEUR	**38.2**	14.9
Net result, MEUR	**21.6**	3.5
Earnings per share, EUR	**1.97**	0.36
Equity ratio, %	**23.1**	5.9
Return on investment, %	**12.8**	6.6
Order book, MEUR	**129.0**	95.4
Investment in non-current assets, MEUR	**64.5**	123.6
Personnel including leased personnel	**5,064**	2,628

Result after financial items



Group strategy



In 2006 Componenta became the second largest independent supplier of cast components in Europe after purchasing the Turkish company Döktas A.S. The Group's strategy for the period 2008 - 2012 aims at fully exploiting the opportunities created by growth.

Mission

Casting Future Solutions

Vision

Leading European Cast Component Supplier 2012

Values

Openness	Honesty	Respect

The values are reflected in our daily operations:

We are open to new ideas and to change, and are willing to develop. Through this we look to continually improve our ways of working.	We are honest with ourselves and with each other. We do what we promise.	Our work - with colleagues, superiors, subordinates, customers and other partners - is based on trust and mutual respect.

The change forces in the business environment underlying Componenta's strategy are:

- Consolidation of customer industries
- Increasing purchasing power of customers
- Demand for total solution deliveries
- Increase in outsourcing
- Growth in demand for larger series
- Paying ever closer attention to environmental issues
- Rising raw material and energy costs
- Increasing competition from low-cost countries

Casting Future Solutions

Strategic priorities

Componenta's business strategy emphasizes four key issues which we focus on continuous improving and developing in our daily work.

- **Our sales and engineering teams manage the customer interface**
  Our goal is to be the preferred partner for customers in product development and engineering.
- **Optimized production**
  Our goal is to divide production optimally between the specialized units in different countries through internal sourcing and balancing.
- **Excellence in delivery certainty**
  Our goal is world class delivery certainty for customers.
- **'One Componenta' way of working**
  Our goal is to act as one consistent Group, being a strong, active partner for our customers.

Strategic goals

By 2012

- We have utilized the growth opportunities in chosen strategic markets and current customer base.
- Customers are proactively served with solutions from components to engineering
- Production is optimally divided between production units through internal sourcing.
- Logistic processes and warehousing are optimized.
- Business area sales & engineering teams manage the customer interface.
- Componenta works as one with unified processes and procedures.

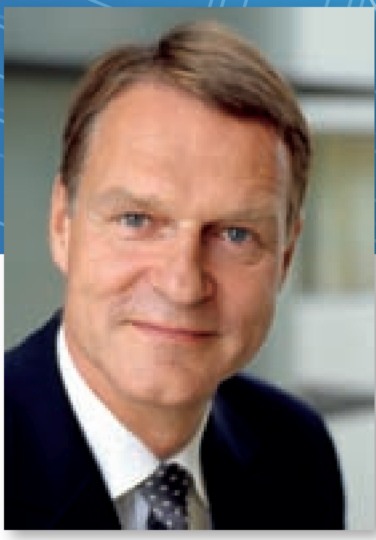
Financial objectives

Actual 2007

- Net sales 635 MEUR
- EBIT 7.2%
- Personnel 5,100
- ROI 12.8%
- Equity ratio 31.4%
  (Preferred capital note in equity)

Objectives 2012

- Net sales 800 MEUR
- EBIT 10%
- Personnel 5,900
- ROI >20%
- Equity ratio 40%



Together we make it happen!

Componenta's net sales in 2007 rose 75% from the previous year to EUR 635 million. Most of this growth resulted from the acquisition of Componenta Döktas at the end of 2006, but organic growth was also fast, thanks to strong demand that lasted right through the year. The Group's result after financial items excluding one-time items almost tripled to EUR 14.9 million.

The improvement in the result for the Foundries division was very pronounced. The running in problems for the major investments carried out in 2004 and 2005 at Karkkila foundry in Finland and the Heerlen foundry in the Netherlands are behind us, and the competitive extra capacity resulting from the investments are very useful in the current state of the market. The good result for operations at the Dutch foundries confirms that the changes made at the units after the acquisition in 2004 have been on the right track.

During 2007 we concentrated on integrating Componenta Döktas into the Componenta Group. Overall, taking over the Turkish units and integrating them into our business operations has succeeded extremely well, and some of the synergy benefits from combining operations were achieved already during 2007.

The success of the integration process was assisted by the positive attitude and support of personnel in combining operations. Cooperation between the different functions and units has been close and effective right from the start. The acquisition of Döktas lifted Componenta Group into a bigger league. The diversification of business operations, doubling of production capacity and the high level of technical skills at the Turkish units have opened up new opportunities for us in our business. From the beginning the Turkish operations have formed one of the Group's divisions, and towards the end of 2007 the production operations were reorganized into business units. Resources in sales, controller functions and human resources management were reinforced and common corporate-wide processes and operating methods have been introduced.

"One consistent Componenta is a strong, active partner for customers and other stakeholders."

Group strategy revised

Because of the changes in the Group and the continual changes in the competitive scene and business environment, Componenta revised its business strategy and long-term strategic goals in 2007. Our goal is to be the leading cast component supplier in Europe by 2012. To reach this goal requires smooth cooperation with customers, optimization of production, outstanding delivery certainty and an efficient, uniform way of operating throughout the Group. Our daily work aims at reinforcing and continuously improving these functions.

In October 2007 the Group's sales and product development was reorganized so that they provide better support in achieving our goals. Sales and product development teams named after their customer business sectors each focus on their own business area and customers operating in it, so that the team's expertise and knowhow in that sector and understanding of its special features are seen in better cooperation with customers.

The introduction of common business models which continued so well in 2007 and the adoption of best practices in all units and functions will continue in the coming years. One consistent Group is a strong, active partner for customers and other stakeholders.

Measures to optimize production and boost delivery certainty started already in 2007 and they will be key issues in operations in 2008. The investments in Karkkila and Iisalmi and at Orhangazi in Turkey will raise our casting capacity from 300,000 to 350,000 tonnes, enabling our customers to continue to grow as well. Building a new 8,000 m^2 machine shop in Orhangazi will boost our delivery capabilities and our competitiveness especially in manufacturing demanding off-road components. Commissioning these investments will at the same time give us more opportunities to balance production capacity between our units. By developing our logistics we will ensure smoother deliveries to our customers.

Prospects

The Group's order book at the end of 2007 was at a high level, and as a result production capacity at our units is in almost full use. Prospects in 2008 are good in all of Componenta's customer business sectors. We will get most of the current investments into use in summer and autumn 2008, when they will increase our casting and machining capacity, improving our delivery capabilities. We will then be even better placed to promote the success of our customers by supplying them with solutions, from components to engineering.

I would like to thank our shareholders, personnel, customers and other partners for successful work together in 2007.

Heikki Lehtonen
President and CEO

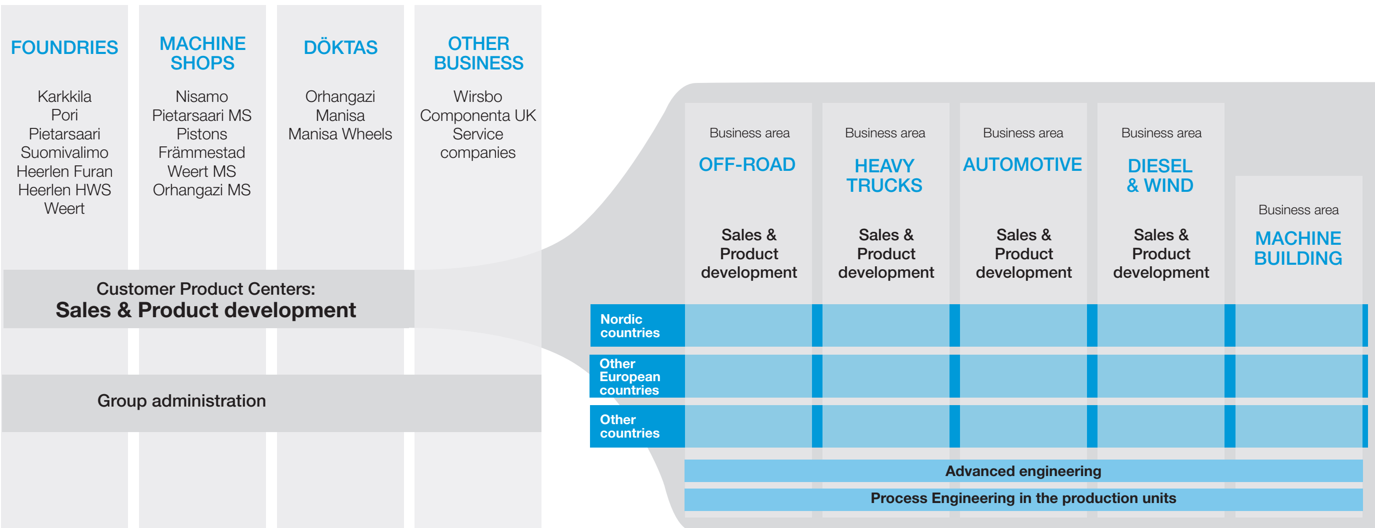
"Our goal is to be the preferred partner for customers in product development and engineering."

Componenta serves

We serve our customers as one Componenta, with uniform internal functions and processes. Our operations are based on efficient supply chains and specialized divisions and production plants, providing optimal cast component solutions for the production processes of our customers. Our sales and product development organization ensures that the full range of Componenta's knowhow and expertise is available to customers during projects. Our personnel have clear goals and responsibilities, and our uniform processes and procedures ensure that our operations are efficient and that we share best practices.

Group structure as from 1 January 2008

Sales & Product development



At Componenta, responsibility for customer service and cooperation is divided between sales and product development. The Group's sales organization functions as the link with the customer, coordinating cooperation with them and being responsible for commercial issues and for issues relating to quality and deliveries. Sales looks after the customer's needs throughout the business area, wherever the customer might need the product. Product development is responsible for customer technical support as well as for developing new products and product optimization.

The sales and product development functions are organized corporate wide in four strategic business areas - Off-road, Heavy Trucks, Automotive, and Diesel and Wind - which extend across legal structures and geographical boundaries. Sales for the machine building business area are organized locally in the different countries.

The above structure was introduced in autumn 2007. It helps us present a common front to customers and clarifies the dynamics and demands of the business areas. In this way we make sure that customers obtain the full benefit of Componenta's expertise and capabilities and obtain the most appropriate solutions for them.

Cooperation starts with engineering

The guiding principle for our operations is to generate added value for customers through close partnership in product development. We serve our customers by offering joint engineering and product development with them. Our goal is that by 2012 projects that include product development and optimization will form most of Componenta's business, and that we are the preferred partner for our customers in the engineering and implementation of cast solutions.

Engineering cooperation is based on product development that starts from the customer's needs and is carried out together with the customer. The Group's product development function is involved in engineering the product from the earliest stages – it may start from a component needed by the customer that exists as an idea or as a partly designed product – and during the engineering process customers have at their disposal experts in casting, machining and logistics, assisted by modern casting simulation, strength calculations and 3D-modelling.

After the development stage, our specialized production chains, production process management and logistics expertise make it possible to supply products at exactly the right time, direct to the customer's assembly line. Thanks to our centralized customer interface and advanced logistics, we reach our customers anywhere in the world.

Customer industries

Off-road

Customers in the off-road industry include manufacturers of tractors, forklifts, forest machines, combine harvesters, excavators and dumpers, to whom Componenta supplies various components for engines, power transmission, drives and chassis.

Customers include Agco Fendt, Bomag, Carraro, Case New Holland, Caterpillar, Dana, Dynapac, JCB, John Deere, Ponsse, T.T.F., Valtra, Volvo CE and Üzel.

Heavy trucks

For the heavy truck industry Componenta manufactures ready-to-install components used in the chassis, engine, axles, transmissions and brakes. The company offers customers all parts of the supply chain, from product engineering and manufacturing to surface treatment/painting and pre-assembly.

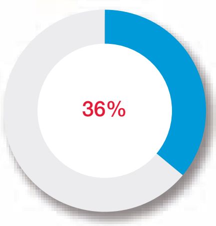
Customers include DAF, Daimler, Ford Trucks, Iveco, MAN, Renault, Scania, Volvo, Wabco and ZF.

Automotive

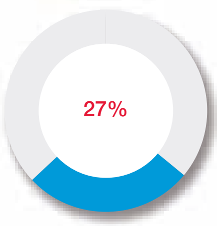
The Group supplies automotive industry, including manufacturers of passenger cars and light vehicles, with a wide range of different iron and aluminium cast components and aluminium wheels. The Manisa aluminium foundry of Componenta Döktas manufactures wheels under the trademarks DJ Wheels and MAXX Wheels.

Customers include ATU, Ford, NCB, Paksan, Palsis, Proline Wheels, Renault, Tofas, Valeo and Woco.

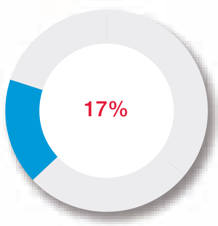
Share of the Group's net sales in 2007



Share of the Group's net sales in 2007



Share of the Group's net sales in 2007



"We serve our customers as one Componenta providing solutions from components to engineering."

Diesel & wind

Customers in the diesel and wind business area include manufacturers of large electric motors and diesel engines and of industrial gears and wind power gears. Componenta supplies them with motor frames and pistons and parts for transmissions and gear boxes.

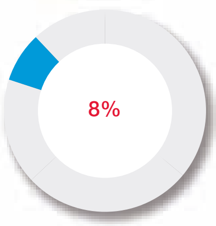
Customers include ABB, Caterpillar, Mahle, Moventas, Siemens, Sulzer Pumps, Wärtsilä and Yavuz.

Machine building

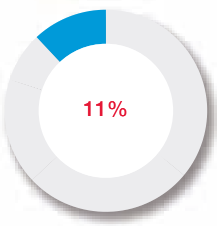
For the machine building industry the Group manufactures various machine and equipment parts such as rope and travel wheels, housings and casings, gearwheels and frames. The components supplied are often of strategic importance to customers, such as parts used in elevators and robots, various crane and hoist components, and demanding cast products for pumps, stone crushers and hydraulic motors.

Customers include ABB, Atlas Copco, Gardner Denver, Ingersoll-Rand, ITT Flygt, Konecranes, Kone, Sampo Hydraulics and Voith.

Share of the Group's net sales in 2007



Share of the Group's net sales in 2007



"Optimizing production requires not just the capabilities to transfer production from one foundry to another but also sharing and taking advantage of best practices in the Group's units."

Olli Karhunen: Vocational qualification for foundry workers

One development project that will benefit the entire Group's foundry operations in the future is the start of a training programme at Componenta's foundries in Finland, providing a vocational qualification for foundry workers. The goal is for people chosen for the training to obtain the vocational qualification while continuing at their work. The training programme is meant for the Group's own employees, and completing the course will enable them to take on greater responsibilities.

Profitability through growth

Componenta's foundries in Finland and the Netherlands had net sales in 2007 of EUR 241.7 million, or 38% of the Group's total net sales. The Foundry division's net sales increased 7.6%, and the division significantly improved its result during the year.

The foundries in Finland and the Netherlands were integrated in the same division in autumn 2006, and 2007 was the first full year of operations when they were managed as a single entity. In Finland the division comprises Componenta Pietarsaari, Componenta Pori, Componenta Karkkila and Componenta Suomivalimo in Iisalmi. The division has three foundries in the Netherlands: Componenta Heerlen Furan, Componenta Heerlen HWS and Componenta Weert. The two units operating in Heerlen benefit from a common melting plant. The division's foundries had a combined output in 2007 of 148,000 tonnes.

The foundries in the division produce cast iron components using green sand and furan sand processes. More than a third of these components are further upgraded in the Group's machine shops and the remainder are supplied direct to customers or their subcontractors.

The ready cast components produced by the division are used in a very diverse range of applications in different sectors. Division's customers are European manufacturers of heavy trucks, off-road vehicles, diesel engines and wind generator turbines as well as various companies in the machine building sector.

Production capacity in almost full use

The operations of the Foundries division settled to a strong level during 2007. Through their technical capabilities and the expertise and experience of their personnel, each foundry is a strong expert and link in the Group's production chain that generates added value for customers.

Production capacity was increased at the Karkkila foundry in 2004 and 2005, and this was taken into full use in 2007, when order volumes increased due to strong demand. The foundry's operations stabilized and its operating result improved significantly compared to the previous year.

The production overload at the Pietarsaari foundry was overcome and its operating profit improved significantly compared to the year before. The load at the Pori foundry was at a good level throughout the year, and this is expected to continue during 2008.

At Suomivalimo in Iisalmi, a EUR 6 million investment programme started at the end of the year to raise capacity by about 70% by autumn 2008. The reason for this is a long-term agreement signed with Moventas Oy to supply cast components from Suomivalimo and the Heerlen foundry. The number of personnel at Suomivalimo will increase by about 30 people when the expansion is taken into full use.

In the Netherlands, the load at the Heerlen HWS foundry was evened out during the year with internal transfers. Towards the end of the year the load at the foundry rose to a strong level, and this situation is expected to continue unchanged in 2008. Production volumes at the Heerlen Furan foundry were still unsatisfactory, despite the growth in demand, and this resulted in extra costs. The prospects for 2008 are encouraging, however, and capacity usage is expected to rise. Production capacity at the Weert foundry was in full use throughout 2007, and this is expected to continue.

Developing common working methods

Development of common working methods continued during the year at the Finnish and Dutch foundries in line with the Group's strategy. A joint purchasing organization was created together with the Turkish foundries which joined the Group at the end of 2006, aiming at significant synergy benefits. The reorganization of purchasing functions helped the Group partially limit the impact of rising raw material and energy costs.

Balancing the load between the foundries has got well underway and gave good results during the year. The units have been equipped for product transfers by investing in production tools for certain high volume products, ensuring that production capacity is sufficient to meet customer needs.

Foundries have important role in supply chain

Already in the design phase of a component the Group's sales and product development experts work closely with the foundries. The component is sent from the foundry to a customer or for further upgrading to one of the Group's own machine shops. In both cases the foundry's delivery certainty and the quality of the product must be up to standard and they have a considerable impact on customer satisfaction. Quality certificates form a basis for quality. On-time deliveries are the result of smooth operations. Good delivery certainty, the strategic target for the whole Group, is also the most important priority area for foundry operations in 2008.

Key figures

	2007	2006
Net sales, MEUR	**241.7**	224.5
Operating profit, MEUR	**16.7**	6.6
Personnel including leased personnel	**1,705**	1,686

"Integration of the Döktas operations into the Componenta Group was one of the most important processes in 2007. In autumn 2007 Componenta Döktas division was divided into four business units. The change enables focused development of the units based on business specific requirements."

Hakan Göral:
High demand for iron castings

To be able to meet the increased demand we have launched two investments projects in Orhanhazi. One investment will increase production capacity by 40,000 tonnes in the iron foundry. The other investment includes building up a new machine shop of 8,000 m^2, by which the currect machining capacity will be doubled in 2008 - 2009.

Capacity increases in Turkey

In 2007 the Componenta Döktas division had net sales of EUR 232.5 million, which was 36.6% of the Group's net sales. The operating result during the year was weakened by lower sales of aluminium wheels, the strengthening of the Turkish lira, and rising material prices. The year 2007 was the first full year for the Turkish operations in the Componenta Group.

Componenta Döktas is the leading metal casting company in Turkey with more than 30 years of history. It consists of an iron foundry and machine shop in Orhangazi, an aluminium die casting plant in Manisa and an alloy wheel plant in Manisa. The units produced 132,000 tonnes of iron cast components, 10,000 tonnes of aluminium cast components and 700,000 alloy wheels in 2007. The iron foundry represents approximately 60% of the net sales of the division and the rest comes from aluminium castings and alloy wheels.

The Orhangazi iron foundry has six horizontal and two vertical green sand moulding lines. The Manisa aluminium plant has high and low pressure die casting and gravity die casting production lines. The Manisa die casting plant also contains its own machine shop where 65% of the parts supplied are machined.

The iron cast components are supplied to the heavy truck, automotive, off-road and machine building industries. The main export market is Western Europe. The customer base for aluminium castings and wheels includes some of the largest manufacturers of passenger cars and light commercial vehicles in the world.

Reorganizing Döktas

Componenta acquired the Döktas operations at the end of 2006. In 2007 the Turkish operations were reorganized under the name Componenta Döktas, which forms the third division of the Componenta Group. In October 2007 Hakan Goral was appointed Senior Vice President of Componenta Döktas division and managing director of Componenta Döktas A.S.

Following the same division structure as other Componenta units, the Componenta Döktas division has been divided into separate business units which operate under their own management. This change enables close follow-up of the financial performance as well as focused development based on business specific requirements.

Integration of the Döktas operations into the Componenta Group was one of the most important processes in 2007. Cooperation started in the sales organization from the beginning of the year. The new structure for sales and product development in the Group supports development of one front towards the customer. During the year Componenta Döktas's administration was also strengthened with added resources in the HR, financial and controller functions. Purchasing operations were also combined with the Componenta purchasing organization.

High demand for iron castings

The demand for iron cast components was high during the year and the Orhangazi foundry operated at peak level throughout the year. To be able to meet the increased demand, we have launched two investment projects in Orhangazi. One investment will be made to increase casting capacity by 40,000 tonnes in the iron foundry. The machining capacity of the Orhangazi machine shop will be increased by building a new plant and investing in CNC machinery in 2008 - 2009.

Aluminium plant and wheel production

The Manisa aluminium plant makes die castings for the light commercial vehicle and automotive industries. At the beginning of 2007, the capacity of the aluminium foundry was less than customer demand and investments were made to increase capacity in the high pressure die casting plant. The overall trend in the aluminium component market is strengthening and demand is expected to increase still more. Aluminium is replacing iron casting in many solutions because of environmental concerns and is expected to become more widely used, as R&D in aluminium is permitting it to replace iron in more and more applications. Instead of just components, our customers are increasingly asking for total system solutions. Our Manisa engineering team has been very successful in some recent engineering projects and this success has also led to new business opportunities.

Unlike the aluminium foundry, the aluminium wheel plant in Manisa suffered from weak demand during 2007. Wheel production was low, because the demand for wheels decreased significantly due to the warm winter weather.

Positive outlook for 2008

The year 2007 was a year of major changes in Componenta Döktas division. The Orhangazi machine shop, one of the new business units, belong in the future to the Machine shop division. Döktas division includes the business units Orhangazi iron foundry, Manisa aluminium foundry, and Manisa Wheels which is specialized in wheel production. Outlook for 2008 is good. The investments in Orhangazi will be completed in the second half of 2008 when we will be able to meet our customers' needs more efficiently and even increase the volume of business. Excellent quality and good delivery certainty form our competitive edge also in the future.

Key figures

	2007	2006
Net sales, MEUR	**232.5**	218.2
Operating profit, MEUR	**14.4**	24.2
Personnel including leased personnel	**2,608**	2,621

"The expansion investment in the Orhangazi machine shop in Turkey increases significantly the total capacity available in the Machine shops division."

Michael Sjöberg:
Restructuring done

The restructuring of the Machine shops division has now been concluded and the the division stands on a very firm foundation for the future, offering possibilities to deliver components that add value to customers and gain customer satisfaction.

Specialized machine shops

Componenta's Machine shops division had net sales of EUR 158.6 million in 2007, which was 25% of the Group's net sales. The division result decreased due to the costs for restructuring the machine shops, despite the increase in net sales.

The Machine shops division has six machine shops in Finland, Sweden, the Netherlands and Turkey. Componenta's machine shops work in close cooperation with the Group's foundries. Approximately one third of the castings from Componenta's foundries are delivered to customers via the Group's machine shops. This forms a supply chain which gives Componenta a strong competitive edge.

The machine shops add value to the castings by machining the components ready for the customer's production lines. We deliver both painted and unpainted machined components, and the components are also pre-assembled if needed. The business units in the division specialize according to the size of the components and the volume of the production series.

The products of the machine shops are very diverse. The machined components can be axles or chassis parts for heavy trucks or parts for electric motors or wind generators. Key issues in finishing the components are machining precision and high quality.

A year of restructuring

During the year, the work continued on specialization and restructuring the machine shops division. The restructuring has now been concluded and the Machine shops division stands on a very firm foundation for the future, offering possibilities to deliver components that add value to customers and gain customer satisfaction.

The Componenta Albin machine shop, which specializes in the manufacturing of gear wheel components, mainly of forgings, was sold in 2007 in an MBO. The transaction was in line with Componenta's strategy of divesting non-core businesses.

The consolidation of the machine shop operations of Componenta Åmål with Componenta Främmestad in Sweden was completed by the end of 2007. The Åmål and Främmestad machine shops were located quite close to each other, and main production at both focused on the heavy truck industry.

In Finland the consolidation of the Componenta Pori machine shop operations with Componenta Nisamo was concluded at the beginning of 2007. The purpose of both mentioned consolidations is to safeguard Componenta's long-term competitiveness through larger unit size and more efficient operations.

During 2007 the machining capacity at the Främmestad machine shop was increased with investments of EUR 3 million. The Främmestad machine shop is now one of the most modern machine shops in Europe, with automated machining cells and painting lines which are state-of-the-art technology in the field.

Machining capacity in Orhangazi, Turkey will be doubled through investments in new machinery and in 8,000 m^2 of new production premises for machining operations. Construction will be completed in summer 2008 and the machinery investments will be finished in 2008 - 2009. The Orhangazi machine shop is expected to increase rapidly its share of the net sales of the Machine shops division in 2008.

All the units in the Machine shops division are specialized, focusing on certain areas of customer service. Främmestad specializes in painting and chassis components for heavy trucks and the Pietarsaari machine shop in non-painted transmission and chassis components. The Orhangazi machine shop will specialize in painting and off-road components, Nisamo specializes in large castings and Pistons in designing and manufacturing pistons. Besides component machining and surface treatment, the Weert machine shop in the Netherlands assembles pressure vessels.

The global trend in this sector is for customers to want higher added value for their products. They demand not just casting or machining but total solutions - everything from engineering to surface treated, ready-to-install components - which Componenta is able to supply.

Continuous improvement

Continuous improvement is needed to raise efficiency and the total quality of operations. Componenta's Machine shops division has actively utilized the Componenta Lean Production System (CLEPS) in its development processes. The target in CLEPS is to improve the way of operating in our manufacturing and supply chain. The CLEPS system has been in use at Componenta since summer 2005.

In 2007 CLEPS was utilized in the Machine shop division to shorten lead times and reduce costs and the amount of invested capital in production. CLEPS is also used in planning investment. Continuous improvement at the Orhangazi machine shop in 2007 was achieved through several Kaisen events.

High demand continues

The year 2007 was challenging for the Machine shops division due to the restructuring projects and high loading situation throughout the year. The prospects in the beginning of 2008 are positive, and the good situation in machine shops is expected to continue.

Key figures

	2007	2006
Net sales, MEUR	**158.6**	137.9
Operating profit, MEUR	**5.0**	5.8
Personnel including leased personnel	**402**	548

"Componenta's positive image as a reliable and liable employer together with well managed corporate wide recruitment principles and tools, enabled us to attract and recruit 91 new white collar employees and 502 blue collar employees needed in growing business operations."

Anu Mankki:

Human resource management above all help strengthen the customer-oriented management system and operational business models, the development of resources in line with the strategy, and performance management.

Introducing clear, customer-oriented management and operating model

Integrating the operations of Döktas into Componenta Group and initiating actions to help the Group implement its strategy were key priorities in 2007 also in human resources management, where we particularly try to take into account the demands set by the strategic goals on human resources and the management system.

Componenta has a clear and customer-oriented management model in use, in which personnel have not only clear goals and duties but also the opportunity to influence their work and develop business operations. A corporate wide systematic business model "Componenta's way to operate" describes the way we work and our key duties and defines the roles for key positions.

In accordance with the management model, the Group's operational structure was clarified in autumn 2007 by dividing the functions of the latest business division, Componenta Döktas, into four accountable business units. Business unit directors were appointed to head up the specialized units and management teams to support them.

To ensure effective customer relations management, the Group's sales and product development functions were reorganized by customer business sector. At the same time the duties were clarified of people working in different sales jobs and new people were recruited for key positions in sales.

The Group's common processes, practices and policies, which support and clarify the work of supervisory staff and Group management, were created above all for the HR, finance and control and production functions to help achieve the goal of "One Componenta".

Developing capabilities to support the strategy

To joint meetings for Group management came about 70 of Componenta's key personnel to discuss in spring 2007 the implementation of the integration process for Componenta Döktas and taking advantage of synergy benefits, and in autumn 2007, Componenta's revised strategy and the priorities in its implementation.

As an integral part of the 2007 strategy process, especially sales personnel participated in a development process that focused on customer relations management, issues relating to the product offering, and on positioning Componenta in the market. In 2008 development of the personal capabilities needed in sales duties will continue, which will help improve customer relations management.

The corporate level Componenta Core management development programme, which focuses on developing general skills needed in managing business operations, started in autumn 2007. The country-based Componenta Compact supervisor training programmes focused on problems relating to everyday management.

The Management Team training programme put together for the members of the management teams of Componenta's business units was kicked off at Componenta Döktas with management assessments, through which the leaderships strengths and areas needing development were identified aligned with the management challenges. In 2008 the programme continues with a module focusing on the work of the management team and with productivity and finance modules at different units.

Componenta's different units have actively developed the skills of production personnel by organizing training on technology, processes and occupational safety. In 2008 vocational training is starting leading to the further vocational qualification in the foundry industry for personnel at the foundries in Finland.

Necessary resources in the right place at the right time

To ensure that we have the necessary resources to support strategic business priorities, customer relations management, we have drawn up resource plans for the different sales business areas, and carrying out the plans has started in cooperation with leading recruitment partners in different countries.

In line with the resource plans, controller functions were also strengthened through job rotation and new recruitment.

In 2008 a corporate wide international trainee programme is starting, which offers young talents the opportunity to get to know Componenta in different countries and jobs for a period of 2 - 3 years, and after completing their diploma work the possibility of a job.

Meeting targets is rewarded

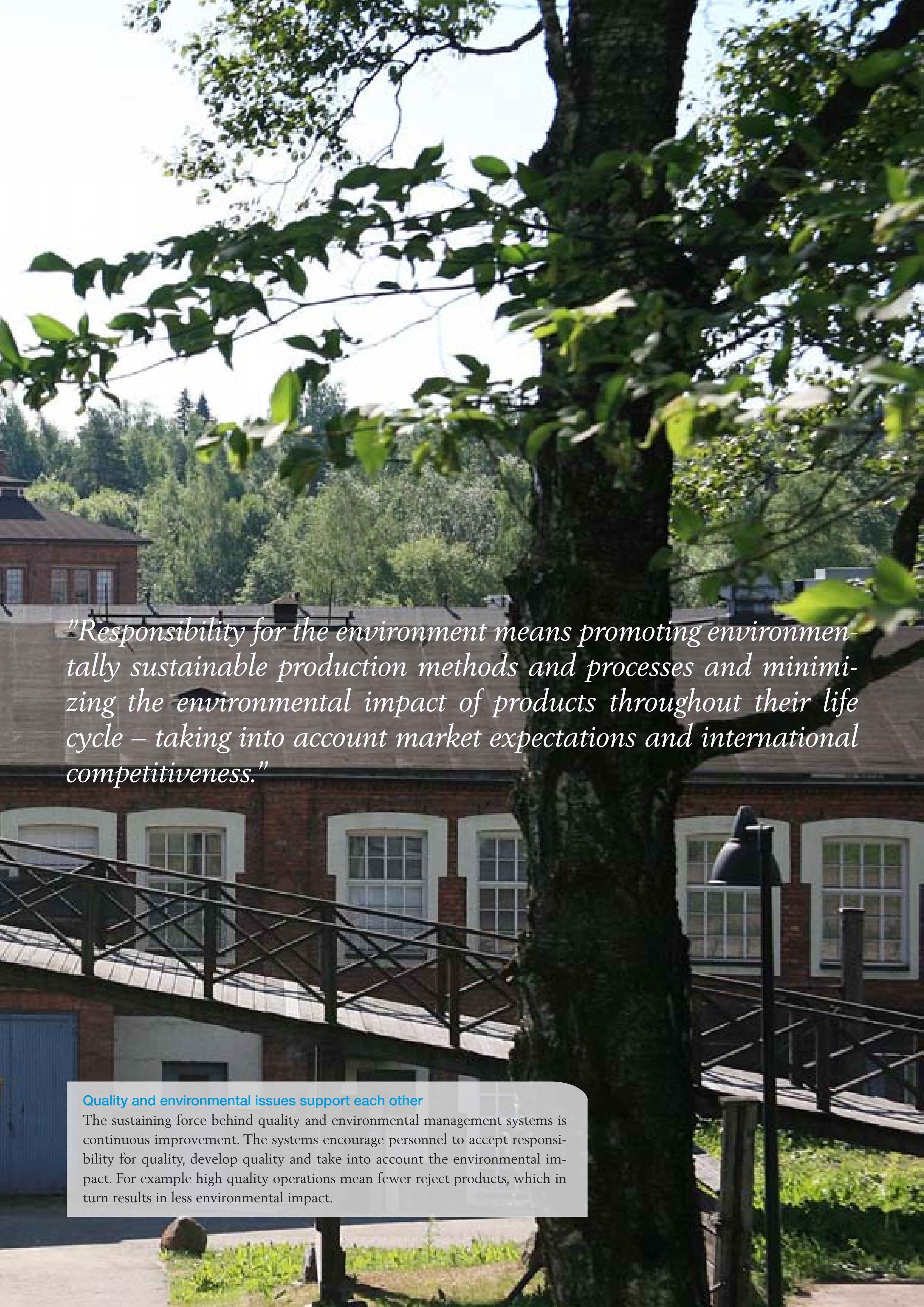
Componenta's performance management process is an active management tool that not only combines corporate goals with individual goals to form a measurable entity but also links together meeting targets with reward for performance. Compensation for personnel comprises competitive basic remuneration and also a short-term bonus programme and a share-based incentive scheme introduced in 2007.

Componenta Döktas joined the Group's performance management process, adapting also the position evaluation system. As part of a broad review of compensation in 2007, the bonus-based remuneration programme linked to the annual result for employees at the units in the Netherlands was confirmed. In Finland and Sweden result- and productivity-linked compensation models for personnel were further developed as local solutions.

Healthy work community working together

Active development of wellbeing at work has continued at unit level in cooperation with contract providers of occupational health services. More attention will be paid in 2008 to long-term development of wellbeing and early prevention of sickness. The process will be led by the Group's chief physician appointed in 2007.

An occupational health programme started at the units in the Netherlands that aims to keep skilled workers at work as long as possible. Cooperation and discussions with representatives of personnel groups is active and develops common issues at local and corporate level in all countries where Componenta operates.



"Responsibility for the environment means promoting environmentally sustainable production methods and processes and minimizing the environmental impact of products throughout their life cycle – taking into account market expectations and international competitiveness."

Quality and environmental issues support each other

The sustaining force behind quality and environmental management systems is continuous improvement. The systems encourage personnel to accept responsibility for quality, develop quality and take into account the environmental impact. For example high quality operations mean fewer reject products, which in turn results in less environmental impact.

Good quality spares the environment

At Componenta, quality and environmental matters are an integral part of decision-making and the management system. The goal is to choose the optimal materials and minimize the number of rejects, so that as little material and energy is consumed as possible. In production, quality and environmental awareness are linked closely together.

Componenta's goal is to supply products that meet the requirements of customers at the right time, taking environmental issues into account. The Group's quality and environmental policies define the main principles for business operations, and activities are managed at business unit level. Production units have quality and environmental certificates and, depending on customer requirements, quality systems conform to the ISO 9001 and/or the ISO/TS 16949 standard. Almost all our production operations have third party certification. In 2007 Componenta Nisamo obtained ISO 9001 and ISO 14001 certificates. It is planned to obtain certification for Componenta Pistons operations in 2008.

Energy consumption a key focus

One of the most significant environmental aspects for Componenta Group is energy consumption. In 2007 the Group used 814 GWh of energy, which corresponds to the amount of energy needed to heat about 40,000 single family homes. Most of the energy used, 68%, is electricity.

The foundries use more than 90% of all the energy, since especially the melting process at the foundries utilizes much energy. Melting takes place mainly in electric furnaces, some of it in coke-fired furnaces. In 2007 energy consumption in proportion to output in the Componenta Group foundries declined by about 5% compared to 2006. Continuous quality and environmental action has had an impact on energy consumption. For example the Karkkila foundry has improved casting mould yield and reduced the number of rejected products. Mostly because of that the relative energy consumption there was more than 20% less in 2007 than in the previous year.

Besides energy consumption, other significant environmental issues for the Group are reducing particle and VOC emissions, reducing environmental noise caused by operations, improving the sorting of waste and reducing the amount of non-reusable waste.

In the Netherlands discussions have been held with local residents about odours originating at the Componenta Heerlen foundry. In November 2007 the results were published of a survey of the odours carried out by the authorities, and we will draw up an action plan to reduce the smells by the end of March 2008.

More details about matters relating to Componenta's environmental and corporate responsibility in 2007 are given in the sustainability report to be published in spring 2008.

Studying vibration and silica dust

In 2007 Componenta took part in two EU national projects. An occupational safety project related to the EU directive on vibration examines the vibration from tools and machines used for foundry work and its impact, and how it can be reduced at the work place. The other project is related to the European agreement on silica dust. It studies the amount of silica dust and looks into ways of reducing this at the work place and reporting on this issue.

Componenta's quality and environment systems

Production unit	ISO 9001	ISO/TS 16949	ISO14001
Döktas Orhangazi	✓	✓	✓
Döktas Manisa	✓	✓	✓
Heerlen HWS	✓	✓	✓
Heerlen Furan	✓		✓
Främmestad	✓	✓	✓
Karkkila	✓	✓	✓
Nisamo	✓		✓
Pietarsaari	✓	✓	✓
Pietarsaari MS	✓	✓	✓
Pistons	ISO 9001 and ISO 14001 under construction		
Pori	✓	✓	✓
Suomivalimo	✓		✓
Weert	✓	✓	✓
Weert MS	✓	✓	✓
Wirsbo	✓	✓	✓

Board of Directors

Heikki Bergholm

Chairman
b. 1956
M.Sc. (Eng)

Board Member since 2002
Chairman 2003
Chairman of the Board of Lakan Betoni Oy
Member of the Board of Directors of Forchem Oy, Suominen Corporation, and MB Rahastot Oy

165,000 Componenta shares
100 convertible capital notes (2005)

Juhani Mäkinen

Vice Chairman
b. 1956
Counsellor of Law

Board Member since 2000
Chairman of the Board of Directors of Hannes Snellman Attorneys at Law Ltd
Chairman of the Board of Directors of Oy Forcit Ab
Vice Chairman of the Board of Directors of Myllykoski Oyj
Member of the Board of Directors of Oy Karl Fazer Ab and Polttimo Companies Ltd

8,000 Componenta shares
42 convertible capital notes (2005)
75 convertible capital notes (2006)

Heikki Lehtonen

b. 1959
M.Sc. (Eng)

Board Member since 1987
President and CEO of Componenta Corporation
Vice Chairman of the Board of Directors of Pöyry Plc
Member of the Board of Directors of Otava Books and Magazines Group Ltd
Member of the Supervisory Board of Finnish Business and Policy Forum EVA

4,058,674 Componenta shares
1,100 convertible capital notes (2006)

Marjo Raitavuo

b. 1957
M.Sc. (Ed.)

Board Member since 2004
President and CEO of EM Group Oy
Chairman of the Board of Efla Oy
Member of the Board of Directors of EM Group Oy, Ensto Oy, Audel Oy, Technology Industries of Finland and Confederation of Finnish Industries

10 convertible capital notes (2005)
25 convertible capital notes (2006)

Matti Tikkakoski

b. 1953
B.Sc. (Econ.)

Board Member since 2003
President and CEO of Atria Group Plc
Member of the Board of Directors of Atria Group Plc
Member of the Supervisory Board of Tapiola Mutual Pensions Insurance Company

11,500 Componenta shares

Corporate Executive Team

Heikki Lehtonen

b. 1959
M.Sc. (Eng)

President and CEO

4,058,674 Componenta shares
1,100 convertible capital notes (2006)

Yaylalý Günay

b. 1945
M.Sc. (Eng.)

Senior Vice President
Investments

Hakan Göral

b. 1967
M.Sc. (Eng.)

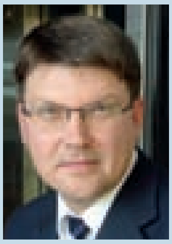
Senior Vice President
Componenta Döktas Division

Mika Hassinen

b. 1969
M.Sc. (Econ.),
M.Sc. (For.)

CFO

1,000 Componenta shares



Olli Karhunen

b. 1959
M.Sc. (Eng.)

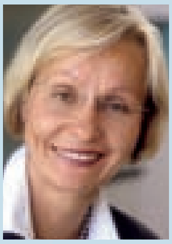
Senior Vice President
Foundries Division

1,000 Componenta shares

Jari Leino

b. 1961
Engineer

Sales Director
Heavy trucks



Anu Mankki

b. 1963
M.Sc. (Phil.)

Senior Vice President
Human Resources

Marko Sipola

b. 1973
M.Sc. (Eng.),
M.Sc. (Econ.)

Senior Vice President
Business Development

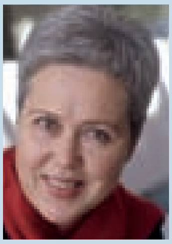
9,500 Componenta shares
10 convertible capital notes (2006)

Michael Sjöberg

b. 1964
M.Sc. (Eng.), E-MBA

Senior Vice President
Machine Shops Division

1,000 Componenta shares



Pirjo Aarniovuori

b. 1955
M.Sc. (Econ.)

Communications Director

Corporate Governance

The administration of Componenta Corporation is based on the Finnish Companies Act and the company's Articles of Association. The company applies the Corporate Governance recommendations for public listed companies issued by OMX Nordic Exchange in Helsinki, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry EK, which came into force on 1 July 2004.

Componenta Corporation shares

All Componenta Corporation shares have equal voting rights at the General Meeting. Componenta Corporation's Articles of Association do not contain any voting restrictions other than those in the Companies Act.

All shares carry equal dividend rights.

Annual General Meeting

The highest governing body of Componenta Corporation is the General Meeting. The functions of the General Meeting and matters to be resolved therein are defined in the Companies Act and the Articles of Association.

The Annual General Meeting of Componenta Corporation shall be held within six months of the end of the financial period. In 2007, the Annual General Meeting of Componenta Corporation was held on 26 February 2007.

Board of Directors

The Annual General Meeting elects each year Componenta Corporation's Board of Directors, which according to the Articles of Association consists of 3 - 7 members. The term of office of the Board of Directors expires at the close of the following Annual General Meeting. The Board of Directors elects from its members a chairman and a vice-chairman.

The 2007 Annual General Meeting elected five members to the Board: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski. The Board chose Heikki Bergholm as its chairman and Juhani Mäkinen as vice chairman.

Heikki Bergholm, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski are independent of the company and of the shareholders. Heikki Lehtonen is President and CEO of Componenta Corporation. He is also the company's largest shareholder through companies which he controls.

Taking into account the membership of the Board and the nature and size of Componenta's operations, the Board has not considered it necessary to set up committees to prepare matters for which the Board is responsible.

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The 2007 Annual General Meeting decided that the remuneration for the chairman would be EUR 50,000 and for the other members of the Board EUR 25,000 a year. Travel expenses are paid in accordance with the company's travel regulations.

The tasks and duties of the Board of Directors are laid down primarily in the Articles of Association and the Finnish Companies Act. The Board has drawn up written Rules of Procedure which define the tasks and operating principles for the Board. According to these Rules of Procedure, the Board's tasks include matters that have a far-reaching impact on the operations of Componenta Group. These include confirming the strategic guidelines, the annual budget and operational plans, and deciding on major corporate restructuring and capital expenditure. The Board assessed its activities in December 2007 under the leadership of the chairman.

During 2007 the Board met 18 times. All Board members were present at all Board meetings.

President and CEO

The Board of Directors appoints the President and CEO and decides upon the President's remuneration and other benefits. The functions and duties of the President are defined in the Companies Act. In addition to these, the duties of Componenta Corporation's President include

- managing and developing Componenta's business in accordance with the instructions given by the Board of Directors,
- presenting matters for consideration at meetings of the Board of Directors and
- implementing the decisions of the Board of Directors

Heikki Lehtonen is President of Componenta.

The President receives a salary of EUR 20,000 a month and benefits in kind of altogether EUR 40 a month.

The President is entitled to Componenta share based incentive program which includes 3 earning periods. From the year 2007, allocation of shares for the President will be maximum 600 shares. The President's share allocation for the year 2008 will be maximum 18,000 shares.

The President is eligible to take retirement as laid down in legislation. The President's contract of employment may be terminated by the company by giving 12 months notice and by the President with six months notice. The President is not entitled to any separate compensation due to notice but the salary and benefits agreed in the terms of notice.

Salaries and other remuneration paid to the members of the Board and the President totalled EUR 338,496 in 2007. Other benefits received by the members of the Board and the President in 2007 totalled EUR 480.

The company has no specific pension commitments for Board members or managing directors.

Corporate Executive Team

The Corporate Executive Team assists the President in managing and developing Componenta Group. The appointment of members to the corporate executive team and their terms of employment are decided on by the Board of Directors from a proposal by the President and CEO. In accordance with the "one over one" principle in use at the Group, the Chairman of the Board of Directors approves these decisions.

In 2007 the corporate executive team consisted of eleven persons. The corporate executive team convenes once a month. The President acts as chairman and the Communications Director as secretary at the meetings. Information about the areas of responsibility and shareholdings of the members of the corporate executive team can be found on Componenta's website.

Monitoring systems

Audit

The Annual General Meeting appoints the auditor and decides on the remuneration to be paid to the auditor. The company has at least one and a maximum of two auditors, and one deputy auditor. In addition to the duties prescribed in current accounting regulations, the auditor reports as necessary to the Board of Directors of Componenta Corporation.

Componenta Corporation's auditor during the accounting period 1 January - 31 December 2007 is Oy Audicon Ab, Authorized Public Accountants.

The Annual General Meeting on 26 February 2007 decided that the remuneration for the auditor would be based on invoicing. Remuneration in 2007 based on invoicing for Componenta Group's auditors totalled EUR 753,900 comprising EUR 404,000 in audit fees and EUR 349,900 for other services.

Insider regulations

Componenta Corporation complies with the insider regulations of the OMX Nordic Exchange in Helsinki and also with its own insider regulations. Componenta's statutory insiders are the Board of Directors of the parent company, the President and CEO, and the auditors. Company-specific insiders are the Group's corporate executive team and named individuals. The holdings of Componenta's statutory insiders are given on the Group's website.

The holdings in Componenta Corporation of statutory and company-specific insiders are monitored regularly through the SIRE system of the Finnish Central Securities Depository.

Risk management

Internal monitoring at Componenta Group takes place in accordance with the operating principles approved by the Board of Directors, and these are based on the Group's internal reporting and the annual audit plan approved by the Board.

Financial reporting that covers the entire Group is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts for the current year.

The financial risks relating to Componenta Group's business operations are managed in accordance with the treasury policy approved by the Board of Directors. This aims to protect the Group against adverse changes in the financial markets and safeguard the performance of the Group and its financial position. Management of financial risks takes place in the corporate treasury function.

Appropriate insurance has been taken against risks associated with assets and interruption of operations and to minimize indemnity.

The financial administration of Componenta Group conducts an internal audit of Group companies with the auditor as part of the annual plan.

Right to sign Company name

Componenta Corporation's name is signed by the chairman of the Board of Directors and the President, each alone, and by other members of the Board of Directors, two together. Furthermore, the Board of Directors may also authorize members of the Company's management to sign for the Company per pro-curam.

Incentive schemes

Componenta rewards personnel in key positions and secures performance based pay with competitive compensation including short- and long-term incentive schemes. Componenta's Board of Directors confirms the contents of and positions entitled to the incentive schemes.

Short-term bonus programs are linked to achieving measurable personal and business targets annually. The amount of the bonus depends on the position and varies between 0% and 32% of annual income.

The long-term share-based bonus scheme is linked to the company's expected return on equity and to the consolidated result after financial items. The scheme is made up of three earnings periods and lasts a total of five years.

At Componenta business units, blue collar employees are entitled to productivity related bonuses. In Componenta B.V, the personnel is entitled to profit sharing program, based on return on investment targets achievement.

Contemporary persons are entitled only to one short term incentive program.

Releases 2007

January

9.1.2007	Yaylalý Günay and Hakan Göral new members of Componenta Corporate Executive Team

February

5.2.2007	Financial Statements 1 January - 31 December 2006
5.2.2007	Notice of Annual General Meeting
5.2.2007	A share-based incentive plan for the Componenta key personnel
16.2.2007	Componenta sells shares in associated company Ulefos
19.2.2007	Componenta's tender offer for the remaining Döktas shares
20.2.2007	Componenta's holding in Döktas increased to 81.5 per cent
26.2.2007	Resolutions of the Annual General Meeting of Componenta Corporation
28.2.2007	Componenta's 2006 annual report
28.2.2007	Componenta's sale of Ulefos shares completed

March

6.3.2007	Componenta sells the Albin machine shop
6.3.2007	Componenta's holding in Döktas reached 92.6%
15.3.2007	Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed
15.3.2007	Componenta's Albin transaction completed
21.3.2007	Componenta initiates negotiations with the unions regarding a proposed consolidation of Åmål and Främmestad machine shops
22.3.2007	Componenta Döktas pays out dividends

April

13.4.2007	Componenta comparison data for 2006
16.4.2007	Amendment to Componenta's release Comparison data for 2006
24.4.2007	Componenta Quarterly report Componenta's Interim Report 1 Jan - 31 Mar 2007

May

9.5.2007	Componenta Major shareholder announcements Notification of change of shareholding in accordance with chapter 2, section 9 of the Securities Markets Act
14.5.2007	Componenta Changes in share capital and votes Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed

June

4.6.2007	Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed
27.6.2007	Componenta has finalized negotiations with the unions regarding the consolidation of Åmål and Främmestad machine shops
28.6.2007	Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed
28.6.2007	For Componenta a new long-term credit facility of EUR 200 million

July

17.7.2007	Componenta's Interim Report 1 Jan - 30 Jun 2007

August

23.8.2007	Componenta strengthens its way of operating
24.8.2007	Componenta's Sustainability Report 2006 has been published

September

28.9.2007	Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed

October

12.10.2007	Development of currency rate and increase of interest rate decrease Componenta's result estimate
15.10.2007	Sherbrook is now Componenta UK Ltd.
16.10.2007	Componenta interim report 1 January - 30 September 2007
16.10.2007	New CFO for Componenta

November

14.11.2007	Componenta continues to grow
29.11.2007	Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed
30.11.2007	Componenta's financial calendar 2008

December

20.12.2007	Helsinki Court of Appeal decision in the matter between VR Ltd and Componenta Karkkila Oy

Componenta Corporation
Financial Statements January 1 - December 31, 2007

Content

Report by the Board of Directors

Events in 2007 in brief

In February Componenta sold all of its 50% holding in the shares of associated company Ulefos NV AS to Cappelen Holding AS. The selling price was EUR 14.0 million and Componenta recorded a profit on the sale of about EUR 6.4 million.

Componenta's tender offer made on 19 February 2007, in accordance with Turkish law, to purchase the remaining shares and voting rights of Döktas Dökümcülük Ticaret ve Sanayi A.S. (Döktas), which is quoted on the Istanbul Stock Exchange, ended on 5 March 2007. As a result of the tender offer, at the end of 2007 Componenta owns 92.6% of the shares of Döktas.

On 6 March 2007 Componenta signed an agreement to sell in an MBO Componenta Albin AB to the company's operative management. The selling price was EUR 14.3 million. Componenta recorded a profit of EUR 13.0 million on the sale.

In June Componenta decided to consolidate the operations of the Componenta Åmål machine shop to Componenta Främmestad in Sweden. The consolidation of operations took place during 2007 and one-time costs of EUR 6.1 million were recorded for the project. The consolidation is expected to improve the combined result of the business units by some EUR 2 million as from 2008.

On 23 August 2007 Componenta announced that it was strengthening its way of operating with a new corporate structure to be introduced on 1 October 2007. The current division structure of the Group remains mainly unchanged. Hakan Göral, Sales Director at Döktas, was appointed Senior Vice President of Componenta Döktas Division and Managing Director of Componenta Döktas A.S. as from 1 October 2007.

In November Componenta signed a contract with Moventas Oy, under which the Group's foundries in Iisalmi, Finland and in Heerlen, the Netherlands will supply Moventas with castings for wind generator gear components with a total value of EUR 70 million during the period 2008 - 2011. As a result of this contract, investments of EUR 6 million will be made at Suomivalimo in Iisalmi to raise production capacity by 70% in summer 2008. At the same time Componenta announced that it will increase machining capacity in Turkey by building a new plant in Orhangazi. The building project should be completed in summer 2008 and will cost EUR 3 million. It is planned to double the machining capacity at Componenta Orhangazi from its current level with machinery investments of EUR 6 million during 2008 - 2009.

Componenta recorded the total amount of compensation, EUR 1.9 million, arising from the decision of the Helsinki Court of Appeal as a one-time item in the result for the final quarter of 2007. The compensation relates to the contract to supply train wheels signed with VR in 1990 and to deliveries of train wheels made in 1991 and 1992.

Net sales

Componenta's financial statements have been prepared in accordance with international financial reporting standards (IFRS).

The Group's net sales in 2007 totalled EUR 634.7 (362.1) million. Fourth quarter net sales were EUR 162.9 (95.5) million.

Consolidated net sales in 2007 by customer sector were as follows: off-road industry 36% (26%), heavy truck industry 27% (43%), cars and light trucks 17% (1%), machine building industry 11% (17%), power and transmission industry 8% (12%) and other sales 1% (1%).

The Group's net sales in 2007 by geographical area were as follows: Nordic countries 28% (49%), other European countries 63% (45%) and other countries 9% (6%).

The Group's order book at the end of 2007 stood at EUR 129.0 (95.4) million.

Result

The consolidated operating profit excluding one-time items was EUR 38.2 (14.9) million and the profit after financial items excluding one-time items was EUR 14.9 (5.0) million. The Group's net financing costs were EUR -23.2 (-9.9) million. The operating profit for the final quarter excluding one-time items was EUR 8.8 (4.2) million and the result after financial items excluding one-time items was EUR 3.1 (1.2) million.

Componenta's operating profit including one-time items was EUR 45.9 (14.5) million, the result after financial items was EUR 22.7 (4.6) million, and the profit for the fiscal year was EUR 21.6 (3.5) million.

Componenta's taxes totalled EUR -1.1 (-1.1) million. Deferred tax receivables have been recorded in the balance sheet, and it is estimated that these can be utilized in the Netherlands in 2008 and in Finland during the next 4 - 6 years.

Componenta's basic earnings per share were EUR 1.97 (0.36). Earnings per share excluding one-time items were EUR 1.01 (0.40).

Invested capital in the company at the end of the year was EUR 370.9 (359.5) million and the return on investment was 12.8% (6.6%).

Componenta's key financial indicators during the past three years were as follows:

	2005	2006	2007
Net sales, MEUR	343.2	362.1	634.7
Operating profit, MEUR	9.9	14.5	45.9
Operating profit, %	2.9	4.0	7.2
Return on equity, %	4.2	5.9	23.1
Equity ratio, %	18.1	19.2	20.3

Financing

In March the Group repaid EUR 3.2 million, or 10%, of the principal of the preferred capital notes issued in 2002 in accordance with the terms for the notes. On 31 December 2007 Componenta Corporation had outstanding capital notes and convertible notes with a combined value of EUR 55.3 million, as defined in IFRS. During 2007, 4,601 of Componenta's convertible capital notes were converted into shares. As a result, the number of Componenta shares increased by 920,200 and the shareholders' equity in the IFRS balance sheet rose by EUR 7.8 million.

On 28 June 2007 Componenta signed a new five year EUR 200 million syndicated credit facility to replace the Group's existing credit facilities. The new facility strengthens Componenta's financial position. The banks participating in the credit facility are Swedbank AB (publ.), Nordea Bank Finland Plc, OKO Bank Plc, Bayerische Hypo- und Vereinsbank AG, ABN Amro Bank N.V., Danske Bank A/S and HSH-Nordbank AG.

At the end of the year the Group had EUR 143.2 million in non-utilised long-term credit facilities. In addition the Group has a EUR 150.0 million commercial paper programme. The Group's interest-bearing net debt, excluding the outstanding capital notes of EUR 55.3 million, stood at EUR 187.4 (186.9) million. Gearing was

241.3% (270.7%). The company's net debt as a proportion of shareholders' equity, including the capital notes in shareholders' equity, was 120.2% (118.8%).

Componenta is making more effective use of capital with a programme to sell its sales receivables. Under this arrangement, some of the sales receivables are sold without any right of recourse. By the end of the year the company had sold sales receivables totalling EUR 43.5 (33.0) million.

Componenta's net cash flow from operations during 2007 was EUR 42.6 (26.2) million, and of this the change in net working capital was EUR 11.0 (1.6) million. The net cash flow from investment was EUR -38.6 (-104.2) million, which includes the cash flow from the Group's production investments and the cash flow from the sale and purchase of shares and from the sale of fixed assets.

The Group's equity ratio was 20.3% (19.2%). The Group's shareholders' equity, including the capital notes on 31 December 2007 in shareholders' equity, as a proportion of the balance sheet total was 31.4% (32.5%).

Cash loans, commitments and contingent liabilities given by the company to Group companies classified as related parties on 31 December 2007 totalled EUR 124.3 (107.7) million. Cash loans, commitments and contingent liabilities given by the company to private persons classified as related parties on 31 December 2007 totalled EUR 0.3 (0.3) million.

Performance of business divisions

During 2007 Componenta had three divisions: Foundries, Machine shops, and Döktas. In addition, the reports contain figures for Other business which includes the service companies, the Componenta Wirsbo forges, sales and logistics company Componenta UK, Componenta Pistons, the business of Componenta Albin that has been divested, and the Group's share of the figures for associated company Ulefos NV that has been divested, real estate companies and the Group's administrative functions.

Foundries division

The Foundries division comprises the Group's foundries in Karkkila, Pori, Pietarsaari and Iisalmi in Finland, and the foundries in Weert and Heerlen in the Netherlands.

The Foundries division had net sales in 2007 of EUR 241.7 (224.5) million and an operating profit of EUR 16.7 (6.6) million. The division's operating profit improved significantly from the previous year mainly as a result of higher volumes and enhanced efficiency in operations. The operating results of the Karkkila and Heerlen Furan foundries improved considerably. The division had fourth quarter net sales of EUR 64.2 (56.8) million and an operating profit of EUR 4.7 (1.6) million.

Machine shops division

The Machine shops division comprises the Främmestad machine shop in Sweden, the machine shops in Lempäälä and Pietarsaari in Finland, and the machine shop operations in the Netherlands.

Machine shops had net sales in 2007 of EUR 158.6 (137.9) million and an operating profit of EUR 5.0 (5.8) million.

During 2007 Componenta consolidated the operations of the Componenta Åmål machine shop to Componenta Främmestad in Sweden. The consolidation will safeguard long-term competitiveness, which can be achieved with a larger unit and by raising efficiency in operations. The consolidation is expected to improve the combined result of the business units by some EUR 2 million as from 2008.

The division had net sales in the final quarter of EUR 41.7 (36.7) million and an operating profit of EUR 1.1 (1.8) million.

Presenting the order books for the Foundries and Machine shops divisions separately is not justified due to the nature of the Componenta supply chain. The divisions had a combined order book at the end of the year of EUR 66.5 (52.0) million.

Döktas division

The Döktas division comprises the iron foundry and machine shop in Orhangazi and the aluminium foundry and machine shop in Manisa. The financial figures presented in parenthesis are the 2006 figures when Döktas did not belong to Componenta Group.

The Döktas division had net sales in 2007 of EUR 232.5 (218.2) million and an operating profit of EUR 14.4 (24.2) million. The order book at the end of the year stood at EUR 46.1 (34.7) million. Factors affecting the division's operating profit during the year were the rise in raw material prices, unfavourable developments in exchange rates, and low sales of aluminium wheels. The division had final quarter net sales of EUR 55.7 (57.1) million and an operating profit of EUR 2.3 (6.3) million.

The iron foundry and machine shop in Orhangazi supply ready-to-install cast components mainly to the off-road industry and to car and light truck manufacturers. Componenta Döktas Orhangazi had net sales in 2007 of EUR 156.4 million and an operating profit of EUR 10.8 million (6.9% of net sales).

The aluminium foundry and machine shop in Manisa mainly manufacture aluminium pressure cast components and aluminium wheels. Componenta Döktas Manisa had net sales in 2007 of EUR 76.1 million and an operating profit of EUR 3.6 million (4.7% of net sales).

Other business

Other business comprises the service companies, the Componenta Wirsbo forges, sales and logistics company Componenta UK, Componenta Pistons, the business of Componenta Albin that has been divested, and the Group's share of the figures for associated company Ulefos NV that has been divested, real estate companies and the Group's administrative functions.

Other business had net sales in 2007 of EUR 151.0 (89.1) million and an operating profit excluding one-time items of EUR 2.4 (2.7) million. The order book at the end of 2007 stood at EUR 16.4 (8.8) million. Net sales in the fourth quarter totalled EUR 40.5 (25.4) million and operating profit excluding one-time items was EUR 0.0 (0.8) million.

Net sales of the Componenta Wirsbo forges increased and the operating profit improved from the previous year. Similarly the net sales of sales and logistics company Componenta UK rose and the operating profit improved from the previous year.

Shares and share capital

The shares of Componenta Corporation are quoted on the OMX Nordic Exchange Helsinki. At the end of the review period the company's share capital stood at EUR 21.9 (20.0) million. On 31 December 2007 the quoted price of Componenta Corporation shares stood at EUR 8.37 (8.59). The average price during the year was EUR 11.05, the lowest quoted price was EUR 8.17 and the highest EUR 14.37. At the end of the year the share capital had a market capitalization of EUR 91.6 (86.1) million and the volume of shares traded during the review period was equivalent to 52% (57%) of the share stock. The company has one share series. On 31 December 2007 the company had 10,942,498 (10,022,298) shares.

The Annual General Meeting on 26 February 2007 decided, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.25 per share for 2006.

On 8 May 2007 Componenta received notification from Simo-Pekka Inkinen that the share of the voting rights and share capital carried by the shares in Componenta Corporation under his control had fallen below the 5% limit in a share transaction on 8 May 2007. On 31 December 2007 the share of the voting rights and share capital carried by the shares in Componenta Corporation under the control of Simo-Pekka Inkinen was 3.3%.

During the review period 581,400 new Componenta Corporation shares were subscribed with 2,907 capital notes from the convertible capital notes issued by Componenta Corporation in 2006. As a result of the conversion, the share capital of Componenta Corporation rose by altogether EUR 1,162,800 and the invested non-restricted equity fund by EUR 4,069,800.

A total of 338,800 new Componenta Corporation shares were subscribed with 1,694 capital notes from the convertible capital notes issued by Componenta Corporation in 2005. As a result of the conversion the share capital of Componenta Corporation rose by altogether EUR 677,600 and the share premium account by EUR 2,710,400.

Authorizations of the Board of Directors

The Annual General Meeting on 26 February 2007 authorized the Board of Directors to resolve on the repurchase of own shares as follows: The authorization covers a maximum of 1,000,000 own shares using the unrestricted shareholders' equity of the company. The shares shall be repurchased through public trading, for which reason the shares are repurchased otherwise than in proportion to the holdings of the shareholders. The purchase of the shares shall be based on the market price of Componenta's share in public trading. The repurchases shall be carried out on the OMX Nordic Exchange Helsinki in accordance with its rules and regulations.

The Board of Directors may not implement the authorization to repurchase own shares if after the repurchase the company or its subsidiary would possess or have as a pledge more than ten (10) per cent of all shares of the company. The authorization is in force for a period of 18 months from the resolution by the Annual General Meeting.

The Annual General Meeting on 26 February 2007 authorized The Board of Directors to resolve on the issuing of shares as well as on the granting of option rights and other special rights entitling to subscription of shares upon the following terms and conditions: The Board of Directors may based on the authorization resolve on the issuance of shares, on the granting of option rights and other special rights in accordance with chapter 10, section 1 of the Companies Act resulting in an aggregate maximum amount of 2,000,000 shares issued based on the authorisation. The authorisation does not exclude the right to a direct issue of shares in deviation from the shareholders pre-emptive subscription right. The authorization is in force for a period of five years from the resolution by the General Meeting.

The Board has not exercised either of these authorizations.

Share-based incentive scheme

The Board of Directors of Componenta Corporation decided on 3 April 2007 under the authorization given by the Annual General Meeting to establish a share-based incentive scheme for the period 2007 - 2009. The scheme comprises three one-year earnings periods, which are the calendar years 2007, 2008 and 2009. The bonuses will be paid in 2008, 2009 and 2010, partly in company shares and partly in cash. The part to be paid in cash will cover the tax and similar charges arising from the bonus. There is a ban on selling the shares for two years after the end of the earnings period.

Any yield from the scheme is based on the Group's profit after financial items and the Group's return on investment. At the end of 2007 the target group contained 34 persons. If the targets set for the scheme are met in full, the scheme will pay a bonus of a maximum of 180,000 Componenta Corporation shares. For the 2007 part of the scheme, a maximum of 3,000 Componenta Corporation shares will be allocated. The President and CEO will account for a maximum of 600 of this total figure, and other key personnel altogether for a total maximum of 2,400 shares. The scheme had an impact before taxes on the result in the review period of EUR 0.05 million. The Board of Directors has decided to allocate a maximum of 70,000 Componenta Corporation shares for the 2008 part of the scheme. The President and CEO will account for a maximum of 18,000 shares of this total figure.

Investments

Componenta's investments in production facilities during the review period totalled EUR 23.6 (12.1) million. The net cash flow from investing activities was EUR -38.6 (-104.2) million.

Board of Directors and Management

Componenta's Annual General Meeting on 26 February 2007 elected the following to the Board of Directors: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski. The Board elected Heikki Bergholm as its Chairman and Juhani Mäkinen as Vice Chairman.

At the end of the year the corporate executive team of Componenta Group comprised President and CEO Heikki Lehtonen; Olli Karhunen, Senior Vice President, Foundries division; Michael Sjöberg, Senior Vice President, Machine shops division; Hakan Göral, Senior Vice President, Componenta Döktas division; Jari Leino, Sales Director, Heavy Trucks; Anu Mankki, Senior Vice President, Human Resources; Marko Sipola, Senior Vice President, Business Development; Yaylaly Günay, Senior Vice President, Investments, and Pirjo Aarniovuori, Communications Director. Mika Hassinen was appointed CFO of Componenta Corporation and a member of the corporate executive team as from 2 January 2008.

Personnel

During 2007 the Group had on average 4,206 (2,196) employees. At the end of the year the Group had 4,158 (4,316) employees. The number of Group personnel at the end of the year including contract labour was 5,064 (5,249). At the end of 2007 51% of the Group's personnel were in Turkey, 22% in Finland, 17% in the Netherlands and 10% in Sweden.

Environment

Componenta is committed to continuous improvement and to reducing the environmental impact of its production processes. The objectives of the Group's environmental policy are to reduce consumption of energy and raw materials, restrict particle and VOC emissions, and reduce environmental noise from its operations. It also aims to increase the sorting of waste and reduce the amount of waste that cannot be reused.

One of the most significant environmental aspects for Componenta Group is the use of energy. In 2007 the Group used 814 GWh (809 GWh) of energy. Most of the energy used, 68%, is electricity. The foundries consume more than 90% of all the energy, for especially the melting processes at the foundries utilise much energy. In 2007 energy consumption at Componenta Group foundries in proportion to output fell by about 5% compared to 2006.

Componenta will publish its 2007 environmental report during the spring 2008.

Research and development

At the end of 2007, 89 people worked in research and development at Componenta, which corresponds to 2% of the company's total personnel. Componenta's R&D expenses in 2007 totalled EUR 2.3 (1.4) million. This is 0.4% (0.4%) of the Group's total net sales.

Risks

Fluctuations in the prices of Componenta Group's main raw material, scrap metal, affect the sales margins on the Group's products. When the price of scrap metal rises, the increase in the price of the raw materials can be passed on to the products supplied to customers after a certain delay, so price increases in scrap metal reduce the sales margin temporarily. When scrap prices go down, the Group's margins improve for a while.

The electricity consumption of the Group's foundries and machine shops creates a spot price risk for the purchased electricity, so the Group purchases electricity price forwards to hedge against the impact of electricity prices on the financial performance. The target hedging level for the forecast electricity consumption by the Group's production plants is 90% for the next 12 months, 60% for the following year and 40% for the third year. Trading in electricity price forwards has been outsourced. The Group aims to pass on the increase in the price of electricity to customers with a separate electricity surcharge.

Appropriate insurance has been taken against risks associated with assets and interruption of operations and to minimize indemnity.

The financial risks relating to Componenta Group'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 finance markets and to secure the Group's financial performance and financial position. Management of financial risks takes place in the corporate treasury function.

Following the acquisition of Döktas, Componenta now has a significant currency position in Turkish lira. The company hedges the translation and transaction risks in accordance with its treasury policy. Despite the hedging, however, any changes in the value of the Turkish lira in relation to other currencies, especially the euro, US dollar and GB pound, may have an impact on Componenta's financial performance in the short term.

The Group has no significant concentration of risk for receivables. The Group recognized no major credit losses in 2007.

The company's financial agreements contain, in addition to normal covenant terms, also clauses according to which the company's loans may fall due for payment before the maturity date if control of the company changes in consequence of a public purchase offer. The company is not party to any other significant contracts that will come into force, that can be amended or that can cease to be valid if control of the company changes in consequence of a public purchase offer.

Dividend proposal

The distributable equity of the parent company on 31 December 2007 amounted to EUR 30.2 million, of which the profit for the financial year was EUR 10.6 million. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.50 per share be paid for 2007, altogether EUR 5.5 million, and EUR 24.8 million be retained in the shareholders' capital. No significant changes have taken place in the company's financial position after the end of the year. The company's liquidity is strong, and in the opinion of the Board of Directors the proposed distribution of profit does not put the company's solvency at risk.

Annual General Meeting

The Board of Directors proposes to the AGM that the Board be authorized to decide on purchasing the Company's own shares using the Company's unrestricted shareholders' equity. It is proposed that the authorization be for a maximum of 1,000,000 own shares.

Prospects

Componenta's prospects in 2008 are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.

The demand outlook in all the Group's customer sectors is good at the beginning of 2008. Componenta's order book at the end of 2007 was 35% higher than at the same time in the previous year, corresponding almost full capacity utilization. Global uncertainty in the finance market and unfavourable developments in exchange rates may weaken Componenta's prospects during the year.

Combining the operations of Componenta and Döktas and enhancing the performance of the business units are expected to have a positive impact on the Group's operating profit in 2008.

Componenta Group's 2008 net sales are expected to increase and the result after financial items, excluding one-time items, is expected to improve on the corresponding figures for 2007.

Consolidated income statement 1.1. - 31.12.

MEUR	Note	2007	%	2006	%
NET SALES	1	634.7	100.0	362.1	100.0
Other operating income	4	21.1		0.8	
Operating expenses	5,6,7	-583.4		-332.8	
Depreciation, amortization and write-down of non-current assets	8	-26.6		-17.4	
Share of the associated companies' result		0.1		1.8	
OPERATING PROFIT	1	45.9	7.2	14.5	4.0
Financial income	9	8.7		2.7	
Financial expense	9	31.9		-12.6	
Financial income and expenses in total		-23.2		-9.9	
PROFIT/LOSS AFTER FINANCIAL ITEMS		22.7	3.6	4.6	1.3
Income taxes	10	1.1		-1.1	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		21.6		3.5	
Allocation of net profit for the period					
To equity holders of the parent		20.9		3.5	
To minority interest		0.7		0.0	
		21.6		3.5	
Earnings per share caluculated on the profit attributable to the shareholder's of the parent company					
Earnings per share, EUR	11	1.97		0.36	
Earnings per share with dilution, EUR	11	1.61		0.36	

The notes are an integral part of these financial statements.

Consolidated balance sheet 31.12.

MEUR	Note	2007	2006
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	12	244.9	245.1
Goodwill	13	41.4	30.9
Intangible assets	14	2.4	2.0
Investment properties	15	1.8	1.9
Shares in associated companies	16	0.3	7.4
Financial assets	17	0.9	0.5
Receivables	18	4.3	1.0
Deferred tax assets	19	9.4	8.2
		305.5	297.0
CURRENT ASSETS			
Inventories	20	82.5	78.5
Receivables	21	81.9	93.3
Cash and cash equivalents	23	27.5	15.3
		191.9	187.1
TOTAL ASSETS		497.3	484.2

The notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS´ EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		21.9	20.0
Share premium account		14.9	12.4
Legal reserve		0.0	0.0
Other reserves		7.2	3.4
Translation difference		9.8	0.1
Retained earnings		16.6	15.6
Profit/loss for the financial period		20.9	3.5
Equity attributable to equity holders of the parent	24	91.3	55.2
Minority interest		9.3	37.7
Shareholders' equity		100.6	92.8
LIABILITIES			
Non-current liabilites			
Capital loan	28	50.2	61.5
Interest bearing	28	77.0	94.4
Non-interest bearing		0.3	0.1
Provisions	27	6.4	1.2
Deferred taxes	19	9.4	9.5
Current liabilities			
Capital loan	28	5.2	2.9
Interest bearing liabilities	28	137.9	107.8
Non-interest bearing	29	105.9	106.9
Tax liability		0.9	2.0
Provisions	27	3.5	4.9
		396.7	391.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		497.3	484.2

The notes are an integral part of these financial statements.

Cash flow statement 1.1. - 31.12.

MEUR	2007	2006
Cash flow from operations		
Result after financial items	22.7	4.6
Depreciation, amortization and write-down	26.6	17.4
Net financial income and expenses	23.2	9.9
Other income and expenses, adjustments to cash flow	-15.1	0.2
Change in net working capital	11.0	1.6
Interest received	7.8	1.2
Interest paid	-30.8	-10.0
Dividends received	0.0	1.2
Taxes paid	-2.8	0.0
Net cash flow from operations	42.6	26.2
Cash flow from investing activities		
Acquistion of subsidiaries net of cash	-40.2	-97.4
Capital expenditure in tangible and intangible assets	-22.3	-7.0
Proceeds from tangible and intangible assets	0.1	0.1
Other investments and loans granted	-0.7	-
Proceeds from other investments and repayments of loan receivables	24.5	-
Net cash flow from investing activities	-38.6	-104.2
Cash flow from financing activities		
Dividends paid	-3.3	0.0
Share issue	0.0	1.6
Draw-down (+)/ repayment (-) of the equity part of convertible capital notes	0.0	2.2
Repayment of finance lease liabilities	-3.3	-2.2
Draw-down (+)/ repayment (-) of current loans	44.2	26.1
Draw-down (+)/ repayment (-) of non-current loans	-30.5	60.4
Net cash flow from financing activities	7.2	88.1
Change in liquid assets	11.2	10.0
Cash and bank accounts at the beginning of the period	15.3	5.3
Effects of exchange rate changes on cash	1.0	-
Cash and bank accounts at period end	27.5	15.3
Change during the financial period	11.2	10.0

The notes are an integral part of these financial statements.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Other reserves	Trans-lation-diffe-rences	Retained earnings	Total	Minority interest	Share holders' equity total
Shareholders' equity 1.1.2006	**19.3**	**11.6**	**2.4**	**0.1**	**15.3**	**48.5**	**0.1**	**48.6**
Derivatives			-0.1			-0.1		-0.1
Other changes				0.1	0.3	0.4		0.4
Increase of share capital (warrants)	0.8	0.8	0.0			1.6		1.6
Minority interest							37.7	37.7
Equity share of convertible capital notes			1.2			1.2		1.2
Profit/loss for the period					3.5	3.5	0.0	3.5
Shareholders' equity 31.12.2006	**20.0**	**12.4**	**3.4**	**0.1**	**19.1**	**55.2**	**37.7**	**92.8**

MEUR	Share capital	Share premium account	Other reserves	Trans-lation-diffe-rences	Retained earnings	Total	Minority interest	Share holders' equity total
Shareholders' equity 1.1.2007	**20.0**	**12.4**	**3.4**	**0.1**	**19.1**	**55.2**	**37.7**	**92.8**
Derivatives			0.3			0.3		0.3
Share-based payments			0.0			0.0		0.0
Other changes				11.4		11.4	1.2	12.6
Change in equity hedging				-1.8		-1.8		-1.8
Dividends paid					-2.5	-2.5	-0.8	-3.3
Increase of share capital (convertible notes)	1.8	2.5	3.4			7.8		7.8
Equity share of convertible capital notes			0.0			0.0		0.0
Change in minority interest						0.0	-29.5	-29.5
Profit/loss for the period					20.9	20.9	0.7	21.6
Shareholders' equity 31.12.2007	**21.9**	**14.9**	**7.2**	**9.8**	**37.5**	**91.3**	**9.3**	**100.6**

Notes to the consolidated financial statements

General information

Componenta is a metal sector company with international operations. Componenta supplies cast, machined and surface-treated components and total solutions built from these to its customers, who are companies in the heavy truck, off-road, machine-building, and power and transmission industries.

The Group's parent company is Componenta Corporation (business identity code 1635451-6), whose shares are quoted on the OMX Nordic Exchange in 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 2007.

The Board of Directors of Componenta Corporation has at its meeting on 29 January 2008 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 2007 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 2006 figures for comparison have been altered in respect of the balance sheet at the time of the purchase of Döktas and the allocation of the price paid for Döktas. The changes affected goodwill, property, plant and equipment, trade receivables, deferred tax liabilities and non-interest-bearing current loans. The changes had no impact on the Group's shareholders' equity on 31 December 2006. The segment information has also been amended for 2006 to bring it in line with the new segment classification.

The consolidated financial statements have been prepared based on the historical cost, except that the following items have been assessed at fair value: financial assets and liabilities recognized in the income statement, derivative financial instruments, and items hedged at fair value. 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 note "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 cost 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. Minority interest is calculated as the minority shareholders' share of the result for the financial period, of the shareholders' equity of subsidiary companies and of the fair value allocations made in connection with acquisitions.

When acquiring minority interests, the difference between the acquisition cost and the minority interest eliminated from the balance sheet is recognized as goodwill.

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 IFRS accounting policies in the financial statements of associated companies have been corrected.

Translation of foreign currency items

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.

The foreign currency receivables and liabilities of the parent company and Finnish subsidiaries are translated into euros at the average exchange rate on the balance sheet date. The foreign currency receivables and liabilities of non-Finnish group companies are translated at the exchange rate for the country concerned on the balance sheet date.

The income statements of foreign subsidiaries 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.

Property, plant and equipment and intangible assets

Property, plant and equipment are recorded in the balance sheet at their historical cost less planned depreciation. For certain buildings the Group has made use of transitional relief, according to which it assessed the buildings at fair value in the 2004 opening balance sheet and after that began planned depreciation on them. No depreciation is made on land and water areas. Intangible assets include goodwill, computer software and capitalized development costs. For intangible assets that have a limited useful economic life, straight-line depreciation is entered as an expense in the income statement over their useful economic lives. The Group has no intangible assets other than goodwill 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 can be capitalized and depreciated over their estimated useful life if they are likely to increase the future economic benefits embodied in the specific asset to which they relate.

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 is calculated on a straight line basis on the historical cost, based on the estimated useful economic life, as follows:

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

* Residual value 25% of acquisition cost

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 depreciated 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.

Investment property

Property that is owned by the Group and leased to an external party, and that is not mainly owner-occupied, is classified as investment property and is valued in the balance sheet at acquisition cost. Rental income from investment property is recorded in the Group's net sales. Investment property is depreciated on a straight line basis over its useful economic life, which is 25-40 years. The residual value is 25% of the acquisition cost.

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. In previous financial periods, development costs for new product series have been capitalized in the balance sheet. 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.

Leases

Leases are classified at inception as finance or other 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 the ownership is obtained at the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful 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 instalment payment of the liability, using the effective interest rate method so that the liability is repaid over the lease term as an annuity. The financing cost 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 (contingent rent) is recorded as a rental expense.

Rents paid under other lease agreements are recognized as expenses in the income statement on an accrual basis throughout the lease term.

Employee benefits/Pensions

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. Defined benefit pension schemes have been treated in the same way if the pension company has not been able to provide actuarial valuations. Componenta has a pension scheme classified as a defined benefit scheme in Sweden (Alecta ITP), which is treated as a defined contribution scheme.

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.

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

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 3 April 2007.

A share-based incentive scheme has been set up for senior management for the years 2007 – 2009. Bonuses are paid partly in shares and partly in cash. 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.

The option rights granted in the Group were granted before 7 November 2002 and their subscription period began before 1 January 2005 and ended on 31 October 2006, so they have not been entered as an expense in the income statement.

The payments received for the share subscriptions have been entered in share capital and in the share premium account.

Segment reporting

Componenta has three business segments: Foundries, Machine Shops and Döktas. The Foundries division comprises the Group´s foundries in Karkkila, Pori, Pietarsaari and Iisalmi in Finland, and the foundries located in Weert and Heerlen in the Netherlands. The Machine Shops division comprises the Främmestad and Åmål machine shops in Sweden, the machine shops in Lempäälä and Pietarsaari in Finland, and the machine shop operations in the Netherlands. The Döktas division comprises the iron foundry and machine shop in Orhangazi and the aluminium foundry and machine shop in Manisa. In addition, the reports contain figures for elimination of intra-group items and Other Business, which includes the service companies, real estates, head office, the Componenta Wirsbo forges, the Componenta UK sales and logistics company, Componenta Pistons, the business of Componenta Albin that has been divested, and the Group´s share of the figures for associated company Ulefos NV that has been divested. The business segments are based on the Group's internal organizational structure and internal financial reporting.

The secondary, geographical segments comprise the Nordic Countries and Other European Countries. Revenues and transfers between Componenta's business segments and the operations outside of this and between the geographical segments are recorded at fair market prices. A geographical segment that must be reported separately is formed by a market area that accounts for more then 10% of the Group's net sales and for which the risks and rates of return for its operations differ from the risks and rates of return in the financial environment in other market areas. Net sales by geographical segment are reported by location of customers and segment assets are based on the location of assets.

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.

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.

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. Deferred tax liabilities have been calculated for Finnish companies using a tax rate of 26%, for Swedish companies using a rate of 28%, for Turkish companies using a rate of 20% and for Dutch companies using a rate of 25.5%.

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. 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.

Other income from operations

Revenues that are not part of actual net sales, such as revenue from the sale of non-current assets, are recorded under other income from operations.

Financial assets and liabilities

Financial assets

The Group's financial assets are initially classified in the following categories: 1) financial assets at fair value through profit and loss, 2) loans and other receivables, 3) held-to-maturity investments and 4) available-for-sale financial assets. At the balance sheet date all investments and receivables are included in the categories: financial assets at fair value through profit and loss, loans and receivables, and available-for-sale financial assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss contain the derivative financial instruments acquired for hedging purposes to which the principles of hedge accounting are 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 finance income and expenses for the period in which they are incurred.

Financial assets at amortized cost

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

Cash and cash equivalents comprise cash balances and cash in bank accounts.

Financial assets at cost

Holdings and investments that do not belong to the other financial asset categories are classified under the available-for-sale category. 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.

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 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 in the income statement. For other financial assets, impairment losses are required to be permanent.

Financial liabilities

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 held-for-trading. 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

Financial liabilities that are not classified as financial assets at fair value through profit and loss are classified as other financial liabilities. 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. Other financial liabilities 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. 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 as the present value of the contractually determined stream of future cash flows discounted, in the lack of a reliably determined corresponding market interest rate, 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 account 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.

Derivative financial instruments and hedge accounting

The Group's derivative financial 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 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. Forward foreign exchange contracts and currency exchange contracts 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 financial instruments are recognized either as financial hedging instruments that are excluded from hedge accounting as defined in IAS 39 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.

For balance sheet date, cash flow hedge accounting is applied when hedging against future changes in interest rates and in electricity spot market prices. 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 are recognized in financial income and expenses 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 hedging relationship is recognized in the income statement under financial income or expenses.

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 expenses or income 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 and currency derivatives that are a part of the Group's risk management policy but are excluded from hedge accounting. Realized gains or losses from electricity price forwards are recognized under purchases as adjustment items. The fair values of derivative financial instruments are recognized under current assets and liabilities in the balance sheet.

The Group has no embedded derivatives at the balance sheet date.

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.

Dividend payment

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

Accounting principles requiring judgements 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, the useful economic life of tangible and intangible assets, 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

The following standards and related interpretations are not applicable due to the nature of the business and the business transactions in the Group:

IFRS 4	IAS 26
IFRS 5	IAS 29
IFRS 6	IAS 31
IAS 11	IAS 41

As from 1 January 2007 the Group has applied the following new and revised standards and interpretations. Applying the new standards and interpretations has not had a significant impact on the result or shareholders' equity. The new standards have mainly increased the amount of notes to the financial statements.

IFRS 7 Financial instruments: Disclosures in financial statements. The standard requires information on the nature and scope of risks arising from financial instruments and on the significance of financial instruments for an entity's financial position.

Amendment to IAS 1 presentation of financial statements – Information on equity to be presented in financial statements. The amended IAS requires information to be presented on the level of the entity's equity and its administration during the fiscal period.

IFRIC 8 Scope of IFRS 2. IFRIC 8 is applied to transactions where equity instruments are granted and the identifiable consideration given is less than the fair value of the instruments granted.

IFRIC 9 Reassessment of embedded derivatives.

IFRIC 10 Interim financial reporting and impairment. The interpretation forbids the reversal of impairment loss recognized in a previous interim report in a subsequent interim report in respect of goodwill, equity instruments classified as available-for-sale, or unquoted equity instruments entered at acquisition cost in the balance sheet.

IASB has published the following new or revised standards and interpretations which are not in force yet and which the Group has not yet applied.

IFRIC 11 Group and Treasury Share Transactions, which comes into force on 1 March 2007 or the fiscal period commencing after that date. The new interpretation clarifies the scope of transactions paid as equity (IFRS 2).

IFRIC 12 Service Concession Arrangements, which comes into force on 1 January 2008. The interpretation concerns concession arrangements between the private and public sectors.

IFRIC 13 Customer Loyalty Programmes, which comes into force in the fiscal period commencing after 1 July 2008. The interpretation concerns credit point systems for customer loyalty programmes.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, which comes into force in the fiscal period commencing on 1 January 2008. The interpretation concerns defined benefit arrangements after the termination of employment and other long-term defined employment benefits, as stated in IAS 19, when this involves minimum funding requirements.

IFRS 8 Operating Segments, which comes into force in the fiscal period commencing after 1 January 2009. IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 states that segment reporting should be based on management reporting and on the accounting principles observed in this. IFRS 8 states that the notes to the financial statements should present information about not only the business segments but also products and services, geographical areas and main customers.

The amendment to IAS 23 Borrowing Costs comes into force in the fiscal period commencing on 1 January 2009. As a result of the revision, interest costs are required as a rule to be capitalized where the acquisition, production or construction of goods requires a long period of time.

The amendment to IAS 1 Presentation of Financial Statements comes into force in the fiscal period commencing after 1 January 2009. The revision changes the form of presentation especially for the income statement and the calculation of shareholders' equity in the financial statements.

IFRS 3 Business Combinations, which comes into force as from 1 July 2009. The revision makes several changes to the treatment of acquisitions.

It is estimated that apart from IFRS 3, these future changes will mainly affect the presentation of the income statement, balance sheet and notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Figures are in millions of euros unless otherwise stated.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Segment information

Componenta has three business segments: Foundries, Machine Shops and Döktas. The Foundries division comprises the Group´s foundries in Karkkila, Pori, Pietarsaari and Iisalmi in Finland, and the foundries located in Weert and Heerlen in the Netherlands. The Machine Shops division comprises the Främmestad and Åmål machine shops in Sweden, the machine shops in Lempäälä and Pietarsaari in Finland, and the machine shop operations in the Netherlands. The Döktas division comprises the iron foundry and machine shop in Orhangazi and the aluminium foundry and machine shop in Manisa. In addition, the reports contain figures for elimination of intra-group items and Other Business, which includes the service companies, real estates, head office, the Componenta Wirsbo forges, the Componenta UK sales and logistics company, Componenta Pistons, the business of Componenta Albin that has been divested, and the Group´s share of the figures for associated company Ulefos NV that has been divested. Componenta's operations are divided into two geographical segments - the Nordic Countries and Other European Countries. Transactions between business segments, other operations as well as sales between geographical segments are based on market prices.

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.

Primary reporting format
Business segments 2007

MEUR	Foundries	Machine Shops	Döktas	Other Business	Eliminations and one-time items	Group
External sales	152.1	157.7	185.6	139.5		634.7
Internal sales	89.6	0.9	47.0	11.5	-149.1	0.0
Total sales	241.7	158.6	232.5	151.0	-149.1	634.7
Share of results of associates				0.1		0.1
Segment operating profit	16.7	5.0	14.4	2.4	7.5	45.9
Unallocated items						-24.2
Net profit						21.6
Segment assets	143.0	60.8	210.7	84.2	-44.0	454.7
Shares in associated companies						0.0
Unallocated assets						42.6
Total assets						497.3
Segment liabilities	38.6	25.6	34.6	54.1	-37.1	115.8
Unallocated liabilities						280.9
Total liabilites						396.7
Capital expenditure	4.4	3.5	13.8	1.9		23.6
Depreciation	-12.6	-3.5	-8.6	-1.9		-26.6

Business segments 2006

MEUR	Foundries	Machine Shops	Döktas	Other Business	Eliminations and one-time items	Group
External sales	146.2	136.7	-	79.2		362.1
Internal sales	78.3	1.2	-	9.9	-89.4	0.0
Net sales	224.5	137.9	-	89.1	-89.4	362.1
Share of results of associates				1.8	-	1.8
Segment operating profit	6.6	5.8	-	2.7	-0.6	14.5
Unallocated items						-11.0
Net profit						3.5
Segment assets	135.1	53.9	192.4	93.4	-39.9	434.9
Shares in associated companies				7.4		7.4
Unallocated assets						41.9
Total assets						484.2
Segment liabilities	40.4	23.3	33.1	49.8	-33.5	113.1
Unallocated liabilities						278.3
Total liabilites						391.4
Capital expenditure	4.3	5.4	-	2.4		12.1
Depreciation	-11.2	-3.4	-	-2.8		-17.4

SECONDARY REPORTING FORMAT

Geographical segments 2007

MEUR	Nordic Countries	Other European Countries	Other Countries	Total
Net sales	183.5	421.8	29.4	634.7
Assets	254.3	243.0	0.0	497.3
Capital expenditure	7.3	16.2	0.0	23.6

Geographical segments 2006

MEUR	Nordic Countries	Other European Countries	Other Countries	Total
Net sales	177.1	162.6	22.5	362.1
Assets	235.2	249.0	-	484.2
Capital expenditure	10.2	1.9	-	12.1

2. Business acquisition

Year 2006

In October 2006 Componenta signed an agreemnt with Koc Group to acquire 55% of the shares and votes of Döktas Dökümcülük Sanayi ve Ticaret A.S., a Turkish listed iron and aluminium casting component manufacturer. The acquisition was completed in December, when the conditions for completion were fulfilled. Additional share purchases through the Istanbul Stock Excange increased Componenta's holding in Döktas to 69% by 31 December. The acquisition cost for all the shares acquired was EUR 111.3 million, which includes consulting fees of EUR 1.1 million. Döktas purchased the remaining 75% of the shares in a British sales company Sherbrook International limited before the closing of the transaction in December. After the transaction Döktas holds 100% of the shares and votes of Sherbrook. The acquisition cost has been allocated during 2007 and the 2006 data for comparison has been amended. Goodwill of EUR 29.0 million reflects the synergetic effects from the acquistion. Book-keeping values of account receivables and non-interest bearing liabilities for 2006 have been changed before consolidation due to book-keeping errors in the balance sheet of Döktas. Döktas' income statement has not been consolidated in the Componenta 2006 consolidated income statement. Componenta Group net sales for 2006 would have been EUR 602.3 million and operating profit EUR 40.0 million if Döktas had been consolidated year 2006. The following assets and liabilites arising from the acquisition were recognized in 2006.

	Book-keeping values before consolidation 2006	Values in consolidation 2006
Tangible assets	55.5	86.7
Intangible assets	1.8	0.2
Inventories	35.8	35.8
Trade receivables	50.9	50.9
Other receivables	1.9	1.9
Deferred tax receivables	0.1	0.1
Cash and cash equivalents	12.0	12.0
Total assets	158.0	187.6
Deferred tax liabilities	-1.7	-8.0
Provisions	-5.3	-5.3
Interest bearing liabilities	-27.1	-27.1
Other liabilities	-28.8	-28.8
Total liabilities	-63.0	-69.3
Net assets	**95.0**	**118.4**
68.58% of net assets	**65.2**	**81.2**
Acquisition cost		111.3
Goodwill		30.1
Acquisition cost paid in cash		111.3
Unpaid acquisition cost		-1.9
Cash and cash equivalents in subsidiary acquired		12.0
Cashflow on acquisitions		97.4

At the end of 2006 Componenta acquired the minority interest in Karkkilan Lääkärikeskus Oy for EUR 0.2 million. After the transaction Componenta holds all the shares and votes in the company. Componenta recorded EUR 0.2 goodwill from this acquisition.

Year 2007

Componenta made a tender offer on 19 February 2007 to purchase the remainder of the Döktas Dökümcülük Sanayi ve Ticaret A.S shares. The offer was valid until 5 March 2007. As a result Componenta owns 92.6% of the shares of Döktas. The purchase price for the 23.98% share was EUR 37.8 million and it resulted in goodwill of EUR 7.8 million.

Componenta Wirsbo AB purchased 100% of the shares of Hejarsmide AB for EUR 1.4 million in April 2007.

	Book-keeping values of Hejarsmide before consolidation 2007
Tangible assets	1.8
Inventories	1.2
Trade receivables	0.9
Cash and cash equivalents	0.3
Total assets	4.2
Deferred tax liabilities	-0.1
Interest bearing liabilities	-1.8
Other liabilities	-1.0
Total liabilities	-2.8
Net assets	**1.4**
100% of net assets	**1.4**
Acquisition cost	1.4
Goodwill	0.0
Acquisition cost paid in cash	1.4
Unpaid acquisition cost	0.0
Cash and cash equivalents in subsidiary acquired	0.3
Cashflow on acquisitions	1.1

3. Business divestments

In March Componenta sold in an MBO the business of Componenta Albin AB to the company´s operative management for EUR 14.3 million. Componenta recorded a profit of EUR 13.0 million on the sale.

Tangible assets	4.6
Intangible assets	0.0
Inventories	3.0
Trade receivables	3.8
Other receivables	0.5
Cash and cash equivalents	0.0
Total assets	11.9
Deferred tax liabilities	0.2
Interest bearing liabilities	3.5
Other liabilities	7.0
Total liabilities	10.7
Net assets	1.2
Acquisition profit	13.0
Total	14.3
Paid in cash	10.3
Cash and cash equivalents in subsidiary acquired	0.0
Cash flow on acquisitions	10.3

In February Componenta sold its shares in associated company Ulefos NV AS for the price of EUR 14 million. Componenta recorded a sales profit of EUR 6.4 million on the transaction.

4. Other operating income

	2007	2006
Rental income	0.5	0.4
Profit from sale of non-current assets	-	0.0
Profit from sale of shares in associated companies	6.4	-
Profit from sale of shares in subsidiary	12.9	-
Other operating income	1.3	0.5
	21.1	0.8
Rental income from investment property included in net sales	0.1	0.1

5. Operating expenses

Change in inventory of finished goods and work in progress	5.9	3.8
Production for own use	0.2	0.2
Materials, supplies and products	-241.9	-133.3
External services	-63.1	-42.4
Personnel expenses	-146.6	-101.6
Rents	-5.7	-4.6
Maintenance costs of Investment property	-0.1	-0.1
Maintenance	-27.9	-21.6
Freight	-16.7	-4.2
Other operating expenses	-87.5	-29.1
Total operating expenses	-583.4	-332.8

Operating expenses include the decision of the Helsinki Court of Appeal on 20 December 2007 according to which Componenta Karkkila Oy is liable to pay VR Ltd compensation for train wheels supplied, for intermediate costs and for the costs of legal proceedings. Componenta Karkkila Oy has paid the compensation, including all costs and interest (in total EUR 1.9 million), to VR Ltd.

The decision of the Helsinki Court of Appeal on 20 December 2007 is not legally binding. Componenta Karkkila Oy is considering applying for the right to appeal to a higher court.

	2007	2006
Audit fees	-0.4	-0.2
Other fees	-0.3	-0.1
Total fees paid to auditors	-0.7	-0.3

6. Employee benefit costs

Personnel expenses		
Salaries and fees	-117.7	-80.3
Pension costs - defined contribution plans	-14.3	-11.2
Other personnel costs	-14.7	-10.1
	-146.6	-101.6
Number of personnel by segment		
Foundries	1,380	1,334
Machine shops	379	330
Döktas	1,972	-
Other operations	475	532
	4,206	2,196

Personnel expenses include fees related to share-based payment EUR 0.0 million.

7. Research and development costs

The following amounts have been recognized in the income statement under research and development costs	-2.3	-1.4

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

Depreciation and amortization		
Tangible assets		
Buildings and constructions	-2.5	-1.8
Investment property	-0.0	-0.0
Machinery and equipment	-20.6	-14.8
Other tangible assets	-0.7	-0.4
	-23.6	-16.8
Intangible assets		
Capitalized developement costs	-	-0.0
Intangible rights	-0.1	-0.0
Other capitalized expenditure	-0.6	-0.5
	-0.8	-0.6
Write-down on machinery and equipment	-2.1	-
Total depreciation, amortization and write-down of non-current assets	-26.6	-17.4

9. Financial income and expenses

Dividend income from available-for-sale investments	-	0.0
Interest income from loans and other receivables	1.4	0.2
Exchange rate gains on financial assets and liabilities recognized at amortized cost	3.3	0.5
Other financial income	2.4	1.9
Change in fair value of financial assets and liabilities held for trading	1.6	-0.3
Ineffective portion of hedging accounting of net investment in foreign entities	-0.2	0.0
- fair values transferred from equity to profit and loss	0.1	-
Ineffective portion cash flow hedge accounting	0.0	-0.1
Effective interest expenses for financial liabilities recognized at amortized cost	-19.2	-9.0
Exchange rate losses for financial assets and liabilities recognized at amortized cost	-4.1	-0.7
Other charges on financial liabilities valued at amortized acquisition cost	-1.2	-0.4
Other financial expenses	-7.3	-2.0
	-23.2	-9.9

Operating profit includes exchange rate gains and losses of altogether EUR 0.0 (0.0) million. The items 'Exchange rate gains/Exchange rate losses on financial assets and liabilities recognized at amortized cost include exchange rate differences for Componenta Döktas' purchases and sales of altogether EUR -2.8 million. During 2008 the corresponding items will be reported under 'Other operating income'. Interest income on interest rate swaps has been moved to compensate interest expenses. During 2006 and 2007 the Group has not received any significant commissions from financial assets.

10. Income taxes

	2007	2006
Income taxes		
Income taxes for financial period	-2.0	-0.1
Change in deferred taxes (see note 18)	1.0	-1.0
	-1.1	-1.1

Income tax reconciliation between tax expense computed at statutory rates in Finland (26% in 2007 and 2006) and income tax expense provided on earnings.

Profit before tax	22.7	4.6
Income tax using Finnish tax rate	-5.9	-1.2
Difference between Finnish tax rate and rates in other countries	-0.1	-0.2
Tax exempt income	5.2	0.5
Non-deductible expenses	-0.3	-0.1
	-1.1	-1.1

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.

Basic earnings per share	2007	2006
Numerator: Profit for the period attributable to shareholders of the parent company, 1000 EUR	20,906	3,521
Denominator: Weighted average number of outstanding shares during the financial year, 1000 shares	10,607	9,726
Basic earnings per share EUR	1.97	0.36

The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of all potential shares with a diluting effect.

In 2006 the Group had two instruments that could increase the number of shares and thus dilute the earnings per share: option rights for employees, entitling holders to Componentan Corporation shares (Note 25) and convertible capital notes (Note 28). In 2007, notes that have not been converted into shares from the convertible capital notes and the share bonus scheme for employees (Note 25) affect the diluted earnings per share.

Share options have a diluting effect when their subscription price is lower than the fair value of the shares. The diluting effect is then the number of shares issued without consideration against the option rights, for the Group would not have been able to issue the same number of shares at market value with the funds obtained from exercising the options. The market value of the share is based on the average price of the Componenta Corporation share during the year.

To calculate the diluting effect of the unconverted notes from the convertible capital notes, the unconverted notes have been converted into shares, and the result for the period has been increased by the interest expenses adjusted for taxes.

Diluted earnings per share	2007	2006
Profit attributable to shareholders of parent company, TEUR	20,906	3,521
After tax interest of covertible loan, TEUR	1,309	870
Numerator: Profit attributable to shareholders of parent company for calculating diluted earnings per share, TEUR	22,215	4,391
Diluted number of shares,1000 shares	10,607	9,726
Effect of outstanding options, 1000 shares	0	0
Effect of share-based bonus system	42	-
Dilution effect of convertible note	3,168	2,082
Denominator: Weighted average number of shares for diluted earnings per share, 1000 shares	13,817	11,808
Earnings per share with dilution, EUR	1.61	0.36

In 2006 the convertible capital notes did not have a dilutive effect.

NOTES TO THE CONSOLIDATED BALANCE SHEET

12. Tangible assets

	2007	2006
Land and water areas		
Acquisition cost at 1 Jan.	25.4	9.4
Translation differences	1.4	-
Additions	0.9	15.9
Book value at 31 Dec.	27.7	25.4
Buildings and constructions		
Acquisition cost at 1 Jan.	101.8	72.0
Additions	0.6	28.8
Disposals	-0.3	-0.0
Reclassifications	4.3	0.8
Translation differences	2.0	0.3
Acquisition cost at 31 Dec.	108.5	101.8
Accumulated depreciation at 1 Jan.	-36.0	-18.7
Accumulated depreciation on decreases and reclassifications	-0.4	0.0
Accumulated depreciation on increases	-0.2	-15.5
Translation differences	-1.3	-0.1
Depreciation during the period	-2.4	-1.7
Accumulated depreciation at 31 Dec.	-40.3	-36.0
Book value at 31 Dec.	68.2	65.8
Buildings and constructions, finance leasing		
Acquisition cost at 1 Jan.	4.1	4.1
Reclassifications	-4.1	-
Acquisition cost at 31 Dec.	0.0	4.1
Accumulated depreciation at 1 Jan.	-0.3	-0.2
Accumulated depreciation on decreases and reclassifications	0.3	-
Depreciation during the period	-0.1	-0.1
Accumulated depreciation at 31 Dec.	0.0	-0.3
Book value at 31 Dec.	0.0	3.8
Machinery and equipment		
Acquisition cost at 1 Jan.	381.4	231.3
Additions	17.7	150.8
Disposals	-12.8	-3.0
Reclassifications	0.3	0.4
Translation differences	10.6	1.9
Acquisition cost at 31 Dec.	397.2	381.4
Accumulated depreciation at 1 Jan.	-250.1	-149.7
Accumulated depreciation on increases	-1.8	-88.9
Accumulated depreciation on decreases and reclassifications	11.2	2.8
Translation differences	-6.2	-1.3
Write-downs during the period	-2.1	-
Depreciation during the period	-19.0	-13.0
Accumulated depreciation at 31 Dec.	-268.1	-250.1
Book value at 31 Dec.	129.0	131.3
Machinery and equipment, finance leasing		
Acquisition cost at 1 Jan.	17.7	12.8
Additions	1.5	5.3
Disposals	-4.9	-0.4
Reclassifications	-0.1	-0.3
Translation differences	-0.5	0.3
Acquisition cost at 31 Dec.	13.8	17.7
Accumulated depreciation at 1 Jan.	-3.2	-1.8
Accumulated depreciation on decreases and reclassifications	1.3	0.3
Translation differences	0.1	0.1
Depreciation during the period	-1.6	-1.8
Accumulated depreciation at 31 Dec.	-3.6	-3.2
Book value at 31 Dec.	10.2	14.5

	2007	2006
Other tangible assets		
Acquisition cost at 1 Jan.	13.2	8.1
Additions	1.1	5.1
Disposals	-0.1	0.0
Reclassifications	0.1	0.0
Translation differences	0.4	0.0
Acquisition cost at 31 Dec.	14.7	13.2
Accumulated depreciation at 1 Jan.	-10.4	-6.5
Accumulated depreciation on increases	-0.0	-3.5
Accumulated depreciation on decreases and reclassifications	0.1	0.0
Translation differences	-0.3	-
Depreciation during the period	-0.7	-0.4
Accumulated depreciation at 31 Dec.	-11.3	-10.4
Book value at 31 Dec.	3.4	2.8
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan.	1.6	1.7
Additions	5.5	0.9
Disposals	-0.1	-0.1
Reclassifications	-0.7	-0.9
Book value at 31 Dec.	6.3	1.6
Total tangible assets	244.9	245.1

Additions for tangible assets include the tangible assets of Döktas which was acquired in 2006 and in 2007 additions include the tangible assets of Hejarsmide AB.

13. Goodwill

	2007	2006
Goodwill		
Acquisition cost at 1 Jan.	33.2	2.8
Additions	7.8	30.4
Translation differences	2.7	0.0
Acquisition cost at 31 Dec.	43.7	33.2
Accumulated amortization at 1 Jan.	-2.3	-2.3
Accumulated amortization at 31 Dec.	-2.3	-2.3
Book value at 31 Dec.	41.4	30.9

Allocation of goodwill and impairment testing

Goodwill is allocated to cash generating units. It is mainly allocated to Döktas (see notes 2).

The fair value of the Döktas segment has been defined using the present value method. In calculations it has been used 5-year discounted cash flow plans that are based on strategic plans approved by the management. The estimated cash flow of the segment is based on the use of property, plant and machinery in their present condition without any possible corporate purchases. Cash flows beyond five years are calculated using the residual value. Stable 1% annual growth has been assumed when defining the residual value.

The discount rate used is the weighted cost of equity before tax defined by Componenta. The factors in this are risk-free interest rate, market risk premium, the industry beta, loan costs and the target ratio for shareholders' equity to liabilities. Componenta has used a weighted cost of equity of 13.8% in its calculations.

There was no need to record impairment losses on the basis of impairment testing in 2007.

Sensitivity analysis:
A sensitivity analysis was carried out on the Döktas segment using a variety of scenarios. These were achieved by altering the assumed values as follows:

- by reducing profitability (EBITDA) 1-10%
- by raising the weighted cost of equity 1-15%

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.

14. Intangible assets

	2007	2006
Capitalized development costs		
Acquisition cost at 1 Jan.	0.9	0.9
Additions	-0.9	-
Acquisition cost at 31 Dec.	0.0	0.9
Accumulated amortization at 1 Jan.	-0.8	-0.8
Accumulated amortization on decreases	0.8	-
Amortization during the period	-	-0.0
Accumulated amortization at 31 Dec.	-	-0.8
Book value at 31 Dec.	0.0	0.1
Intangible rights		
Acquisition cost at 1 Jan.	1.1	0.3
Additions	0.0	0.8
Disposals	0.0	-
Acquisition cost at 31 Dec.	1.1	1.1
Accumulated amortization at 1 Jan.	-0.9	-0.3
Accumulated amortization on increases	-0.0	-0.6
Accumulated amortization on decreases and reclassifications	0.0	-
Amortization during the period	-0.1	-0.0
Accumulated amortization at 31 Dec.	-1.0	-0.9
Book value at 31 Dec.	0.2	0.2
Other capitalized expenditure		
Acquisition cost at 1 Jan.	7.6	6.5
Additions	0.5	0.1
Disposals	-0.3	-
Reclassifications	0.1	1.0
Acquisition cost at 31 Dec.	7.9	7.6
Accumulated amortization at 1 Jan.	-5.8	-5.3
Accumulated amortization on decreases and reclassifications	0.2	-
Amortization during the period	-0.6	-0.5
Accumulated amortization at 31 Dec.	-6.2	-5.8
Book value at 31 Dec.	1.7	1.7
Advance payment for intangible assets		
Acquisition cost at 1 Jan.	0.0	0.8
Additions	0.5	0.1
Reclassifications	0.0	-0.9
Book value at 31 Dec.	0.5	0.0
Total intangible assets	2.4	2.0

Additions for intangible assets include the intangible assets of Döktas which was acquired in 2006 and in 2007 additions include the intangible assets of Hejarsmide AB.

15. Investment property

	2007	2006
Investment property		
Acquisition cost at 1 Jan.	2.2	2.2
Additions	0.0	0.0
Acquisition cost at 31 Dec.	2.2	2.2
Accumulated depreciation at 1 Jan.	-0.4	-0.3
Depreciation during the period	-0.0	-0.0
Accumulated depreciation at 31 Dec.	-0.4	-0.4
Book value at 31 Dec.	1.8	1.9

The fair values of investment property do not significantly deviate from the book values.

16. Shares in associated companies

Acquisition cost at 1 Jan.	7.4	6.9
Disposals	-7.2	-1.2
Share of results	0.1	1.8
Translation differences	0.0	-0.1
Book value at 29. Dec.	0.3	7.4

17. Available-for-sale investments

Other shares		
Acquisition cost at 1 Jan.	0.5	0.5
Additions	0.4	0.0
Disposals	0.0	-
Book value at 31 Dec.	0.9	0.5

Available-for-sale investments consist of non-listed shares. The fair value of these shares is difficult to determine and therefore the values are recognized at acquisition cost less any impairment losses. No gains or losses on sale have been recognized for available-for-sale investments in the 2006 or 2007 fiscal years.

18. Non-current receivables

From associates		
Loan receivables	0.1	0.1
Other non-current receivables		
Loan receivables	4.2	-
Other receivables	0.0	1.0
	4.2	1.0
Total non-current receivables	4.3	1.0

In other non-current receivables, loan receivables of EUR 0.3 million (nominal currency SEK) mature in 2012 and of EUR 3.9 million (nominal currency SEK) in 2015.

Associated companies 31 Dec. 2007

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding %
Högfors Basket Oy, Karkkila					50.0
Kiinteistö Oy Niliharju, Helsinki					25.0

Associated companies 31 Dec. 2006

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding %
Ulefos NV AS, Ulefoss, Norja	23.3	13.4	35.6	3.1	50.0
Högfors Basket Oy, Karkkila					50.0
Kiinteistö Oy Niliharju, Helsinki					25.0

The value of shares in associated companies no longer includes goodwill at 31 Dec. 2007. At the end of 2007 all associated companies are unlisted.

19. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2007

	at 1 Jan. 2007	Recognized in income statement	Recognized in equity	at 31 Dec. 2007
Deferred tax assets				
Intercompany gain on sale of fixed assets	0.5	1.7		2.2
Intercompany profit in inventory	0.2	0.0	0.0	0.2
Provisions	0.1	0.0		0.1
Tax losses carried forward	13.5	-1.4		12.1
Revaluation of real estate	0.9			0.9
Other temporary differences	0.0	0.2	0.3	0.6
Total	15.2	0.5	0.4	16.1
Offset with deferred tax liabilities	-7.0			-6.6
Total	8.2			9.4

Deferred tax assets recognized for losses in Finland and 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 Finland in 4-6 years and in the Netherlands in 2008.

	at 1 Jan. 2007	Recognized in income statement	Recognized in equity	at 31 Dec. 2007
Deferred tax liabilities				
Fair value adjustments of net assets acquired	0.1	-0.1		0.0
Valuing tangible assets at fair value when merging businesses	6.3	-0.3		5.9
Translation differences				0.6
Accumulated depreciation in excess of plan	1.2	-0.9		0.3
Revaluation on investment property	0.1			0.1
Revaluation of other real estate	4.8	0.0		4.8
Other	4.0	0.9	0.2	5.1
Total	16.4	-0.4	0.2	16.1
Offset with deferred tax assets	-7.0			-6.6
Total	3.2			9.4

Changes in deferred taxes during the financial year 2006

	at 1 Jan. 2006	Recognized in income statement	Recognized in equity	at 31 Dec. 2006
Deferred tax assets				
Intercompany gain on sale of fixed assets	0.5			0.5
Intercompany profit in inventory	0.1	0.0	0.1	0.2
Provisions	0.1	0.0		0.1
Tax losses carried forward	13.7	-0.2		13.5
Revaluation of real estate	0.9			0.9
Other temporary differences	0.0	0.0	0.0	0.0
Total	15.3	-0.2	0.1	15.2
Offset with deferred tax liabilities	-6.3			-7.0
Total	9.0			8.2
Deferred tax liabilities				
Fair value adjustments of net assets acquired	0.1	0.0		0.1
Valuing tangible assets at fair value when merging businesses				6.3
Accumulated depreciation in excess of plan	0.5	0.7		1.2
Revaluation of investment property	0.1			0.1
Revaluation of other real estate	5.1	0.0	-0.2	4.8
Other	1.2	0.2	2.6	4.0
Total	6.9	0.9	2.4	16.4
Offset with deferred tax assets	-6.3			-7.0
Total	0.7			9.5

No deferred tax liability has been recognized for the undistributed profit of non-Finnish subsidiaries since possible distribution of profits would't give rise to any substantial tax effect.

20. Inventories

	2007	2006
Raw materials and consumables	30.5	30.3
Work in progress	11.6	13.7
Finished products and goods	36.8	29.0
Other inventories	3.4	3.7
Advance payments	0.2	1.8
	82.5	78.5

During the financial year an expense of EUR 1.2 million was recognized to reduce the book value of inventories to their net realisable value (EUR 0.3 million).

21. Trade and other short-term receivables

	2007	2006
Trade receivables from associated companies	-	0.0
Trade receivables	71.2	83.8
Loan receivables	0.0	0.5
Other receivables	4.5	3.7
Derivative financial instruments	2.5	1.2
Income tax receivable	0.2	0.0
Prepayments and accrued income	3.4	4.2
	81.9	93.3

Loan receivables by currency	2007	2006
	%	%
EUR	1.0	100.0
SEK	99.0	-

Trade receivables by currency		
	%	%
EUR	65.2	60.9
SEK	0.1	0.1
USD	15.3	12.7
GBP	8.0	16.3
YTL	11.5	10.0

22. Financial assets at fair value through profit and loss

Financial assets held for trading are recognized at fair value through profit and loss. This category includes derivative instruments that are held for operative hedging purposes but are not included in the hedge accounting designated by IAS 39. The fair values and nominal values of these instruments are presented in Note 33.

23. Cash and cash equivalents

	2007	2006
Cash and cash equivalents included in the balance sheet		
Cash at bank and in hand	27.5	15.3
Cash and cash equivalents included in the cash flow statement		
Cash at bank and in hand	27.5	15.3

24. Share capital, share premium reserve and other reserves

	Number of shares, (1000)	Share capital MEUR	Share Premium MEUR	Unrestricted equity reserve MEUR	Total MEUR
At 1 Jan. 2006	9,629	19.3	11.6	-	31.0
Exercise of share options	394	0.8	0.8	-	1.6
At 31 Dec. 2006	10,022	20.0	12.4	-	32.6
Exercise of 2005 convertible capital notes	339	0.7	2.5	-	3.2
Exercise of 2006 convertible capital notes	581	1.2	-	3.4	4.6
At 31 Dec. 2006	10,942	21.9	14.9	3.4	40.3

All shares in circulation are fully paid.

The translation difference reserve contains the translation differences arising from translating the financial statements of non-Finnish business units. Gains and losses from hedging the net investments in non-Finnish units are also included in translation differences if the conditions for hedging are met.

Other reserves include the unrestricted equity reserve, changes to the fair values of available-for-sale investments and of derivative instruments used to hedge cash flow, and the shareholders' equity component separated from convertible bonds.

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 share options or issue of convertible capital notes on which the subscriptions are based was taken 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.

After the closing date the Board of Directors has proposed to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for 2007.

25. Share-based payment

Share-based incentive scheme

The Board of Directors of Componenta Corporation decided on 3 April 2007 under the authorization given by the Annual General Meeting to establish a share-based incentive scheme for the period 2007 - 2009. The scheme comprises three one-year earnings periods which are the calendar years 2007, 2008 and 2009. The bonuses will be paid in 2008, 2009 and 2010 partly in company shares and partly in cash. The part to be paid in cash will cover the tax and similar charges arising from the bonus. There is a ban on selling the shares for two years after the end of the earnings period.

Any yield from the scheme is based on the Group´s result after financial items and the Group´s return on investment. In the 2007 earnings period the target group contains 34 persons. If the targets set for the scheme are met in full, the scheme will pay a bonus of a maximum of 180,000 Componenta Corporation shares. For 2007 a maximum of 3000 Componenta Corporation shares will be allocated in the scheme. The president and CEO accounted for a maximum of 600 out of the total figure, and other key personnel altogether for a total maximum of 2400 shares. The scheme had an impact before taxes on the 2007 result of EUR 0.05 million. The Board has decided to allocate a maximum of 70,000 Componenta Corporation shares to the scheme in the 2008 part of the scheme. The president and CEO will account for a maximum of 18,000 of these shares.

Share-based payment 2007	
Vesting period begins	1.1.2007
Vesting period ends	31.12.2007
Maximum number of shares	39 400
Release date of shares	1.1.2010
Binding time left, years	2 years
Share price at grant date	11,06
Share price at end of accounting period	8.37
Criteria	
50%	Result after financial items
50%	ROI%
Pay-out of earnings criteria, %	5%
Share ownership obligation, years	2
Vesting date of shares	1.1.2010
Number of personnel in scheme	34

Calculation of fair value of share bonus	
Number of shares granted	39 400
Share price upon grant, EUR	11,06
Assumed dividend before payment of bonus, EUR	0,5
Fair value (proportion in shares), EUR	10,56
Share price 31 December 2007, EUR	8,37
Pay-out of earnings criteria, %	5%
Fair value of reward December 31, 2007, EUR	0,05

Option right scheme

The share subscription period for the Componenta 2001 option right programme ended on 31 October 2006. During the financial year 2006, the following share subscriptions were made:

	2006 Exercise price, weighted average EUR / share	2006 Number of option rights
At 1 Jan. 2007		432,322
Exercised option rights	4.10	393,589
At 31 Dec. 2007		-

Subscribing for shares entitles the shareholder to a dividend in the accounting period in which the subscription is registered in the Trade Register.

During the accounting period 2006 Componenta's equity increased by EUR 0.8 million and the share premium account by EUR 0.8 million due to share subscriptions. The average subscription price was 4.10 euros.

During the accounting period 2007 there were no outstanding option right schemes.

26. Pension obligations

Most of the Group's pension plans are defined contribution plans. In Sweden Componenta has a pension scheme, Alecta ITP, defined as a defined benefit plan. However, since Alecta has not been able to supply the required actuarial valuations, the Swedish pension plan has been treated as a defined contribution plan. The effect of this should not be significant, since the Alecta ITP plan only affects a small part of the office staff in Sweden.

In Turkey pension obligations are booked as a provision according to local law.

27. Provisions

Current

	Pension provisions	Reorganisation provision	Other provisions	Total
1 Jan. 2007	4.5	-	0.5	4.9
Translation differences	0.4	-	-	0.4
Additions to provisions		0.8	1.9	2.7
Transfer to non-current	-4.5	-	-	-4.5
Utilized during the period	-	-		-
31 Dec. 2007	0.4	0.8	2.3	3.5

The reorganisation provision was created for the restructuring of Componenta Åmål AB.

Non-current

	Pension provisions	Reorganisation provision	Other provisions	Total
1 Jan. 2007	-	0.2	1.1	1.2
Translation differences	-	-	0.1	0.1
Additions to provisions	1.2	-	0.5	1.7
Transfer from current	4.5	-	-	4.5
Utilized during the period	-	-0.2	-1.0	-1.2
31 Dec. 2007	5.7	0.0	0.7	6.4

	2007	2006
Change in provisions recognized as operating expenses in income statement	3.2	-0.2

28. Interest-bearing liabilities

	2007	2006
Non-current interest-bearing liabilities		
Loans from financial institutions	66.1	76.2
Finance lease liabilities	6.9	12.0
Pension loans	3.7	5.8
Capital notes	23.0	27.9
Convertible capital notes - liability portion *)	27.2	33.6
Other liabilities	0.3	0.4
	127.2	156.0
Current interest-bearing liabilities		
Loans from financial institutions	25.5	33.3
Finance lease liabilities	1.6	2.5
Pension loans	2.1	2.2
Capital notes	5.2	2.9
Other liabilities **)	108.7	69.8
	143.1	110.7
Total interest-bearing liabilities	270.3	266.7

*) The conversion options' values of the convertible notes are included in other reserves of equity.
**) Other non-current liabilities include EUR 108.2 (69.7) million in issued commercial papers.

		%	%
Currency breakdown of non-current interest-bearing liabilities			
	EUR	89.2	94.9
	SEK	10.8	5.1
Currency breakdown of current interest-bearing liabilities			
	EUR	98.5	98.8
	SEK	1.5	1.2

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

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

	2007 Nominal interest rates %	2007 Effective interest rates %	2006 Nominal interest rates %	2006 Effective interest rates %
Loans from financial institutions	3.8 - 6.1	3.8 - 6.9	1.0 - 6.6	1.0 - 6.7
Commercial papers	4.3 - 5.1	4.3 - 5.1	3.5 - 4.1	3.5 - 4.1
Finance lease liabilities	3.5 - 6.7	3.1 - 6.7	0.0 - 7.7	0.0 - 7.7
Pension loans	3.8 - 5.4	3.8 - 5.4	3.3 - 5.4	3.3 - 5.4
Convertible capital notes	5.8 - 5.8	8.6 - 11.5	5.8 - 5.8	9.4 - 10.4
Capital notes	2.0 - 8.1	2.0 - 9.3	2.0 - 7.1	2.0 - 8.8

Repayment schedule for non-current interest-bearing liabilities 2007

	2008	2009	2010	2011	2012	2013+
Loans from financial institutions	4.4	9.5	4.6	4.3	47.6	0.1
Finance lease liabilities	1.5	1.5	2.1	0.8	0.7	1.9
Pension loans	1.4	1.3	1.2	1.2	-	-
Convertible capital notes	-	-	14.7	12.5	-	-
Capital notes	3.0	9.5	-	13.4	-	-
Other interest-bearing liabilities	0.1	0.1	0.2	-	-	-
	10.4	21.9	22.8	32.2	48.3	2.0

Repayment schedule for non-current interest-bearing liabilities 2006

	2007	2008	2009	2010	2011	2012+
Loans from financial institutions	6.1	4.0	51.4	20.5	0.3	-
Finance lease liabilities	2.3	2.1	1.8	1.4	1.0	5.6
Pension loans	2.2	2.0	1.3	1.2	1.2	-
Convertible capital notes	-	-	-	17.4	16.2	-
Capital notes	2.9	5.2	9.5	-	13.3	-
Other interest-bearing liabilities	0.1	0.1	0.1	0.2	-	-
	13.6	13.4	64.1	40.7	32.0	5.6

Finance lease liabilities

	2007	2006
Minimum lease payments		
Not later than one year	1.9	3.0
Later than one year and not later than five years	5.7	10.3
Later than five years	2.0	3.0
	9.6	16.4
Future finance charges	-1.1	-1.9
	8.5	14.5
Present value of minimum lease payments		
Not later than one year	1.6	2.5
Later than one year and not later than five years	5.0	9.2
Later than five years	1.9	2.9
	8.5	14.5

Capital notes

Capital Notes 2002
On 31 December 2006 the outstanding nominal amount of Componenta Corporation's Capital Notes 2002 is EUR 12.7 million. The loan is dated 15 February 2002 and the final repayment is due on 19 March 2009. The nominal value of the issue made during 2001 - 2002 was EUR 31.1 million. On 19 March 2007 EUR 3.2 million of the loan was repaid. Repayments will be EUR 3.2 million in 2008 and EUR 9.5 million in 2009, if Componenta Corporation and Componenta Group have full cover for the restricted equity and other non-distributable items in the confirmed balance sheet for the preceding fiscal year. Should the conditions for repayment not be met, that part of the capital shall be repaid as is possible under the conditions mentioned above. The remaining outstanding amount will be extended by one year. Componenta has the right to repay the loan and accumulated interest partly or in full at the annual redemption date on 19 March if the above mentioned conditions for repayment exist.

The interest is fixed annually at 4 percentage points above the 12 months Euribor rate. The interest rate until 19 March 2008 is 8.126 percent p.a. The annually paid interest may not exceed the distributable unrestricted shareholders' equity as stated in the Componenta Corporation and consolidated balance sheets. Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. The loan is a subordinated debenture. The loan is not secured. On 31 December 2007 the outstanding balance sheet value of capital notes valued at amortized cost was EUR 12.5 million. The accrued interest on the loan on from 19 March 2007 to 31 December 2007 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Convertible Capital Notes 2005
Componenta Corporation issued on 15 March 2005 convertible capital notes with the nominal value of EUR 19.0 million. The notes are due for repayment in full at maturity on 15 March 2010, provided that the restricted shareholders' equity and other non-distributable retained profits for the preceding fiscal year as stated in the Componenta and consolidated balance sheets are fully covered. Should the conditions for repayment not be met on the repayment date, that part of the capital shall be repaid as is possible under the conditions mentioned above. Repayment of the remaining outstanding amount will be deferred to the corresponding date in the following year until the loan has been fully repaid. Componenta has the right to repay the loan, with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met.

The annual fixed interest to be paid is 5.75 percent. The annually paid interest may not exceed the distributable unrestricted shareholders' equity as stated in the Componenta Corporation and consolidated balance sheets. Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. The loan is a subordinated debenture. The loan is not secured. The convertible notes have been classified on as a liability of and equity of EUR 1.5 million. Liability is valued at amortized cost. The accrued interest on the loan from 15 March to 31 December 2007 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

Each note of EUR 2000 entitles its holder to subscribe for 200 Componenta Corporation shares at a conversion price of EUR 10.00 per share. Converting the notes can increase the number of shares by a maximum of 1.9 million new shares and the shareholders' equity by a maximum of EUR 3.8 million. The subscription period started on 1 May 2005 and ends on 1 March 2010. Subscribed shares entitle the shareholder to a dividend in the accounting period in which the notes are converted. By 31 December 2007 1,694 notes had been converted into 338,800 shares. As a result of the conversions, the share capital increased during the period by EUR 0.7 million and the share premium reserve by EUR 2.7 million. The balance sheet value of the outstanding liability on 31 December 2007 was EUR 14.7 million.

Capital Notes 2006
Under the authorization of the Extraordinary General Meeting, the Board of Componenta Corporation decided to issue capital notes in 2006. The notes were issued on 17 November 2006 with the nominal value of EUR 14,166,000. The rate of issue was 95%. Notes are due for repayment in full at maturity on 17 November 2011. The annual fixed interest to be paid is 6.75 percent p.a. The loan is a subordinated debenture. The loan is not secured. 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 exceeds the amount of loss as stated in the balance sheet approved for the preceding 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 remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. As from 17 November 2009 Componenta has right to repay the loan on interest payment dates (each 17 November), with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met. On 31 December 2007 the outstanding balance sheet value of capital notes valued at amortized cost was EUR 13.4 million. The accrued interest on the loan from 17 November to 31 December 2007 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Convertible Capital Notes 2006
Under the authorization of the Extraordinary General Meeting, the Board of Componenta Corporation decided to issue convertible capital notes in 2006. The notes were issued on 4 December 2006 with the nominal value of EUR 19,695,600. The rate of issue was 95%. Notes are due for repayment in full at maturity on 4 December 2011. The annual fixed interest to be paid is 5.75 percent p.a. The loan is a subordinated debenture. The loan is not secured. 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 exceeds the amount of loss in accordance with the balance sheet approved for the preceding 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 remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. Componenta has the right to repay the loan, with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met. The loan is not secured. The convertible notes have been classified on as a liability and equity of EUR 2.2 million on. The liability is valued at amortized cost. The accrued interest on the loan from 4 December to 31 December 2007 has been recorded as an expense in the income statement and as a liability in accrued expenses. Each note of EUR 1800 entitles its holder to convert it into 200 Componenta Corporation shares at a conversion price of EUR 9.00 per share. Conversion of the notes can increase the number of shares by a maximum of 2,188,400 new shares and the shareholders' equity by a maximum of EUR 4,376,800. The conversion period started on 2 January 2007 and ends on 15 November 2011. The annual conversion period is from 2 January to 30 November. The dividend rights of the new shares commence from the date on which the new shares are entered in the Trade Register.

By 31 December 2007 2,907 notes had been converted into altogether 581,400 shares. As a result of the conversions the share capital increased by EUR 1.2 million and the unrestricted equity reserve by EUR 4.1 million. The value of the liability component in the balance sheet on 31 December 2007 is EUR 12.5 million.

Capital Notes 2004
Componenta B.V. has on 31 December 2006 outstanding external capital notes from its former shareholder of EUR 2.1 million (on 26 March 2004 it received EUR 2 million in capital notes and on 30 June 2005 capitalized accrued interest of EUR 0.1 million). The loan and the accrued interest at 2.0 percent p.a. are to be repaid in full at the maturity on 30 June 2008. Accrued interest on the loan from 1 July 2005 to 31 December 2007 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

29. Current non-interest bearing liabilities

	2007	2006
Trade payables to others	65.5	60.7
Accrued expenses and deferred income	29.6	33.6
Derivative financial instruments	0.2	0.0
Advances received	0.6	2.7
Other current liabilities	10.1	10.0
	105.9	106.9

The main items included in accrued expenses are personnel costs and interest accruals.

Trade payables by currency	2007	2006
	%	%
EUR	66.9	59.3
USD	0.5	0.4
SEK	10.1	19.1
GBP	2.4	1.9
NOK	0.1	0.1
DKK	0.4	0.4
YTL	19.6	18.8

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

Financial assets	2007 Carrying value	2007 Fair value	2006 Carrying value	2006 Fair value
ITEMS RECOGNIZED AT FAIR VALUE				
Financial assets recognized at fair value through profit and loss				
Derivatives classified as held for trading	1.2	1.2	0.1	0.1
Financial assets included in hedge accounting				
Derivatives (effective and ineffective portion)	1.6	1.6	1.1	1.1
ITEMS RECOGNIZED AT AMORTIZED COST AND AT COST				
Loans and other receivables				
Cash and cash equivalents	27.5	27.5	15.3	15.3
Loan receivables	4.3	4.3	0.5	0.5
Trade and other receivables	71.2	71.2	87.4	87.4
Available-for-sale financial assets				
Shares and holdings	0.9	0.9	0.5	0.5
Financial liabilities				
ITEMS RECOGNIZED AT FAIR VALUE				
Financial liabilities recognized at fair value through profit and loss				
Derivatives classified as held for trading	0.1	0.1	0.5	0.5
Financial assets included in hedge accounting				
Derivatives (effective and ineffective portion)	0.1	0.1	0.1	0.1
ITEMS RECOGNIZED AT AMORTIZED COST				
Other financial liabilities				
Loans from financial institutions	91.6	92.3	110.1	109.9
Commercial papers	108.2	108.2	69.7	69.7
Finance leases	8.5	8.5	14.5	14.5
Pension loans	5.8	5.5	7.9	7.5
Convertible capital notes - liability component	27.2	29.4	33.6	33.0
Capital notes	28.2	28.7	30.9	30.7
Trade payables and other debt	67.1	67.1	64.0	64.0

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 and of 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.

31. Capital management

The industry in which Componenta Group operates is by nature relatively capital intensive and thus requires active measures to optimize the equity structure. The major acquisitions and investments in the past few years have also generated pressure on the Group's capital structure.

The Board of Directors and Corporate Executive Team regularly monitor in particular the company's ratio of shareholders' equity to the total balance sheet value, for which the target, including capital notes in shareholders' equity, is 40%. In addition to internal monitoring, the Group reports to external stakeholders in accordance with the loan terms and conditions the key indicators agreed in the loan covenants. The Group aims to achieve positive undertakings relating to the pricing of financing in order to reduce financing costs.

The company manages capital structure with the dividend policy and also by issuing capital notes which are treated in management reporting as an equity item. During 2007 the Group has continued its consideable efforts to reduce working capital for example by enhancing logistics efficiency and expanding projects for the selling of trade receivables.

Key indicators for gearing:

	31.12.2007	31.12.2006
Net interest-bearing liabilities in proportion to shareholders' equity, incl. capital notes in equity	120.2%	123.1%
Shareholders' equity, including capital notes, in proportion to balance sheet total	31.4%	32.5%

32. Financial risk management

The financial risks relating to Componenta Group's business operations are managed in accordance with the 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 takes place in the Group Treasury.

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 its loan portfolio. The maturing dates for loans are presented in the notes to the consolidated balance sheet, Note 28. The proportion of one source of funding may not exceed a limit set in the Group treasury policy. The most important financing instuments used in the Group are syndicated credit facilities, capital notes, bilateral loans, a commercial paper programme (EUR 150 million), sale of receivables without recourse and lease financing. The most significant of the new financing agreements signed in 2007 was the five year syndicated credit facility for EUR 200 million signed by Componenta Corporation.

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 that amounted to EUR 143 million (EUR 137 million) at the end of the fiscal year. Surplus cash reserves are invested with institutions that are considered to carry low credit risk. The list of feasible counterparties is approved by the Board of Directors.

Installments and interest payments on financial liabilities 2007

	2008	2009	2010	2011	2012	2013+
Loans from financial institutions	-29.6	-13.0	-7.6	-7.1	-51.8	-0.1
Commercial papers	-111.0	-	-	-	-	-
Finance leases	-1.9	-1.7	-2.3	-0.9	-0.8	-2.0
Pension loans	-2.3	-1.4	-1.3	-1.3	-	-
Convertible capital notes	-1.7	-1.7	-17.3	-15.3	-	-
Capital notes	-7.4	-11.3	-1.0	-15.1	-	-
Trade payables and other debt	-66.0	-0.2	-0.2	-	-	-0.3
Interest rate swaps net	0.2	0.1	-0.1	0.0	-	-
	-219.7	-29.2	-29.8	-39.7	-52.6	-2.4

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 variable rate contracts may vary from actual cash flows. The repayment table for financial liabilities is not meant to portray the Group's expected 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 so 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 (added with interest rate differentials), electricity forwards and interest rate options at the closing date correspond to their fair values (Note 33 Derivative instruments).

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 notional interest rates. The actual interest payments on variable interest contracts will, therefore, probably differ slightly from the figures in the table.

Installments and interest payments on financial liabilities 2006

	2007	2008	2009	2010	2011	2012+
Loans from financial institutions	-39.0	-22.9	-38.8	-20.9	-0.4	-
Commercial papers	-70.8	-	-	-	-	-
Finance leasing	-2.7	-2.6	-2.1	-1.7	-1.2	-5.8
Finance leases	-2.5	-2.3	-1.4	-1.3	-1.3	-
Convertible capital notes	-2.2	-2.2	-2.2	-21.2	-20.8	-
Capital notes	-5.3	-7.3	-11.4	-1.0	-15.1	-
Trade payables and other debt	-60.9	-0.5	-0.2	-0.2	-	-
Interest rate swaps, net	0.2	0.1	0.1	-	-	-
	-183.2	-37.7	-56.0	-46.3	-38.8	-5.8

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 operational cash flow exposure, which includes the Group's commercial foreign currency flows for a 6 month period and foreign currency investments. The transaction exposure also includes foreign currency denominated monetary items in the balance sheet as either hedging items or as an increase the exposure. The translation exposure is determined as the shareholders' equity including retained earnings of the Group's subsidiaries and associated companies for whom the operating currency is other than euro. In accordance with the treasury policy, both the Group's transaction exposure and its translation exposure are hedged at 50 - 100%. In cases approved separately by the Board of Directors, the Group may deviate from these hedging levels. Foreign currency loans and deposits and other natural hedging relationships are used for hedging purposes in addition to common derivative instruments such as foreign currency forward contracts and options with reliable market pricing. Foreign currency derivatives have a maturity of less than one year.

The currencies with the most significant currency risk exposure are the Turkish lira, the US dollar, the British pound and the Swedish crown. Of these the US dollar in particular has grown in importance during the 2007 financial year.

31.12.2007			Decline / rise of currency against euro 5%	
	ECB average rate 31 Dec.2007	Open exposure MEUR	Impact on income statement MEUR	Impact on equity in balance sheet MEUR
EUR/USD	1.4721	-16.2	0.8 / -0.9	-
EUR/GBP	0.73335	6.2	-0.3 / 0.3	-
EUR/TRY	1.7170	58.7	2.0 / -2.2	-4.7 / 5.2
EUR/SEK	9.4415	5.3	-0.5 / 0.6	-
EUR/NOK	7.9580	-	0.0 / -0.0	-
EUR/DKK	7.4583	-1.1	0.0 / -0.0	-

31.12.2006			Decline / rise of currency against euro 5%	
	ECB average rate 31 Dec.2006	Open exposure MEUR	Impact on income statement MEUR	Impact on equity in balance sheet MEUR
EUR/USD	1.3170	-21.1	1.0 / -1.2	-
EUR/GBP	0,67150	20,2	-1,4 / 1,5	-
EUR/TRY	1,8640	26,2	3,5 / -3,9	-3,3 / 3,7
EUR/SEK	9,0404	1,9	-0,3 / 0,3	-
EUR/NOK	8,2380	0,0	0,0 / -0,0	-
EUR/DKK	7,4560	-0,5	0,0 / -0,0	-

In addition to the items listed above, foreign currency denominated cash and bank receivables, the Group's internal and external loans given and received by the parent company, expected interest income and expenses, and hedging foreign currency derivatives are included in the currency risk exposure.

The sensitivity analysis does not take into account the impact on the income statement for the following financial year of reversing the valuation of foreign currency denominated items that are open on the closing date but only the change that may be caused by changes in exchange rates during the following year.

The Group does not apply cash flow or fair value hedge accounting as stated in IAS 39 for the transaction position. In contrast, hedging of the translation exposure comes under hedge accounting for the net investment in a foreign entity. The target is to recognize all changes in fair value of the hedging instruments in shareholders' equity under translation differences. As a result, the direct changes in shareholders' equity arising from changes in exchange rates are only caused by changes in the open translation exposure.

Interest rate risk

The interest rate risk to which fair values and the cash flow are exposed arise mainly from the Group's loan portfolio, accounts receivable that have been sold, 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 one year but no more than two years. On 31 December 2007 the interest rates of net liabilities fell due for renewal on average in 14 months (16 months). To manage the interest rate risk, the loan portfolio is spread between fixed and floating interest rate loans and investments. The interest rate risk is also spread among several interest rate renewal periods, so that changes 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.

The Group values only derivatives at fair value. Interest rate derivatives hedging 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 risks do not affect the carrying values of interest-bearing items but only interest expenses and income recognized in the income statement, changes in the income statement in the fair values of interest rate derivatives classified as held for trading, and changes in the Group's shareholders' equity in the fair values of interest rate swaps included in cash flow hedge accounting.

	31.12.2007	31.12.2006
Euribor 3M	4.684%	3.725%
Forward rate agreement : Euribor 3M rate in 3 months	4.516%	3.935%
Forward rate agreement : Euribor 3M rate in 6 months	4.417%	4.062%
Forward rate agreement : Euribor 3M rate in one year	4.250%	3.945%

INCOME STATEMENT - FINANCIAL EXPENSES	31.12.2007 for 2008 Forecast change in finance expenses	31.12.2007 for 2008 Sensitivity interest rate curve +50	31.12.2006 for 2007 Forecast change in finance expenses	31.12.2006 for 2007 Sensitivity interest rate curve +50
Variable rate interest bearing liabilities	-0.4	-0.9	-1.0	-0.8
Financial liabilities with fixed interest	-0.0	-0.0	-0.0	-0.0
Interest rate swaps, interest expenses and income net	0.1	0.3	0.2	0.2
Interest rate swaps, change in fair value	-	0.1	-	0.0

SHAREHOLDERS' EQUITY - HEDGING RESERVE	Change in fair value interest rate curve +50bp	Change in fair value interest rate curve +50bp
Interest rate swaps, net (Included in cash flow hedge accounting)	0.4	0.3

The Forecast change in finance expense 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 of the interest rate curve with 0.50 percentage points.

The assumption in the calculations is that loans that mature are refinanced with comparable instruments. It is also assumed that no installments are made, so only the interest rate renewal risk is taken into account. Therefore financing expenses will decline from the assesments given above if the Group reduces the amount of interest-bearing debt during the following financial year.

Interest rate options have not been included in the calculations, since changes in their fair values are, apart from actual interest income and expenses, more dependent on the volatility of market rates than on the shape of the interest curve or the location.

Credit risk

The Group has no significant concentrations of receivables. Many customers are financially sound companies of long standing, but in individual cases reports on payment behaviour and capital adequacy from credit monitoring companies are used to assist in credit decisions. The customer base is spread and deliveries are made to different geographical areas to avoid concentrations of credit risk. The Group reduces its credit risk exposure by selling trade receivables to finance companies without any right of recourse. Accumulation of overdue trade receivables is monitored on a regular basis.

During the 2007 financial year, payment terms were renegotiated with two customers for trade receivables that would otherwise have fallen due. At the closing date, however, payment has been received for these receivables as agreed. Credit losses for the financial year were EUR -0.0 (-0.4) million. The Group's credit loss risk of EUR 106.1 (104.4) million corresponds to the carrying value of financial assets and accrued interest receivables excluding available-for-sale share holdings.

Outstanding trade receivables fall due as follows

	31.12.2007	31.12.2006
Not due	44.1	72.6
Overdue		
less than 1 mth	23.1	9.5
1 - 3 mths	2.8	1.8
3 - 6 mths	0.4	0.8
more than 6 mths	0.8	1.7
	71.2	86.4

33. Derivative instruments

Nominal values of derivative instruments

	2007 Nominal value	2006 Nominal value
Currency derivatives *)		
Foreign exchange forwards	11.8	7.6
Currency swaps	64.9	35.5
Interest rate derivatives		
Interest rate options	40.0	6.0
Interest rate swaps		
Maturity in less than a year	8.0	15.0
Maturity after one year and less than five years	49.1	28.0
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	3.0	3.7
Maturity after one year and less than five years	3.3	3.4

*) Currency derivatives mature in less than a year.

Fair values of derivative instruments

	2007 Fair value, positive	2007 Fair value, negative	2007 Fair value, net	2006 Fair value, positive
Currency derivatives				
Foreign exchange forwards	0.0	-0.0	0.0	0.0
Currency swaps	0.6	-0.0	0.5	-0.3
Interest rate derivatives				
Interest rate options	0.3	-	0.3	0.0
Interest rate swaps	0.5	-0.3	0.2	0.7
Commodity derivatives				
Electricity price forwards	1.5	-	1.5	0.3

The nominal values of the derivative instruments may not necessarily correspond to the payments made by the parties, so when examined on their own do not give a true picture of the Group's risk position.

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.

The difference in the spot prices of currency derivatives is recognized in foreign exchange differences and the accrued interest rate differences and their fair value in interest income and expenses. The fair values of interest rate derivatives that are not included in cash flow hedge accounting are recognized in finance income and expenses, as is the ineffective portion of hedges identified in retrospective assessment. Unrealized valuation gains and losses are recognized in current receivables and liabilities.

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 +10% / -10%	2007	2006
Change in fair value of electricity price forwards	0.8 / -0.8	0.7 / -0.7

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

	2007 Nominal value	2007 Fair value, effective portion of hedge	2006 Nominal value	2006 Fair value, effective portion of hedge
Interest rate derivatives				
Interest rate swaps	37.0	-0.1	38.0	0.6
Commodity derivatives				
Electricity price forwards	6.3	1.5	7.1	0.3

The effective portion of 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. Items hedged against interest rate risks on the closing date will take place within five years and the hedged electricity purchases within four years. It is extremely likely that the hedged cash flows will be realized.

	2007	2006
Realized exchange rate differences included in acquisition cost of subsidiaries	-	4.0

Derivative instruments included in hedging of a net investment in a foreign entity

	2007 Nominal value	2007 Fair value, effective portion of hedge	2006 Nominal value	2006 Fair value, effective portion of hedge
Currency derivatives *)				
Foreign exchange forwards	-	-	0.7	0.0
Currency swaps	14.6	0.0	7.9	0.1

The realized and fair values of foreign exchange differences of currency derivatives designated as effective hedges of net investments in foreign operations have been recognized in equity as a correction item of translation differences. These items will be recognized through profit and loss on disposal of the foreign operation.

	2007	2006
Realized and unrealized exchange rate differences recognized to correct translation differences (Before tax)	-2.2	0.0

34. Other leases

Group as lessee
Minimum lease payment schedule for other non-cancellable leases

	2007	2006
No later than one year	1.4	1.7
Later than one year but no later than five years	3.0	3.4
Later than five years	0.3	0.5
	4.7	5.5

Other non-cancellable leases mainly comprise real estate, production equipment and car leases. The leases mature on average in 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 2007 income statement includes lease payments of EUR 1.7 million (EUR 1.8 million) for other non-cancellable leases.

Group as lessor
The minimum lease receivable schedule for other non-cancellable leases

	2007	2006
No later than one year	0.5	0.5
Later than one year but no later than five years	1.1	1.0
	1.6	1.5

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 a provision 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

	2007	2006
Real-estate mortages		
For own debts	7.2	34.5
Business mortages		
For own debts	2.6	15.3
Pledges		
For own debts	152.9	126.5
Other commitments *)	10.1	8.4

*) Includes the European Commission's decision of 20 October 2005 under which Componenta Corporation is liable to repay to the City of Karkkila alleged state aid that is contrary to the EC Treaty totalling EUR 2.4 million with interest from the date on which the aid was made available to Componenta Corporation. The alleged aid to be recovered under the Commission's decision comprises:

1. EUR 0.7 million paid by the City of Karkkila to Componenta Corporation for shares in real estate company Karkkilan Keskustakiinteistöt Oy and
2. A non-interest bearing shareholder loan receivable of EUR 1.7 million repaid by Karkkilan Keskustakiinteistöt Oy to Componenta Corporation.

On the basis of the European Commission's decision on 20 October 2005 the State of Finland has initiated legal proceedings against Componenta Corporation to recover the funds in the Helsinki Administrative Court. The State is demanding in the legal proceedings that Componenta Corporation repay to the City of Karkkila, based on the decision of the Commission with a revised amount, EUR 2.1 million with annual interest of 4.43% (for EUR 0.4 million as from 28 February 2004 and for EUR 1.7 million as from 4 March 2004). Componenta Corporation rejects the claims of the State as completely unfounded. Legal proceedings at the Administrative Court are still in progress.

Secured liabilities

	2007	2006
Liabilities secured with real estate or business mortages		
Loans from financial institutions	0.4	24.2
Pension loans	4.8	6.6
	5.2	30.8
Liabilities secured with pledges		
Loans from financial institutions	65.1	15.3
Pension loans	1.1	1.3
	66.2	16.7

36. Related party disclosures

Group companies

Company	Domicile	Group share of holding -%	Parent company share of holding %
Componenta Främmestad AB	Essunga, Sweden	100.0	-
Componenta Industri AB	Kristinehamn, Sweden	100.0	-
Componenta Karkkila Oy	Karkkila	100.0	100.0
Componenta Nisamo Oy	Lempäälä	100.0	-
Componenta Pietarsaari Oy	Pietarsaari	100.0	-
Componenta Pietarsaari MS Oy	Pietarsaari	100.0	
Componenta Pistons Oy	Pietarsaari	100.0	-
Componenta Pori Oy	Pori	100.0	-
Componenta Suomivalimo Oy	Iisalmi	100.0	-
Componenta Sweden AB	Kristinehamn, Sweden	100.0	-
Componenta Wirsbo AB	Surahammar, Sweden	95.0	-
Componenta Åmål AB	Åmål, Sweden	100.0	-
Componenta B.V.	Belfeld, The Netherlands	100.0	100.0
Döktas Dökümcülük Ticaret ve Sanayi A.S.	Orhangazi, Turkey	92.6	92.6
Componenta UK Ltd.	Staffordshire, United Kingdom	92.6	-
De Globe N.V.	Sint-Lambrechts-Woluwe, Belgium	100.0	-
De Globe-Guss GmbH	Korshenbroich, Germany	100.0	-
De Globe Foundries Limited	Derbys, United Kingdom	100.0	-
De Globe Componenta USA, LCC	USA	100,0	-
Hejarsmide AB	Smedjebacken, Sweden	95.0	-
Högfors-Finance Oy	Karkkila	100.0	-
Karkkilan Koskikiinteistö Oy	Karkkila	81.0	66.9
Karkkilan Lääkärikeskus Oy	Karkkila	100.0	100.0
Karkkilan Valimokiinteistö Oy	Karkkila	100.0	-
Kiinteistö Oy Ala-Emali	Karkkila	100.0	100.0
Kiinteistö Oy Pietarsaaren Tehtaankatu 13	Pietarsaari	100.0	-
Kiinteistö Oy Uusporila	Karkkila	100.0	31.8
Kiinteistö Oy Ylä-Emali	Karkkila	100.0	100.0
Luoteis-Uudenmaan Kiinteistöt Oy	Karkkila	100.0	100.0
Pietarsaaren Vanha Valimo Oy	Pietarsaari	100.0	-
Uudenmaan Rakennustiimi Oy	Karkkila	100.0	100.0
Vanhan Ruukin Kiinteistöpalvelu Oy	Karkkila	100.0	100.0
Verkoopmaatschappij De Globe B.V.	Tegelen, The Netherlands	100.0	-

Transactions with related parties

	2007	2006
Sale of goods to associated companies	-	0.4
Sale of services to associated companies	-	0.0
	-	0.4
Purchase of services from associated companies	-0.1	-0.2
	-0.1	-0.2

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

Remuneration of the Chairman and other members of the Board of Directors , Managing Directors and Deputy Managing Directors

	2007	2006
Remuneration and fees, MEUR	-1.7	-1.3
Chief executive officer, 1,000EUR	-189	-229
Members of the Board		
Heikki Bergholm	-50	-50
Heikki Lehtonen	-25	-20
Juhani Mäkinen	-25	-32
Marjo Raitavuo	-25	-20
Matti Tikkakoski	-25	-23

The share subscription period for 2001 option rights ended on 31 October 2006. The above mentioned remuneration and fees include income from excercising 2001 option rights.

Componenta has no special pension obligations for management. Componenta has not issued loans to the managing directors of companies belonging to the Group or to the directors of Group companies.

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

In 2005 Componenta Corporation gave a loan guarantee (EUR 0.3 million) relating to the business on behalf of an individual who is a related party. The guarantee ended without any claim in 2007. In 2007 Componenta Corporation granted a loan (EUR 0.3 million) to an individual who is a related party to purchase shares of a subsidiary belonging to the Group. The loan with interest will fall due for payment in 2013. The shares sold have been set as security for the loan.

Parent company income statement 1.1. - 31.12. (according to Finnish Accounting Standars)

Parent company income statement 1.1. - 31.12.

MEUR	2007	2006
NET SALES	7.7	6.3
Other operating income	10.6	0.4
Operating expenses	-9.3	-7.3
Depreciation, amortization and write-down of non-current assets	-0.2	-0.3
OPERATING PROFIT	8.8	-0.9
Financial income	20.3	10.2
Financial expense	-18.3	-9.7
Financial income and expenses in total	1.9	0.6
PROFIT/LOSS AFTER FINANCIAL ITEMS	10.7	-0.3
Change in untaxed reserves	-	0.0
Income taxes	-0.1	-
PROFIT/LOSS FOR THE FINANCIAL PERIOD	10.6	-0.3

Parent company balance sheet 31.12.

MEUR	2007	2006
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	0.6	0.5
Tangible assets	0.4	0.3
Investments	207.2	171.8
	208.2	172.6
CURRENT ASSETS		
Non-current receivables	102.2	91.2
Current receivables	8.7	6.3
Cash and bank accounts	1.2	1.3
	112.1	98.8
TOTAL ASSETS	320.3	271.4

MEUR	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	21.9	20.0
Share premium account	15.1	12.4
Legal reserve	0.0	0.0
Unrestricted equity reserve	4.1	-
Retained earnings	15.6	18.4
Profit/loss for the financial period	10.6	-0.3
Shareholders' equity	67.3	50.5
UNTAXED RESERVES	0.0	0.0
LIABILITIES		
Non-current liabilites		
Capital loans	53.8	65.6
Other interest bearing liabilities	65.7	70.0
Current liabilities		
Capital loans	3.2	3.2
Other interest bearing liabilities	123.4	75.5
Non-interest bearing liabilities	7.0	6.6
Liabilities	253.1	220.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	320.3	271.4

Group development

GROUP DEVELOPMENT 2003 - 2007

MEUR	FAS 2003	FAS 2004	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007
Net sales	177.8	316.1	316.0	343.2	362.1	634.7
Operating profit	0.1	23.1	25.7	9.9	14.5	45.2
Financial income and expenses	-7.6	-7.6	-7.9	-8.9	-9.9	23.2
Profit/loss after financial items	-7.5	15.6	17.9	1.0	4.6	22.7
Profit for the financial period	-4.5	20.6	15.6	2.2	3.5	20.9
Order book at period end	25.1	59.2	59.2	60.4	95.4	129.0
Change in net sales, %	-1.7	77.8	77.7	8.6	5.5	75.3
Share of export and foreign activities in net sales, %	71.0	81.4	81.4	81.9	82.4	89.1

GROUP DEVELOPMENT 2003 - 2007 EXCLUDING ONE-TIME ITEMS 2003 - 2007

MEUR	FAS 2003	FAS 2004	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007
Net sales	177.8	316.1	316.0	343.2	362.1	634.7
Operating profit	8.1	11.4	12.5	6.6	14.9	38.2
Financial income and expenses	-7.6	-7.6	-7.9	-8.9	-9.9	-23.2
Profit/loss after financial items	0.5	3.9	4.6	-2.4	5.0	14.9

	FAS 31.12.2003	FAS 31.12.2004	IFRS 31.12.2004	IFRS 31.12.2005	IFRS 31.12.2006	IFRS 31.12.2007
Balance sheet total	191	273	272	269	484	497
Net interest bearing debt,	125	136	142	145	251	243
Invested capital	159	201	200	198	360	371
Return on investment, %	0.8	13.1	14.2	5.0	6.6	12.8
Return on equity, %	-11.8	35.5	28.1	4.2	5.9	23.1
Equity ratio, %	17.8	23.3	20.6	18.1	19.2	20.3
Net gearing, %,	368.3	214.2	253.8	297.5	270.7	241.3
Investments in non-current assets	1.6	35.1	37.0	25.1	123.6	64.5
Number of personnel at period end	1,565	2,213	2,213	2,185	4,316	4,158
Average number of personnel	1,595	2,168	2,168	2,214	2,196	4,206

NET SALES BY MARKET AREA

MEUR	12/2006	12/2007
Nordic countries	177.1	183.5
Other European countries	162.6	421.8
Other countries	22.5	29.4
Total	**362.1**	**634.7**

QUARTERLY DEVELOPMENT BY MARKET AREA

MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Nordic countries	45.6	47.3	35.4	48.8	53.7	46.5	38.5	44.9
Other European countries	42.1	42.2	37.1	41.2	106.7	106.6	96.7	111.8
Other countries	5.9	5.1	5.9	5.5	7.4	7.7	8.0	6.3
Total	**93.6**	**94.6**	**78.4**	**95.5**	**167.9**	**160.7**	**143.2**	**162.9**

GROUP DEVELOPMENT

MEUR	1-12/2006	1-12/2007
Net sales	362.1	634.7
Operating profit	14.5	45.9
Net financial items	-9.9	-23.2
Result after financial items	4.6	22.7

GROUP DEVELOPMENT BY BUSINESS DIVISION

Net sales, MEUR	1-12/2006	1-12/2007
Foundries	224.5	241.7
Machine shops	137.9	158.6
Döktas	-	232.5
Other business	89.1	151.0
Internal and one-time items	-89.4	-149.1
Componenta total	**362.1**	**634.7**

Operating profit, MEUR	1-12/2006	1-12/2007
Foundries	6.6	16.7
Machine shops	5.8	5.0
Döktas	-	14.4
Other business	2.7	2.4
Internal and one-time items	-0.6	7.5
Componenta total	**14.5**	**45.9**

Order book, MEUR	12/2006	12/2007
Foundries and Machine shops	52.0	66.5
Döktas	34.7	46.1
Other business	8.8	16.4
Componenta total	**95.4**	**129.0**

GROUP DEVELOPMENT BY QUARTER

MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Net sales	93.6	94.6	78.4	95.5	167.9	160.7	142.3	162.9
Operating profit	5.3	6.6	-1.2	3.8	26.2	11.3	3.9	4.6
Net financial items	-2.2	-2.5	-2.3	-3.0	-4.4	-6.2	-7.0	-5.7
Result after financial items	3.1	4.1	-3.4	0.9	21.8	5.1	-3.1	-1.1

QUARTERLY DEVELOPMENT BY BUSINESS DIVISION

Net sales, MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Foundries	57.5	61.2	49.1	56.8	63.1	62.0	52.4	64.2
Machine shops	35.4	35.1	30.7	36.7	41.2	40.6	35.2	41.7
Döktas	-	-	-	-	61.5	60.2	55.2	55.7
Other business	25.1	23.5	15.1	25.4	41.3	36.5	32.6	40.5
Internal and one-time items	-24.4	-25.2	-16.4	-23.4	-39.2	-38.6	-32.2	-39.1
Componenta total	**93.6**	**94.6**	**78.4**	**95.5**	**167.9**	**160.7**	**143.2**	**162.9**

Operating profit, MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Foundries	2.9	4.2	-2.1	1.6	5.2	6.1	0.8	4.7
Machine shops	1.8	1.5	0.6	1.8	1.5	1.3	1.1	1.1
Döktas	-	-	-	-	5.2	4.7	2.2	2.3
Other business	0.6	0.9	0.4	0.8	1.5	0.3	0.7	0.0
Internal and one-time items	-0.1	-0.1	-0.1	-0.3	12.8	-1.0	-0.8	-3.5
Componenta total	**5.3**	**6.6**	**-1.2**	**3.8**	**26.2**	**11.3**	**3.9**	**4.6**

Order book at period end, MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Foundries and Machine shops	52.6	48.9	50.0	52.0	51.4	53.6	62.7	66.5
Döktas	-	-	-	34.7	42.3	39.3	45.4	46.1
Other business	12.9	12.7	14.9	8.8	11.0	14.0	16.9	16.4
Componenta total	**65.5**	**61.6**	**64.9**	**95.4**	**104.7**	**106.9**	**125.0**	**129.0**

GROUP DEVELOPMENT EXCLUDING ONE-TIME ITEMS

MEUR	1-12/2006	1-12/2007
Net sales	362.1	634.7
Operating profit	14.9	38.2
Net financial items	-9.9	-23.2
Result after financial items	5.0	14.9

GROUP DEVELOPMENT BY BUSINESS DIVISION EXCLUDING ONE-TIME ITEMS

Operating profit, MEUR	1-12/2006	1-12/2007
Foundries	6.6	16.7
Machine shops	5.8	5.0
Döktas	-	14.4
Other business	2.7	2.4
Internal items	-0.2	-0.3
Componenta total	**14.9**	**38.2**

GROUP DEVELOPMENT BY QUARTER EXCLUDING ONE-TIME ITEMS

MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Net sales	93.6	94.6	78.4	95.5	167.9	160.7	143.2	162.9
Operating profit	5.3	6.6	-1.2	4.2	13.3	11.3	4.9	8.8
Net financial items	-2.2	-2.5	-2.3	-3.0	-4.4	-6.2	-7.0	-5.7
Result after financial items	3.1	4.1	-3.4	1.2	8.9	5.1	-2.1	3.1

QUARTERLY DEVELOPMENT BY BUSINESS DIVISION EXCLUDING ONE-TIME ITEMS

Operating profit, MEUR	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Foundries	2.9	4.2	-2.1	1.6	5.2	6.1	0.8	4.7
Machine shops	1.8	1.5	0.6	1.8	1.5	1.3	1.1	1.1
Döktas	-	-	-	-	5.2	4.7	2.2	2.3
Other business	0.6	0.9	0.4	0.8	1.5	0.3	0.7	0.0
Internal items	-0.1	-0.1	-0.1	0.1	-0.1	-1.0	0.1	0.7
Componenta total	**5.3**	**6.6**	**-1.2**	**4.2**	**13.3**	**11.3**	**4.9**	**8.8**

Shares and sharesholders

LARGEST REGISTERED SHAREHOLDERS ON 31 DECEMBER 2007

Shareholder	Shares	Share of total voting rights,%
1 Lehtonen Heikki	4,058,674	37.09
Cabana Trade S.A.	3,801,988	
Oy Högfors-Trading Ab	256,686	
2 Etra-Invest Oy Ab	2,550,000	23.30
3 Inkinen Simo-Pekka	361,680	3.33
Inkinen Simo-Pekka	357,680	
Väli-Gunnarla Avoin Yhtiö	4,000	
Nahkionkosken Voimalaitos Ky	3,000	
4 OP-Finland Small Firm Fund	269,179	2.46
5 FIM Fenno Fund	207,478	1.90
6 Lehtonen Anna-Maria	178,823	1.63
7 Bergholm Heikki	165,000	1.51
8 Laakkonen Mikko	160,000	1.46
9 Mandatum Finnish Small Cap Fund	97,500	0.89
10 Fondita Nordic Micro Cap Investment Fund	90,000	0.82
11 Lehtonen Yrjö M.	85,040	0.78
12 Mutual Fund eQ Finland Small Cap	65,345	0.60
13 Ilmarinen Mutual Pension Insurance Company	57,600	0.53
14 Seppo Saario Oy	55,000	0.50
15 Mutual Fund eQ Finland	51,556	0.47
Nominee-registered shares	302,345	2.76
Other shareholders	2,187,278	19.99
Total	10,942,498	100.00

The members of the Board of Directors own 38.8% of the shares. All shares have equal voting rights.
If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 32.0%.

BREAKDOWN OF SHARE OWNERSHIP ON 31 DECEMBER 2007

Number of shares	Shareholders	%	Shares	%
1 - 100	306	19.55	19,786	0.18
101 - 500	653	41.73	192,221	1.76
501 - 1,000	271	17.32	222,700	2.04
1,001 - 5,000	235	15.02	565,017	5.16
5,001 - 10,000	36	2.30	278,571	2.55
10,001 - 50,000	47	3.00	1,014,230	9.27
50,001 - 100,000	7	0.45	502,041	4.59
100,001 - 500,000	8	0.51	1,795,944	16.41
500,001 -	2	0.13	6,351,988	58.05
Total = total issued	1,565	100.00	10,942,498	100.00

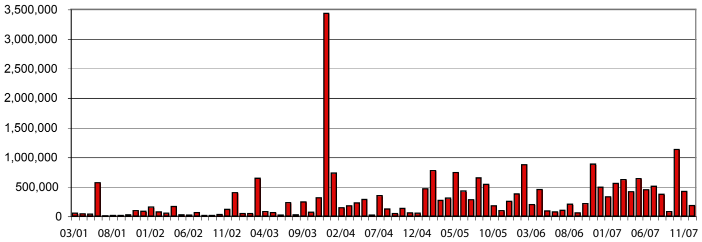
SHAREHOLDERS BY SECTOR ON 31 DECEMBER 2007

	%
Finnish companies	29.81
Financial institutions and insurance companies	5.32
General government bodies	0.55
Non-profit institutions	2.77
Households	23.54
Nominee-registered shares and other foreign shareholders	38.00
Total	100.00

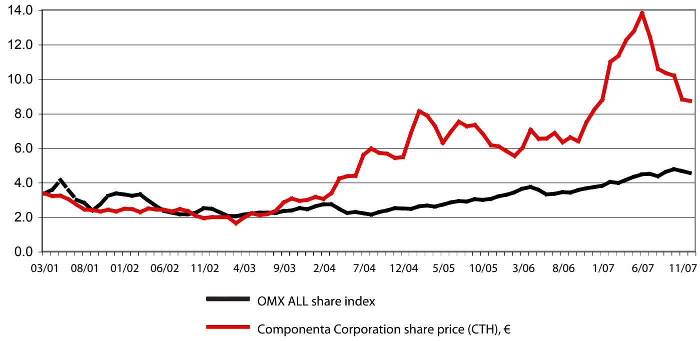
PER SHARE DATA	2007	2006
Earnings per share (EPS), EUR	1.97	0.36
Equity per share, EUR	1.61	0.36
Equity per share, EUR	8.34	5.50
Dividend per share, EUR *)	0.50	0.25
Payout ratio, %	25.37	69.05
Effective dividend yield, %	5.97	2.91
P/E multiple	4.25	23.72
Share price at year end, EUR	8.37	8.59
Average trading price, EUR	11.05	6.56
Lowest trading price, EUR	8.17	5.29
Highest trading price, EUR	14.37	8.80
Market capitalization at year end, MEUR	91.6	86.1
Trading volume, 1,000 shares	5.670	5,708
Trading volume, %	51.8	56.9
Weighted average of the number of shares, 1,000 shares	10.607	9.726
Number of shares at year end, 1,000 shares	10.942	10.022

*) For the year 2007 a proposal of the Board of Directors.

Componenta Corporation (CTH) monthly share trading volume in 2001 - 2007, pcs



Componenta Corporation (CTH) share price development in 2001 - 2007, EUR



Calculation of financial ratios

Return on equity -% (ROE)	=	Profit/loss after financial items – income taxes x 100 Shareholders' equity without preferred capital notes + minority interest (quarterly average)
Return on investments -% (ROI)	=	Profit/loss after financial items + interest and other financial expenses x 100 Balance sheet total - interest free liabilities (quarterly average)
Equity ratio, %	=	Shareholders' equity, preferred capital notes excluded + minority interest x 100 Balance sheet total - advances received
Earnings per share, EUR (EPS)	=	Profit/loss after financial items – income taxes +/- minority interest 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 subsricbed by the loan, has been added to the number of total shares.
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	=	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	=	Interest bearing liabilities + preferred capital notes - cash and bank accounts
Net gearing, %	=	Net interest bearing debt x 100 Shareholders' equity, preferred capital notes excluded + minority interest

The proposal of the Board of Directors for the distribution of profits

The distributable equity of the parent company balance sheet is EUR 30,238,200.58, of which the net profit for financial year was EUR 10,565,145.21. The Board of Directors proposes to the Annual General Meeting to be held on 25 February 2008 that the distributable equity will be used as follows:

As dividend will be paid EUR 0.50 to 10,943,698 shares, altogether EUR 5,471,849.00, and EUR 24,766,351.58 be retained in the shareholders' capital.

No significant changes have taken place in the company's financial position after the end of the year. The company's liquidity is strong, and in the opinion of the Board of Directors the proposed distribution of profit does not put the company's solvency at risk.

Helsinki 29 January 2008

Heikki Bergholm
Chairman

Juhani Mäkinen

Marjo Raitavuo

Matti Tikkakoski

Heikki Lehtonen
President & CEO

Auditor's report

To the shareholders of Componenta Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Componenta Corporation for the period 1.1. – 31.12.2007. The Board of Directors and the President and CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies' Act.

Helsinki 30 January 2008

Oy Audicon Ab
Authorised Public Accountants

Kari Miettinen
APA

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