COMPONENTA

Annual Report 2005

Componenta in brief

Componenta is a metal sector Group of companies with international operations manufacturing ready-to-install, cast, machined and surface-treated components and total solutions made up from these. The Group's customers are companies with global operations in the heavy truck, machine building and off-road, and power and transmission industries. The components supplied by Componenta are often strategic parts in the products of its customers.

Componenta creates added value for its 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.

51% of the Group's sales are in the Nordic countries, 43% in other European countries and 6% in other countries.

Componenta's production plants – six foundries, seven machine shops and three forges – are located in Finland, the Netherlands and Sweden. The Group's head office is in Helsinki. In 2005 the Group had net sales of EUR 343.2 million and employed 2,214 people. 48% of personnel work in Finland, 25% in the Netherlands and 27% in Sweden.

Key figures

	2005	2004
Net sales, MEUR	343.2	316.0
Operating profit excluding one-time items, MEUR	6.6	12.5
Result after financial items excluding one-time items, MEUR	-2.4	4.6
Operating profit including one-time items, MEUR	9.9	25.7
Result after financial items, MEUR	1.0	17.9
Earnings per share, EUR	0.26	1.62
Equity ratio, including capital notes in equity, %	32.1	29.5
Return on investment, %	5.0	14.2
Personnel	2,214	2,168

Information for shareholders

Componenta is publishing its 2005 annual report in a printed version and on the Internet. Both contain the full financial statements for 1 January – 31 December 2005, a short presentation of the Group, customer industries, structure and divisions, strategy, review of human resources, a presentation of the Board of Directors and Executive team. Componenta's Corporate Governance is presented shortly in the printed annual report and in full in the Internet annual report.

Componenta will publish a separate Environmental Report in the spring 2006.

During the past few years Componenta has increasingly switched its investor communications to the Internet. Publications and releases are available immediately after their release date on the Internet. Releases can ordered from that address direct to the receiver's e-mail. A printed version of publications can be ordered by telephone at +358 10 403 2701 or by e-mail at ir.componenta@componenta.com.

The Annual General Meeting of Componenta Corporation will be held on 8 February 2006 at 2.00 pm.

In 2006 Componenta Corporation will publish interim reports in Finnish and English as follows:

- January - March on 13 April 2006
- January - June on 14 July 2006
- January - September on 13 October 2006

The press conferences to be held when the interim reports are published will be webcast simultaneously on our Internet pages.

Contents

Group strategy

Casting Future Solutions

Componenta's mission is Casting Future Solutions.

Business definition:

Componenta supplies competitive value-adding cast component solutions to European and North American customers in heavy truck, off-road, machine building and power & transmission industries. Its operations are based on specialized production units and efficient supply chains.

Values

Componenta's values are openness, honesty and human orientation. These values are reflected in our daily operations in the following ways:

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

Strategic goals

Componenta's strategic goal is that by 2010 we are the market leader in advanced cast components in Europe.

The goal will be achieved when
- We provide value-added to our customers through
  - Product development and advanced engineering
  - Creating new applications and multifunctional solutions
  - Ready-to-install cast components
- We are organized as a specialized network with efficiently performing business units and business chains
  - Capable people with clear targets and responsibilities
  - Unified processes and procedures
  - One Componenta with uniform operations
- We have improved our profitability and decreased the risks relating to business cycles by balancing our production capacity by
  - Double tooling which enables us to cast components in two of our production units
  - Effective sourcing
- We have effectively utilized growth opportunities primarily from our current customer base and added
  - Turnover
  - Profitability
  - Value-added
- We are the market leader in Europe and are supplying our customers globally

Financial objectives

- Return on investment (ROI) to be between 10 and 20 per cent over the economical cycle
- Profitable organic growth based on adding value by increasing share of engineering and customers outsourcing operations
- Equity ratio on the level of 40 per cent
- Dividend 30 - 50 per cent of result

Dividend policy

Componenta's goal is to pay a dividend of 30 – 50 % of the net result. The Board of Directors takes into account the Group's financial performance, financial structure and growth expectations when making its dividend proposal.

Strategic steps in 2005

Componenta's operations in 2005 have been based on the Group's strategy and its implementation. The Group operates as a specialized network that consists of efficient business units and chains with competent personnel and clear goals and responsibilities. The Group has divested business units that are not part of the core business and has developed its core operations, for example with investments and by modernizing its production capacity. It has initiated steps for developing common working methods for the whole Group. The Group has clarified its structure, which will enable it in future to create greater added value for customers through R&D, ready to install components and new applications.

At the end of March, Componenta sold its 26.4% holding in IT company Profiz Business Solution Oyj to Skuutinliikki Oy for approximately EUR 0.4 million. The transaction had a slight positive impact on Componenta's result for 2005. The sale of Profiz shares is in line with Componenta's strategy of divesting non-core operations.

In June, Componenta sold its 43% holding of the shares of Keycast Oy to a new company established by OKO Venture Capital and Keycast's operational management. The price for the shares was EUR 6.6 million. Componenta recorded a sales profit of EUR 2 million on the transaction. The sale of Keycast shares was in line with Componenta's strategy of divesting non-core operations. The sale strengthened the Group's equity ratio and placed it in a stronger position to develop its core business.

At the end of June Componenta acquired the remaining 45% of the shares and voting rights of the Dutch foundry company De Globe. The shares were sold by a Dutch capital fund, Industriebank LIOF, for a price of EUR 2.3 million. After the acquisition, Componenta owns 100% of De Globe shares. Componenta acquired 55% of the shares of De Globe in March 2004, when an option to acquire the remaining shares by 2007 was agreed if the terms of the agreement will be met. Componenta recognised the negative goodwill resulting from the acquisition as income during the second quarter.

The investments in machinery and equipment to increase production capacity at the Pietarsaari foundry and machine shop were brought into operation in summer 2005. The main reason for the investments were the contracts, worth a total of EUR 75 million, signed in summer 2004 with two major European truck manufacturers. With these investments Componenta is safeguarding its ability to deliver ready-to-install components that conform to the terms of the contracts.

In September a new EUR 5 million plant for surface treating cast components for the automotive industry was commissioned at Componenta Främmestad. The new plant represents the latest in process technology and reinforces Componenta's strategic position as a world-class component supplier. The new surface treatment plant is an important link in the Componenta chain of casting, machining, pre-assembly, heat treatment and surface treatment. It boosts the Group's competitive standing in the global market among suppliers of components to heavy truck manufacturers.

As from the beginning of November, Componenta's production units were reorganized into three business divisions - Foundries, Machine Shops and Heavy Components - and other business. It was agreed to change the name of the Dutch foundry company owned by Componenta, De Globe B.V, to Componenta B.V. At the same time, Componenta Group renewed the image and logo for the entire group. In its new form the logo portrays a single, united and strong component supplier formed by specialized foundries and machine shops.

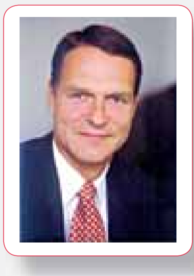
The Group strengthened its management during the year. Marc Omes became managing director of Componenta Dutch units in August and since the beginning of November has been responsible for Group sales and product development. Kimmo Suupohja joined Componenta in October as Director, Foundries and at the start of December Anu Mankki joined the Group as Director, Human Resources. All of these are members of the corporate executive team.

The General Meeting of Shareholders of Componenta Industri AB, the Swedish subsidiary of Componenta Corporation, took the decision on 22 December 2005 to place its subsidiary Componenta Alvesta AB into liquidation. Componenta Alvesta AB has no business operations or employees.

During 2006 Componenta will continue its action to achieve its strategic goals. The changes and investments made lay a firm foundation for this.

All the releases published by Componenta Corporation in 2005 are available on the company's Internet site at www.componenta.com.

Continuing to raise efficiency in internal operations



During 2005 the focus in our operations was on bringing to completion the investments made at the foundries and machine shops. The work of running in the new machines operationally and stabilising processes is still unfinished at a few units, even though the technical aspects of all the investment projects have now been completed.

In Karkkila we have a foundry with the most modern equipment in Northern Europe. The technical aspects of the modernization project at the foundry were completed in the autumn. The automated moulding line, the new melting furnace and automatic pouring machine create the potential for efficient production and a diverse product range. The Karkkila foundry recorded a heavy operating loss (EUR -6.8 million) in 2005. Interruptions in operating the foundry's process equipment and the standard of internal quality were the main causes of the losses. The purpose of the stabilization project started in January is to improve the unit's delivery reliability, internal and external quality, and production efficiency. The goal is to significantly improve Karkkila's result and achieve a positive operating result no later than in 2007, and to reach the level for operating profit of the Group's best foundry units (10%) in 2008.

Early in the year, production at the Belfeld foundry was transferred to the Heerlen foundry. Two production lines now operate at the Heerlen foundry, which will in future give operational benefits and cost savings. The Heerlen furan production line also recorded a heavy operating loss (EUR -5.7 million) last year. The reasons for the losses were the same as at Karkkila, ie low capacity usage of production equipment and internal quality. The development project started at the unit in December aims to ensure that the process functions in line with its targets, and through this to improve delivery reliability, quality and the result. The market for the Heerlen furan production line is strong, which also helps put the unit in a good position to reach the same level of profitability as the group's other foundries.

Investments were made in the summer at the Pietarsaari foundry and machine shop to expand production, which will make it possible to supply larger orders of ready to install components.

The new, modern surface treatment plant for cast components at the Främmestad machine shop means we can offer customers several new coating processes. The surface treatment plant, which was commissioned in September, represents the latest in process technology and will further reduce the environmental impact of the machine shop.

The investments carried out enhance the operations of our entire supply chain - casting-machining-pre-assembly-heat treatment-surface treatment –delivery.

The integration into Componenta of the Dutch foundry company De Globe, acquired in 2004, was completed in summer 2005, when we purchased the remainder of the company's shares and the decision was taken to change the company's name to Componenta B.V. The acquisition has brought Componenta new foundry know-how, new customer relations, and market position in Central Europe.

We strengthened our resources in sales and product development and reorganized these functions as from the beginning of November. The Customer Product Centers in Sweden, Finland and the Netherlands focus on customer service in terms of sales, product design and running in new products.

Towards the end of the year, Componenta's Board of Directors approved a new strategy for the Group that extends until 2010. Our mission remains Casting Future Solutions. We produce added value for our customers with high quality solutions – casting, machining and surface treatment – advanced design and through close partnerships. Our strategic goal is to become market leader in advanced cast components in Europe by 2010.

We are focusing strongly on our core business and on developing this, and have sold off non-core business units, which places us in a stronger position to develop core business operations. All the extensive investments mentioned above at the foundries and machine shops to boost competitiveness and increase capacity, and the strengthening of the Group's operational structure, including all development efforts and organizational changes, lay a firm foundation on which to carry out the strategy. At Componenta, 2006 will above all be a year of developing internal operations and increasing customer satisfaction.

May I express my thanks to Componenta's shareholders, personnel, customers and other stakeholders for your excellent partnership in 2005!

Heikki Lehtonen
President and CEO

Customer industries

Our customers operate globally in the heavy truck, off-road, machine building and power and transmission industries. Through our centralized contacts and advanced logistics reach we our customers throughout the world.

Heavy trucks

We supply the heavy truck industry with ready-to-assemble components used for example in chassis, motors, axles, power transmission and brakes. We can offer our customers a complete chain from product design and production to surface treatment, coating and pre-assembly.

Business area Heavy Trucks was 46 % of Componenta's net sales in 2005.

Our customers are among others DAF Paccar, DaimlerChrysler, MAN, Scania, Volvo/RVI, Wabco and ZF.

Off-road

We supply many kinds of components for motors, transmissions, chassis and drives to our customers producing tractors, forklifts, rollers, forest machines, harvesters, dumpers and excavators.

Business area Off-Road was 24% of Componenta's net sales in 2005.

Our customers are among others Agco Fendt, Bomag, BT Products, Case, Caterpillar, Dynapac, Sisu Axles, Sisu Diesel, Valtra and Volvo CE.

Machine building

The cast components we supply for the Machine building sector are products such as rope and travel wheels, housings and bodies, gear wheels and frames. These components are often of strategic importance to our customers, such as parts needed in elevators and robots, components for cranes and hoists as well as products for pumps, stone breakers and hydraulic motors.

Business area Machine building was 15% of Componenta's net sales in 2005.

Our customers are among others Atlas Copco, Gardner Denver, Ingersoll-Rand, KCI, Kone Elevators ja Sampo Hydraulics.

Power & Transmission

The customers in the business area Power and Transmission are predominantly manufacturers of larger diesel engines and electric motors, and of industrial and wind power gears. We supply motor frames, pistons and parts for transmissions and gear boxes.

Business area Power and Transmission was 12% of Componenta's net sales in 2005.

Our customers are among others ABB, Caterpillar, Kawasaki, Mahle, Moventas, Sulzer Pumps Finland ja Wärtsilä.

Group structure

As from 1 November 2005, the structure of Componenta Group was clarified and the production units were organized into three business divisions – Foundries, Machine Shops and Heavy Components – and Other Business.

Foundries contains the Group's foundries in Karkkila, Pori, Pietarsaari and Weert as well as the HWS unit at the Heerlen foundry. ***Kimmo Suupohja*** is in charge of Foundries.

Machine Shops consists of the Främmestad, Åmål and Albin machine shops in Sweden, the machine shops in Pori and Pietarsaari in Finland, and the machine shop functions in the Netherlands. ***Michael Sjöberg*** heads up this division.

Heavy Components contains the Group's furan foundries in Iisalmi, Finland and Heerlen, the Netherlands, and the machine shops Nisamo in Lempäälä, Finland and Pistons in Pietarsaari. ***Olli Karhunen*** is in charge of this division.

Other Business comprises the Wirsbo forges, the associated company Ulefos, and service companies.

Marc Omes is responsible for the Group's joint sales and product development operations. Sales are divided into three areas. ***Jari Leino*** is responsible for key customers in the heavy truck industry. Marc Omes is responsible for sales in Central Europe and ***Olli Karhunen*** for sales in the Nordic countries.

Management of Componenta's sales and customer relations as well as the R&D functions for new products has been centralized and takes place at the Customer Product Centers in Finland, Sweden and the Netherlands.

Sales and product development

Jari Leino

Marc Omes

Componenta's sales are divided into business areas by customer group. The most important of these are the heavy truck, off-road, power and transmission, and machine building industries.

Sales and product development

The Group's sales and product development functions were reorganized at the beginning of November under the leadership of Marc Omes. Jari Leino is responsible for sales to key customers in the heavy truck industry, Marc Omes for sales in Central Europe, and Olli Karhunen for sales in the Nordic countries.

The heavy truck industry forms a single, global market area. Components and applications sold to this sector are part of Componenta's core business and form about half of total sales. Customers are major heavy truck manufacturers with global operations, with whom Componenta has had customer relations for many years.

The sales organization for the off-road, power and transmission, and machine building industries is divided into geographical areas. The customers in these business areas mainly operate locally, so a regional sales organization reflects the operating model of customers.

Management of Componenta's sales and customer relations and of the R&D functions for new products has been centralized and takes place at the Customer Product Centers in Helsinki in Finland, Främmestad in Sweden and Weert in the Netherlands. They create the product in accordance with the operational requirements of the customer, from initial design to finished product. The experts at Componenta's Customer Product Centers are continuously working with customers to develop the existing products.

The strategic goal is to increase sales and create even more added value, especially for existing customers.

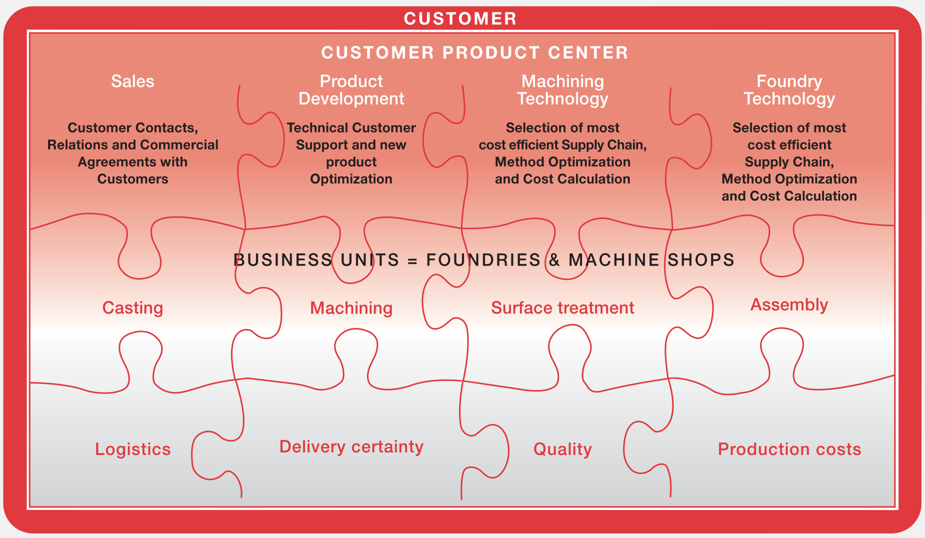
Research partnership

Componenta is continuously involved in joint R&D with universities and research institutions.

Research partnership in Sweden with the Chalmers University of Technology has produced knowledge about the use, production and properties of Bainite cast iron, ADI.

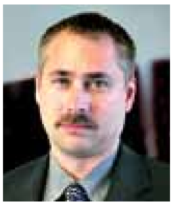
In 2005 Componenta and the Helsinki University of Technology started a joint research project support by the Technology Development Centre of Finland (TEKES) to standardize and regulate the foundry process and possibly a process to create an analysis tool for the foundry process.

Componenta also carries out training partnership with research institutes.



Customer - Customer Product Center (CPC) - production units - together form an entity in the supply of components that can also be likened to a puzzle. To put together the puzzle - in other words to deliver to the customer a ready-to-install component that meet the customer requires - takes many pieces; it requires a wide range of different expertise and knowhow at the CPC and efficient, supply chains skilled in casting and machining. Close cooperation between the parties fits the pieces together.

Foundries



Kimmo Suupohja

The Foundries division comprises the foundries in Pori, Karkkila, Pietarsaari and Weert, and the HWS production line at the Heerlen foundry. The foundries are automated foundries in which the castings are moulded in green sand. The size of production series ranges from 10 castings to major series of 100 000 castings.

Most of the castings made at the Group's automated foundries are sent to the Group's machine shops for machining and surface treatment.

The largest customer sector for the Foundries division is the heavy truck industry, but the division also supplies castings to companies in the power and transmission, machine building and off-road industries.

The most important strategic action taken at the foundries in 2005 focused on completing the investments and alterations made at the Karkkila foundry. At the beginning of November, all the foundries with the same operating method, with an automated moulding line, were organized into a single division.

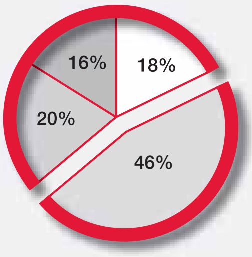
The heavy truck sector is subject to intense competition, in which pressure on suppliers relating to prices and costs forms a key element. This means that foundries will have to continue to specialize and must concentrate on improving productivity in high volume production.

The main goals for the Foundries division and its main challenges in 2006 are to raise efficiency and improve service capabilities in deliveries to the heavy truck industry and to provide added value to customers in the power and transmission industry.

Running in the new equipment operationally at the Karkkila foundry will continue during 2006. The goal is reduce Karkkila's operating loss in 2006 and achieve a positive operating result in 2007.

The market in the heavy truck industry was in healthy shape and sales reached good level, apart from the final quarter of the year.

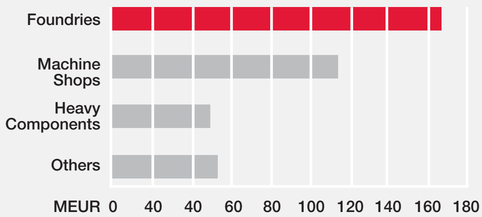
Personnel 2005



- Foundries 46%
- Machine Shops 20%
- Heavy Components 16%
- Others 18%

At the end of 2005 Componenta had 2,185 employees.

Sales 2005



The divisions' net sales include intercompany sales of total EUR 34.5 million.

Machine shops

Michael Sjöberg

In Componenta's supply chain the machine shops function between the foundry and the customer. They obtain castings for the most part from the Group's foundries, and then machine, heat treat and surface treat them, assemble and deliver them to the customer just in time. The components are supplied mainly to the heavy truck, machine building and off-road industries.

The division's machine shops Främmestad and Åmål in Sweden and Pietarsaari and Pori machine shops in Finland machine and assemble cast components. In Främmestad the castings can also be heat treated and surface treated in the most modern surface treatment plant in Europe. The Albin machine shop specializes in machining transmission components made from forged products. In the Netherlands the division has a production unit that assembles pressure vessels and a unit that buys in machining services for cast components made at the foundries in the Netherlands.

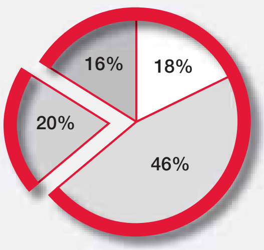
During the year, Machine Shops invested in machining centres to increase machining capacity and boost competitiveness in Finland and Sweden. A new world class surface treatment plant was built at Främmestad. The division focused extensive resources on developing and introducing the Lean Production philosophy during the year.

Componenta's competitive edge is based on its skills in managing the entire supply chain, from product development to production processes and JIT deliveries. Continuous improvement of productivity and increasing flexibility in respect of customer requirements will, as in the past, be the most important success factors in 2006. It is also important to be involved in the customer's product development process at an early stage, when Componenta with its high level of production technology know-how can bring added value to this process.

The strategic targets for the Machine Shop division in 2006 are to consolidate the division and to raise productivity.

The markets in the heavy truck and off-road industries developed positively during 2005 and demand is expected to remain at a high level in 2006.

Personnel 2005



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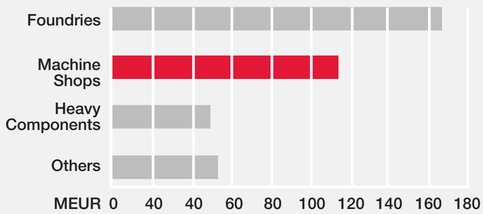

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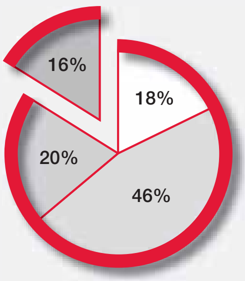
Heavy components

Olli Karhunen

The Heavy Components division comprises the Suomivalimo foundry in Iisalmi, Finland, the furan production line at the Heerlen foundry in the Netherlands, as well as in Finland the Nisamo machine shop in Lempäälä and the Pistons factory in Pietarsaari. In both foundries moulding is manual or mechanical, using furan resin as the bonding agent for the moulding sand. The castings weigh 200 - 3,500 kg and the series vary in size from single castings to series of several thousand.

The main customers for Suomivalimo and the Nisamo machine shop are Finnish companies in the power and transmission sector.

Personnel 2005



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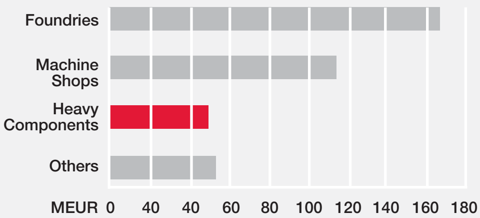


The divisions' net sales include intercompany sales of total EUR 34.5 million.

The customers of the Heerlen foundry are in the off-road industry. Componenta Pistons specializes in manufacturing diesel engine pistons for example for ships and power plants.

Some of the most important strategic activities in 2005 were the transfer of the Heerlen Furan from Belfeld to Heerlen and running in production at the foundry. In Heerlen the furan production line operates in the same premises as the automated HWS production line, which is a green sand/automated foundry and belongs to the Group's Foundries division. An investment in a new machining centre towards the end of the year raised production capacity by 50% at the Pistons factory in Pietarsaari.

Competition, especially for high volume products, is international and is intensifying constantly from low-cost countries. For smaller series and products made as single castings, competition is mainly local.

The strategic mainstays of the Heavy Components division are flexibility and extending the value-added chain; we add value, in other words machine cast components in accordance with the customer's requirements. One particular strength in the division is piston developer and manufacturer Componenta Pistons, which over the past few years has established itself as a reliable partner and piston supplier.

In 2005 the Heavy Components division saw its sales and production volumes grow.

Personnel

Anu Mankki

Key tasks in human resources management at Componenta are ensuring the availability, proper management and well-being of the resources needed to implement strategies, and skills development. Supervisory staff play a key role in implementing Componenta's value-based personnel management in everyday work. To ensure consistent practices and operating models throughout the Group in human resources management, a project has been started to develop effective HR processes, tools and common principles serving the business operations.

Development of the Componenta Performance Management Process has started at the Group, linking together the setting of personal goals with business goals as well as with performance assessment and remuneration.

Assessment of job complexity and a review of job descriptions have also started, aiming at career and skills development at Componenta and its different functions. The complexity assessments are part of a broader renewal of remuneration and reward systems currently underway throughout Componenta.

Training for foremen in developing supervisory skills has begun. This has its own programme covering the three roles of the supervisor: leadership skills, impacting the financial result, and legal obligations of the employer.

Courses leading to professional qualifications and internal training at the production units have helped strengthen technical skills.

Personnel and the employer are currently working together on an equal opportunities plan at the Karkkila foundry. Creating the plan is part of Componenta's human resources activities and management, which are based on the Group's values of openness, honesty and human-orientation. A practical, specific equal opportunity plan is an effective tool. It is used as a tool in development and can also be included for example in the human resources and training plans or the programme of action for health and safety at work. The Karkkila equal opportunities plan will be used as the basis when making similar plans at the Group's other production units.

During the year the Machine Shops division has been learning about the Lean Production system, which by using different tools helps create processes that save resources and reduce waste, which ultimately results in improved productivity and higher profits.

The introduction of the new mySAP business management application, which started in March, has kept several people busy during the year at Group and unit level. The project includes the areas of financial administration, production control and logistics and is being implemented in phases by the end of 2007. The first phase was introduced on schedule in January 2006.

The decision has been taken at Componenta to adopt Six Sigma, a statistics-based method to improve processes. In Six Sigma, practical problems are converted into statistical problems. Statistical tools are first used to find solutions to these problems, and these solutions are then converted into practical solutions. During the pilot projects, the Black Belt and Green Belt experts required for Six Sigma will be trained.

Maintaining work fitness

In addition to the long-term work fitness activities carried out with the occupational health services at the different units, the individual production units offer personnel opportunities to participate in a variety of sports and exercise activities and common leisure and recreational activities funded by the employer.

The focus in maintaining work fitness in 2006 is particularly on the importance of preventive healthcare.

Incentive and bonus schemes

Motivated, committed personnel play a key role in the success of the Group. Various performance-related bonus and reward schemes are being developed at unit and Group level.

Componenta has a share option scheme for the Group's key personnel. The share options aim to encourage key personnel to work with a long-term view to raise shareholder value. The company's directors are included in this share option scheme.

Componenta also has a short term bonus scheme for key personnel. The bonus paid is the equivalent of between one and three months' salary and is linked to the result and to meeting personal targets.

Group management

Board of Directors


Heikki Bergholm


Heikki Lehtonen


Juhani Mäkinen


Marjo Raitavuo


Matti Tikkakoski

Heikki Bergholm, b. 1956
M.Sc.(Eng)
Board Member since 2002,
Chairman 2003
President and CEO of Suominen Corporation
Member of the Board of Directors of Kemira Oyj and Suominen Corporation
101,000 Componenta shares
3,750 warrants (issued in 2001)
100 convertible capital notes (2005)

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 Jaakko Pöyry Group Ltd and The Family Business Network Finland
Member of the Board of Directors of Otava Books and Magazines Group Ltd, Raute Plc. and Confederation of Finnish Industries, EK
3,806,131 Componenta shares
35,376 warrants (issued in 2001)

Juhani Mäkinen, b. 1956
Attorney
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 Polttimo Companies Ltd
2,000 Componenta shares
6,000 warrants (issued in 2001)
42 convertible capital notes (2005)

Marjo Raitavuo, b. 1957
M.Sc. (Ed.)
Board Member since 2004
Chairman of the Board of Directors of EM Group Oy and Ensto Oy
Member of the Board of Directors of Opa Oy, Technology Industries and Itä-Uusimaa Chamber of Commerce
10 convertible capital notes (2005)

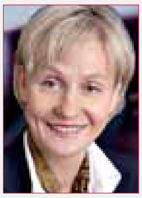
Matti Tikkakoski, b. 1953
B.Sc.(Econ.)
Board Member since 2003
President and CEO of Atria Group Plc
1,500 warrants (issued in 2001)
50 convertible capital notes (2005)

Corporate Executive Team


Heikki Lehtonen

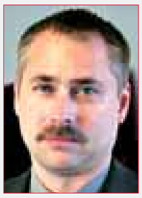

Olli Karhunen


Jari Leino


Anu Mankki


Marc Omes


Michael Sjöberg


Kimmo Suupohja


Kimmo Virtanen


Pirjo Aarniovuori

Heikki Lehtonen, b. 1959
M.Sc.(Eng)
President and CEO
3,806,131 Componenta shares
35,376 warrants (issued in 2001)

Olli Karhunen, b. 1959
M.Sc. (Eng.)
Director, Heavy components & Sales, Nordic
1,000 Componenta shares
50 warrants (issued in 2001)

Jari Leino, b. 1961
Engineer
Director, Sales & Product Development, Heavy trucks

Anu Mankki, b. 1963
M.Sc.
Director, Human Resources
7,500 warrants (issued in 2001)

Marc Omes, b. 1965
Engineer
Director, Sales & Product Development
7,500 warrants (issued in 2001)

Michael Sjöberg, b. 1964
M.Sc. (Eng.), E-MBA
Director, Machine shops
7,500 warrants (issued in 2001)

Kimmo Suupohja, b. 1963
M.Sc. (Eng.)
Director, Foundries
7,500 warrants (issued in 2001)

Kimmo Virtanen, b. 1968
M.Sc. (Econ.)
CFO
7,500 warrants (issued in 2001)

Pirjo Aarniovuori, b. 1955
Communications Manager
2,500 warrants (issued in 2001)

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 HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers, which came into force on 1 July 2004.

The printed version of the 2005 annual report contains the main Corporate Governance principles for the year and the full CG principles are given in the annual report on the company's website.

Componenta Corporation shares

Information about Componenta shares and shareholders are given on page 36 - 37 of the printed annual report and in the website annual report.

Annual General Meeting

The Annual General Meeting of Componenta Corporation shall be held within six months of the end of the financial period. In 2005, the Annual General Meeting of Componenta Corporation was held on 7 February 2005.

The decisions of the AGM are given on the company's website at www.componenta.com/investors info.

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 2005 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.

The Group's Board of Directors and senior management are presented in the printed and website versions of the annual report. Information about their shareholdings is available on Componenta's website.

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 2005 Annual General Meeting decided that the remuneration for the chairman would be EUR 40,000 and for the other members of the Board EUR 20,000 a year. Travel expenses are paid in accordance with the company's travel regulations.

The Board assessed its activities in December 2005 under the leadership of the chairman.

During 2005 the Board met 14 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.

Heikki Lehtonen is president of Componenta. The president receives a salary of EUR 14,960 a month and benefits in kind of altogether EUR 40 a month. In addition, the president is entitled to a bonus that is determined by the return on investment and that may be at most the equivalent of the president's salary for 12 months, and to the remuneration paid to Board members.

Salaries and other remuneration paid to the members of the Board and the President totalled EUR 308,496 in 2005. Other benefits received by the members of the Board and the President in 2004 totalled EUR 480.

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

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 2005 is Kari Miettinen, APA, and the deputy auditor is PricewaterhouseCoopers Oy, Authorized Public Accountants.

The Annual General Meeting on 7 February 2005 decided that the remuneration for the auditor would be based on invoicing. Remuneration based on invoicing for Componenta Group's auditors totals EUR 220,000, comprising EUR 170,000 in audit fees and EUR 50,000 for other services purchased from PricewaterhouseCoopers Oy.

Insider regulations

Componenta Corporation complies with the insider regulations of the Helsinki Exchanges 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

The financial risks relating to Componenta Group's business operations are managed in accordance with the financial policy approved by the Board of Directors.

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

Internal monitoring at Componenta Group takes place in accordance with the operating principles approved by the Board of Directors.

The Group had net sales in the January – December review period of EUR 343.2 (316.0) million and an order book of EUR 60.4 (59.2) million at the end of December. The Cast Components business group had sales of EUR 175.2 (166.1) million, De Globe of EUR 120.5 (109.4) million and other operations of EUR 47.8 (40.4) million. At the end of the review period, Cast Components had an order book of EUR 28.3 (27.3) million, De Globe of EUR 25.8 (23.9) million and other operations of EUR 6.3 (8.0) million.

The growth in the production of heavy trucks in Europe took a downward turn during the fourth quarter of the year. Componenta's deliveries to the heavy truck industry in 2005 rose 6% from the previous year and fell 15% in the fourth quarter from the corresponding quarter in the previous year. Sales to off-road manufacturers grew 12%, deliveries to the power and transmission industries rose 12%, and sales to the machine building industry grew 13% during the year. Fourth quarter sales to off-road manufacturers declined 8%, deliveries to the power and transmission industries rose 1%, and sales to the machine building industry declined 3%.

Componenta's net sales by customer sector were as follows: heavy truck industry 46% (47%), off-road 24% (23%), machinery and equipment manufacturers 15% (15%), power and transmission 12% (12%), and others 3% (3%).

Componenta's net sales by market area were as follows: Nordic countries 51% (53%), other European countries 43% (42%) and other countries 6% (4%).

Result

Componenta's financial statements have been prepared in accordance with international financial reporting standards (IFRS). Componenta Group made an operating profit, excluding one-time items, of EUR 6.6 (12.5) million and the result after financial items, excluding one-time items, was EUR -2.4 (4.6) million. The Cast Components business group had an operating profit of EUR 5.2 (12.4) million, De Globe an operating loss of EUR -0.7 (-1.7) million, and other operations recorded an operating profit, excluding one-time items, of EUR 2.1 (1.8) million.

The Group's net financial costs amounted to EUR -8.9 (-7.9) million.

The consolidated result after financial items, excluding one-time items, declined from the previous year mainly due to the costs and the breaks in production caused by running in the new foundry machinery and equipment installed at Karkkila and Heerlen. Running in the new equipment at the Karkkila and Heerlen foundries impaired the result in the review period by altogether about EUR 5.5 million. These two business units recorded a combined operating loss in 2005 of EUR -12.5 (-7.0) million. The price of steel scrap fluctuated greatly during the year.

The Group's operating profit, including one-time items, was EUR 9.9 (25.7) million, the result after financial items was EUR 1.0 (17.9) million and the net result was EUR 2.5 (15.6) million. One-time items totalled EUR 3.3 (13.3) million, consisting mainly of profit of EUR 2.2 million from the sale of Keycast and Profiz shares, the recognition as income of EUR 4.6 million in negative goodwill in connection with the purchase of De Globe shares, EUR 1.1 million in closing down costs for the Alvesta foundry, and one-time costs of EUR 2.7 million for adjustments and restructuring at De Globe and Åmål.

Income taxes were EUR +1.2 million positive (EUR -3.6 million), due to the losses recorded by operations at the Karkkila and Heerlen units in the year. A total of EUR 13.7 million in tax receivables were recorded in the balance sheet for the losses, and it is forecast that these can be utilised in the Netherlands in three years and in Finland in five years.

Earnings per share were EUR 0.26 (1.62).

The return on investment, including one-time items, was 5.0% (14.2%) and return on equity 4.2% (28.1%).

On 20 October 2005 the European Commission announced that it had decided to order Componenta Corporation to return to the City of Karkkila alleged state aid that infringes the provisions on state aid in the EC treaty totalling EUR 2.4 million with interest from the date when the aid was made available to Corporation (EUR 2.6 million on 31 December 2005). The alleged aid to be recovered under the Commission's decision comprises EUR 0.7 million paid by the City of Karkkila to Componenta Corporation for shares in the real estate company Karkkilan Keskustakiinteistöt Oy and shareholder loan receivable of EUR 1.7 million paid by Karkkilan Keskustakiinteistöt Oy to Componenta Corporation. Componenta Corporation has appealed to the Court of First Instance of the European Communities against the decision of the European Commission in an application for annulment filed on 29 December 2005. The dispute is not included in the income statement but is presented under contingent liabilities in the notes to the financial statements.

Financing

The Board of Directors of Componenta Corporation, under the authorization given by the Annual General Meeting of Shareholders, decided to issue convertible capital notes and on 4 March 2005 approved subscriptions for convertible capital notes with a nominal value of EUR 19.0 million. In March the Group repaid EUR 3.2 million, or 10%, of the principal of the old preferred capital notes in accordance with the terms for the notes. On 31 December 2005 Componenta Corporation had outstanding capital notes and convertible bonds with a combined value of EUR 37.7 million, as defined in IFRS.

The Group had EUR 60.0 million in non-utilised long-term credit facilities at the end of the review period. The Group has a EUR 60 million commercial paper programme. The Group's interest-bearing net debt, excluding the outstanding capital notes of EUR 37.7 million, totalled EUR 106.8 million (EUR 118.1 million). Net gearing, including the capital notes in shareholders' equity, was 124% (147%).

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 31 December 2005 the company had sold sales receivables totalling EUR 18.7 (16.5) million.

The cash flow from operations was EUR 18.6 (11.2) million, and of this the change in net working capital was EUR 8.7 (-1.2) million. The cash flow from investments was EUR -11.6 (-9.4) 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 18.1% (20.6%) and the equity ratio, including capital notes in shareholders' equity, was 32.1% (29.5%).

Performance of business groups

Cast Components

The Cast Components business group consists of Componenta's foundries and

Report by Board of Directors

machine shops in the Nordic countries, which supply ready to install cast and machined components to the heavy truck, machine building, power and transmission, and off-road industries.

Cast Components had net sales in the review period of EUR 175.2 (166.1) million and an operating profit of EUR 5.2 (12.4) million. The order book on 31 December 2005 stood at EUR 28.3 (27.3) million. The business group's operating profit declined from the previous year mainly due to the costs and breaks in production caused by running in the new foundry machinery and equipment installed at Karkkila and commissioning the new painting line at the Främmested machine shop. Technical problems on the production line at the Karkkila foundry and running in production weakened the business group's result by EUR 3.9 million compared to the previous year. In addition, the available capacity at the Karkkila foundry did not match demand early in the year and products had to be manufactured at the company's other foundries, with higher costs. During the year, the production organization at Karkkila was restructured and strengthened, a new melting furnace boosting production capacity was taken into operation in the second quarter and casting automation in the third quarter. A fire at the Karkkila foundry at the beginning of September caused a break in production of several days, slowed down the running in of production, and weakened the result. The Karkkila foundry recorded an operating loss for the whole year of EUR -6.8 million. Commissioning the new equipment and machinery installed at the foundry and machine shop in Pietarsaari during the summer took place as planned and production on the new lines had been run in by the end of the third quarter. Fourth quarter net sales for Cast Components totalled EUR 44.3 (47.1) million and the operating profit was EUR 1.1 (4.5) million. The operating profit was significantly down on the previous year as a result of the prolonged difficulties experienced at Karkkila.

De Globe

De Globe comprises two iron foundries located in the Netherlands that supply complex cast components for the off-road and heavy truck industries and for compressors and pressure vessels. Two production lines function at the foundry in the town of Heerlen: Heerlen HWS and Heerlen Furan. De Globe's joint functions moved in February from Belfeld into rented premises in Weert, close to the Weert iron foundry. In March, De Globe switched to a profit unit organization, with a director appointed with responsibility for the operations and financial performance of each unit.

Under an agreement signed on 30 June 2005, Componenta acquired the remaining 45% of the shares and voting rights of the Dutch foundry company De Globe B.V.. The shares were sold by Industriebank LIOF, a Dutch capital investment fund, for a price of EUR 2.3 million. Following the purchase, Componenta owns 100% of De Globe's shares. Componenta recognized as income the EUR 4.6 million in negative goodwill arising from the transaction. Componenta acquired 55% of the shares of De Globe in March 2004, with an option to acquire the remaining shares by 2007.

De Globe had net sales in January – December of EUR 120.5 (109.4) million and an operating loss, excluding one-time items, of EUR -0.7 (-1.7) million. The order book on 31 December 2005 stood at EUR 25.8 (23.9) million. The growth in sales and correcting the prices of unprofitable products improved De Globe's result. Transferring the foundry from Belfeld alongside the foundry in Heerlen and running in the production line weakened the result for the year by EUR 1.6 million compared to the previous year. Breaks in production at the Heerlen foundries in July and at the beginning of September slowed down the running in of production and clearly weakened the result for the year. The Furan production line transferred to Heerlen recorded an operating loss for the whole year of EUR -5.7 million. Fourth quarter net sales totalled EUR 27.3 (31.1) million and the operating loss excluding one-time items was EUR -1.3 (-1.5) million.

Other Business

Componenta's Other Business consists of the Wirsbo forges, associated companies, the Group's support functions and service units, and divested business.

On 30 March 2005, Componenta sold its 26% holding in IT company Profiz Business Solution Oyj to Skuutinliikki Oy for approximately EUR 0.4 million. The transaction had a slight positive impact on Componenta's result for the first quarter of 2005.

In a transaction confirmed on 30 June 2005, Componenta sold its 43% holding of the shares of Keycast Oy to a new company established by OKO Venture Capital and Keycast's operative management. The price for the shares was EUR 6.5 million and Componenta recorded a sales profit of EUR 2.1 million on the transaction in the second quarter.

Other Business had net sales in January – December of EUR 47.8 (40.4) million and an operating profit, excluding one-time items, of EUR 2.1 (1.8) million. The order book at the end of the review period stood at EUR 6.3 (8.0) million. Fourth quarter net sales totalled EUR 10.8 (13.2) million and the operating loss excluding one-time items was EUR -0.1 million (profit of EUR 0.9 million).

Sales by the Wirsbo forges increased 19% from the previous year to EUR 46.6 million. The operating profit for the year improved in consequence of the growth in sales and the steps taken to enhance operations.

Componenta's share of the result of the associated companies was EUR 2.1 (1.9) million. Ulefos NV's net sales totalled EUR 35.6 (33.3) million and profit after financial items was EUR 3.9 (2.7) million.

Shares and share capital

The shares of Componenta Corporation are quoted on the main list of the Helsinki Exchanges. At the end of the review period the company's share capital stood at EUR 19.3 million. The shares have a nominal value of 2 euros. On 31 December 2005 the quoted price of Componenta Corporation shares stood at EUR 5.95 (EUR 5.30). The average price during the year was EUR 7.11, the lowest quoted price was EUR 5.32 and the highest EUR 9.44. At the end of the review period the share capital had a market value of EUR 57.3 million (EUR 51.7 million) and the volume of shares traded during the review period was equivalent to 51% (24%) of the share stock.

Componenta Corporation and Nordea Bank Finland Plc have signed a market making agreement that meets the requirements for Liquidity Providing (LP) on the Helsinki Exchanges. The agreement, which came into force on 4 January 2005, aims to improve the liquidity of Componenta's shares and increase investor interest in the shares. Under the terms of the agreement, Nordea Bank Finland Plc quotes bids and offers for Componenta shares so that the spread of the bid and offer prices is a maximum of 2%, calculated on the bid price. The quoted prices cover a minimum of 2,000 shares, the equivalent of 10 trading lots.

The Annual General Meeting of Shareholders decided to pay a dividend of EUR 0.50 per share for 2004, in accordance with the proposal of the Board of Directors.

Authorization to purchase and dispose of company shares

The Annual General Meeting of Shareholders on 7 February 2005 authorized the Board to decide on purchasing the company's own shares using distributable funds, however such that the combined number of shares belonging to the company and its subsidiaries or the voting rights they hold after the purchase may not exceed five per cent of the company's share capital or of the voting rights held by all the shares. The authorization had not been exercised by 31 December 2005.

Authorization to raise the share capital

The Annual General Meeting authorized the Board of Directors to decide on increasing the company's share capital through one or more issue of new shares, convertible bonds or option rights. The share capital of the company may be increased by a maximum of EUR 3,846,122 or by a lesser amount that corresponds to a maximum of one fifth of the registered share capital of the company and the voting rights attached to all the shares on the date when the Annual General Meeting gave the authorization and when the Board of Directors decided on the increase. The Board of Directors of Componenta Corporation decided on the basis of this authorization to issue convertible capital notes and on 4 March 2005 approved subscriptions for the Convertible Capital Notes 2005 with a nominal value of EUR 19 million. The exchange rate for the shares is EUR 10.00, so a maximum of 1,900,000 shares can be subscribed with the notes.

Investments

Investments in production facilities during the review period totalled EUR 22.4 (32.2) million, and finance lease investments accounted for EUR 7.2 million of these. The cash flow from investments was EUR -11.6 (-9.4) million.

Board of Directors and Management

Componenta's Annual General Meeting of Shareholders on 7 February 2005 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.

The corporate executive team of Componenta Group at the end of 2005 is formed by President and CEO Heikki Lehtonen; Olli Karhunen, Director, Heavy Components; Jari Leino, Director, Sales and Product Development; Anu Mankki, Director, Human Resources (as from 1 December 2005); Marc Omes, Director, Sales and Product Development (as from 22 August 2005); Michael Sjöberg, Director, Machine Shops; Kimmo Suupohja, Director, Foundries (as from 17 October 2005); CFO Kimmo Virtanen and Communications Manager Pirjo Aarniovuori.

Personnel

During the review period the Group had on average 2214 (2168) employees. At the end of December 2005, 48% (45%) of the Group's personnel were in Finland, 25% (27%) in the Netherlands and 27% (28%) 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, reduce noise levels, and increase the sorting and recycling of waste. Componenta will publish its 2005 environmental report during spring 2006.

Dividend proposal

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for 2005.

Annual General Meeting

The Board proposes that the Annual General Meeting of Shareholders authorize the Board of Directors to decide to purchase the company's own shares using distributable funds, provided that after the purchase the aggregate number of the company shares belonging to the company, or the voting rights carried by these shares, does not exceed ten (10) per cent of the company's share capital or of the voting rights carried by all the shares.

Prospects

Componenta's prospects in 2006 are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.

Demand in the heavy truck industry took a downward turn towards the end of 2005. Demand for components for the off-road industry was also down in the final quarter from the corresponding period in the previous year. Demand for components from the power and transmission industry and from machinery and equipment manufacturers has remained at a healthy level throughout 2005.

Commissioning the new machinery and equipment during 2004 and 2005 has weakened Componenta's result, especially in 2005. The technical aspects of the investments at Karkkila in Finland, Heerlen in the Netherlands and Främmestad in Sweden were completed during 2005. Running in the new equipment operationally at Karkkila and Heerlen will continue during 2006. The goal is to reduce the operating losses of these units during 2006 and to achieve a positive operating profit at Karkkila and Heerlen in 2007.

Componenta's order book at the end of 2005 stood at the same level as at the end of the previous year. Net sales in the first quarter of 2006 are expected to rise 10% from the final quarter in 2005 and to be at the same level as in the corresponding period in the previous year. The result after financial items, excluding one-time items, in the first quarter of 2006 is estimated to improve from the final quarter in 2005.

Consolidated income statement 1.1. - 31.12.

MEUR	Note	2005	%	2004	%
NET SALES	1	343.2	100.0	316.0	100.0
Other operating income	3	3.5		10.0	
Operating expenses	4,5,6	-327.0		-293.2	
Depreciation, amortization and write-down of non-current assets	7	-11.9		-9.0	
Share of result of associates		2.1		1.9	
OPERATING PROFIT	1	9.9	2.9	25.7	8.1
Financial income	8	3.1		4.3	
Financial expense	8	-12.0		-12.2	
Financial income and expenses		-8.9		-7.9	
PROFIT/LOSS AFTER FINANCIAL ITEMS		1.0	0.3	17.9	5.7
Income taxes	9	1.2		-3.6	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		2.2		14.2	
Allocation of net profit for the period					
to equity holders of the parent		2.5		15.6	
to minority interest		-0.3		-1.4	
		2.2		14.2	
Earnings per share calculated on the profit attributable to equity holders of the parent					
Earnings per share, EUR	10	0.26		1.62	
Earnings per share with dilution, EUR	10	0.26		1.62	

The notes are an integral part of these financial statements.

Consolidated balance sheet 31.12.

MEUR	Note	2005	2004
NON-CURRENT ASSETS			
Tangible assets	11	162.5	157.8
Goodwill	12	0.5	0.5
Intangible assets	13	2.1	1.7
Investment properties	14	1.9	1.9
Shares in associated companies	15	6.9	10.5
Financial assets	16	0.5	1.2
Receivables	17	1.0	2.0
Deferred tax assets	18	9.0	7.3
		184.6	183.0
CURRENT ASSETS			
Inventories	19	37.8	42.4
Receivables	20	41.5	45.9
Cash and cash equivalents	22	5.3	1.2
		84.6	89.4
TOTAL ASSETS		269.1	272.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		19.3	19.2
Share premium account		11.6	11.5
Legal reserve		0.0	0.0
Other reserves		2.4	-
Retained earnings		12.8	2.2
Profit/loss for the financial period		2.5	15.6
Equity attributable to equity holders of the parent	23	48.5	48.5
Minority interest		0.1	7.6
Shareholders' equity		48.6	56.1
LIABILITIES			
Non-current liabilites			
Capital loan *)	27	34.9	21.1
Interest bearing	27	57.8	68.3
Non-interest bearing		0.1	0.1
Provisions	26	0.7	0.9
Deferred taxes	18	0.7	-
Current liabilities			
Capital loan *)	27	2.9	3.2
Interest bearing liabilities	27	54.3	51.1
Non-interest bearing	28	68.9	70.6
Provisions	26	0.4	1.1
		220.5	216.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		269.1	272.4

*) Reclassification according to IAS 32 on 1 January 2005.
The notes are an integral part of these financial statements.

Consolidated cash flow statement 1.1. - 31.12.

MEUR	Note	2005	2004
Cash flow from operations			
Result after financial items		1.0	17.9
Depreciation, amortization and write-down		11.9	9.0
Net financial income and expenses		8.9	8.5
Other income and expenses, adjustments to cash flow		-4.7	-15.1
Change in net working capital		8.7	-1.2
Interest received		0.2	1.0
Interest paid		-8.6	-9.1
Divideneds received		1.2	0.3
Taxes paid		0.0	0.0
Net cash flow from operations		18.6	11.2
Cash flow from investing activities			
Acquistion of subsidiaries net of cash	2	-2.6	-4.2
Capital expenditure in tangible and intangible assets		-17.5	-27.3
Proceeds from tangible and intangible assets		0.2	3.3
Other investments and loans granted		-0.1	-0.5
Proceeds from other investments and repayments of loan receivables		8.4	19.3
Net cash flow from investing activities		-11.6	-9.4
Cash flow from financing activities			
Dividends paid		-4.8	-0.0
Share issue		0.1	-
Draw-down (+)/ repayment (-) of the equity part of convertible capital notes		1.5	-
Repayment of finance lease liabilities		-1.8	-1.1
Draw-down (+)/ repayment (-) of current loans		1.3	-14.2
Draw-down (+)/ repayment (-) of non-current loans		1.0	14.2
Net cash flow from financing activities		-2.8	-1.2
Change in liquid assets		4.1	0.7
Cash and bank accounts at the beginning of the period		1.2	0.5
Cash and bank accounts at period end	22	5.3	1.2
Change during the financial period		4.1	0.7

The notes are an integral part of these financial statements.

Statement of changes in shareholders' equity

MEUR	Share capital	Share premium account	Other reserves	Capital notes	Other items	Retained earnings	Total *)	Minority interest	Shareholders' equity total
Shareholders' equity 31.12.2003 FAS	19.2	11.5	0.0	25.4	-0.3	1.4	57.2	2.0	59.2
Impacts of IFRS				0.0		1.1	1.1	-2.0	-0.9
Shareholders' equity 1.1.2004	19.2	11.5	0.0	25.4	-0.3	2.5	58.3	0.1	58.4
Other changes				-1.2	0.3	-0.3	-1.2		-1.2
Direct entries into equity	0.0	0.0	0.0	-1.2	0.3	-0.3	-1.2	0.0	-1.2
Profit/loss for the period						15.6	15.6	1.4	16.9
Income and expenses for the period	0.0	0.0	0.0	0.0	0.0	15.6	15.6	1.4	16.9
Change in minority interest							0.0	6.2	6.2
Shareholders' equity 31.12.2004	19.2	11.5	0.0	24.2	0.0	17.8	72.8	7.6	80.3

MEUR	Share capital	Share premium account	Other reserves	Capital notes	Other items	Retained earnings	Total *)	Minority interest	Shareholders' equity total
Shareholders' equity 31.12.2004	19.2	11.5	0.0	24.2	0.0	17.8	72.8	7.6	80.3
Impacts of IFRS				-24.2		-0.7	-24.9		-24.9
Shareholders' equity 1.1.2005	19.2	11.5	0.0	0.0	0.0	17.1	47.9	7.6	55.4
Electricity forwards and interest rate derivatives			0.9			0.0	0.9		0.9
Other changes					0.1	0.4	0.5		0.5
Direct entries into equity	0.0	0.0	0.9	0.0	0.1	0.4	1.4	0.0	1.4
Profit/loss for the period						2.5	2.5	-0.3	2.2
Income and expenses for the period	0.0	0.0	0.0	0.0	0.0	2.5	2.5	-0.3	2.2
Dividends paid						-4.8	-4.8		-4.8
Increase of share capital, warrants	0.0	0.0					0.1		0.1
Change in minority interest							0.0	-7.2	-7.2
Equity share of convertible capital notes			1.5				1.5		1.5
Shareholders' equity 31.12.2005	19.3	11.6	2.4	0.0	0.1	15.3	48.5	0.1	48.6

*) Equity attributable to equity holders of the parent

The notes are an intergrate part of Financial statements.

Notes to the consolidated financial statements

Significant 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 and 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 main list of the Helsinki Exchanges. The parent company is domiciled in Helsinki. The registered street address is Nuijamiestentie 3 C, 00400 Helsinki, Finland.

The financial year for all group companies is the calendar year and it ended on 31 December 2005.

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 2005 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.

Componenta adopted IFRS financial statements in 2005, applying IFRS 1 (First-time Adoption of IFRS Standards). IAS 32 and IAS 39 standards concerning financial instruments have been applied as from 1 January 2005. The Group published comparative IFRS figures for 2004 and explained the impact of the transition to IFRS on 7 April 2005. The 2005 interim financial reports have been prepared in accordance with IFRS accounting and assessment principles.

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. De Globe, which was acquired in 2004, has been included in the consolidated financial statements from the beginning of January 2004, and subsidiaries sold during the financial year are included up until the date of sale. 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 and of the shareholders' equity of subsidiary companies.

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.

The Group's share of the assets and liabilities of mutual real estate limited companies are included in the consolidated financial statements.

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 European Central Bank's 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. Foreign exchange differences for operating business items are recorded in the appropriate income statement account before operating profit and for financial items are entered as a net amount in financial income and expenses.

The income statements of foreign subsidiaries are translated into euros using the average exchange rates for the accounting period. These are the average of the average exchange rates quoted by the European Central Bank at each month end. Balance sheet items are translated into euros at the European Central Bank 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 adjustments. 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 adjustments from before 1 January 2004 are recorded, in accordance with the exception permitted by IFRS, 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.

Notes to the consolidated financial statements

Translation differences arising from the restricted shareholders' equity of subsidiaries are not distributable funds.

Tangible and intangible assets

Tangible assets 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. No depreciation is made on intangible items that have an unlimited period of financial impact. Instead they are tested for impairment. Intangible items that have a limited period of financial impact are amortized on a straight line basis in the income statement over their expected useful 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 structures*)	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

The amount by which the share of net assets acquired in a business acquisition exceeds the acquisition cost is recognized in the income statement and presented as a separate item.

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.

The recoverable amount of goodwill is estimated each year, regardless of whether there is any indication of impairment. If there is an indication of impairment, the recoverable amount is allocated to the cash-generating unit to which the goodwill belongs. The recoverable amount of a cash-generating unit is compared to its book value and an impairment loss is recognized if the recoverable amount is less than the book value.

Investment property

Property that is owned by the Group or held under a finance lease and leased to an external party, and that is not mainly owner-occupied, is classified under IAS 40 as investment property and is valued in the balance sheet at acquisition cost in accordance with IAS 16. 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 the inception of the lease as finance or other leases. Leases for fixed assets, in which the Group assumes substantially all the risks and rewards of ownership, 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.

Depreciation is made on an asset acquired with a finance lease over its estimated useful economic life. The lower of the fair value of the asset and the present value of the minimum lease payments, to which are added any significant incremental costs that are directly attributable to negotiating and arranging the lease, is recorded under finance leasing liabilities. Lease payments are divided into financing costs and instalment payment of the liability using the effective interest rate method, so that the liability is repaid over the period of the lease as an annuity. The financing cost calculated with the effective interest rate is recognized as a financial expense. The difference between floating interest rate agreements and the effective interest rate is recorded after adjustments as a rental expense.

Rental paid under other rental agreements is recognized as an expense in the income statement on a linear basis throughout the rental period.

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 pension schemes classified as defined benefit schemes in Sweden (Alecta

Notes to the consolidated financial statements

ITP) and the Netherlands (Metalektro), which are treated as defined contribution schemes. The work disability part of the Finnish TEL system is also treated as a defined contribution scheme in the 2004 opening balance sheet, since it became a defined contribution scheme at the beginning of 2005.

Pension coverage for employees of Group companies in Finland is provided in line with statutory arrangements under the TEL 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 payment transactions

According to IFRS 2, share options are valued at fair value at grant date and are expensed in the income statement over their vesting period. The options granted in the Group were granted before 7 December 2002 and the subscription period for them began before 1 January 2005, so they have not been expensed in the income statement.

Payments for share subscriptions are recorded in share equity and the share premium account.

Cash and cash equivalents

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

Segment reporting

Componenta's primary segment is the business segment, which is Cast Components. This comprises all the Group's foundries and machine shops. It does not include the associated companies, the Wirsbo forges, real estate companies and the Group's administrative functions. The business segment is based on the Group's internal organizational structure and internal financial reporting. The secondary, geographical segment comprises the Nordic Countries and Other European Countries. Revenues and transfers between Componenta's business segment 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 to 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% and for Dutch companies using rates of 29.6% and 26.9%.

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, sales adjustments and exchange rate differences for sales in foreign currencies. 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

The Group's financial assets are initially classified in accordance with IAS 39 in the following categories: 1) held for trading, 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: held for trading, loans and receivables, and available-for-sale financial assets.

Assets held for trading contains those derivative financial instruments to which the hedging principles of IAS 39 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 income statement for the period in which they are incurred.

Loans and other interest bearing receivables are recognized at amortized cost using the effective interest rate method. Significant transaction are included when calculating the acquisition cost.

Holdings and investments that do not belong to 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-

Notes to the consolidated financial statements

for-sale financial assets are recognized at fair value through profit and loss.

Those derivative instruments to which the hedging principles are not applied are classified under liabilities held for trading, and the remaining financial liabilities under other financial liabilities.

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 in the income statement for the period in which they are incurred.

The other financial liabilities category is recognized at the amortized cost using the effective interest rate method. Significant management fees, trading costs and emission profit or loss that can be allocated are included when calculating the acquisition cost.

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 trade 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. Foreign exchange forwards and currency swaps are valued at forward prices on the balance sheet date. The fair value of electricity price forwards is the estimated profit or loss that would derive from closing the contracts at market prices on the balance sheet date.

Derivative financial instruments are treated 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.

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 closed, 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 trough 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.

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 the hedge accounting. Realized gains or losses from electricity price forwards are recognized in 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.

Foreign currency loans are used to hedge the shareholders' equity of foreign subsidiaries using the equity hedging method. Exchange rate differences for these loans are recorded net in the consolidated balance sheet as translation differences in shareholders' equity.

Earnings per share

The Group has calculated undiluted and diluted earnings per share, in accordance with IAS 33 Earnings per share. In IAS 33, the undiluted earnings per share is 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 judgments by management and key sources of estimation uncertainty

To prepare the consolidated financial statements in accordance with international financial reporting standards, management has to make estimates and assumptions about the future. In addition it has to make judgments in the application of the accounting principles. These affect the amounts of assets and liabilities in the balance sheet, the presentation of commitments and any assets in the financial statements, and revenues and expenses for the period. Actual results may differ from these estimates.

The Group's intangible assets are tested annually for impairment and other balance sheet assets are assessed for indications of impairment as presented in the accounting principles. The recoverable amount from cash flow generating entities is determined using calculations that are based on value in use and require the use of estimates.

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
IFRS 5
IAS 11
IAS 26
IAS 29
IAS 30
IAS 31
IAS 41

The revised standards concerning IAS 39 published by IASB in 2004 will be adopted in 2006. It is estimated that adopting the revised standards will not have a significant effect on future financial statements.

The new standard IFRS 7 published by IASB in 2005 will be adopted in 2007 and it will mainly affect the notes to the consolidated financial statements.

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

COMPONENTA GROUP (IFRS)

Notes to the consolidated income statement

1. Segment information

Componenta has one business segment: Cast Components. Cast Components consists of all foundries and machine shops in the Group. It does not include associated companies, the Wirsbo forges, real estate companies and Group administrative functions. Componenta's operations are divided into two geographical segments - the Nordic Countries and Other European Countries. Transactions between Cast Components and operations outside the business segment as well as sales between geographical segments are based on market prices.

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

Primary reporting format

Business segments 2005

MEUR	Cast Components	Other operations	Eliminations	Group
Net sales	295.4	52.6	-4.7	343.2
Share of results of associates		2.1		2.1
Segment operating profit	4.5	2.1		6.6
Unallocated items				3.3
Operating profit				9.9
Unallocated items				-7.7
Net profit				2.2
Segment assets	181.8	76.2	-15.5	242.5
Shares in associated companies		6.9		6.9
Unallocated assets				19.8
Total assets				269.1
Segment liabilities	61.5	19.5	-10.1	70.9
Unallocated liabilities				149.6
Total liabilites				220.5
Capital expenditure	20.0	5.1		25.1
Depreciation	-14.3	-2.2	4.6	-11.9

Business segments 2004

MEUR	Cast Components	Other operations	Eliminations	Group
Net sales	275.4	44.9	-4.3	316.0
Share of results of associates		1.9		1.9
Segment operating profit	10.7	-0.1		10.6
Unallocated items				13.2
Operating profit				25.7
Unallocated items				-11.5
Net profit				14.2
Segment assets	180.4	72.6	-4.7	248.3
Shares in associated companies		10.5		10.5
Unallocated assets				13.6
Total assets				272.4
Segment liabilities	63.3	17.4	-9.0	71.7
Unallocated liabilities				144.6
Total liabilites				216.3
Capital expenditure	35.2	1.8	-	37.0
Depreciation	-13.6	-1.9	6.6	-9.0

Secondary reporting format

Geographical segments 2005

MEUR	Nordic Countries	Other European Countries	Other Countries	Total
Net sales	175.9	146.8	20.5	343.2
Assets	194.7	74.4	-	269.1
Capital expenditure	19.1	6.0	-	25.1

Geographical segments 2004

MEUR	Nordic Countries	Other European Countries	Other Countries	Total
Net sales	167.9	133.8	14.3	316.0
Assets	199.3	73.1	-	272.4
Capital expenditure	21.7	15.3	-	37.0

2. Business acquisition

In June 2005 Componenta acquired 45% of the shares in De Globe B.V. from the Dutch capital investment fund Industriebank LIOF.
Following the purchase, Componenta owns 100 % of De Globe's shares. An acquisition cost of EUR 2.6 million was recorded for the shares, consisting of the purchase price paid in cash and consulting fees of EUR 0.3 million.
Componenta recognized as income the EUR 4.6 million in negative goodwill arising from the transaction in 2005.
De Globe comprises two iron foundries located in the Netherlands that supply complex cast components for the off-road industry, the heavy truck industry, and for compressors and pressure vessels.
De Globe had net sales in 2005 of EUR 120.5 (109.4) million and a result for the period of EUR -3.3 (-2.9) million.
Componenta acquired the first 55% of De Globe during the first quarter of 2004 and recognized as income negative goodwill of EUR 6.6 million from the transaction. The acquisition cost for the shares acquired in 2004 was EUR 4.3 million, which includes consulting fees of EUR 0.6 million. The financial statements of De Globe B.V. have been consolidated with those of Componenta Group since 1 January 2004. The following assets and liabilites arising from the acquisition were recognized in 2004:

	Fair value recognized in consolidation	Book value before consolidation
Tangible assets	29.4	28.9
Intangible assets	0.2	0.2
Inventories	12.1	15.3
Trade receivables	10.4	10.4
Other receivables	3.5	3.5
Deferred tax receivables	1.3	0.0
Cash and cash equivalents	0.0	0.0
Total assets	56.9	58.3
Deferred tax liabilities	-1.1	0.0
Provisions	-3.9	-3.9
Interest bearing liabilities	-12.4	-11.9
Other liabilities	-19.7	-19.2
Total liabilities	-37.2	-35.0
Net assets	**19.8**	**23.2**
55% of net assets	**10.9**	
Acquisition cost	4.3	
Negative goodwill (unallocated)	6.6	
Acquisition cost paid in cash		4.3
Cash and cash equivalents in subsidiary acquired		0.0
Cashflow on acquisitions		4.2

3. Other operating income

	2005	2004
Rental income	0.3	0.3
Profit from sale of non-current assets	0.2	0.9
Profit from sale of shares in associated companies	2.2	8.7
Other operating income	0.8	0.1
	3.5	10.0
Rental income from investment property included in net sales	0.1	0.1

4. Operating expenses

	2005	2004
Change in inventory of finished goods and work in progress	-3.5	4.7
Production for own use	0.1	0.3
Materials, supplies and products	-130.0	-117.5
External services	-41.8	-39.8
Employee benefits costs	-98.0	-90.6
Rents	-3.4	-2.7
Maintenance costs for investment property	-0.1	-0.1
Maintenance	-20.8	-19.3
Freight	-4.0	-3.3
Other operating expenses	-25.5	-25.0
Total operating expenses	-327.0	-293.2

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

5. Employee benefit costs

	2005	2004
Salaries and fees	-78.6	-72.1
Pension costs - defined contribution plans	-10.6	-10.2
Share options granted	-	-0.0
Other personnel costs	-8.8	-8.3
	-98.0	-90.6

Number of personnel by segment, average during year		
Cast Components	1,930	1,903
Other operations	284	265
	2,214	2,168

6. Research and development costs

The following amounts have been recognized in the income statement under

research and development costs	1.4	1.4

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

Depreciation and amortizarion		
Intangible assets		
Capitalized developement costs	-0.1	-0.2
Intangible rights	-0.0	-0.0
Goodwill	-0.0	-0.0
Other capitalized expenditure	-0.4	-0.4
	-0.6	-0.7
Tangible assets		
Buildings and structures	-1.7	-1.4
Investment property	0.0	0.0
Machinery and equipment	-13.8	-13.0
Other tangible assets	-0.4	-0.4
	-15.9	-14.9
Negative goodwill recognized as income	4.6	6.6
Total depreciation, amortization and write-down of non-current assets	-11.9	-9.0

8. Financial income and expenses

Dividend income	0.0	0.1
Interest income	0.2	0.9
Interest expenses	-7.6	-7.6
Foreign exchange gains	2.9	3.3
Foreign exchange losses	-2.6	-3.1
Change in fair value of financial assets recognized at fair value	0.0	-
Other financial income	0.0	0.0
Other financial expenses	-1.9	-1.4
	-8.9	-7.9

Operating profit includes foreign exchange gains and losses totalling EUR -0.1 million.

Realized and unrealized interest income and expenses in 2005 from interest rate swaps are included in interest expenses.
Interest expenses include finance charges from finance leases of EUR 0.4 (0.3) million. Other financial expenses include EUR 0.7 (0.8) million in amortized cost and one time items such as external financing related arrangement and agency fees.

9. Income taxes

	2005	2004
Income taxes		
Income taxes for financial period	-0.0	0.1
Change in deferred taxes (see Note 18)	1.3	-3.7
	1.2	-3.6

Income tax reconciliation between tax expense computed at statutory rates in Finland (26% in 2005 and 29% in 2004) and income tax expense provided on earnings.

	2005	2004
Profit before tax	1.0	17.9
Income tax using Finnish tax rate	-0.3	-5.2
Difference between Finnish tax rate and rates in other countries	-0.2	-0.1
Effect of change in Finnish tax rate	0.3	-0.1
Tax exempt income	1.1	0.5
Non-deductible expenses	-1.0	-2.0
Recognition of negative goodwill as income	1.2	1.9
Recognition of deferred tax from operating losses in previous years	-	1.2
	1.2	-3.6

10. 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	2005	2004
Numerator: Profit for the period attributable to shareholders of the parent company, 1,000 EUR	2,516	15,593
Denominator: Weighted average number of outstanding shares during the financial year, 1000 shares	9,622	9,615
Basic earnings per share EUR	0.26	1.62

The calculation of the diluted earnings per share takes into account the dilutive effect of converting all potential shares to shares.
The Group has two dilutive financial instruments that increase the number of shares: share options and convertible notes.
Stock options have a dilutive effect only when the exercise price of the options is lower than the fair value of the share.
The amount of the dilution is the number of shares that can be considered as issued for no consideration, since the Group could not issue the same number of shares at fair value with the funds received from share subscriptions.
The fair value is based on the average price of the share during the financial year.
The convertible notes have been converted
to shares and the profit for the period has been adjusted by the interest recognized in the period for the convertible notes

Diluted earnings per share	2005	2004
Profit attributable to shareholders of parent company, 1,000 EUR	2,516	15,593
After tax interest on covertible notes, 1,000 EUR	644	-
Numerator: Profit attributable to shareholders of the parent company for calculating diluted earnings per share, 1,000 EUR	3,160	15,593
Diluted number of shares,1000 shares	9,622	9,615
Effect of outstanding options, 1000 shares	153	-
Dilution effect of convertible note, 1000 shares	1,900	-
Denominator: Weighted average number of shares for diluted earnings per share, 1000 shares	11,675	9,615

Only the stock options have a dilutive effect, which the group reports in the value of the dilutive earnings per share key figure.

NOTES TO THE CONSOLIDATED BALANCE SHEET

11. Tangible assets

	2005	2004
Land and water areas		
Acquisition cost at 1 Jan.	9.4	5.1
Additions	0.0	6.8
Disposals	-0.0	-2.5
Book value at 31 Dec.	9.4	9.4
Buildings and constructions		
Acquisition cost at 1 Jan.	63.1	50.7
Additions	3.0	12.4
Disposals	-0.0	0.0
Reclassifications	6.2	-
Translation differences	-0.2	-
Acquisition cost at 31 Dec.	72.0	63.1
Accumulated depreciation at 1 Jan.	-17.2	-8.3
Accumulated depreciation on decreases and reclassifications	0.0	0.0
Accumulated depreciation on increases	-	-7.6
Translation differences	0.1	-
Depreciation during the period	-1.6	-1.4
Accumulated depreciation at 31 Dec.	-18.7	-17.2
Book value at 31 Dec.	53.2	-45.8
Buildings and constructions, finance leasing		
Acquisition cost at 1 Jan.	4.1	4.0
Acquisition cost at 31 Dec.	4.1	4.0
Accumulated depreciation at 1 Jan.	-0.1	-
Depreciation during the period	-0.1	-0.1
Accumulated depreciation at 31 Dec.	-0.2	-0.1
Book value at 31 Dec.	3.9	4.0

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

	2005	2004
Machinery and equipment		
Acquisition cost at 1 Jan.	223.1	144.1
Additions	10.0	79.5
Disposals	-4.4	-0.8
Reclassifications	4.7	0.0
Translation differences	-2.1	0.3
Acquisition cost at 31 Dec.	231.3	223.1
Accumulated depreciation at 1 Jan.	-142.8	-82.4
Accumulated depreciation on increases	-	-48.5
Accumulated depreciation on decreases and reclassifications	4.3	0.7
Translation differences	1.3	-0.2
Depreciation during the period	-12.5	-12.4
Accumulated depreciation at 31 Dec.	-149.7	-142.8
Book value at 31 Dec.	81.6	80.3
Machinery and equipment, finance leasing		
Acquisition cost at 1 Jan.	5.7	3.9
Additions	7.2	1.9
Disposals	-0.0	-0.1
Translation differences	-0.1	-
Acquisition cost at 31 Dec.	12.8	5.7
Accumulated depreciation at 1 Jan.	-0.6	-
Accumulated depreciation on decreases and reclassifications	0.0	-
Translation differences	0.0	-
Depreciation during the period	-1.2	-0.6
Accumulated depreciation at 31 Dec.	-1.8	-0.6
Book value at 31 Dec.	11.1	5.1
Other tangible assets		
Acquisition cost at 1 Jan.	7.6	1.0
Additions	0.4	6.6
Disposals	-0.1	-0.0
Reclassifications	0.1	0.0
Acquisition cost at 31 Dec.	8.1	7.6
Accumulated depreciation at 1 Jan.	-6.2	-5.8
Accumulated depreciation on increases	-	0.0
Accumulated depreciation on decreases and reclassifications	0.1	0.0
Depreciation during the period	-0.4	-0.4
Accumulated depreciation at 31 Dec.	-6.5	-6.2
Book value at 31 Dec.	1.6	1.4
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan.	11.7	0.1
Additions	0.9	11.6
Disposals	-0.1	-0.0
Reclassifications	-10.8	-0.0
Book value at 31 Dec.	1.7	11.7
Total tangible assets	162.5	157.8

Additions of tangible assets in 2004 include the tangible assets of De Globe B.V. which was acquired in 2004 (Note 2).

12. Goodwill

	2005	2004
Acquisition cost at 1 Jan.	2.8	2.8
Acquisition cost at 31 Dec.	2.8	2.8
Accumulated amortization at 1 Jan.	-2.3	-2.3
Impairment during the period	-0.0	0.0
Accumulated amortization at 31 Dec.	-2.3	-2.3
Book value at 31 Dec.	0.5	0.5

13. Intangible assets

	2005	2004
Capitalized development costs		
Acquisition cost at 1 Jan.	0.9	0.9
Additions	0.0	0.0
Acquisition cost at 31 Dec.	0.9	0.9
Accumulated amortization at 1 Jan.	-0.7	-0.5
Amortization during the period	-0.1	-0.2
Accumulated amortization at 31 Dec.	-0.8	-0.7
Book value at 31 Dec.	0.1	0.2
Intangible rights		
Acquisition cost at 1 Jan.	0.4	0.3
Additions	0.0	0.0
Disposals	0.0	0.0
Acquisition cost at 31 Dec.	0.3	0.4
Accumulated amortization at 1 Jan.	-0.3	-0.2
Accumulated amortization on decreases and reclassifications	0.0	0.0
Amortization during the period	-0.0	-0.0
Accumulated amortization at 31 Dec.	-0.3	-0.3
Book value at 31 Dec.	0.1	0.1
Other capitalized expenditure		
Acquisition cost at 1 Jan.	6.3	3.5
Additions	0.2	2.9
Disposals	-0.0	-0.1
Reclassifications	0.0	0.0
Acquisition cost at 31 Dec.	6.5	6.3
Accumulated amortization at 1 Jan.	-4.9	-2.4
Accumulated amortization on additions	-	-2.1
Accumulated amortization on decreases and reclassifications	0.0	0.0
Amortization during the period	-0.4	-0.4
Accumulated amortization at 31 Dec.	-5.3	-4.9
Book value at 31 Dec.	1.2	1.4
Advance payments for intangible assets		
Acquisition cost at 1 Jan.	-	-
Additions	0.8	-
Book value at 31 Dec.	0.8	-
Total intangible assets	2.1	1.7

14. Investment property

	2005	2004
Acquisition cost at 1 Jan.	2.2	2.1
Additions	-	0.1
Acquisition cost at 31 Dec.	2.2	2.2
Accumulated depreciation at 1 Jan.	-0.3	-0.3
Depreciation during the period	-0.0	-0.0
Accumulated depreciation at 31 Dec.	-0.3	-0.3
Book value at 31 Dec.	1.9	1.9

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

15. Shares in associated companies

	2005	2004
Acquisition cost at 1 Jan.	10.5	14.7
Additions	0.0	4.0
Disposals	-5.7	-9.3
Share of results	2.1	1.2
Book value at 31 Dec.	6.9	10.5

Associated companies 31 Dec. 2005	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding %
Ulefos NV AS, Ulefoss, Norja	24.6	16.0	37.8	2.7	50.0
Högfors Basket Oy, Karkkila					50.0
Kiinteistö Oy Niliharju, Helsinki					25.0

Associated companies 31 Dec. 2004	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/Loss, MEUR	Group share of holding %
Keycast Oy, Raahe *)	17.2	11.6	35.2	2.3	42.6
Ulefos NV AS, Ulefoss, Norja	23.8	15.6	33.3	1.9	50.0
Profiz Business Solution Oyj **)	1.4	0.3	1.9	0.1	26.4
Högfors Basket Oy, Karkkila					50.0
Kiinteistö Oy Niliharju, Helsinki					25.0

*) Associated company to 30 June 2005

**) Associated company to 31 March 2005

The value of shares in associated companies no longer includes goodwill at 31 Dec. 2005. The value of goodwill in associated companies was EUR 1.4 million at 31 Dec. 2004. At the end of 2005 all associated companies are unlisted.

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

16. Available-for-sale investments

	2005	2004
Other shares		
Acquisition cost at 1 Jan.	1.2	1.2
Additions	-	0.3
Disposals	-0.7	-0.3
Translation differences	-	0.0
Book value at 31 Dec.	0.5	1.2

Available-for-sale investments consists of non-listed shares. Since it is difficult to determine the fair value of these shares, the values are recognized at acquisition cost less any impairment losses.
Gains of EUR 0.03 (0.01) million on the sale of available-for-sale investments are included in other operating income.

17. Non-current receivables

	2005	2004
From associates		
Loan receivables	0.1	0.1
Other non-current receivables		
Loan receivables	0.5	0.6
Other receivables	0.5	1.3
	1.0	1.9
Total non-current receivables	1.0	2.0

All non-current receivables are due within five years from the balance sheet date.

18. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2005

	at 1 Jan. 2005	Recognized in income statement	Acquired subsidiaries	at 31 Dec. 2005
Deferred tax assets				
Intercompany gain on sale of fixed assets	0.5	-0.0		0.5
Intercompany profit in inventory	0.1	-0.0		0.1
Provisions	0.1	-0.0		0.1
Tax losses carried forward	12.3	1.4		13.7
Revaluation of real estate	0.9	0.0		0.9
Other temporary differences	0.0	-0.0		0.0
Total	13.9	1.3		15.3
Offset with deferred tax liabilities	-6.6			-6.3
Total	7.3			9.0
Deferred tax liabilities				
Fair value adjustments of net assets acquired	0.2	-0.1		0.1
Accumulated depreciation in excess of plan	0.5	0.0		0.5
Revaluation of investment property	0.1	0.0		0.1
Revaluation of other real estate	5.4	-0.3	0.0	5.1
Other	0.5	0.4	0.3	1.2
Total	6.6	0.0	0.3	6.9
Offset with deferred tax assets	-6.6			-6.3
Total	0.0			0.7

Changes in deferred taxes during the financial year 2004

	at 1 Jan. 2004	Recognized in income statement	Acquired subsidiaries	at 31 Dec. 2004
Deferred tax assets				
Intercompany gain on sale of fixed assets	0.5	-0.0		0.5
Intercompany profit in inventory	0.1	0.0		0.1
Provisions	0.6	-0.4		0.1
Tax losses carried forward	12.8	-0.5		12.3
Revaluation of real estate	0.9			0.9
Other temporary differences	0.1	-2.0	2.0	0.0
Total	14.8	-2.9		13.9
Offset with deferred tax liabilities	-4.6			-6.6
Total	10.2			7.3
Deferred tax liabilities				
Fair value adjustments of net assets acquired	0.3	-0.1		0.2
Accumulated depreciation in excess of plan	0.3	0.2		0.5
Revaluation of investment property	0.1			0.1
Revaluation of other real estate	3.5	0.7	1.1	5.4
Other	0.4	0.1		0.5
Total	4.6	0.9	1.1	6.6
Offset with deferred tax assets	-4.6			-6.6
Total	0.0			0.0

No deferred tax liability has been recognized for the undistributed profit of non-Finnish subsidiaries since these earnings are to be permanently reinvested in these operations.

19. Inventories

	2005	2004
Raw materials and consumables	14.5	15.8
Work in progress	5.4	5.2
Finished products and goods	14.1	18.0
Other inventory	3.8	3.3
Advance payments		0.1
	37.8	42.4

During the financial year an expense of EUR 0.3 (0.2) million was recognized to reduce the book value of inventories to their net realisable value.

20. Trade and other short-term receivables

	2005	2004
Trade receivables from associated companies	0.1	0.0
Trade receivables	34.7	35.5
Loan receivables	0.2	0.2
Other receivables	1.8	4.8
Derivative financial instruments	1.3	0.2
Income tax receivable	0.1	0.3
Prepayments and accrued income	3.3	4.9
	41.5	45.9

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

21. 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 30.

22. Cash and cash equivalents

	2005	2004
Cash and cash equivalents included in balance sheet		
Cash at bank and in hand	5.3	1.2
Cash and cash equivalents included in cash flow statement		
Cash at bank and in hand	5.3	1.2

23. Share capital, share premium reserve and other reserves

	Number of shares, (1000)	Share capital MEUR	Share Premium MEUR	Total MEUR
At 1 Jan. 2004	9,615	19.2	11.5	30.8
At 31 Dec. 2004	9,615	19.2	11.5	30.8
Exercise of share options	14	0.0	0.0	0.1
At 31 Dec. 2005	9,629	19.3	11.6	30.9

The maximum number of shares is 20 million (20 million in 2004). Each share has a nominal value of EUR 2.00 and the maximum share capital is EUR 40 million (EUR 40 million in 2004). All outstanding shares are fully paid.

The translation reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign companies and from gains and losses from hedging the net investment in foreign companies where this meets the conditions for hedge accounting.

Other reserves comprise changes in the fair value of the derivative financial instruments used in hedging available-for-sale investments and the cash flow and the equity component of the convertible loan.

The share premium fund comprises the amount paid in a subscription issue above the nominal value of the share.

Distributable funds at 31 Dec. 2005, MEUR	
Retained earnings	15.3
Translation differences (distributable funds)	-0.1
Non-distributable equity	-0.9
	14.4

After the balance sheet date the Board of Directors has proposed to the Annual General Meeting that no dividend be paid.

24. Share-based payment

At the balance sheet date, outstanding option rights under the Componenta 2001 option right programme entitle holders to subscribe the following shares:

	Number of shares	Share of equity, %
Outstanding option rights	432,322	4.49
Number of shares including outstanding option rights	10,061,031	

	2005 Exercise price, weighted average EUR / share	2005 Number of option rights	2004 Exercise price, weighted average EUR / share	2004 Number of option rights
At 1 Jan. 2005		445,722		445,722
Exercised option rights	4.10	13,400	-	-
At 31 Dec. 2005		432,322		445,722
Option rights that can be exercised		358,572		396,972

Terms and conditions of Componenta 2001 option right programme

Issuer	Componenta Corporation
Option rights held by Group companies	103,357
Option rights available for allocation	29,607

Each option right entitles its owner to subscribe for one share of Componenta. The nominal value of the share is two (2) euros. The original subscription price was 4.85 euros. This is adjusted by the dividends paid since 2001 and on the balance sheet date, 31.12.2005, stands at 4.10 euros. A subscription for shares entitles the shareholder to a dividend in the accounting period in which the subscription is registered in the Trade Register. Subscription for shares with the 2001 option rights ends on 31 October 2006. The option rights were registered in the book-entry system and listed on the Helsinki Stock Exchange in 2005.

During the accounting period Componenta's equity increased by EUR 26,800 and the share premium account by EUR 28,100 due to share subscriptions. The average subscription price was 4.10 euros.

25. 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 the Netherlands Componenta participates in a joint pension plan (Metalelekro) with several other Dutch employers. Since the required information is not available to book this pension plan as a defined benefit plan, it has been treated as a defined contribution plan.

26. Provisions

	Current Other provisions	Non-current Reorganisation provision	Other provisions	Total
1 Jan. 2005	1.0	0.9	0.0	1.9
Translation difference				0.0
Additions to provisions		0.3	0.4	0.7
Utilized during the period	-0.6	-0.8	-0.2	-1.5
Unused amounts reversed	-0.1			-0.1
31 Dec. 2005	0.4	0.5	0.2	1.1

The reorganisation provision was created for the restructuring the operations of the De Globe foundries in the Netherlands.

	2005	2004
Change in provisions recognized as operating expenses in income statement	0.9	1.0

27. Interest-bearing liabilities

	2005	2004
Non-current interest-bearing liabilities		
Loans from financial institutions	40.3	53.0
Finance lease liabilities	9.5	5.1
Pension loans	7.9	10.1
Other liabilities	0.0	-
	57.8	68.3
Current interest-bearing liabilities		
Loans from financial institutions	4.4	13.3
Finance lease liabilities	2.1	1.2
Pension loans	2.2	2.5
Other liabilities *)	45.6	34.0
	54.3	51.1
Capital notes**)		
Current	2.9	3.2
Non-current	17.6	21.1
Convertible notes		
Non-current	17.3	-
	37.8	24.3
Total interest-bearing liabilities	149.8	143.7

*) Other non-current liabilities include EUR 45.6 million in issued commercial papers.

**) Capital notes are included in liabilities as from the beginning of 2005, in accordance with IFRS. However, the equity portion of the convertible notes is included in other reserves. To improve the comparability, the capital notes are also presented in liabilities in the comparative figures for 2004.

		2005
Currency breakdown of non-current interest-bearing liabilities, %		
	EUR	94.5
	SEK	5.5
Currency breakdown of current interest-bearing liabilities, %		
	EUR	98.6
	SEK	1.4

Interest and loan repayments are settled in the nominal currency of each liability.

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

Repayment schedule for non-current interest-bearing liabilities

	2006	2007	2008	2009	2010	2011+
Loans from financial institutions	4.4	4.0	4.0	31.0	0.7	0.6
Convertible notes					17.3	
Capital notes	2.9	2.9	5.2	9.5		
Finance lease liabilities	2.1	1.9	1.7	1.6	2.1	2.2
Pension loans	2.2	2.2	2.0	1.3	1.2	1.2
	11.5	11.0	12.9	43.4	21.3	4.0

Finance lease liabilities

	2005	2004
Minimum lease payments		
Not later than one year	2.5	1.5
Later than one year but no later than five years	8.3	4.5
Later than five years	2.3	1.3
	13.1	7.3
Future finance charges	-1.5	-1.0
	11.6	6.3
Present value of minimum lease payments		
Not later than one year	2.1	1.2
Later than one year but not later than five years	7.3	3.9
Later than five years	2.2	1.2
	11.6	6.3

The most significant new finance lease investment (MEUR 1.7) in 2005 included machinery and equipment for Componenta Pietarsaari Oy.

Fair values of interest-bearing liabilities and range of effective interest rates

	2005 Book value	2005 Fair value	Nominal interest rates %	Effective interest rates %
Loans from financial institutions	44.7	45.2	1.0 - 5.0	1.0 - 9.7
Commercial papers	45.6	45.6	2.4 - 2.7	2.4 - 2.7
Convertible notes	17.3	17.5	5.8 - 5.8	9.3 - 9.3
Capital notes	20.5	21.2	2.0 - 6.3	2.0 - 8.5
Finance lease liabilities	11.6	11.6	0.0 - 12.5	0.0 - 12.5
Pension loans	10.1	10.1	3.0 - 5.4	3.0 - 5.4
	149.8	151.2		

The fair values of interest-bearing liabilities have been calculated by discounting the future cash flows at the market rates prevailing at 31 December 2005. The effect of unamortized cost upon fair values of interest-bearing liabilities is EUR 1.4 million.
Most of the nominal and effective interest rates of finance leases lie between 2.5 % and 4.0 %.
Approximately half of the interest-bearing liabilities are floating rate. Some of the floating rate liabilities have been changed to fixed interest-bearing liabilities using interest rate swaps so as to break the chronological impact of changes in interest rates on the Group's profit and loss.

Capital notes

Debtor: Componenta Corporation

On 31 December 2005 the outstanding book-value of Componenta Corporation's capital note was EUR 18.3 million and the unvalued liability EUR 19.1 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 2005 EUR 3.2 million of the loan was repaid. 10 % of the original loan is repaid annually 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. The loan period will be extended by one year at a time if there is no full cover. 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 2006 is 6.33 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 the Company. The loan is a subordinated debenture. The loan is not secured. The accrued interest on the loan on from 19 March 2005 to 31 December 2005 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Debtor: De Globe B.V.

De Globe B.V. received on 26 March 2004 EUR 2.0 million in capital notes from both of its shareholders at that time. EUR 2.0 million euros of these capital notes were included in the Group's consolidated balance sheet. The accrued interest was capitalized on 30 June 2005 after Componenta had acquired the remaining 45% of De Globe B.V.'s shares. The outstanding liability on 31 December 2005 is EUR 2.1 million. The terms were also changed so that 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. The loan is not secured and the loan amount including accrued interest can only be repaid if all of the obligations of Componenta B.V.'s debt commitments from other financial institutions can be fully carried out. Accrued interest on the loan from 30 June to 31 December 2005 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

Convertible notes

Debtor: Componenta Corporation

Under the authorization of the Annual General Meeting, the Board of Componenta Corporation decided to issue subordinated convertible notes. The loan is dated 15 March 2005 and the nominal value of EUR 19.0 million is 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. If the loan cannot be repaid on the maturity date, interest shall be paid
on the outstanding capital and accumulated interest at a rate that is 2 percentage points above the confirmed annual interest rate for the loan. 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 rate of issue was 100 and the annual interest fixed at 5.75 percent.
Each note of EUR 2,000 entitles its holder to subscribe for 200 Componenta Corporation shares at a conversion price of EUR 10.00 per share. The nominal value of a share is EUR 2.00. The subscription period started on 1 May 2005 and ends on 1 March 2010. 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. Subscribed shares entitle the shareholder to a dividend in the accounting period in which the notes are converted. The loan is not secured. By 31 December 2005 no notes had been converted into shares. In accordance with IFRS, the convertible notes have been classified on as a liability of EUR 17.3 million and equity of EUR 1.5 million on (balance sheet values 31 December 2005). Both items are valued at amortized cost. The accrued interest on the loan from 15 March to 31 December 2005 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

28. Current non-interest bearing liabilities

	2005	2004
Trade payables to associated companies	0.2	0.2
Trade payables to others	44.1	46.3
Accrued expenses and deferred income	21.6	20.3
Derivative financial instruments	0.1	0.2
Advances received	-	0.0
Income tax liabilities	0.2	0.0
Other current liabilities	2.7	3.6
	68.9	70.6

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

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

29. Financial risk management

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 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 proportion of one source of funding may not exceed a limit set by the Board of Directors. The maturing dates for loans are presented in the notes to the consolidated balance sheet, Note 27.
The treasury policy states that the Group's liquidity should cover its near-term commitments. The minimum liquidity is defined based on the Group's net sales for half a month. In addition to cash reserves, the Group ensures its liquidity with unused committed credit facilities that amounted to EUR 60 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.

Foreign exchange risk

In accordance with the Group's treasury policy, the 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 position, which includes the Group's commercial foreign currency flows for a 6 month period. The translation position is calculated from the shareholders' equity and accumulated profit of foreign subsidiaries and associated companies in the consolidated balance sheet. In accordance with the treasury policy, the translation position is hedged in its entirety. The Group's transaction position shall always be hedged at least 80 % and at most 120 %. For hedging, the Group uses foreign currency loans, deposits, and hedging instruments that are reliably priced on the market.
The Group's foreign exchange risk consists mainly of a surplus in Swedish and Norwegian crowns. The estimated transaction position for 6 months ahead in Swedish crowns was EUR 7.3 million at year end.The maturity of the derivatives is less than one year.

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. Changes in Eurozone interest rates form the main source of interest rate risks. 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 2005 the interest rates of net liabilities fell due for renewal on average in 19,0 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 average interest rate renewal period is affected by the choice of interest rate periods and by using interest rate derivatives. Interest rate swaps, futures and options have been used to increase the number of fixed interest-bearing liabilities, so as to extend the average interest rate renewal period.

Commodity risks

The electricity consumption of the Group's foundries and machine shops and the volatility of electricity market prices create a significant spot-price risk, so the Group uses electricity price forwards to hedge against the price risk. The hedging level for the estimated future electricity consumption of the Group's production plants is 90 percent for the next 12 months, 60% for the following year and 40 percent for the third year. Trading in electricity price forwards is outsourced.
The Group's foundries use recycled steel as their main raw material. The recent price volatility of the recycled steel suitable for production has created a significant risk to sales margins. Co-operation with customers has made it possible to include clauses concerning changes in the price of recycled steel in sales contracts.

Credit risk

The Group's credit risks are spread both geographically and through customer market areas. Credit is granted only to customers with good credit ratings. The Group recognized no significant credit losses during 2005.

30. Derivative instruments

Nominal values of derivative instruments	2005 Nominal value	2004 Nominal value
Currency derivatives *)		
Foreign exchange forwards	37.7	33.0
Currency swaps	1.1	1.8
Interest rate derivatives		
Interest rate options	6.0	6.0
Forward rate agreements	13.0	-
Interest rate swaps		
Maturity in less than a year	10.0	6.0
Maturity after one year and less than five years	43.9	26.9
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	2.3	2.9
Maturity after one year and less than five years	1.7	2.8

*) Currency derivatives mature in less than a year.

Fair values of derivative instruments	2005 Fair value, positive	2005 Fair value, negative	2005 Fair value, net	2004 Fair value, net
Currency derivatives				
Foreign exchange forwards	0.2	-0.2	0.0	0.1
Currency swaps	0.0	-	0.0	0.0
Interest rate derivatives				
Interest rate options	-	0.0	0.0	0.0
Forward rate agreements	0.0	-	0.0	-
Interest rate swaps	0.1	-0.1	-0.1	-0.4
Commodity derivatives				
Electricity price forwards	1.2	-	1.2	-0.1
	1.5	-0.3	1.2	-0.5

Derivative instruments included in cash flow hedge accounting	2005 Nominal value	2005 Fair value, effective portion of hedge
Interest rate derivatives		
Interest rate swaps	51.0	0.0
Commodity derivatives		
Electricity price forwards	4.0	1.2

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 forward rate agreements, interest rate options, foreign exchange forwards 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 in interest income and expenses. The fair values of interest rate derivatives that are not included in IAS 39 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.

31. Other leases

Group as lessee

Minimum lease payment schedule for other non-cancellable leases

	2005	2004
No later than one year	2.0	2.6
Later than one year but no later than five years	4.6	7.6
Later than five years	1.5	3.6
	8.1	13.8

Other non-cancellable leases mainly comprise real estate and production equipment leases. The leases mature on average in 3-5 years. Some of the leases contain call options at a strike price that can be expected to correspond to the fair value at the expiry date.
The 2005 income statement includes lease payments of EUR 1.0 million for other non-cancellable leases.

Group as lessor

The minimum lease receivable schedule for other non-cancellable leases

	2005	2004
No later than one year	0.5	0.2
Later than one year but no later than five years	1.0	0.3
	1.5	0.5

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

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.

32. Contingent liabilities	2005	2004
Real-estate mortages		
For own debts	34.5	35.6
Business mortages		
For own debts	15.2	16.4
Pledges		
For own debts	37.2	41.9
Other commitments *)	5.2	8.2

*) Includes the costs of the decision of the Helsinki District Court on 31 December 2003, according to which Componenta Karkkila Oy was sentenced to compensate VR Ltd (Finnish Railways) for train wheels supplied and indirect costs, accumulated interest as well as VR's legal costs (total of EUR 1.3 million). Componenta Karkkila Oy has filed an appeal with the Helsinki Court of Appeal on 29 December 2005 regarding the Helsinki District Court's decision.

*) Includes the European Commission's decision of 20 October 2005 where the Commission announced that it had decided to obligate Componenta Corporation to repay to the City of Karkkila alleged state aid that infringes the provisions on state aid in the EC Treaty totalling EUR 2.4 million with interest from the date when the aid was made available to Componenta Corporation (contingent liability was EUR 2.6 million on 31 December 2005). 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 the 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. Componenta Corporation has appealed to the Court of First Instance of the European Communities against the decision of the European Commission in an application for annulment filed on 29 December 2005.

Secured liabilities

	2005	2004
Liabilities secured with real estate or business mortages		
Loans from financial institutions	25.2	29.1
Pension loans	8.5	10.8
	33.7	39.8
Liabilities secured with pledges		
Loans from financial institutions	16.7	13.8
Pension loans	1.6	1.9
	18.4	15.7

33. Related party disclosures

Group companies

Company	Domicile	Group share of holding -%	Parent company share of holding %
Componenta Albin AB	Kristinehamn, Sweden	100.0	-
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 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	100.0	-
Componenta Åmål AB	Åmål, Sweden	100.0	-
De Globe B.V.	Belfeld, The Netherlands	100.0	100.0
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	-
Globe Componenta USA, LCC	USA	100.0	-
Högfors-Finance Oy	Karkkila	100.0	-
Karkkilan Koskikiinteistö Oy	Karkkila	81.0	66.9
Karkkilan Lääkärikeskus Oy	Karkkila	60.0	60.0
Karkkilan Valimokiinteistö Oy	Karkkila	100.0	-
Kiinteistö Oy Ala-Emali	Karkkila	100.0	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	2005	2004
Sale of goods to associated companies	0.7	0.4
Sale of services to associated companies	0.0	0.0
	0.7	0.4
Purchase of goods from associated companies	-0.8	-0.6
Purchase of services from associated companies	-0.2	-1.6
	-1.1	-2.2

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

	2005	2004
Remuneration and fees, MEUR	-1.2	-1.1
Chief executive officer, 1,000 EUR	-189	-137
Memebers of the Board		
Heikki Bergholm	-40	-25
Heikki Lehtonen	-20	-13
Juhani Mäkinen	-20	-13
Marjo Raitavuo	-20	-13
Matti Tikkakoski	-20	-13

During 2005 the Board of Directors allocated 22,500 option rights from the Componenta 2001 scheme to the Group's management. Apart from the subscription period (from 1 July 2006 to 31 October 2006) the terms and conditions of the option rights are the same as for the other option rights the Group has allocated to its employees. On 31 December 2005, the Corporate Executive Team held a total of 75,426 Componenta 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 17, 20 and 28.
In 2005 Componenta Corporation gave a loan guarantee relating to the business on behalf of an individual who is a related party. The maximum liability is EUR 0.3 million and is outstanding until the liability including accrued interest has been repaid in full. At the signing date the last repayment date was on 20 June 2010. The person receiving the loan guarantee has given a counter-guarantee and real-estate mortages as security. The outstanding amount of the guarantee was EUR 0.3 on 31 December 2005.

Notes to the consolidated financial statements

Figures are in millions of euros unless otherwise stated.

34. IFRS transition

Componenta is preparing its first consolidated financial statements in accordance with international financial reporting standards. Financial statements for previous years were prepared in accordance with Finnish Accounting Standards.

The transition to IFRS has caused changes in the accounting principles, reported figures and notes to the accounts for the financial statements of previous years. The accounting principles that have been adopted in preparing the financial statements for the financial year ended 31 December 2005, the figures for comparison for the financial year 2004, and the opening balance for 2004, are presented in the annual report before the notes to the consolidated financial statements.

The following reconciliations illustrate the differences between IFRS and the Finnish FAS reporting in the financial year 2004 and on the transition date, 1 January 2004. IAS 32 and IAS 39 have been adopted for the first time as from 1 January 2005.

The main changes in Componenta's IFRS transition relate to real estate, goodwill, finance lease agreements, deferred tax assets and liabilites and the acquisition of the Dutch foundry company De Globe.

Opening balance 1.1.2004 MEUR	FAS 1.1.2004	IFRS adjustments	IFRS 1.1.2004
Assets			
Non-current assets	133.6	15.4	149.0
Current assets			
Inventories	20.9	0.2	21.1
Receivables	35.6	-11.2	24.4
Cash and bank accounts	0.5		0.5
Total current assets	57.0	-11.0	46.0
Total assets	**190.6**	**4.4**	**195.0**
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2		19.2
Other equity	12.6	1.1	13.7
Preferred capital note	25.4		25.4
Equity attributable to equity holders of the parent	57.2	1.1	58.3
Minority interest	2.0	-1.9	0.1
Shareholders' equity	59.2	-0.8	58.4
Liabilities			
Non-current liabilities			
Interest bearing	48.1	4.3	52.4
Interest free			
Provisions	0.8		0.8
Current liabilities			
Interest bearing	51.9	0.8	52.7
Interest free	28.8		28.8
Provisions	1.8	0.2	2.0
Total liabilities	131.4	5.2	136.6
Total liabilities and shareholders' equity	**190.6**	**4.4**	**195.0**

Balance sheet 31.12.2004 MEUR	FAS 31.12.2004	IFRS- adjustments	IFRS 31.12.2004
Assets			
Non-current assets	169.9	13.0	182.9
Current assets			
Inventories	42.4		42.4
Receivables	59.6	-13.7	45.9
Cash and bank accounts	1.2		1.2
Total current assets	103.2	-13.7	89.5
Total assets	**273.1**	**-0.7**	**272.4**
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2		19.2
Other equity	33.3	-3.9	29.3
Preferred capital note	24.2		24.2
Equity attributable to equity holders of the parent	76.7	-3.9	72.8
Minority interest	11.1	-3.5	7.6
Shareholders' equity	87.8	-7.5	80.3
Liabilities			
Non-current liabilities			
Interest bearing	63.2	5.1	68.3
Interest free	0.1		0.1
Provisions	0.9	0.0	0.9
Current liabilities			
Interest bearing	49.9	1.2	51.1
Interest free	70.6		70.6
Provisions	0.6	0.4	1.1
Total liabilities	185.3	6.7	192.1
Total liabilities and shareholders' equity	**273.1**	**-0.7**	**272.4**

Opening balance 1.1.2005 MEUR	IFRS 1.1.2005	IAS 39	IFRS 1.1.2005
Assets			
Non-current assets	182.9		182.9
Current assets			
Inventories	42.4		42.4
Receivables	45.9	-1.7	44.2
Cash and bank accounts	1.2		1.2
Total current assets	89.5	-1.7	87.8
Total assets	**272.4**	**-1.7**	**270.7**
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2		19.2
Other equity	29.3	-1.7	28.6
Preferred capital note	24.2	-24.2	-0.0
Equity attributable to equity holders of the parent	72.8	-24.9	47.8
Minority interest	7.6		7.6
Shareholders' equity	80.3	-24.9	55.4
Liabilities			
Non-current liabilities			
Interest bearing	68.3	19.8	88.1
Interest free	0.1		0.1
Provisions	0.9		0.9
Current liabilities			
Interest bearing	51.1	3.3	54.4
Interest free	70.6		70.6
Provisions	1.1		1.1
Total liabilities	192.1	23.2	215.2
Total liabilities and shareholders' equity	**272.4**	**-1.7**	**270.7**

Statement of changes in shareholders' equity, MEUR	1.1.2004	31.12.2004
Shareholders' equity FAS without capital notes	**33.9**	**63.5**
IAS 16 Revaluation of real estate	1.4	-1.1
IAS 37 Reclamation provision	-0.2	-0.4
IAS 36 Goodwill amortization and write-downs	-0.8	-0.2
IAS 28 Goodwill in share of the associated companies' result	-	0.7
IAS 12 Deferred taxes	2.6	-2.7
IAS 28 Mutual real estate company	-4.5	-4.6
IAS 17 Finance leases	0.3	2.8
IAS 2 Revaluation of inventories	0.2	-
IFRS 3 Acquisition of De Globe	-	-1.8
IFRS adjustments, total	-0.9	-7.4
Shareholders' equity IFRS without capital notes	**33.0**	**56.1**
Capital notes	25.4	24.2
Shareholders' equity IFRS with capital notes	58.4	80.3

Changes in profit/loss for the period, MEUR	31.12.2004
Profit and loss for the period, FAS	**20.6**
IAS 16 Revaluation of real estate	-0.5
IAS 37 Reclamation provision	-0.2
IAS 36 Goodwill amortization and write-downs	0.5
IAS 28 Goodwill in share of the associated companies' result	0.7
IAS 12 Deferred taxes	-5.3
IAS 28 Mutual real estate company	-0.1
IAS 17 Finance leases	0.5
IAS 2 Revaluation of inventories	-0.2
IFRS 3 Acquisition of De Globe	-0.2
IFRS adjustments, total	-5.0
Profit and loss for the period, IFRS	**15.6**

Parent company financial statement

Figures are in millions of euros unless otherwise stated.

Parent company income statement 1.1. - 31.12.

MEUR	Note	2005	2004
NET SALES	1)	4.9	4.7
Other operating income	2)	0.4	0.3
Operating expenses	3)	-6.0	-7.3
Depreciation and amortization	4)	-0.2	-0.2
OPERATING PROFIT		-1.0	-2.5
Financial income and expenses	5)	7.7	-1.1
PROFIT/LOSS AFTER FINANCIAL ITEMS		6.8	-3.5
Extraordinary items	6)	2.2	2.3
PROFIT/LOSS AFTER EXTRAORDINARY ITEMS		9.0	-1.2
Change in untaxed reserves	7)	0.0	0.0
Income taxes	8)	0.8	1.0
PROFIT FOR THE FINANCIAL PERIOD		9.8	-0.2

Parent company balance sheet 31.12.

MEUR		2005	2004
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9)	1.2	0.5
Tangible assets	10)	0.3	0.3
Investments	11)	49.9	48.2
		51.4	49.0
CURRENT ASSETS			
Non-current receivables	12)	106.9	108.5
Current receivables	12)	7.0	6.2
Cash and bank accounts		1.8	1.0
		115.7	115.7
TOTAL ASSETS		167.2	164.7
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	14)		
Share capital		19.3	19.2
Share premium account		11.6	11.5
Legal reserve		0.0	0.0
Retained earnings		8.6	13.7
Profit for the financial period		9.8	-0.2
Preferred capital note	14)	19.1	22.2
		68.3	66.4
UNTAXED RESERVES	15)	0.0	0.0
LIABILITIES	16)		
Non-current interest bearing liabilities		45.7	58.3
Current interest bearing liabilities		48.9	37.3
Current non-interest bearing liabilities		4.2	2.6
		98.9	98.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		167.2	164.7

Parent company cash flow statement 1.1. - 31.12.

MEUR	2005	2004
CASH FLOW FROM OPERATIONS		
Profit/loss before extraordinary items	6.8	-3.5
Depreciation and amortization according to plan	0.2	0.2
Other income and expenses, with no cash payment	0.0	0.0
Gains and losses from the sale of non-current assets	-0.1	1.6
Financial income and expenses	-7.7	1.1
Cash flow before change in net working capital	-0.8	-0.6
Change in net working capital		
Current non-interest bearing receivables, increase (-)/decrease (+)	-0.8	-0.2
Current non-interest bearing liabilities, increase (+)/decrease (-)	0.8	-1.0
Cash flow from operating activities before financing and income taxes	-0.8	-1.9
Paid interest and other financial expenses	-7.2	-6.0
Dividends received	9.0	0.1
Interest income received	8.0	6.3
Cash flow before extraordinary items	9.0	-1.5
Cash flow from extraordinary items	3.0	3.3
CASH FLOW FROM OPERATIONS (A)	12.0	1.8
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-0.0	-0.2
Preferred capital note investments in Group companies	-0.9	-2.0
Investments in subsidiary shares	-2.6	-4.3
Investments in associated company shares	-	-3.5
Investments in shares and other investments	0,0	-0.0
Repayments of loan receivables	0.4	1.9
Proceeds from subsidiary shares	-	4.0
Proceeds from associated company shares	0.4	2.9
Proceeds from other investments	0.7	0.3
CASH FLOW FROM INVESTMENTS (B)	-2.2	-0.9
CASH FLOW FROM FINANCING OPERATIONS		
Share issue	0.1	-
Repayment of preferred capital note	-3.2	-3.2
Draw-down (+) of capital loans	19.0	-
Draw-downs (+) / repayments (-) of current loans	11.6	-13.1
Draw-downs (+) / repayments (-) of non-current loans	-31.6	16.1
Dividends paid	-4.8	-
CASH FLOW FROM FINANCING OPERATIONS (C)	-9.0	-0.2
CHANGE IN CASH AND BANK ACCOUNTS (A + B + C) increase (+)/decrease (-)	0.8	0.7
Cash and bank accounts at the beginning of the period	1.0	0.2
Cash and bank accounts from a merged company	-	-0.0
Cash and bank accounts at period end	1.8	1.0
Change during the financial period	0.8	0.7

Accounting principles

The financial statements of Componenta Corporation are prepared in accordance with current laws and regulations in Finland. Finnish legislation is based on the 4th and 7th directives of the European Union.

Foreign currency transactions
Foreign currency transactions are recorded at the exchange rate on the transaction date.
The foreign currency receivables and liabilities are converted into euros at the European Central Bank's average exchange rate on the closing day of the period.

Foreign exchange and interest rate derivative instruments
Currency-denominated open derivatives are valued at the exchange rate on the closing day of the period.
Derivative financial instruments concluded to hedge against foreign currency and interest rate risks are recorded in the income statement at the same time as the commitment that is hedged. Changes in the value of foreign exchange derivatives are entered in the income statement so that the interest portion is deferred and entered as interest income and expenses, and the exchange rate difference is recorded in the result when the commitment hedged is recorded in the income statement.

Extraordinary items
Extraordinary items include Group contributions received and taxes relating to these.

Leasing
Leasing payments are treated as rental expenses. Unpaid payments based on leasing agreements are presented under contingent liabilities

Untaxed reserves
Changes in untaxed reserves include the changes in accelerated depreciation. The change in the difference between planned and recorded depreciation is presented as change in untaxed reserves in the income statement, and the accumulated difference between planned and recorded depreciation is presented in the balance sheet under untaxed reserves.

Notes to the parent company financial statements

Notes to the parent company income statement

	2005	2004
1. Other operating income		
Rental income	0.3	0.3
Profit from sale of shares	0.1	0.0
Profit from sale of non-current assets	0.0	0.0
Government grants	0.0	-
	0.4	0.3
2. Operating expenses		
Personnel expenses *)	-2.9	-2.5
Other operating expenses		
Rents	-0.6	-0.5
Other operating expenses	-2.6	-4.3
	-3.1	-4.8
Total operating expenses	-6.0	-7.3
*) Personnel expenses		
Wages and salaries	-2.4	-2.0
Pensions and pension insurance payments	-0.4	-0.4
Other personnel expenses	-0.1	-0.1
	-2.9	-2.5
Remuneration and fringe benefits paid to management	-0.3	-0.2

The Company has no specific pension commitments for management.

	2005	2004
3. Depreciation and amortization		
Intangible assets		
Other capitalized expenditure	-0.2	-0.1
Tangible asset		
Machinery and equipment	-0.1	-0.1
Total depreciation and amortization	-0.2	-0.2
4. Financial income and expenses		
Dividend income		
From Group companies	8.8	0,0
From associated companies	1.0	0,0
From others	1.1	0,1
	9.0	0,2
Interes and other financial expenses		
From Group companies	5.7	5.1
From others	2.7	3.8
	8.4	8.9
Interest and other financial expenses		
To Group companies	-0.9	-0.3
To others	-8.8	-9.8
	-9.7	-10.1
Total financial income and expenses	7.7	-1.1
'Financial income and expenses' include net foreign exchange gains and losses		
To Group companies	-0.5	0.3
To others	0.3	-0.4
	-0.2	-0.1
5. Extraordinary items		
Extraordinary income		
Group contribution received	3.0	3.3
Taxes on extraordinary items	-0.8	-1.0
Total extraordinary items	2.2	2.3
6. Untaxed reserves		
Increase (-)/decrease (+) in depreciation in excess of plan		
Other capitalized expenditure	0.0	0.0
Machinery and equipment	0.0	0.0
	0.0	0.0
7. Income taxes		
Income taxes for the financial period	-	-
Of which taxes on extraordinary items	0.8	1.0
	0.8	1.0

Notes to the parent company balance sheet

	2005	2004
8. Non-current assets		
Intangible assets		
Other capitalized expenditure		
Acquisition cost at 1 Jan.	0.8	0.7
Additions	0.1	0.1
Acquisition cost at 31 Dec.	1.0	0.8
Accumulated amortization at 1 Jan.	-0.4	-0.2
Amortization during the period	-0.2	-0.1
Accumulated amortization at 31 Dec.	-0.5	-0.4
Book value at 31 Dec.	0.4	0.5
Advance payments of intangble assets		
Acquisition cost at 1 Jan.	-	-
Additions	0.8	-
Book value at 31 Dec.	0.8	-
Tangible assets		
Machinery and equipment		
Acquisition cost at 1 Jan.	0.5	0.4
Additions	0.0	0.1
Disposals	0.0	-
Acquisition cost at 31 Dec.	0.5	0.5
Accumulated depreciation at 1 Jan.	-0.2	-0.1
Vähennysten kertyneet poistot	0.0	-
Depreciation during the period	-0.1	-0.1
Accumulated depreciation at 31 Dec.	-0.3	-0.2
Book value at 31 Dec.	0.2	0.2
Other tangible assets		
Acquisition cost at 1 Jan.	0.1	0.1
Additions	-	0.0
Book value at 31 Dec.	0.1	0.1
Shares in Group companies		
Acquisition cost at 1 Jan.	41.4	41.2
Additions	2.6	4.3
Disposals	-	-4.0
Book value at 31 Dec.	44.1	41.4
Shares in associated companies		
Acquisition cost at 1 Jan.	4.0	0.5
Additions	0.0	3.5
Disposals	-0.3	-
Book value at 31 Dec.	3.7	4.0
Other shares and holdings		
Acquisition cost at 1 Jan.	0.2	0.4
Additions	-	0.0
Disposals	-0.1	-0.2
Reclassifications	0.0	-
Book value at 31 Dec.	0.1	0.2
Preferred capital note investments in Group companies		
Acquisition cost at 1 Jan.	2.0	-
Additions	-	2.0
Book value at 31 Dec.	2.0	2.0
Other investments		
Acquisition cost at 1 Jan.	0.6	0.7
Disposals	-0.6	-0.1
Translation difference	-	0.0
Reclassifications	0.0	-
Book value at 31 Dec.	0.0	0.6
9. Long-term receivables		
From Group companies		
Loan receivables	106.4	106.9
From associated companies		
Loan receivables	0.1	0.1
From others		
Loan receivables	0.5	0.6
Other receivables	-	0.9
Total long-term receivables	106.9	108.5
10. Current receivables		
From Group companies		
Trade receivables	0.6	0.4
Loan receivables	1.0	-
Other receivables	3.0	3.3
Prepaid expenses and accrued income	0.4	0.1
	5.1	3.8

Notes to the parent company financial statements

Figures are in millions of euros unless otherwise stated.

	2005	2004
Other short-term receivables		
Trade receivables	0.0	0.0
Loan receivables	0.1	0.1
Other receivables	0.1	0.3
Prepaid expenses and accrued income	1.6	2.0
	1.9	2.5
Total current receivables	7.0	6.2
Breakdown of prepaid expenses and accrued income		
Periodization of loan charges	0.8	0.7
Periodization of issue loss	0.6	1.1
Accrued interest income	0.7	0.2
Exchange rate gains	0.0	0.1
Insurance premium	0.0	0.0
Rents	0.0	-
Others	-	0.0
	2.1	2.1

11. Share capital and warrants

The shareholder equity was EUR 19,257,418 on 31 December 2005 and it divided into 9,628,709 shares. Each share has one vote and a nominal value of EUR 2.00. Option rights, see notes to the Group's consolidated financial statements, Note 24. Share-based payment.

12. Shareholders' equity

	2005	2004
Share capital at the beginning of the period	19.2	19.2
Share issue	0.0	-
Share capital at period end	19.3	19.2
Share premium account at the beginning of the period	11.5	11.5
Paid-in surplus	0.0	-
Share premium account at period end	11.6	11.5
Legal reserve at the beginning of the period	0.0	0.0
Legal reserve at period end	0.0	0.0
Retained earnings at the beginning of the period	13.4	13.7
Dividends paid	-4.8	-
Profit for the financial period	9.8	-0.2
Preferred capital note at the beginning of the period	22.2	25.4
Repayment of preferred capital note	-3.2	-3.2
Preferred capital note at period end	19.1	22.2
Total shareholders' equity	68.3	66.4
Distributable shareholders' equity	18.4	13.4

13. Terms of the preferred capital note

Please see item 27. Preferred capital note in the notes to the consolidated financial statements.

14. Cumulative untaxed reserves

	2005	2004
Accelerated depreciation		
Other capitalized expenditure	0.0	0.0
Machinery and equipment	0.0	-
	0.0	0.0

15. Liabilities

	2005	2004
Interest bearing liabilities	94.6	95.7
Non-interest bearing liabilities	4.2	2.6
	98.9	98.3

16. Non-current liabilities

	2005	2004
Non-current interest bearing liabilities		
Loans from financial institutions	22.9	43.5
Convertible notes	19.0	-
Loans from pension funds	1.0	1.4
Loans from Group companies	2.8	13.4
	45.7	58.3
Non-current loans falling due for repayment as follows		
2007	1.6	
2008 - 2010	43.4	
2011 -	0.7	
Non-current loans falling due for repayment in five or more years		
Loans from financial institutions	0.6	0.7
Pension loans	0.1	0.2
	0.7	0.9

17. Current liabilities

	2005	2004
Current interest bearing liabilities		
Loans from financial institutions	1.2	1.2
Pensions loans	0.4	0.5
Loans from Group companies	1.8	0.9
Other liabilities	45.6	34.8
	48.9	37.3
Current non-interest bearing liabilities		
Liabilities to Group companies		
Accounts payable	0.1	0.0
Accrued expenses and deferred income	0.1	0.1
	0.1	0.1
Liabilities to others		
Accounts payable	0.7	0.4
Other liabilities	0.2	0.1
Accrued expenses and deferred income	3.2	2.0
	4.1	2.5
Total current non-interest bearing liabilities	4.2	2.6
Total current liabilities	53.2	40.0
Breakdown of accrued expenses and deferred income		
Accrued interest expenses	2.5	1.7
Accrued pension expenses	0.0	0.0
Holiday pay reserve including social security expenses	0.4	0.3
Foreign exchange losses	0.2	0.0
Commitment fee	0.1	-
Others	0.0	0.0
	3.3	2.1

18. Contingent liabilities

	2005	2004
General charges		
For own debts	2.5	2.5
Pledges		
For own debts	1.9	1.9
For Group companies	4.7	4.7
	6.6	6.6
Guarantees		
For Group companies	13.4	9.3
On behalf of others	0.3	-
	13.6	9.3
Other own commitments *)	3.3	0.9

*) Includes the European Commission's decision of 20 October 2005 where the Commission announced that it had decided to obligate Componenta Corporation to repay to the City of Karkkila alleged state aid that infringes the provisions on state aid in the EC Treaty totalling EUR 2.4 million with interest from the date when the aid was made available to Componenta Corporation (contingent liability was EUR 2.6 million on 31 December 2005). 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 the 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.

Componenta Corporation has appealed to the Court of First Instance of the European Communities against the decision of the European Commission in an application for annulment filed on 29 December 2005.

	2005	2004
Leasing commitments		
Next year	0.2	0.2
In more than one year	0.4	0.4
	0.7	0.6
Secured liabilities		
Liabilities secured with general charges		
Loans from financial institutions	16.1	16.2
Pensions loans	1.4	1.9
	17.5	18.1
Liabilities secured with pledges		
Loans from financial institutions	6.2	6.5

19. Derivative instruments

	31.12.2005 Nominal value	31.12.2005 Fair value	31.12.2004 Nominal value	31.12.2004 Fair value
Currency derivatives				
Foreign exchange forwards	37.7	0.0	33.0	0.1
Currency swaps	1.1	0.0	1.8	0.0
Interest rate derivatives				
Interest rate options	6.0	0.0	6.0	0.0
Forward rate agreement	13.0	0.0	-	-
Interest rate swaps	51.0	0.0	29.0	-0.3
Intra-group currency derivatives				
Foreign exchange forwards	13.4	0.0	16.1	0.1
Of which hedging future currency flows	9.1	0.0	12.6	0.1

The fair value is the profit or loss from the derivative instrument according to the market price on 31 December.
The nominal values of the derivative instruments may not necessarily correspond to the payments made by the parties, and thus when examined on their own do not give a true picture of the Company's risk position.

Group development

Group development 2001 - 2005

MEUR	FAS 2001	FAS 2002	FAS 2003	FAS 2004	IFRS 2004	IFRS 2005
Net sales	193.8	180.8	177.8	316.1	316.0	343.2
Operating profit	8.3	7.0	0.1	23.1	25.7	9.9
Financial income and expenses	-6.0	-9.1	-7.6	-7.6	-7.9	-8.9
Profit/loss after financial items	2.3	-2.1	-7.5	15.6	17.9	1.0
Profit for the financial period	7.4	1.0	-4.5	20.6	15.6	2.5
Order book at period end	26.5	24.9	25.1	59.2	59.2	60.4
Change in net sales, %	-14.1	-6.7	-1.7	77.8	77.7	8.6
Share of export and foreign activities in net sales, %	72.0	72.0	71.0	81.4	81.4	81.9

Group development excluding one-time items 2001 - 2005

MEUR	FAS 2001	FAS 2002	FAS 2003	FAS 2004	IFRS 2004	IFRS 2005
Net sales	193.8	180.8	177.8	316.1	316.0	343.2
Operating profit	4.0	2.8	8.1	11.4	12.5	6.6
Financial income and expenses	-6.0	-9.1	-7.6	-7.6	-7.9	-8.9
Profit/loss after financial items	-2.0	-6.3	0.5	3.9	4.6	-2.4

	FAS 31.12.2001	FAS 31.12.2002	FAS 31.12.2003	FAS 31.12.2004	IFRS 31.12.2004	IFRS 31.12.2005
Balance sheet total	217	218	191	273	272	269
Net interest bearing debt, preferred capital note in debt	141	145	125	136	142	145
Net interest bearing debt, preferred capital note in equity	112	117	99	112	118	107
Invested capital	186	188	159	201	200	198
Return on investment, %	5.6	4.4	0.8	13.1	14.2	5.0
Return on equity, %	20.0	2.5	-11.8	35.5	28.1	4.2
Equity ratio, %	18.7	18.2	17.8	23.3	20.6	18.1
Equity ratio, %, preferred capital note in equity	32.0	31.4	31.1	32.1	29.5	32.1
Net gearing, %, preferred capital note in debt	348.0	365.0	368.3	214.2	253.8	297.5
Net gearing, %, preferred capital note in equity	162.3	170.5	167.7	127.5	147.0	123.7
Investments in non-current assets	53.1	9.8	1.6	35.1	37.0	25.1
Number of personnel at period end	1,741	1,616	1,565	2,213	2,213	2,185
Average number of personnel	1,810	1,705	1,595	2,168	2,168	2,214

Group development by business group

Net sales, MEUR	1.1. - 31.12.2004	1.1. - 31.12.2005
Componenta Cast Components	166.1	175.2
De Globe	109.4	120.5
Cast Components total	275.5	295.4
Other business	40.4	47.8
Componenta Group total	316.0	343.2

Operating profit, MEUR	1.1. - 31.12.2004	1.1. - 31.12.2005
Componenta Cast Components	12.4	5.2
De Globe	-1.1	-0.7
Cast Components total	11.3	4.5
Other business	14.4	5.4
Componenta Group total	25.7	9.9

Order book, MEUR	31.12.2004	31.12.2005
Componenta Cast Components	27.3	28.3
De Globe	23.9	25.8
Cast Components total	51.2	54.1
Other business	8.0	6.3
Componenta Group total	59.2	60.4

Group development by quarter

MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Net sales	73.0	81.1	70.4	91.4	93.2	95.3	72.4	82.3
Operating profit	15.9	4.3	1.9	3.6	3.9	8.6	-1.9	-0.7
Net financial items	-1.8	-1.8	-1.9	-2.4	-2.1	-2.2	-2.3	-2.3
Profit/loss after financial items	14.1	2.6	0.0	1.3	1.8	6.4	-4.2	-3.0

Quarterly development by business group

Net sales, MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Componenta Cast Components	38.7	43.0	37.3	47.1	45.6	48.4	36.9	44.3
De Globe	25.2	28.1	25.0	31.1	33.2	33.4	26.6	27.3
Cast Components total	63.9	71.1	62.3	78.2	78.6	81.7	63.5	71.5
Other business	9.1	9.9	8.1	13.2	14.6	13.6	8.9	10.8
Componenta Group total	73.0	81.1	70.4	91.4	93.2	95.3	72.4	82.3

Operating profit, MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Componenta Cast Components	2.0	4.2	1.7	4.5	1.6	3.0	-0.4	1.1
De Globe	0.1	0.1	-0.4	-0.9	0.7	1.0	-1.1	-1.3
Cast Components total	2.1	4.3	1.3	3.6	2.3	4.0	-1.5	-0.2
Other business	13.8	0.0	0.6	0.0	1.6	4.6	-0.4	-0.5
Componenta Group total	15.9	4.3	1.9	3.6	3.9	8.6	-1.9	-0.7

Order book at period end, MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Componenta Cast Components	22.7	27.2	29.7	27.3	29.5	31.4	28.5	28.3
De Globe	19.9	20.0	22.3	23.9	25.7	23.6	20.7	25.8
Cast Components total	42.6	47.2	52.0	51.2	55.2	55.1	49.2	54.1
Other business	5.5	5.4	7.9	8.0	8.6	7.4	6.4	6.3
Componenta Group total	48.0	52.6	59.9	59.2	63.8	62.4	55.6	60.4

Group development excluding one-time items

MEUR	1.1. - 31.12.2004	1.1. - 31.12.2005
Net sales	316.0	343.2
Operating profit	12.5	6.6
Net financial items	-7.9	-8.9
Profit/loss after financial items	4.6	-2.4

Group development by business group excluding one-time items

Operating profit, MEUR	1.1. - 31.12.2004	1.1. - 31.12.2005
Componenta Cast Components	12.4	5.2
De Globe	-1.7	-0.7
Cast Components total	10.7	4.5
Other business	1.8	2.1
Componenta Group total	12.5	6.6

Group development by quarter excluding one-time items

MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Net sales	73.0	81.1	70.4	91.4	93.2	95.3	72.4	82.3
Operating profit	2.3	4.5	1.8	3.9	3.8	4.7	-1.6	-0.3
Net financial items	-1.8	-1.8	-1.9	-2.4	-2.1	-2.2	-2.3	-2.3
Profit/loss after financial items	0.5	2.7	-0.1	1.5	1.7	2.5	-4.0	-2.6

Quarterly development by business group excluding one-time items

Operating profit, MEUR	Q1/2004	Q2/2004	Q3/2004	Q4/2004	Q1/2005	Q2/2005	Q3/2005	Q4/2005
Componenta Cast Components	2.0	4.2	1.7	4.5	1.6	3.0	-0.4	1.1
De Globe	0.1	0.1	-0.4	-1.5	0.7	1.0	-1.1	-1.3
Cast Components total	2.1	4.3	1.3	3.0	2.3	4.0	-1.5	-0.2
Other business	0.2	0.2	0.5	0.9	1.5	0.7	-0.1	-0.1
Componenta Group total	2.3	4.5	1.8	3.9	3.8	4.7	-1.6	-0.3

Shareholders and shares

Largest registered shareholders on 31 December 2005

Shareholder		Shares	Share of total voting rights %
1 Lehtonen Heikki		3,806,131	39.53
Cabana Trade S.A.	3,676,731		
Oy Högfors-Trading Ab	115,900		
Lehtonen Heikki	13,500		
2 Etra-Invest Oy		1,500,000	15.58
3 Inkinen Simo-Pekka		462,844	4.81
4 Investment Fund OP-Arvo Osake		308,800	3.21
5 Nordea Life Assurance Finland Ltd.		262,825	2.73
6 Veritas Pension Insurance Company Ltd.		261,400	2.71
7 Ilmarinen Mutual Pension Insurance Company		257,600	2.68
8 Lehtonen Anna-Maria		178,823	1.86
9 Lehtonen Yrjö M		111,040	1.15
10 Bergholm Heikki		101,000	1.05
11 Fondita Nordic Small Cap Placfond		100,000	1.04
12 Hietala Pekka		97,000	1.01
13 Laakkonen Mikko		80,000	0.83
14 Finnish Cultural Foundation		75,000	0.78
15 Placeringsfonden Aktia Capital		67,600	0.70
Nominee-registered shares		234,126	2.43
Other shareholders		1,724,520	17.91
Total		9,628,709	100.00

The members of the Board of Directors own 40.6% of the shares. All shares have equal voting rights.
The members of the Board of Directors hold 10.8% of the outstanding warrants.
If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 39.3%.

Breakdown of share ownership on 31 December 2005

Number of shares	Shareholders	%	Shares	%
1 - 100	160	10.85	10,102	0.10
101 - 500	678	46.00	192,100	2.00
501 - 1,000	344	23.34	283,619	2.95
1,001 - 5,000	224	15.20	508,356	5.28
5,001 - 10,000	26	1.76	195,078	2.03
10,001 - 50,000	22	1.49	425,765	4.42
50,001 - 100,000	8	0.54	633,800	6.58
100,001 - 500,000	10	0.68	2,203,158	22.88
500,001 -	2	0.14	5,176,731	53.76
Total = total issued	1,474	100.00	9,628,709	100.00

Shareholders by sector on 31 December 2005

	%
Finnish companies	18.48
Financial institutions and insurance companies	8.62
General government bodies	5.40
Non-profit institutions	1.59
Households	25.17
Nominee-registered shares and other foreign shareholders	40.74
	100.0

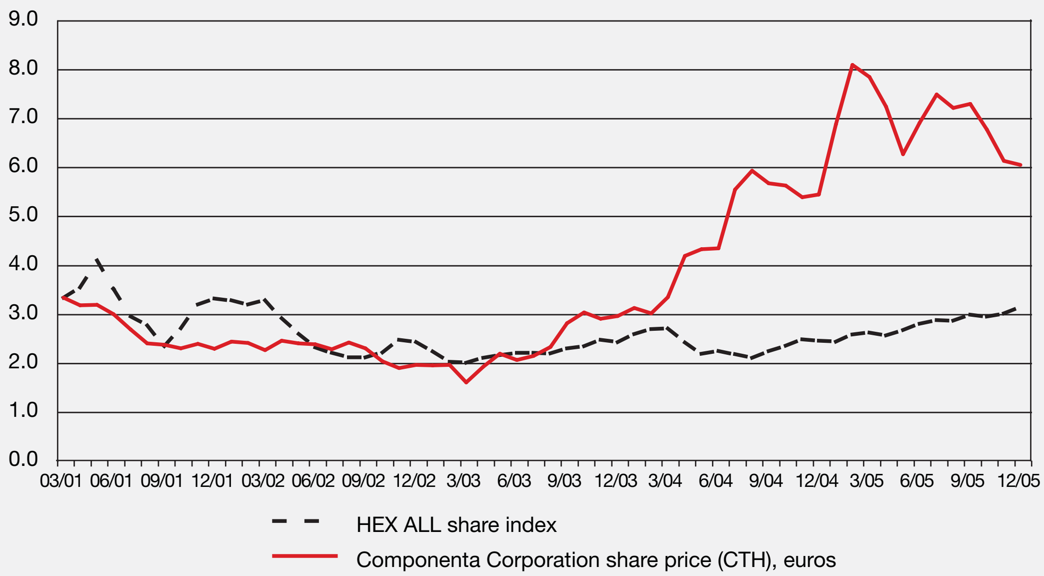
Shareholders and shares

Per share data

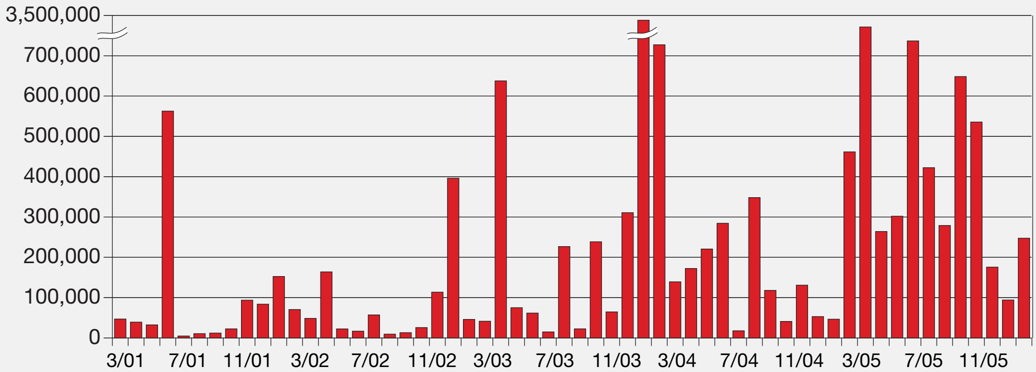
	2005	2004
Earnings per share (EPS), EUR	0.26	1.62
Equity per share, EUR	0.26	1.62
Equity per share, EUR	5.04	5.05
Dividend per share, EUR *)	0.00	0.50
Payout ratio, %	0.00	30.83
Effective dividend yield, %	0.00	9.43
P/E multiple	22.76	3.27
Share price at year end, EUR	5.95	5.30
Average trading price, EUR	7.11	4.15
Lowest trading price, EUR	5.32	2.85
Highest trading price, EUR	9.44	6.25
Market capitalization at year end, MEUR	57.3	51.0
Trading volume, 1 000 shares	4,938	2,299
Trading volume, %	51.3	23.9
Weighted average of the number of shares, 1 000 shares	9,622	9,615
Number of shares at year end, 1 000 shares	9,629	9,615

*) For the year 2005 a proposal of the Board of Directors.

Componenta Corporation (CTH) share price development in 2001 - 2005, EUR



Componenta Corporation (CTH) monthly share trading volume in 2001 - 2005, pcs



Calculation of key financial ratios

Return on equity -% (ROE)	=	$\frac{\text{Profit/loss after financial items – income taxes}}{\text{Shareholders' equity without preferred capital notes + minority interest}} \times 100$ (quarterly average)
Return on investments -% (ROI)	=	$\frac{\text{Profit/loss after financial items + interest and other financial expenses}}{\text{Balance sheet total - interest free liabilities}} \times 100$ (quarterly average)
Equity ratio, %	=	$\frac{\text{Shareholders' equity, preferred capital notes excluded + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share, EUR (EPS)	=	$\frac{\text{Profit/loss after financial items – income taxes +/- minority interest}}{\text{Average number of shares during the financial period}}$
Earnings per share with dilution, EUR	=	As above, the number of shares has been increased with the warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the convertible notes has been added to the profit of the period. Number of shares that can be subsricbed by the notes, has been added to the number of total shares.
Average trading price, EUR	=	$\frac{\text{Trading volume}}{\text{Number of shares traded during the financial period}}$
Equity per share, EUR	=	$\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$
Dividend per share, EUR	=	$\frac{\text{Dividend}}{\text{Number of shares at period end}}$
Payout ratio, %	=	$\frac{\text{Dividend}}{\text{Earnings (as in Earnings per share)}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Market share price at period end}} \times 100$
Market capitalization	=	Number of shares x market share price at period end
P/E multiple	=	$\frac{\text{Market share price at period end}}{\text{Earnings per share}}$
Net interest bearing debt	=	Interest bearing liabilities + preferred capital notes - cash and bank accounts
Net gearing, %	=	$\frac{\text{Net interest bearing debt}}{\text{Shareholders' equity, preferred capital notes excluded + minority interest}} \times 100$

Proposal of the Board of Directors for the distribution of profits

The distributable equity according to the consolidated balance sheet is EUR 14.4 million. The distributable equity according to the parent company balance sheet is EUR 18, 401,450.60 of which the net profit for the financial year is EUR 9,771,232.97.

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend will be paid.

Helsinki 19 January 2006

Heikki Bergholm
Chairman

Juhani Mäkinen

Marjo Raitavuo

Matti Tikkakoski

Heikki Lehtonen
President & CEO

Auditor's report

To the shareholders of Componenta Corporation

I have audited the accounting records, the financial statements and the administration of Componenta Corporation for the period 1.1. - 31.12.2005. The Board of Directors and the President and CEO have prepared the report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include the parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on my audit, I express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

I have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that I perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures 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 my audit of administration is to examine that 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 my opinion the consolidated financial statements give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

In my opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The 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 me. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

Helsinki 20 January 2006

Kari Miettinen
APA

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