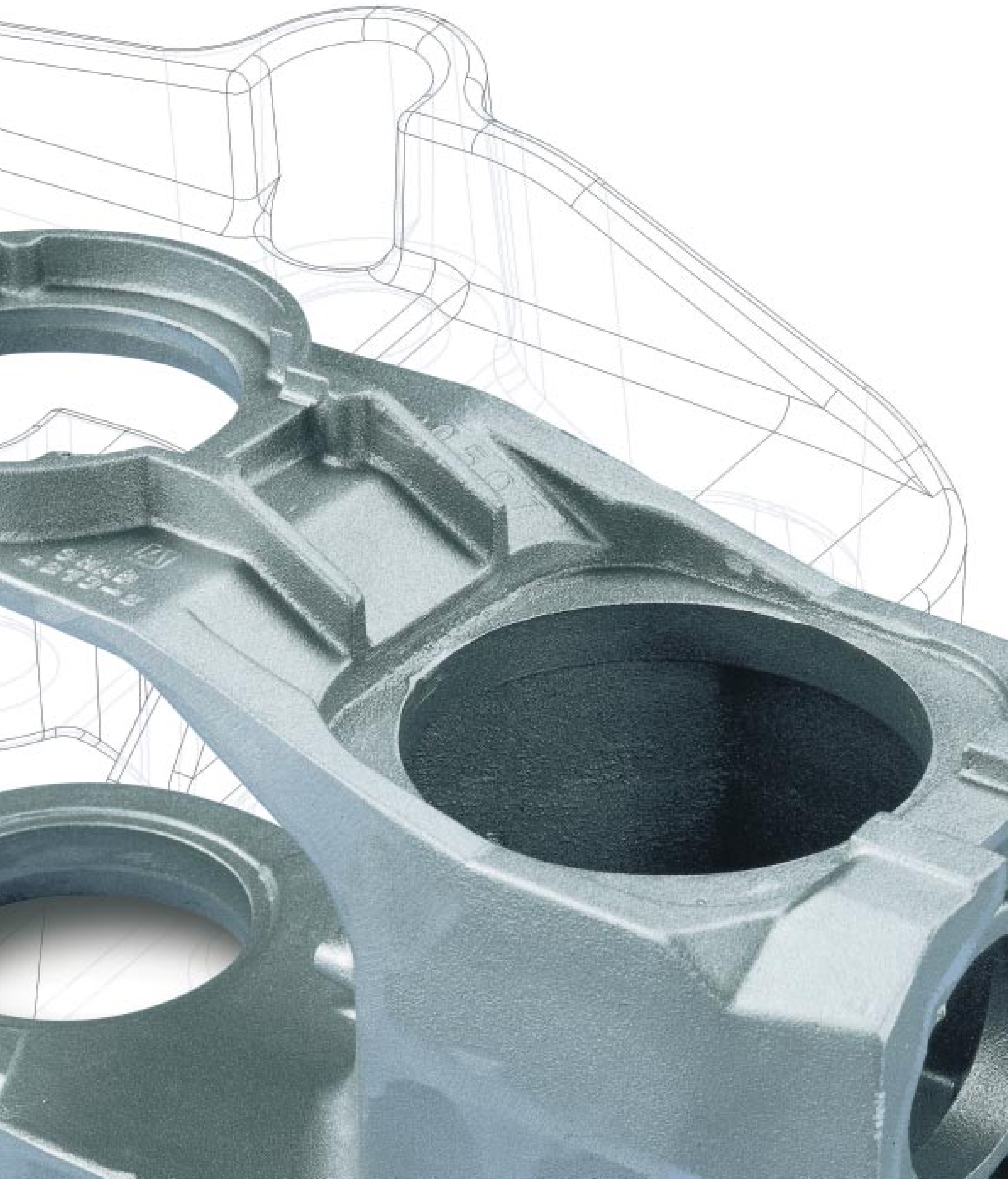
COMPONENTA
ANNUAL REPORT **1999**



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Financial information in 2000

Componenta Corporation published its financial statements for the financial year 1 January – 31 December 1999 on Tuesday, 25 January 2000. The Annual Shareholders' Meeting of Componenta Corporation will be held on Friday, 11 February 2000 at 2.00 pm at Hotel Palace 10th floor, address Eteläranta 10, 00130 Helsinki.

This annual report is published in Finnish, Swedish and English. Interim financial reports will be published in Finnish and English. In the year 2000 interim reports will be published as follows:

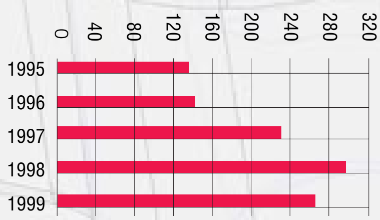
- January – March, on Friday 14 April 2000
- January – June, on Friday 14 July 2000
- January – September, on Friday 13 October 2000

These publications can be ordered from Componenta Corporation at P.O. Box 1132, FIN-00101 Helsinki, Finland, by telephone +358 9 2250 2701, or via the Internet at http://www.componenta.com.

Stock exchange releases published by the company and other information about the company can be obtained on the Internet at http://www.componenta.com. Information about Componenta Corporation shares is available on the Internet page of the Helsinki Exchanges http://www.hex.fi.

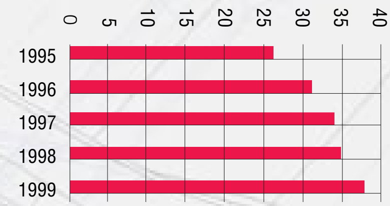
1999 IN BRIEF

Net sales, MEUR



Profit after financial items, MEUR

Equity ratio, %



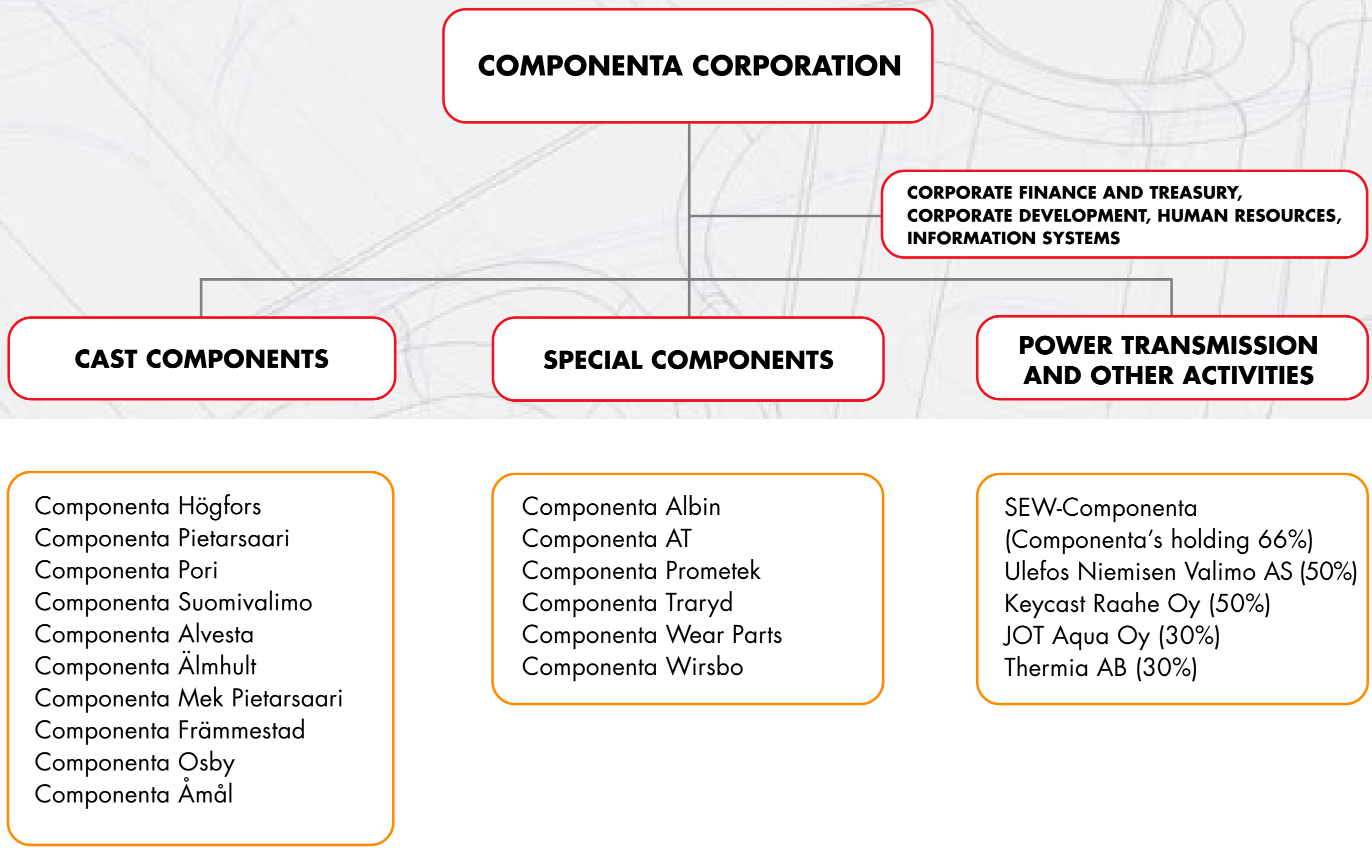
Componenta is a listed company whose business is the manufacturing and upgrading of components for selected industrial sectors.

In 1999:

- The company's name was changed from Santasalo-JOT to Componenta
- Most of Santasalo was sold off
- Restructuring in the manhole cover business
- Profitability of operations fell
- Manufacturing of machines and equipment in the Nordic countries fell from the previous year's level
- The heavy truck industry continued to operate at high capacity usage

Key figures:	**1999**	**1998**	**Change%**
Net sales, MEUR	266.4	297.9	-11
Share of exports and foreign activities in net sales, %	78.0	75.0	
Operating profit, MEUR	12.6	21.6	-42
Operating profit, %	4.7	7.3	
Profit after financial items, MEUR	2.0	11.7	-83
Profit for the year, MEUR	3.1	9.3	-66
Earnings per share, EUR	0.27	0.91	
Dividend per share (1999: Board proposal)	0.15	0.29	
Return on investment, ROI %	5.1	9.7	
Return on equity, ROE %	1.8	10.3	
Equity ratio, preferred capital notes in debt, %	29.9	27.5	
Equity ratio, preferred capital notes in equity, %	37.9	34.6	
Net gearing, preferred capital notes in debt, %	159.6	194.7	
Net gearing, preferred capital notes in equity, %	105.2	133.6	
Equity per share, EUR	7.31	7.33	
P/E multiple	20.89	5.91	

COMPANY OVERVIEW



Leading Nordic component supplier

Componenta is a growth-oriented metal sector company with international operations. Its main products are ready-to-install components for selected industrial sectors. Componenta is a listed company whose shares are quoted on the Helsinki Exchanges. Most of the company's net sales come from its Cast Components and Special Components business groups.

The Cast Components business group makes cast and machined components for the European heavy truck industry, for mechanical engineering companies and manufacturers of off-road equipment. The group contains six foundries and four engineering workshops that specialize in the machining and surface treatment of cast components in Finland and Sweden. The business group accounted for 56 per cent of the total net sales of Componenta Group in 1999.

The Special Components business group contains companies that have focused on the manufacture of forged, geared and other components. The group supplies its products to the truck and machine construction industries and also to manufacturers of off-road equipment. The group accounted for 22 per cent of the Group's net sales in 1999.

Following the sale of most of Santasalo, the Group's industrial gear operations are handled by SEW-Componenta, which specializes in the design and manufacture of industrial gear units used in power transmission. SEW-Componenta supplies industrial gear units to several different industrial sectors world-wide.

Componenta Group's main market areas are the Nordic countries and Europe. The Group had 2,226 employees at the end of 1999. About 50 per cent of personnel work in Sweden, 45 per cent in Finland and the remaining five per cent in other countries.

Profitable growth

The Group's strategy is growth-oriented. Growth makes it possible for the production units to specialize and to improve production efficiency. To provide high quality service for increasingly large customer groups, Componenta has to increase its market strength and develop its service. Componenta's production operations function according to JIT principles (deliveries Just In Time). The Group utilizes the latest production technology to obtain the cost-efficiency of serial production in order-driven production. The Group's operations are directed by a detailed quality policy.

Componenta Group's goal is to be the leading supplier of castings and forged products and of selected geared components in its area of operations. Componenta promotes the business of its customers by providing, in a profitable way, solutions that give added value. To reach its goals the Group strictly applies strategic management and TQM procedures.

PRESIDENT'S REVIEW

President Heikki Lehtonen

The year 1999 was a time of strategic decisions. The sale of most of Santasalo highlights the way we are focusing on our core business and underscores our intention to reinforce our position as a supplier of industrial components.
Operationally 1999 was a difficult year. Changes in demand experienced by customers were then reflected on the rebound in our production processes, and we were not able to achieve the right production levels. In consequence, the operating result fell and was loss-making. Sales profits enabled the overall result to be positive.

The sale of Santasalo in November to Metso Corporation was the most important strategic decision of the year. The transaction also meant that the group changed its name to Componenta Corporation. A second major strategic decision affecting the group's core businesses was the restructuring of manhole cover operations, combining the production of Nieminen Foundry and the Norwegian company Ulefos Jernvaerk KS.

This corporate restructuring strengthened the group's balance sheet, clarified the group's operations, and created the conditions for specialization and growth as the manufacturer of industrial components.

In 1999 the market situation for the mechanical engineering industry was not easy. The previous year's economic crises in Russia and Latin America overshadowed the market. Activity started to pick up in the countries affected by the economic crisis in South East Asia, but investments in machinery remained low in the region.

The economic environment was not favourable for the group's business sector. The year was characterized by uneven loads on production. Volumes in the mechanical engineering industry were weak, significantly below those of the previous year. In contrast, the heavy truck industry continued to operate at record pace, apart from at the start of the year.

Componenta's result was modest in an unstable economic environment. The group made a loss on operations but corporate restructuring resulted in a positive overall result. The profit after financial items was EUR 2.0 million.

Growth and quality

Componenta's goal is through profitable growth to strengthen its position as a component supplier to selected industrial sectors. Long-term supplier agreements signed with customers have created the conditions for operations to grow organically. The contracts for Haldex four-wheel drive and brake disk components are good examples of this. In the longer term, the goal is to continuously develop operations and to invest in quality and customer satisfaction.

In 1999 the Cast Components Division obtained VDA 6.1 approval from Daimler Chrysler for its quality system. This raised Componenta to the status of strategic component supplier to DaimlerChrysler. This certification has resulted in new orders for components.

The merger of the Swedish companies Volvo and Scandia will probably take place during the spring, once the competition authorities have completed their review. These two companies together will then account for more than a third of the net sales of Componenta Group. In the long term we aim to grow so that no single customer accounts for more than a quarter of the group's net sales.

Componenta is applying the Total Quality of Management philosophy within the group, developing management methods and customer-

oriented ways of operating throughout the group and improving competitiveness.

All the group's business units currently have an approved ISO 9001 quality system. During 1999, four units also obtained ISO 14001 environmental certification. The group's target is that all the units in the Cast Components Division should obtain environmental certification by the end of 2000.

Prospects

Demand in the Nordic mechanical engineering industry is expected to recover from the low level of 1999. The market for the heavy truck industry is estimated to remain strong, although volumes may fall slightly from the record levels of the previous year.

Work will continue to put the group's loss-making units back on a healthy footing, and to reduce costs and clarify the corporate structure.

Within the component industry, operations will increasingly focus on product design and upgrading products. A key feature will also be the continuous development of operating processes and personnel, to improve customer satisfaction and ensure reliable deliveries.

President and CEO

GROWTH TO COMPONENTA

Chairman of the Board of Directors Yrjö M. Lehtonen

The founder of our company, my grandfather Matti Lehtonen, knew what made a good casting. He also knew plenty of customers who needed castings. In 1918 he established a foundry to meet the needs of customers.

My father B.M. Lehtonen understood the importance of training and developing technology for the company. For that reason he set up the Finnish Association of Foundry Technology and edited the first Finnish textbook for the foundry sector, "Valajan kirja" (The foundry worker's book). He built up and developed the company in many ways, often under difficult conditions such as those imposed by the wars and war reparations.

I myself started to work for the company as an engineer in 1953. I was company president from 1972 to 1991 and since then have been full-time chairman of the Board until the annual shareholders' meeting in 2000. During this time the company has grown from a medium-sized foundry into the largest group of foundries in the Nordic countries, and has become a component manufacturer for the European mechanical engineering and heavy truck industries.

Even after the growth to a listed company, Componenta will continue to preserve the best features of a family-owned business, recognizing the factors that have made the company successful and operating in accordance with these.

Understanding the philosophy of JIT and conforming to it in all the company's operations is one success factor. JIT means deliveries and services just at the right time. That concerns equipment, quality and investments, as well as the entire area of customer service. Process control and excellent logistic solutions for customers play a key role here.

Profit orientation is another success factor. Our goal for the company and all its units is to be profitable. In the final analysis, profitability is the ultimate justification for the company's operations and their further development. Through profitable operations, personnel, shareholders and financiers obtain their share of the company's profits.

Changes in world trade are taking place at an ever faster pace, and precisely for that reason it is necessary to preserve these success factors in the future as well.

Customers are more important for a company than anything else. Their needs are the reason for the company's existence and for its development. This presents us with a challenge, both in marketing and to the entire personnel.

As I hand over the reins as chairman of the Board, may I wish Componenta and its personnel all success!

Yrjö M. Lehtonen

COMPONENTA´S STRATEGY AND OBJECTIVES

Componenta corporation values

Openness

"Openness can be seen in the way matters are handled openly, but also as a desire to learn new things and to grow internationally."

Honesty

"Honesty and trust are key pillars of our business. Honesty includes admitting our mistakes, and learning from them – this opens the way for change."

Human orientation

"In our operations we wish to and, indeed, we have to trust other people. The best results in life and in the world of business are achieved with others."

Heikki Lehtonen

Componenta corporation mission

We promote the business of our customers by providing, in a profitable way, solutions that give added value.

Strategy

Our strategy is through profitable growth to strengthen our position as the leading Northern European component manufacturer. We are concentrating on the manufacture of components by divesting operations that are not part of our core businesses. Key areas are high quality operations that benefit our customers and efficient production achieved through specialization of units.

Financial objectives

Our objective is to be a competitive investment that gives added value to its owners. Our goal is to obtain a return on investment (ROI) that is at least five per cent above the interest paid on long-term government bonds. We pay shareholders a dividend of 30–50 per cent of the annual net result.

Our goal is by organic growth to exceed growth in our customer industries by at least five percentage points. This growth is based on the increase in the outsourcing of operations that is taking place in industry. Our company shall in future be sufficiently large to make it an attractive partner, and one on an equal footing, for increasingly large customers. However, we wish to maintain the equity ratio of Componenta Group at 40 per cent.

COMPONENTA'S BUSINESS

- Customer comment -

"Another important development area, in addition to optimizing, is machining. The casting and machining of components are dependent on each other. That is why we need to integrate the entire supply chain."

- Customer comment -

"A component supplier to whom we wish to give design responsibility must have the resources and skills to make prototypes of the components from the models and to perform casting simulation."

OPERATING ENVIRONMENT

Componenta is a modern component supplier to selected industries. By concentrating on raising the efficiency of component production and controlling the logistics chain in accordance with JIT principles we give our customers added value. This added value is formed by reducing unit costs as well as by allowing customers to concentrate on their own areas of expertise. Componenta's customers are mainly manufacturers of heavy trucks, mechanical engineering companies and manufacturers of off-road equipment.

Heavy truck industry

Close to 50 per cent of Componenta Group's sales come from cast, forged and geared components supplied to the heavy truck industry. They are used in engines, power transmission, axles and in chassis. Componenta's biggest customers in the heavy truck industry are Volvo, Scania, DaimlerChrysler, MAN and Haldex.

Typical components supplied by Componenta are medium-sized items that are produced in series in the group's foundries or forges. Most of the components are machined and surface treated. The group carries out a certain amount of pre-assembly work for customers. The main raw materials used in the components are ductile iron, grey cast iron and steel. ADI (austempered ductile iron) components are used in applications that require extra strength.

Production is based on the production plans of customers, sent electronically every week to Componenta's plants. The heavy truck industry is cyclical by nature, but in the past few years demand for trucks in Europe has risen as a result of European unification and as haulage contractors have modernized their vehicle fleets.

Componenta is the largest manufacturer in the Nordic countries of cast components for the heavy truck industry. Its competitors are mainly continental European and British manufacturers. Cast iron and steel have a strong, well established position in the sector, and alternative raw materials such as aluminium, plastic and ceramic can be used only to a limited extent in trucks and buses.

Mechanical engineering

Almost 40 per cent of the group's sales are to the mechanical engineering industry. The products that Componenta manufactures for its customers include housings for electric motors and machines, gear wheels, engine components, pump and valve housings and parts for industrial robots. The largest customers in the mechanical engineering sector are ABB, Wärtsilä NSD, Atlas Copco, Kone, Neles Controls and Ahlström.

Production for the mechanical engineering sector is order-driven. The components made from ductile and grey iron at the group's plants are often large, whereas their production series are relatively small.

Componenta's strength in serving Nordic mechanical engineering companies lies in its geographical proximity, which has given a natural foundation for partnership operations. Most of the components are not machined, but customers increasingly wish to outsource machining. The components are made from cast iron or steel, and there are no real alternative raw materials.

Off-road industry

The off-road industry forms approximately 15 per cent of the sales of Componenta Group. The group makes engine and chassis parts for off-road machines and wear parts for earthmoving equipment. Production series are mostly short. Cast iron and steel are the raw materials used.

Componenta's biggest customers in the off-road industry are Sisu, Dynapak, Valtra and Volvo Construction Equipment.

Change factors

The current trends in Componenta's customer industries are mergers and outsourcing.

"The goal of the Cast Components Group is to improve productivity through specialization. We are paying particular attention to delivery reliability and management of logistics, for they are means of providing added value for our customers."

Yrjö Julin
Cast Components Group

Companies are looking to mergers to obtain market strength and synergy benefits. Consolidation brings Componenta Group the challenge of serving larger and more demanding production entities. Componenta's strategy is growth-oriented, since having a sufficiently large size enables its business units to specialize effectively and the group to establish its position as a principal partner.

If the merger of the Swedish companies Volvo and Scania goes through, the new group will account for just over a third of Componenta's invoicing. The decision of competition authorities on the merger is expected during the spring. Synergy benefits for the new company in the production of cast and forged components will be achieved by combining models and components, but this development will take several years. Componenta's goal is to improve the competitiveness of component production through longer series and reduction of unit costs.

Outsourcing is quite extensive in the Nordic heavy truck industry. A similar development can also be seen in the mechanical engineering and off-road industries. Outsourcing gives companies better possibilities to focus on their own strategic areas of expertise. By transferring the production of components to contract partners, companies can raise their production efficiency, since contract manufacturers are better placed to utilise their production capacity and its expansion.

Componenta aims to serve its customers by participating in the design and development of components. The group in its present form is well equipped for CAD/CAM design and simulation. Computer-aided modelling and casting simulation ensure shorter through-put times and more precise dimensions for the end product. A 3-D model also forms the basis for strength analyses for optimal choice of material.

CAST COMPONENTS GROUP

The Cast Components Group supplies cast and machined components to the European heavy truck industry, mechanical engineering companies and manufacturers of off-road equipment. The Cast Components Group consists of six foundries and four engineering workshops in Finland and Sweden. The group has a total of about 1,500 people working in its foundries and workshops. The group is the largest contract supplier of cast components in its sector in Scandinavia.

The advanced operating methods and expertise of the Cast Components Group have opened up the way to close cooperation with customers. In future the group will focus more heavily on working with customers on product development and aims to expand its market area.

Implementing the strategy of specialization

In November 1998 the Cast Components Group

introduced a new centralized sales organization to sell the products of the production units in both Sweden and Finland.

This organization change transferred sales operations and customer account management from business units to group level. The purpose of this reorganization is to obtain a deeper understanding of customer needs and to make the specialist expertise of the group's units more readily available to customers.

In 1999 the group's Pietarsaari unit obtained approval to VDA 6.1 standards from DaimlerChrysler for its quality system. This raises Componenta to the status of strategic component supplier to DaimlerChrysler and makes possible closer cooperation between the companies. The group's Främmestad unit also obtained VDA 6.1 certification and the comparable automotive industry's QS 9000 certification during the year. Following these approvals collaboration has started briskly between the companies, and plans are underway to start production of new components at the Group's foundries and workshops during the spring of 2000.

In March 1999 the Cast Components Group received a major order for brake disks from the Swedish company Haldex. The brake disk components are casted at the Pori foundry and machined at the Åmål workshop. As deliveries reach the level estimated by the customer the contract will have an annual value of EUR 8 million.

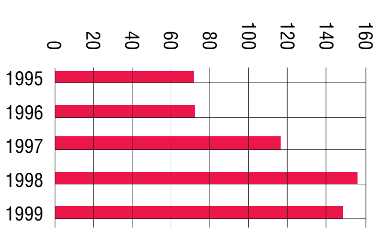
Difficult to keep uneven market under control

For the Cast Components Group 1999 was a difficult year. Volumes were down on the previous year and they fluctuated greatly during the year. The heavy truck industry started the year with low volumes, but after the first six weeks continued at record levels for the rest of the year. Volumes in the mechanical engineering industry fluctuated wildly. The markets in the machine construction industry picked up from the low level at the start of the year, but volumes fell again after the summer holiday period and continued at a low level for the rest of the year.

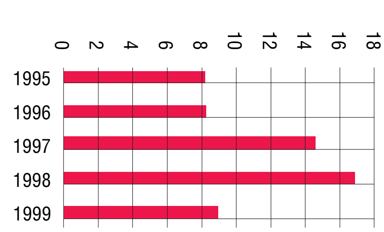
Changes in customer production resulted in lower production volumes in the logistics chains formed by the foundries. The production changes were partially due to the automotive industry changing from iron to aluminium as the production material for certain engine components.

Prospects are expected to improve as the mechanical engineering industry recovers. Demand in the heavy truck industry may decline slightly following a record year but should remain at a high level. The new contracts obtained by the group will also improve capacity usage in the plants.

Cast Components net sales, MEUR



Cast Components operating profit, MEUR



Cast Components key figures

	1999	1998
Net sales, MEUR	147.7	155.1
Sales outside Finland, %	71	72
Operating profit, MEUR	8.8	16.8
Orders received, MEUR	143.4	152.7
Average number of personnel	1,564	1,590

"The growth area for the Special Components Group is geared components. The increasing popularity of four-wheel drive vehicles in Europe creates excellent opportunities for us to increase our production. The next increase in production capacity for four-wheel drive system components is already underway."

Antti Lehtonen
Special Components Group

SPECIAL COMPONENTS GROUP

The Special Components Group contains six independent business units that are located in Sweden. Each of these units has focused on its own area of expertise. The major part of the group's net sales comes from deliveries of forged and geared components.

The group's customer base consists of the heavy truck and machine construction industries, manufacturers of construction equipment and the HEPAC industry. The Special Components Group has in total of about 450 personnel.

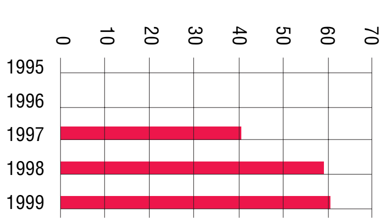
The Special Components Group was formed as the result of company acquisitions from the forges and component production of Asko Components and the steel and metal forges and geared component and wear part production of Componenta Industri AB.

A year of changes

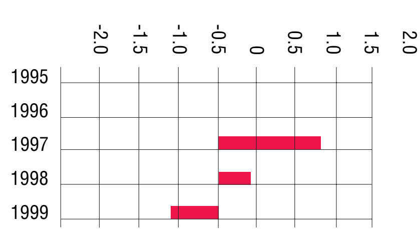
Operations were adjusted in the group's business units to reflect the lower demand from customers early in the year. Decisions on these actions were taken at the end of the previous year when the market situation became weaker. The markets were depressed during 1999 apart from the heavy truck industry. The operating result for the whole year was in red. Thanks to the group's rationalization measures and with an improvement in the market in the autumn, the operating result for the final quarter was slightly positive.

Deliveries of forged products fell by over 10 per cent from the previous year. This was due to the low volumes of forged products supplied to the heavy truck industry early in the year. The pressing line introduced at the Wirsbo Kolsva

Special Components net sales, MEUR

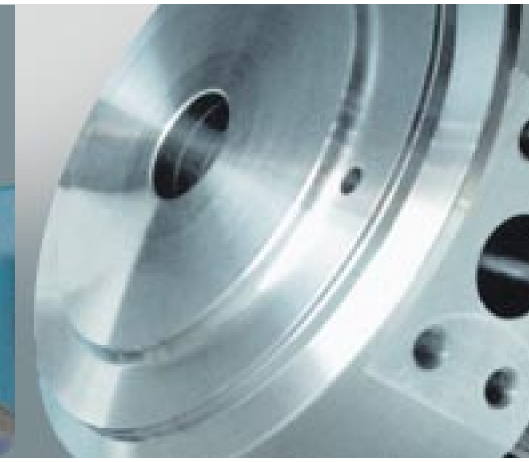


Special Components operating profit, MEUR



Special Components key figures

	1999	1998
Net sales, MEUR	60.2	58.7
Sales outside Finland, %	100	100
Operating profit, MEUR	-0.6	0.4
Orders received, MEUR	57.7	57.7
Average number of personnel	457	611



forge during the previous year met well the expectations: it resulted in higher production efficiency and increased the unit's opportunities for specialization. Work continues on developing the Wirsbo unit through modernization of production of forged components. At the end of the year the decision was taken on the first investments to support this pursuit.

In March the Special Components Group won a major contract from the Swedish company Haldex. Deliveries of four-wheel drive components for vehicles started at Componenta Albin and volumes grew during the year. The contract will have an annual value of EUR 4 – 6 million during the first years. The spread of four-wheel drive systems creates good opportunities for growth in component production. The production equipment at Albin is very suitable for making four-wheel drive components, and the unit is making its next expansion of capacity during the spring of 2000 to cope with growing demand.

During the summer, investments to the value of EUR 1.5 million were made in a new moulding line and sand system for metal castings at Componenta Traryd AB. This has significantly raised quality and capacity at the unit. Traryd's technology places it among the forerunners in its field at this time.

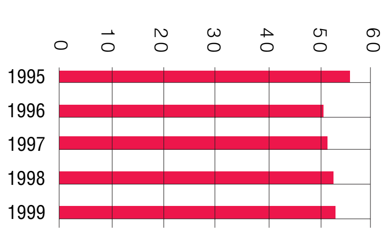
The civil engineering markets in which Componenta Wear Parts operates were stable during 1999. This business unit has specialized in the wear parts required in civil engineering and dredging. In 1999 it started sales and warehousing operations in Germany. In future the unit will focus more heavily on working with customers on product development. This will make it possible to raise its market share, which at present is small. Componenta Wear Parts AB is known around the world in its field for its proprietary systems.

The Special Components Group sells valves and filters for ships and industrial use and for HEPAC applications. In future the group will mainly look for growth in this field in the HEPAC industry.

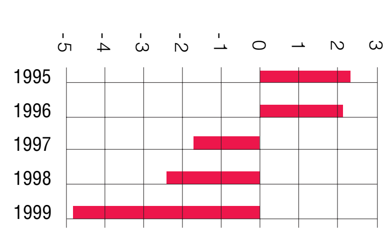
Rationalization at the Prometek engineering workshop was completed during the spring and the company's operations began to stabilize towards the end or the year. The result for the whole year was distinctly loss-making. The unit mainly supplies steering and gear transmission components for vehicles.

The Special Components business group will continue to clarify its structure in accordance with the Group's strategy of focusing on core expertise. Prospects for 2000 are on the whole positive.

SEW-Componenta net sales, MEUR



SEW-Componenta operating profit, MEUR



SEW-Componenta key figures

	1999	1998
Net sales, MEUR	53.1	52.6
Sales outside Finland, %	86	82
Operating profit, MEUR	-4.8	-2.4
Orders received, MEUR	47.8	53.3
Average number of personnel	540	559

”The sale of most of the operations of Santasalo resulted in the formation of a major manufacturer of large industrial gear units in Finland. SEW-Componenta will now concentrate on developing operations for medium-size gear units and on utilizing growth opportunities.”

Juha Heikinheimo
SEW-Componenta

SEW-COMPONENTA

SEW-Componenta specializes in the design and manufacture of industrial gear units for use in power transmission. Componenta Group owns 66 per cent and SEW-Eurodrive 34 per cent of the company’s shares.

In November a contract was signed to sell most of the operations of Santasalo to Metso Corporation. The name of the operations retained by Componenta was changed to SEW-Componenta, since the new owner also acquired the Santasalo name. SEW-Componenta consists of the Compact factory in Karkkila, the operations in China, the sales office in Asia and the factory in Minsk in Belarus.

SEW-Componenta launched the SEW-Eurodrive Compact series of gear units at the Hannover Fair in the spring, and sales of this series have performed according to plan during the year. The completion of this gear unit series brought to an end the investment programme to renew the product series and build production facilities world-wide.

The new gear unit series is positioned in the medium-size range and so fills in the gap between Santasalo’s large industrial gear units and SEW-Eurodrive’s geared motors. The gear units in the series are suitable for use in several industrial sectors. The main applications will be in conveying, hoisting and mixing equipment. The gear units are assembled from components at plants located in different parts of the world. Production of the components is concentrated in Finland. This new production method makes it possible to manufacture the gear units cost-effectively and keep delivery times short.

Sales unchanged in a depressed market

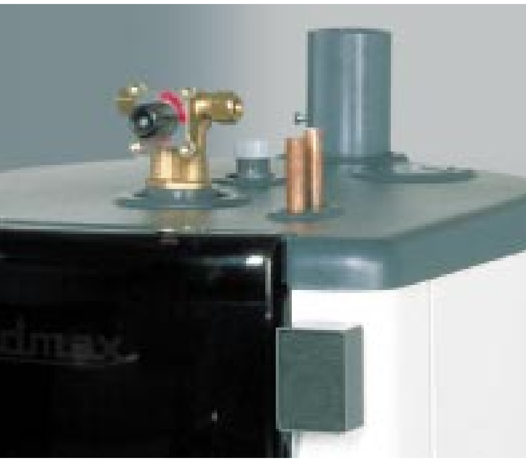
The markets for SEW-Componenta’s gear unit operations were depressed during 1999. However, invoicing reached the level of the previous year, but the operating loss increased. The renewal of the product palette and production equipment weakened the operational result.

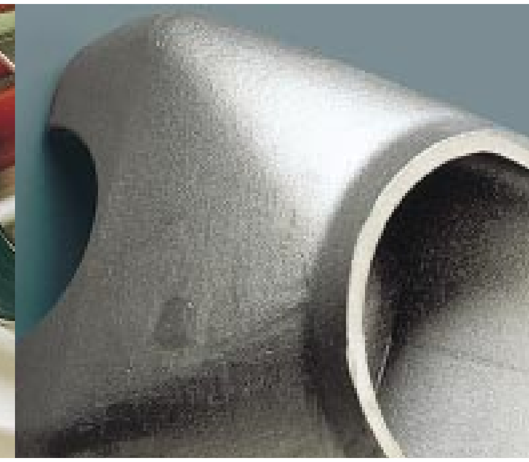
Only a few major investment projects started in the pulp and paper industry during the year. Signs of a slight recovery in investments were detectable in the final quarter of 1999. Demand for industrial gear units was also slack worldwide in other industrial sectors. The System Drives business area suffered particularly from low demand. Deliveries by Industrial Gear Units increased from the previous year thanks to growth in sales through SEW-Eurodrive. Service operations also managed to raise the volume of their business slightly from that of the previous year. Deliveries in Asia grew considerably, which helped the factory in China to make positive progress.

In future a major part of SEW-Componenta’s sales will take place in Asia. Deliveries from China are expected to continue to grow rapidly. Sales of SEW-Compact gear units are forecast to increase significantly.

SEW-Componenta’s main distribution channel will continue to be SEW-Eurodrive’s worldwide sales network.

ASSOCIATED COMPANIES





Thermia AB

Thermia AB was formed in 1998 by merging the business operations of Componenta Group's Heating Division and those of the Swedish company Thermia AB and its main owner BergslagsInvest AB. Thermia's main products are for producing heat and hot water, such as central heating boilers, accumulators, heat pumps and district heating substations. Most of the group's products are supplied to private homes in the Nordic countries.

Thermia Group also contains several engineering companies.

Distribution of sales is as follows: heat pumps and accumulators 50%, central heating boilers 30% and engineering companies 20%. Sales of heat pumps made positive progress during 1999, rising by over 10%. Sales of boilers, however, were slightly down on the previous year due to the state of the market in Sweden. Invoicing for the engineering companies increased by a quarter on the previous year.

JOT Aqua Oy

At the end of 1998 Componenta sold some of the operations of its Municipal Engineering Division to the newly established company JOT Aqua Oy, in which the French group Pont-A-Mousson has a majority holding. JOT Aqua specializes in municipal engineering products such as valves, pressure pipes, pipe fittings and products for the home such as drain and sewer systems. The company also sells in Finland the manhole covers made by the Harjavalta based company Nieminen Foundry.

About half of the sales is to municipal engineering sector and the other half to private construction. Net sales were up by approximately 2 per cent from 1998. Demand from private construction was good whereas investments in municipal sector were at a relatively low level.

Keycast Raahe Oy

Keycast Raahe Oy was established at the end of 1998 by merging the operations of Componenta Group's Ljungby steel foundry and those of Raahen Teräsvalimo Oy. The group's products are wear part components for earthmoving equipment, steel components for heavy trucks, buses, off-road equipment and paper and pulp industry machinery, and acid resistant steel castings such as components for process valves and pumps.

Invoicing from the Ljungby steel foundry, mainly to Swedish customers, accounted for 50% of the group's sales and Raahe's invoicing to Finnish customers for the rest. Weak demand in the Nordic machine construction sector was reflected in the group's sales, which fell by over 10% on those of the previous year.

Ulefos Niemisen Valimo AS

Ulefos Niemisen Valimo was formed on 1 October 1999 by merging the manhole cover production of Componenta Group's Nieminen Foundry with the operations of Ulefos Jernvaerk KS. The manhole cover production of Componenta Alvesta, as well as sales and warehouse operations in Sweden, were also transferred to the new company.

The company has a strong position in manhole covers and fittings casted from both grey iron and ductile iron in Sweden, Finland, Norway and Denmark. The group has a production capacity of 24,000 tonnes, which includes not only manhole covers but also some industrial castings. It is planned to transfer production of some of the industrial castings to Componenta Group foundries.

Pro Forma net sales for Ulefos Niemisen Valimo Group remained at the same level as the previous year. Construction of municipal engineering systems is less cyclical than other construction sectors, so net sales perform more evenly.

Key figures of the associated companies

Figures for Thermia AB, JOT Aqua Oy and Keycast Raahe Oy (based on operational, non-audited figures) and figures for Ulefos Niemisen Valimo Group (based on Pro Forma operational, non-audited figures)

	Thermia	Aqua	Keycast	Ulefos
Net sales, MEUR	46.1	12.4	16.8	27.0
Profit after financial items, MEUR	1.4	1.3	0.7	1.3
Personnel	440	40	200	300
Componenta's holding, %	29.9	30.0	50.0	50.0

SKILLED PERSONNEL

One of the most important goals for Componenta Group is the continuous improvement of operations and quality. The group's quality policy, which is based on TQM (Total Quality of Management) philosophy, extends to every level in the company, and all the members of the personnel share the responsibility for seeing it is carried out.

Quality management with TQM

Development activities at Componenta Group are based on the comprehensive TQM management philosophy, which enables the group to respond effectively to changes in its business environment and to customer requirements. The objective is to develop continuously and to systematize management methods and ways of operating throughout the group.

The main principles in the quality of management are:

- Customer-orientation
- Personnel participation in the ongoing improvement of operations
- Systematic management of processes based on knowledge and focusing development resources on key targets
- Full understanding of the system approach and of how processes depend on each other
- Networking and openness in learning from others

The goal in introducing TQM is through customer-orientation and continuous improvement of operations to increase the group's competitiveness. Another goal is to improve both job and customer satisfaction.

The introduction of TQM continued as planned during 1999. About 350 new people in the group were trained in the use of TQM tools. As a result various projects aiming to improve quality started in the business units. These included creating a system for the periodical planning procedures in the group, joint projects with customers to give better control of delivery chains, and numerous projects to improve product quality and cut through-put times. The projects made use of the skills and expertise of the company's own personnel.

Quality systems

Componenta Group's quality systems received certification to internationally recognized ISO 9001 standards many years ago. Work has continued in Componenta Group to develop quality systems so that they meet even more fully the growing requirements of customers. Key areas have been environmental issues and expanding the scope of the quality systems. The Cast Components Division has the goal of obtaining ISO 14001 environmental certification for all its units during 2000.

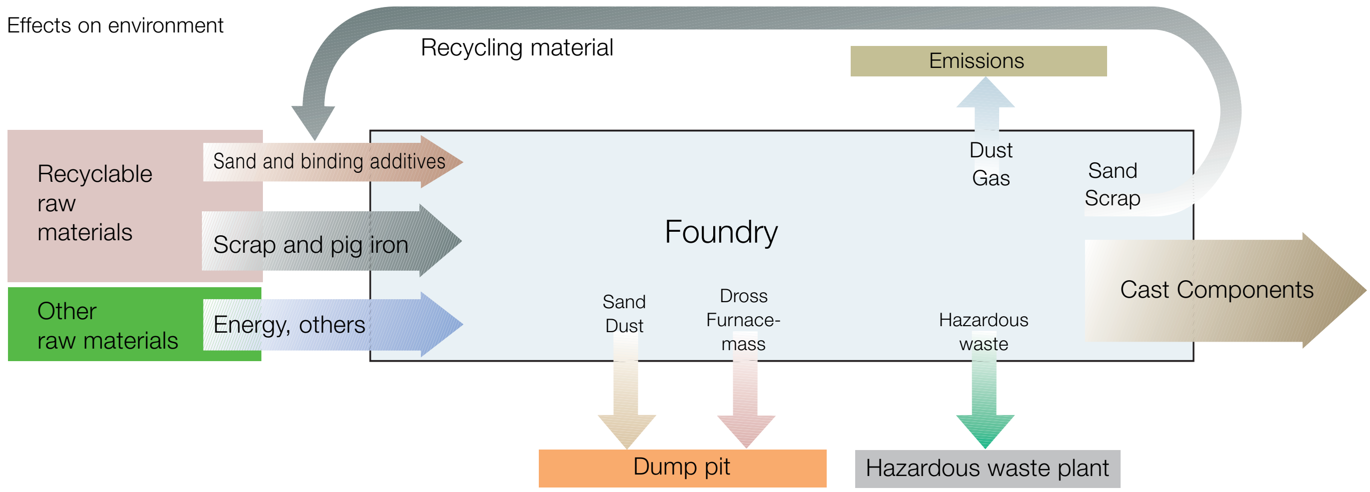
During 1999 the Pietarsaari unit in the Cast Components Division obtained VDA 6.1 approval for their quality system from DaimlerChrysler. Also the quality system at the Främmestad workshop obtained VDA 6.1 certification.

Highly skilled personnel in good health

Personnel that is highly skilled and has strength for their work is a major resource for the company. Through its activities to maintain fitness at work, Componenta Group aims to encourage personnel to develop themselves and the physical, mental and social well-being of their work community. The work brings together the group's management, personnel and occupational health staff to plan, carry out and evaluate ways to promote job satisfaction.

Various activities aimed at different areas have been carried out at work places. The work aims primarily to reduce absences caused by sickness and accidents, to support the employee's resources and health, and to improve the work of supervisory staff. Systematic work to maintain and improve work fitness, covering the entire group, aims to effectively control and reduce the risks related to the possible loss of work fitness.

THE ENVIRONMENT



Activities that benefit the environment are seen at the Componenta Group as an important part of quality and professional skill. Componenta is committed to the sustainable development of environmental conservation, guided by the needs and expectations of customers and other stakeholders.

The objective of Componenta Group is to control the environmental impact of manufacturing operations. Another important dimension of environmental conservation is to examine the entire life cycle of products and to aim at solutions that place the minimum possible load on the environment.

ISO 14001 standard at all business units by the end of the year

Studies have shown that Componenta's operations do not place a heavy load on the environment. The foundries use recycled iron scrap that is reused. The sand used in moulding is recycled in a closed system. The binding agents that are burnt during casting do place only an insignificant load on the environment.

Componenta Albin AB obtained Componenta Group's first ISO 14001 certification for its environmental management system in 1998. At present certified systems are also in use at the Pori, Älmhult and Osby units. Environmental management systems are being built at all the business units in the Componenta Group. The systematic development work going on in each unit and central monitoring of the projects will ensure that environmental management systems that meet 14001 standards will be applied in the units by the end of 2000.

The ISO 14001 standard creates the principles and guidelines for managing environmental issues in the group. The principle applied by the group in its decision making and when developing production methods is to utilize the best feasible technology when financially justified.

Environmental activities are important for the group

The main goals of environmental activities in the group are to reduce energy consumption and usage of materials, to control emissions and noise, to reduce the amount of waste and to sort waste for recycling and re-usage.

One of the means for developing and improving the group's internal environmental activities are the environmental balance sheets produced once a year by the business units. The environmental impact is monitored indirectly either by online measurements or with measurements taken at regular intervals. The environmental balance sheet and obtaining values for environmental issues help to determine the work to be done to reduce environmental impact.

Environmental activities are important for the group because:

- Applying the principles of sustainable development helps to discover potential for development
- Customers require their suppliers to have systematic activities to protect the environment
- We recognize our responsibility as a company and wish to look after our work environment and the environment in general as well as possible
- Environmental training promotes ergonomics and motivates people to develop their own work

REPORT BY THE BOARD OF DIRECTORS

Componenta Group's operations in 1999 were distinguished by the sharp changes in demand that took place during the year and by the sale of the main operations of Santasalo and of the manhole cover operations.

Demand for components for the heavy truck industry recovered quickly from a slack start to the year. After that, sales to the truck industry were strong throughout the year, apart from during the summer. In contrast, demand for machine construction components weakened during the year. Market fluctuations resulted in unequal loads and uneven production in Componenta Group companies, and in consequence the result, excluding profits from divested operations, was negative.

The adjustments of operations to reflect the forecast weaker demand were completed during the first half of the year. The measures taken led to a reduction of about 200 in the number of Group personnel and to the shut down of one production line at the Karkkila foundry. In the autumn, as sales to the heavy truck industry picked up, the number of operating shifts was increased at some production units.

The most significant of the business divestments was the sale of Santasalo's operations for large and medium-size industrial gear units to Metso Corporation. This arrangement created in Finland a major company, even by global standards, that focuses on industrial gear units. In manhole cover operations, the production of Nieminen Foundry was merged with the Norwegian company Ulefos in a joint venture in which Componenta has a fifty per cent holding. Following these divestments, Componenta focuses even more clearly on its core businesses. As a result of these arrangements the number of Group personnel fell by over 450 people. A sales profit of EUR 9,1 million (EUR 6,5 milllion in 1998) was recorded from the company divestments.

In December the extraordinary shareholders' meeting decided to change the company name from Santasalo-JOT Corporation to Componenta Corporation.

The Group had net sales of EUR 266.4 (297.9) million, an operating profit of EUR 12.6 (21.6) million and a profit after financial items of EUR 2.0 (11.7) million. The Board of Directors proposes to the Annual Shareholders' Meeting that a dividend of EUR 0.15 per share be paid, the equivalent of 55 per cent of the net profit per share.

Markets

Production volumes by manufacturers of heavy trucks reached again record high levels during the review year. The upgrading of truck fleets in Europe and strong demand worldwide were major factors in this. Nordic heavy truck manufacturers strengthened their market shares after a slack start to the year. The running down of stocks that had started the previous year continued for just over a month into the review year, which meant low delivery levels for Componenta Group. Demand for heavy truck components started to rise significantly in the spring and further strengthened towards the end of the year.

Major consolidation has taken and will take place in the heavy truck industry. The agreement announced in Sweden to merge Volvo and Scania will, when it takes place, mean that sales to the new group will account for more than a third of Componenta's net sales. This dependence on an ever smaller number of operators in the sector will increase, but on the other hand closer partnership will also bring new opportunities for component producers that are sufficiently large.

The development of new heavy truck models also creates challenges for Componenta. During the year the Group lost certain volumes of cast components for engines to aluminium, but again the launch of new products brought Componenta major new contracts.

Prospects in the machine construction sector weakened during the year. Nordic machine constructors have not succeeded in replacing the business lost through the economic crisis in South East Asia. The economy has started to recover in the region, but demand for capital expenditure goods has so far remained slack. Component deliveries to the mechanical engineering sector fell during the review year and total volumes were below those of the previous year.

The practice of outsourcing operations is also expected to spread among machine construction companies. Because of this, Componenta has increased production capacity for machined and finished components both at its own units and also by becoming a founder shareholder in a new mechanical engineering company established in Iisalmi.

The market for off-road equipment in Europe was strong during the review year. No improvement in demand for industrial gear units took place during 1999. Capital expenditure in many sectors, including the forest, steel and sugar industries, remained at a low level.

Changes in corporate structure

Componenta's manhole cover operations were merged with the operations of the Norwegian company Ulefos Jernvaerk KS on 1 October 1999. The new company formed, Ulefos Niemisen Valimo AS, is owned equally by Componenta and S.C.Cappelen ANS, the owner of Ulefos. This arrangement formed the leading Nordic company in the field, holding a strong market position in Norway, Finland, Sweden and Denmark. The company has net sales of about EUR 27 million and nearly 300 personnel.

Ulefos Niemisen Valimo AS has a total production capacity of 24,000 tonnes. It will manufacture manhole covers and fittings from both ductile and grey iron. Part of the company's production consists of tractor counterweights, which fit in well with the production process and in which the company has a strong position in Finland.

The selling price for the manhole cover operations was EUR 10.7 million and the sales profit was EUR 5.6 million.

In November the most of Santasalo's industrial gear unit operations was sold to Metso Corporation. The transaction covered the M, CN and Quatro gear unit series for industrial drives as well as the production plants in Finland, Germany and Canada and the service unit in Sweden. The transaction did not include the medium-size Compact product series developed jointly with SEW-Eurodrive. The transaction also did not include the component production and assembly plant for the Compact product series in Karkkila, the factory in China nor the sales and service operations in Asia.

The power transmission operations retained by Componenta had net sales of nearly EUR 10 million, but this is expected to grow rapidly. Componenta has a 66% holding in SEW-Componenta Ltd and SEW-Eurodrive has a 34% holding. The owners' strategy in this partnership is that Componenta is responsible for manufacturing and developing the SEW-Eurodrive Compact product series, and SEW-Eurodrive looks after assembly production outside Europe and global distribution.

The selling price for the main part of Santasalo was EUR 39.2 million, of which Componenta recorded a sales profit of EUR 3.5 million under other operating income.

During the year Componenta utilized its option to raise its holding in Thermia AB by about five per cent. This raised Componenta's holding to 29.9 per cent.

Changes in accounting principles

The accounting principles for the financial statements have been changed in 1999 so that only very exceptional transactions that are not related to business operations as well as one time items resulting from changes in the accounting principles are recorded under extraordinary items. Income or expenses from the sale of subsidiary companies or from the divesting of operations is recorded under other operating income or expenses.

Net sales and order book

The Componenta Group had net sales of EUR 266.4 million (EUR 297.9 million in the previous year). Net sales fell by 11 per cent, which was the consequence of the fall in production volumes from the previous year and of the sale of operations by the Group in 1998. Comparable net sales in 1998 were EUR 264.4 million.

Exports and foreign operations accounted for EUR 208.2 (223.4) million, which was 78% (75%) of net sales. The Group's order book stood at EUR 33.9 (53.1) million on 31 December 1999.

Net sales by business group were as follows: Cast Components EUR 147.7 (155.1) million, Special Components EUR 60.2 (58.7) million and SEW-Componenta (formerly Santasalo) EUR 53.1 (52.6) million.

Profits

The Group had an operating profit of EUR 12.6 (21.6) million, or 5% (7%) of net sales. The operating profit includes a sales profit of EUR 5.6 million recorded from the sale of manhole cover operations and a sales profit for Santasalo of EUR 3.5 million. The Group's financial expenses were EUR 10.5 (9.9) million. Financial expenses include exchange rate losses of EUR 1.5 million (gains of EUR 0.2 million). The profit after financial items was EUR 2.0 (11.7) million, or 1% (4%) of net sales. The Group's balance sheet total on 31 December 1999 was EUR 286.2 (316.6) million.

The profit for the year after financial items declined from the previous year. The reasons for this were the fall in volumes in main customer sectors from the previous year, uneven demand during the year and Santasalo's operating loss. One time expenses of EUR 3 million were recorded during the financial year in consequence of the restructuring measures.

The **Cast Components** business group had operationg profit of EUR 8.8 (16.8) million. The fluctuations in demand during the year hampered operations, particularly those of the foundries. Heavy truck manufacturers reduced their order levels at the end of 1998, and in consequence Componenta Group foundries adapted their operations in line with demand by reducing the number of personnel. The Zimmerman moulding line at the Karkkila works was closed down at the end of the summer. Demand for heavy truck components improved significantly during the spring and remained strong for the remainder of the year.

Demand in the mechanical engineering industry weakened during the second half of the year, with sales being 20 per cent lower than in the first half of the year. Demand at the group's engineering workshops was better than at the foundries, since a higher proportion of the workshops' sales are to the heavy truck industry. However, since the group was not able to take full advantage of the value chain formed by the foundries and workshops, the relative profitability of operations fell. The engineering shop operations lost jobs to aluminium, mainly for engine parts.

A new major contract was signed with the Haldex Group to supply brake disk components that are casted at the Pori foundry and machined at the Åmål machine shop. Production started during the review year and according to the terms of the contract production volumes will increase in the future.

Special Components made an operating loss of EUR 0.6 million (profit of EUR 0.4 million). Although positive advances were made in the group during the year, the losses made by three units in a difficult market situation made the result for the entire group negative.

Demand for geared components made positive progress and in the latter half of the year deliveries of four-wheel drive components increased significantly. A long-term partnership agreement was signed for component manufacturing between Componenta Albin and Haldex. The contract covers component supplies for five years with a total value of EUR 35 million.

Demand for forged components improved from the low level at the start of the year, but did not reach the high level of the previous year.

Sales of wear parts for the off-road industry were slack during the year. Changes in vehicle models meant that Prometek unit lost some old products and made an operating loss. However, the unit's operations were put on a stable footing in the latter half of the year.

SEW-Componenta, formerly Santasalo, made an operating loss of EUR 4.8 (2.4) million. Santasalo's figures are included in the consolidated income statement for the whole year, including those for the divested operations.

Demand for industrial gear units worldwide remained at a low level, but Santasalo succeeded in keeping its volumes at the level of the previous year. The Service business area increased its invoicing as service operations and small project deliveries increased on the previous year. Increased sales through SEW-Eurodrive also helped the Industrial Gears Units business area to increase its sales. In contrast deliveries of large gear units to key customers in the System Drives business area declined from the previous year. Santasalo's cost structure rose from the previous year as a result of the start up costs for manufacturing new products and increased depreciation, and because of the one time costs relating to the sale of operations.

Divested operations contributed EUR 0.8 (2.4) million to consolidated operating profit.

The associated companies Thermia AB, JOT Aqua Oy, Keycast Raahe Oy and Ulefos Niemisen Valimo AS contributed EUR 0.7 (0.3) million to the Group's operating profit.

Share capital

The share capital of Componenta Corporation was converted to euros following the decision made by the Annual Shareholders' Meeting on 11 February 1999. It was decided to make the nominal share value 2 euros. This was achieved by raising Componenta Corporation's share capital with a bonus issue of EUR 3.3 million. Following the bonus issue the share capital stands at EUR 20.6 million.

The price of Componenta shares stood at EUR 5.70 on 31 December 1999, when it had been EUR 5.37 on 1 January 1999. The share capital had a market value at the end of the review period of EUR 58.7 million. The volume of shares traded during the review period was equivalent to 39.6% of the share capital.

The company's Board of Directors has no authorization for any further share issues and is not authorized to buy back the company's shares.

Investments and development costs

Componenta's investments during the financial year totalled EUR 20.0 (31.8) million and made disposals of non-current assets of EUR 27.4 (6.5) million. EUR 11.9 million of the investments were used on production facilities. The largest single items were the EUR 1.5 million moulding line for metal castings at Componenta Traryd AB, EUR 1.2 million for SEW-Componenta's Compact product series, and EUR 0.7 million for the heat processing oven at the Wirsbo unit. Investments in non-current assets at associated companies totalled EUR 6.1 million.

The Group had development costs of EUR 2.0 (2.5) million, arising mainly from work on the SEW-Santasalo Compact product series. Development costs of EUR 0.8 (2,0) million were capitalized.

Financing

The Group's liquidity was good throughout the review year. As a result of the divestments, the group's equity ratio including the preferred capital notes rose to 37,9% from the previous year's level of 34,6%.

At the end of the financial year the Group had unused long-term committed credit facilities of EUR 60.1 million. The Group made active use of its EUR 40 million commercial paper programme during the year. The Group's interest-bearing net liabilities, excluding the EUR 22.7 million preferred capital notes, were EUR 114.1 (146.4) million.

Personnel and organization

The Group had 2,226 (2,771) employees on 31 December 1999. Of these 1,011 were in Finland, 1,087 in Sweden and 128 in other countries. The average number of employees during the year was 2,681 (2,981).

The decline in the number of personnel was due to the sale of Santasalo and the manhole cover operations and to the remedial action taken within the Group during the year.

Insider Guidelines

Componenta Corporation decided to implement the Guidelines for Insiders recommended by the Helsinki Exchanges HEX as from the beginning of December 1999.

Euro and Year 2000 projects

The Group started to use the euro as its accounting currency from 1 March 1999. The Group has handled most of its order processing, invoicing, monetary transactions and reporting in euros during the year.

The Group successfully carried out its Year 2000 Project. The project involved a thorough review of information management, machinery and other operations and ensuring that everything was ready for the year 2000.

Prospects for the year 2000

Different opinions exist about developments in 2000 in the heavy truck industry among both manufacturers and research institutes. Componenta's order books at the start of the year indicate that strong demand will continue at least for the next few months.

One purpose of the merger between the Swedish manufacturers Volvo and Scania is to obtain significant synergy benefits from component suppliers. As far as the products made by Componenta are concerned, major savings in costs can be achieved by standardizing the component models of the companies being merged, but it is estimated that this process will take several years.

The recovery in the Nordic mechanical engineering industry will probably take place in 2000. Production of machines and equipment will grow in both Sweden and Finland. The recovery is expected to mainly affect regular machine sales, while larger projects are estimated not to improve company order books until the latter half of the year.

Componenta's deliveries to the off-road sector are expected to remain at the level of the previous year. The anticipated strong investment activity in Europe will have a favourable impact on demand in the off-road industry.

The forecast changes in delivery volumes to different customer sectors will have a positive impact on Componenta's operations. The contracts signed with Haldex for brake disk and four-wheel drive components, among other things, will increase the Group's net sales from the previous year. The reduction in the number of loss-making business units compared to 1999 will improve the Group's operating profitability. Componenta Group is expected to have net sales in 2000 of over EUR 240 million. The profit after financial items should improve on 1999.

CONSOLIDATED INCOME STATEMENT 1.1.-31.12. 1 000 EUR

		1999	%	1998	%
NET SALES	*1*	**266,415**	100.0	297,934	100.0
Other operating income	*2*	**11,769**		8,151	
Other operating expenses	*3*	**247,034**		266,792	
Depreciation and write-down of non-current assets	*4*	**18,579**		17,658	
OPERATING PROFIT	*5*	**12,571**	4.7	21,636	7.3
Financial income and expenses	*6*	**-10,523**		-9,955	
PROFIT AFTER FINANCIAL ITEMS		**2,048**	0.8	11,681	3.9
Extraordinary items	*7*	**342**		0	
PROFIT AFTER EXTRAORDINARY ITEMS		**2,390**	0.9	11,681	3.9
Income taxes	*9*	**-566**		-3,553	
Conversion differences		**-20**		-5	
Minority interest		**1,325**		1,212	
PROFIT FOR THE FINANCIAL YEAR		**3,129**	1.2	9,334	3.1

1 EUR = 5,94573 FIM

CONSOLIDATED INCOME STATEMENT 1.1.-31.12. 1 000 FIM

	1999	%	1998	%
NET SALES	**1,584,032**	100.0	1,771,436	100.0
Other operating income	**69,975**		48,465	
Other operating expenses	**1,468,797**		1,586,271	
Depreciation and write-down of non-current assets	**110,466**		104,988	
OPERATING PROFIT	**74,744**	4.7	128,642	7.3
Financial income and expenses	**-62,567**		-59,192	
PROFIT AFTER FINANCIAL ITEMS	**12,177**	0.8	69,450	3.9
Extraordinary items	**2,033**		0	
PROFIT AFTER EXTRAORDINARY ITEMS	**14,210**	0.9	69,450	3.9
Income taxes	**-3,365**		-21,126	
Conversion differences	**-119**		-29	
Minority interest	**7,878**		7,205	
PROFIT FOR THE FINANCIAL YEAR	**18,604**	1.2	55,500	3.1

CONSOLIDATED BALANCE SHEET 31.12. 1 000 EUR

		1999	1998
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		**6,048**	4,767
Group goodwill		**26,651**	31,890
Tangible assets		**139,179**	160,708
Investments		**21,317**	15,092
	10	**193,195**	212,457
CURRENT ASSETS			
Inventories	*11*	**29,808**	37,110
Long-term receivables	*12*	**3,184**	4,359
Short-term receivables	*13*	**53,803**	51,491
Cash and bank accounts		**6,230**	11,191
		93,025	104,151
TOTAL ASSETS		**286,220**	316,608

CONSOLIDATED BALANCE SHEET 31.12. 1 000 FIM

	1999	1998
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	**35,960**	28,342
Group goodwill	**158,460**	189,612
Tangible assets	**827,521**	955,530
Investments	**126,745**	89,731
	1,148,685	1,263,215
CURRENT ASSETS		
Inventories	**177,230**	220,645
Long-term receivables	**18,931**	25,917
Short-term receivables	**319,898**	306,154
Cash and bank accounts	**37,042**	66,540
	553,102	619,256
TOTAL ASSETS	**1,701,787**	1,882,471

CONSOLIDATED BALANCE SHEET 31.12. 1 000 EUR

		1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		**20,599**	17,322
Share premium account		**34,914**	38,190
Legal reserve		**2,729**	2,679
Retained earnings		**13,914**	7,923
Profit for the financial year		**3,129**	9,334
Preferred capital notes		**22,705**	22,705
	15	**97,990**	98,154
MINORITY INTEREST		**10,393**	11,401
PROVISIONS	*18*	**0**	210
LIABILITIES			
Non-current liabilities	*20*	**88,109**	113,738
Deferred tax liability	*21*	**8,021**	8,311
Current liabilities	*22*	**81,707**	84,796
	19	**177,837**	206,844
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**286,220**	316,608

CONSOLIDATED BALANCE SHEET 31.12. 1 000 FIM

	1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	**122,476**	102,994
Share premium account	**207,589**	222,070
Legal reserve	**16,226**	15,926
Retained earnings	**82,727**	47,110
Profit for the financial year	**18,604**	55,500
Preferred capital notes	**135,000**	135,000
	582,622	583,600
MINORITY INTEREST	**61,794**	67,787
PROVISIONS	**0**	1,246
LIABILITIES		
Non-current liabilities	**523,872**	676,253
Deferred tax liability	**47,691**	49,413
Current liabilities	**485,808**	504,172
	1,057,371	1,229,838
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,701,787**	1,882,471

PARENT COMPANY INCOME STATEMENT 1.1.-31.12. 1 000 EUR

		1999	1998
NET SALES	*1*	**2,227**	1,069
Other operating income	*2*	**420**	319
Other operating expenses	*3*	**2,346**	3,560
Depreciation and write-down of non-current assets	*4*	**47**	46
OPERATING PROFIT		**255**	-2,218
Financial income and expenses	*6*	**-9,274**	1,209
PROFIT AFTER FINANCIAL ITEMS		**-9,019**	-1,009
Extraordinary items	*7*	**7,694**	4,704
PROFIT AFTER EXTRAORDINARY ITEMS		**-1,325**	3,694
Change in untaxed reserves	*8*	**0**	-21
Income taxes	*9*	**2,520**	285
PROFIT FOR THE FINANCIAL YEAR		**1,195**	3,958

PARENT COMPANY BALANCE SHEET 31.12. 1 000 EUR

		1999	1998
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		**134**	159
Tangible assets		**314**	142
Investments		**37,669**	44,579
	10	**38,117**	44,880
CURRENT ASSETS			
Long-term receivables	*12*	**139,763**	151,187
Short-term receivables	*13*	**21,078**	11,389
Cash and bank accounts		**3,080**	6,738
		163,921	169,314
TOTAL ASSETS		**202,037**	214,194
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		**20,599**	17,322
Share premium account		**34,743**	38,020
Retained earnings		**1,695**	769
Profit for the financial year		**1,195**	3,958
Preferred capital notes		**22,705**	22,705
	15	**80,938**	82,774
UNTAXED RESERVES	*17*	**32**	32
LIABILITIES			
Non-current liabilities	*20*	**90,234**	88,525
Current liabilities	*22*	**30,833**	42,862
	19	**121,067**	131,388
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**202,037**	214,194

CASH FLOW STATEMENTS 1.1.-31.12. 1 000 EUR

	CONSOLIDATED		PARENT COMPANY	
	1999	**1998**	**1999**	**1998**
CASH FLOW FROM OPERATIONS				
Profit/loss before extraordinary items	**2,048**	11,681	**-9,019**	-1,009
Depreciation according to plan	**18,579**	17,658	**47**	46
Unrealized exchange rate gains and losses	**219**	670	**-3,260**	3,964
Other income and expenses, with no cash payment	**-2,736**	1,161	**114**	549
Financial income and expenses	**10,304**	9,285	**12,534**	-5,173
Gains and losses from the sale of non-current assets	**-9,284**	-6,657	**-12**	0
Other adjustments	**-1,748**	-344	**-**	-
Cash flow before change in net working capital	**17,382**	33,453	**404**	-1,623
Change in net working capital				
Current non-interest bearing receivables, increase (-)/decrease (+)	**4,925**	-3,047	**-6,816**	1,464
Inventories, increase (-)/decrease (+)	**7,302**	336	-	-
Current non-interest bearing liabilities, increase (+)/decrease (-)	**1,517**	-8,299	**-680**	-671
Cash flow from operating activities before financing and income taxes	**31,126**	22,444	**-7,092**	-830
Paid interest and other financial expenses	**-10,912**	-13,522	**-17,131**	-5,730
Dividends received	**31**	26	**67**	346
Interest income received	**824**	2,889	**7,862**	12,413
Income taxes paid	**-643**	-2,123	**-472**	-1,545
Cash flow before extraordinary items	**20,426**	9,713	**-16,766**	4,654
Net cash flow from extraordinary items	**-**	-	**10,686**	6,533
CASH FLOW FROM OPERATIONS (A)	**20,426**	9,713	**-6,080**	11,187
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	**-13,720**	-25,679	**-209**	-102
Proceeds from tangible and intangible assets	**23,324**	10,264	**16**	56
Loans granted	-	-2,150	**-**	-43,301
Investments in shares and other investments	**-6,265**	-6,115	**-125**	-3,305
Repayments of loan receivables	**1,175**	-	**11,424**	-
Proceeds from other investments	**1,734**	6,521	**47**	-
CASH FLOW FROM INVESTMENTS (B)	**6,248**	-17,159	**11,153**	-46,652
CASH FLOW FROM FINANCING OPERATIONS				
Share issue	**-**	30	**-**	30
Draw-downs of current loans	**-**	12,382	**-**	13,753
Repayments of current loans	**-3,975**	-	**-8,418**	-
Draw-downs of non-current loans	**-**	3,627	**2,718**	29,128
Repayments of non-current loans	**-24,620**	-	**-**	-
Dividends paid	**-3,040**	-3,473	**-3,031**	-3,462
CASH FLOW FROM FINANCING OPERATIONS (C)	**-31,635**	12,566	**-8,731**	39,449
Change in cash and bank accounts (A + B + C) increase (+)/decrease (-)	**-4,961**	5,119	**-3,658**	3,984
Cash and bank accounts at beginning of period	**11,191**	6,072	**6,738**	2,754
Cash and bank accounts at end of period	**6,230**	11,191	**3,080**	6,738
Change during the period	**-4,961**	5,119	**-3,658**	3,984

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

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

The consolidated financial statements of Componenta Group have been prepared in euros. The accounting currency for the parent company and Finnish subsidiaries is euro.

The financial statements for foreign subsidiaries have been grouped so that they correspond to the Finnish Accounting Act.

The financial year for all group companies ended on 31 December 1999.

Scope of 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. Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of acquisition, and subsidiaries sold during the financial year are included up until the date of sale.

The consolidated financial statements do not include figures for Conveyor Drives Minsk (Belarus) nor for certain small non-operational subsidiaries. These companies do not have any effect on the group's distributable equity.

Based on the shareholder agreement, the consolidated financial statements include 65.6% of the figures for SEW-Componenta (Tianjin) Co Ltd, in which the group has a 37.8% holding,

Associated companies are companies in which the group holds shares with 20% to 50% of the voting rights. The consolidated financial statements do not include certain small associated companies since the amounts concerned are insignificant. The non-consolidated associated companies do not affect the group's distributable equity.

Principles for consolidation

The consolidated financial statements are prepared according to the acquisition cost method. The excess of the acquisition cost of the shares of the subsidiaries over the shareholders' equity acquired is partly allocated to the non-current assets and the remainder is presented as group goodwill. On 31 December 1999 goodwill allocated to machinery and equipment under non-current assets totalled EUR 11.2 million.

Group goodwill is amortized according to plan on a straight-line basis. The depreciation period for the goodwill arising from the purchase of the shares of Componenta Industri AB in 1997 is 20 years and for the goodwill arising from the purchase of other subsidiaries is in most cases 10 years.

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 under other operating income in the income statement. The difference between the acquisition cost of shares and the group's share of the shareholders' equity of associated companies and of the accumulated untaxed reserves less deferred tax liability (goodwill) is depreciated over ten years. Depreciation of goodwill from associated companies is recorded in the share of profit/loss of associated companies. 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 the associated companies and the accumulated depreciation of goodwill.

Foreign subsidiaries and conversion differences

The income statements of foreign subsidiaries are converted into euros using the average exchange rates for the accounting period. Balance sheet items are converted into euros at the European Central Bank's average exchange rate on the closing day.

The conversion difference arising in converting the income statement and balance sheet using the different exchange rates is entered under conversion differences in the shareholders' equity. Conversion differences caused by changes in exchange rates when consolidating the shareholders' equity of subsidiaries have been recorded under shareholders' equity.

Loans in foreign currency are used in hedging the shareholders' equity of foreign subsidiaries with the equity hedging method. Exchange rate differences for these loans are recorded net in the consolidated balance sheet as conversion differences under shareholders' equity.

Intra-group transactions

Intra-group transactions have been eliminated, as has the internal margin included in the inventories of group companies. Intra-group receivables and liabilities have also been eliminated.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate on the transaction date. Fixed conversion rates are used for transactions between euro area currencies.

The foreign currency receivables and liabilities of the parent company and Finnish subsidiaries are converted into euros at the European Central Bank's average exchange rate on the last day of the year. The foreign currency receivables and liabilities of foreign group companies are converted at the exchange rate in the country concerned on the last day of the year. Any resulting exchange rate differences are recorded appropriately in the income statement as sales or purchasing adjustments or as financial items. Receivables and liabilities in euro area currencies are converted into euros using fixed conversion rates.

Foreign exchange and interest rate derivatives

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 have been recorded in the income statement simultaneously with the commitment 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.

Minority interest
Minority interest is calculated as the minority shareholders' share of the result for the financial period and of the shareholders' equity of subsidiary companies.

Net sales
Indirect taxes, discounts given and exchange rate differences for sales have been deducted from sales income when calculating net sales.

Freight charges and other costs relating to sales as well as credit losses are included in other operating costs.

Other operating income
Other operating income includes income from the divesting of operations. Sales losses from the divestments of operations are correspondingly entered under operating expenses.

Extraordinary items
Extraordinary items include changes in deferred tax liabilities and assets for previous financial years that are due to the change in accounting principles.

Parent company extraordinary items also include group contributions received and taxes relating to these.

Direct taxes, deferred tax liabilities and assets
Consolidated direct taxes include direct taxes based on the taxable result of group companies, calculated according to local tax regulations, and the change in deferred tax liabilities and assets.

Deferred tax assets for confirmed losses or for losses in the financial period have only been recognized to the extent that it is probable that they will be utilized. Taxes include taxes paid for the period and taxes for previous periods that have been due for payment or refund.

Deferred tax liabilities for untaxed reserves are calculated for Finnish companies using a tax rate of 29% and for Swedish companies a rate of 28%. The change in deferred tax liabilities due to the change in the tax rate is recorded in the income statement.

Deferred tax liabilities calculated from the revaluation of non-current assets are stated in a note to the financial statements.

Taxes on group contributions recorded under extraordinary items in individual companies are included in extraordinary items.

Non-current assets and depreciation
Non-current assets are recorded in the balance sheet at their direct acquisition cost less planned depreciation. In addition, certain buildings include revaluations made in previous years, and depreciation is not made on these revaluations.

Planned depreciation is calculated on a straight line basis on the original acquisition cost, based on the estimated useful economic life, as follows:

capitalized development costs	5 years
intangible rights	3-10 years
group goodwill	10-40 years
other capitalized expenditure	3-10 years
buildings and structures	40 years
computing equipment	3-5 years
other machinery and equipment	10-25 years
other tangible assets	5-10 years

Depreciation of group goodwill allocated to non-current asset items takes place according to the planned depreciation schedule for the item in question.

Leasing
Leasing payments are treated as rental expenses. The group has no significant finance leasing contracts. Unpaid payments based on leasing agreements are presented under contingent liabilities.

Capitalized development costs
Capitalized development costs for the completely new product series of industrial gear units have been capitalized in the balance sheet. The planned depreciation period for these costs is 5 years. Other development costs are recorded as expenses for the period.

Inventories
The acquisition cost of inventories includes indirect purchasing and manufacturing costs. Inventories are valued at the lowest of the acquisition cost, the replacement price or the probable sale price.

The use of inventories is entered according to the FIFO principle.

Pension obligations
Pension coverage for employees of group companies in Finland is provided through insurance schemes in line with statutory arrangements. The schemes are funded through payments to an insurance company. According to an agreement made with the pension insurance company, the group 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.

Foreign subsidiaries operate pension schemes in accordance with local practice and legislation.

Untaxed reserves
In the parent company and the financial statements of Finnish and Swedish subsidiaries, 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.

In the consolidated balance sheet, untaxed reserves are allocated to shareholders' equity and the deferred tax liability. The change in untaxed reserves for the period is allocated in the income statement to the result for the period and to the change in the deferred tax liability.

Untaxed reserves recorded under consolidated shareholders' equity are not distributable funds.

NOTES TO THE FINANCIAL STATEMENTS

Figures are in thousands of euros unless otherwise stated

NOTES TO THE INCOME STATEMENT

	CONSOLIDATED		PARENT COMPANY	
	1999	**1998**	**1999**	**1998**
1. Net sales by georaphical market area and by business group				
By geographical market area, MEUR				
Finland	58.2	74.5	2.2	1.1
Other Scandinavian countries	117.9	134.1	-	-
North America	15.7	17.9	-	-
Central Europe	56.6	53.6	-	-
Other countries	18.1	17.9	-	-
Total	266.4	297.9	2.2	1.1
By business group, MEUR				
Cast Components	147.7	155.1	-	-
Special Components	60.2	58.7	-	-
Industrial gears	53.1	52.6	-	-
Divested operations	4.7	33.5		
Others and internal sales	0.6	-2.0	2.2	1.1
Total	266.4	297.9	2.2	1.1
2. Other operating income				
Rental income	608	764	408	317
Profit from sales of non-current assets	209	136	12	2
Compensations	1,287	-	-	-
Profit from sale of shares and divested operations	9,074	6,521	-	-
Other operating income	100	393	-	-
Share of profit/loss of associated companies	491	336	-	-
Total	11,769	8,151	420	319
3. Operating expenses				
Change in inventory of finished goods and work in progress	-232	-4,061	-	-
Production for own use	-28	-773	-	-
Materials, supplies and products				
Purchases during the financial year	85,415	95,820	-	-
Change in inventories	-302	-1,778	-	-
Total	85,113	94,042	-	-
External services	17,461	22,339	-	-
Personnel expenses*	94,449	105,004	863	736
Other operating expenses				
Rents	5,903	6,465	497	505
Expenses for closing down of operations	-	249	-	-
Other operating expenses	44,369	43,526	986	2,318
Total	50,272	50,240	1,483	2,824
Total operating expenses	247,034	266,792	2,346	3,560
*Personnel expenses and average number of personnel				
Wages and salaries	71,801	85,771	676	553
Pensions and pension insurance payments	10,486	7,975	169	149
Other personnel expenses	12,162	11,258	18	35
	94,449	105,004	863	736
Remuneration to members of Boards of Directors and managing directors	1,901	1,757	56	43

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

Average number of personnel by business group				
Cast Components	1,564	1,590	-	-
Special Components	457	611	-	-
Industrial Gears	540	559	-	-
Other	120	221	14	12
Total	2,681	2,981	14	12

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
4. Depreciation and write-down of non-current assets				
Intangible assets				
Capitalized development costs	466	132	-	-
Intangible rights	129	96	-	-
Goodwill	23	26	-	-
Group goodwill	2,684	2,590	-	-
Other capitalized expenditure	936	884	20	22
	4,238	3,728	20	22
Tangible assets				
Buildings and structures	1,166	1,016	-	-
Machinery and equipment	13,089	12,806	27	24
Other tangible assets	86	108	-	-
	14,341	13,930	27	24
Total depreciation and write-down of non-current assets	18,579	17,658	47	46
5. Operating profit by business group, MEUR				
Cast Components	8.8	16.8		
Special Components	-0.6	0.4		
Industrial Gears	-4.8	-2.4		
Divested operations	0.8	2.4		
Other and internal items	8.3	4.3		
Total	12.6	21.6		
6. Financial income and expenses				
Financial income				
Dividend income				
Dividends from group companies	-	-	38	325
Other dividends	31	26	29	21
	31	26	67	346
Interest and other financial income				
Interest and other financial income from group companies	-	-	10,702	8,326
Interest income and other financial income	730	3,591	33	3,217
	730	3,591	10,735	11,543
Write-down of investments in non-current assets	-	-	-7,000	-
Interest expenses and other financial expenses				
Interest expenses to group companies	-	-	-101	-3,618
Interest expenses and other financial expenses	-11,284	-13,572	-12,975	-7,062
	-11,284	-13,572	-13,076	-10,680
Total financial income and expenses	-10,523	-9,955	-9,274	1,209
Financial income and expenses include net exchange rate gains and losses				
From group companies	-	-	5,482	-3,548
From others	-1,459	183	-6,189	3,058
	-1,459	183	-707	-490
7. Extraordinary items				
Extraordinary income				
Group contribution received	-	-	10,686	6,533
Deferred tax assets from consolidation in previous years	342	-	-	-
	342	-	10,686	6,533
Income taxes on extraordinary items	-	-	-2,992	-1,829
Total extraordinary items	342	-	7,694	4,704

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
8. Change in untaxed reserves				
Change in accelerated depreciation				
Other capitalized expenditure	-	-	-	-1
Machinery and equipment	-	-	-	-20
Total change in accelerated depreciation	-	-	-	-21
9. Income taxes				
Income taxes for the financial year	-573	-2,019	-472	-1,545
Income taxes for previous financial years	-70	-103	-	-
Change in deferred tax liabilities	510	-2,746	-	-
Change in deferred tax assets	-433	1,316	-	-
Total	-566	-3,553	-472	-1,545
Income taxes on extraordinary items	-	-	2,992	1,829
Total income taxes	-566	-3,553	2,520	285

NOTES TO THE BALANCE SHEET

10. Non-current assets

Consolidated

Intangible assets	Capitalized development costs	Intangible rights	Goodwill	Other capitalized expenditure	Advance payments	Group goodwill	1999 total	1998 total
Acquisition cost in the beginning of the year	1,140	833	1,177	7,471	58	40,357	51,036	50,301
Increase	296	390	-	784	11	-	1,481	1,379
Decrease	-110	-282	-1,866	-1,866	-69	-4,946	-9,139	-227
Reclassification	2,633	-94	689	469	-	-	3,697	35
Conversion difference	-	-	-	227	-	590	817	-452
Acquisition cost at year end	3,959	847	0	7,085	0	36,001	47,892	51,036
Accumulated depreciation in the beginning of the year	-132	-526	-1,132	-4,123	-	-8,467	-14,380	-9,892
Accumulated depreciation on decrease and reclassification	-669	280	1,155	858	-	1,652	3,276	-759
Conversion difference	-	-	-	-	-	149	149	-
Depreciation during the year	-466	-129	-23	-936	-	-2,684	-4,238	-3,728
Accumulated depreciation at year end	-1,267	-375	0	-4,201	-	-9,350	-15,193	-14,379
Book value at year end	2,692	472	0	2,884	0	26,651	32,699	36,657

The capitalized development costs consist of development costs for the new product series for industrial gears. The unfinished part of the development costs is included in "Advance payments and construction in progress" in "Tangible assets". The capitalization of development costs is in accordance with the decision of the Finnish Ministry of Trade and Industry. The development costs will be depreciated in 5 years.

Tangible assets	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	1999 total	1998 total
Acquisition cost in the beginning of the year	3,715	65,834	142,478	798	5,343	218,168	210,466
Increase	38	983	8,608	163	2,447	12,239	24,299
Decrease	-238	-9,405	-29,332	-44	-1,529	-40,548	-9,802
Reclassification	369	211	1,339	-367	-5,249	-3,697	-35
Conversion difference	49	914	8,417	-	29	9,409	-6,760
Acquisition cost at year end	3,933	58,537	131,510	550	1,041	195,571	218,168
Accumulated depreciation in the beginning of the year	-	-6,830	-50,261	-368	-	-57,459	-49,114
Accumulated depreciation on decrease and reclassification	-	597	18,439	181	-	19,217	4,318
Conversion difference	-	-293	-3,520	3	-	-3,810	1,267
Depreciation during the year	-	-1,166	-13,089	-86	-	-14,341	-13,930
Accumulated depreciation at year end	-	-7,692	-48,431	-270	-	-56,393	-57,459
Book value at year end	3,933	50,845	83,079	280	1,041	139,179	160,708

The figures in tangible assets include the following revaluations:

	Land areas	Build-ings	1999 total	1998 total
In the beginning of the year	673	27,428	28,101	27,765
Increase	-	-	-	837
Decrease	-	-505	-505	-501
At year end	673	26,923	27,596	28,101

Deferred tax liabilities on revaluations	
31.12.1999	6,763
31.12.1998	6,530
Book value of production machinery and equipment	
31.12.1999	61,744
31.12.1998	78,384

Investments

	Shares in associated companies	Other shares	1999 total	1998 total
Acquisition cost in the beginning of the year	12,568	2,525	15,093	4,113
Increase	6,100	165	6,265	7,387
Decrease	-34	-116	-150	-264
Reclassification	-	-	-	3,857
Acquisition cost at year end	18,634	2,574	21,208	15,093
Accumulated share of profit/loss and decrease	-1	-	-1	-317
Dividends received	-130	-	-130	-
Conversion difference	108	60	168	-20
Other decrease	-421	-	-421	-
Share of profit/loss for the financial year	491	-	491	336
Book value at year end	18,681	2,634	21,317	15,092

Shares subject to public trading in “Investments” under “Non-current assets”	
Market value 31.12.1999	1,035
Book value 31.12.1999	896

Parent company

Intangible assets

	Other capitalized expenditure	Advance payments	1999 total	1998 total
Acquisition cost in the beginning of the year	154	57	211	162
Increase	-	11	11	58
Decrease	-16	-	-16	-8
Reclassification	68	-68	0	-
Acquisition cost at year end	206	0	206	212
Accumulated depreciation in the beginning of the year	-52	-	-52	-30
Accumulated depreciation on decrease and reclassification	-	-	-	-
Depreciation during the year	-20	-	-20	-22
Accumulated depreciation at year end	-72	0	-72	-53
Book value at year end	134	0	134	159

Tangible assets

	Land and water areas	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	1999 total	1998 total
Acquisition cost in the beginning of the year	-	186	16	5	207	163
Increase	25	20	66	87	198	44
Decrease	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Acquisition cost at year end	25	206	82	92	405	207
Accumulated depreciation in the beginning of the year	-	-65	-	-	-65	-42
Accumulated depreciation on decrease and reclassification	-	-	-	-	-	-
Depreciation during the year	-	-27	-	-	-27	-24
Accumulated depreciation at year end	-	-92	-	-	-92	-66
Book value at year end	25	114	82	92	314	142

Investments

	Shares in associated companies	Other shares	Shares in subsidiaries	1999 total	1998 total
Acquisition cost in the beginning of the year	841	1,168	42,569	44,579	41,321
Increase	-	104	21	125	3,310
Decrease	-	-35	-	-35	-52
Acquisition cost at year end	841	1,238	42,590	44,669	44,579
Accumulated write-downs	-	-	-	-	-
Write-downs for the financial year	-	-	-7,000	-7,000	-
Book value at year end	841	1,238	35,590	37,669	44,579

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
11. Inventories				
Raw materials and supplies	12,133	12,806	-	-
Work in progress	5,476	11,730	-	-
Finished goods	12,173	12,506	-	-
Advance payments	26	68	-	-
Total	29,808	37,110	-	-
12. Long-term receivables				
From group companies				
Loan receivables	-	-	138,048	149,308
From associated companies				
Loan receivables	2,039	2,142	1,715	1,879
Other long-term receivables				
Loan receivables	1,042	659	-	-
Other long-term receivables	103	1,557	-	-
	1,145	2,217	-	-
Total long-term receivables	3,184	4,359	139,763	151,187

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
13. Short-term receivables				
From group companies				
Trade receivables	-	-	1,089	2,385
Other current receivables	-	-	12,167	6,533
Prepaid expenses and accrued income	-	-	3,582	50
	-	-	16,838	8,968
From associated companies				
Trade receivables	229	-	-	-
Loan receivables	2,098	147	-	9
	2,327	147	-	9
Other short-term receivables				
Trade receivables	33,100	32,395	480	22
Loan receivables	1,086	1,132	964	104
Other current receivables	11,183	13,274	1,425	958
Deferred tax assets	1,288	1,316	-	-
Prepaid expenses and accrued income	4,819	3,227	1,371	1,327
	51,476	51,344	4,240	2,412
Total short-term receivables	53,803	51,491	21,078	11,389
Breakdown of prepaid expenses and accrued income				
Exchange rate gains from intra-group loans	-	-	3,558	670
Periodization of arrangement fees for liabilities	298	369	298	369
Other exchange rate gains	-	670	-	-
Accrued interest income	19	113	41	56
Periodization of pension expenses	971	606	-	279
Periodization of income taxes	1,400	-	997	-
Other	2,131	1,469	58	3
	4,819	3,227	4,952	1,377
Loans granted to managing directors and members of the Boards of Directors of Group companies	-	20	-	-
Deferred tax assets				
From consolidation	244	-	-	-
From losses by group companies	1,044	1,316	-	-
	1,288	1,316	-	-
Change in deferred tax assets				
In taxes for the financial year				
From consolidation	-161			
From losses by group companies	-272			
Total	-433			
Transfer from deferred tax liabilities	63			
Change in deferred tax assets from consolidation in previous years in extraordinary items	342			
Change in balance sheet during the financial period	-28			

14. Share capital, share options, bonds with warrants and convertible bonds

The company's share capital on 31 December 1999 stood at EUR 20,598,820 and was divided into 10,299,410 shares, each of which carries one vote. The shares have a nominal value of 2 euros. At the end of the financial year, the company had issued share options, bonds with warrants and convertible bonds with entitlement to the following subscriptions (subscription terms are given in note 23).

	Number of shares	Holding%
Bonds with warrants 1997	600,000	5.42%
Convertible bonds 1998	64,000	0.58%
Share options 1998	100,000	0.90%
	764,000	6.91%
Number of shares including warrants, share options and convertible bonds	11,063,410	100.00%

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
15. Shareholders' equity				
Share capital 1 Jan.	17,322	17,310	17,322	17,310
Conversion of bonds with warrants	-	13	-	13
Bonus issue	3,276	-	3,276	-
Share capital 31 Dec.	20,599	17,322	20,599	17,322
Share premium account 1 Jan.	38,190	38,909	38,020	38,002
Issue premium	-	17	-	17
Change in minority interest	-	-736	-	-
Bonus issue	-3,276	-	-3,276	-
Share premium account 31 Dec.	34,914	38,190	34,743	38,020
Legal reserve 1 Jan.	2,679	2,655	-	-
Issue premium	-	-	-	-
Transfer from retained earnings	315	33	-	-
Transfer to cover retained losses	-342	-	-	-
Change in minority interest	65	-	-	-
Conversion difference +/-	12	-9	-	-
Legal reserve 31 Dec.	2,729	2,679	-	-
Retained earnings 1 Jan.	17,257	10,680	4,727	4,231
Dividends paid	-3,040	-3,473	-3,031	-3,462
Conversion difference +/-	-151	125	-	-
Change in minority interest	-179	625	-	-
Transfer to legal reserve	-315	-33	-	-
Transfer from legal reserve to cover retained losses	342	-	-	-
	13,914	7,923	1,696	769
Profit for the financial year	3,129	9,334	1,195	3,958
Preferred capital notes	22,705	22,705	22,705	22,705
Total shareholders' equity	97,990	98,154	80,938	82,774
Equity in untaxed reserves	12,851	13,934	-	-
Distributable funds in shareholders' equity	3,933	3,323	2,891	4,727

16. Preferred capital notes

The loans are for EUR 12.6 million (FIM 75 million) and EUR 10.1 million (FIM 60 million). The notes are dated 19 March 1997 and 12 December 1997 and both loans mature on 18 March 2004. The preferred capital notes will be repaid on the maturity date only if, after repayment of the notes, Componenta Corporation and the Group have full cover for their respective restricted equity. If the conditions for repayment are not met, the loan period will be extended by one year at a time.
The loans carry interest of 9% p.a. If the loans are not repaid on the maturity date, the interest rate thereafter shall be 5% above the 12 month Euribor. The interest paid annually shall not exceed the distributable non-restricted equity of Componenta Corporation or the Group. Any unpaid interest shall remain a liability of the company.
The preferred capital notes rank junior to the Company's other debt commitments.
The loans are not secured.
Accrued interest on the loans at 31 December 1999 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

17. Untaxed reserves and deferred tax liabilities

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Accelerated depreciation				
Other capitalized expenditure	-	-	12	12
Machinery and equipment	-	-	20	20
	-	-	32	32

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Untaxed reserves	28,310	29,681	-	-
Equity elimination of acquired subsidiaries	-6,313	-7,024	-	-
Minority interest	-153	-412	-	-
Conversion difference	-972	-	-	-
Deferred tax liabilities	-8,021	-8,311	-	-
Equity in untaxed reserves	12,851	13,934	-	-
Deferred tax liabilities	8,021	8,311	-	-

The deferred tax liabilities of Swedish subsidiaries are calculated with a tax rate of 28 per cent. The deferred tax liabilities of Finnish companies are calculated using a tax rate of 29 per cent in 1999 (28 per cent in 1998).

18. Provisions

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Provisions in balance sheet				
Santasalo GmbH, restructuring expenses	-	210	-	-
Change of provisions in income statement				
Other operating expenses	-	210	-	-

19. Liabilities

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Interest bearing liabilities	130,128	158,721	117,789	123,489
Non-interest bearing liabilities	47,709	48,122	3,278	7,899
	177,837	206,844	121,067	131,388

20. Non-current liabilities

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Non-current interest bearing liabilities to group companies	-	-	23,855	16,910
Other non-current interest bearing liabilities				
Bonds with warrants	-	1,009	-	1,009
Convertible bonds	134	137	934	843
Loans from financial institutions	73,084	89,639	64,088	68,156
Loans from pension funds	13,058	14,602	1,357	1,603
Other non-current interest bearing liabilities	1,833	8,351	-	4
	88,109	113,738	66,379	71,615
Total non-current interest bearing liabilities	88,109	113,738	90,234	88,525
Non-current loans fall due as follows:				
2001	11,986		5,510	
2002-2004	57,150		70,676	
2005-	18,973		14,048	
	88,109		90,234	
Non-current loans falling due for payment in five or more years:				
Loans from financial institutions	14,967	45,328	13,649	42,836
Loans from pension funds	4,006	5,960	399	647
	18,973	51,288	14,048	43,483
Foreign currency breakdown of non-current liabilities, %				
In euro currencies	71%	79%		
SEK	23%	16%		
USD	4%	4%		
Other	2%	1%		
	100%	100%		

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
21. Deferred tax liabilities				
From untaxed reserves	8 021	7 755	-	-
From consolidation	-	555	-	-
	8 021	8 310	-	-
Change in deferred tax liabilities				
In income taxes for the financial year				
From untaxed reserves	456			
From consolidation	150			
Increase in deferred tax liabilities due to change in tax rate	-96			
	510			
Transfer to deferred tax assets	-63			
Conversion difference	-158			
Change in balance sheet during the financial period	289			

22. Current liabilities

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Current interest bearing liabilities				
Loans from financial institutions	20,178	14,146	7,551	9,162
Loans from pension funds	1,798	1,830	243	243
Bonds with warrants	1,009	-	1,009	-
Other current interest bearing liabilities	19,033	29,008	18,751	25,559
	42,018	44,984	27,555	34,964
Current non-interest bearing liabilities				
Current non-interest bearing liabilities to group companies				
Accounts payable	-	-	21	57
Accrued expenses and deferred income	-	-	40	4,653
	-	-	61	4,710
Current non-interest bearing liabilities to associated companies				
Accounts payable	695	-	-	-
Other current non-interest bearing liabilities				
Advances received	94	313	-	-
Accounts payable	15,161	15,586	199	62
Accrued expenses and deferred income	18,367	18,933	2,994	2,854
Other current non-interest bearing liabilities	5,372	4,980	25	273
	38,994	39,812	3,218	3,189
Total current non-interest bearing liabilities	39,689	39,812	3,278	7,899
Total current liabilities	81,707	84,796	30,833	42,863
Breakdown of accrued expenses and deferred income				
Accrued interest expenses	3,003	2,850	2,593	2,312
Exchange rate losses	219	-	298	4,634
Accrued pension expenses	1,358	1,203	24	477
Accrued rents	15	-	-	-
Accrued wages and salaries including social security expenses	2,505	887	-	-
Annual discounts	40	567	-	-
Holiday pay reserve including social security expenses	9,302	13,087	90	72
Other accrued expenses	1,925	340	28	11
Total	18,367	18,933	3,033	7,507

23. Bonds with warrants, convertible bonds and share options

Bonds and shares issued by the group

The bonds		Bonds with warrants 1997	Convertible bonds 1998	Share options 1998
Issuer		Componenta Corporation	Componenta Corporation	Componenta Corporation
Amount of issue		FIM 6,000,000	SEK 8,000,000	
Interest rate		0%	2% p.a.	
Repayment of issue		in full at 30.4.2000		
Held by a group company			SEK 6,850,000	
The warrants/share options				
Number of warrants/share options		600,000	64,000	100,000
Subscription date	1/4	1.4.1998 - 30.4.2003		1.4.1998 - 30.4.2003
	1/4	1.4.1999 - 30.4.2003		1.4.1999 - 30.4.2003
	1/4	1.4.2000 - 30.4.2003		1.4.2000 - 30.4.2003
	1/4	1.4.2001 - 30.4.2003		1.4.2001 - 30.4.2003
	1/1		1.4.2001-30.4.2003	
Subscription terms		One warrant entitles the holder to subscribe for one Componenta Corporation share with a par value of 2 euros at a subscription price of EUR 9.63 (FIM 57.25) per share. The subscription price will be adjusted by the distributed dividends. EUR 9.63 is the subscription price after the dividend from 1998.The original subscription price was EUR 10.26 (FIM 61).	One bond with a nominal value of SEK 1,000 entitles the holder to subscribe for 8 Componenta Corporation shares with a par value of 2 euros. The exchange price will be adjusted by the dividends paid.	One warrant entitles the holder to subscribe for one Componenta Corporation share with a par value of 2 euros at a subscription price of EUR 14 (FIM 83.25) per share. The subscription price will be adjusted by the dividends paid. EUR 14 is the subscription price after the dividend from 1998. The original subscription price was EUR 14.63 (FIM 87).

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
24. Contingent liabilities				
Mortgages				
For own debts	16,434	18,927	-	-
	16,434	18,927	-	-
General charges				
For own debts	14,502	16,480	2,523	2,523
For subsidiaries	-	-	2,018	2,018
	14,502	16,480	4,541	4,541
Guarantees				
For subsidiaries	-	-	20,047	30,916
For associated companies	6,017	17	6,017	17
	6,017	17	26,064	30,933
Other own commitments				
Other commitments	11,324	12,022	1,580	1,425
Leasing commitments				
Next year	733	1,578	53	27
Over one year	730	1,567	90	110
	1,463	3,145	143	138

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Secured liabilities				
Loans from financial institutions	15,864	21,595	12,614	12,614
Loans from pension funds	12,627	13,289	1,367	1,532
	28,491	34,884	13,981	14,146

25. Financial risk management and derivative instruments

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

Availability of financing and re-financing risk
The company aims to ensure the availability of financing by spreading the maturity dates, sources of funding and financial instruments in its loan portfolio. The proportion of one source of funding should not exceed a limit set by the Board of Directors.
No more than a quarter of the total loan portfolio should mature each year. The maturity dates for loans are presented in note to the balance sheet, item 20.

Liquidity risk
The financial policy states that the group's liquidity should cover the forecast needs for 12 months or be the equivalent of at least one month's net sales. In addition to cash reserves, the group ensures its liquidity with unused long-term committed credit facilities that amounted to EUR 60.1 million at the end of the financial year. Cash reserves are invested with the institutions on a list of counter parties approved by the Board that are considered to have a low credit risk.

Foreign exchange risk
In accordance with the group's financial 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 balance sheet items denominated in foreign currencies. The transaction risk is calculated from the business cash flow position, which includes commercial foreign currency flows, interest flows and hedging items for a 12 month period. Export agreements are to a very large extent made in euros, so they are not exposed to currency risk. The translation risk is calculated from receivables, liabilities and the shareholders' equity of foreign subsidiaries in the consolidated balance sheet that are denominated in foreign currency.
Following the introduction of the euro, the Group's foreign exchange risk mainly consists of Swedish kronor, Great Britain pounds and US dollars.
In accordance with the financial policy, the group's transaction and translation risks are hedged so that unfavourable changes in exchange rates will not weaken the group's result by more than half a per cent, with a statistical confidence level of 95 per cent. The risk limit is based on volatility and correlation estimates for exchange rates in accordance with the Value at Risk model. On 31 December 1999 the group's currency risk for one month stood at 0.34 per cent and for a six month period at 0.41 per cent of the net sales for the corresponding period. The group uses standard hedging instruments such as forward exchange contracts and currency options, which are reliably priced on the market.

Interest rate risk
Because of the cyclical nature of the markets of the group's customers, the financial policy allows the average duration of Componenta's net interest position to vary between one and two years. On 31 December 1999 the duration was 19 months. The interest rate risk is also spread among several interest renewal periods, so changes in interest rates affect the group's result in stages but relatively quickly. The duration of the net interest position is managed through the choice of interest rate periods and by interest rate swaps. The group's net interest position is hedged so that unfavourable changes in market interest rates can raise the group's net interest by a maximum of half a per cent of net sales with a statistical confidence level of 95 per cent. The interest rate risk position at the end of the financial year for a six month period was 0.16 per cent of the net sales in the corresponding period. The calculation is based on market interest rate volatility.

Derivative instruments
Consolidated

	1999 Nominal value	Current value	1998 Nominal value	Current value
Currency derivatives				
Forward exchange contracts	59,297	-213	102,276	499
Of which hedging future currency flows	4,665	-5	-	-
Options				
Bought	4,500	1	-	-
Of which hedging future currency flows	4,500	1	-	-
Currency swaps	2,489	-11	-	-
Interest rate derivatives				
Interest rate swaps	29,291	348	10,091	-517

Parent company

	1999 Nominal value	1999 Current value	1998 Nominal value	1998 Current value
Currency derivatives				
Forward exchange contracts	59,297	-213	102,276	499
Of which hedging future currency flows	4,665	-5	-	-
Options				
Bought	4,500	1	-	-
Of which hedging future currency flows	4,500	1	-	-
Currency swaps	2,489	-11	-	-
Interest rate derivatives				
Interest rate swaps	29,291	348	10,091	-517
Intra-group currency derivatives				
Forward exchange contracts	12,116	17		
Of which hedging future currency flows	12,116	17		
Currency exchange agreements hedging intra-group loans	34,187	0		

The current value is the profit or loss from the derivative instruments according to the market price on 31 Dec. Option contracts are valued using an option valuation model. The nominal values of derivative instruments do not necessarily represent amounts exchanged by the parties and for this reason are not a measure of the exposure of the company caused by the use of derivatives.

26. Group companies

Company	Domicile	Group share of holding %	Parent company share of holding %
Appsys Oy	Espoo, Finland	100.0	100.0
Componenta Albin AB	Kristinehamn, Sweden	100.0	
Componenta Alvesta AB	Alvesta, Sweden	100.0	
Componenta AT AB	Osby, Sweden	100.0	
Componenta Främmestad AB	Nossebro, Sweden	100.0	
Componenta Inc.	Morton Grove, IL, USA	100.0	
Componenta Industri AB	Kristinehamn, Sweden	100.0	
Componenta Högfors Ltd	Karkkila, Finland	100.0	
Componenta Mek Pietarsaari Ltd	Pietarsaari, Finland	100.0	
Componenta Osby AB	Osby, Sweden	100.0	
Componenta Pietarsaari Ltd	Pietarsaari, Finland	100.0	
Componenta Pori Ltd	Pori, Finland	100.0	
Componenta Prometek AB	Uppsala, Sweden	100.0	
Componenta Suomivalimo Ltd	Iisalmi, Finland	100.0	
Componenta Traryd AB	Markaryd, Sweden	100.0	
Componenta Wear Parts AB	Kristinehamn, Sweden	100.0	
Componenta Wirsbo AB	Virsbo, Sweden	100.0	
Componenta Åmål AB	Åmål, Sweden	100.0	
Componenta Älmhult AB	Älmhult, Sweden	100.0	
Conveyor Drives Minsk (*	Minsk, Belarus	65.6	
Componenta Wear Parts GmbH	Krefeld, Germany	100.0	
Iisalmen Konepajakiinteistö Oy	Iisalmi, Finland	100.0	
JOT Aqua AB	Strängnäs, Sweden	100.0	
JOT Components AB	Kristinehamn, Sweden	100.0	
JOT Components Holding BV	Rotterdam, The Netherlands	100.0	100.0
JOT Components NV Oy	Harjavalta, Finland	100.0	
JOT Components Oy	Helsinki, Finland	100.0	100.0
Karkkilan Konepaja Oy	Karkkila, Finland	100.0	50.0
Karkkilan Koskikiinteistö Oy	Karkkila, Finland	81.0	66.9
Karkkilan Lääkärikeskus Oy	Karkkila, Finland	60.0	60.0
Karkkilan Valimokiinteistö Oy	Karkkila, Finland	100.0	
Kiinteistö Oy Ala-Emali	Karkkila, Finland	100.0	100.0
Kiinteistö Oy Uotilan Pajamäki	Rauma, Finland	100.0	100.0
Kiinteistö Oy Uusporila	Karkkila, Finland	77.3	31.8
Kiinteistö Oy Ylä-Emali	Karkkila, Finland	100.0	100.0
Luoteis-Uudenmaan Kiinteistöt Oy	Karkkila, Finland	100.0	100.0
Pietarsaaren malli-ja huoltopalvelu Oy	Pietarsaari, Finland	100.0	
Santasalo France S.A.R.L.	France	65.6	

Company	Domicile	Group share of holding %	Parent company share of holding %
Santasalo Norge A/S	Norway	65.6	
Santasalo UK Ltd	The United Kingdom	65.6	
SEW-Componenta (Tianjin) Co Ltd	Tianjin, China	37.8	
SEW-Componenta Oy	Helsinki, Finland	65.6	65.6
SEW-Componenta Pte Ltd	Singapore	65.6	
Suomen Sentab Oy	Helsinki, Finland	100.0	
Uudenmaan Rakennustiimi Oy	Karkkila, Finland	100.0	100.0
Vanhan Ruukin Kiinteistöpalvelu Oy	Karkkila, Finland	100.0	100.0
Vesiterm AS	Tallinn, Estonia	100.0	
Ärnkome Oy	Rauma, Finland	100.0	100.0

(* not consolidated

27. Associated companies

Company	Domicile	Group share of holding %	Parent company share of holding %
JOT Aqua Oy (*	Harjavalta, Finland	30.0	-
Thermia AB (*	Sweden	29.9	-
Keycast Raahe Oy (*	Raahe, Finland	50.0	-
Ulefos Niemisen Valimo AS (*	Norway	50.0	-
SEW Santasalo Pty Ltd (*	Australia	39.0	-
Karkkilan Keskustakiinteistöt Oy	Karkkila, Finland	50.0	50.0
Pommisuoja Oy	Helsinki, Finland	22.0	-
Mallix Oy	Lahti, Finland	36.0	-

The associated companies marked with a (* are consolidated by using the equity method. Other associated companies do not affect the Group's distributable equity.

SHARES, SHAREHOLDERS AND SHAREHOLDERS BY CATEGORY

Breakdown of share ownership on December 31, 1999

Number of shares	Shareholders: number	%	Shares: number	%
1-100	218	15.36	13,555	0.13
101-500	494	34.81	146,695	1.42
501-1000	327	23.04	269,089	2.61
1001-5000	265	18.68	630,441	6.12
5001-10000	37	2.61	277,490	2.69
10001-50000	45	3.17	1,101,626	10.70
50001-100000	12	0.85	871,100	8.46
100001-500000	19	1.34	3,272,573	31.77
500001-	2	0.14	3,715,331	36.07
Total	**1,419**	**100.00**	**10,297,900**	**99.99**
Shares not transferred to the book-entry securities system			1,510	0.01
Total			**10,299,410**	**100.00**

Largest registered shareholders on December 31, 1999

Shareholder		Shares	Share of total voting rights, %
1 Lehtonen Heikki		3,526,731	34.2
Lehtonen Heikki	3,186,731		
Helsingin Santapaperi Oy	340,000		
2 Sampo Group		539,400	5.2
Sampo Life Insurance Company Ltd	159,400		
Industrial Insurance Company Ltd	200,000		
Sampo Enterprise Insurance Company Ltd	115,000		
Sampo Insurance Company Plc	65,000		
3 Norvestia Plc		528,600	5.1
4 Ilmarinen Mutual Pension Insurance Company		482,600	4.7
5 Federation of Finnish Metal, Engineering and Electrotechnical Industries		213,400	2.1
6 Alfred Berg Finland Investment Fund		185,600	1.8
7 Lehtonen Anna-Maria		178,823	1.7
8 Etra Invest Oy		171,200	1.7
9 Merita Bank Plc		165,240	1.6
10 Local Government Pensions Institution		150,000	1.5
11 Lehtonen Antti		133,470	1.3
12 Investment Fund Alfred Berg Optimal		119,900	1.2
13 Life Insurance Company Pohjola		116,800	1.1
14 Finnish National Fund for Research and Development (Sitra)		115,400	1.1
15 Investment Fund Alfred Berg Portfolio		111,400	1.1
16 Other shareholders		3,560,846	34.6
Total		**10,299,410**	**100.00**

All shares have equal voting rights. The members of the Board of Directors own 36.7% of the shares. The members of the Board of Directors hold 10.8 % of the outstanding bonds with warrants. If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 34.9%.

Releases according to section 9 of chapter 2 of the Finnish Securities Markets Act in 1999

May 11, 1999 Sampo Group's holding in Componenta Corporation exceeded 5 percent and was 5.24 percent of the total share and voting rights

June 15, 1999 Henderson Investors Limited Group's holding (as nominee holding) in Componenta Corporation fell below 10 percent and was 8.25 of the total shares

July 27, 1999 Henderson Investors Limited Group's holding (as nominee holding) in Componenta Corporation fell below 5 percent and was 3.83 of the total shares

August 5, 1999 Norvestia Plc's holding in Componenta Corporation exceeded 5 percent and was 5.04 percent of the total shares and voting rights

Shareholders by category on December 31, 1999

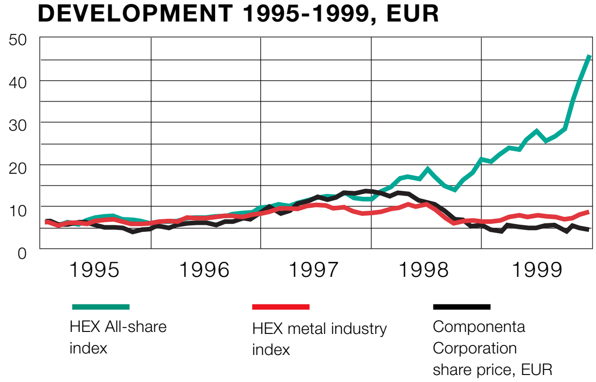
	%
Households	46.15
Financial and insurance institutions	20.29
Finnish private companies	18.39
General government	10.72
Non-profit organizations	4.27
Nominee holdings and other foreign shareholders	0.17
Shares not transferred to the book entry securities system	0.01
	100.0

Adjusted per share data

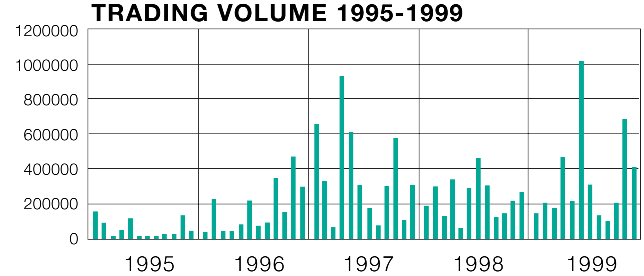
	1995	**1996**	**1997**	**1998**	**1999**
Earnings per share (EPS), EUR	0.43	0.47	0.44	0.91	0.27
Equity per share, EUR	4.77	5.34	6.76	7.33	7.31
Dividend per share, EUR	0.25	0.34	0.34	0.29	0.15*
Payout ratio, %	59.24	71.49	76.26	32.44	54.96
Effective dividend yield, %	5.36	4.65	2.43	5.49	2.63
P/E multiple	11.06	15.37	31.42	5.91	20.89
Share price at December 31, EUR	4.71	7.23	13.86	5.37	5.70
Average trading price, EUR	5.75	6.36	10.83	10.82	5.20
Lowest trading price, EUR	4.37	4.20	7.06	4.88	4.49
Highest trading price, EUR	6.90	7.57	15.14	14.63	6.10
Market capitalization at December 31, MEUR	34	53	143	55	59
Trading volume, 1,000 shares	665	2,059	4,407	2,822	4,079
Trading volume, %	9.2	27.8	42.8	27.4	39.6
Weighted average of the number of shares, 1,000 shares	6,766	7,385	8,433	10,293	10,299
Number of shares at December 31, 1,000 shares	7,242	7,399	10,292	10,299	10,299

* Proposal of the Board of Directors

COMPONENTA CORPORATION SHARE PRICE DEVELOPMENT 1995-1999, EUR



COMPONENTA CORPORATION, SHARE TRADING VOLUME 1995-1999



COMPONENTA GROUP DEVELOPMENT 1995 - 1999

MEUR	1995	1996	1997	1998	1999
Net sales	134.6	143.8	230.2	297.9	266.4
Other operating income	1.3	0.6	1.1	7.9	11.3
Share of profit/loss of associated companies	0.1	0.0	-0.1	0.3	0.5
Other operating expenses	-119.3	-125.9	-205.4	-266.8	-247.0
Depreciation and write-down of non-current assets	-7.3	-8.1	-12.3	-17.7	-18.6
Operating profit	9.4	10.3	13.5	21.6	12.6
Financial income and expenses	-5.5	-5.0	-7.8	-9.9	-10.5
Profit after financial items	3.9	5.3	5.7	11.7	2.0
Extraordinary items	0.0	0.0	0.0	0.0	0.3
Profit after extraordinary items	3.9	5.3	5.7	11.7	2.3
Profit for the financial year	3.0	3.5	3.6	9.3	3.1
Order book	31.9	24.1	59.8	53.1	33.9
Change in net sales, %	33.4	6.8	60.1	29.4	-10.6
Share of export and foreign activities in net sales, %	62.0	64.6	67.0	75.0	78.0
Balance sheet total	137	145	296	317	286
Net interest bearing debt	69	74	136	146	114
Net interest bearing debt, preferred capital notes in debt	69	74	159	169	137
Invested Capital	110	125	243	268	239
Return on Investments, %	9.5	9.6	7.7	9.7	5.1
Return on Equity, %	9.0	8.4	4.7	10.3	1.8
Equity Ratio, %, preferred capital notes in debt	26.5	31.4	26.2	27.5	29.9
Equity Ratio, %, preferred capital notes in equity	26.5	31.4	33.9	34.6	37.9
Net gearing, %, preferred capital notes in equity	191.3	163.7	135.8	133.6	105.2
Net gearing, %, preferred capital notes in debt	191.3	163.7	204.9	194.7	159.6
Investments to non-current assets	11.4	21.1	119.7	31.8	20.0
Number of personnel 31.12.	1,492	1,446	2,898	2,771	2,226
Average number of personnel	1,410	1,463	2,275	2,981	2,681

CALCULATION OF KEY FINANCIAL RATIOS

Return on equity -% (ROE)	=	$\dfrac{\text{Profit after financial items – income taxes}}{\text{Shareholders' equity preferred capital notes excluded + minority interest (quarterly average)}} \times 100$
Return on investments -% (ROI)	=	$\dfrac{\text{Profit after financial items + interest and other financial expenses}}{\text{Balance sheet total - interest free liabilities (quarterly average)}} \times 100$
Equity ratio, %	=	$\dfrac{\text{Shareholders' equity preferred capital notes excluded + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share, EUR (EPS)	=	$\dfrac{\text{Profit after financial items – income taxes +/- minority interest}}{\text{Average number of shares during the year}}$
Earnings per share with dilution, EUR	=	As above, but earnings have been increased by calculating interest on market terms and net of tax, on the capital increase corresponding to the outstanding warrants, and by the paid interest, net of tax, of the convertible bonds. The number of shares has been increased with the warrants outstanding and with the number of shares after conversion of bonds to shares. 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).
Average trading price, EUR	=	$\dfrac{\text{Trading volume, EUR}}{\text{Number of shares traded during the year}}$
Equity per share, EUR	=	$\dfrac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at December 31}}$
Dividend per share, EUR	=	$\dfrac{\text{Dividend}}{\text{Number of shares at December 31}}$
Payout ratio, %	=	$\dfrac{\text{Dividend}}{\text{Earnings (as in Earnings per share)}} \times 100$
Effective dividend yield, %	=	$\dfrac{\text{Dividend per share}}{\text{Market share price at December 31}} \times 100$
Market capitalization	=	Number of shares x share price at December 31
P/E multiple	=	$\dfrac{\text{Market share price at December 31}}{\text{Earnings per share}}$
Net interest bearing debt	=	Interest bearing liabilities + preferred capital notes - cash and bank accounts - interest bearing loan receivables
Net gearing, %	=	$\dfrac{\text{Net interest bearing debt}}{\text{Shareholders' equity preferred capital notes excluded + minority interest}}$

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The distributable equity according to the consolidated balance sheet is EUR 3,933,000. The distributable equity according to the parent company balance sheet is EUR 2,890,566.57, of which the net profit for the financial period is EUR 1,195,336.26. The Board of Directors proposes to the Annual Shareholders' meeting, that from the distributable equity a dividend of EUR 0.15 per share is paid, total dividends being EUR 1,544,911.50, and EUR 1,345,655.07 remains in the distributable equity.

Helsinki, January 24, 2000

Yrjö M. Lehtonen Olli Reenpää Jouko Koskinen

Antti Lehtonen Heikki Lehtonen

AUDITOR'S REPORT

To the shareholders of Componenta Corporation
We have audited the accounting, the financial statements and the corporate governance of Componenta Corporation for the period 1.1.1999 - 31.12.1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we 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 our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies Act.

Helsinki, January 25, 2000

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Kari Miettinen
APA

BOARD OF DIRECTORS

Heikki Lehtonen Olli Reenpää Antti Lehtonen
Jouko Koskinen Yrjö M. Lehtonen

Yrjö M. Lehtonen, 69
M.Sc. (Eng)
Chairman 1987-1999
Employed by Componenta Corporation 1953-1991
President 1972-1991
Chairman of Board of Finnish Swimming Federation

Jouko Koskinen, 63
M.Sc. (Eng)
Board member since 1989
President of Neles-Jamesbury 1980-1994

Antti Lehtonen, 43
M.Sc. (Eng), M.Sc. (Econ)
Board member since 1987
Executive Vice President of Componenta Corporation
Member of Board of Directors of Metsäpuu Oy

Heikki Lehtonen, 40
M.Sc. (Eng)
Board member since 1987
President and CEO of Componenta Corporation
Chairman of Board of Directors of Jaakko Pöyry Ltd, and member of Board of Directors of Raute Plc and Otava-Kuvalehdet Oy

Olli Reenpää, 65
M.Sc. (Eng)
Board member since 1995
President of Otava Publishing Company Ltd
Member of Board of Directors of Alma Media Corporation and Rautakirja Oyj, member of supervisory board of Merita Bank Plc

CORPORATE EXECUTIVE TEAM

Juha Heikinheimo, 43
M.Sc. (Eng), M.Sc. (Econ)
Senior Vice President, SEW-Componenta

Yrjö Julin, 42
Lic.Tech.
Senior Vice President, Cast Components

Arto Kiiskinen, 46
M.Sc. (Econ)
Senior Vice President, Corporate Finance and Treasury

Antti Lehtonen, 43
M.Sc. (Eng), M.Sc. (Econ)
Senior Vice President, Special Components

Heikki Lehtonen, 40
M.Sc. (Eng)
President and CEO

Esa Martonen, 46
M.Sc. (Eng)
Senior Vice President, Information Systems

Markku Pietilä, 42
M.Sc. (Eng), MBA
Senior Vice President, Corporate Development

QUARTERLY DEVELOPMENT

Corporate (MEUR)	IV/99	III/99	II/99	I/99	IV/98	III/98	II/98	I/98
Net sales	71.9	57.2	71.2	66.1	75.9	65.3	81.4	75.3
Operating profit	2.3	6.3	3.7	0.3	8.5	2.7	6.4	4.0
Net financial items	-2.7	-2.8	-2.3	-2.7	-1.9	-2.7	-2.5	-2.9
Profit/loss after financial items	-0.4	3.4	1.5	-2.5	6.7	0.0	3.9	1.1

By business group

Net sales (MEUR)	IV/99	III/99	II/99	I/99	IV/98	III/98	II/98	I/98
Cast Components	39.7	30.7	39.4	37.9	41.1	32.8	41.3	39.9
Special Components	17.6	12.7	15.7	14.2	14.8	12.6	15.3	16.0
SEW-Componenta	13.8	12.4	14.2	12.7	13.1	13.5	14.5	11.6
Divested operations	0.0	1.2	1.9	1.6	7.6	6.7	10.5	8.8
Internal and other operations	0.8	0.2	0.0	-0.3	-0.7	-0.2	-0.2	-1.0
Componenta Group total	**71.9**	**57.2**	**71.2**	**66.1**	**75.9**	**65.4**	**81.4**	**75.3**

Operating profit (MEUR)	IV/99	III/99	II/99	I/99	IV/98	III/98	II/98	I/98
Cast Components	1.1	1.0	3.9	2.8	4.7	1.3	5.7	5.0
Special Components	0.2	-0.2	0.1	-0.7	-0.6	0.3	0.5	0.2
SEW-Componenta	-2.1	-0.7	-0.7	-1.3	-1.7	0.3	-0.2	-0.8
Divested operations	0.0	0.2	0.4	0.2	0.9	0.6	0.7	0.2
Internal and other operations	3.1	6.0	0.0	-0.7	5.2	0.1	-0.4	-0.5
Componenta Group total	**2.3**	**6.3**	**3.7**	**0.3**	**8.5**	**2.7**	**6.4**	**4.0**

Orders received (MEUR)	IV/99	III/99	II/99	I/99	IV/98	III/98	II/98	I/98
Cast Components	36.7	32.6	36.1	38.0	35.7	36.3	39.0	41.7
Special Components	15.4	13.3	14.9	14.0	12.5	13.4	15.0	16.8
SEW-Componenta	11.1	13.2	11.5	12.0	12.6	12.6	12.6	15.5
Divested operations	0.0	0.3	3.1	1.9	6.0	5.3	12.5	10.9
Internal and other operations	-5.9	-1.5	-0.7	-0.8	-1.8	-0.8	-1.1	-1.1
Componenta Group total	**57.4**	**57.9**	**64.9**	**65.1**	**65.0**	**66.8**	**78.0**	**83.8**

Order book (MEUR)	IV/99	III/99	II/99	I/99	IV/98	III/98	II/98	I/98
Cast Components	21.8	24.0	22.2	26.0	25.1	30.5	26.6	30.0
Special Components	9.9	10.4	9.4	9.1	8.9	11.0	10.9	11.4
SEW-Componenta	2.2	15.7	15.1	17.7	18.8	20.0	21.8	23.0
Divested operations	-	-	1.3	0.2	0.1	3.1	5.9	4.0
Internal and other operations	-0.1	-0.3	-0.1	0.1	0.2	0.8	-0.1	0.1
Componenta Group total	**33.9**	**49.8**	**47.9**	**53.1**	**53.1**	**65.3**	**65.1**	**68.5**

SUMMARY OF KEY PRESS RELEASES IN 1999 OF COMPONENTA CORPORATION

25 January 1999 Financial statement: Santasalo-JOT Group's profit after financial items FIM 33 million
The Santasalo-JOT Group had net sales in 1998 of FIM 1,771 million (FIM 1,369 million in the previous year). The group had an operating profit of FIM 92 (109) million and a profit after financial items of FIM 33 (62) million. Extraordinary items, taking related taxes into account, totalled FIM +26 (-28) million and the profit after extraordinary items was FIM 59 (34) million.

25 January 1999 Santasalo-JOT changes its organization
Santasalo-JOT Group is changing its organization as from1 February 1999. The Cast Components and Special Components Divisions in JOT Components Group will come directly under Santasalo-JOT Corporation. Yrjö Julin will continue as director of the Cast Components Division, reporting directly to Santasalo-JOT Corporation president Heikki Lehtonen. Mats Bergsjö will continue as director of the Special Components Division, reporting to Santasalo-JOT Corporation vice president Antti Lehtonen.

16 March 1999 Santasalo-JOT wins two major contracts with Haldex
Santasalo-JOT Group companies have signed two major contracts with the Swedish Haldex Group. The Cast Components Division will supply Haldex Brakes Systems with cast components for disc brake systems over the next five years to the value of EUR 25-30 million. The Special Components Division will supply Haldex Traction Systems with components for four-wheel drive (AWD) systems for cars, with an annual value of about EUR 4 million. These contracts make Santasalo-JOT one of Haldex's key suppliers.

16 April 1999 Santasalo-JOT Corporation's interim report 1 Jan. – 31 March 1999: Santasalo-JOT Group records loss after financial items of EUR 2.4 million
The Santasalo-JOT Group had net sales in the period 1 January - 31 March 1999 of EUR 66.1 million (EUR 75.3 million in the corresponding period in the previous year). The group recorded an operating profit of EUR 0.3 (4.0) million and a loss after financial items of EUR 2.4 million (profit of EUR 1.1 million). Orders received during the period totalled EUR 65.1 (83.9) million and the order book on 31 March1999 stood at EUR 53.1 (68.5) million. Santasalo-JOT Group expects the markets to start to pick up later this year, but the timing and speed of this recovery cannot be forecast with accuracy. For this reason it is still difficult to estimate the effects of developments in the market on the group's business in 1999.

23 April 1999 Launch of Santasalo's new product series in Hannover
Santasalo, the industrial gear specialist of the Santasalo-JOT Group, and its partner SEW-Eurodrive launched the new SEW-Santasalo Compact gear unit series at the Hannover Fair this week. The series is positioned between the existing products of the companies, giving SEW-Santasalo a full range of products. The series increases the companies' competitiveness particularly for large deliveries.

30 June 1999 Santasalo-JOT and Ulefos Jernvaerk establish Nordic manhole cover company
Santasalo-JOT and the Norwegian company Ulefos Jernvaerk are establishing a company specializing in manhole covers that, once it is set up, will be the market leader in the Nordic countries. The company holds the leading position in the markets in Finland, Sweden and Norway, and also sells a considerable number of manhole covers in Denmark. The new company, Ulefos Niemisen Valimo AS, is being formed from Santasalo-JOT Group's Nieminen Foundry, located in Harjavalta, Finland, and from Ulefos Jernvaerk KS, which is based in Ulefoss in Norway. Santasalo-JOT will also sell the manhole cover production of JOT Components Alvesta AB, located in Sweden, to the new company.

14 July 1999 Interim report 1 Jan. – 30 June 1999: Santasalo-JOT Group records loss after financial items of EUR 0.9 million
The Santasalo-JOT Group had net sales in the period 1 January - 30 June 1999 of EUR 137.3 million (EUR 156.6 million in the corresponding period in the previous year). The Group recorded an operating profit of EUR 4.1 (10.4) million and a loss after financial items of EUR 0.9 million (profit of EUR 5.0 million). Orders received during the period totalled EUR 130.0 (161.9) million and the order book on 31 June stood at EUR 47.9 (65.1) million. Santasalo-JOT Group is expected to have net sales of EUR 270 million in 1999. The group's result should improve during the second half of the year, but is expected to fall short of last year's level.

20 August 1999 Santasalo-JOT obtains quality approval from DaimlerChrysler
Santasalo-JOT's Pietarsaari unit, part of the Cast Components Division, has obtained quality approval from DaimlerChrysler. This approval raises Santasalo-JOT to the status of strategic supplier of cast components to DaimlerChrysler. It also opens up the way to closer cooperation between the companies. The VDA 6.1 quality system in use at DaimlerChrysler has been developed by the German automotive industry and is one of the strictest industrial quality management systems. Santasalo-JOT obtained 94 points out of a possible 100 in its audit.

1 October 1999 Santasalo-JOT and Ulefos Jernvaerk going ahead with new manhole cover company
The plans by Santasalo-JOT and the Norwegian company Ulefos Jernvaerk to establish a company specializing in manhole covers have received the necessary approval from the authorities. The company will start operations on 1 October 1999.

13 October 1999 Interim report 1 Jan. – 30 Sept. 1999: Santasalo-JOT records profit after financial items of EUR 2.5 million
The Santasalo-JOT Group had net sales in the period 1 January - 30 September 1999 of EUR 194.5 million (EUR 222.0 million in the corresponding period in the previous year). The Group recorded an operating profit of EUR 10.3 (13.1) million and a profit after financial items of EUR 2.5 (5.0) million. The operating profit includes profits of EUR 6.0 million from the sale of the manhole cover business. Orders received during the period totalled EUR 187.9 (228.7) million and the order book on 30 September stood at EUR 49.8 (65.3) million.

12 November 1999 Santasalo-JOT to sell most of Santasalo to Metso Corporation
Santasalo-JOT is selling the operations of Santasalo Ltd involving large and medium-size industrial gear units to Metso Corporation. The parties have today signed an agreement and aim to complete the transaction by the end of this year. The cost of the transaction is approximately EUR 40 million.

2 December 1999 Santasalo-JOT Corporation's name changed to Componenta Corporation
The extraordinary shareholders' meeting of Santasalo-JOT Corporation decided to change the name of the company to Componenta Corporation. Use of the new name will start immediately. The change to the Articles of Association required by the change of name will be recorded in the Trade Register on 7 December 1999.

30 December 1999 Sale of most of Santasalo Ltd to Metso completed
The sale of most of Santasalo to Metso was completed according to plan. Following the sale, it is estimated that Componenta will have net sales in 2000 of approximately EUR 240 million.

ADDRESSES

PARENT COMPANY

Componenta Corporation
P.O.Box 1132
(World Trade Center, Aleksanterinkatu 17)
FIN-00101 Helsinki
Finland
Tel. +358-9-225 021
Fax +358-9-2250 2721
www.componenta.com

CAST COMPONENTS

Componenta Högfors Ltd
P.O.Box 40 (Bremerintie)
FIN-03601 Karkkila
Finland
Tel. +358-9-225 0241
Fax +358-9-225 8614

Componenta Pietarsaari Ltd
P.O.Box 37 (Birgerintie 3)
FIN-68601 Pietarsaari
Finland
Tel. +358-6-784 1111
Fax +358-6-784 1199

Componenta Pori Ltd
P.O.Box 94 (Teollisuuskatu 6)
FIN-28101 Pori
Finland
Tel. +358-2-550 3700
Fax +358-2-641 2596

Componenta Suomivalimo Ltd
Parkatintie 31
FIN-74120 Iisalmi
Finland
Tel. +358-17-821 5500
Fax +358-17-812 854

Componenta Mek Pietarsaari Ltd
P.O.Box 37 (Birgerintie 3)
FIN-68601 Pietarsaari
Finland
Tel. +358-6-784 1111
Fax +358-6-784 1199

Componenta Alvesta AB
P.O.Box 67 (Ågatan 14)
S-34221 Alvesta
Sweden
Tel. +46-472-457 00
Fax +46-472-457 20

Componenta Älmhult AB
P.O.Box 612 (Stallgatan 36)
S-34324 Älmhult
Sweden
Tel. +46-476-537 00
Fax +46-476-170 33

Componenta Främmestad AB
Främmestad
S-46597 Nossebro
Sweden
Tel. +46-512-578 00
Fax +46-512-534 37

Componenta Osby AB
P.O.Box 14 (Vintervägen 1)
S-28300 Osby
Sweden
Tel. +46-479-17350
Fax +46-479-10622

Componenta Åmål AB
P.O.Box 7 (Strömsbergsgatan 8)
S-66221 Åmål
Sweden
Tel. +46-532-621 60
Fax +46-532-140 25

SPECIAL COMPONENTS

Componenta Albin AB
P.O.Box 115 (Hantverkargatan 3)
S-68123 Kristinehamn
Sweden
Tel. +46-550-410 500
Fax +46-550-410 545

Componenta AT AB
P.O.Box 65 (Radiatorvägen)
S-28321 Osby
Sweden
Tel. +46-479-174 70
Fax +46-479-150 03

Componenta Prometek AB
P.O.Box 37 (Bolandsgatan 10)
S-75103 Uppsala
Sweden
Tel. +46-18-152 240
Fax +46-18-123 592

Componenta Traryd AB
P.O.Box 48 (Gränsvägen)
S-28701 Strömsnäsbruk
Sweden
Tel. +46-433-212 50
Fax +46-433-216 02

Componenta Wear Parts AB
P.O.Box 205 (Hantverkargatan 3)
S-68124 Kristinehamn
Sweden
Tel. +46-550-410 550
Fax +46-550-410 589

Componenta Wear Parts GmbH
Mevissenstrasse 64 a
D-47803 Krefeld
Germany
Tel. +49-2151-755 042
Fax +49-2151-755 046

Componenta Inc.
8700 Waukegan Road 130
Morton Grove, IL 60053
USA
Tel. +1-847-583 9800
Fax +1-847-583 9810

Componenta Wirsbo AB
P.O.Box 102 (Nordanöverken)
S-73061 Virsbo
Sweden
Tel. +46-223-395 00
Fax +46-223-347 19

Componenta Wirsbo AB
Herosverken
Vilmoren (Vilmorens industriområde)
S-77791 Smedjebacken
Sweden
Tel. +46-240-760 25
Fax +46-240-717 13

Componenta Wirsbo AB
Kohlswaverken
P.O.Box 101 (Bruksområdet)
S-73030 Kolsva
Sweden
Tel. +46-221-51010
Fax +46-221-517 92

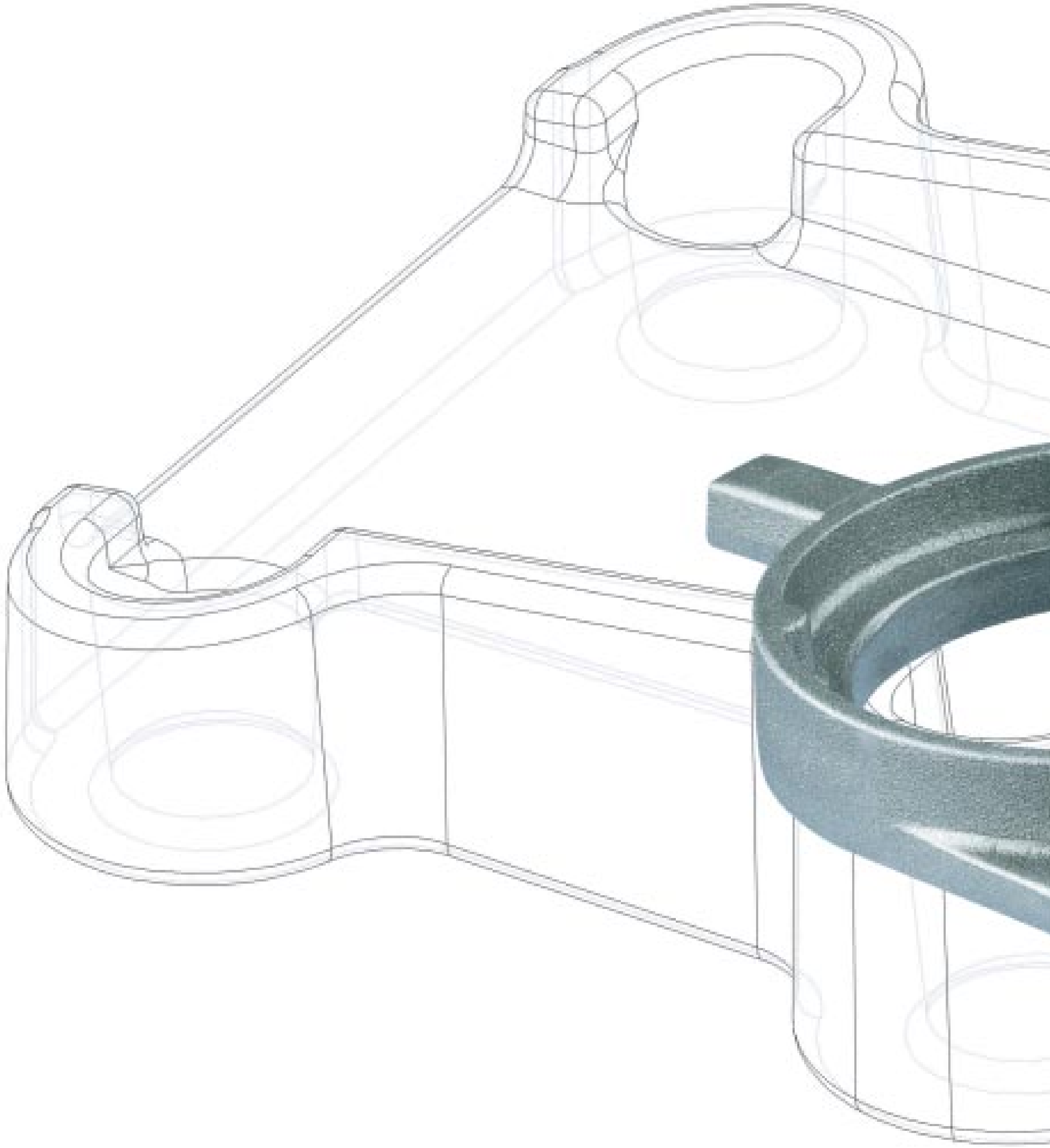
SEW-COMPONENTA

SEW-Componenta Oy
P.O.Box 8 (Valurinkatu 6)
FIN-03601 Karkkila
Finland
Tel. +358-9-225 021
Fax +358-9-2250 2374

SEW-Componenta Pte Ltd.
No. 9, Tuas Drive 2, Jurong
Singapore 638644
Tel. +65-862 1701
Fax +65-863 8112

SEW-Componenta (Tianjin) Co. Ltd.
No. 46, the 7th Avenue
TEDA, Tianjin 300457
People's Republic of China
Tel. +86-22-2532 2612
Fax +86-22-2532 1954

Conveyor Drives Minsk Ltd.
Rybalko Street 26
220033 Minsk
Republic of Belarus
Tel. +375-172-306 968
Fax +375-172-261 252



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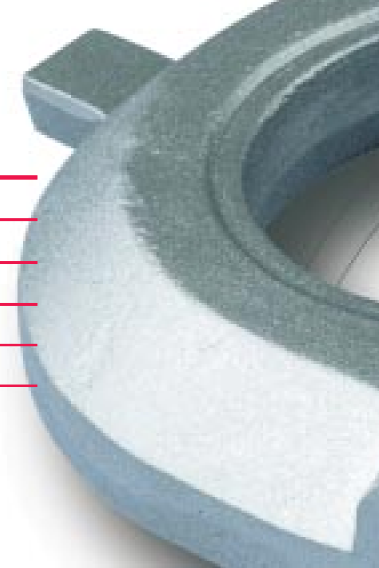

Componenta Corporation
World Trade Center, Aleksanterinkatu 17
P.O.Box 1132, FIN-00101 Helsinki, Finland
tel +358 9 225 021• fax +358 9 2250 2721
www.componenta.com