COMPONENTA

Annual Report 2004

Casting Future Solutions

Componenta in brief

Componenta is committed to the continuous improvement of quality in all its operations. Quality control in production is continuous and different methods are used to ensure that cast products are defect-free. Mauno Kauppila uses ultrasonic testing to check that a cast component has no internal defects.

Componenta is a metal sector company with international operations. Componenta supplies casted, machined and surface treated, ready-to-install components and solutions of them to its customers in the heavy truck, off-road, machine building and power and transmission industries. Many customers operate in the global market and the components supplied by Componenta are often strategic parts of their products.

A third of the Group's sales are in the Scandinavian countries, 40% in Central Europe, 20% in Finland and the remainder in other countries, of which the USA is the largest single country.

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

Componenta's production plants – six foundries, seven machine shops and three forges – are located in Finland, the Netherlands and Sweden. The Group's head office is in Helsinki. The Group has net sales of EUR 316 million and employs 2,168 people. 45% of personnel work in Finland, 27% in the Netherlands and 28% in Sweden.

Componenta's shares are quoted on the main list of the Helsinki Exchanges.

	2004	2003
Net sales, MEUR	316.1	177.8
Operating profit excluding one-time items, MEUR	11.4	8.1
Profit/loss after financial items excluding one-time items, MEUR	3.9	0.5
Operating profit, MEUR	23.1	0.1
Profit/loss after financial items, MEUR	15.6	-7.5
Profit for the financial period, MEUR	20.6	-4.5
Earnings per share, EUR	2.14	-0.47
Equity ratio, %	23.3	17.8
Equity ratio, preferred capital note in equity, %	32.1	31.1
Return on investment, %	13.1	0.8
Average number of personnel	2,168	1,595

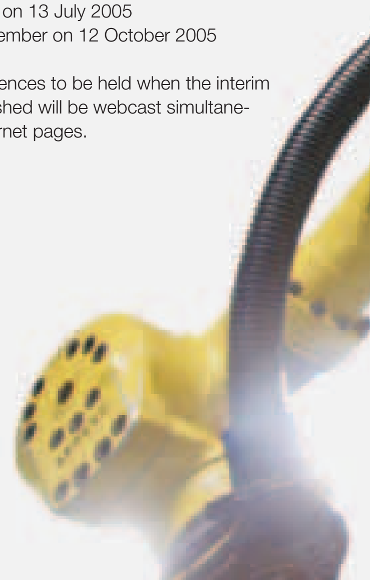
Componenta is publishing its 2004 annual report in a printed version and on the Internet. Both contain the full financial statements for 1 January – 31 December 2004, a short presentation of the Group and Group strategy, reviews of human resources and environmental matters, a presentation of the Board of Directors and Executive team, and information about the transition to IFRS reporting. Componenta's Corporate Governance is presented shortly in the printed annual report and in full in the Internet annual report.

During the past few years Componenta has increasingly switched its investor communications to the Internet. Publications and releases are available immediately after their release date on the Internet at www.componenta.com. Releases can ordered from that address direct to the receiver's e-mail. A printed version of publications can be ordered by telephone at +358 9 2250 2701 or by e-mail at ir.componenta@componenta.com.

The Annual General Meeting of Componenta Corporation will be held on 7 February 2005 at 2.00 pm.

In 2005 Componenta Corporation will publish interim reports in Finnish and English as follows:
- January - March on 13 April 2005
- January - June on 13 July 2005
- January - September on 12 October 2005

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



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Casting Future Solutions

Componenta's mission is making the casting solutions of the future.

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

The modernized foundry in Karkkila started up in August 2004. An automated moulding line was installed and many other investments were made to increase capacity and raise efficiency in production at the foundry. The new competitive foundry serves customers especially in Northern Europe

Values

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

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

Strategic goals

The Group's strategic goal is to be the preferred engineering co-operation partner in cast components.

By 2006
- most of our business is based on engineering co-operation and solution business
- thanks to the efficient operations of internal and external supply chains we are competitive
- we have also significantly improved our profitability
- we have divested business operations that are not part of our core business and/or are unprofitable
- through continuous improvement and development we ensure that our personnel are highly skilled and committed

To meet our strategic goal we need to have long-term customer relationships and close business partnership with our customers. At the same time we must have expertise, knowledge and knowhow, and make the right decisions concerning products and operating methods. We are continuously taking action to maintain and improve these important areas of expertise.

Long term financial objectives

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

Dividend policy

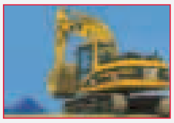
Componenta's goal is to pay a dividend of 30 – 50 per cent of the net result. The Board of Directors takes into account the Group's financial performance, financial structure and growth expectations when making its dividend proposal.

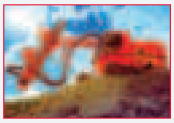
Strategic steps in 2004

During 2004 Componenta has made progress in its operations in line with its strategy. The Group has divested business units that are not part of the core business, improving profitability at the same time. It has developed its core operations, for example by upgrading production units and in this way boosting competitiveness. By combining the R&D expertise of Componenta and De Globe, the Group has been able to offer customers better support and expertise in the engineering of cast components and solutions.

In January Componenta sold its 36% holding of the shares of Thermia AB, a heating and heating equipment specialist, to the Swedish private equity investor Procuritas Capital Investors III. The transaction was in line with Componenta's strategy of divesting non-core business. The selling price for the shares was EUR 16 million and Componenta recorded a profit of EUR 8.4 million on the sale, which reinforced the Group's equity ratio and placed it in a stronger position to develop its core business.

In March Componenta expanded into Europe, purchasing a majority (55%) of the shares and voting rights of De Globe, a Dutch foundry company. The agreement includes an option to purchase the remaining De Globe shares by the end of 2007. The price for the De Globe shares was EUR 3.6 million. Part of the EUR 16 million obtained from the sale of Thermia shares was used to finance the purchase of De Globe. The profit on the sale of Thermia shares and the EUR 5 million profit recorded on the De Globe transaction raised Componenta's equity ratio significantly.





The geographical distribution of the sales of De Globe and Componenta and the customer bases of the companies complement each other. Componenta's sales organization in the Nordic countries and De Globe's sales organization in central Europe were combined to form a strong joint sales organization in Europe. Componenta's machine shops and machining expertise give a boost to De Globe's operations and enable a broader service offering to customers. The acquisition of De Globe was in line with Componenta's strategy of concentrating on developing the core business.

In April was started a project to raise productivity at De Globe, by closing down the foundry in Belfeld in December and transferring its production to Hoensbroek. Production at the new, expanded Hoensbroek foundry will start up in January 2005. This action will bring cost savings of EUR 4 million a year as from summer 2005.

Operations at the Componenta Alvesta foundry in Sweden ceased at the end of May. The foundry's production and machinery were transferred to the Karkkila foundry, which was modernized and expanded. The new foundry started up in August. Merging the foundries eliminated excess capacity, avoided the need for duplicate investments and resulted in a competitive production unit that operates with better capacity utilization. This restructuring, which is in line with the corporate strategy, will have a positive impact on the financial performance of the entire group. The annual result improvement has been estimated to be EUR 5 million as from 2005.

In June Componenta sold the business operations of Tallinn-based Vesiterm AS in an MBO to the company's operative management. Vesiterm has focused on selling water and heating system accessories in Estonia. The sale of Vesiterm was in line with Componenta's strategy of divesting non-core business.

In September Componenta Corporation signed a 5-year credit facility of EUR 90 million. The new credit facility will strengthen Componenta's financial position and improve opportunities to develop the core business.

At the end of December Componenta sold the industrial property and land in Belfeld. The premises were left empty due to the removal of the foundry. The property was purchased by the Dutch company Gebr. Van-Eck Baexem B.V. and the selling price was EUR 3.4 million. The sale made a slight positive contribution to Componenta's result. The sale of the property released capital for developing De Globe's business.

During 2005 Componenta will continue to develop its core business. Growing market demand has strengthened the Group's order book. As well as boosting production at the foundries, the Group will invest in new machinery and equipment to raise machining and finishing capacity and expand the range of these services at its machine shops in Pietarsaari and Främmestad.

The contracts signed in summer 2004 to supply ready-to-install components will raise production volumes at Componenta's machine shops. To ensure reliable deliveries, production capacity has been raised by investing in new machines and equipment.

Strong partner for the years ahead

Heikki Lehtonen

During 2004 Componenta made good progress towards its strategic goals. The Group carried out many major projects during the year that enabled it to focus more strongly on its core business and on developing this. Thanks to enhanced efficiency in its own operations and improved market conditions, the Group's profitability also picked up significantly.

The most important event at the start of the year was the purchase of a majority holding in the Dutch company De Globe. This added three Dutch automated foundries to Componenta Group. A 100-day project started in March, immediately after signing the agreement, to integrate the operations of the two companies. During this period the two sales organizations were combined to form a single strong sales network in Europe. A joint reporting system was introduced at the start of the summer to facilitate management of business operations. Combining the purchasing organizations will utilize synergies to obtain cost savings, for example in raw material purchases. Componenta's machining expertise has enabled us to offer a wider service to De Globe customers.

Upgrading the Karkkila foundry was a major project that had started towards the end of 2003. The Alvesta foundry in Sweden was closed down and the automated moulding line was transferred from there to Karkkila. At the same time further extensive repairs and modernization were carried out at the Karkkila foundry to expand capacity and improve production efficiency. At the beginning of August, the new, modern foundry, transformed inside and out, started up again in Karkkila.

A similar upgrading project was carried out during the autumn in the Netherlands. To raise productivity, the decision was taken in the spring to merge the operations of two of De Globe's foundries. A new production building was built beside the foundry in Hoensbroek, and the production line from the Belfeld foundry was moved into this at the end of the year. Operations of the upgraded foundry in Hoensbroek are starting up in January 2005. De Globe's common functions in Belfeld – sales, R&D, finance, IT, HR and purchasing – moved into rented premises in Weert.

The major projects at the foundries have finished. The work of upgrading and expansion continues at the Group's machine shops. To cope with the new orders and ensure reliable deliveries, it is necessary to increase machining and finishing capacity at Componenta's machine shops in Finland and Sweden. New machining centres will be taken into production use in Pietarsaari in June and in August a new automated painting line will start up at the Främmestad machine shop. Thanks to all these changes and upgrading, we will be better equipped to meet customer demand and supply first class, competitive cast components and solutions.

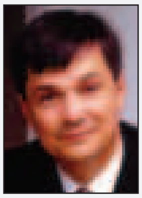
Operationally Componenta is in a stronger position as we start the new year. Market demand is also forecast to remain at a healthy level. We have set ourselves the goal of being the preferred partner of our customers in the design and implementation of casting solutions. To achieve this goal we have strong expertise and knowhow both in product design and development and in foundry and machine shop processes. In addition to these we continue to need close, effective cooperation with our stakeholder groups.

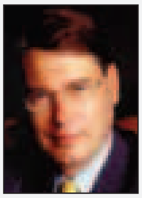
May I express my thanks to Componenta's shareholders, personnel, customers and other partners for their successful cooperation in 2004.

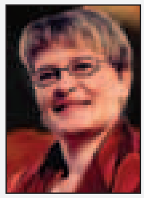
Heikki Lehtonen
President and CEO

Group management

Board of Directors


Heikki Bergholm


Juhani Mäkinen


Marjo Raitavuo


Matti Tikkakoski

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

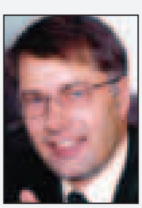
Heikki Lehtonen, b. 1959
M.Sc.(Eng)
Board Member since 1987
President and CEO of Componenta Corporation
Vice Chairman of the Board of Directors of Jaakko Pöyry Group Ltd and The Family Business Network Finland
Member of the Board of Directors of Otava Books and Magazines Group Ltd, Raute Plc and Confederation of Finnish Industries
3,786,131 Componenta shares
35,376 warrants (issued in 2001)

Juhani Mäkinen, b. 1956
Attorney
Board Member since 2000
Chairman of the Board of Directors of Hannes Snellman Attorneys at Law Ltd
Chairman of the Board of Directors of Oy Forcit Ab
Vice Chairman of the Board of Directors of Myllykoski Oyj
2,000 Componenta shares
6,000 warrants (issued in 2001)

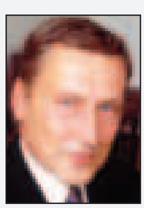
Marjo Raitavuo, b. 1957
M.Sc. (Ed)
Board Member since 2004
Chairman of the Board of Directors of Ensto Oy
Chairman of the Family Business Network Finland

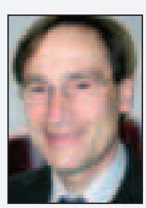
Matti Tikkakoski, b. 1953
B.Sc.(Econ.)
Board Member since 2003
Senior Vice President of Å & R Carton AB
1,500 warrants (issued in 2001)

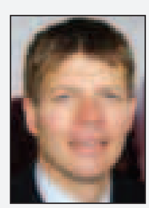
Corporate Executive Team


Lauri Huhtala

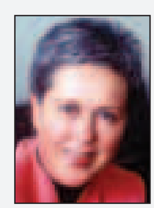

Olli Karhunen


Jari Leino


Wim Schut


Michael Sjöberg


Kimmo Virtanen


Pirjo Aarniovuori

Heikki Lehtonen, b. 1959
M.Sc.(Eng)
President and CEO

Lauri Huhtala, b. 1964
M.Sc. (Econ.)
Director, Foundries Finland
800 Componenta shares
3,750 warrants (issued in 2001)

Olli Karhunen, b. 1959
M.Sc. (Eng.)
Director, Power and Transmission
1,800 Componenta shares
3,750 warrants (issued in 2001)

Jari Leino, b. 1961
Engineer
Director, Sales and Development
7,500 warrants (issued in 2001)

Wim Schut, b. 1948
Engineer
Director, Foundries Holland
7,500 warrants (issued in 2001)

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

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

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

Corporate Governance

The administration of Componenta Corporation is based on the Finnish Companies Act and the company's Articles of Association.

The company applies the Corporate Governance recommendations for public listed companies of HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers, which came into force on 1 July 2004. The printed version of the 2004 annual report contains the main Corporate Governance principles for that year and the full CG principles are given in the annual report on the company's website.

Componenta Corporation shares

Information about Componenta shares and shareholders are given on page 32 in this annual report and in the website annual report.

Annual General Meeting

The Annual General Meeting of Componenta Corporation shall be held within six months of the end of the financial period. In 2004, the Annual General Meeting of Componenta Corporation was held on 10 February 2004. An extraordinary general meeting was held on 30 September 2004.

The decisions of both general meetings are given on the company's website at www.componenta.com.

Board of Directors

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

The 2004 Annual General Meeting elected five members to the Board: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski. The Board chose Heikki Bergholm as its chairman and Juhani Mäkinen as vice chairman.

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

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

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

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The 2004 Annual General Meeting decided that the remuneration for the chairman would be EUR 25,000 and for the other members of the Board EUR 12,500 a year. Travel expenses are paid in accordance with the company's travel regulations.

The Board assessed its activities under the leadership of the chairman in December 2004.

During 2004 the Board met 13 times. All Board members were present at all Board meetings.

President and CEO

The Board of Directors appoints the President and CEO and decides upon the President's remuneration and other benefits.

Heikki Lehtonen is president of Componenta. The President receives a monthly salary of EUR 15,000 including benefits in kind totalling some EUR 1,500 a month. In addition, the President is entitled to a bonus, which is determined according to the Group's return on investment and may be at most the equivalent of the 12-month salary of the President, and to the fees for a member of the Board of Directors.

In 2004, salaries and other remuneration paid to the members of the Board and the President totalled EUR 211,621. Other benefits received by the members of the Board and the President in 2004 totalled EUR 480. The company has no specific pension commitments for Board members or managing directors.

Monitoring systems

Audit

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

Componenta Corporation's auditor during the accounting period 1 January - 31 December 2004 was Kari Miettinen, APA, and the deputy auditor was PricewaterhouseCoopers Oy, Authorized Public Accountants. The Annual General Meeting on 10 February 2004 decided that the remuneration for the auditor would be based on invoicing. Fees totalling EUR 341,000 were paid to the auditors of Componenta Group during 2004, and EUR 178,000 of this was for auditing activities and EUR 163,000 was for other services obtained from PricewaterhouseCoopers Oy.

Insider regulations

Componenta Corporation complies with the insider regulations of the Helsinki Exchanges and also with its own insider regulations. Componenta has an extended list of permanent insiders, consisting of the Board of Directors, the auditors, the Group's corporate executive team and other named individuals. The holdings of Componenta's permanent insiders are given on the Group's website.

The holdings in Componenta of permanent insiders are monitored regularly through the SIRE system of the Finnish Central Securities Depository.

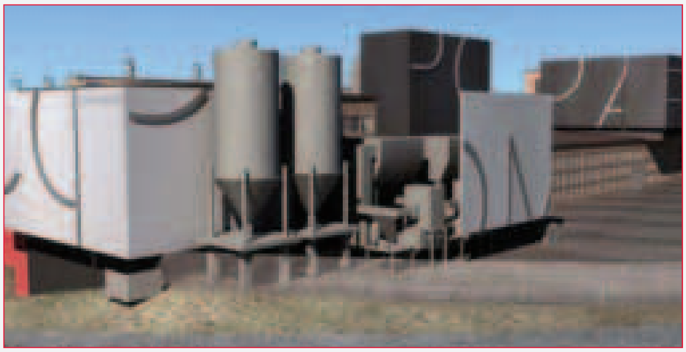
Risk management

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

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

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

Environmental issues form part of Componenta's daily operations



Componenta is committed to the continuous improvement of its operations and to reducing the environmental impact of its production processes.

The goals set in Componenta's environmental policy are to reduce energy consumption and usage of materials, to restrict particle and VOC emissions, to reduce noise levels and increase the recycling of waste.

The modernization of the Karkkila foundry extended to outside the building. Elegant noise barriers were built that considerably reduce noise in the foundry surroundings.

During 2004 the key environmental activities were measures in connection with renewing the environmental permits at the foundries, carrying out the remaining energy analyses, and tests looking into the reuse of machining waste from the machine shops as raw material for the foundries.

Separate environmental report

Componenta published its first separate environmental report in April 2004. It will publish the next environmental report in spring 2005.

Further information on environmental issues is given in the web annual report and in the separate environmental report.

Saving energy and utilising waste

During 2004 the energy analyses were completed for Suomivalimo located in Iisalmi and the factory site in Pietarsaari which passed into Componenta's possession. Energy analyses have now been carried out for all the foundry units in Finland. Based on the analysis, a heat recovery system for the new dust collection unit has already been introduced at the Iisalmi foundry.

The energy analyses provide a basis for Componenta to continue its action to save energy. During 2005 studies will be made of the measures and investments needed for example for recycling and utilising the heat generated in the foundry's smelting shop in other work areas in the unit.

Tests for the briquetting of machining shavings have been carried out at the Group's machine shops, aiming to use the shavings as raw material for the foundries. In addition, at the Albin machine shop tests have been made for utilising the cutting fluid separated during the briquetting of shavings. The results have been encouraging.

Reduction of dust, VOC and noise emissions continues

In the Iisalmi, Karkkila and Hoensbroek foundries the wet dust collection unit has been replaced with a modern dry dust collection unit, where the dust emissions are only a fraction of those from the wet plant. The equipment for measuring dust emissions has been modernized at the Pori foundry.

During the expansion of the Karkkila foundry, many technical changes have been made that significantly reduce noise levels. In June 2004 a noise barrier was built at the Pori foundry to reduce local noise. At the Weert and Hoensbroek foundries several noise reducing measures have been taken to allow to work in a night-shift. The cooling equipment was renewed at the smelting shop at the Weert foundry, and the new equipment is not only more effective but also much quieter.

In the Weert foundry has been started a project to reduce VOC and odour emissios by replacing the coldbox binder in the core shop. In the Hoensbroek foundry the exhaust of the pouring and cooling line has been heightened to 25 meters to reduce the odour emissions in the neighbourhood.

The sorting of waste is part of normal everyday routines at all production units. At the Pori foundry spent sand and the dust from the grinding shop have been supplied for reuse throughout the year. The amount of wastewater at the Pietarsaari foundry has been reduced by using the process cooling water to regulate the dampness of the moulding sand. New machine tools have been linked to the central system for recycling the cutting fluid at the Främmestad machine shop.

ISO 14001 and environmental permits direct operations

Componenta's goal is to build an environmental management system conforming to ISO 14001 standards at all production units. The Wirsbo forge obtained certification for its environmental management system in March 2004. At the Åmål machine shop, in connection with building the environmental management system, all personnel have received training in environmental impact and sorting waste. At the Främmestad machine shop, 186 environmental proposals have been made by personnel relating to continuous improvement of the environmental management system. All Componenta's foundries in Finland have environmental management systems conforming to ISO 14001 standards. Work has started on building environmental management systems at the De Globe foundries and it is aimed to complete these during 2005. Quality and environmental management systems are also being built at Componenta Nisamo and Componenta Pistons in 2005.

The applications for renewing the environmental permits for the Pietarsaari, Pori and Iisalmi foundries were submitted by the end of 2003 and their processing continued throughout 2004. Pietarsaari obtained its new environmental permit in December 2004. In connection with the expansion of the Karkkila foundry a comprehensive environmental impact assessment was carried out and the application for the environmental permit for the extension is being submitted at the beginning of 2005. The environmental permit for the Weert foundry was renewed in spring 2004 and, in connection with the transfer of production from the Belfeld foundry, the process of applying for the environmental permit for Hoensbroek has started.

Priorities and challenges for the future

During 2005 the environmental management systems at the production units will be upgraded to conform to the latest versions of the standards. The new environmental permits at the foundries and the energy analyses carried out will direct developments and environmental investments in the coming years. Transferring the production of the Belfeld foundry to Hoensbroek is also a major improvement in environmental terms. Energy consumption and dust emissions will decrease significantly at the new foundry. Studies into the utilisation of spent sand and dust will continue.

Meeting of three cultures

The human resources strategy states the key challenges relating to the wellbeing of personnel at work and to increasing productivity: managing personnel resources, developing human resources, and improving the performance of personnel. These create the basis for the different measures and development plans carried out at the individual production units.

Continuous training is provided to maintain and develop the professional skills and knowhow of personnel. Kari Hernesaho, Ari-Pekka Saarela and Antti Kujala learn about NC programming on the new machining centre.

With the acquisition of De Globe in March 2004 Componenta obtained three foundries in the Netherlands. The Group already had units in Finland and Sweden. The common corporate culture extends to many common functions and common systems for reporting and operations management are in use. However, to operate in three countries and run 16 production plants profitably, human resources functions have to take into account the different cultures in the countries and the history of the units.

At the end of 2004 the Group had 2,168 employees, 45% in Finland, 27% in the Netherlands and 28% in Sweden. The Group had 17% office personnel and 83% factory workers.

A year of major changes for personnel

During 2004 the Group's structure was revised and personnel resources were reinforced in line with the changes. The Karkkila foundry was completely reorganized during the spring of 2004, and starting up its operations required taking on 120 new employees and training them for their work. The reorganization has also demanded a major effort from the experts at the Karkkila foundry. Office personnel resources were reinforced as the casting design departments at the Karkkila and Pori foundries were merged and joint design work started for the two production units, with excellent results.

In spring 2004 De Globe became part of the Group. To ensure the success of the integration, a 100-day integration programme was carried through, involving all key personnel and corporate management at Componenta and De Globe. Combining the two sales and purchasing organizations and starting to develop De Globe machine shop operations have been key actions.

In April at De Globe was started a project to combine the Belfeld and Hoensbroek foundries. In this project, 110 workers from the Belfeld foundry transferred to the new foundry built in Hoensbroek. In connection with this, 50 office personnel moved into rented premises near the Weert foundry. Three-shift operations started at the Weert and Hoensbroek foundries at the start of the summer in 2004, when 135 new workers were taken on.

Despite these major projects, the Group has been able to offer personnel permanent or long-term employment, which account for some 90% of employment relationships. The use of contract labour has been mainly at the Karkkila and Hoensbroek production units. Personnel turnover in the Group as a whole has been small. During 2004, in addition to recruiting factory personnel, several production plants have also strengthened their office personnel and expert resources.

Skills development based on customer needs

Key objectives for personnel development have been to improve the level of technical skills relating to the casting design process and to strengthen the Group's design organizations. The need for this originates with the customer, since customers need and expect to obtain casting and machining expertise in the design stage for their own products. The Group's R&D organizations in Finland, the Netherlands and Sweden meet this need. Working closely with the customer ensures the product has the best possible manufacturing properties and/or the Group can take on responsibility for the total engineering of the casting and machining of the component, depending on the customer's requirements. This will require ongoing, intensive efforts to develop casting and machining skills and knowhow.

Exceptionally active training

During 2004 many production units had more training days than on average, as many as 10 per person. Personnel were trained because of the structural changes and to increase multiple skills and flexibility. Progress has been made in developing professional skills and knowhow in the following areas: programming of machine tools, obtaining qualifications for various jobs in the foundry, and management skills for supervisory staff. This training in management skills for supervisory staff has been started at almost all the Group's production units.

The Group's foundry workers are continually taking professional examinations that lead to the basic foundryman qualification. For the first time, courses leading to the master foundryman qualification have also been started. Those working in the machine shops must have the professional qualification for a machinist. The units have developed their own training programmes to expand this training.

Personnel initiative scheme to create enjoyable, safe work environment

As the number of personnel at the production units increases and the units are upgraded, important areas for development have been the cleanliness, tidiness and safety of the work environment. Regular occupational safety reviews and "Continuous Improvement" schemes have achieved progress in meeting goals for cleanliness and safety.

Maintenance of work fitness

Long-term occupational health care partners have played a key role in activities to maintain work fitness. They know our personnel well and are continually developing activities to maintain work fitness, as well as preventive action and rehabilitation activities. Persons whose work fitness is deteriorating or has deteriorated have participated in active rehabilitation projects. They have also been offered health and rehabilitation services above the statutory occupational health services. In addition to the long-term work fitness activities carried out with the occupational health services, the individual production units offer personnel opportunities to participate in a variety of sports and exercise activities and common leisure and recreational activities, paid for by the employer.

Incentive and bonus schemes

During 2004 many production units in Finland, the Netherlands and Sweden started to revise their salary and wages schemes. The challenge in 2005 is to finish developing the salary and bonus schemes.

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

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

IFRS

Componenta's IFRS project has continued as planned during 2004. In January a new reporting system was introduced that allowed the production of financial statements to IFRS standards. Since then the accounting principles for IFRS financial statements have been defined and Componenta's opening IFRS balance sheet for 2004 has been prepared, based on the IFRS standards in force in December 2004. Employee pensions are treated as contribution plans.

Componenta's shareholders' equity in the opening IFRS balance sheet for 2004 is EUR 1.0 million smaller than in the FAS balance sheet, mainly due to changes in the valuation of real estate, the increase in deferred tax receivables, the increase in deferred tax liabilities, and changes in goodwill values. The opening IFRS balance sheet total rises by EUR 4.3 million mainly because of financial leasing agreements for EUR 5.3 million.

It is expected that IFRS changes, mainly reduced goodwill depreciation, the increase in depreciation on buildings and changes in the way financial leasing agreements are treated, will improve the 2004 result by EUR 0.8 million. EUR 5.1 million of the deferred tax receivables included in the opening IFRS balance sheet have been used during 2004.

Comparable IFRS interim reports for 2004 will be published no later than in connection with the first interim report for 2005. Componenta will prepare the first official IFRS financial statements for the financial year starting on 1 January 2005.

Report by Board of Directors

The Group's sales in January – December increased 78% on the previous year to EUR 316.1 (177.8) million, as the result of organic growth in sales and the acquisition of the Dutch foundry company De Globe. Net sales of the Cast and Other Components business group increased 15% to EUR 166.1 million, of De Globe 37% to EUR 109.4 million, and of Other Business 22% to EUR 40.6 million.

The increase in heavy truck manufacturing in Europe continued during the fourth quarter. Volumes delivered by Componenta to the heavy truck industry in 2004 rose 25% for the whole year and 45% in the final quarter from the previous year.

Sales to off-road deliveries rose 36% in 2004 from the previous year, deliveries to the power and transmission industries were 15% up, and sales to the machine building industry grew by 14%. In the fourth quarter, sales to off-road manufacturers rose 44%, deliveries to the power and transmission industries increased 23% and sales to the machine building industry grew by 46% from the corresponding period in the previous year.

Net sales and order book

The Group had net sales in the January – December review period of EUR 316.1 (177.8) million and an order book at the end of December of EUR 59.2 (25.1) million. The Cast and Other Components business group had sales of EUR 166.1 (144.5) million, De Globe of EUR 109.4 (79.7) million and Other Business of EUR 40.6 (33.3) million. At the end of the review period, Cast and Other Components had an order book of EUR 27.3 (20.4) million, De Globe of EUR 23.9 (15.1) million and Other Business of EUR 8.0 (4.7) million.

Exports and foreign operations accounted for 81% (71%) of Componenta's net sales. Net sales by market area were as follows: Central Europe 41% (17%), Scandinavia 35% (51%), Finland 19% (29%) and other countries 5% (3%).

De Globe's sales to the off-road and heavy truck industries and for compressors and pressure vessels fit in well with Componenta's previous customer base. Componenta's net sales by customer sector were as follows: heavy truck industry 46% (55%), off-road 21% (12%), machinery and equipment manufacturers 16% (14%), power and transmission 12% (15%) and others 4% (4%).

Result

Componenta Group made an operating profit, excluding one-time items, of EUR 11.4 (8.1) million and the result after financial items, excluding one-time items, was EUR 3.9 (0.5) million. The Cast and Other Components business group recorded an operating profit of EUR 11.6 (8.2) million, De Globe an operating loss excluding one-time items of EUR -1.7 (-4.2) million, and Other Business an operating profit, excluding one-time items, of EUR 1.5 (-0.1) million.

The Group's net financial costs amounted to EUR 7.6 (7.6) million, which included De Globe's net financial costs of EUR 1.1 million.

The consolidated result after financial items, excluding one-time items, improved from the previous year mainly because of the growth in sales and the improvement in the operational performance of the Cast and Other Components business area, the Wirsbo forge and associated companies. The price of scrap steel, the main raw material, rose exceptionally sharply at the start of the year. In addition, during the second half of 2004 the prices of the steel scrap grades used by the foundries rose substantially more than the average price mentioned above, so that the price of scrap at the end of the year was 95% higher than the average price in 2003. The impact on costs of the rise in the price of scrap was passed on to product prices at the start of the second quarter and during the final quarter. The rise in the price of scrap weakened the 2004 result by EUR 2.0 million. Scrap prices have been volatile during the year. The consolidated result was also weakened by De Globe's poor result, especially in the final quarter. The main cause for De Globe's poor result, in addition to the impact of scrap prices mentioned above, was its unhealthy price structure. The prices of unprofitable products will be revised during price negotiations in 2005. This is expected to cause the average price of De Globe's products to rise by 5%.

The Group's operating profit, including one-time items, was EUR 23.1 (0.1) million, the result after financial items was EUR 15.6 (-7.5) million and the net result was EUR 20.6 (-4.5) million. One-time items totalled EUR 11.7 (-8.0) million, consisting mainly of EUR 8.4 million in profit from the sale of Thermia shares, EUR 5.0 million in negative goodwill recognized as income from the De Globe acquisition, and a writedown of EUR -1.5 million on receivables for divested operations.

Income taxes were EUR 3.7 (3.0) million positive. Taxes arising from the result for the period are covered by confirmed losses for previous periods. In addition the Group's tax receivables are recorded in the result for the period. The total tax receivables in the balance sheet are foreseen to be utilized in the Netherlands in 2 years, in Finland in 3 - 5 years and in Sweden in 2 years.

Earnings per share were EUR 2.14 (-0.47).

The return on investment, including one-time items, was 13.1% (0.8%) and return on equity 35.5% (-11.8%).

Financing

The Group's equity ratio was 23.3% (17.8%) and the equity ratio including the capital notes in shareholders' equity was 32.1% (31.1%).

In March the Group repaid EUR 3.2 million, or 10%, of the principal of the preferred capital notes in accordance with the terms for the notes. On 31 December 2004 Componenta Corporation had outstanding preferred capital notes to the value of EUR 22.2 million. In addition, De Globe had preferred capital notes to the value of EUR 2.0 million from outside the Group.

On 30 September 2004 Componenta Corporation signed a five year EUR 90 million syndicated credit facility. This replaced the six credit facilities previously held by the Group, which had a combined value of EUR 69 million. The banks in the new syndicate are Nordea Bank Finland Plc, Swedbank, Danske Bank A/S and OKO Bank.

The Group had EUR 51.3 million in non-utilised long-term credit facilities at the end of the review period. The Group has a EUR 40 million commercial paper programme. The Group's interest-bearing net debt, excluding the EUR 24.2 million preferred capital notes, totalled EUR 111.9 (99.4) million, which includes De Globe's interest-bearing net debt of EUR 19.7 million. Net gearing, including the preferred capital notes in shareholders' equity, was 128% (168%).

Componenta is making more effective use of capital with a programme to sell its sales receivables, under which some of the sales receivables are being sold without any right of recourse. By 31 December 2004, the company had sold sales receivables totalling EUR 16.5 (11.9) million.

The cash flow from operations was EUR 10.1 (22.0) million, and of this the change in net working capital was EUR 1.7 (9.9) million. The cash flow from investments was EUR -9.4 (-0.3) million, which includes the cash flow from the Group's production investments and the cash flow from shares sold and purchased and from the sale of fixed assets.

Performance of business groups

Cast and Other Components

The Cast and Other Components business group consists of Componenta's foundries and machine shops in the Nordic countries, which supply ready to install cast and machined components to the heavy truck, power and transmission, other machine building and off-road industries.

Cast and Other Components had net sales of EUR 166.1 (144.5) million and an operating profit of EUR 11.6 (8.2) million. The order book on 31 December 2004 stood at EUR 27.3 (20.4) million. The rising price of scrap weakened the business group's result. The impact on costs of the increased scrap price has been passed on to product prices during the second and fourth quarters.

Net sales in the fourth quarter totalled EUR 47.1 (36.8) million and the operating profit was EUR 4.2 (1.7) million.

The running down of the Alvesta foundry which started in October 2003 and the transfer of production to Karkkila have proceeded operationally on schedule. Production ceased at Alvesta on 18 May 2004 and started up at the upgraded foundry in Karkkila on 2 August 2004. Starting up production at the Karkkila foundry weakened the result of the business group especially in the third quarter. It is estimated that merging the two foundries will give annual cost savings of some EUR 5 million as from 2005.

The price level of unprofitable products will be corrected during 2005 price negotiations.

De Globe

During the first quarter of 2004, Componenta purchased 55% of the shares and voting rights of the Dutch foundry company De Globe. De Globe comprises three iron foundries in the Netherlands which supply complex cast components for the off-road and heavy truck industries, and for compressors and pressure vessels. The acquisition of De Globe is in line with Componenta's strategy of focusing on developing its core business. De Globe has been consolidated into Componenta Group as from the beginning of January 2004.

De Globe had net sales in January – December of EUR 109.4 (79.7) million and an operating loss, excluding one-time items, of EUR -1.7 (-4.2) million. The order book on 31 December 2004 stood at EUR 23.9 (15.1) million. The growth in net sales improved De Globe's result, whereas the result suffered from the switch to non-continuous three-shift production at the Hoensbroek and Weert foundries to cope with the major increase in production, from the transfer of the Belfeld production line to Hoensbroek, and in particular from the increase in the price of scrap. Another cause of De Globe's poor result was its unhealthy price structure. The prices of unprofitable products will be corrected during 2005 price negotiations. This is expected to cause the average price of De Globe's products to rise by 5%.

Net sales in the fourth quarter totalled EUR 31.1 (19.7) million and the operating loss was EUR -1.5 (-2.6) million.

The Group has started a project to raise productivity at De Globe, which involves closing down the foundry in Belfeld and transferring production to the foundry in Hoensbroek. The investments to be made in connection with the transfer of production and the costs for closing down and transferring operations will be altogether EUR 12 million, of which EUR 9 million were incurred in 2004. These steps will bring estimated cost savings of EUR 4 million a year as from summer 2005. In addition, a separate development project has started at Hoensbroek to improve productivity.

The industrial premises in Belfeld, the Netherlands were sold on 29 December 2004 to Gebr. Van-Eck Baexem B.V. for the price of EUR 3.4 million. The property with its offices and industrial premises will be left empty when the operations of the De Globe Belfeld foundry, which have been located there, are transferred to Hoensbroek and De Globe's joint functions move into rented premises in Weert.

Componenta's sales organization in the Nordic countries and De Globe's sales organization in central Europe form a strong joint sales organization in Europe. Componenta's machine shops and machining expertise give a boost to De Globe's operations and enable a broader service offering to customers.

Other Business

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

Other Business had net sales of EUR 40.6 (33.3) million and an operating profit, excluding one-time items, of EUR 1.5 (-0.1) million. The order book at the end of the review period stood at EUR 8.0 (4.7) million.

Net sales in the fourth quarter were EUR 13.3 (9.3) million and the operating profit excluding one-time items was EUR 0.4 (0.6) million.

Componenta Wirsbo's sales increased from the previous year and the result improved in consequence of the cost cutting programme. The cost cutting programme and action to enhance operations are expected to further improve Wirsbo's result in 2005.

Componenta Group's share of the result of the associated companies was EUR 1.2 (1.3) million. Keycast had net sales of EUR 35.3 (33.6) million and the result after financial items was EUR 2.1 (1.6) million. The net sales of Ulefos NV rose to EUR 33.3 (26.4) million and the result after financial items improved to EUR 2.7 (-0.3) million.

During the first quarter of 2004, Componenta sold its shares in the associated company Thermia AB to Procuritas Capital Investors III, a Swedish private equity investor. The shares were sold for EUR 16.0 million and Componenta recorded a profit of EUR 8.4 million on the transaction. The operations of Tallinn-based Vesiterm AS were sold in an MBO for the price of EUR 0.1 million to the company's operative management in June. Selling its shares in Thermia and the operations of Vesiterm is in line with Componenta's strategy of divesting non-core business.

Shares and share capital

The shares of Componenta Corporation are quoted on the main list of the Helsinki Exchanges. At the end of the review period the company's share capital stood at EUR 19.2 million. The shares have a nominal value of 2 euros. At the end of the review period on 31 December 2004 the quoted price of Componenta Corporation shares stood at EUR 5.30 (2.92). The average price during the year was EUR 4.15, the lowest quoted price was EUR 2.85 and the highest EUR 6.25. The share capital had a market value of EUR 51.0 (28.1) million at the end of the review period and the volume of shares traded during the review period was equivalent to 23.9% (53.8%) of the share stock.

The Annual General Meeting of Shareholders decided not to pay a dividend for 2003, in accordance with the proposal of the Board of Directors.

Authorization to purchase and dispose of company shares

The Annual General Meeting of Shareholders on 10 February 2004 authorized the Board to decide on purchasing a maximum of 480,765 of the company's own shares, with a nominal value of 2 euros each, however such that the combined number of shares belonging to the company and its subsidiaries or the voting rights they hold after the purchase may not exceed five per cent of the company's share capital or of the voting rights held by all the shares. In addition, the Board may decide to dispose of a maximum of 480,765 of the company's own shares acquired by the company. The authorization to purchase and dispose of the company's own shares is in force for one year from the decision of the Annual General Meeting. The authorization had not been used at all on 31 December 2004.

Option rights

The Extraordinary Shareholders Meeting of Componenta Corporation, held on 30 September 2004, resolved to issue 450,000 stock option rights in accordance with the proposal of the Board of Directors. The option rights will be offered, disapplying the pre-emptive rights of shareholders, to persons who subscribed for stock option rights on the basis of the Annual General Meeting resolution of 15 March 2001 (Componenta 2001 stock option rights), in so far as there has been no obligation to return such option rights or the subscription period for shares under the option rights granted on 15 March 2001 has not expired. A maximum of 450,000 new shares with a nominal value of 2 euro each may be subscribed on the basis of the option rights. The share capital of the company may increase as the result of the share subscriptions by a maximum of EUR 900,000.

Componenta's Board of Directors decided to transfer the option rights approved by the Extraordinary Meeting of Shareholders on 30 September 2004 to the book-entry securities system. The company intends to apply to have the share option rights listed for public trading on the Helsinki Exchanges.

Investments

Investments in production facilities during the review period totalled EUR 30.3 (1.6) million. Of this amount, investments at Karkkila totalled EUR 14.0 million and at De Globe EUR 10.8 million. The cash flow from investments was EUR -9.4 (-0.3) million.

Board of Directors and Management

Componenta's Annual Shareholders' Meeting on 10 February 2004 elected the following to the Board of Directors: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo (new member) and Matti Tikkakoski. The Board elected Heikki Bergholm as its Chairman and Juhani Mäkinen as Vice Chairman.

The Corporate Executive Team of Componenta Group is formed by President and CEO Heikki Lehtonen; Lauri Huhtala, Director, Foundries Finland; Olli Karhunen, Director, Power and Transmission; Jari Leino, Director, Sales and Development; Wim Schut, Director, Foundries Holland (as from 1 April 2004); Michael Sjöberg, Director, Machine shops (as from 16 August 2004); CFO Kimmo Virtanen and Communications Manager Pirjo Aarniovuori.

Personnel

During the financial year the Group had an average of 2,168 (1,595) employees, which includes 595 De Globe employees. At the end of December 2004, 45% (55%) of the Group's personnel were in Finland, 27% (0%) in the Netherlands and 28% (45%) in Sweden.

Events after the end of the period

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

Dividend proposal

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.50 per share be paid for 2004, in total EUR 4.8 million.

Annual General Meeting

The Board proposes that the Annual General Meeting of Shareholders authorize the Board of Directors to decide to purchase the company's own shares using distributable funds, provided that after the purchase the aggregate number of the company shares belonging to the company, or the voting rights carried by these shares, does not exceed five (5) per cent of the company's share capital or of the voting rights carried by all the shares on the date of the purchase.

The Board proposes that the Annual General Meeting of Shareholders authorize the Board of Directors to decide to raise the share capital in one or more instalments by issuing new shares, convertible bonds or stock options such that the company's share capital may rise altogether by at most EUR 3,846,122 or by a smaller amount that corresponds to at most a fifth of the company share capital and the combined number of votes held by the shares registered on the date when the Annual General Meeting gave the authorization and on the date when the Board decided to raise the share capital.

Prospects

Componenta's prospects for 2005 are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.

The growth in demand for heavy truck components, which started towards the end of 2003, continued to strengthen during the fourth quarter of 2004. Demand for components from the off-road industry has grown strongly during 2004. Demand for components from the power and transmission industry and from machinery and equipment manufacturers is expected to continue to grow slightly.

Componenta's order book has built up considerably during 2004 and stood at a strong level at the end of December. Componenta's comparable net sales for the first quarter of 2005 are forecast to grow from the previous year and to match those in the final quarter of 2004. Componenta's result after financial items for the first quarter of 2005, excluding one-time items, is expected to be better than in the corresponding period of the previous year.

Consolidated income statement 1.1. - 31.12.

1,000 EUR		2004	%	2003	%
NET SALES	1	316,075	100	177,755	100
Other operating income	2	11,208		2,769	
Operating expenses	3	-294,411		-164,461	
Depreciation, amortization and write-down of non-current assets	4	-9,754		-15,976	
OPERATING PROFIT	5	23,118	7.3	87	0.0
Financial income and expenses	6	-7,560		-7,570	
PROFIT AFTER FINANCIAL ITEMS		15,558	4.9	-7,483	-4.2
Income taxes	7	3,670		2,980	
Minority interest		1,346		17	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		20,574	6.5	-4,486	-2.5

Consolidated balance sheet 31.12.

1,000 EUR		2004	2003
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		2,189	2,090
Group goodwill		763	1,267
Tangible assets		155,876	113,633
Investments		11,058	16,656
	8	169,886	133,646
CURRENT ASSETS			
Inventories	9	43,377	20,913
Long-term receivables	10	1,952	3,685
Short-term receivables	11	57,686	31,849
Cash and bank accounts		1,194	523
		103,209	56,970
TOTAL ASSETS		273,095	190,616
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	12	19,231	19,231
Share premium account		11,533	11,533
Legal reserve		5	5
Retained earnings		1,040	5,568
Profit/loss for the financial period		20,574	-4,486
Preferred capital note	14	24,237	25,414
	13	76,620	57,265
MINORITY INTEREST		11,147	2,045
NEGATIVE GOODWILL	16	-	-
PROVISIONS	17	1,533	2,566
LIABILITIES			
Non-current interest bearing liabilities	19	63,153	48,073
Non-current non-interest bearing liabilities	19	148	-
Current interest bearing liabilities	21	49,901	51,882
Current non-interest bearing liabilities	21	70,593	28,785
	18	183,795	128,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		273,095	190,616

Parent company income statement 1.1. - 31.12.

1,000 EUR		2004	2003
NET SALES		4,730	2,056
Other operating income	26	256	-
Operating expenses	27	-7,261	-2,308
Depreciation and amortization	28	-204	-43
OPERATING PROFIT		-2,480	-295
Financial income and expenses	29	-1,054	-3,024
PROFIT/LOSS AFTER FINANCIAL ITEMS		-3,534	-3,319
Extraordinary items	30	2,343	15,439
PROFIT/LOSS AFTER EXTRAORDINARY ITEMS		-1,191	12,120
Cumulative untaxed reserves	31	1	-
Income taxes	32	957	572
PROFIT/LOSS FOR THE FINANCIAL PERIOD		-233	12,692

Parent company balance sheet 31.12.

1,000 EUR		2004	2003
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		462	474
Tangible assets		339	332
Investments		48,233	42,722
	33	49,034	43,527
CURRENT ASSETS			
Long-term receivables	34	108,503	107,541
Short-term receivables	35	6,246	14,204
Cash and bank accounts		959	241
		115,709	121,986
TOTAL ASSETS		164,743	165,513
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	36	19,231	19,231
Share premium account		11,533	11,533
Legal reserve		5	5
Retained earnings		13,671	979
Profit for the financial period		-233	12,692
Preferred capital note	38	22,237	25,414
	37	66,444	69,854
UNTAXED RESERVES	39	8	8
LIABILITIES			
Non-current interest bearing liabilities	41	58,327	44,797
Current interest bearing liabilities	42	37,330	47,845
Current non-interest bearing liabilities	42	2,634	3,010
	40	98,291	95,651
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		164,743	165,513

Consolidated cash flow statement 1.1. - 31.12.

1,000 EUR	2004	2003
CASH FLOW FROM OPERATIONS		
Profit/loss before extraordinary items	15,558	-7,483
Depreciation and amortization according to plan and write-down of non-current assets	9,754	15,976
Unrealized exchange rate gains and losses	-658	-151
Other income and expenses, with no cash payment	-7,815	4,096
Financial income and expenses	8,218	7,721
Gains and losses from the sale of non-current assets	-7,823	169
Other adjustments	-1,360	-1,208
Cash flow before change in net working capital	15,874	19,120
Change in net working capital		
Current non-interest bearing receivables, increase (-)/decrease (+)	-10,907	12,116
Inventories, increase (-)/decrease (+)	-5,909	-1,151
Current non-interest bearing liabilities, increase (+)/decrease (-)	18,554	-1,078
Cash flow from operating activities before financing and income taxes	17,612	29,007
Paid interest and other financial expenses	-8,795	-8,898
Dividends received	340	988
Interest income received	951	932
Income taxes paid	-	9
Cash flow before extraordinary items	10,108	22,038
CASH FLOW FROM OPERATIONS (A)	10,108	22,038
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-27,274	-1,609
Proceeds from tangible and intangible assets	3,330	1,229
Other investments and loans granted	-4,697	-740
Investments in shares and other investments	-45	-1
Repayments of loan receivables	533	721
Proceeds from subsidiary shares	82	-
Proceeds from associated company shares	18,391	-
Proceeds from other investments	292	65
CASH FLOW FROM INVESTMENTS (B)	-9,388	-335
CASH FLOW FROM FINANCING OPERATIONS		
Draw-down of preferred capital note	2,000	-
Repayment of preferred capital note	-3,177	-3,176
Draw-downs (+) / repayments (-) of current loans	-13,052	8,163
Draw-downs (+) / repayments (-) of non-current loans	14,186	-28,146
Dividends paid	-6	-962
CASH FLOW FROM FINANCING OPERATIONS (C)	-49	-24,121
CHANGE IN CASH AND BANK ACCOUNTS (A + B + C) increase (+)/decrease (-)	671	-2,418
Cash and bank accounts at the beginning of the period	523	2,941
Cash and bank accounts at period end	1,194	523
Change during the financial period	671	-2,418

Parent company cash flow statement 1.1. - 31.12.

1,000 EUR	2004	2003
CASH FLOW FROM OPERATIONS		
Profit/loss before extraordinary items	-3,533	-3,319
Depreciation and amortization according to plan	204	43
Other income and expenses, with no cash payment	19	269
Gains and losses from the sale of non-current assets	1,614	-
Financial income and expenses	1,054	3,024
Cash flow before change in net working capital	-642	17
Change in net working capital		
Current non-interest bearing receivables, increase (-)/decrease (+)	-244	-211
Current non-interest bearing liabilities, increase (+)/decrease (-)	-1,044	144
Cash flow from operating activities before financing and income taxes	-1,930	-50
Paid interest and other financial expenses	-5,975	-3,955
Dividends paid	124	-
Interest income received	6,309	808
Cash flow before extraordinary items	-1,472	-3,197
Cash flow from extraordinary items	3,300	2,074
CASH FLOW FROM OPERATIONS (A)	1,828	-1,123
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-199	-398
Preferred capital note investments in Group companies	-2,000	-
Loans granted to Group companies	-	-19,976
Investments in subsidiary shares	-4,289	-
Investments in associated company shares	-3,507	-
Investments in shares and other investments	-45	-
Repayments of loan receivables	1,902	100
Proceeds from subsidiary shares	4,019	-
Proceeds from associated company shares	2,872	-
Proceeds from other investments	301	65
CASH FLOW FROM INVESTMENTS (B)	-946	-20,209
CASH FLOW FROM FINANCING OPERATIONS		
Repayment of preferred capital note	-3,177	-3,176
Draw-downs (+) / repayments (-) of current loans	-13,085	14,943
Draw-downs (+) / repayments (-) of non-current loans	16,101	10,718
Dividends paid	-	-962
CASH FLOW FROM FINANCING OPERATIONS (C)	-161	21,523
CHANGE IN CASH AND BANK ACCOUNTS (A + B + C) increase (+)/decrease (-)	721	191
Cash and bank accounts at the beginning of the period	241	3
Cash and bank accounts from a merged company	-3	47
Cash and bank accounts at period end	959	241
Change during the financial period	721	191

Accounting principles

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

The financial statements for foreign subsidiaries have been arranged to correspond to the Finnish Accounting Act.

The financial year for all group companies is the calendar year and it ended on 31 December 2004.

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. De Globe, which was acquired during the financial year, is included in the consolidated financial statements from the beginning of January and subsidiaries sold during the financial year are included up until the date of sale.

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 other subsidiaries over the shareholders' equity acquired is Group goodwill, which is amortized over 5 years. Group goodwill is presented as a separate item in the balance sheet.

In the consolidated financial statements of Componenta Karkkila, 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 of the subsidiaries. On 31 December 2004, goodwill allocated to machinery and equipment under non-current assets totalled EUR 0.9 million.

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 amortized over 5 - 10 years. Amortization of goodwill from associated companies is recorded in the result 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 associated companies, including the accumulated amortization of goodwill, and by the Group's share of the sales profit arising from business divestments between the Group and associated companies.

Foreign subsidiaries and conversion differences

The income statements of foreign subsidiaries are converted into euros using the average exchange rates for the accounting period. These are the average of the average exchange rates quoted by the European Central Bank at each month end. Balance sheet items are converted into euros at the European Central Bank average exchange rate on the closing day.

The conversion difference arising from using different exchange rates for converting the income statement and the balance sheet 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.

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

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

Intra-group transactions

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

The Group's share of the capital gains from business divestments between the Group and associated companies is eliminated. The eliminated capital gains are recorded as income at the same rate as amortization in the associated company.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate on the transaction date.

The foreign currency receivables and liabilities of the parent company and of 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 non-Finnish Group companies are converted at the exchange rate for the country concerned on the last day of the year. Any resulting exchange rate differences are recorded in the income statement as sales or purchasing adjustments or as financial items, as appropriate.

Foreign exchange and interest rate derivative instruments

Currency-denominated open derivatives are valued at the exchange rate on the closing day of the period.

Derivative financial instruments concluded to hedge against foreign currency and interest rate risks are recorded in the income statement at the same time as the commitment that is hedged. Changes in the value of foreign exchange derivatives are entered in the income statement so that the interest portion is deferred and entered as interest income and expenses, and the exchange rate difference is recorded in the result when the commitment hedged is recorded in the income statement.

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.

Other operating costs include freight charges, other costs relating to sales and credit losses.

Other income from operations

Other income from operations includes income from the divesting of operations and the sale of subsidiary companies. Correspondingly, losses from the divesting of operations and the sale of subsidiary companies are recorded under other operating costs.

Extraordinary items

Extraordinary items for the parent company and individual companies include Group contributions received and given 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 changes in deferred tax liabilities and deferred tax assets.

Changes in deferred tax liabilities and assets have been calculated from the temporary differences between tax and financial periods, from eliminations made in consolidation, from the confirmed losses and losses for the financial year of Group companies, and from changes in accelerated depreciation and other untaxed reserves. Deferred tax assets for confirmed losses or for losses for the financial period have only been recognized to the extent that it is probable that they can 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 and assets are presented in the balance sheet as a net figure where they apply to the same tax authority.

Deferred tax liabilities for untaxed reserves are calculated for Finnish companies using a tax rate of 26%, for Swedish companies using a rate of 28% and for Dutch companies using a rate of 31.5%.

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

Taxes on Group contributions recorded under extraordinary items by the parent company and 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 and write-downs. In addition, certain buildings include revaluations made in previous years, and depreciation is not made on these revaluations. No depreciation is made on land and water areas.

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	5 years
other capitalized expenditure	3 - 20 years
buildings and structures *)	25 - 40 years
computing equipment	3 - 5 years
other machinery and equipment	5 - 25 years
other tangible assets	5 - 10 years

*) as from 1 January 2004 residual value 25% of acquisition cost

Depreciation of Group goodwill allocated to non-current asset items takes place according to the schedule for planned depreciation for the item in question. The profits and losses from the sale of non-current assets are included in the operating profit.

Negative goodwill is recognized as income and presented as a separate item under depreciation of non-current assets.

Leasing

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

Capitalized development costs

In previous financial periods, development costs for new product series have been capitalized in the balance sheet. The planned depreciation period for these costs is 5 years. In other respects, the Group's minor research and development costs are recorded as expenses 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

Changes in untaxed reserves include the changes in accelerated depreciation and in other untaxed reserves.

In the separate 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 consolidated financial statements

Figures are in thousands of euros unless otherwise stated.

Notes to the consolidated income statement

Group	2004	2003
1. Net sales by geographical market area and by business group		
By geographical market area, MEUR		
Finland	58.8	51.0
Other Scandinavian countries	109.2	90.5
Central Europe	128.0	30.5
Other countries	20.1	5.8
	316.1	177.8
By business group, MEUR		
Cast and Other Components	166.1	144.5
De Globe	109.4	-
Other business	40.6	33.3
	316.1	177.8
2. Other operating income		
Rental income	299	330
Profit from sale of non-current assets	886	122
Profit from sale of shares and divested operations	8,665	713
Other operating income	129	305
Share of profit/loss of associated companies	1,229	1,299
	11,208	2,769
3. Operating expenses		
Change in inventory of finished goods and work in progress	1,739	739
Production for own use	347	151
Materials, supplies and products		
Purchases during the financial period	-105,534	-50,398
Change in inventories	4,107	-344
	-101,427	-50,742
External services	-39,772	-11,023
Personnel expenses *)	-90,584	-62,964
Other operating expenses		
Rents	-4,099	-2,451
Losses from sale of non-current assets	-	-181
Losses from sale of shares and divested operations	-15	-341
Expenses from closing down operations	-315	-2,828
Other operating expenses	-60,285	-34,821
	-64,714	-40,622
Total operating expenses	-294,411	-164,461

Group	2004	2003
*) Personnel expenses and average number of personnel		
Wages and salaries	-72,148	-47,474
Pensions and pension insurance payments	-10,183	-8,487
Other personnel expenses	-8,253	-7,003
	-90,584	-62,964
Remuneration and fringe benefits paid to management **)	-1,077	-709

**) Management includes members of Boards of Directors, managing directors and vice-managing directors.

The Company has no specific pension commitments for management.

	2004	2003
Average number of personnel by business group		
Cast and Other Components	1,308	1,324
De Globe	595	-
Other business	265	271
	2,168	1,595
4. Depreciation, amortization and write-down of non-current assets		
Depreciation and amortization		
Intangible assets		
Capitalized development costs	-157	-157
Intangible rights	-41	-62
Goodwill	-32	-32
Group goodwill	-506	-505
Other capitalized expenditure	-520	-461
	-1256	-1,217
Tangible assets		
Buildings and structures	-774	-854
Machinery and equipment	-12,403	-9,942
Other tangible assets	-349	-12
	-13,526	-10,808
Write-down of non-current assets		
Machinery and equipment	-	-3,951
Negative goodwill recognized as income	5,028	-
Total depreciation, amortization and write-down of non-current assets	-9,754	-15,976
5. Operating profit by business group, MEUR		
Cast and Other Components	11.6	8.2
De Globe	-1.7	-
Other business	13.2	-8.1
	23.1	0.1

Group	2004	2003
6. Financial income and expenses		
Financial income		
Dividend income	117	38
Interest income and other financial income	4,211	1,363
Interest expenses and other financial expenses	-11,888	-8,971
Total financial income and expenses	-7,560	-7,570
'Financial income and expenses' include net exchange rate gains and losses	137	63

Group	2004	2003
7. Income taxes		
Income taxes for the financial period	92	-413
Income taxes from previous financial periods	-	10
Change in deferred tax liabilities	-121	1,915
Change in deferred tax assets	3,699	1,468
	3,670	2,980

Notes to the consolidated balance sheet

8. Non-current assets

Intangible assets	Capitalized development costs	Intangible rights	Other capitalized expenditure	Goodwill	Group goodwill	2004 total	2003 total
Acquisition cost at the beginning of the period	871	346	4,577	317	2,523	8,634	10,626
Increases	10	7	2,891	-	-	2,908	117
Decreases	-	-4	-62	-	-	-66	-2,096
Reclassification	-	2	64	-	-	66	-
Conversion difference	-	-	-	-	-	-	-13
Acquisition cost at period end	881	351	7,470	317	2,523	11,542	8,634
Accumulated amortization at the beginning of the period	-516	-224	-2,998	-283	-1,256	-5,277	-5,495
Accumulated amortization on increases	-	-	-2,076	-	-	-2,076	-
Accumulated amortization on decreases and reclassification	-	4	13	-	-	17	1,432
Conversion difference	-	-	-	-	-	-	3
Amortization during the financial period	-157	-41	-520	-32	-506	-1,256	-1,217
Accumulated amortization at period end	-673	-261	-5,581	-315	-1,762	-8,592	-5,277
Book value at period end	208	90	1,888	3	763	2,952	3,357

Capitalized development costs consist of development costs of new products. The capitalization of development costs is made according to the decision of the Finnish Ministry of Trade and Industry. The capitalized development costs are amortized in 5 years.

Tangible assets	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advanced payments and work in progress	2004 total	2003 total
Acquisition cost at the beginning of the period	3,189	56,781	144,072	244	88	204,374	205,822
Increases	6,846	12,290	79,750	6,505	11,648	117,039	1,497
Decreases	-	-4	-768	-71	-4	-847	-2,426
Reclassification	-	-	32	-	-32	-	-
Conversion difference	3	40	285	-	-	328	-519
Acquisition cost at period end	10,038	69,107	223,371	6,678	11,700	320,894	204,374
Accumulated depreciation at the beginning of the period	-	-8,084	-82,553	-105	-	-90,742	-78,566
Accumulated depreciation on increases	-	-7,568	-48,476	-5,286	-	-61,330	-
Accumulated depreciation on decreases and reclassification	-	4	738	57	-	799	2,287
Conversion difference	-	-10	-208	-	-	-218	297
Write-down during the financial period	-	-	-	-	-	-	-3,951
Depreciation during the financial period	-	774	12,403	-349	-	-13,526	-10,809
Accumulated depreciation at period end	-	-16,432	-142,902	-5,683	-	-165,017	-90,742
Book value at period end	10,038	52,675	80,469	995	11,700	155,876	113,633

The figures in tangible assets include the following revaluations:

	Land areas	Buildings	2004 total	2003 total
At the beginning of the period	589	26,170	26,759	26,759
At period end	5,831	26,170	32,001	26,759

Deferred tax liabilities on revaluation	
On 31 December 2004	7,497
On 31 December 2003	6,521
Book value of production machinery and equipment	
On 31 December 2004	68,398
On 31 December 2003	48,665

Investments	**Shares in associated companies**	**Other shares**	**Other investments**	**2004 total**	**2003 total**
Acquisition cost at the beginning of the period	17,444	533	693	18,670	19,633
Increases	455	45	248	748	1
Decreases	-6,883	-211	-103	-7,197	-970
Reclassification	-	-	-	-	-
Conversion difference	-	-	4	4	6
Acquisition cost at period end	11,016	367	840	12,225	18,670
Accumulated share of profit/loss and decreases	-2,329	-	-	-2,329	-2,818
Dividends received	-256	-	-	-256	-962
Conversion difference	192	-	-	192	-374
Other increases/decreases	-	-	-	-	841
Share of profit/loss for the financial period	1,229	-	-	1,229	1,299
Book value at period end	9,852	367	840	11,058	16,656

On 31 December 2004 the book value of the shares in associated companies includes 1,449 tEUR of goodwill (1,957 tEUR on 31 December 2003).

Group	2004	2003
9. Inventories		
Materials and supplies	18,502	9,596
Work in progress	5,192	4,766
Finished goods	18,023	6,523
Other current assets	587	-
Advance payments	72	27
	42,377	20,913
10. Long-term receivables		
From associated companies		
Loan receivables	64	64
Other long-term receivables		
Loan receivables	566	2,104
Other receivables	1,322	1,517
	1,888	3,621
Total long-term receivables	1,952	3,685
11. Short-term receivables		
From associated companies		
Trade receivables	6	16
Other receivables	-	1,783
Prepaid expenses and accrued income	-	114
	6	1,913

Group	2004	2003
Other short-term receivables		
Trade receivables	35,540	11,894
Loan receivables	170	2,017
Other receivables	4,499	4,139
Deferred tax assets	11,831	7,576
Prepaid expenses and accrued income	5,640	4,310
	57,680	29,936
Total short-term receivables	57,686	31,849
Breakdown of prepaid expenses and accrued income		
Periodization of loan charges	659	404
Periodization of issue loss	1,079	1,588
Accrued interest income	194	575
Exchange rate gains	128	151
Periodization of pension expenses	417	181
Periodization of taxes	311	327
Others	2,852	1,198
	5,640	4,424

There are no loans granted to managing directors and members of the Boards of Directors of Group companies.

Group	2004	2003
Deferred tax assets		
From consolidation	151	443
From losses of Group companies	12,288	7,620
Offset with deferred tax liabilities	-608	-487
	11,831	7,576
Change in deferred tax assets in taxes		
For the financial period		
From consolidation	-292	-520
From the income statements of Group companies	-677	-
From losses of Group companies	4,668	1,988
	3,699	1,468
Offset with deferred tax liabilities, change during the financial period	-121	1,908
From the income statements of Group companies	677	-
Change in the balance sheet during the financial period	4,255	3,375

12. Share capital and warrants

The Company's share capital on 31 December 2004 stood at EUR 19,230,618, and was divided into 9,615,309 shares, each of which carries one vote. The shares have a nominal value of 2 euros.
At the end of the financial period, the Company had issued warrants with entitlement to the following subscriptions:

	Number of shares	Holding %
Warrants	445,722	4.43 %
Number of shares including warrants	10,061,031	100.00%

Warrants issued by the Group

Issuer	Componenta Corporation
Number of warrants	445,722
Held by a Group company	47,107

Subscription terms
One warrant entitles the holder to subscribe for one Componenta Corporation share with a par value of EUR 2 at a subscription price of EUR 4.60 per share. The subscription price will be adjusted by the distributed dividends. EUR 4.60 is the subscription price after the dividend for 2002. No dividend was paid in 2003. The original subscription price was EUR 4.85. The shares subscribed with the warrants entitle to dividend for the financial period in which the subscription takes place. The subcription time of the warrants ends 31.10.2006

Group	2004	2003
13. Shareholders' equity		
Share capital at the beginning of the period	19,231	19,231
Share capital at period end	19,231	19,231
Share premium account at the beginning of the period	11,533	11,533
Share premium account at period end	11,533	11,533
Legal reserve at the beginning of the period	5	5
Legal reserve at period end	5	5
Retained earnings at the beginning of the period	1,082	6,920
Dividends paid	-6	-970
Conversion difference +/-	-36	-382
Profit/loss for the financial period	20,574	-4,486
Preferred capital note at the beginning of the period	25,414	28,590
Increases of preferred capital note	2,000	-
Repayment of preferred capital note	-3,176	-3,176
Preferred capital note at period end	24,237	25,414
Total shareholders' equity	76,620	57,265
Equity in untaxed reserves	815	97
Distributable shareholders' equity	20,796	986

14. Preferred capital notes

Debtor: Componenta Corporation
On 31 December 2004 the preferred capital note was for appr. EUR 22.2 million. The loan is dated 15 February 2002, and it will mature on 19 March 2009. During years 2001-2002 the loan was drawn down EUR 31.1 million in total. On maturity date 19 March 2004 appr. EUR 3.2 million of the loan was repaid. 10% of the loan will be repaid yearly if Componenta Corporation and Componenta Group have full cover for their respective restricted equity in the balance sheets of the previous financial period. The loan period will be extended by one year at a time if there is no full cover.
Componenta Corporation has on the maturity date of the interest on 19 March each year the right to repay the loan partly or in whole, if the above mentioned conditions for repayment exist. The interest rate of the loan will be 4% above the 12 month Euribor, and it will be restated yearly. The loan carries interest of 6.04% p.a. until 19 March 2005. 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 note ranks junior to the Company's other debt commitments. The loan is not secured. Accrued interest on the loan on 31 December 2004 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

Group	2004	2003

Debtor: De Globe B.V.
De Globe B.V. has on 26 March 2004 received EUR 2 million capital loans from each of its shareholders. In annual statements of the Componenta Group EUR 2 million has included as a capital loan. Term is 5 years. Loan is amortised on 16 equal repayment; 1. repayment on 31 March 2006 and the last on 31 December 2009. The interest for the loan is 8%. The interest and capital repayment cannot be made until all obligations of De Globe B.V's debt commitments from financial institutions have been carried out. The loan is not secured. Accrued interest on the loan on 31 December 2004 has been recorded as an expense in the income statement and as a liability in the accrued expenses.

15. Untaxed reserves

	2004	2003
Untaxed reserves	1,603	1,035
Equity elimination of acquired Group companies	-371	-638
Deferred tax liabilities of the untaxed reserves	-417	-300
Equity in untaxed reserves	815	97

The deferred tax liabilities of the untaxed reserves of the Swedish subsidiaries are calculated using a tax rate of 28 percent. The deferred tax liabilities of the untaxed reserves of the Finnish subsidiaries are calculated using a tax rate of 26 percent.

16. Negative goodwill

	2004	2003
Increase in negative goodwill	5,028	-
Recognized as income during the financial period	-5,028	-
Negative goodwill at period end	-	-

17. Provisions

	2004	2003
Provisions for closing down of operations	602	2,566
Reorganisation reserve	931	-
	1,533	2,566
Change in provisions in other operating expenses in the income statement	1,033	-

18. Liabilities

	2004	2003
Interest bearing liabilities	113,054	99,955
Non-interest bearing liabilities	70,741	28,785
	183,795	128,740
Foreign currency breakdown of interest bearing liabilities, %		
EUR	91 %	68 %
SEK	9 %	32 %
	100 %	100 %

Group	2004	2003

19. Non-current liabilities

	2004	2003
Non-current interest bearing liabilities		
Loans from financial institutions	53,034	34,744
Loans from pension funds	10,119	13,221
Other liabilities	-	108
	63,153	48,073
Non-current non-interest bearing liabilities		
Other liabilities	148	-
Total non-current liabilities	63,301	48,073
Non-current loans falling due for repayment as follows		
2006	7,251	
2007 - 2009	52,328	
2010 -	3,574	
	63,153	
Non-current loans falling due for repayment in five or more years		
Loans from financial institutions	1,086	1,533
Loans from pension funds	2,488	3,747
	3,574	5,280

20. Deferred tax liabilities

	2004	2003
From untaxed reserves	417	300
From consolidation	191	187
Offset with deferred tax assets	-608	-487
	-	-
Change in deferred tax liabilities		
In taxes for the financial period		
From untaxed reserves	117	1,933
From consolidation	4	-18
	121	1,915
Conversion difference	-	7
Offset with deferred tax assets, change during the financial period	-121	1,908
Change in the balance sheet during the financial period	-	-

21. Current liabilities

	2004	2003
Current interest bearing liabilities		
Loans from financial institutions	13,326	30,582
Loans from pension funds	2,529	2,902
Other liabilities	34,046	18,398
	49,901	51,882
Current non-interest bearing liabilities		
Current non-interest bearing liabilities to associated companies		
Accounts payable	191	17

Group	2004	2003
Other current non-interest bearing liabilities		
Advances received	20	3
Accounts payable	46,272	9,354
Other liabilities	3,569	3,200
Accrued expenses and deferred income	20,541	16,211
	70,402	28,768
Total current non-interest bearing liabilities	70,593	28,785
Total current liabilities	120,494	80,667
Breakdown of accrued expenses and deferred income		
Accrued interest expenses	2,031	2,344
Accrued personel expenses	16,085	12,061
Others	2,425	1,806
	20,541	16,211

22. Contingent liabilities

Mortgages		
For own debts	35,638	16,794
General charges		
For own debts	16,443	16,528
Pledges		
For own debts	41,918	12,427
Other own commitments *)	8,188	13 139
Leasing commitments		
Next year	2,584	1,104
In more than one year	11,190	2,644
	13,774	3,748

*) Including the Helsinki District Court decision on 31 December 2003, according to which Componenta Karkkila Oy was sentenced to compensate VR Ltd (Finnish Railways) train wheels supplied and indirect costs, plus accumulated interest, as well as VR's legal costs (total of EUR 1.2 million).

Secured liabilities

Liabilities secured with mortgages or general charges		
Loans from financial institutions	29,074	16,632
Loans from pension funds	10,765	13,399
	39,839	30,031
Liabilities secured with pledges		
Loans from financial institutions	13,776	6,568
Loans from pension funds	1,883	2,152
	15,659	8,720

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

Availability of financing and re-financing risk
The Group aims to ensure the availability of financing by spreading the maturing dates, sources of funding and financial instruments in its loan portfolio. The proportion of one source of funding may not exceed a limit set by the Board of Directors. The maturing dates for loans are presented in the notes to the consolidated balance sheet, item 19.

Liquidity risk
The treasury policy states that the Group's liquidity should cover its commitments for the near future and is at least the equivalent of the net sales for half a month. In addition to cash reserves, the Group ensures its liquidity with unused committed credit facilities that amounted to EUR 51.3 million at the end of the financial year. Cash reserves are invested with the institutions on a list of counterparties approved by the Board of Directors that are considered to have a low credit risk.

Foreign exchange risk
In accordance with the Group's treasury policy, the foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments and income denominated in foreign currencies. The transaction position is calculated from the operational cash flow position, which includes the Group's commercial foreign currency flows for a 6 month period. The translation position is calculated from the shareholders' equity and accumulated profit of foreign subsidiaries and associated companies in the consolidated balance sheet. In accordance with the treasury policy, the Group's transaction position shall always be hedged at least 80 % and at most 120 %. The translation position is hedged in its entirety. For hedging, the Group uses foreign currency loans and deposits, and standard hedging instruments such as forward exchange contracts and currency options, which are reliably priced on the market.
The Group's foreign exchange risk consists mainly of a surplus in Swedish and Norwegian crowns. The estimated transaction position for 6 months ahead in Swedish crowns was EUR 8.8 million at year end. The maturity of the derivatives is less than one year.

Interest rate risk
Because of the cyclical nature of the markets of the Group's customers, the treasury policy states that the interest rates of Group's net loans position should be renewed on average after one and before two years. On 31 December 2004 the interest rates of net loans fell due for renewal on average in 12 months. To manage interest rate risk, the loan portfolio is spread between variable and fixed rate interest loans and investments. The interest rate risk is also spread among several interest rate renewal periods, so changes in interest rates affect the Group's result in stages. The average interest renewal period of the net interest position is affected by the choice of interest rate periods and by interest rate derivatives. Interest rate swaps have been used to increase the number of fixed interest agreements.

Derivative instruments	31.12.2004 Nominal value	31.12.2004 Current value	31.12.2003 Nominal value	31.12.2003 Current value
Currency derivatives				
Forward exchange contracts	33,000	73	14,701	63
Currency swaps	1,774	-3	8,040	42
Interest rate derivatives				
Interest rate options	6,000	-9	6,000	-49
Interest rate swaps	32,857	-415	24,000	-365

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

24. Group companies

Company	Domicile	Group share of holding %	Parent company share of holding %
Componenta Albin AB	Kristinehamn, Sweden	100.0	-
Componenta Alvesta AB	Alvesta, Sweden	100.0	-
Componenta Främmestad AB	Essunga, Sweden	100.0	-
Componenta Industri AB	Kristinehamn, Sweden	100.0	-
Componenta Karkkila Oy	Karkkila, Finland	100.0	100.0
Componenta Mek Pietarsaari Oy	Pietarsaari, Finland	100.0	-
Componenta Nisamo Oy	Lempäälä, Finland	100.0	-
Componenta Pietarsaari Oy	Pietarsaari, Finland	100.0	-
Componenta Pistons Oy	Pietarsaari, Finland	100.0	-
Componenta Pori Oy	Pori, Finland	100.0	-
Componenta Suomivalimo Oy	Iisalmi, Finland	100.0	-
Componenta Sweden AB	Kristinehamn, Sweden	100.0	-
Componenta Wirsbo AB	Surahammar, Sweden	100.0	-
Componenta Åmål AB	Åmål, Sweden	100.0	-
De Globe B.V.	Belfedt, The Netherlands	55.0	55.0
De Globe N.V.	Sint-Lambrechts-Woluwe, Belgium	55.0	-
De Globe-Guss GmbH	Korschenbroich, Germany	55.0	-
De Globe Foundries Limited	Derbys, UK	55.0	-
Högfors-Finance Oy	Karkkila, Finland	100.0	-
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 Uusporila	Karkkila, Finland	100.0	31.8
Kiinteistö Oy Ylä-Emali	Karkkila, Finland	100.0	100.0
Luoteis-Uudenmaan Kiinteistöt Oy	Karkkila, Finland	100.0	100.0
Uudenmaan Rakennustiimi Oy	Karkkila, Finland	100.0	100.0
Vanhan Ruukin Kiinteistöpalvelu Oy	Karkkila, Finland	100.0	100.0
Verkoopmaatschappij De Globe B.V.	Tegelen, The Netherlands	55.0	-

25. Associated companies

Company	Domicile	Group share of holding %	Parent company share of holding %
Keycast Oy *)	Raahe, Finland	42.6	-
Ulefos NV AS *)	Ulefoss, Norway	50.0	50.0
Profiz Business Solution Oyj *)	Helsinki, Finland	26.4	26.4
Högfors Basket Oy	Karkkila, Finland	50.0	-
Kiinteistö Oy Niliharju	Helsinki, Finland	25.0	25.0

The associated companies marked with a *) sign have been consolidated by using the equity method.
Other associated companies do not affect the Group's distributable equity.

Notes to the parent company financial statements

Notes to the parent company income statement

Parent company	2004	2003
26. Other operating income		
Rental income	250	-
Profit from sale of shares	6	-
Profit from sale of non-current assets	0	-
	256	-
27. Operating expenses		
Personnel expenses *)	-2,509	-898
Other operating expenses		
Rents	-496	-198
Other operating expenses	-4,256	-1,212
	-4,752	-1,410
Total operating expenses	-7,261	-2,308
*) Personnel expenses		
Wages and salaries	-1,986	-747
Pensions and pension insurance payments	-422	-121
Other personnel expenses	-101	-29
	-2,509	-898
Remuneration and fringe benefits paid to management	-212	-91

The Company has no specific pension commitments for management.

Parent company	2004	2003
28. Depreciation and amortization		
Intangible assets		
Other capitalized expenditure	-136	-27
Tangible assets		
Machinery and equipment	-68	-16
Total depreciation and amortization	-204	-43

Parent company	2004	2003
29. Financial income and expenses		
Financial income		
Interest income and other financial income		
From Group companies	5,089	1,050
From others	3,943	502
	9,032	1,552
Financial expenses		
Interest and other financial expenses		
To Group companies	-309	-16
To others	-9,778	-4,561
	-10,086	-4,576
Total financial income and expenses	-1,054	-3,024
'Financial income and expenses' include net exchange rate gains and losses		
To Group companies	300	19
To others	-356	-16
	-56	3
30. Extraordinary items		
Extraordinary income		
Group contribution received	3,300	1,972
Gain from merger	-	14,039
Taxes on extraordinary items	-957	-572
Total extraordinary items	2,343	15,439
31. Untaxed reserves		
Increase (-)/decrease (+) in depreciation in excess of plan		
Other capitalized expenditure	5	-
Machinery and equipment	-4	-
	1	-
32. Income taxes		
Income taxes for the financial period	-	-
Of which taxes on extraordinary items	957	572
	957	572

Notes to the parent company balance sheet

33. Non-current assets

Intangible assets	Other capitalized expenditure	2004 total	2003 total
Acquisition cost at the beginning of the period	719	719	63
Increases	124	124	656
Acquisition cost at period end	843	843	719
Accumulated amortization at the beginning of the period	-245	-245	-3
Accumulated amortization on increases	-	-	-215
Amortization during the financial period	-136	-136	-27
Accumulated amortization at period end	-381	-381	-245
Book value at period end	462	462	474

Tangible assets	Machinery and equipment	Other tangible assets	2004 total	2003 total
Acquisition cost at the beginning of the period	389	85	474	40
Increases	71	4	75	444
Decreases	-	-	-	-10
Acquisition cost at period end	460	90	550	474
Accumulated depreciation at the beginning of the period	-143	-	-143	-7
Accumulated depreciation on increases	-	-	-	-119
Depreciation during the financial period	-68	-	-68	-16
Accumulated depreciation at period end	-211	-	-211	-142
Book value at period end	249	90	339	332

Investments	Shares in Group companies	Shares in associated companies	Other shares and holdings	Preferred capital note investments in Group companies	Other investments	2004 total	2003 total
Acquisition cost at the beginning of the period	41,171	484	376	-	691	42,722	56,924
Increases	4,290	3,507	45	2,000	-	9,842	42,030
Conversion difference	-	-	-	-	4	4	5
Decreases	-4,019	-	-212	-	-103	-4,334	-56,237
Acquisition cost at period end	41,442	3,991	209	2,000	592	48,233	42,722

Parent company	2004	2003
34. Long-term receivables		
From Group companies		
Loan receivables	106,938	105,721
From associated companies		
Loan receivables	64	64
From others		
Loan receivables	566	656
Other receivables	935	1,101
	1,501	1,757
Total long-term receivables	108,503	107,541
35. Short-term receivables		
From Group companies		
Trade receivables	389	328
Loan receivables	-	220
Other receivables	3,300	3,920
Prepaid expenses and accrued income	104	150
	3,793	4,619

Parent company	2004	2003
From associated companies		
Loan receivables	-	1,783
Prepaid expenses and accrued income	-	114
	-	1,896
Other short-term receivables		
Trade receivables	7	13
Loan receivables	90	1,760
Other receivables	335	3,317
Prepaid expenses and accrued income	2,022	2,599
	2,453	7,689
Total short-term receivables	6,246	14,204
Breakdown of prepaid expenses and accrued		
Periodization of loan charges	659	403
Periodization of issue loss	1,079	1,588
Accrued interest income	240	615
Exchange rate gains	128	246
Insurance premium	20	-
Others	0	11
	2,126	2,863

Parent company	2004	2003

36. Share capital and warrants

Please, see item 12. Share capital and warrants in the notes to the consolidated financial statements.

37. Shareholders' equity

Share capital at the beginning of the period	19,231	19,231
Share capital at period end	19,231	19,231
Share premium account at the beginning of the period	11,533	11,533
Share premium account at period end	11,533	11,533
Legal reserve at the beginning of the period	5	5
Legal reserve at period end	5	5
Retained earnings at the beginning of the period	13,671	1,941
Dividends paid	-	-962
Profit for the financial period	-233	12,692
Preferred capital note at the beginning of the period	25,414	28,590
Draw-down of preferred capital note	-	-
Repayment of preferred capital note	-3,177	-3,177
Preferred capital note at period end	22,237	25,414
Total shareholders' equity	66,444	69,854
Distributable shareholders' equity	13,438	13,671

38. Terms of the preferred capital note

Please see item 14. Preferred capital note in the notes to the consolidated financial statements.

39. Cumulative untaxed reserves

Accelerated depreciation		
Other capitalized expenditure	8	12
Machinery and equipment	-	-4
	8	8

40. Liabilities

Interest bearing liabilities	95,657	92,642
Non-interest bearing liabilities	2,634	3,010
	98,291	95,651

Parent company	2004	2003

41. Non-current liabilities

Non-current interest bearing liabilities		
Loans from financial institutions	43,541	33,120
Loans from pension funds	1,368	1,851
Loans from Group companies	13,418	9,826
	58,327	44,797
Non-current loans falling due for repayment as follows		
2006	1,566	
2007 - 2009	42,411	
2010 -	932	
Non-current loans falling due for repayment in five or more years		
Loans from financial institutions	726	1,120
Loans from pension funds	206	309
	932	1,429

42. Current liabilities

Current interest bearing liabilities		
Loans from financial institutions	1,163	29,035
Loans from pension funds	483	570
Other liabilities	35,684	18,239
	37,330	47,845
Current non-interest bearing liabilities		
Liabilities to Group companies		
Accounts payable	26	44
Accrued expenses and deferred income	67	82
	93	126
Liabilities to others		
Accounts payable	372	160
Other liabilities	139	94
Accrued expenses and deferred income	2,031	2,630
	2,541	2,884
Total current non-interest bearing liabilities	2,634	3,010
Total current liabilities	39,964	50,855
Breakdown of accrued expenses and deferred income		
Accrued interest expenses	1,733	2,365
Accrued pension expenses	30	26
Holiday pay reserve including social security expenses	309	272
Exchange rate losses	6	30
Others	19	20
	2,097	2,712

Parent company	2004	2003
43. Contingent liabilities		
General charges		
For own debts	2,523	2,523
Pledges		
For own debts	1,886	2,155
For Group companies	4,685	4,416
	6,571	6,571
Guarantees		
For Group companies	9,311	9,376
Other own commitments	860	3,805
Leasing commitments		
Next year	176	173
In more than one year	379	323
	555	496

Parent company	2004	2003
Secured liabilities		
Liabilities secured with general charges		
Loans from financial institutions	16,203	16,074
Loans from pension funds	1,851	2,422
	18,054	18,496
Liabilities secured with pledges		
Loans from financial institutions	6,493	6,568

44. Derivative instruments

	31.12.2004 Nominal value	31.12.2004 Current value	31.12.2003 Nominal value	31.12.2003 Current value
Currency derivatives				
Forward exchange contracts	33,000	73	14,701	63
Currency swaps	1,774	-3	8,040	42
Interest rate derivatives				
Interest rate options	6,000	-9	6,000	-49
Interest rate swaps	29,000	-308	24,000	-365
Intra-group currency derivatives				
Forward exchange contracts	16,083	92	19,613	-35
Of which hedging future currency flows	12,634	63	7,942	-4

The current value is the profit or loss from the derivative instrument according to the market price on 31 December.

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

Group development 2000 - 2004

MEUR	Proforma 2000	2001	2002	2003	2004
Net sales	225.7	193.8	180.8	177.8	316.1
Operating profit	14.5	8.3	7.0	0.1	23.1
Financial income and expenses	-8.0	-6.0	-9.1	-7.6	-7.6
Profit/loss after financial items	6.4	2.3	-2.1	-7.5	15.6
Profit for the financial period	-	7.4	1.0	-4.5	20.6
Order book at period end	35.0	26.5	24.9	25.1	59.2
Change in net sales, %	-15.3	-14.1	-6.7	-1.7	77.8
Share of export and foreign activities in net sales, %	77.0	72.0	72.0	71.0	81.4

Group development excluding one-time items 2000 - 2004

MEUR	Proforma 2000	2001	2002	2003	2004
Net sales	225.7	193.8	180.8	177.8	316.1
Operating profit	10.6	4.0	2.8	8.1	11.4
Financial income and expenses	-8.0	-6.0	-9.1	-7.6	-7.6
Profit/loss after financial items	2.5	-2.0	-6.3	0.5	3.9

	Proforma 1.1.2001	31.12.2001	31.12.2002	31.12.2003	31.12.2004
Balance sheet total	239	217	218	191	273
Net interest bearing debt, preferred capital note in debt	147	141	145	125	136
Net interest bearing debt, preferred capital note in equity	124	112	117	99	112
Invested capital	200	186	188	159	201
Return on investment, %	-	5.6	4.4	0.8	13.1
Return on equity, %	-	20.0	2.5	-11.8	35.5
Equity ratio, %	13.8	18.7	18.2	17.8	23.3
Equity ratio, %, preferred capital note in equity	23.2	32.0	31.4	31.1	32.1
Equity ratio, %, preferred capital note and negative goodwill in equity	29.6	32.3	31.4	31.1	32.1
Net gearing, %, preferred capital note in debt	446.0	348.0	365.0	368.3	214.2
Net gearing, %, preferred capital note in equity	223.1	162.3	170.5	167.7	127.5
Net gearing, %, preferred capital note and negative goodwill in equity	175.2	160.8	170.5	167.7	127.5
Investments in non-current assets	28.2	53.1	9.8	1.6	35.1
Number of personnel at period end	1,936	1,741	1,616	1,565	2,213
Average number of personnel	1,986	1,810	1,705	1,595	2,168

Group development by business group

Net sales, MEUR	1.1.-31.12.2003	1.1.-31.12.2004
Cast and Other Components	144.5	166.1
De Globe	-	109.4
Other business	33.3	40.6
Componenta Group total	177.8	316.1

Operating profit, MEUR	1.1.-31.12.2003	1.1.-31.12.2004
Cast and Other Components	8.2	11.6
De Globe	-	-1.7
Other business	-8.1	13.2
Componenta Group total	0.1	23.1

Order book, MEUR	31.12.2003	31.12.2004
Cast and Other Components	20.4	27.3
De Globe	-	23.9
Other business	4.7	8.0
Componenta Group total	25.1	59.2

Group development by quarter

MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Net sales	46.3	47.2	38.2	46.1	73.0	81.1	70.5	91.5
Operating profit	1.6	2.8	0.9	-5.3	14.0	4.8	1.5	2.9
Net financial items	-2.1	-1.9	-2.0	-1.6	-1.7	-1.7	-1.8	-2.3
Profit/loss after financial items	-0.5	1.0	-1.1	-6.9	12.2	3.1	-0.4	0.6

Quarterly development by business group

Net sales, MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Cast and Other Components	37.4	38.8	31.5	36.8	38.7	43.0	37.3	47.1
De Globe	-	-	-	-	25.2	28.1	25.0	31.1
Other business	8.9	8.4	6.7	9.3	9.1	9.9	8.2	13.3
Componenta Group total	46.3	47.2	38.2	46.1	73.0	81.1	70.5	91.5

Operating profit, MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Cast and Other Components	2.1	2.9	1.5	1.7	1.8	4.0	1.5	4.2
De Globe	-	-	-	-	0.2	0.1	-0.4	-1.5
Other business	-0.5	-0.1	-0.5	-7.0	12.0	0.7	0.4	0.2
Componenta Group total	1.6	2.8	0.9	-5.3	14.0	4.8	1.5	2.9

Order book at period end, MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Cast and Other Components	21.7	20.4	21.3	20.4	22.7	27.2	29.7	27.3
De Globe	-	-	-	-	19.9	20.0	22.3	23.9
Other business	5.4	6.1	5.6	4.7	5.5	5.4	7.9	8.0
Componenta Group total	27.1	26.5	26.9	25.1	48.0	52.6	59.9	59.2

Group development excluding one-time items

MEUR	1.1.-31.12.2003	1.1.-31.12.2004
Net sales	177.8	316.1
Operating profit	8.1	11.4
Net financial items	-7.6	-7.6
Profit/loss after financial items	0.5	3.9

Group development by business group excluding one-time items

Operating profit, MEUR	1.1.-31.12.2003	1.1.-31.12.2004
Cast and Other Components	8.2	11.6
De Globe	-	-1.7
Other business	-0.1	1.5
Componenta Group total	8.1	11.4

Group development by quarter excluding one-time items

MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Net sales	46.3	47.2	38.2	46.1	73.0	81.1	70.5	91.5
Operating profit	1.6	3.1	1.0	2.3	2.0	4.9	1.4	3.2
Net financial items	-2.1	-1.9	-2.0	-1.6	-1.7	-1.7	-1.8	-2.3
Profit/loss after financial items	-0.5	1.3	-1.0	0.7	0.2	3.2	-0.4	0.9

Quarterly development by business group excluding one-time items

Operating profit, MEUR	Q1/2003	Q2/2003	Q3/2003	Q4/2003	Q1/2004	Q2/2004	Q3/2004	Q4/2004
Cast and Other Components	2.1	2.9	1.5	1.7	1.8	4.0	1.5	4.2
De Globe	-	-	-	-	0.2	0.1	-0.4	-1.5
Other business	-0.5	0.2	-0.4	0.6	-0.1	0.8	0.3	0.4
Componenta Group total	1.6	3.1	1.0	2.3	2.0	4.9	1.4	3.2

Shareholders and shares

Largest registered shareholders on 31 December 2004

	Shareholder		Shares	Share of total voting rights %
1	Lehtonen Heikki		3,786,131	39.38
	Cabana Trade S.A.	3,676,731		
	Oy Högfors-Trading Ab	109,400		
2	Etra-Invest Oy Ab		1,512,400	15.73
3	Inkinen Simo-Pekka		460,044	4.78
4	Ilmarinen Mutual Pension Insurance Company		457,600	4.76
5	Investment Fund Alfred Berg Small Cap		205,500	2.14
6	Investment Fund Alfred Berg Finland		193,250	2.01
7	Lehtonen Anna-Maria		178,823	1.86
8	FIM Fenno Investment Fund		162,600	1.69
9	Lehtonen Yrjö M.		131,040	1.36
10	Laakkonen Mikko		110,000	1.14
11	Bergholm Heikki		101,000	1.05
12	The Finnish National Fund for Research and Development (Sitra)		91,200	0.95
13	Lehtonen Antti		78,000	0.81
14	Finnish Cultural Foundation		75,000	0.78
15	Technology Industries of Finland		70,800	0.74
Nominee-registered shares			216,060	2.25
Other shareholders			1,785,861	18.57
Total			9,615,309	100.00

The members of the Board of Directors own 40.4% of the shares. All shares have equal voting rights. The members of the Board of Directors hold 10.5% of the outstanding warrants. If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 39.1%.

Breakdown of share ownership on 31 December 2004

Number of shares	Shareholders	%	Shares	%
1 - 100	151	13.19	10,096	0.10
101 - 500	472	41.22	133,364	1.39
501 - 1,000	243	21.22	197,538	2.05
1,001 - 5,000	204	17.82	487,856	5.07
5,001 - 10,000	26	2.27	185,632	1.93
10,001 - 50,000	29	2.53	642,575	6.68
50,001 - 100,000	7	0.61	546,400	5.68
100,001 - 500,000	11	0.96	2,222,717	23.12
500,001 -	2	0.17	5,189,131	53.97
Total = total issued	1,145	100.00	9,615,309	100.00

Shareholders by sector on 31 December 2004

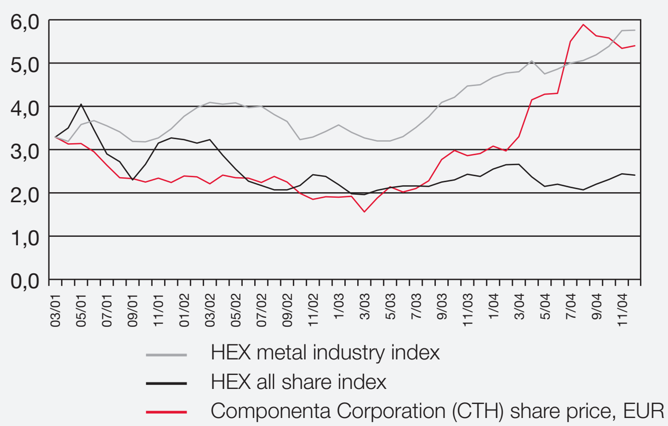
	%
Finnish companies	18.57
Financial institutions and insurance companies	8.20
General government bodies	6.47
Non-profit institutions	5.62
Households	22.78
Nominee-registered shares and other foreign shareholders	38.37
	100.0

Per share data

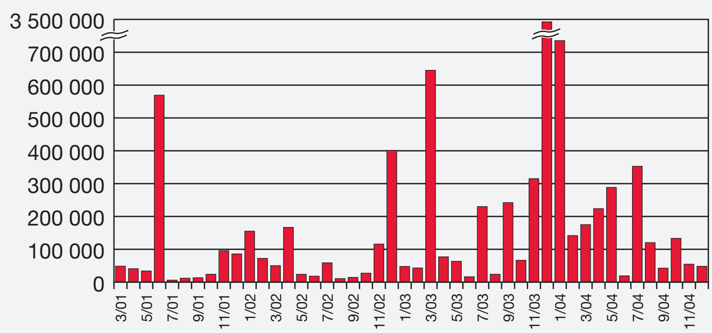
	2004	2003
Earnings per share (EPS), EUR	2.14	-0.47
Equity per share, EUR	5.45	3.31
Dividend per share, EUR *)	0.50	0.00
Payout ratio, %	23.37	0.00
Effective dividend yield, %	9.43	0.00
P/E multiple	2.48	neg.
Share price at year end, EUR	5.30	2.92
Average trading price, EUR	4.15	2.65
Lowest trading price, EUR	2.85	1.39
Highest trading price, EUR	6.25	3.40
Market capitalization at year end, MEUR	51.0	28.1
Trading volume, 1,000 shares	2,299	5,171
Trading volume, %	23.9	53.8
Weighted average of the number of shares, 1,000 shares	9,615	9,615
Number of shares at year end, 1,000 shares	9,615	9,615

*) For the year 2004 a proposal of the Board of Directors.

Componenta Corporation (CTH) share price development in 2001 - 2004, EUR



Componenta Corporation (CTH) monthly share trading volume in 2001 - 2004, pcs



Calculation of key financial ratios

Return on equity -% (ROE) =

$$\frac{\text{Profit/loss after financial items – income taxes}}{\text{Shareholders' equity without preferred capital notes + minority interest (quarterly average)}} \times 100$$

Return on investments -% (ROI) =

$$\frac{\text{Profit/loss after financial items + interest and other financial expenses}}{\text{Balance sheet total - interest free liabilities (quarterly average)}} \times 100$$

Equity ratio, % =

$$\frac{\text{Shareholders' equity, preferred capital notes excluded + minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

Earnings per share, EUR (EPS) =

$$\frac{\text{Profit/loss after financial items – income taxes +/- minority interest}}{\text{Average number of shares during the financial period}}$$

Earnings per share with dilution, EUR = As above, but earnings have been increased by calculating interest on market terms and net of tax, on the capital increase corresponding to the outstanding warrants. The number of shares has been increased with the warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price).

Average trading price, EUR =

$$\frac{\text{Trading volume}}{\text{Number of shares traded during the financial period}}$$

Equity per share, EUR =

$$\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$$

Dividend per share, EUR =

$$\frac{\text{Dividend}}{\text{Number of shares at period end}}$$

Payout ratio, % =

$$\frac{\text{Dividend}}{\text{Earnings (as in Earnings per share)}} \times 100$$

Effective dividend yield, % =

$$\frac{\text{Dividend per share}}{\text{Market share price at period end}} \times 100$$

Market capitalization = Number of shares x market share price at period end

P/E multiple =

$$\frac{\text{Market share price at period end}}{\text{Earnings per share}}$$

Net interest bearing debt = Interest bearing liabilities + preferred capital notes - cash and bank accounts

Net gearing, % =

$$\frac{\text{Net interest bearing debt}}{\text{Shareholders' equity, preferred capital notes excluded + minority interest}} \times 100$$

Proposal of the Board of Directors for the distribution of profits

The distributable equity according to the consolidated balance sheet is EUR 20,796,000. The distributable equity according to the parent company balance sheet is EUR 13,437,872.13.

The Board of Directors proposes to the Annual General Meeting that from the distributable equity a dividend of EUR 0.50 per share is paid, total dividends being EUR 4,807,654.50 and EUR 8,630,217.63 remains in the distributable equity.

Helsinki, 19 January 2005

Heikki Bergholm
Juhani Mäkinen
Marjo Raitavuo

Matti Tikkakoski
Heikki Lehtonen
President and CEO

Auditor's report

To the shareholders of Componenta Corporation

I have audited the accounting, the financial statements and the corporate governance of Componenta Corporation for the period 1.1. - 31.12.2004. 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 my audit I express an opinion on these financial statements and on corporate governance of the parent company.

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

In my 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 me. The proposal by the Board of Directors regarding the result of the accounting period is in compliance with the Companies' Act.

Helsinki, 20 January 2005

Kari Miettinen
APA

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