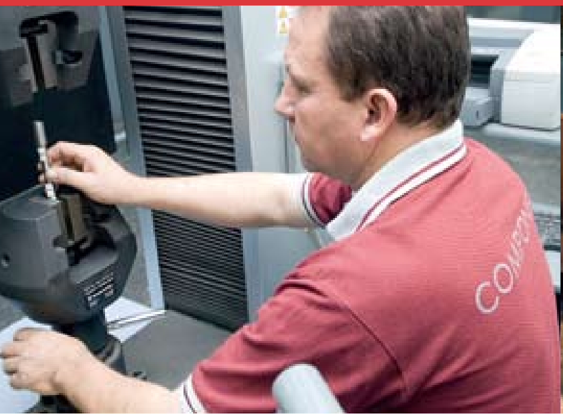
COMPONENTA



Annual Report 2008

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Componenta excels in cast components

Componenta has nine foundries, six machine shops and one forge, and its production plants are located in Finland, Turkey, the Netherlands and Sweden. Componenta was established in Helsinki, Finland in 1918, and in November 2008 the Group celebrated its 90th anniversary. Over the years, the company has evolved from a small family foundry into a metal sector group with international operations. Today Componenta's shares are quoted on the NASDAQ OMX Helsinki.

In 2008 the Group had net sales of EUR 681 million and approximately 4,500 employees including leased personnel. 30% of the Group sales in 2008 were in Scandinavia, 65% in other European countries and 5% in other countries. 26 % of our personnel work in Finland, 45 % in Turkey, 18 % in the Netherlands and 11 % in Sweden.

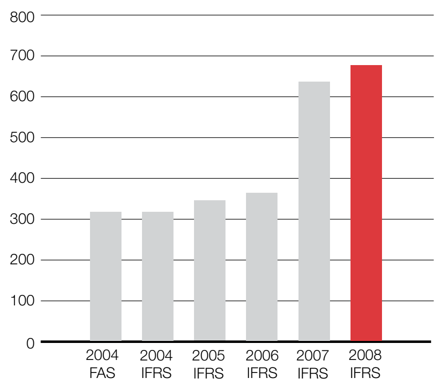
The Group's core business comprises foundry and machine shop operations which are divided into three business divisions - Foundries, Machine shops and Turkey. The Group's production units in Finland, Turkey, Sweden and the Netherlands are part of these three divisions. Other business comprises the Componenta Wirsbo forge in Sweden, the sales and logistics company Componenta UK in Great Britain, real estate companies and the Group's administrative functions.

Other functions that serve the core business, sales and product development as well as group administration - finance and control, IT, human resources, business development and communications - are managed on a group-level, ensuring the necessary tools and support for business units and strengthening the One Componenta way of working within the whole Group.

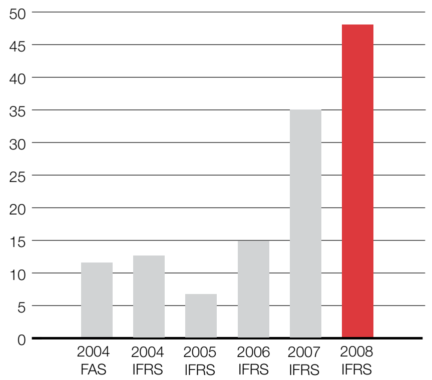
Componenta excels in cast components. Our offering to the customers comprises all phases from engineering to deliveries. Based on the customer's needs, the supply chain might in addition to casting include engineering together with the customer, machining, surface treatment and assembly.

Componenta's customers are globally operating companies in off-road, heavy truck, automotive, diesel & wind and machine building industries. Our customers are leading operators in their field. The components supplied by Componenta are often strategic parts in the products of our customers.

NET SALES, MEUR



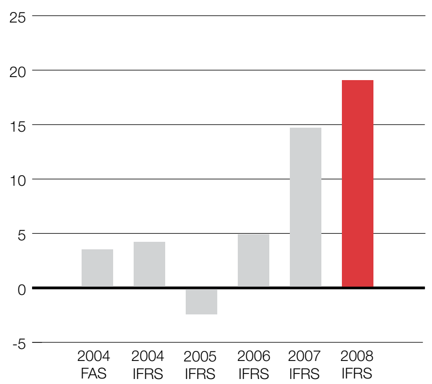
OPERATING PROFIT EXCL. ONE-TIME ITEMS, MEUR



KEY FIGURES

	31.12.2008	31.12.2007
Net sales, MEUR	681.4	634.7
Operating profit excluding one-time items, MEUR	47.9	34.9
Result after financial items, excluding one-time items, MEUR	19.2	14.9
Earnings per share, excluding one-time items, EUR	1.28	1.01
Return on equity, excluding one-time items, %	14.9	12.1
Return on investment, excluding one-time items, %	13.7	9.8
Order book, MEUR	73.6	129.0
Investments in non-current assets, MEUR	43.6	64.5
Personnel including leased personnel (full-time equivalent, FTE)	4,163	5,064

RESULT AFTER FINANCIAL ITEMS EXCL. ONE-TIME ITEMS, MEUR



Leading European cast component supplier by 2012

Componenta is today the second largest independent cast component supplier in Europe. Our vision is to become the leading European cast component supplier by 2012 by utilizing the growth possibilities in selected markets.

Molten aluminium in the Manisa aluminium foundry. *The use of aluminium as raw material for components will increase in the future, since lighter vehicles are needed to decrease emissions into environment.*

Casting Future Solutions

To achieve the strategic goals set in the Group strategy, we focus both on customer cooperation and on continuous improvement and development of our own operations. Through our sales and engineering teams we make our experience and know-how of cast components available to our customers. Dividing production optimally between our foundries and machine shops in different countries and logistical solutions for deliveries ensure delivery certainty. We work as one Componenta and are a versatile, strong partner for our customers.

Strategic actions in 2008

Componenta strengthened its resources to increase its service capacity in sales and product development. New sales companies were established in Italy and France to replace sales agents, and more professionals were hired for other market areas as well. In product development and engineering, several significant cooperation projects with customers were completed. These projects took advantage of Componenta's casting and machining capabilities.

To raise production capacity and improve efficiency in production, investments were made in the iron foundries in Karkkila and Iisalmi, Finland and Orhangazi, Turkey as well as in the Orhangazi machine shop. Thanks to the good market situation, production volumes and net sales grew. The Group's net sales rose to EUR 681 million, with comparable sales growing by more than 8% from the previous year. The result after financial items excluding one-time items for 2008 rose by 29% to EUR 19.2 million.

Production was optimised between Componenta's production units in Finland, Turkey, the Netherlands and Sweden.

One way to meet the requirements for vehicle emissions is by reducing the weight of vehicles, which means that the proportion of aluminium as raw material for components will increase. To respond to the growing demand, Componenta has made plans to double its aluminium casting production and to build a new aluminium foundry in Manisa, Turkey.

The One Componenta way of operating was strengthened during the year, for example by creating common division and operational strategies. With the help of these, development actions can be focused in the right places. More Group-wide ways of working were taken into use. The exchange of competences and best practices also started.

Componenta Döktas became Componenta Turkey, and its official name is now Componenta Dökümcülük Ticaret Ve Sanayi A.S. The names of all the business units in the Group are formed in the same way, and our business units in Turkey are now Componenta Manisa and Componenta Orhangazi.

FINANCIAL OBJECTIVES

	Actual 2008	Objectives 2012
Net sales	681 MEUR	800 MEUR
EBIT*)	7.0%	10%
ROI*)	13.7%	> 20%
Equity ratio (preferred capital note in equity)	27.8%	40%

*) Excluding one-time items

GROUP VALUES

The Group's values - **openness, honesty and respect** - form the basis for Componenta's business and strategy

The values are reflected in our daily operations as follows:

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

STRATEGIC GOALS

By 2012

- we have utilized the growth possibilities in chosen strategic markets and the existing customer base
- we serve our customers proactively with solutions from components to engineering
- our production is optimally shared between production units through internal sourcing
- logistical processes and warehousing are optimized
- business area sales and engineering teams manage the customer interface
- Componenta works as one with unified processes and procedures.

Year of rapid changes

The Group's net sales grew by more than 8% in 2008 to EUR 681 million. The 2008 profit after financial items increased to EUR 19.2 million, which is the best profit for operations in the history of Componenta. The strong profit was accumulated during the first nine months of the year, after which during the final quarter of the year net sales and result rapidly turned downwards. Taken as a whole, 2008 was an exceptional year in many ways. Early in the year demand in our customer business sectors was at peak levels and production capacity at our business units was virtually in full use, but towards the end of the year the situation turned round almost completely: demand tailed off and capacity usage rates dropped markedly. The year also contained sharp fluctuations in raw material prices. For example, the price of the main raw material for components, recycled steel, rose in the summer to an all-time high, only to fall steeply towards the end of the year. Special aspects in both cases were the speed of the changes and their unpredictability.

The first signs of a clear weakening of demand, in consequence of the problems in the finance markets, could be seen in early autumn. As the volume of orders and the order book declined, it became necessary to reduce production volumes and adapt operations correspondingly in many of our units in different countries. The measures taken have had the biggest impact on our Turkish units which we acquired two years ago. Most of their customers operate in the automotive industry, which has long supply chains and where a decline in demand for the end products affects first of all their component suppliers.

Because of the sharp increase in raw material costs, in June we introduced a price compensation scheme for updating the impact of raw material prices on a monthly basis, so that there were no major discrepancies between purchased raw materials and invoiced products. This enabled us to allocate costs correctly, while at the same time the new transparent system also benefited customers, who were quickly rewarded when raw material prices came down.

During 2008 we carried out many investment projects that had a major impact on our competitiveness. Investments to raise capacity and improve efficiency were made at the foundries in Karkkila and Iisalmi in Finland and Orhangazi in Turkey. A new machine shop was also built in Orhangazi, which will help us serve customers even better by supplying ready machined components.

During its 90 year history Componenta has gone through many challenging times and situations, when the company has had to show flexibility and the ability to adapt. On those occasions as in the present global economic recession, a quick response to changing conditions is vitally important. However, while taking these decisions, it is essential at the same time to ensure our future competitiveness by strengthening those areas that are important for the company and to take into account the people affected by the decisions.

In difficult times the values of companies take on increasing importance. Componenta's values – openness, honesty, and respect for each other – create a clear baseline for us in our operations and actions.

Prospects

We are facing a challenging year in 2009. Our order book at the start of the year was slightly more than 40% lower than the year before. During the first months of the year our customers will still be running down their stocks, which will reduce our deliveries. We expect a drop of about 30% in net

"In the present global economic recession, a quick response to changing conditions is vitally important. However, while taking these decisions, it is essential at the same time to ensure our future competitiveness by strengthening those areas that are important for the company and to take into account the people affected by the decisions."

sales for the whole year and a significant decline in profit from 2008. The Group's cash flow is expected to be clearly positive as a result of the considerable reduction in working capital and the low level of investments.

Componenta's strategic goal is to become the leading supplier of cast components in Europe by 2012. To achieve this goal, in 2009 we are focusing on new sales and on making new solutions for our customers. Through our R&D and engineering we make our casting and machining expertise available to customers, so that working together we can accelerate the process and shorten the time needed to develop new products.

May I express my thanks to our shareholders and personnel for their commitment and excellent cooperation in 2008.

Heikki Lehtonen
President & CEO

A COMPANY WITH NINE LIVES

In November 2008 it was 90 years since foreman Matti Lehtonen started foundry business in Helsinki, Finland. Over the years, through organic growth and acquisitions, the company has grown from a small Finnish foundry into international Group of foundries and machine shops.

A lot has happened in the history of Componenta. During the decades the family company went through good and bad times, wars and recession, each of it had had its effect in the company's operations. Flexibility, quick decision making and adjustments have often been needed in the ever changing environment.

Already in the beginning, the founder of the company stated that the main factors for success are high quality, competitive prices, quick deliveries and good customer service based on understanding customer's needs. These issues still form the basis of Componenta's competitiveness."

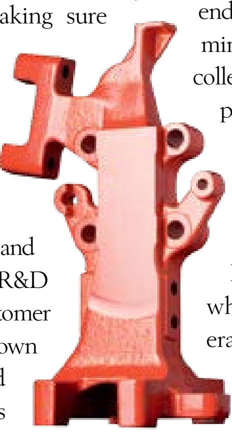
Componenta's story, "A Company with Nine Lives", written by Harri and Selim Saukkomaa begins in 1918 and ends in the autumn of 2008. History booklet can be found on the Group's web pages at www.componenta.com

Ready to serve

Componenta continued to strongly develop its sales and engineering organization in 2008, increasing its customer-orientation. During the year the sales organization was reinforced by establishing new sales companies in Italy and France and strengthening sales organization in Germany. The company also developed a one-stop service package which includes engineering, casting, machining and other finishing processes. Increasing R&D resources and unifying skills began in autumn 2008 and continue this year. The objective is to offer customers an even broader service for designing cast components.

Cast components are designed together with customers. *Engineering knowhow is the key as we participate our customers' product development projects more and more in the future.*

The sales and engineering organization works with customers so that they obtain the best solutions for the cast components they need. The components are designed to be the optimal solution to the customer's needs, in terms of materials and technical properties, while making sure that it is possible to manufacture them efficiently and profitably.



Componenta has five group-wide business areas, namely Off-road, Heavy trucks, Automotive, Diesel and wind, and Machine building. The sales and R&D teams, which are named after customer business sectors, all focus on their own business area. The expertise and knowhow in the special features of the business area then result in even better cooperation with customers. Larger, strategic customers are served by named account managers.

Sales organization strengthened

The sales organization was given extra resources with several new people during 2008. The Group also increased its presence in the largest casting markets in Europe, when it established new sales companies in Italy and France and strengthened the sales organization in Germany. In addition to these sales companies, Componenta has at present sales and product development centres in Finland, Turkey, the Netherlands and Sweden, and a sales and logistics company in the UK.

During the year efforts were put into creating business strategies for the customer segments and business plans for individual customers, in accordance with the Componenta Group strategy approved in the previous year.

The One Componenta way of working was reinforced by further developing Componenta's brand strategy and standardizing the sales and product development processes.

Towards the end of the year, as demand weakened because of the financial crisis, measures were taken to ensure that offers for tender are processed quickly and new business opportunities can be utilized.

Raw material prices were highly volatile in 2008. Due to the rapid rise in the price of recycled steel early in the year, in June Componenta introduced a price balancing system, so that the impact of changes in the cost of raw materials is passed on to prices during the same quarter of the year. As the economic situation became more unstable towards the end of the year, measures were taken to minimize credit risks by intensifying the collection of receivables and shortening payment times.

Preferred partner of customers through engineering services

Product design and development, which belong to the Group's R&D operations, are part of the engineering service offered to customers.

The engineering service means that, depending on the customer's needs, Componenta's engineers and experts take part throughout a product development project. Traditionally, foundries have been involved in optimizing the casting only in the final stages of a customer's product development project.

Much good experience has been had of the engineering service and cooperation in product development. For example in Turkey, Componenta worked with the customer to design a pressure die cast alumin-

”Additional resources in sales and focus in product development and engineering mean better customer service.”

TIMO LAITINEN, SENIOR VICE PRESIDENT, SALES AND PRODUCT DEVELOPMENT

ium component which replaced a previous component that was welded from twenty separate parts. The weight of the component fell from 17 to 10 kilograms, and at the same time manufacturing costs fell considerably.

During 2008 the product development strategy was completed, and as a result product development resources will be increased and capabilities unified. The Group's research operations will also be developed. Securing the Group's engineering knowhow and resources plays a key role as Componenta increasingly participates in customer product development projects.

The Group also obtained extra resources for product development from its international job training programme. The two-year scheme continues in 2009. Product development in the Netherlands also started its own job training programme, which aims to ensure that the skills and knowhow of personnel who will retire in the next few years are passed on to the new generation.

"Componenta takes part throughout a product development project. Traditionally, foundries have been involved in optimizing the casting only in the final stages of a customer's product development project."

Customer industries

Componenta operates in five customer segments, namely off-road, heavy trucks, automotive, diesel and wind, and machine building. Our customers are leading players in their sectors.

At Componenta, understanding the customer's business is linked to the company's own design, casting and machining expertise. Componenta aims to be the preferred partner of its customers in designing and making casting solutions by 2012, when projects including product development and product optimization will form the biggest part of the Group's operations.

OFF-ROAD

Our customers in the off-road business are manufacturers of off-highway equipment for agriculture, mining, construction and the infrastructure industry as well as component suppliers to these manufacturers. Our customers include Agco Fendt, Bomag, Carraro, Case New Holland, Caterpillar, Dana, Dynapac, JCB, John Deere, Ponsse, T.T.F., Valtra and Volvo CE.

Componenta supplies them with various components used in engines, power transmission, drives and chassis.

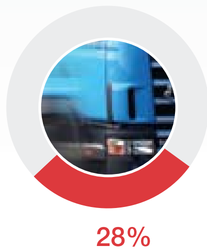
Share of the Group's net sales in 2008

HEAVY TRUCKS

Our customers in the heavy truck industry include manufacturers of heavy commercial vehicles and their system suppliers, such as DAF, Daimler, Ford Trucks, Iveco, MAN, Renault, Scania, Volvo, Wabco and ZF.

Componenta offers them ready-to-install components used in the chassis and suspension, engine, transmissions, axles, brakes and cabins.

Share of the Group's net sales in 2008

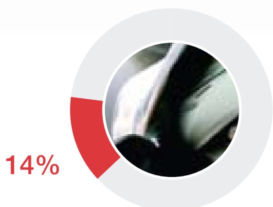


AUTOMOTIVE

Our customers in the automotive industry are manufacturers of passenger cars and other light vehicles, and include Alfa Romeo, Aston Martin, ATU, Ford, PSA, Renault, Tofas, Toyota and Woco.

We offer them a wide range of different nodular and grey iron, CGI and aluminium cast components and aluminium wheels. Our aluminium wheels are sold under the trademarks DJ Wheels and MAXX.

Share of the Group's net sales in 2008

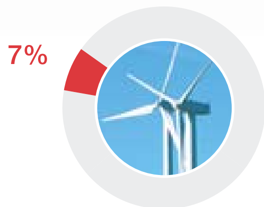


DIESEL AND WIND

Customers in the diesel and wind business area are manufacturers of large diesel engines, used for example in ship power and power plant applications as well as makers of wind turbines and related components. Our customers include Caterpillar, Mahle, Moventas, Siemens and Wärtsilä.

For diesel engine manufacturers, Componenta offers a wide range of cast components and in-house designed pistons. For the strongly growing wind energy industry we provide cast components for the nacelle and gearbox components such as gear housings and planet carriers.

Share of the Group's net sales in 2008

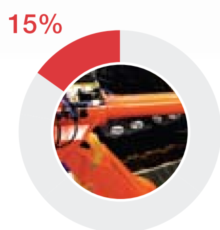


MACHINE BUILDING

Our customers in the machine building industry manufacture equipment and machines such as elevators and cranes, and they include ABB, Atlas Copco, Gardner Denver, Ingersoll-Rand, ITT Flygt, Kone, Konecranes, Sampo Hydraulics and Voith.

We offer them various parts, such as rope pulleys and travel wheels, housings and casings, gearwheels and frames. These components are often of strategic importance to our customers, such as parts used in elevators and robots, various crane and hoist components, and demanding cast products for pumps, stone crushers and hydraulic motors.

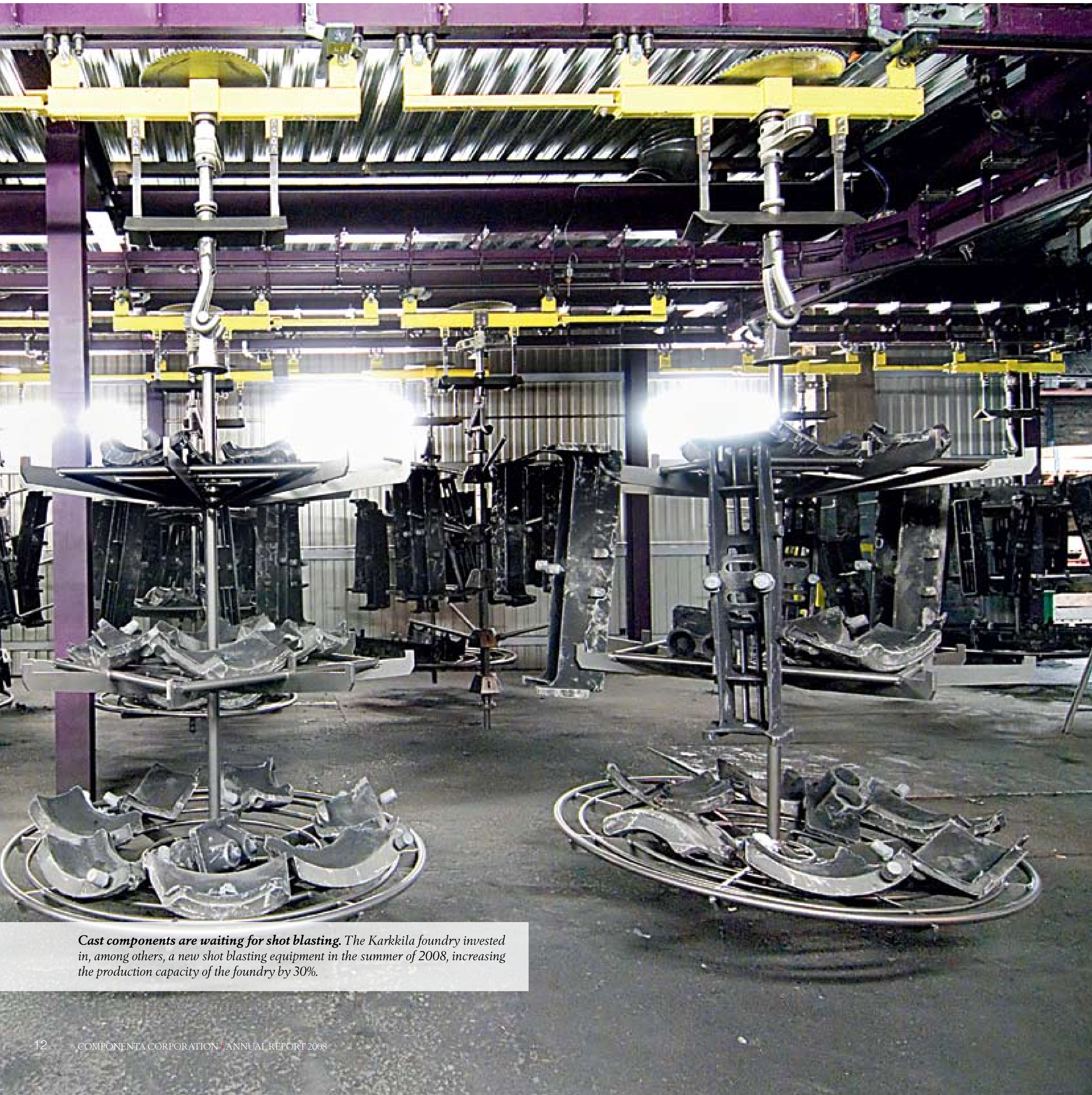
Share of the Group's net sales in 2008



Other sales of the Group was 1 % in 2008.

Foundries are an essential part of the supply chain

Componenta's Foundries division comprises the iron foundries in Finland and the Netherlands. The division had net sales in 2008 of EUR 292.6 million, or 34% of the net sales of the entire group.



Cast components are waiting for shot blasting. *The Karkkila foundry invested in, among others, a new shot blasting equipment in the summer of 2008, increasing the production capacity of the foundry by 30%.*

The Foundries division contains four foundries in Finland and three in the Netherlands. The Finnish foundries are located in Karkkila, Iisalmi, Pietarsaari and Pori. In the Netherlands the foundries are located in Weert and Heerlen, where two production units operate, Heerlen HWS and Heerlen Furan.

The iron foundries have an extensive offering, in terms of materials, weight of products and volumes. Componenta casts components in production volumes varying from small series to even hundreds of thousands of components a year. The cast components weigh anything from less than one kilogram to several tonnes.

The division's foundries have automatic green sand moulding lines and one furan sand moulding line for series production. Small series of large castings and individual large items are made on the furan hand moulding line.

The Foundries division units have active cooperation with customers, and with its flexible production capacity and specialist knowhow the division responds in many ways to customer needs as part of the supply chain for components.

The Foundries division offer cast-iron components for off-road, heavy truck, diesel and wind, and machine building industries.

Higher net sales and increased production capacity

In 2008 the net sales of the Foundries division increased 21% and the operating profit was 40% higher than in the previous year. Profitability improved from the previous year due to higher production volumes and the development measures carried out at the business units.

Investments were made at two of the division's foundries to raise capacity and increase efficiency in operations. Production capacity at Karkkila was raised by 30% by modernizing the shot blasting, painting and other finishing processes. Production volumes also increased at the foundry with the new work obtained through the contract to transfer technology signed with Metso Foundries Jyväskylä Oy.

"Profitability improved from the previous year due to higher production volumes and the development measures carried out at the business units."

OLLI KARHUNEN, SENIOR VICE PRESIDENT, FOUNDRIES DIVISION

At Suomivalimo production capacity rose by 70% by expanding the production premises and increasing the number of production machines. A major part of Suomivalimo's orders come from the wind power and diesel engine industries, where demand remained strong throughout the year. The extra capacity makes Suomivalimo an even stronger supplier of large castings, and it is able to supply even larger cast components than before, weighing up to 5 - 6 tonnes.

Production volumes increased considerably during the year at Karkkila, Weert and both the Heerlen units. The overloading of production at the start of the year caused by high demand was balanced out by transferring production for example from the Pietarsaari and Weert foundries to the Orhangazi foundry in Turkey. To balance production and improve flexibility, internal transfers between the Foundries and Turkey divisions will continue in 2009.

During 2008 there were sharp fluctuations in the raw material prices, causing us to make special arrangements for example in prices of the products.

The workloads at the foundries were at a good level up until the autumn when, as a result of the general decline in demand, production volumes at almost all the units fell sharply. Adjusting operations to the declining level of production began quickly at the foundries in the autumn and at the end of the year.

KEY FIGURES IN THE FOUNDRIES DIVISION

	2008	2007
Net sales, MEUR	292.6	241.7
Operating profit, MEUR	23.3	16.7
Personnel including leased personnel	1,567	1,708

Internal cooperation gives results

One focus at the Foundries division during the year was on developing internal cooperation. The division increased measures to share the best practices and utilize them in the different units. It also built the necessary systems for optimizing production and balancing workloads. The programme to exchange personnel skills within the Group got underway in the summer, when a group of experienced foundry men from the Orhangazi foundry worked for a few months at the Karkkila foundry. The results from the increasing cooperation within the division can be seen for example in increased flexibility, improved productivity and delivery reliability.

Based on the key target of the Group strategy, the One Componenta concept, a common production strategy was created in 2008 for all the Group's iron foundries, outlining the role of each foundry in the overall picture. The strategy defines for sales purpose the roles of the units in relation to materials, size of components, size of series, production methods etc and at the same time lays a foundation for future development of the units.

Componenta Turkey casts iron and aluminium

Componenta's Turkey division comprises an iron foundry, an aluminium foundry, and a wheel production unit. The division's net sales for 2008 were EUR 242.7 million, which was 28% of Group net sales.

Core warehouse stores cores that are used for components to be cast during one shift. *There are eight moulding lines in the Orhangazi foundry in Turkey. The second biggest line of the foundry, renewed in 2008, is now one of the most modern moulding lines in Europe.*

Componenta's Turkey division produces iron castings in the Orhangazi foundry using green sand technology. It is the biggest foundry in the Group with eight specialised moulding lines. In 2008 a joint production strategy was created for all the iron foundries in the Group, defining the roles of the foundries according to the materials, size of components, size of series, production methods and so forth.

The cast iron components manufactured in Turkey are supplied to the heavy truck, automotive, off-road and machine building industries.

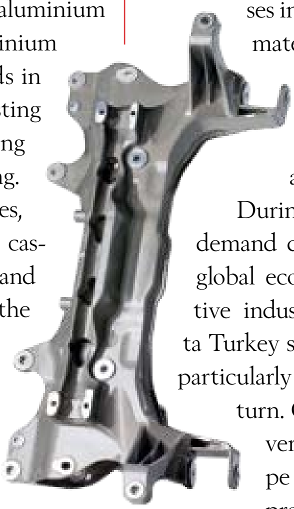
The Turkey division's operations in Manisa comprise two business units: one manufactures cast and machined aluminium components and the other aluminium wheels. The production methods in use include high pressure die casting (HPDC), low pressure die casting (LPDC) and gravity die casting. HPDC is suitable for large series, whereas LPDC and gravity die casting are used for smaller series and for components that require the use of a core. Gravity die casting also makes it possible to cast very complex components. A vital element in aluminium production is the machine shop, which is integrated with the aluminium components business unit and where more than two thirds of the cast aluminium components are machined.

As with cast iron components, there is close cooperation in product development with customers for aluminium cast components. The use of aluminium in various industrial sectors is going to increase, because it is lighter and therefore more environmentally friendly than many other materials.

The most important export area for aluminium components is Western Europe. The customers of cast aluminium components and wheels include some of the largest manufacturers of cars and other light vehicles.

Profitability increased in Turkey

In 2008, the net sales of the Turkey division increased by 8% and the operating profit improved by 91% from the previous year. Productivity was raised and efficiency in the division improved especially early in the year. In the first half of the year, increases in the price of energy and raw materials raised costs. The highly volatile exchange rate of the Turkish lira during the year also affected costs and profit.



During the last quarter of the year demand declined rapidly due to the global economic crisis. The automotive industry, to which Componenta Turkey supplies many products, was particularly hit by the economic downturn. Componenta Turkey has several warehouses around Europe to be close to customers and provide superior delivery performance. Inventory levels corresponded to former business volumes, contributing to the difficult economic situation in the last quarter. As demand fell, remedial measures were started in Turkey in good time.

"The most important investment in Turkey in 2008 was raising the capacity of the foundry by 40,000 tonnes. Following this the foundry has one of the most modern molding lines in Europe."

HAKAN GÖRAL, SENIOR VICE PRESIDENT, TURKEY DIVISION

Investments raised capacity

The most important investment in Turkey during the year was raising the capacity of the foundry's second largest automatic moulding line by 40,000 tonnes in Orhangazi, which increased the total capacity of the foundry to 180,000 tonnes a year. Following this investment, the line is one of the most modern moulding lines in Europe. This investment is supported by the new machine shop in Orhangazi, commissioned in the autumn.

One of the objectives behind the investments in Turkey was to give greater flexibility in optimizing production across the Group. If the same products can be manufactured at several production plants, this makes it easier to balance out variations in demand by switching production from one foundry to another, in accordance with their workload. This requires the development of Group-wide value chains, from planning all the way to casting and machine shops.

One way to promote the One Componenta business model is by exchanging knowledge and best practices. This was started at the foundries in summer 2008 when Turkish foundrymen worked for a couple of months alongside their colleagues in the Karkkila foundry in Finland.

In 2008 the decision was taken to build a new aluminium foundry in Manisa, Turkey. It was also decided to invest in a new induction melting furnace in Orhangazi, to guarantee the efficiency of melting and ensure a sufficient supply of molten metal. At the same time this will reduce the environmental impact of melting, when the two existing arc furnaces are replaced by a dual-track induction furnace. These investments were put on hold in October after the downturn in the economy. The plans are ready and the investments can be started up quickly once the economic conditions improve.

KEY FIGURES IN THE TURKEY DIVISION

	2008	2007
Net sales, MEUR	242.7	225.7
Operating profit, MEUR	19.9	10.4
Personnel including leased personnel	1,981	2,608

Machining capacity increased significantly

Componenta's Machine shops division contains machine shops in Finland, Sweden, the Netherlands and Turkey. In 2008, the division had net sales of EUR 189.9 million, corresponding to 22% of Group net sales.

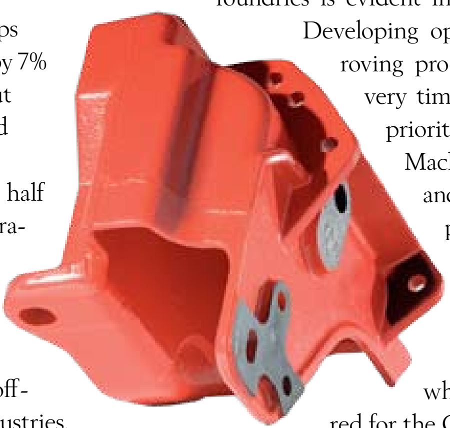
***The Group's newest machine shop was inaugurated in October 2008.** The machine shop in Orhangazi significantly increases Componenta's capacity to create added value for customers by offering them ready components.*

The Machine shops division has six machine shops. Three of these are in Finland - Nisamo in Lempäälä and Pietarsaari MS and Pistons in Pietarsaari. Componenta Pistons specializes in the design and production of pistons. The division also has machine shops in Främmestad, Sweden, in Weert, the Netherlands and in Orhangazi, Turkey. In Weert subcontractors share in the machining and painting of components, and the operations at Weert include the assembly of pressure vessels.

The machine shops, the Group's product development function and the foundries together form a close value chain, which means that the company can provide a comprehensive service for customers and create significant added value for them. Some 25% of the components cast by Componenta are supplied to customers machined in the Group's machine shops.

Componenta's machine shops have an extensive range of different sized machine tools and machining centres, and customers are also offered a wide range of surface treatment and assembly services. Production at the machine shops is composed of standalone machining centres, which ensures flexibility to cope with varying workloads, and production efficiency and productivity can be improved even in high demand situations.

Net sales increased



In 2008 the Machine shops division's net sales grew by 7% from the previous year but operating profit decreased by 11%.

After a strong first half year, demand weakened rapidly towards the end of the year, and this was felt particularly in the machine shops that supply customers in the off-road and heavy truck industries. Following the global downturn in the economy, the operations of the machine shops were adjusted to lower demand. In contrast, the markets for the diesel engine pistons manufactured by Componenta Pistons and the wind power components machined by Componenta Nisamo remained strong throughout the year.

"The good cooperation between the machine shops and the component engineers and foundries is evident in the final product."

MICHAEL SJÖBERG, SENIOR VICE PRESIDENT, MACHINE SHOPS DIVISION

KEY FIGURES IN THE MACHINE SHOPS DIVISION

	2008	2007
Net sales, MEUR	189.9	177.8
Operating profit, MEUR	5.8	6.5
Personnel including leased personnel	481	402

New machine shop in Orhangazi

A new machine shop in Orhangazi, Turkey was inaugurated in October 2008. The machine shop was built next to the Orhangazi foundry in nine months, and machinery and equipment were installed during summer 2008.

The modern, attractive Orhangazi MS with its well-functioning work environment is an important addition to the Group's foundry-machine shop value chain. It provides further processing facilities close by for components cast at the Orhangazi foundry. It also helps the Group balance the use of machining capacity at the machine shops and thus improve delivery certainty.

Development of operations and cooperation continues

The good cooperation between the machine shops and the component engineers and foundries is evident in the final product. Developing operations and improving productivity and delivery times will be strategic priorities in 2009 in the Machine shops division and at all its units. The procedure for this is CLEPS (Componenta Lean Production System) with all its tools, which has been tailored for the Group and will help satisfy customer needs better, increase customer satisfaction and cut costs.

In 2008 the Machine shops division introduced indicators to monitor developments in key operations. Raising efficiency in the use of machines and machining cells also increases flexibility and makes it possible to balance production between different units. At the same time it gives greater opportunities for increasing the amount of machining and other services, such as surface treatment and painting, in the cast components supplied.

Towards One Componenta

The main aspects of human resource management during 2008 were continuing the integration of operations, creating value through capability development, and adapting to changes in the market environment.

Exchanging knowhow. *Turkish foundry professionals worked for three months in Karkkila in the summer of 2008. Turkish group was headed by Erdoğan Öztekin (right) from quality department in Orhangazi and in Karkkila the group was coached by Jukka Liikkanen from process development.*

The guiding principles for HR management at Componenta are understanding the demands on personnel - due to the business strategy, competitiveness, the organization, operations and business environment - and the response to these demands through actions and management processes, to enable the strategy to be implemented.

Enhancing the common way of operating

The work of integrating the Turkey operations into the Group and its division structure has continued. This has called for the mind-set of an international group and has meant developing management, decision-making and operational principles.

Componenta's Performance Review Process has given a boost to achieving the business target and integrating the Turkish operations. Participating employees are entitled to a bonus which is based on achieving financial and defined individual targets. Other performance management instruments, such as long-term incentive schemes and other benefits, have also been standardized in accordance with the One Componenta principle, with local country flavours.

To obtain a better understanding of the views of employee in the areas of integration, management and well-being, Componenta conducted a Climate Survey. Development actions will aim at further clarifying decision-making, improving working conditions in production and expanding development discussions and practices.

Annual management team meetings at both Group and country level have concentrated on the most strategic questions, as well as on creating understanding of operational principles and priorities. Business unit management team training was started in 2008, clarifying the roles, responsibilities and way of working in management teams at different levels, supported by the common development process that consists of individual assessment, workshops and 360° evaluations. A general management training programme, "Componenta Core", was developed not just to enhance the capabilities needed by general management, but also to challenge participants to respond to a changing business environment and increase internal effectiveness.

One focus has been on developing consistent business reporting. Business unit controllers have been nominated in all units, and Group-level reporting tools have been developed. The "Finance for non-financials" training for unit management teams and key personnel has deepened their understanding of reporting principles and financial factors behind profitability.

> "One Componenta means a uniform way of operating throughout the Group."
>
> ANU MANKKI, SENIOR VICE PRESIDENT, HR

In Group-wide processes, special attention has been given to internal sourcing and balancing, unifying IT operations and strengthening engineering capability, by appointing directors and process teams to these processes to drive development in these areas.

Group-wide processes and resources in human resources management were also developed. During 2008 development of among others preventive healthcare and travel management started at Group level. To ensure the effective management of human resources and utilization of manpower specifically in production, dedicated HR managers were also appointed in Turkey and Främmestad. Key performance indicators for human resources are also monitored regularly, using various calculations.

Value creation through capability development

Componenta has demonstrated the higher priority given to account management in defined new sales areas by establishing new sales offices and making several appointments in account management. To ensure sufficient engineering capacity, graduate engineers and engineering trainees have been proactively recruited to business units and customer service centres. Trainees participate in career rotation and training programmes to gain the needed skills.

Through co-operation with schools and universities Componenta builds up its image as an employer and guarantees the flow of young professionals to the company. In 2008 Componenta started the International Traineeship programme with 25 students. The objective is to familiarize university students with our business by offering them summer jobs in their home countries and abroad, as well as opportunities for thesis work and part-time work while they study. Through the International Traineeship program Componenta can work with young talents and secure the resources it needs.

The exchange of in-company knowledge began in a structured way, when 16 Turkish foundry professionals came to Karkkila, Finland for three months to share best production practices, through everyday work and pre-defined assignments.

To ensure foundry technology skills and knowhow among blue collar employees, the training programme VALAJAT ("Founders") was started in Finland. The programme lasts 1.5 years, after which participants receive a vocational diploma. Similar training has taken place in the Netherlands.

Due to the limited availability of trained and experienced supervisors from colleges and industry, Componenta has also started its own training for supervisors and team leaders in all countries.

Adapting to changes in markets

The profound changes in the financial markets and in customer industries have also forced Componenta to adjust its production capacity to demand and plan the needed actions.

Componenta employed 4,487 own and leased people on 31 December 2008. The working hours and number of employees have been adjusted to production capacity using holidays, ADV-days and pension arrangements, reducing working hours, and through time-banks and temporary lay-offs. The number of employees has also been reduced during the last quarter by terminating the employment of leased and temporary employees and by laying off permanent employees. All these adaptation actions have affected some 1,600 employees.

Co-operation between the union and company representatives has been good and the negotiations have been conducted with a strong, shared understanding of the reasons behind the redundancies and adjustment measures.

Quality and environmental issues support each other

At Componenta quality and environmental matters are an integral part of daily decision-making and the management system. The company aims to choose the optimal materials and sustainable production methods and minimize the environmental impact throughout the life cycle of a product.

Olive trees surround the road from the foundry to the machine shop in Orhangazi. *By continuously improving the Group's quality and environmental systems, environmental effects are minimized.*

Componenta's goal is to supply products that meet the requirements of customers at the right time, taking environmental factors into account. The Group's quality and environmental policies define the main principles for business operations, and activities are managed at the business units, which have appointed people responsible for environmental and quality matters. In addition, each Componenta employee is responsible for quality and the environment in their daily work.

Quality and environmental management systems continuously improved

Almost all the production units have quality and environmental certification. Depending on customer requirements, the quality systems conform to the ISO 9001 and/or the ISO/TS 16949 standard. Certification of the operations of Componenta Pistons is in process.

The quality and environmental management systems are being continuously improved to raise quality and minimize the environmental impact. Quality and environmental issues are closely linked. High quality operations cut the number of rejects, which minimizes the amount of materials and energy consumed and reduces the environmental impact.

Foundry and forge operations require an environmental permit. The Pori foundry obtained a new environmental permit in February 2008. The capacity of the Suomivalimo foundry was raised in 2008 and the environmental permit for the extra capacity was granted in November 2008. Suomivalimo has also applied for an environmental permit to use foundry sand for landscaping.

Melting process utilizes much energy

One of the most significant environmental aspects in a foundry and machine shop corporation is energy consumption. In 2008 the Group used 795 GWh of energy (814 GWh), which is the same amount as that used in one year by a medium-sized town in the Nordic countries. Energy consumption decreased mainly due to lower production volumes in Turkey. In 2008 the Group's energy consumption in proportion to output was the same as in the previous year. Most of the energy used, 68% (68%) is electricity.

> ”Each Componenta employee is responsible for quality and the environment in their daily work.”

Especially the melting process at the foundries utilizes much energy, and the foundries use about 90% of the energy consumed by the Group. The metal raw material is smelted mainly in electric furnaces, although a coke-fired cupola furnace is also in use in the Netherlands.

As well as reducing energy consumption, the Group also aims to reduce particle and VOC emissions and the environmental noise caused by operations, and to improve the sorting of waste and cut the amount of non-reusable waste. In the Netherlands discussions have continued with local residents about odours originating at the Componenta Heerlen foundry. The foundry examined a possibility to build a high enough chimney to reduce the smells.

Preparations to meet requirements of chemicals directive

During 2008 Componenta has made preparations to comply with the requirements of the chemicals directive. The directive on the Registration, Evaluation, Authorization and Restriction of obligations under the directive will come into force gradually after transition periods. The purpose of the directive is to improve health and environmental protection so as to ensure the safe use of substances.

To ensure the safe use of substances, Componenta has pre-registered substances in Finland and the Netherlands during 2008, as required by the directive. It has also made sure that Componenta's raw material suppliers have operated in accordance with the requirements of the directive in their own operations.

Componenta will publish a sustainability report in spring 2009, which will contain further information about matters relating to the environment and other areas of sustainability in 2008. The report can be read on the Internet, and can also be ordered, at www.componenta.com.

COMPONENTA'S QUALITY AND ENVIRONMENTAL SYSTEMS

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

Board of Directors

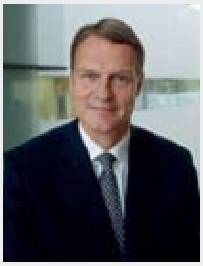
Heikki Bergholm

b. 1956
M.Sc. (Eng.)
Board Member since 2002, Chairman 2003

180,000 Componenta shares
100 convertible capital notes (2005)

Primary working experience:
President and CEO at Suominen Corporation 2002 - 2006
Managerial positions at Lassila & Tikanoja Oyj 1985 - 2001, President 1998 - 2001
Managerial and expert positions at Industrialisation Fund of Finland Ltd 1980 - 1985

Positions of trust:
Chairman of the Board of Lakan Betoni Oy
Member of the Board of Directors of Forchem Oy, Lassila & Tikanoja Oyj, Suominen Corporation and MB Funds Oy



Heikki Lehtonen

b. 1959
M.Sc. (Eng.)
Board Member since 1987

4,308,040 Componenta shares
1,100 convertible capital notes (2006)

Primary working experience:
President and CEO at Componenta Corporation 1993 -
President and CEO at Santasalo-Gears Ltd 1987 - 1994
Managerial and expert positions at JOT-Companies Ltd at 1980 - 1987

Positions of trust:
Vice Chairman of the Board of Directors of Pöyry Plc
Member of the Board of Directors of Otava Books and Magazines Group Ltd
Member of the Supervisory Board of Finnish Business and Policy Forum EVA

Juhani Mäkinen

b. 1956
Counsellor of Law
Board Member since 2000

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

Primary working experience:
Chairman of the Board of Directors at
Hannes Snellman Attorneys at Law Ltd 2001 -
Partner, Hannes Snellman Attorneys at Law Ltd 1985 -

Positions of trust:
Chairman of the Board of Directors at Oy Forcit Ab
Vice Chairman of the Board of Directors at Myllykoski Oyj and Lemminkäinen Oyj
Member of the Board of Directors at Oy Karl Fazer Ab and Polttimo Companies Ltd

Marjo Raitavuo

b. 1957
M.Sc. (Ed.)
Board Member since 2004

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

Primary working experience:
Chief Executive Officer at EM Group Oy 2006 -
Managerial and expert positions 1989 - 2001 and Chairman of the Board of Directors at Ensto Oy 2002 - 2006

Positions of trust:
Chairman of the Board of Efla Oy
Member of the Board of Directors of EM Group Oy, Ensto Oy, Audel Oy, Opa Muurikka Oy, Technology Industries of Finland, Confederation of Finnish Industries and of HSE Executive Education Oy

Matti Tikkakoski

b. 1953
B.Sc. (Econ.)
Board Member since 2003

11,500 Componenta shares

Primary working experience:
President and CEO at Atria Plc 2006 -
Deputy CEO at Å&R Carton AB 2004 - 2005
Various management positions at Huhtamäki Plc 1980 - 2003

Positions of trust:
Member of the Board of Directors at Atria Plc and
Finnish Food and Drink Industries' Federation
Member of the Supervisory Board of Tapiola Mutual Pensions Insurance Company

Corporate Executive Team

Heikki Lehtonen

b. 1959
M.Sc. (Eng.)
President and CEO 1993 -

4,308,040 Componenta shares
1,100 convertible capital notes (2006)

Primary working experience:
President and CEO at Santasalo-Gears Ltd 1987 - 1994
Managerial and expert ositions at JOT-Companies Ltd at 1980 - 1987

Yaylalý Günay

b. 1945
M.Sc. (Eng.)
Senior Vice President, Investments 2007 -

Primary working experience:
President and CEO at Döktas Dökümcülük Tic. ve San. A.S. 1975 - 2007

Hakan Göral

b. 1967
M.Sc. (Eng.)
Senior Vice President, Turkey Division 2007 -

Primary working experience:
Sales and Product Development Director at Döktas Dökümcülük Tic. ve San. A.S, 2006 - 2007
Managerial and expert positions at Döktas Dökümcülük Tic. ve San. A.S, Mako Elektrik A.S. and Koc Group 1990 - 2006

Mika Hassinen

b. 1969
M.Sc. (Econ.), M.Sc. (For.)
CFO 2008 -

3,650 Componenta shares

Primary working experience:
Senior Vice President, Finance and IT, Corporate Market Services at Stora Enso Oyj in the UK 2005 - 2007
Managerial positions at Stora Enso Oyj and Deutsche Bank AG Ltd 2000 - 2005

Olli Karhunen

b. 1959
M.Sc. (Eng.)
Senior Vice President, Foundries Division 2006 -

3,315 Componenta shares

Primary working experience:
Managerial positions at Componenta Corporation and its business units 1990 - 2006
Expert and other positions at Kuusakoski Oy and Technical Research Center 1984 - 1990

Timo Laitinen

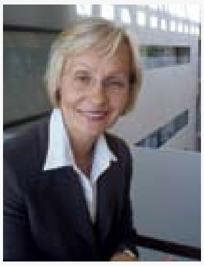
b. 1962
M.Sc. (Eng.), MBA
Senior Vice President, Sales and Product Development 2008 -

Primary working experience:
Vice president, Marketing & Sales, Underground Hard Rock Mining at Sandvik Mining & Construction 2005-2008
Various managerial and expert positions in sales and marketing at Sandvik Tamrock and Tamrock 1986 - 2005

Jari Leino

b. 1961
Engineer
Sales Director, Heavy trucks 2005 -

Primary working experience:
Sales Director, the Netherlands at Componenta Corporation 2005
Managerial positions in sales at Componenta Corporation 1989 - 2005



Anu Mankki

b. 1963
M. Sc. (Phil.)
Senior Vice President, Human Resources 2005 -

Primary working experience:
Metso Corporation, Vice President, Human resources development 2003 - 2005
Managerial and expert positions relating HR in Finland and abroad at Metso Corporation, Metso Paper and Valmet Paperikoneet Oy 1988 - 2003

Tapio Rantala

b. 1953
Lic. Sc. (Tech.)
Director, Business Development 2008 -

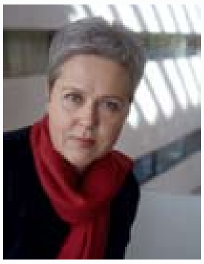
Primary working experience:
Vice President, Development, at Metso Paper 2007 - 2008
Managerial positions at Metso Foundries Jyväskylä Oy, Oy Tampella AB and Technical Research Center 1980 - 2007

Michael Sjöberg

b. 1964
M.Sc. (Eng.), eMBA
Senior Vice President, Machine Shops Division 2004 -

500 Componenta shares

Primary working experience:
Plant Manager and Operations Director at Tour&Andersson AB (TA) 2001 - 2004
Various managerial positions at Wirsbo Bruks AB (Uponor Wirsbo AB) 1990 - 2001



Pirjo Aarniovuori

b. 1955
M.Sc. (Econ.)
Communications Director 2001 -

Primary working experience:
Assistant and expert positions at Componenta Corporation 1994 - 2001
Assistant and expert positions at Santasalo-Gears Ltd 1987 - 1994

Administration of Componenta

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

Componenta Corporation shares

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

All shares carry equal dividend rights.

Annual General Meeting

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

The Annual General Meeting of Componenta Corporation shall be held within six months of the end of the financial period. In 2008, the Annual General Meeting of Componenta Corporation was held on 25 February 2008.

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 2008 Annual General Meeting elected five members to the Board: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski. The Board chose Heikki Bergholm as its chairman and Juhani Mäkinen as vice chairman.

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

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

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The 2008 Annual General Meeting decided that the remuneration for the chairman would be EUR 50,000 and for the other members of the Board EUR 25,000 a year. Travel expenses are paid in accordance with the company's travel regulations.

The tasks and duties of the Board of Directors are laid down primarily in the Articles of Association and the Finnish Companies Act. The Board has drawn up written Rules of Procedure which define the tasks and operating principles for the Board. According to these Rules of Procedure, the Board's tasks include matters that have a far-reaching impact on the operations of Componenta Group. These include confirming the strategic guidelines, the annual budget and operational plans, and deciding on major corporate restructuring and capital expenditure. The Board assessed its activities in December 2008 under the leadership of the chairman.

During 2008 the Board met 10 times with an average attendance rate of 96 per cent.

President and CEO

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

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

Heikki Lehtonen is President of Componenta.

The President receives a salary of EUR 20,960 a month and benefits in kind of altogether EUR 230 a month.

The President is entitled to Componenta share based incentive program which includes 3 earning periods. From the earnings period 2007 - 2008, allocation of shares for the President is 3,300 shares.

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

Salaries and other remuneration paid to the members of the Board and the President totalled EUR 414,151 in 2008. Other benefits received by the members of the Board and the President in 2008 totalled EUR 6,097.

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

Corporate Executive Team

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

In 2008 the corporate executive team consisted of eleven persons. The corporate executive team convenes once a month. The President acts as chairman and the Communications Director as secretary at the meetings. Information about the areas of responsibility and shareholdings of the members of the corporate executive team can be found on Componenta's website www.componenta.com.

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 when needed. In addition to the duties prescribed in current accounting regulations, the auditor reports as necessary to the Board of Directors of Componenta Corporation.

Componenta Corporation's auditor during the accounting period 1 January - 31 December 2008 was Oy Audicon Ab, Authorized Public Accountants.

The Annual General Meeting on 25 February 2008 decided that the remuneration for the auditor would be based on invoicing. Remuneration in 2008 based on invoicing for Componenta Group's auditors totalled EUR 587,000 comprising EUR 485,100 in audit fees and EUR 101,900 for other services.

Insider regulations

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

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

Risk management

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

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

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

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

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

Right to sign Company name

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

Incentive schemes

For personnel in key positions Componenta has in use performance based short- and long-term incentive schemes. Componenta's Board of Directors confirms the contents of and positions entitled to the incentive schemes.

Short-term bonus programs are linked to achieving measurable personal and business targets annually. The amount of the bonus depends on the position and varied between 0% and 32% of annual income in 2008.

The long-term share-based bonus scheme is linked to the Group's return on investment and to the result after financial items and was introduced in 2007. The scheme lasts a total of five years.

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

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

Releases 2008

JANUARY

15 January 2008
Componenta's result in 2007 EUR 14.9 million

17 January 2008
Etra Invest's holding in Componenta Corporation exceeds 25%.

25 January 2008
Timo Laitinen to be Sales and Product Development Director of Componenta

28 January 2008
Componenta and Metso Foundries Jyväskylä agree on technology transfer for automatic moulding line

30 January 2008
Componenta Corporation Financial statements 1 Jan - 31 Dec 2007

30 January 2008
Proposal by Componenta Corporation's Board of Directors to the Annual General Meeting

FEBRUARY

4 February 2008
Notice of Annual General Meeting

14 February 2008
Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed

15 February 2008
Componenta's Annual Report 2007 and Summary of year 2007 releases published

25 February 2008
Resolutions by the Annual General Meeting of Componenta

APRIL

2 April 2008
Tapio Rantala to become Director, Business Development at Componenta

3 April 2008
Addition to the Componenta release on the appointment of Tapio Rantala

16 April 2008
Componenta Interim Report 1 January - 31 March 2008

JUNE

16 June 2008

Componenta changes pricing cycle due to huge increase of raw material prices

JULY

15 July 2008
Componenta Interim Report 1 January - 30 June 2008

15 July 2008

Componenta doubles production capacity of aluminium components in Turkey

15 July 2008
Componenta invests in Turkey to reduce dust emissions

AUGUST

15 August 2008
Etra Invest's holding in Componenta exceeds 30%

25 August 2008
Componenta's Sustainability Report 2007 has been published

OCTOBER

14 October 2008
Componenta interim report 1 January - 30 September 2008

21 October 2008

New machine shop in Orhangazi, Turkey increases Componenta's offering and brings more added value to customers

27 October 2008
Componenta's share capital increase due to conversion of convertible capital notes and new shares to be listed

DECEMBER

15 December 2008
Componenta continues the adaptation actions

18 December 2008
The Commission's decision of illegal state aid to Karkkila was reversed

30 December 2008
Componenta's financial calendar 2009

ANNUAL GENERAL MEETING

The Annual General Meeting of Componenta Corporation will be held at 11.00 a.m. on Monday, 23 February 2009 at the company's headquarters in Käpylä, in the auditorium of the Sato building at Panuntie 4, 00610 Helsinki, Finland.

Shareholders who are on 13 February 2009 registered as shareholders in the company's shareholder register maintained by the Euroclear Finland Ltd. (former Finnish Central Securities Depository Ltd.) are entitled to attend the meeting. A shareholder whose shares have been entered into his/her personal book-entry account is registered into the company's shareholder register.

Shareholders who desire to attend the Annual General Meeting shall register no later than on 16 February 2009 by letter to Componenta Corporation, Panuntie 4, 00610 Helsinki, Finland, by telephone at +358 10 403 2744, by fax to +358 10 403 2721 or by e-mail to the address ir.componenta@componenta.com. Any powers of attorney are required to be sent to the mentioned address in connection with the registration.

A shareholder whose shares are nominee registered and who wishes to participate in the Annual General Meeting must be registered in the company's shareholder register on the record date 13 February 2008.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of fifty (50) cents per share is paid for the year 2008. Provided that the Annual General Meeting approves the proposal by the Board of Directors on dividend, the dividend shall be paid to shareholders registered in the shareholders' register maintained by Euroclear Finland Ltd. on the record date 26 February 2009. The dividend shall be paid on the fifth banking day following the record date.

Dividend policy

The Board of Directors takes the financial performance, financing structure and growth expectations into account when making its proposal for the dividend to be paid. The goal is to pay a dividend of 30% - 50% of net profit.

FINANCIAL INFORMATION

In 2009 Componenta will publish in addition to this Annual Report three interim reports:

- January - March on 17 April 2009 at 9.00
- January - June on 17 July 2009 at 9.30
- January - September on 15 October 2009 at 9.30

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

Componenta's publications and releases are available immediately after their release date on the Internet. Printed publications and interim reports will only be sent to those who have requested it from the company. Printed publications can be ordered from Componenta's website at "Releases and publications", by telephone at +358 10 403 2744 or by e-mail at ir.componenta@componenta.com.

Changes in addresses should be sent to Euroclear Finland Ltd. or to bank.

By registering at Componenta's web pages at www.componenta.com/releaseservice.asp you can order all company releases directly to the receiver's own e-mail.

In addition to Annual Report, Componenta will publish Sustainability Report 2008 during the spring 2009.

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

INVESTOR RELATIONS

Componenta's target is to provide comprehensive information about the Group and its business environment to institutional investors, small investors, analysts and the press. It is important for us that information concerning Componenta is always easily available to our stakeholders, regardless of time or place.

30 days prior to the publication of any financial statements or quarterly reports Componenta has a silent period during which we do not meet with capital market representatives nor comment on result development.

Investor relations are taken care of by Heikki Lehtonen, President and CEO, Mika Hassinen, CFO, and Pirjo Aarniovuori, Communications Director. Contact our investor relations by e-mail ir.componenta@componenta.com.

Contact information

- ▲ Foundries
- ■ Machine shops
- ● Sales and product development
- ▼ Forge

Componenta Corporation
Head Office
Panuntie 4
FI-00610, Helsinki
Finland
Tel. +358 10 403 00
Fax +358 10 403 2721

Contact information for all our locations
can be found in the Internet at
www.componenta.com.

Componenta Oyj
Financial Statements 1 January - 31 December 2008

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Events in 2008 in brief

On 28 January 2008 Componenta signed an agreement with Metso Foundries Jyväskylä Oy to transfer the technology for production on Metso's automated moulding line to Componenta. Metso Foundries Jyväskylä Oy terminated production on this line on 30 September 2008. The signed cooperation agreement enabled deliveries of castings to Metso's customers to continue uninterrupted during and after the transition stage.

Componenta changed its pricing system in consequence of rising raw material costs. The prices of main raw materials such as recycled metal and pig iron produced from iron ore rose by more than 100% between the end of 2007 and June 2008. Because of this, Componenta introduced a price compensation system at the end of June, so that the impact of changes in raw material prices is updated monthly instead of quarterly as in the past.

In consequence of the turbulence in the financial markets, demand for Componenta's products began to slow down in late September and early October. On 14 October 2008 Componenta announced that it was beginning to adapt the operations of its units to lower demand in Turkey, the Netherlands, Sweden and Finland by reducing the use of contract labour during October and November by altogether 720 persons and by reducing the number of its own personnel by a total of 170 persons through layoffs and redundancies. The company also reduced its use of external subcontractors by an amount corresponding to the work input of 150 people.

Componenta commissioned the Group's new machine shop in Orhangazi, Turkey on 21 October 2008. In addition to the EUR 3 million investment in the building, a further EUR 2 million was invested in machinery and equipment in 2008.

As the global financial crisis turned into an economic recession, the markets weakened significantly in several of Componenta's customer sectors. As a result, Componenta announced on 15 December 2008 that it was continuing measures that it had started earlier by reducing production temporarily in line with reduced demand. Componenta sharply reduced the use of labour in the Netherlands and Turkey and increased the number of people laid off and made redundant from the figures announced in October in Sweden, Finland and Turkey. The reductions of leased employees, layoffs and redundancies amounted in total to 1,600 people, and in addition the amount of subcontracting was reduced by an amount corresponding to the work input of 200 people.

On 18 December 2008 the Court of First Instance (CFI) of the European Communities reversed the decision made by the European Commission on 20 October 2005, in which the Commission stated that the city of Karkkila had given Componenta state aid contrary to the EU Treaty totalling some EUR 2.4 million in connection with a share purchase transaction.

Net sales and order book

The Group's net sales in 2008 totalled EUR 681.4 (634.7) million. Comparable growth in net sales was 8.3%. The Group's net sales declined in the fourth quarter 23.1% to EUR 125.3 (162.9) million.

Foundries division sales in 2008 increased 21.1% from the previous year to EUR 292.6 (241.7) million.

Sales of the Machine shops division in 2008 rose 6.8% from the previous year to EUR 189.9 (177.8) million.

Sales of the Turkey division in 2008 increased 7.5% from the previous year to EUR 242.7 (225.7) million.

The Group's order book at the end of 2008 stood at EUR 73.6 (129.0) million. The Foundries and Machine shops divisions had a combined order book at the end of 2008 of EUR 48.6 (72.1) million. Showing the order books for the divisions separately is not justified due to the nature of Componenta's supply chain. The order book of the Turkey division at the end of 2008 stood at EUR 17.9 (41.9) million.

Componenta's net sales in 2008 by customer sector were as follows: off-road 35% (36%), heavy truck industry 28% (27%), automotive 14% (17%), diesel & wind 7% (5%), machine building 15% (14%) and other sales 1% (1%).

Componenta's net sales in 2008 by geographical area were as follows: Nordic countries 30% (29%), other European countries 65% (66%) and other countries 5% (5%).

Result

Componenta's 2008 financial statements have been prepared in accordance with international financial reporting standards (IFRS). The exchange rate differences for trade payables and trade receivables and related hedging items, which were previously presented under financial items, are presented in the relevant item under other operating income in the operating profit. These exchange rate differences totalled EUR -3.2 million in 2007 and the figures for comparison have been adjusted to bring them in line with the new form of presentation. The adjustment has no impact on the 2007 result after financial items or on the Group's equity on 31 December 2007. In other respects Componenta has applied the same accounting principles when preparing the 2008 financial statements as in the 2007 financial statements.

The consolidated operating profit for the financial year, excluding one-time items, was EUR 47.9 (34.9) million. The operating results of the Foundries and Turkey divisions increased considerably from the previous year mainly in consequence of higher volumes and greater efficiency in operations. The operating profit of the Machine shops division weakened slightly from the previous year, mainly due to difficulties in cost adaptation.

The Group's net financial costs for the period totalled EUR -28.7 (-20.0) million. Net financial costs rose EUR 8.7 million from the previous year mainly due to exchange rate differences on loans and higher interest expenses.

The Group's result after financial items excluding one-time items was EUR 19.2 (14.9) million. The Group's one-time items in the period were EUR -0.6 (7.8) million.

Income taxes, calculated from the profit for the period, totalled EUR -4.6 (-1.1) million. Deferred tax receivables have been recorded in the balance sheet, and it is estimated that these can be utilized in Finland and Sweden during the next 4 – 6 years.

Componenta's net result for the period, excluding one-time items, was EUR 14.4 (11.4) million and the corresponding figure including one-time items was EUR 13.9 (21.6) million.

The basic earnings per share, excluding one-time items, were EUR 1.28 (1.01) and the corresponding figure including one-time items was EUR 1.24 (1.97).

Capital invested in the company at the end of the year was EUR 341.5 (370.9) million. The return on investment excluding one-time items was 13.7% (9.8%) and the return on equity excluding one-time items was 14.9% (12.1%).

The fourth quarter operating profit, excluding one-time items, was EUR -6.0 (8.8) million and the result after financial items, excluding one-time items, was EUR -16.1 (3.1) million. Factors affecting the result were the decline in net sales by 23.1 %, the exceptional items caused by the exceptionally sharp and rapid fall in raw material prices, and the exceptional items arising from adjusting the number of personnel. The total amount of the exceptional items is estimated at approximately EUR 7 million.

Componenta's key financial indicators, including one-time items, during the past three years were as follows:

	2006	2007	2008
Net sales, MEUR	362.1	634.7	681.4
Operating profit, MEUR	14.5	42.7	47.3
Operating profit, %	4.0	6.7	6.9
Return on equity, %	5.9	23.0	14.5
Equity ratio, %	19.2	20.3	16.4

Financing

At the end of the year Componenta Corporation had outstanding capital notes and convertible notes with a combined value of EUR 51.3 million, as defined in IFRS. In March the Group repaid EUR 3.2 million, or 10%, of the principal of the preferred capital notes issued in 2002, in accordance with the terms of the notes. In addition, in July the Group repaid in full the capital notes issued in 2004 with their capitalized interest, EUR 2.1 million. During 2008, 16 of Componenta's convertible capital notes were converted into shares. As a result, the number of Componenta shares increased by 3,200 and the shareholders' equity in balance sheet rose by EUR 30,800. At the end of 2008 the outstanding convertible capital notes entitled holders to subscribe to 3,165,000 shares.

In October Componenta drew down long-term pension loans from Finnish pension companies totalling EUR 20.0 million. At the end of the year the Group had unused credit facilities of EUR 63.0 million. The Group also has a EUR 150.0 million commercial paper programme. The Group's interest-bearing net debt, excluding the outstanding capital notes of EUR 51.3 million, stood at EUR 211.2 (187.4) million. The company's net debt as a proportion of shareholders' equity, including the capital notes in shareholders' equity, was 168.9% (120.2%).

Componenta is making more efficient use of capital with a programme to sell its trade receivables. Under this arrangement, some of the trade receivables are sold without right of recourse. By the end of the period the company had sold trade receivables totalling EUR 49.0 (43.5) million.

Componenta's net cash flow from operations in 2008 was EUR 29.4 (42.6) million, and of this the change in net working capital was EUR -4.2 (11.0) million. The cash flow from investments was EUR -40.6 (-38.6) million, which includes the cash flow from the Group's production investments and the cash flow from shares sold and purchased and from fixed assets sold.

At the end of the review period the Group's equity ratio was 16.4% (20.3%). The equity ratio declined from the previous year mainly due to the negative change in the translation difference of some EUR 29 million for the Turkish subsidiary, which in turn was in consequence of the major weakening of the Turkish lira against the euro. The Group's shareholders' equity on 31 December 2008, including the capital notes in shareholders' equity, as a proportion of the balance sheet total was 27.8% (31.4%).

Loans, commitments and contingent liabilities given by the company to Group companies classified as related parties on 31 December 2008 totalled EUR 150.2 (126.4) million. Loans, commitments and contingent liabilities given by the company to private persons classified as related parties on 31 December 2008 totalled EUR 0.2 (0.3) million.

Performance of business divisions

Componenta amended its reporting structure on 1 January 2008, when two units were transferred to the Machine shops division, Componenta Pistons from the Other business division and the Orhangazi machine shop operations from the Turkey division. All figures for comparison for the divisions for 2007 have been adjusted to bring them in line with the new reporting structure.

Foundries

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

The division had net sales in 2008 of EUR 292.6 (241.7) million and an operating profit of EUR 23.3 million, corresponding to 8.0% of net sales (EUR 16.7 million, 6.9%). The division's operating profit improved from the previous year mainly as a result of higher volumes and enhanced efficiency in operations. In consequence of the sharp increases in raw material prices, in summer 2008 Componenta introduced a new price compensation system, so that the impact of changes in raw material prices is updated closer to the event, on a monthly basis instead of quarterly as before.

Capacity at the Iisalmi foundry was raised to meet the growing demand for wind power components and capacity was increased at the Karkkila foundry for the needs of the production being transferred from Metso's foundry in Jyväskylä. Both investments were mainly carried out during the third quarter.

The division had fourth quarter net sales of EUR 62.3 (64.2) million and an operating profit of EUR -0.2 (4.7) million. The operating profit was weakened by the exceptionally rapid and sharp fall in raw material prices combined with a sharp reduction in delivery volumes and the costs arising from adjusting the number of personnel.

Machine shops

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

The division had net sales in 2008 of EUR 189.9 (177.8) million and operating profit of EUR 5.8 million, corresponding to 3.1% of net sales (EUR 6.5 million, 3.7%). The division's operating profit declined mainly because of the costs arising from the measures to adapt operations. The new machine shop in Orhangazi was completed during the summer and the unit's operations moved into the new premises during the third quarter.

The division's net sales in the final quarter totalled EUR 40.8 (46.8) million and the operating profit was EUR -0.2 (1.3) million. The operating profit weakened mainly because of the costs arising from the adjusting the number of personnel in Sweden.

Turkey

The Turkey division comprises the iron foundry in Orhangazi and the aluminium foundry and production unit for aluminium wheels in Manisa.

The division had net sales in 2008 of EUR 242.7 (225.7) million and operating profit of EUR 19.9 million, corresponding to 8.2% of net sales (EUR 10.4 million, 4.6%). Main factors that improved the division's financial performance from the previous year were increasing volumes, higher efficiency in its business operations, and the decline in the value of the Turkish lira against the euro. During the year the Turkey division introduced the same price compensation system for raw materials as the Foundries division.

Changes in the value of the Turkish lira against the euro improved the operating profit of the Turkey division in the first quarter by EUR 7.1 million, weakened it during the second and third quarters by altogether EUR -4.3 million, and improved it again in the fourth quarter by EUR 3.4 million.

The division's fourth quarter net sales totalled EUR 30.4 (51.0) million and the operating profit was EUR -4.2 (3.0) million. The operating profit was weakened by the exceptionally rapid and sharp fall in raw material prices combined with a sharp reduction in delivery volumes and the costs arising from adjusting the number of personnel.

The Orhangazi iron foundry had net sales in 2008 of EUR 173.7 (149.6) million and operating profit of EUR 12.5 (7.4) million. Net sales of the Manisa business units in 2008 totalled EUR 69.0 (76.1) million and operating profit was EUR 7.5 (2.9) million.

Other business

Other business comprises the Componenta Wirsbo forges in Sweden, the sales and logistics company Componenta UK in Great Britain, real estate companies and the Group's administrative functions.

Other business had net sales in 2008 of EUR 130.1 (145.5) million and an operating profit excluding one-time items of EUR -1.7 (1.6) million. The order book at the end of 2008 stood at EUR 7.1 (15.0) million. Net sales of the Componenta Wirsbo forges fell and the operating profit declined from the previous year. Likewise the net sales of sales and logistics company Componenta UK fell and the operating profit declined from the previous year.

Other business had fourth quarter net sales of EUR 22.8 (39.1) million and an operating profit excluding one-time items of EUR -3.4 (-0.1) million. The operating profit was weakened by the exceptionally rapid and sharp fall in raw material prices combined with a sharp reduction in delivery volumes and the costs arising from adjusting the number of personnel.

Shares and share capital

The shares of Componenta Corporation are quoted on the NASDAQ OMX Helsinki. At the end of 2008 the company had a total of 10,945,698 (10,942,498) shares. At the end of the period the company's share capital stood at EUR 21.9 (21.9) million. On 31 December 2008 the quoted price of Componenta Corporation shares stood at EUR

4.75 (8.37). The average price during the year was EUR 8.34, the lowest quoted price was EUR 4.62 and the highest EUR 11.76. At the end of the year the share capital had a market capitalization of EUR 52.0 (91.6) million and the volume of shares traded during the period was equivalent to 32% (52%) of the share stock. The company has one share series.

The Annual General Meeting of Shareholders (AGM) on 25 February 2008 decided, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.50 per share for 2007.

On 16 January 2008 Componenta received notification from Etra Invest Oy that the share of the voting rights and share capital carried by the shares in Componenta Corporation under its control had risen above the 25% limit in a share transaction on 16 January 2008. In addition, Etra Invest Oy informed Componenta that it had raised its share of the voting rights and share capital of Componenta Corporation to more than 30% in a share transaction on 14 August 2008.

During the period 1,200 new Componenta Corporation shares were subscribed with 6 capital notes from the convertible capital notes issued by Componenta Corporation in 2006. As a result of the conversion, the share capital of Componenta Corporation rose by altogether EUR 2,400 and the invested non-restricted equity fund by EUR 8,400.

A total of 2,000 new Componenta Corporation shares were subscribed with 10 capital notes from the convertible capital notes issued by Componenta Corporation in 2005. As a result of the conversion the share capital of Componenta Corporation rose by altogether EUR 4,000 and the share premium account by EUR 16,000.

Board authorizations

The AGM on 25 February 2008 authorized the Board of Directors to decide to purchase a maximum of 1,000,000 of the Company's own shares using the Company's unrestricted shareholders' equity. The shares shall be purchased in public trading, for which reason they will be purchased other than in proportion to the holdings of shareholders. The purchase price shall be based on the market price for Componenta shares in public trading. The shares shall be purchased on the Helsinki Exchange and in accordance with its rules and regulations.

The Board of Directors may not implement the authorization to purchase the Company's own shares if after the purchase the Company or its subsidiary would possess or hold in pledge altogether more than 10 per cent of all the Company's shares. The authorization does not exclude the right of the Board of Directors to decide on a direct purchase of shares. The authorization is valid for a period of 18 months from the date of the decision of the AGM.

The AGM on 26 February 2007 authorized the Board to decide to issue shares and grant option rights and other special rights with an entitlement to shares under the following terms and conditions: Under the authorization the Board may decide to issue shares and grant option rights and other special rights as defined in chapter 10, section 1 of the Finnish Companies Act, such that a maximum of 2,000,000 shares are issued under the authorization. The authorization does not exclude the right of the Board of Directors to decide on a direct issue of shares. The authorization is valid for a period of five years from the date of the decision of the AGM.

The Board of Directors has not exercised either of these authorizations.

Share-based incentive scheme

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

Any yield from the incentive scheme is based on the Group's profit after financial items and the Group's return on investment. At the end of 2008 the target group contained 40 people. If the targets set for the scheme are met in full, the scheme will pay a bonus of a maximum of 132,000 instead of the original 180,000 Componenta Corporation shares. For the 2008 earnings period the Board decided to allocate altogether 12,100 Componenta Corporation shares that includes 1,905 shares of the 2007 allocation. The president and CEO will account 3,300 of these shares and other key personnel altogether totally 8,800 shares. The scheme had an impact before taxes on the result in 2008 of EUR 0.1 million.

Investments

Componenta's investments in production facilities during the year totalled EUR 42.3 (23.6) million, and finance lease investments accounted for EUR 4.3 (1.6) million of this. The net cash flow from investments was EUR -40.6 (-38.6) million. This figure includes EUR 1.3 million used during the review period to purchase shares of Componenta Dökümcülük Ticaret Ve Sanayi A.S. on the Istanbul Stock Exchange. At the end of 2008 Componenta owned 93.57% of the shares of Componenta Dökümcülük Ticaret Ve Sanayi A.S.

Board of Directors and Management

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 vice-chairman.

The tasks and duties of the Board of Directors are laid down primarily in the Articles of Association and the Finnish Companies Act. The Board has drawn up written Rules of Procedure which define the tasks and operating principles of the Board. According to these Rules of Procedure, the Board's tasks include all matters that have a far-reaching impact on the operations of Componenta Group. These include confirming the strategic guidelines, the annual budget and operational plans, and deciding on major corporate restructuring and capital expenditure. The Board assessed its activities under the leadership of its chairman in December 2008.

The Board met 10 times in 2008. The average attendance rate of Board members at meetings was 96%.

Componenta's Annual General Meeting of Shareholders on 25 February 2008 elected the following to the Board of Directors: Heikki Bergholm, Heikki Lehtonen, Juhani Mäkinen, Marjo Raitavuo and Matti Tikkakoski. The Board held its organization meeting after the AGM and elected Heikki Bergholm as its Chairman and Juhani Mäkinen as its Vice Chairman.

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

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

Componenta's President and CEO is Heikki Lehtonen. At the end of the year the corporate executive team of Componenta Corporation comprised the following: President and CEO Heikki Lehtonen; Yaylalý Günay, Senior Vice President, Investments; Hakan Göral, Senior Vice President, Turkey division; CFO Mika Hassinen; Olli Karhunen, Senior Vice President, Foundries division; Timo Laitinen, Senior Vice President, Sales and Product Development; Jari Leino, Sales Director, Heavy Trucks; Anu Mankki, Senior Vice President, Human Resources; Tapio Rantala, Director, Business Development; Michael Sjöberg, Senior Vice President, Machine shops division, and Communications Director Pirjo Aarniovuori.

Personnel

The average number of Group personnel during 2008 was 5,080 (5,094) including 788 (888) leased employees. The number of Group personnel at the end of 2008 was 4,163 (5,064), which includes 194 (906) contract employees. At the end of the year 45% of the Group's personnel were in Turkey, 26% in Finland, 18% in the Netherlands and 11% in Sweden.

Environment

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

One of the most significant environmental aspects for Componenta Group is the use of energy. In 2008 the Group used 795 GWh (814 GWh) of energy. Most of the energy used, 68% (68%) was electricity. The foundries consume more than 90% of all the energy, for especially the melting processes at the foundries utilise much energy. In 2008 energy consumption at Componenta Group foundries in proportion to output was the same as in the previous year.

Componenta will publish its 2008 sustainability report during spring 2009.

Research and development

At the end of 2008 86 people worked in research and development at Componenta, which corresponds to two per cent of the company's total personnel. Componenta's R&D expenses in 2008 totalled EUR 2.6 (2.3) million, corresponding to 0.4% (0.4%) of the Group's total net sales.

Risks

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

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

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

The financial risks relating to Componenta Group's business operations are managed in accordance with the Treasury Policy approved by the Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets and to secure the Group's financial performance and financial position. Management of financial risks takes place in the Group Treasury.

Translating the shareholders' equity of Componenta Turkey into euros creates a significant translation risk for the Group. Changes in the value of the US dollar, the GB pound and the euro in relation to the Turkish lira have an impact on the company's operating profit and profit after financial items in the short term.

During the year Componenta's Board of Directors approved a revised version of the Treasury Policy, which was further revised towards the end of the year in relation to the Turkish lira. According to the policy, the currency risk is divided into the transaction risk resulting from foreign currency denominated income and expenses and the translation risk resulting from foreign currency denominated equity investments and the profit or loss on these.

The transaction position is formed by foreign currency-denominated trade receivables and trade payables in the balance sheet where changes in these affect the operating profit. Foreign currency-denominated cash in hand and at bank are processed separately from this position, as are the Group's internal and external foreign currency loans, for which the impact on the result arising from changes in exchange rates is entered under financial income and expenses. The degree of hedging for both transaction positions is set at 90 - 110%. For Componenta Turkey, however, the net value is calculated after setting foreign currency-denominated sales receivables in the balance sheet against foreign currency-denominated debt, taking advantage of the natural hedging relationship. If the total sums of the foreign currency-denominated balance sheet items in Turkey differ from each other, the degree of hedging shall be decided by the President and CEO up to EUR 20 million.

The translation position is determined from the shareholder's equity and retained earnings of the subsidiaries and associated companies for whom the operating currency is not the euro. In accordance with the Treasury Policy, the translation position is hedged at the discretion of the Group's President and CEO 0 - 100%.

The Group has no significant concentration of risk for receivables. The Group recognized no major credit losses in 2008.

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

Events after end of period

No significant events for the company have occurred after the end of the period.

Dividend proposal

The distributable equity of the parent company on 31 December 2008 amounted to EUR 48.8 million, of which the profit for the financial year was EUR 24.0 million. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.50 per share be paid for 2008, altogether EUR 5.5 million, and EUR 43.3 million be retained in the shareholders' capital. No significant changes have taken place in the company's financial position after the end of the year. The company's liquidity is strong, and in the opinion of the Board of Directors the proposed distribution of profit does not put the company's solvency at risk.

Annual General Meeting

The Annual General Meeting of Componenta Corporation will be held on 23 February 2009 at 11.00 am Finnish time.

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

Prospects

Componenta's prospects for 2009 are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.

Demand prospects in many of the Group's customer sectors are uncertain at the beginning of 2009, due to the recent global economic recession.

The slow down in construction in the USA and Europe has reduced demand in the off-road sector. Demand for mining machinery has taken a downward turn, mainly due to the recent fall in the prices of raw materials.

Production volumes for heavy trucks are expected to decline significantly in 2009.

The uncertainty in the financial markets and the economic recession have considerably cut demand in the automotive industry in Europe.

The demand outlook in the diesel and wind sectors remains good. Demand in the machine building industry is expected to fall.

Componenta's order book at the end of fourth quarter of 2008 stood at EUR 74 (129.0) million, more than 40% lower than at the same time in the previous year.

Componenta has sharply reduced the use of leased employees in the Netherlands and Turkey and made decisions on layoffs and redundances in Sweden, Finland and Turkey. Total effect of reductions of leased employees, layoffs and redundancies amount to 1,600 people.

Componenta Group's 2009 net sales are expected to fall 30% and the result after financial items, excluding one-time items, is expected to decline significantly from the 2008 figure. The Group's cash flow is expected to be clearly positive due to the major reduction in working capital and the low level of investments.

Consolidated income statement 1.1. - 31.12.

MEUR	Note	2008	%	2007	%
NET SALES	1	681.4	100.0	634.7	100.0
Other operating income	4	8.3		17.8	
Operating expenses	5,6,7	-618.9		-583.3	
Depreciation, amortization and write-down of non-current assets	8	-23.9		-26.6	
Share of the associated companies' result		0.2		0.1	
OPERATING PROFIT	1	47.3	6.9	42.7	6.3
Financial income	9	16.3		11.4	
Financial expenses	9	-45.1		-31.4	
Financial income and expenses in total		-28.7		-20.0	
PROFIT/LOSS AFTER FINANCIAL ITEMS		18.6	2.7	22.7	3.3
Income taxes	10	-4.6		-1.1	
PROFIT/LOSS FOR THE FINANCIAL PERIOD		13.9		21.6	
Allocation of net profit for the period					
To equity holders of the parent		13.5		20.9	
To minority interest		0.4		0.7	
		13.9		21.6	
Earnings per share caluculated on the profit attributable to the equity holders of the parent company					
Earnings per share, EUR	11	1.24		1.97	
Earnings per share with dilution, EUR	11	1.04		1.61	

The notes are an integral part of these financial statements.

Consolidated balance sheet 31.12.

MEUR	Note	2008	2007
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	12	237.9	244.9
Goodwill	13	31.7	40.8
Intangible assets	14	4.6	2.4
Investment properties	15	1.8	1.8
Shares in associated companies	16	0.9	0.9
Financial assets	17	0.4	0.3
Receivables	18	4.4	4.9
Deferred tax assets	19	10.6	9.4
		292.4	305.4
CURRENT ASSETS			
Inventories	20	83.8	82.5
Receivables	21	69.0	81.9
Cash and cash equivalents	23	5.2	27.5
		158.0	191.9
TOTAL ASSETS		450.4	497.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		21.9	21.9
Share premium account		15.0	14.9
Legal reserve		0.0	0.0
Other reserves		3.6	7.2
Translation difference		-19.4	9.8
Retained earnings		32.0	16.6
Profit/loss for the financial period		13.5	20.9
Equity attributable to equity holders of the parent	24	66.7	91.3
Minority interest		7.1	9.3
Shareholders' equity		73.8	100.6
LIABILITIES			
Non-current liabilites			
Capital loans	28	41.8	50.2
Interest bearing	28	165.3	77.0
Non-interest bearing		-	0.3
Provisions	27	5.8	6.4
Deferred taxes	19	7.9	9.4
Current liabilities			
Capital loans	28	9.5	5.2
Interest bearing	28	51.2	137.9
Non-interest bearing	29	93.3	105.9
Tax liability		0.1	0.9
Provisions	27	1.8	3.5
		376.6	396.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		450.4	497.3

The notes are an integral part of these financial statements.

Cash flow statement 1.1. - 31.12.

MEUR	2008	2007
Cash flow from operations		
Result after financial items	18.6	22.7
Depreciation, amortization and write-down	23.9	26.6
Net financial income and expenses	28.7	20.0
Other income and expenses, adjustments to cash flow	-2.6	-15.1
Change in net working capital	-4.2	11.0
Interest received and other financial income	16.6	7.8
Interest paid and other financial expenses	-44.6	-27.6
Dividends received	0.0	0.0
Taxes paid	-7.0	-2.8
Net cash flow from operations	29.4	42.6
Cash flow from investing activities		
Acquistion of subsidiaries net of cash	-1.3	-40.2
Capital expenditure in tangible and intangible assets	-39.6	-22.3
Proceeds from tangible and intangible assets	0.3	0.1
Other investments and loans granted	0.0	-0.7
Proceeds from other investments and repayments of loan receivables	0.0	24.5
Net cash flow from investing activities	-40.6	-38.6
Cash flow from financing activities		
Dividends paid	-5.6	-3.3
Share issue	0.0	0.0
Draw-down (+)/ repayment (-) of the equity part of convertible capital notes	0.0	0.0
Repayment of finance lease liabilities	-2.4	-3.3
Draw-down (+)/ repayment (-) of current loans	-82.7	44.2
Draw-down of non-current loans	98.0	69.0
Repayment of non-current loans and other changes	-16.1	-99.5
Net cash flow from financing activities	-8.7	7.2
Change in liquid assets	-20.0	11.2
Cash and bank accounts at the beginning of the period	27.5	15.3
Effects of exchange rate changes on cash	-2.3	1.0
Cash and bank accounts at period end	5.2	27.5
Change during the financial period	-20.0	11.2

The notes are an integral part of these financial statements.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Other reserves	Trans-lation-diffe-rences	Retained earnings	Total	Minority interest	Share holders' equity total
Shareholders' equity 1.1.2007	**20.0**	**12.4**	**3.4**	**0.1**	**19.1**	**55.1**	**37.7**	**92.8**
Derivatives*)			0.3			0.3		0.3
Share-based payments			0.0			0.0		0.0
Change in translation differences				11.4		11.4	1.2	12.6
Change in equity hedging				-1.8		-1.8		-1.8
Dividends paid					-2.5	-2.5	-0.8	-3.3
Increase of share capital (convertible notes)	1.8	2.5	3.4			7.8		7.8
Equity share of convertible capital notes			0.0			0.0		0.0
Change in minority interest						0.0	-29.5	-29.5
Profit/loss for the period					20.9	20.9	0.7	21.6
Shareholders' equity 31.12.2007	**21.9**	**14.9**	**7.2**	**9.8**	**37.5**	**91.3**	**9.3**	**100.6**

MEUR	Share capital	Share premium account	Other reserves	Trans-lation-diffe-rences	Retained earnings	Total	Minority interest	Share holders' equity total
Shareholders' equity 1.1.2008	**21.9**	**14.9**	**7.2**	**9.8**	**37.5**	**91.3**	**9.3**	**100.6**
Derivatives*)			-3.9			-3.9		-3.9
Change in translation differences				-29.2		-29.2	-1.7	-30.8
Other changes			0.2			0.2		0.2
Dividends paid					-5.5	-5.5	-0.1	-5.6
Increase of share capital (convertible notes)	0.0	0.1	0.1			0.2		0.2
Change in minority interest						0.0	-0.9	-0.9
Profit/loss for the period					13.5	13.5	0.4	13.9
Shareholders' equity 31.12.2008	**21.9**	**15.0**	**3.7**	**-19.4**	**45.5**	**66.7**	**7.1**	**73.8**

*) The fair value changes of hedging instruments in hedging reserve, before taxes, was EUR -4.3 (1.1) million, the amount released to income statement from the hedging reserve, before taxes, was EUR -0.9 (-0.6) million and the change of deferred taxes in hedging reserve was EUR 1.4 (-0.1) million.

Accounting Principles

General information

Componenta is a metal sector company with international operations. Componenta supplies cast, machined and surface-treated components and total solutions made up from these to its customers, who are companies in the off-road, heavy trucks, automotive, diesel & wind, and machine-building industries.

The Group's parent company is Componenta Corporation (business identity code 1635451-6), whose shares are quoted on the NASDAQ OMX Helsinki. The parent company is domiciled in Helsinki. The registered street address is Panuntie 4, 00610 Helsinki, Finland.

A copy of the consolidated financial statements can be obtained on the Internet at www.componenta.com or from the head office of the Group's parent company at Panuntie 4, 00610 Helsinki, Finland.

The financial year for all group companies is the calendar year and it ended on 31 December 2008.

The Board of Directors of Componenta Corporation has at its meeting on 27 January 2009 approved these financial statements for publication. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

Basis for preparing consolidated financial statements

Componenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards in force on 31 December 2008 and SIC and IFRIC interpretations. The term 'IFRS standards' refers to standards and interpretations of these in Finnish legislation and provisions based on this approved for applying in the EU in accordance with the procedure established in EU regulation (EY) 1606/2002. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared based on the historical cost, except that the following items have been assessed at fair value: financial assets and liabilities recognized in the income statement, derivative financial instruments, and items hedged at fair value. For mergers of business operations that took place before 2004, goodwill, as stated in IFRS 1, corresponds to the book value as defined under the previous financial statement standards, and this has been used as the deemed cost.

The preparation of the financial statements in accordance with IFRS standards requires management to make estimates and judgments in applying the accounting principles. Information about the judgments made by management in the application of the accounting principles employed by the Group and which have the biggest impact on the figures given in the financial statements is given in the chapter "Accounting principles requiring judgments by management and key sources of estimation uncertainty".

Accounting principles for consolidated financial statements

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

The financial statements of foreign subsidiaries have been adjusted to ensure consistency with the Group's accounting policies. The financial statements of subsidiaries are consolidated using the acquisition cost method. Intra-group transactions have been eliminated in the consolidation, as have the internal margin included in the inventories of Group companies and intra-group receivables and liabilities. Minority interest is calculated as the minority shareholders' share of the result for the financial period, of the shareholders' equity of subsidiary companies and of the fair value allocations made in connection with acquisitions.

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

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

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

Change in accounting policy

The foreign exchange rate differences arising from trade payables and trade receivables and related hedging items, previously reported in financial items, are now reported in operating profit under other operating income. These exchange rate differences were EUR -3.2 million in 2007 and the comparison data in the 2007 income statement has been adjusted in accordance with the revised accounting policy. The change had no impact on the Group's profit after financial items in 2007 or on the Group's shareholders' equity on 31 December 2007

Translation of foreign currency items

The result and financial position of each of the Group's business units are measured in the currency of the main operating environment for that unit. The operational and presentation currency for the Group's parent company is the euro. The consolidated financial statements are presented in millions of euros.

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

The foreign exchange rate differences arising from trade payables and trade receivables are presented under other operating income together with any related hedging results. Exchange rate differences arising from borrowings, deposits and cash and cash equivalents together with any related hedging results are recognized under financial income and expenses.

The income statements of foreign subsidiaries are translated into euros using the average exchange rates for the accounting period. Balance sheet items are translated into euros at the average exchange rate on the balance sheet date.

The difference in the result for the period between the average exchange rate for the accounting period and the exchange rate on the balance sheet date is recorded in shareholders' equity in translation differences. The shareholders' equity of subsidiaries is translated into euros in consolidation. Translation differences caused by changes in exchange rates between the date of acquisition and the balance sheet date have been recorded in shareholders' equity. Translation differences from before 1 January 2004 are recorded, in accordance with the exception permitted by IFRS 1, under retained earnings. After the transition date, translation differences arising during the preparation of the consolidated financial statements are presented as a separate item of equity.

Property, plant and equipment and intangible assets

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

Maintenance and repair costs are usually recognized in the income statement as an expense as incurred. Major refurbishment costs are capitalized and depreciated over their estimated useful life if these costs are likely to increase the future economic benefits embodied in the specific asset to which they relate.

Investment grants are deducted from the carrying value of the asset, and grants to be recorded in the income statement are entered under other operating income.

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

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

*) Residual value 25% of acquisition cost

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

Goodwill is not depreciated but is tested annually for impairment.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the balance sheet value of the asset exceeds the recoverable amount for the asset. The recoverable amount of an asset is the greater of its net selling price and value in use. As a rule, value in use is based on the estimated discounted future net cash flows obtainable through the asset.

Investment property

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

Research and development costs

Research costs are charged to the income statement as incurred. Expenditure on development activities relating to new products is capitalized and recognized as an expense under depreciation. The planned depreciation period for these costs is 5 years. In other respects, the Group's minor research and development costs are recorded as expenses as incurred.

Inventories

Inventories are stated at the lower of acquisition cost and net realizable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labour costs, other direct costs as well as a proportion of variable and fixed production overheads.

Leases

The Group classifies its leases at the inception as finance or other leases. Leases for fixed assets that transfer substantially all the risks and rewards incidental to ownership to the Group are classified as finance leases. They are recognized in the balance sheet under fixed assets at the commencement of the lease at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Any substantial incremental costs that are directly attributable to negotiating and arranging the lease are added to the amount recognized as an asset. Depreciation is made on the asset over its estimated useful economic life consistently with the Group's depreciation policy, or if there is no reasonable certainty that ownership is obtained at the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

The lower of the fair value of the asset and the present value of the minimum lease payments is recognized as a finance lease liability. Lease payments are divided into financing charges and instalment payment of the liability, using the effective interest rate method so that the liability is repaid over the lease term as an annuity. The financing cost calculated with the effective interest rate is recognized as a financial expense. The difference between the floating interest rate of the agreement and the effective interest rate (contingent rent) is recorded as a rental expense.

Other leases comprise of operating leases, where the lessor retains the majority of the risks and benefits of ownership, and insignificant finance lease agreements. Rents paid under other lease agreements are recognized as expenses in the income statement on an accrual basis throughout the lease term.

Employee benefits/Pensions

Most of the Group's pension schemes are defined contribution schemes, for which payments are entered in the income statement in the period in which they occur. Componenta has a pension schemes classified as a multi employer defined benefit schemes in Sweden (Alecta ITP and AMF Pension/Avtalspension SAF-LO), Alecta ITP and AMF Pen-sion/Avtalspension SAF-LO have been treated as a defined contribution plans, in accordance with IAS 19.30 (a), as the pension companies have not been able to provide actuarial valuations.

Pension coverage for employees of Group companies in Finland is provided in line with statutory arrangements under the TyEL insurance scheme with an insurance company. Under an agreement made with the pension insurance company, the Group, as a major employer, is responsible in Finland for unemployment payments and work disability payments included in pension insurance payments in their entirety at the moment when the pension starts.

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

Employee benefits/Share based payments

The Group has applied the IFRS 2 standard to the share-based incentive scheme for key personnel which was decided on 3 April 2007.

A share-based incentive scheme has been set up for senior management for the years 2007–2009. Bonuses are paid partly in shares and partly in cash. The benefits given in the scheme are valued at fair value at the time when they are granted and are recognized as an expense in the income statement on a straight-line basis over the earnings period. A liability is recognized for the part to be paid in cash and the change in its fair value is correspondingly recognized as an expense for the period in which it occurs. The fair value of the part to be paid in shares is recognized as an expense and an increase in shareholders' equity. The impact of the scheme on the result is presented in the income statement under personnel expenses.

Segment reporting

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

Componenta amended its reporting structure on 1 January 2008, when two units were transferred to the Machine shops division, Componenta Pistons, located in Pietarsaari in Finland, from the Other business division and the Orhangazi machine shop operations from the Turkey division. All figures for comparison for the divisions for 2007 have been adjusted to bring them in line with the new reporting structure.

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

Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. If it is possible to obtain compensation for some of the obligation from a third party, the compensation is recognized as a separate asset item, but only when it is in practice certain that the compensation will be obtained.

A provision for restructuring is recognized when the Group has drawn up a detailed and formal restructuring plan and restructuring has either commenced or the plan has been announced publicly.

Income Taxes

Consolidated direct taxes include direct taxes based on the taxable profit of Group companies, calculated according to tax legislation in each company's domicile. Deferred tax liabilities are recognized in the balance sheet in full and deferred tax assets to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax liabilities and assets are calculated from all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate in force on the balance sheet date.

Deferred tax assets for confirmed losses or for losses for the financial period have only been recognized to the extent to which it is probable that future profits will be generated that can be offset with the temporary differences. Deferred tax liabilities have been calculated for Finnish companies using a tax rate of 26.0%, for Swedish companies using a rate of 26.3%, for the Turkish company using a rate of 20.0% and for Dutch companies using a rate of 25.5%.

Deferred tax liabilities and assets are presented in the balance sheet as a net figure where they apply to the same tax authority and when they can offset each other.

Revenue recognition

Net sales comprises revenue from the sale of products, services, raw materials, goods and energy, adjusted by indirect taxes and sales adjustments. Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the Group no longer has a right to dispose of the product or effective control over the product. This normally means when a product has been delivered to the customer in accordance with agreed delivery terms.

Other income from operations

Revenues that are not part of actual net sales, such as revenue from the sale of non-current assets, are recorded under other income from operations. In addition the foreign exchange rate differences arising from trade payables and trade receivables are presented under other operating income together with any related hedging results.

Financial assets and liabilities

Financial assets

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

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss contain the derivative financial instruments acquired for hedging purposes to which the principles of hedge accounting are not applied. They are recognized at fair value using market prices on the balance sheet date. Realized and unrealized profit and loss resulting from changes in fair value are recognized in the finance income and expenses for the period in which they are incurred.

Financial assets at amortized cost

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

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

Financial assets at cost

Holdings and investments that do not belong to the other financial asset categories are classified under the available-for-sale category. The investments in this category are long-term unlisted shares and holdings that are closely linked with business operations and which the Group does not intend to sell or otherwise dispose of. Available-for-sale financial assets are valued at acquisition cost if no reliable market value is available, less any impairment loss.

Impairment losses on financial assets

An impairment loss is recognized in the income statement for a financial asset or group of assets if there is objective evidence, such as a customer becoming insolvent, delinquency of payments and financial reorganisation or bankruptcy procedure of the customer, that an event or events have had a significant impact on estimated future cash flows. The amount of the impairment loss is determined as the difference between the carrying amount of the financial asset and the discounted estimated future cash flows. Previously entered impairment losses on trade receivables can later be reversed through the income statement if it is believed that the customer will pay their liabilities. For other financial assets, impairment losses are permanent.

Financial liabilities

Financial liabilities at fair value through profit and loss

Derivative instruments acquired for hedging purposes to which the principles of hedge accounting are not applied are classified under held-for-trading. Financial liabilities held for trading are recognized at fair value using the market prices on the balance sheet date. Realized and unrealized profit and losses resulting from changes in fair value are recognized under financial income and expenses for the period in which they are incurred.

Financial liabilities at amortized cost

Financial liabilities that are not classified as financial assets at fair value through profit and loss are classified as other financial liabilities. Other financial liabilities are initially recognized at fair value, less any substantial transaction costs that are directly attributable to the acquisition or issue of the financial liability. Other financial liabilities are recognized at amortized cost using the effective interest rate method, so that the costs related to the acquisition or issue of the liability are recognized in the income statement during its contractual term. Interest payable on the financial liability is recognized through profit and loss on an accrual basis.

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

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

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

Derivative financial instruments and hedge accounting

The Group's derivative financial instruments are recognized on the settlement date at acquisition cost, after which they are recognized at fair value. The fair value of forward rate agreements is the profit or loss that would occur from closing the agreement, calculated at the market price on the balance sheet date. The fair value of interest rate and currency options is measured using commonly known option pricing models. The fair value of interest rate swaps is calculated by discounting future cash flows at current interest rates at the balance sheet date. Forward foreign exchange contracts and currency exchange contracts are valued at forward prices on the balance sheet date. The fair value of electricity price forwards is the estimated profit or loss that would derive from closing the contracts at market prices on the balance sheet date.

Derivative financial instruments are recognized either as financial hedging instruments that are excluded from hedge accounting as defined in IAS 39 or as hedging instruments that qualify as cash flow hedges or as currency hedges of net investments in foreign operations. When hedge accounting is applied, the hedged item and the hedging relationship are identified and documented in accordance with the principles of hedge accounting. Hedge effectiveness is assessed retrospectively when initiating hedge accounting and prospectively on a regular basis, at least quarterly.

For balance sheet date, cash flow hedge accounting is applied when hedging against future changes in interest rates and in electricity spot market prices. When cash flow hedge accounting is applied, the effective portions of changes in the fair value of hedging instruments are recognized in shareholders' equity in the hedging reserve. Accumulated changes in fair value of the interest rate derivatives are recognized in financial income and expenses in the income statement for the period when the hedged business operation takes place. Correspondingly, accumulated changes in fair value of the electricity price forwards are recognized as an adjustment to purchases in operating profit in the income statement for the period when the hedged business operation takes place. When a hedging instrument matures, is sold, the hedging relationship is perceived to be ineffective or it is terminated, the cumulative gain or loss on the hedging instrument from the period when the hedge was effective remains separately recognized in equity until the forecast transaction occurs. The cumulative gain or loss is recognized immediately through profit and loss if the forecast transaction is no longer expected to occur.

The ineffective part of the interest rate hedging relationship is recognized in the income statement under financial income or expenses and the ineffective part of the electricity price hedging relationship is recognized as an adjustment to purchases in operating profit.

The realized and fair values of foreign exchange differences of currency derivatives designated as effective hedges of net in-vestments in foreign operations are recognized in equity as a correction item to translation differences. These items will be recognized through profit and loss on disposal of the foreign operation. The ineffective part of the hedging relationship is recognized in the income statement under financial income or expenses.

Accumulated interest expenses or income from interest rate swaps and currency swaps that have taken place during the financial period are recognized in the income statement under financial items, as are changes in the fair value of interest rate derivatives that are a part of the Group's risk management policy but are excluded from hedge accounting. Exchange differences rising from currency derivatives designated as hedges of accounts receivables and payables are recognized in Other operating income and from currency derivatives used to hedge against exchange differences for borrowings, deposits and other monetary items recognized in Financial income and expenses. Realized gains or losses from electricity price forwards are recognized under purchases as adjustment items. The fair values of derivative financial instruments are recognized under current assets and liabilities in the balance sheet.

Earnings per share

The basic earnings per share are calculated using the weighted average of shares in issue. The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of outstanding options, conditional share-based payments, earnings-related share-based payments and convertible capital notes.

Dividend payment

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

Accounting principles requiring judgments by management and key sources of estimation uncertainty

To prepare the consolidated financial statements in accordance with international financial reporting standards, management has to make estimates and assumptions about the future.

The Group's management exercises its discretion when taking decisions about the choice of accounting principles for the financial statements and their application. Estimates have been used when determining in the financial statements for ex-ample the realizable value of certain assets, impairments of trade receivables, the useful economic life of tangible and intan-gible assets, income tax, the value of inventories, provisions and contingent liabilities, and for tests for impairment.

Determining the fair value of assets acquired when merging business operations

In major mergers of business operations the Group has used an external consultant when estimating the fair value of tangi-ble and intangible assets. For tangible assets, comparisons have been made with the market prices of similar assets and estimates made of the reduction in value of the acquired assets due to age, wear and similar factors. The fair value of intan-gible assets has been determined based on estimates of the cash flows relating to the assets, since no information has been available on the market about purchases of similar assets.

Management believes that the estimates and assumptions used are sufficiently accurate as a basis for determining fair value. In addition the Group examines at least on every balance sheet date any indications of impairment in tangible and intangible assets.

Application of standards

As from 1 January 2008 the Group has applied the following new and revised standards and interpretations. Applying the new standards and interpretations has not had any impact on the result or shareholders' equity.

IFRIC 11 Group and Treasury Share Transactions, The new interpretation addresses how to apply IFRS 2, Share Based Payments and clarifies the scope of transactions paid as equity

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, The interpreta-tion concerns defined benefit arrangements after the termination of employment and other long-term defined employment benefits, as stated in IAS 19, when this involves minimum funding requirements.

New and amended standards and interpretations not yet effective in 2008

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not yet applied. The Group has identified the following standards as being relevant to its business:

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

The amendment to IAS 23 Borrowing Costs came effective in the fiscal period commencing on 1 January 2009. As a result of the revision, interest costs are required as a rule to be capitalized where the acquisition, production or construction of goods re-quires a long period of time. Until now, the Group has booked these borrowing costs as expenditure in the fiscal year in which they were incurred. The Group estimates that the amendment will not significantly affect its consolidated financial statements in fiscal year 2009.

IAS 27 (Revised) Consolidated and separate financial statements, (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognised in the income statement.

IFRS 3 (Revised) Business Combinations, which comes into force as from 1 July 2009. The revision makes several changes to the treatment of acquisitions; for example all transaction costs will be expensed, goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. In addition, all payments relating to the purchase of business are to be recorded at fair value at the acquisition date and certain contingency pay-ments subsequently re-measured at fair value through the income statement. The revised standards IAS 27 and IFRS 3 have not yet been endorsed for use in the EU. According to a preliminary assessment the revisions to IAS 27 and IFRS 3 will not have a significant impact on the consolidated financial statements of the Group.

IFRS 2 (Amendment) Share-based payment (effective from 1 January). The amended standard deals with and clarifies vesting conditions and cancellations. It is not expected to have a material impact on the Group's financial statements.

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

Notes to the consolidated financial statements Figures are in millions of euros unless otherwise stated.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Segment information

Componenta has three business segments: Foundries, Machine Shops and Turkey. The Foundries division comprises the Group´s foundries in Karkkila, Pori, Pietarsaari and Iisalmi in Finland, and the foundries located in Weert and Heerlen in the Netherlands.The Machine Shops division comprises the Främmestad machine shop in Sweden, the machine shops in Lempäälä and Pietarsaari in Finland, the machine shop operations in the Netherlands and the machine shop in Orhangazi in Turkey. The Turkey division comprises the iron foundry in Orhangazi and the aluminium foundry and production unit for aluminium wheels in Manisa. In addition, the reports contain figures for elimination of intra-group items and Other Business, which includes the service companies, real estates, head office, the Componenta Wirsbo forges, the Componenta UK sales and logistics company, the Group´s share of the figures for associated company Kumsan A.S. and in 2007 the business of Componenta Albin that has been divested, and the Group´s share of the figures for associated company Ulefos NV that has been divested. Componenta's operations are divided into two geographical segments - the Nordic Countries and Other European Countries. Transactions between business segments, other operations as well as sales between geographical segments are based on market prices.

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

PRIMARY REPORTING FORMAT

Business segments 2008

MEUR	Foundries	Machine Shops	Turkey	Other Business	Eliminations and one-time items	Group
External sales	199.6	187.5	185.0	109.4		681.4
Internal sales	93.0	2.4	57.7	20.7	-173.8	0.0
Total sales	292.6	189.9	242.7	130.1	-173.8	681.4
Share of results of associates				0.2		0.2
Segment operating profit	23.3	5.8	19.9	-1.7	-0.1	47.3
Unallocated items						-33.4
Net profit						13.9
Segment assets	139.2	65.7	180.1	73.8	-32.3	426.5
Shares in associated companies						0.9
Unallocated assets						23.0
Total assets						450.4
Segment liabilities	37.9	23.3	26.0	31.8	-18.0	101.0
Unallocated liabilities						275.6
Total liabilites						376.6
Capital expenditure	11.4	9.8	17.0	4.0		42.3
Depreciation	-7.7	-4.4	-8.6	-3.1		-23.9

Business segments 2007

MEUR	Foundries	Machine Shops	Turkey	Other Business	Eliminations and one-time items	Group
External sales	152.1	176.9	171.8	133.9		634.7
Internal sales	89.6	0.9	53.9	11.5	-156.0	0.0
Total sales	241.7	177.8	225.7	145.5	-156.0	634.7
Share of results of associates				0.1		0.1
Segment operating profit	16.7	6.5	10.4	1.6	7.5	42.7
Unallocated items						-21.1
Net profit						21.6
Segment assets	143.0	70.4	204.1	82.9	-45.7	454.7
Shares in associated companies						0.9
Unallocated assets						41.7
Total assets						497.3
Segment liabilities	38.1	34.1	34.3	46.9	-37.6	115.8
Unallocated liabilities						280.9
Total liabilites						396.7
Capital expenditure	4.4	4.5	13.1	1.6		23.6
Depreciation	-12.6	-4.3	-8.1	-1.6		-26.6

SECONDARY REPORTING FORMAT

Geographical segments 2008

MEUR	Nordic Countries	Other European Countries	Other Countries	Total
Net sales	201.1	445.6	34.7	681.4
Assets	188.4	262.0	0.0	450.4
Capital expenditure	16.6	25.7	0.0	42.3

Geographical segments 2007

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

2. Business acquisition

Year 2007

In December 2006 Componenta acquired 68.6% of the shares and votes of Döktas Dökümcülük Sanayi ve Ticaret A.S., a Turkish listed iron and aluminium casting component manufacturer. The acquisition cost for the shares acquired was EUR 111.3 million and the related goodwill recorded in 2006 was EUR 30.1 million. Componenta made a tender offer on 19 February 2007 to purchase the remainder of the Döktas Dökümcülük Sanayi ve Ticaret A.S shares. The offer was valid until 5 March 2007. As a result Componenta owned 92.6% of the shares of Döktas at the year end 2007. The purchase price for the 24.0% share was EUR 37.8 million and it resulted in goodwill of EUR 7.8 million.

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

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

Year 2008

During 2008 Componenta acquired 0.97% of the shares and votes of Componenta Dökümcülük Sanayi ve Ticaret A.S. (previously Döktas) and as a result of these purchases Componenta owned 93.57% of the shares at the end of year 2008. The acquisition cost for the shares acquired was EUR 1.3 million and the related goodwill recorded was EUR 0.0 million.

3. Business divestments

Year 2007

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

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

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

Year 2008

There were no business divestments in 2008.

4. Other operating income

	2008	2007
Rental income	0.7	0.5
Profit from sale of non-current assets	0.1	0.0
Profit from sale of shares in associated companies	-	6.4
Profit from sale of shares in subsidiary	-	12.9
Profit from sale of shares available for sale	0.0	-
Exchange gains and losses of trade receivabbles and payables, incl. hedges	6.6	-3.2
Other operating income	1.0	1.2
Other operating income total	8.3	17.8
Rental income from investment property included in net sales	0.1	0.1

5. Operating expenses

	2008	2007
Change in inventory of finished goods and work in progress	0.5	5.9
Production for own use	0.7	0.2
Materials, supplies and products	-257.3	-241.9
External services	-66.8	-63.1
Personnel expenses	-149.8	-146.6
Rents	-4.7	-4.4
Maintenance costs of Investment property	-0.1	-0.1
Maintenance	-29.0	-27.9
Freight	-14.3	-16.7
Other operating expenses	-98.2	-88.7
Total operating expenses	-618.9	-583.3

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

The decision of the Helsinki Appeal Court on 20 December 2007 is not legally binding. Componenta Karkkila Oy has applied to the Supreme Court for leave to appeal against the decision of the Appeal Court. The application is still being processed.

Audit fees	-0.5	-0.4
Other fees	-0.1	-0.3
Total fees paid to auditors	-0.6	-0.7

6. Employee benefit costs

	2008	2007
Personnel expenses		
Salaries and fees	-120.1	-117.7
Pension costs - defined contribution plans	-15.6	-14.3
Other personnel costs	-14.1	-14.7
	-149.8	-146.6
Number of personnel by segment, excluding leased personnel		
Foundries	1,423	1,380
Machine shops	472	427
Turkey	1,954	1,951
Other operations	443	448
	4,292	4,206

Personnel expenses include costs related to share-based payment EUR -0.1 (0.0) million.

7. Research and development costs

	2008	2007
The following amounts have been recognized in the income statement under research and development costs	-2.6	-2.3

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

	2008	2007
Depreciation and amortization		
Tangible assets		
Buildings and structures	-2.5	-2.5
Investment property	0.0	-0.0
Machinery and equipment	-19.7	-20.6
Other tangible assets	-0.7	-0.7
	-23.0	-23.6
Intangible assets		
Intangible rights	-0.1	-0.1
Other capitalized expenditure	-0.8	-0.6
	-0.9	-0.8
Write-down on machinery and equipment	-	-2.1
Total depreciation, amortization and write-down of non-current assets	-23.9	-26.6

9. Financial income and expenses

	2008	2007
Dividend income from available-for-sale investments	0.0	0.0
Interest income from loans and other receivables	0.9	1.3
Exchange rate gains on financial assets and liabilities recognized at amortized cost	4.6	3.1
Other financial income	7.1	2.4
Change in fair value of financial assets and liabilities held for trading	1.0	1.4
Ineffective portion of hedge accounting of net investment in foreign entities	0.2	-0.2
- fair values transferred from equity to profit and loss	-	0.1
Ineffective portion cash flow hedge accounting	-	0.0
Effective interest expenses for financial liabilities recognized at amortized cost	-18.6	-17.6
Exchange rate losses for financial assets and liabilities recognized at amortized cost	-10.5	-1.1
Other charges on financial liabilities valued at amortized acquisition cost	-0.3	-1.2
Other financial expenses	-13.1	-8.2
Financial income and expenses, total	-28.7	-20.0

Other operating profit includes a total of EUR 7.1 (-2.8) million in exchange rate gains and losses arising from foreign currency denominated sales and purchases and EUR -0.5 (-0.4) million from foreign exchange derivates designated to these items . As from the beginning of 2008, the accounting principles were amended in respect of the figures for comparison for purchases and sales such that the exchange rate differences for the sales and purchases of Componenta Turkey as well as the exchange rate differences for hedging with foreign currency derivatives of all the Group's sales and purchases are presented in 'Other operating income' instead of 'Financial income and expenses'. Net financial costs in 2007 were reduced by EUR 3.2 million due to this change in the accounting principles.

Interest income on interest rate swaps has been moved to compensate interest expenses. During 2007 and 2008 the Group has not received any significant commissions from financial assets.

10. Income taxes

	2008	2007
Income taxes		
Income taxes for financial period	-4.7	-2.0
Change in deferred taxes (see note 19)	0.0	1.0
	-4.6	-1.1

Income tax reconciliation between tax expense computed at statutory rates in Finland (26% in 2008 and 2007) and income tax expense provided on earnings.

	2008	2007
Profit before tax	18.6	22.7
Income tax using Finnish tax rate	-4.8	-5.9
Difference between Finnish tax rate and rates in other countries	0.6	-0.1
Tax exempt income	-	5.2
Non-deductible expenses	-0.4	-0.3
	-4.6	-1.1

11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of outstanding shares during the financial year.

Basic earnings per share	2008	2007
Numerator: Profit for the period attributable to shareholders of the parent company, 1,000 EUR	13,517	20,906
Denominator: Weighted average number of outstanding shares during the financial year, 1,000 shares	10,944	10,607
Basic earnings per share EUR	1.24	1.97

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

In 2007 and in 2008, notes that have not been converted into shares from the convertible capital note (Note 28) and the share bonus scheme for employees (Note 25) affect the diluted earnings per share.

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

Diluted earnings per share	2008	2007
Profit attributable to shareholders of parent company, 1,000 EUR	13,517	20,906
After tax interest of covertible loan, 1,000 EUR	1,282	1,309
Numerator: Profit attributable to shareholders of parent company for calculating diluted earnings per share, 1,000 EUR	14,799	22,215
Diluted number of shares,1,000 shares	10,944	10,607
Effect of share-based bonus system, 1,000 shares	69	42
Dilution effect of convertible note, 1,000 shares	3,165	3,168
Denominator: Weighted average number of shares for diluted earnings per share, 1,000 shares	14,179	13,817
Earnings per share with dilution, EUR	1.04	1.61

NOTES TO THE CONSOLIDATED BALANCE SHEET

12. Tangible assets

	2008	2007
Land and water areas		
Acquisition cost at 1 Jan.	27.7	25.4
Translation differences	-4.1	1.4
Additions	0.0	0.9
Book value at 31 Dec.	23.6	27.7
Buildings and constructions		
Acquisition cost at 1 Jan.	108.5	101.8
Additions	5.8	0.6
Disposals	-	-0.3
Reclassifications	1.4	4.3
Translation differences	-7.1	2.0
Acquisition cost at 31 Dec.	108.6	108.5
Accumulated depreciation at 1 Jan.	-40.3	-36.0
Accumulated depreciation on decreases and reclassifications	-	-0.4
Accumulated depreciation on increases	-	-0.2
Translation differences	4.1	-1.3
Depreciation during the period	-2.5	-2.4
Accumulated depreciation at 31 Dec.	-38.7	-40.3
Book value at 31 Dec.	69.8	68.2
Buildings and constructions, finance leasing		
Acquisition cost at 1 Jan.	-	4.1
Reclassifications	0.0	-4.1
Acquisition cost at 31 Dec.	0.0	-
Accumulated depreciation at 1 Jan.	-	-0.3
Accumulated depreciation on decreases and reclassifications	-	0.3
Depreciation during the period	-0.0	-0.1
Accumulated depreciation at 31 Dec.	-0.0	-
Book value at 31 Dec.	0.0	-
Machinery and equipment		
Acquisition cost at 1 Jan.	397.2	381.4
Additions	22.4	17.7
Disposals	-1.5	-12.8
Reclassifications	0.0	0.3
Translation differences	-40.0	10.6
Acquisition cost at 31 Dec.	378.3	397.2
Accumulated depreciation at 1 Jan.	-268.1	-250.1
Accumulated depreciation on increases	0.0	-1.8
Accumulated depreciation on decreases and reclassifications	1.2	11.2
Translation differences	26.4	-6.2
Write-downs during the period	-	-2.1
Depreciation during the period	-18.2	-19.0
Accumulated depreciation at 31 Dec.	-256.7	-268.1
Book value at 31 Dec.	119.6	129.0
Machinery and equipment, finance leasing		
Acquisition cost at 1 Jan.	13.8	17.7
Additions	4.2	1.5
Disposals	0.0	-4.9
Reclassifications	0.0	-0.1
Translation differences	-0.9	-0.5
Acquisition cost at 31 Dec.	17.1	13.8
Accumulated depreciation at 1 Jan.	-3.6	-3.2
Accumulated depreciation on decreases and reclassifications	0.0	1.3
Translation differences	0.3	0.1
Depreciation during the period	-1.5	-1.6
Accumulated depreciation at 31 Dec.	-4.8	-3.6
Book value at 31 Dec.	12.3	10.2

	2008	2007
Other tangible assets		
Acquisition cost at 1 Jan.	14.7	13.2
Additions	1.2	1.1
Disposals	-0.2	-0.1
Reclassifications	0.0	0.1
Translation differences	-1.2	0.4
Acquisition cost at 31 Dec.	14.5	14.7
Accumulated depreciation at 1 Jan.	-11.3	-10.4
Accumulated depreciation on increases	-	-0.0
Accumulated depreciation on decreases and reclassifications	0.2	0.1
Translation differences	0.9	-0.3
Depreciation during the period	-0.7	-0.7
Accumulated depreciation at 31 Dec.	-11.0	-11.3
Book value at 31 Dec.	3.5	3.4
Advance payments and fixed assets under construction		
Acquisition cost at 1 Jan.	6.3	1.6
Translation differences	-1.0	-
Additions	5.4	5.5
Disposals	-0.1	-0.1
Reclassifications	-1.6	-0.7
Book value at 31 Dec.	8.9	6.3
Total tangible assets	237.9	244.9

Additions for tangible assets in 2007 include the tangible assets of Hejarsmide AB.

13. Goodwill

	2008	2007
Acquisition cost at 1 Jan.	43.1	32.6
Additions	0.0	7.8
Disposals	-1.4	-
Translation differences	-7.7	2.7
Acquisition cost at 31 Dec.	34.0	43.1
Accumulated amortization at 1 Jan.	-2.3	-2.3
Accumulated amortization at 31 Dec.	-2.3	-2.3
Book value at 31 Dec.	31.7	40.8

Disposal of goodwill EUR 1.4 million in 2008 is related to the acquisition of Componenta Dökümcülük Sanayi ve Ticaret A.S. (previously Döktas) in December 2006. In 2008 Componenta received EUR 1.4 million as a purchase price compensation from the Koc Group which was one of the selling parties. The received amount was recorded as a disposal of goodwill.

Allocation of goodwill and impairment testing

Goodwill is allocated to cash generating units and most of the goodwill is recorded under the Turkey segment (see note 2). The goodwill allocated to Turkey was EUR 31.3 million (EUR 39.2 million) at the end of 2008.

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

The discount rate used is the weighted cost of capital before tax defined by Componenta. The factors in this are risk-free interest rate, market risk premium, the industry beta, loan costs and the target ratio for shareholders' equity to liabilities. Componenta has used a weighted cost of capital of 11.1% in its calculations.

There was no need to record impairment losses on the basis of impairment testing in 2007 and in 2008.

Sensitivity analysis:
A sensitivity analysis was carried out on the Turkey segment using a variety of scenarios. These were achieved by altering the assumed values as follows:
- by reducing profitability (EBITDA) 1-10%
- by raising the weighted cost of capital 1-15%

It is the opinion of management that the changes in the basic assumptions in the theoretical scenarios mentioned above should not be interpreted as evidence that they are likely to occur. However, none of these scenarios would have resulted in the need to recognize an impairment loss for goodwill.

14. Intangible assets

	2008	2007
Capitalized development costs		
Acquisition cost at 1 Jan.	-	0.9
Additions	-	-0.9
Acquisition cost at 31 Dec.	-	-
Accumulated amortization at 1 Jan.	-	-0.8
Accumulated amortization on decreases	-	0.8
Amortization during the period	-	-
Accumulated amortization at 31 Dec.	-	-
Book value at 31 Dec.	-	-
Intangible rights		
Acquisition cost at 1 Jan.	1.1	1.1
Additions	0.2	0.0
Disposals	-0.1	-
Translation differences	-0.1	0.0
Acquisition cost at 31 Dec.	1.1	1.1
Accumulated amortization at 1 Jan.	-1.0	-0.9
Accumulated depreciation on increases	0.0	0.0
Accumulated amortization on decreases and reclassifications	-0.0	-0.0
Translation differences	0.2	-
Amortization during the period	-0.1	-0.1
Accumulated amortization at 31 Dec.	-0.8	-1.0
Book value at 31 Dec.	0.3	0.2
Other capitalized expenditure		
Acquisition cost at 1 Jan.	7.9	7.6
Additions	2.8	0.5
Disposals	-0.0	-0.3
Reclassifications	0.5	0.1
Acquisition cost at 31 Dec.	11.2	7.9
Accumulated amortization at 1 Jan.	-6.2	-5.8
Accumulated amortization on decreases and reclassifications	0.0	0.2
Amortization during the period	-0.8	-0.6
Accumulated amortization at 31 Dec.	-7.0	-6.2
Book value at 31 Dec.	4.2	1.7
Advance payment for intangible assets		
Acquisition cost at 1 Jan.	0.5	0.0
Additions	0.2	0.5
Reclassifications	-0.5	0.0
Book value at 31 Dec.	0.2	0.5
Total intangible assets	4.6	2.4

In 2007 the additions include the intangible assets of Hejarsmide AB.

15. Investment property

	2008	2007
Acquisition cost at 1 Jan.	2.2	2.2
Additions	0.0	0.0
Acquisition cost at 31 Dec.	2.2	2.2
Accumulated depreciation at 1 Jan.	-0.3	-0.3
Depreciation during the period	-0.0	0.0
Accumulated depreciation at 31 Dec.	-0.4	-0.3
Book value at 31 Dec.	1.8	1.8

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

16. Shares in associated companies

	2008	2007
Acquisition cost at 1 Jan.	0.9	8.0
Disposals	-0.1	-7.2
Share of results of associated companies	0.2	0.1
Translation differences	-0.1	0.0
Book value at 31 Dec.	0.9	0.9

Associated companies 31 Dec. 2008

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/ Loss, MEUR.	Group share of holding %
Kumsan A.S., Turkey	4.4	1.1	5.2	1.0	25.1
Kiinteistö Oy Niliharju, Helsinki					25.0

Associated companies 31 Dec. 2007

	Assets, MEUR	Liabilities, MEUR	Net sales, MEUR	Profit/ Loss, MEUR.	Group share of holding %
Högfors Basket Oy, Karkkila					50.0
Kumsan A.S., Turkey	4.0	1.3	3.1	0.5	25.1
Kiinteistö Oy Niliharju, Helsinki					25.0

The value of shares in associated companies do not include goodwill at 31 Dec. 2008. All associated companies are unlisted.

17. Financial assets

	2008	2007
Available-for-sale investments		
Acquisition cost at 1 Jan.	0.3	0.2
Additions	0.1	0.1
Disposals	-0.0	0.0
Book value at 31 Dec.	0.4	0.3

Available-for-sale investments consist of non-listed shares. Since the fair value of these shares is difficult to determine reliably, they are recognized at acquisition cost less any impairment losses. During 2008 the Group recognized a gain on the sale of available-for-sale investments of EUR 0.0 million.

18. Non-current receivables

	2008	2007
From associates		
Loan receivables	0.1	0.1
Other non-current receivables		
Loan receivables	3.7	4.2
Other receivables	0.7	0.6
	4.3	4.8
Total non-current receivables	4.4	4.9

EUR 0.2 (0.3) million (nominal currency SEK) of other non-current loans receivable mature in 2012 and EUR 3.4 (3.9) million (nominal currency SEK) in 2015. The Group's loans receivable relate mainly to company reorganizations or investments.

19. Deferred tax assets and liabilities

Changes in deferred taxes during the financial year 2008

	at 1 Jan. 2008	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec. 2008
Deferred tax assets					
Intercompany gain on sale of fixed assets	2.2	-0.4			1.8
Intercompany margin in inventory	0.2	0.1			0.3
Provisions	0.1	-0.1			0.1
Tax losses carried forward	12.1	-0.4		-0.1	11.6
Revaluation of real estate at fair value	0.9				0.9
Other temporary differences	0.6	1.8	0.9	-0.1	3.1
Total	16.1	1.0	0.9	-0.3	17.7
Offset with deferred tax liabilities	-6.6				-7.1
Total	9.4				10.6

Deferred tax assets recognized for losses in Finland and in Sweden are based on the expected taxable income of the companies in these countries. It is estimated that these deferred tax assets can be utilized in in 4-6 years. Previously recorded deferred tax assets in the Netherlands have been utilized in 2008.

	at 1 Jan. 2008	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec. 2008
Deferred tax liabilities					
Valuing tangible assets at fair value when merging businesses	6.5	-0.3		-1.3	4.9
Accumulated depreciation in excess of plan	0.3	-0.2			0.1
Revaluation on investment properties at fair value	0.1				0.1
Revaluation of other real estate at fair value	4.8	0.0		0.0	4.8
Other temporary differences	4.5	1.5	-0.4	-0.5	5.0
Total	16.1	1.0	-0.4	-1.8	15.0
Offset with deferred tax assets	-6.6				-7.1
Total	9.4				7.9

Changes in deferred taxes during the financial year 2007

	at 1 Jan. 2007	Recognized in income statement	Recognized in equity	Translation differences	at 31 Dec. 2007
Deferred tax assets					
Intra-group gain on sale of fixed assets	0.5	1.7			2.2
Intra-group margin in inventory	0.2	0.0			0.2
Provisions	0.1	0.0			0.1
Tax losses carried forward	13.5	-1.4			12.1
Revaluation of real estate at fair value	0.9				0.9
Other temporary differences	0.0	0.2	0.4		0.6
Total	15.2	0.5	0.4		16.1
Offset with deferred tax liabilities	-7.0				-6.6
Total	8.2				9.4
Deferred tax liabilities					
Fair value adjustments of tangible and intangible assets	0.1	-0.1			0.0
Valuing tangible assets at fair value when merging businesses	6.3	-0.3		0.6	6.5
Accumulated depreciation in excess of plan	1.2	-0.9			0.3
Revaluation of investment properties at fair value	0.1				0.1
Revaluation of other real estate at fair value	4.8	0.0			4.8
Other temporary differences	4.0	0.9	0.2	-0.6	4.5
Total	16.4	-0.4	0.2	0.0	16.1
Offset with deferred tax assets	-7.0				-6.6
Total	3.2				9.4

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

20. Inventories

	2008	2007
Raw materials and consumables	37.2	30.5
Work in progress	11.2	11.6
Finished products and goods	31.7	36.8
Other inventories	3.1	3.4
Advance payments	0.6	0.2
Total inventories	83.8	82.5

During the financial year an expense of EUR -1.4 (-1.2) million was recognized to reduce the book value of inventories to their net realisable value.

21. Trade and other short-term receivables

	2008	2007
Trade receivables	52.3	71.2
Loan receivables	0.0	0.0
Other receivables	7.1	4.5
Derivative financial instruments	1.3	2.5
Income tax receivable	2.3	0.2
Prepayments and accrued income	6.0	3.4
Total trade and other short-term receivables	69.0	81.9

Trade receivables by currency

	2008	2007
	%	%
EUR	81.7	65.2
SEK	13.1	0.1
GBP	3.0	8.0
YTL	2.1	11.5
USD	0.1	15.3

22. Financial assets at fair value through profit and loss

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

23. Cash and cash equivalents

	2008	2007
Cash and cash equivalents included in the balance sheet		
Cash at bank and in hand	5.2	27.5
Cash and cash equivalents included in the cash flow statement		
Cash at bank and in hand	5.2	27.5

24. Share capital, share premium reserve and other reserves

	Number of shares, (1000)	Share capital MEUR	Share Premium MEUR	Unrestricted equity reserve MEUR	Total MEUR
At 1 Jan. 2007	10,022	20.0	12.4	-	32.6
Exercise of 2005 convertible capital notes	339	0.7	2.5	-	3.2
Exercise of 2006 convertible capital notes	581	1.2	-	3.4	4.6
At 31 Dec. 2007	10,942	21.9	14.9	3.4	40.3
Exercise of 2005 convertible capital notes	1	0.0	0.0	-	0.0
Exercise of 2006 convertible capital notes	2	0.0	-	0.0	0.0
At 31 Dec. 2008	10,946	21.9	15.0	3.4	40.3

All shares in circulation are fully paid.

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

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

The share premium reserve contains the amount paid for shares in a share issue that exceeds the nominal value of the share if the decision concerning the issue of convertible capital notes on which the subscriptions are based was taken before the 2006 change in the Finnish Company Act. The amount exceeding the nominal value when converting convertible capital notes issued after the new Company Act came into force (1 September 2006) is recognized in the unrestricted equity reserve.

After the closing date the Board of Directors has proposed to the Annual General Meeting that a dividend of EUR 0.50 per share will be paid for 2008.

25. Share-based payments

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

Any yield from the scheme is based on the Group's result after financial items and the Group's return on investment. At the end of 2008 the target group containned 40 persons. If the targets set for the scheme are met in full, the scheme will pay a bonus of a maximum of 132,000 Componenta Corporation shares, instead of the maximum of the original 180,000 shares as decided in 2007. For the 2008 earnings period the Board decided to allocate altogether 12,100 Componenta Corporation shares, including 1,905 shares as accruals from the 2007 allocation, to the President & CEO and other key personnel. Of these, the President & CEO will receive of 3,300 shares and other key personnel altogether 8,800 shares. The scheme had an impact before taxes on the 2008 result of EUR 0.14 (0.05) million. A maximum of 119,900 Componenta Corporation shares can be allocated to the scheme in the 2009 earnings period.

Share-based incentive scheme	
Vesting period begins	1.1.2008
Vesting period ends	31.12.2008
Maximum number of shares	10,195
Release date of shares	1.1.2011
Binding time left, years	2 years
Share price at grant date	7.15
Share price at end of accounting period	4.76
Criteria	
50% Result after financial items	
50% ROI%	
Pay-out of earnings criteria, %	15%
Share ownership obligation, years	2
Vesting date of shares	1.1.2011
Number of personnel in scheme	40

Calculation of fair value of share bonus in 2008	
Number of shares granted	70,000
Share price upon grant, EUR	7.15
Assumed dividend before payment of bonus, EUR	0.75
Fair value (proportion in shares), EUR	6.40
Share price 31 December 2008, EUR	4.75
Pay-out of earnings criteria, %	15%
Fair value of reward 31 December, 2008, MEUR	0.14

26. Pension obligations

Most of the Group's pension plans are defined contribution plans. In Sweden Componenta has pension schemes, Alecta/ITP and AMF Pension/Avtalspension SAF-LO, classified as multi-employer defined benefit schemes. However, since Alecta and AMF Pension have not been able to supply the required actuarial valuations, the Swedish pension plans have been treated as defined contribution plans in accordance with IAS 19.30 (a).

In Turkey, pension obligations are booked as a provision in accordance with local legislation.

27. Provisions

Current

	Pension provisions	Reorganisation provision	Other provisions	Total
1 Jan. 2008	0.4	0.8	2.3	3.5
Translation differences	-	-	-0.3	-0.3
Additions to provisions	-	0.5	1.4	1.9
Utilized during the period	-0.4	-0.8	-2.1	-3.3
31 Dec. 2008	-	0.5	1.4	1.8
1 Jan. 2007	4.5	-	0.5	4.9
Translation differences	0.4	-	-	0.4
Additions to provisions	-	0.8	1.9	2.7
Transfer to non-current	-4.5	-	-	-4.5
Utilized during the period	-	-		-
31 Dec. 2007	0.4	0.8	2.3	3.5

The reorganisation provision in 2008 was created for the restructuring of Componenta Wirsbo AB and in 2007 for the restructuring of Componenta Åmål AB.

Non-current

	Pension provisions	Reorganisation provision	Other provisions	Total
1 Jan. 2008	5.7	0.0	0.7	6.4
Translation differences	-1.2	-	-	-1.2
Additions to provisions	0.9	0.0	0.3	1.2
Utilized during the period	-0.7	-	-0.0	-0.7
31 Dec. 2008	4.7	0.0	1.0	5.8
1 Jan. 2007	-	0.2	1.1	1.2
Translation differences	-	-	0.1	0.1
Additions to provisions	1.2	-	0.5	1.7
Transfer from current	4.5	-	-	4.5
Utilized during the period	-	-0.2	-1.0	-1.2
31 Dec. 2007	5.7	0.0	0.7	6.4

	2008	2007
Change in provisions recognized as operating expenses in income statement	1.0	-3.2

28. Interest-bearing liabilities

	2008	2007
Non-current interest-bearing financial liabilities		
Loans from financial institutions	136.8	66.1
Finance lease liabilities	8.5	6.9
Pension loans	19.8	3.7
Capital notes	13.6	23.0
Convertible capital notes		
- liability portion *)	28.1	27.2
Other liabilities	0.2	0.3
	207.0	127.2
Current interest-bearing financial liabilities		
Loans from financial institutions	27.7	25.5
Finance lease liabilities	1.9	1.6
Pension loans	3.9	2.1
Capital notes	9.5	5.2
Other liabilities **)	17.7	108.7
	60.7	143.1
Total interest-bearing liabilities	267.7	270.3

*) The conversion options' values of the convertible notes are included in other reserves of equity.
**) Other non-current liabilities include EUR 17.6 (108.2) million in issued commercial papers.

Currency breakdown of interest-bearing financial liabilities

		2008 %	2007 %
Non-current	EUR	96.3	89.2
	SEK	3.7	10.8
Current	EUR	76.6	98.5
	SEK	1.8	1.5
	YTL	21.6	-

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

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

	2008 Nominal rates %	2008 Effective interest rates %	2007 Nominal interest rates %	2007 Effective interest rates %
Loans from financial institutions	3.7 - 22.0	3.7 - 22.0	3.8 - 6.1	3.8 - 6.9
Finance lease liabilities	3.1 - 7.8	3.1 - 7.8	3.5 - 6.7	3.1 - 6.7
Pension loans	3.8 - 5.4	3.8 - 5.4	3.8 - 5.4	3.8 - 5.4
Convertible capital notes	5.8 - 5.8	10.7 - 10.7	5.8 - 5.8	8.6 - 11.5
Capital notes	6.8 - 8.7	8.9 - 8.9	2.0 - 8.1	2.0 - 9.3
Commercial papers	3.0 - 5.7	3.0 - 5.7	4.3 - 5.1	4.3 - 5.1

Repayment schedule for interest-bearing financial liabilities 2008

	2009	2010	2011	2012	2013	2014+
Loans from financial institutions	27.7	7.6	4.2	122.7	-	2.3
Finance lease liabilities	1.9	2.5	1.2	1.2	1.2	2.3
Pension loans	3.9	3.9	3.9	2.6	2.6	6.9
Convertible capital notes	-	15.1	13.0	-	-	-
Capital notes	9.5	-	13.6	-	-	-
Other liabilities	17.7	0.2	-	-	-	-
	60.7	29.3	35.9	126.5	3.8	11.5

Repayment schedule for interest-bearing financial liabilities 2007

	2008	2009	2010	2011	2012	2013+
Loans from financial institutions	25.6	9.5	4.6	4.3	47.6	0.1
Finance lease liabilities	1.5	1.5	2.1	0.8	0.7	1.9
Pension loans	2.1	1.3	1.2	1.2	-	-
Convertible capital notes	-	-	14.7	12.5	-	-
Capital notes	5.2	9.5	-	13.4	-	-
Other liabilities	108.7	0.1	0.2	-	-	-
	143.1	21.9	22.8	32.2	48.3	2.0

Finance lease liabilities

	2008	2007
Minimum lease payments		
Not later than one year	2.3	1.9
Later than one year and not later than five years	7.2	5.7
Later than five years	2.4	2.0
	11.9	9.6
Future finance charges	-1.5	-1.1
	10.4	8.5
Present value of minimum lease payments		
Not later than one year	1.9	1.6
Later than one year and not later than five years	6.2	5.0
Later than five years	2.3	1.9
	10.4	8.5

Capital notes

Capital Notes 2002

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

The interest is fixed annually at 4 percentage points above the 12 months Euribor rate. The interest rate until 19 March 2009 is 8.654 percent p.a. The annually paid interest may not exceed the distributable unrestricted shareholders' equity as stated in the Componenta Corporation and consolidated balance sheets. Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. The loan is a subordinated debenture. The loan is not secured. On 31 December 2008 the outstanding balance sheet value of capital notes valued at amortized cost was EUR 9.5 million. The accrued interest on the loan on from 19 March 2008 to 31 December 2008 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Convertible Capital Notes 2005

Componenta Corporation issued on 15 March 2005 convertible capital notes with the nominal value of EUR 19.0 million. The notes are due for repayment in full at maturity on 15 March 2010, provided that the restricted shareholders' equity and other non-distributable retained profits for the preceding fiscal year as stated in the Componenta and consolidated balance sheets are fully covered. Should the conditions for repayment not be met on the repayment date, that part of the capital shall be repaid as is possible under the conditions mentioned above. Repayment of the remaining outstanding amount will be deferred to the corresponding date in the following year until the loan has been fully repaid. Componenta has the right to repay the loan, with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met. The annual fixed interest to be paid is 5.75 percent. The annually paid interest may not exceed the distributable unrestricted shareholders' equity as stated in the Componenta Corporation and consolidated balance sheets.

Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. The loan is a subordinated debenture. The loan is not secured. The convertible notes have been classified partly as equity and partly as a liability. The liability is valued at amortized cost and recognized under non-current interest-bearing liabilities. The equity portion of EUR 1.5 million is recorded in the equity reserve. The accrued interest on the loan from 15 March to 31 December 2008 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Each note of EUR 2,000 entitles its holder to subscribe for 200 Componenta Corporation shares at a conversion price of EUR 10.00 per share. Converting the notes can increase the number of shares by a maximum of 1.9 million new shares and the shareholders' equity by a maximum of EUR 3.8 million. The subscription period started on 1 May 2005 and ends on 1 March 2010. Subscribed shares entitle the shareholder to a dividend in the accounting period in which the notes are converted. By 31 December 2008 1,704 notes had been converted into 340,800 shares (In 2008 10 notes and 2,000 new shares). As a result of the conversions, the parent company's share capital has increased by EUR 0.7 million and the share premium reserve by EUR 2.7 million. The balance sheet value of the outstanding liability on 31 December 2008 was EUR 15.1 million.

Capital Notes 2006

Under the authorization of the Extraordinary General Meeting, the Board of Componenta Corporation decided to issue capital notes in 2006. The notes were issued on 17 November 2006 with the nominal value of EUR 14,166,000. The rate of issue was 95 %. Notes are due for repayment in full at maturity on 17 November 2011. The annual fixed interest to be paid is 6.75 percent p.a. The loan is a subordinated debenture. The loan is not secured. The principal and interest may be repaid only to the extent that the amount of the unrestricted equity of Componenta and the amount of all capital notes of Componenta upon payment exceeds the amount of loss as stated in the balance sheet approved for the preceding financial year or with the balance sheet included in more recent financial statements. Should the conditions for repayment not be met at maturity, the principal shall be repaid in part to the extent that this is possible. The repayment of the remaining part is deferred until the financial statements meet the conditions under which it can be paid.

Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. As from 17 November 2009 Componenta has the right to repay the loan on interest payment dates (each 17 November), with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met. On 31 December 2008 the outstanding balance sheet value of the capital notes valued at amortized cost was EUR 13.6 million. The accrued interest on the loan from 17 November to 31 December 2008 has been recorded as an expense in the income statement and as a liability in accrued expenses.

Convertible Capital Notes 2006

Under the authorization of the Extraordinary General Meeting, the Board of Componenta Corporation decided to issue convertible capital notes in 2006. The notes were issued on 4 December 2006 with the nominal value of EUR 19,695,600. The rate of issue was 95%. Notes are due for repayment in full at maturity on 4 December 2011. The annual fixed interest to be paid is 5.75 percent p.a. The loan is a subordinated debenture. The loan is not secured. The principal and interest may be repaid only to the extent that the amount of the unrestricted equity of Componenta and the amount of all capital notes of Componenta upon payment exceeds the amount of loss in accordance with the balance sheet approved for the preceding financial year or with the balance sheet included in more recent financial statements. Should the conditions for repayment not be met at maturity, the principal shall be repaid in part to the extent that this is possible. The repayment of the remaining part is deferred until the financial statements meet the conditions under which it can be paid. Any unpaid interest shall remain a liability of Componenta and will earn annual interest of 2 percent in excess of the interest rate payable on the notes. Componenta has the right to repay the loan, with interest accumulated up until the payment date, before the maturity date if the conditions stated in the terms of the loan are met. The loan is not secured. The convertible notes have been classified partly as a liability and partly as equity. The liability is valued at amortized cost and recorded in non-current interest-bearing liabilities. The equity of EUR 2.2 million is recorded in the equity reserve. The accrued interest on the loan from 4 December to 31 December 2008 has been recorded as an expense in the income statement and as a liability in accrued expenses. Each note of EUR 1,800 entitles its holder to convert it into 200 Componenta Corporation shares at a conversion price of EUR 9.00 per share. Conversion of the notes can increase the number of shares by a maximum of 2,188,400 new shares and the shareholders' equity by a maximum of EUR 4,376,800. The conversion period started on 2 January 2007 and ends on 15 November 2011. The annual conversion period is from 2 January to 30 November. The dividend rights of the new shares commence from the date on which the new shares are entered in the Trade Register.

By 31 December 2008 2,913 notes had been converted into altogether 582,600 shares (In year 2008 6 notes and 1,200 new shares). As a result of the conversions parent company's share capital increased by EUR 1.2 million and parent company's unrestricted equity reserve by EUR 4.1 million. The value of the liability component in the balance sheet on 31 December 2008 is EUR 13.0 million.

29. Current non-interest bearing liabilities

	2008	2007
Trade payables to associated companies	0.1	0.1
Trade payables to others	54.2	65.4
Accrued expenses and deferred income	27.4	29.6
Derivative financial instruments	5.1	0.2
Advances received	0.2	0.6
Other current liabilities	6.4	10.1
Total current non-interest bearing liabilities	93.3	105.9

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

Trade payables by currency

	2008	2007
	%	%
EUR	69.2	66.9
SEK	16.0	10.1
YTL	9.7	19.6
USD	3.8	0.5
GBP	1.3	2.4
DKK	0.0	0.4
NOK	-	0.1

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

	2008 Carrying value	2008 Fair value	2007 Carrying value	2007 Fair value
Financial assets				
ITEMS RECOGNIZED AT FAIR VALUE				
Financial assets recognized at fair value through profit and loss				
Derivatives classified as held for trading	3.6	3.6	1.2	1.2
Financial items included in hedge accounting				
Derivatives (effective and ineffective portion)	-	-	1.6	1.6
ITEMS RECOGNIZED AT AMORTIZED COST AND AT COST				
Loans and other receivables				
Cash and cash equivalents	5.2	5.2	27.5	27.5
Loan receivables	3.8	3.8	4.3	4.3
Trade and other receivables	51.6	51.6	71.2	71.2
Available-for-sale financial assets				
Shares and holdings	0.3	0.3	0.3	0.3
Financial liabilities				
ITEMS RECOGNIZED AT FAIR VALUE				
Financial liabilities recognized at fair value through profit and loss				
Derivatives classified as held for trading	0.9	0.9	0.1	0.1
Financial items included in hedge accounting				
Derivatives (effective and ineffective portion)	4.3	4.3	0.1	0.1
ITEMS RECOGNIZED AT AMORTIZED COST				
Other financial liabilities				
Loans from financial institutions	164.5	164.6	91.6	92.3
Finance leases	10.4	10.4	8.5	8.5
Pension loans	23.7	23.9	5.8	5.5
Convertible capital notes - liability component	28.1	27.5	27.2	29.4
Capital notes	23.1	23.3	28.2	28.7
Commercial papers	17.6	17.7	108.2	108.2
Trade payables and other debt	54.7	54.7	67.1	67.1

The fair values of interest-bearing liabilities have been calculated by discounting the future cash flows for the contract with market rates corresponding to the terms of the contract on the closing date or with estimates of a fair rate. The calculations have taken into account a possible rise in loan margins for comparable financing instruments in consequence of the credit crisis. On the other hand, the sharp fall in market interest rates has had a significant impact on the values of financial assets and liabilities.

The carrying values of trade receivables and payables and of finance leases tied to short-term market rates can be assumed to correspond with sufficient accuracy to their fair values due to the short maturity and interest rate renewal periods. Trade receivables are recorded in the balance sheet adjusted by any impairment.

31. Capital management

Componenta Group's objective for capital management is to ensure the Group's viability to operate in all circumstances. The sector in which Group operates is by nature relatively capital intensive and thus requires active measures to optimize the equity structure. The strategically important acquisitions and investments in the past few years have had an impact on the Group's capital structure.

The Board of Directors and Corporate Executive Team regularly monitor the capital structure of the Group. In management reporting the different capital notes are included in shareholders' equity. The Group monitors the equity including capital notes to balance sheet total ratio, in particular, and the company has set this strategic financial target to 40% by the end of 2012.

The Group manages capital structure for example with the dividend policy (with the approval of shareholders) and by issuing different types of capital notes. During 2008 the Group has continued its efforts to reduce working capital, for example by optimizing inventories, boosting the collection of customer receivables and expanding the further sale of receivables. The Group has shortened the payment period for some of its customers as from 1 January 2009. Capital notes of EUR 9.5 million will mature on March 2009.

In addition to internal monitoring, the Group reports to its lenders on the financial covenants relating to the capital structure as stated in the loan agreements. The Group aims to achieve the interest margin incentives defined in the loan agreements so as to reduce the interest costs.

Below are the key indicators for capital structure

	31.12.2008	31.12.2007
Net gearing, capital notes included in equity	168.9%	120.2%
Equity ratio, capital notes included in equity	27.8%	31.4%

32. Financial risk management

The financial risks relating to Componenta Group's business operations are managed in accordance with the Group Treasury Policy approved by the Componenta Board of Directors.The objective is to protect the Group against unfavourable changes in the financial markets and to secure the performance of the Group and its financial position. Management of financial risks takes place in the Group Treasury.

Re-financing and liquidity risks

The Group aims to ensure the availability of financing by spreading the repayment schedules, sources of funding and financial instruments in its loan portfolio. The proportion of one source of funding may not exceed a limit set in the Group Treasury Policy. The most important financing instuments used in the Group are syndicated credit facility dated 28 June 2007 with nominal value EUR 200 million, various capital notes, bilateral loans, a commercial paper programme (EUR 150 million), sale of receivables without recourse and lease financing. In October 2008 the company signed a pension loan facility in which some of the Finnish subsidiaries of Componenta Group took a EUR 20 million pension loan. The repayment period for the pension loans is 7 - 10 years.

The Group Treasury Policy states that the Group's liquidity should cover its near-term commitments. The minimum liquidity is defined in the Group Treasury Policy. In addition to cash reserves, the Group ensures its liquidity with unused credit facilities that amounted to EUR 63 million (EUR 143 million) at the end of the fiscal year.

Installments (nominal values) and interest payments on financial liabilities 2008

	2009	2010	2011	2012	2013	2014+
Loans from financial institutions	-27.8	-7.7	-4.3	-123.0	-	-2.3
Finance leases	-1.9	-2.5	-1.2	-1.2	-1.2	-2.4
Pension loans	-3.9	-3.9	-3.9	-2.6	-2.6	-6.9
Capital notes	-9.5	-	-14.2	-	-	-
Convertible capital notes	-	-15.6	-14.5	-	-	-
Commercial papers	-17.6	-	-	-	-	-
Trade payables and other debt	-54.4	-0.2	-	-	-	-
Interest payable	-12.1	-8.2	-7.0	-4.7	-0.5	-0.6
Interest rate swaps, net.	-0.7	-0.5	-0.1	-	-	-
	-127.9	-38.6	-45.2	-131.5	-4.3	-12.2

The figures have not been discounted to correspond to their present values. The figures are valid only on the closing date and the amount of interest on variable rate contracts may vary from actual cash flows. The repayment table for financial liabilities is not meant to portray the Group's expected total cash flow.

There is a significant possibility of variation in future cash flows for currency derivatives concerning the exchange rate difference and for this reason they are not included in the repayment table. Electricity forwards are essentially connected to physical electricity supplies and therefore are treated as part of future electricity purchases. This being the case they are not reported in the Group's cash flow table for financial liabilities. The expected cash flows for currency derivatives, electricity forwards and interest rate options at the closing date correspond to their fair values (Note 33 Derivative instruments).

For finance leases, repayments of the finance lease liability and interest expenses are used as a sufficient approximation of actual rents paid. Only changes in interest rates cause a small difference in the actual cash flow. The interest to be paid has been calculated with prevailing notional interest rates. The actual interest payments on variable interest contracts will, therefore, probably differ slightly from the figures in the table.

Installments (nominal values) and interest payments on financial liabilities 2007

	2008	2009	2010	2011	2012	2013+
Loans from financial institutions	-25.7	-9.6	-4.7	-4.3	-48.0	-0.0
Finance leases	-1.6	-1.5	-2.1	-0.8	-0.7	-1.9
Pension loans	-2.1	-1.3	-1.2	-1.2	-	-
Capital notes	-5.3	-9.5	-	-14.2	-	-
Convertible capital notes	-	-	-15.6	-14.5	-	-
Commercial papers	-108.2	-	-	-	-	-
Trade payables and other debt	-66.0	-0.1	-0.2	-	-	-0.3
Interest payable	-11.7	-8.0	-6.5	-5.4	-1.2	-0.2
Interest rate swaps, net	0.2	0.1	-0.1	-0.0	-	-
	-220.4	-29.9	-30.4	-40.4	-49.9	-2.4

Foreign exchange risk

The Group's foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments and related profit or loss denominated in foreign currencies. The calculation of the transaction position was amended during 2008 so that it no longer includes the Group's forecast sales and purchases for 6 months but only the foreign currency denominated trade receivables and trade payables in the balance sheet. These form the part of the transaction position in which changes affect 'Operating profit'. The transaction exposure also include items where the impact of changes in exchange rates are recorded in the income statement in 'Financial income and expenses' such as foreign currency cash in hand and at bank and the Group's internal and external foreign currency loans. The hedging level for both parts of the transaction position is set at 90 - 110%. If the total position for a specific currency is less than EUR 3 million, however, the hedging decision is taken on a case by case basis. It is possible to deviate from this definition of the position in order to maintain cost-efficiency. This has been done with Componenta Turkey's foreign currency items; the currency position has been calculated from the net value of the trade receivables in the balance sheet and the foreign currency debts, taking advantage of the natural hedging relationship in the 'Result after financial items'. If the trade receivables and foreign currency debts in the balance sheet do not nominally correspond to each other, the hedging level is, at the discretion of the Group's President & CEO, up to EUR 20 million.

The translation position is determined from the shareholders' equity and retained earnings of those foreign subsidiary and associated companies of the Group whose business currency is not the euro. As stated in the Group Treasury Policy, the translation position is hedged 0 - 100% at the discretion of the Group's President & CEO.

To hedge against changes in exchange rates, the Group uses foreign currency loans and deposits and other natural hedging relationships, as well as common derivative instruments such as foreign currency forward contracts and options, for which pricing on the market is reliable. Foreign currency derivatives mature in less than one year.

The currencies with the most significant currency risk exposure are the Turkish lira, the British pound sterling and the Swedish krona.

The following table describes the sensitivity of the Group's open foreign exchange risk exposure, including derivative hedging instruments (Note 33), to market changes.

31.12.2008	Average rate 31.12.2008	Open total exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / - to income statement	to equity
EUR/USD	1.3917	-1.9	10	0.2 / -0.2	-
EUR/GBP	0.95250	5.4	20	-0.5 / 0.7	-0.2 / 0.3
EUR/TRY	2.1408	130.7	15	1.5 / -2.0	-18.5 / 25.1
EUR/SEK	10.8700	4.3	10	-0.1 / 0.1	-0.3 / 0.3
EUR/DKK	7.4506	0.0	5	0.0 / -0.0	-

31.12.2007	Average rate 31.12.2007	Open total exposure MEUR	Estimate on potential currency rate change %	Impact of change in currency rate + / - to income statement	to equity
EUR/USD	1.4721	-16.2	5	0.8 / -0.9	-
EUR/GBP	0.73335	6.2	5	-0.3 / 0.3	-
EUR/TRY	1.7170	58.7	5	2.0 / -2.2	-4.7 / 5.2
EUR/SEK	9.4415	5.3	5	-0.5 / 0.6	-
EUR/DKK	7.4583	-1.1	5	0.0 / -0.0	-

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

Interest rate risk

The interest rate risk to which fair values and the cash flow are exposed arise mainly from the Group's loan portfolio, accounts receivable that have been sold, and finance leases. Because of the cyclical nature of the Group's customer markets, the treasury policy states that the average period for renewing the interest rates of the Group's net liabilities should be at least one year but no more than two years. On 31 December 2008 the interest rates of net liabilities fell due for renewal on average in 14 months (14 months). To manage the interest rate risk, the loan portfolio is spread between fixed and floating interest rate loans and investments. The interest rate risk is also spread among several interest rate renewal periods, so that changes in interest rates affect the Group's financial position in stages. The interest rate risk is managed also by using interest rate derivatives. Interest rate derivatives have been used to increase the number of fixed interest-bearing liabilities, so as to extend the average interest rate renewal period.

The Group values only derivatives at fair value. Interest rate derivatives hedging the Group's result are divided into derivatives included in cash flow hedge accounting as defined in IAS 39 and assets and liabilities held for trading. Therefore changes in interest rates do not affect the carrying values of interest-bearing items but only interest expenses and income recognized in the income statement, changes in the income statement in the fair values of interest rate derivatives classified as held for trading, and changes in the Group's shareholders' equity in the fair values of interest rate swaps included in cash flow hedge accounting.

INCOME STATEMENT - FINANCIAL EXPENSES	31.12.2008 for 2009 Forecast change in finance expenses	Sensitivity interest rate curve +100bp	31.12.2007 for 2008 Forecast change in finance expenses	Sensitivity interest rate curve +50bp
Variable rate interest bearing liabilities	1.3	-1.5	-0.4	-0.9
Financial liabilities with fixed interest	-	-	-0.0	-0.0
Interest rate swaps, interest expenses and income net	-0.6	0.6	0.1	0.3
Interest rate swaps, change in fair value	-	0.3	-	0.1

SHAREHOLDERS' EQUITY - HEDGING RESERVE	Change in fair value interest rate curve +100bp	Change in fair value interest rate curve +50bp
Interest rate swaps, net (Included in cash flow hedge accounting)	0.8	0.4

The forecast change in interest expenses shows the change in interest expenses if interest rates actually follow the yield curve as priced by the market at the point of reference. The sensitivity analysis estimates the parallel rise in the interest rate curve at 1.0 (0.5) percentage points. A positive change indicates a decrease and a negative change an increase in interest expenses.

The assumption in the calculations is that loans that mature are refinanced with comparable instruments. It is also assumed that no repayments are made, so the calculations only take into account the interest rate renewal risk regarding interest-bearing loans and their nominal interest rates. An exception are the interest rate swaps where it is not assumed that the instruments will be rolled-over when they mature.

Credit risk

Each group company is primarily responsible for the credit risk of its own trade receivables. The Group's finance department sets guidelines and monitors credit risk management.

The Group has no significant concentrations of trade receivables. The customer base is widely spread and the trade receivables from any single customer corporation does not exceed 6% of the Group's total trade receivables. 95% of sales goes to Europe, but it is spread among several countries.

Many customers are financially sound companies of long standing, but in individual cases reports on payment behaviour and capital adequacy from credit monitoring companies are used to assist in credit decisions. The Group reduces its credit risk exposure by selling trade receivables to financing companies without recourse. Accumulation of overdue trade receivables is monitored on a regular basis at least every fortnight.

Due to the current financial crisis, it is considered that the credit risks of the customers have increased. Because of the increased risks Componenta has boosted the collection of customer receivables and shortened payment periods for some of its customers as from the beginning of 2009.

Credit losses for the financial year were EUR -0.7 (-0.0) million. The Group's credit loss risk of EUR 64.5 (105.8) million corresponds to the carrying value of financial assets, excluding available-for-sale share holdings.

In accordance with the treasury policy approved by the Board of Directors, surplus cash reserves are invested only with institutions that are considered to carry low credit risk. The maximum period of the investment is limited to one week and maximum amounts are defined for each counterparty.

The Group has received bank guarantees and bills of exchange against advances paid and sales receivables from some of its subcontractors, suppliers and customers. The total amount of the guarantees and other commitments received from subcontractors and suppliers is EUR 4.7 million and the corresponding receivables is EUR 0.3 million. The total amount of guarantees and other commitments received from customers is EUR 0.5 million and the corresponding receivables is EUR 0.3 million. The guarantees cannot be transferred or re-sold and they cannot be pledged forward.

Outstanding trade receivables fall due as follows

	31.12.2008	31.12.2007
Not due	34.7	44.1
Overdue		
less than 1 mth	10.0	23.1
1 - 3 mths	4.8	2.8
3 - 6 mths	2.3	0.4
more than 6 mths	0.5	0.8
	52.3	71.2

33. Derivative instruments

Nominal values of derivative instruments	2008 Nominal value	2007 Nominal value
Currency derivatives *)		
Foreign exchange forwards	5.4	11.8
Currency swaps	30.9	64.9
Interest rate derivatives		
Interest rate options	46.0	40.0
Interest rate swaps		
Maturity in less than a year	38.2	8.0
Maturity after one year and less than five years	56.0	49.1
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	4.4	3.0
Maturity after one year and less than five years	5.5	3.3

*) Currency derivatives mature in less than a year.

Fair values of derivative instruments	2008 Fair value, positive	2008 Fair value, negative	2008 Fair value, net	2007 Fair value, net
Currency derivatives				
Foreign exchange forwards	0.3	-	0.3	0.0
Currency swaps	2.4	-0.0	2.3	0.5
Interest rate derivatives				
Interest rate options	0.8	-0.2	0.6	0.3
Interest rate swaps	0.0	-2.8	-2.8	0.2
Commodity derivatives				
Electricity price forwards	0.0	-2.1	-2.1	1.5

The nominal values of the derivative instruments are not presented in order to reflect the payments made by the parties but rather to describe the magnitude of hedging operations taken by using derivative instruments.

The fair value of derivative instruments corresponds to the gain or loss that would be recognized in the income statement if the contract were closed on the balance sheet date. The fair value of interest rate options, foreign exchange and electricity price forwards is calculated using the prevailing market prices. Interest rate swaps are valued using discounted cash flow analysis using the yield curve prevailing on the reporting date.

The realized and unrealized exchange rate differences for currency derivatives hedging against changes in exchange rates for foreign currency trade receivables and trade payables in the balance sheet are recognized in 'Other operating income'. Exchange rate differences for foreign currency derivatives hedging against foreign currency loans and the accumulated interest difference and interest difference valuations are recognized in 'Financial income and expenses'. The fair values of interest rate derivatives that are not included in cash flow hedge accounting as defined in IAS 39 are recognized in 'Financial income and expenses'. Unrealized valuation gains and losses are recognized in current receivables and liabilities.

Sensitiviy analysis of electricity price forwards

Changes in the market prices of electricity price forwards would have the following impact on the fair values:

Change in market price of electricity price forwards	2008 30% / -30%	2007 10% / -10%
Change in fair value of electricity price forwards	2.3 / -2.3	0.8 / -0.8

The sensitivity of the open foreign currency and interest rate exposures to changes in market prices is presented in Note 32.

Derivative instruments included in cash flow hedge accounting

	2008 Nominal value	2008 Fair value, effective portion of hedge	2007 Nominal value	2007 Fair value, effective portion of hedge
Interest rate derivatives				
Interest rate swaps	73.0	-2.2	37.0	-0.1
Commodity derivatives				
Electricity price forwards	9.8	-2.1	6.3	1.5

The fair values of interest rate and commodity derivatives designated as cash flow hedges against changes in market prices have been recognized in the hedging reserve of equity and will be recognized through profit and loss when the hedged item affects profit and loss or its occurance is no longer likely. Income statement effects arising from interest rate derivatives are recognized in 'Financial income and expenses' and from electricy forwards in purchases in Operating Profit. Items hedged against interest rate risks on the closing date will take place within three years, as will hedged electricity purchases. It is very likely that the hedged cash flows will be realized.

No exchange rate differences have been capitalized for the acquisition cost of subsidiaries during the current or previous year.

Derivative instruments included in hedge accounting of net investments in a foreign entities

	2008 Nominal value	2008 Fair value, effective portion of hedge	2007 Nominal value	2007 Fair value, effective portion of hedge
Currency derivatives				
Foreign exchange forwards	-	-	-	-
Currency swaps	-	-	14.6	0.0

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

	2008	2007
Realized and unrealized exchange rate differences recognized to correct translation differences (Before tax)	-	-2.2

Derivate instruments held-for-trading

	2008 Nominal value	2008 Fair value	2007 Nominal value	2007 Fair value
Currency derivatives				
Foreign exchange forwards	5.4	0.3	11.8	0.0
Currency swaps	30.9	2.3	50.3	0.5
Interest rate derivatives				
Interest rate options	46.0	0.6	40.0	0.3
Interest rate swaps	21.2	0.0	20.1	0.3

Derivative instruments classified as held-for-trading are part of the Group's risk management but the hedge accounting principles of IAS 39 are not applied.

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

34. Other leases

Group as lessee

Minimum lease payment schedule for other non-cancellable leases

	2008	2007
No later than one year	1.5	1.4
Later than one year but no later than five years	2.7	3.0
Later than five years	0.3	0.3
Minimum lease payments total	4.5	4.7

Other non-cancellable leases mainly comprise real estate, production equipment and car leases. The leases mature on average in 3 - 5 years. Some of the leases contain call options at a strike price that can be expected to correspond to the fair value at the expiry date.

The 2008 income statement includes lease payments of EUR 1.6 million (EUR 1.7 million) for other non-cancellable leases.

Group as lessor

The minimum lease receivable schedule for other non-cancellable leases

	2008	2007
No later than one year	0.6	0.5
Later than one year but no later than five years	2.1	1.1
Minimum lease payments total	2.7	1.6

Some of the production and office space that is currently not needed by the Group is leased to external parties. The rental agreements are from one to three years in length and normally contain a provision to extend the lease period after the lease expires. Some of the property is classified, in accordance with IFRS, as investment property.

35. Contingent liabilities

	2008	2007
Real-estate mortages		
For own debts	15.2	7.2
Business mortages		
For own debts	2.2	2.6
Pledges		
For own debts	151.2	152.9
Other commitments *)	13.2	12.1

*) Due to a redefinition in reporting principles the 2007 figure has been updated accordingly.

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

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

Componenta Corporation appealed against the Commisson's decision of 20 October 2005 by filing an application to the Court of First Instance of the European Communities ("CFI") on 29 December 2005. CFI has on 18 December 2008 with its judgement reversed the Commision's decision of 20 October 2005. CFI has also requested the Commission to compensate Componenta Corporation's legal costs. The costs are several hundred thousand euros.

An appeal against the judgement of the CFI can be brought before the Court of Justice of the European Communities within two months of the notification of the judgement. If an appeal against the judgement of the CFI is not made within the said time period, the judgement becomes final.

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

Secured liabilities

	2008	2007
Liabilities secured with real estate or business mortages		
Loans from financial institutions	0.3	0.4
Pension loans	11.5	4.8
	11.8	5.2
Liabilities secured with pledges		
Loans from financial institutions	135.8	65.1
Pension loans	0.8	1.1
	136.6	66.2

36. Related party disclosures

Group companies

Company	Domicile	Group share of holding - %	Parent company share of holding %
Componenta Belgium N.V.	Sint-Lambrechts-Woluwe. Belgium	100.0	-
Componenta B.V.	Belfeld. The Netherlands	100.0	100.0
Componenta Dökümcülük Ticaret ve Sanayi A.S.	Orhangazi. Turkey	93.6	93.6
Componenta France A.S.	Nanterre. France	100.0	-
Componenta Främmestad AB	Essunga. Sweden	100.0	-
Componenta Germany GmbH	Korshenbroich. Germany	100.0	-
Componenta Industri AB	Kristinehamn. Sweden	100.0	-
Componenta Italy Srl	Milano. Italy	100.0	
Componenta Karkkila Oy	Karkkila	100.0	100.0
Componenta Netherlands B.V.	Tegelen. The Netherlands	100.0	-
Componenta Nisamo Oy	Lempäälä	100.0	-
Componenta Pietarsaari Oy	Pietarsaari	100.0	-
Componenta Pietarsaari MS Oy	Pietarsaari	100.0	-
Componenta Pistons Oy	Pietarsaari	100.0	-
Componenta Pori Oy	Pori	100.0	-
Componenta Suomivalimo Oy	Iisalmi	100.0	-
Componenta Sweden AB	Kristinehamn. Sweden	100.0	-
Componenta UK Ltd	Staffordshire. United Kingdom	93.6	-
Componenta USA. LCC	USA	100.0	-
Componenta Wirsbo AB	Surahammar. Sweden	95.0	-
De Globe Foundries Limited	Derbys. United Kingdom	100.0	-
Högfors-Finance Oy	Karkkila	100.0	-
Karkkilan Koskikiinteistö Oy	Karkkila	81.0	66.9
Karkkilan Lääkärikeskus Oy	Karkkila	100.0	100.0
Karkkilan Valimokiinteistö Oy	Karkkila	100.0	-
Kiinteistö Oy Ala-Emali	Karkkila	98.2	98.2
Kiinteistö Oy Pietarsaaren Tehtaankatu 13	Pietarsaari	100.0	-
Kiinteistö Oy Uusporila	Karkkila	100.0	31.8
Kiinteistö Oy Ylä-Emali	Karkkila	100.0	100.0
Luoteis-Uudenmaan Kiinteistöt Oy	Karkkila	100.0	100.0
Pietarsaaren Vanha Valimo Oy	Pietarsaari	100.0	-
Uudenmaan Rakennustiimi Oy	Karkkila	100.0	100.0
Vanhan Ruukin Kiinteistöpalvelu Oy	Karkkila	100.0	100.0

Transactions with related parties

	2008	2007
Sale of goods to associated companies	-	0.0
Purchase of goods from associated companies	-0.5	-0.4
Purchase of services from associated companies	-0.1	-0.1
	-0.6	-0.5

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

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

	2008	2007
Remuneration and fees, MEUR	-1.6	-1.7
Salaries and fees, 1,000 EUR		
President & CEO	-270	-189
Members of the Board		
Heikki Bergholm	-50	-50
Heikki Lehtonen	-25	-25
Juhani Mäkinen	-25	-25
Marjo Raitavuo	-25	-25
Matti Tikkakoski	-25	-25

Componenta has no special pension obligations for management.

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

In 2005 Componenta Corporation gave a loan guarantee (EUR 0.3 million) relating to the business on behalf of an individual who is a related party. The guarantee ended without any claim in 2007. In 2007 Componenta Corporation granted a loan to an individual who is a related party to purchase shares of a subsidiary belonging to the Group. The loan with interest will fall due for payment in 2013. The shares sold have been set as security for the loan. The nominal currency of the loan is the Swedish krona and it has a fair value at the reporting date of EUR 0.2 (0.3) million.

In 2008 Group companies have not granted any new loans to individuals who are classified as related parties nor have they given any guarantees for the liabilities of individuals classified as related parties.

Parent company income statement and balance sheet (according to Finnish Accounting Standards)

Parent company income statement 1.1. - 31.12.

MEUR	2008	2007
NET SALES	12.0	7.7
Other operating income	0.9	10.6
Operating expenses	-13.6	-9.3
Depreciation, amortization and write-down of non-current assets	-0.4	-0.2
OPERATING PROFIT	-1.1	8.8
Financial income	51.6	20.3
Financial expenses	-26.3	-18.3
Financial income and expenses in total	25.3	1.9
PROFIT/LOSS AFTER FINANCIAL ITEMS	24.2	10.7
Income taxes	-0.2	-0.1
PROFIT/LOSS FOR THE FINANCIAL PERIOD	24.0	10.6

Parent company balance sheet 31.12.

MEUR	2008	2007
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1.2	0.6
Tangible assets	0.5	0.4
Investment	207.1	207.2
	208.8	208.2
CURRENT ASSETS		
Non-current receivables	93.9	102.2
Current receivables	11.6	8.7
Cash and bank accounts	1.9	1.2
	107.3	112.1
TOTAL ASSETS	316.1	320.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	21.9	21.9
Share premium account	15.1	15.1
Legal reserve	0.0	0.0
Unrestricted equity reserve	4.1	4.1
Retained earnings	20.7	15.6
Profit/loss for the financial period	24.0	10.6
Shareholders' equity	85.8	67.3
UNTAXED RESERVES	0.0	0.0
LIABILITIES		
Non-current liabilites		
Capital loans	44.2	53.8
Other interest bearing liabilities	147.4	65.7
Current liabilities		
Capital loans	9.5	3.2
Other interest bearing liabilities	23.4	123.4
Non-interest bearing liabilities	5.8	7.0
Liabilities	230.3	253.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	316.1	320.3

Group development

GROUP DEVELOPMENT 2004 - 2008

MEUR	FAS 2004	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007	IFRS 2008
Net sales	316.1	316.0	343.2	362.1	634.7	681.4
Operating profit	23.1	25.7	9.9	14.5	42.7	47.3
Financial income and expenses	-7.6	-7.9	-8.9	-9.9	-20.0	-28.7
Profit/loss after financial items	15.6	17.9	1.0	4.6	22.7	18.6
Profit for the financial period	20.6	15.6	2.2	3.5	21.6	13.9
Order book at period end	59.2	59.2	60.4	95.4	129.0	73.6
Change in net sales, %	77.8	77.7	8.6	5.5	75.3	7.4
Share of export and foreign activities in net sales, %	81.4	81.4	81.9	82.4	89.1	87.6

GROUP DEVELOPMENT EXCLUDING ONE-TIME ITEMS 2004 - 2008

MEUR	FAS 2004	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007	IFRS 2008
Net sales	316.1	316.0	343.2	362.1	634.7	681.4
Operating profit	11.4	12.5	6.6	14.9	34.9	47.9
Financial income and expenses	-7.6	-7.9	-8.9	-9.9	-20.0	-28.7
Profit/loss after financial items	3.9	4.6	-2.4	5.0	14.9	19.2

	FAS 31.12.2004	IFRS 31.12.2004	IFRS 31.12.2005	IFRS 31.12.2006	IFRS 31.12.2007	IFRS 31.12.2008
Balance sheet total	273	272	269	484	497	450
Net interest bearing debt	136	142	145	251	243	262
Invested capital	201	200	198	360	371	341
Return on investment, %	13.1	14.2	5.0	6.6	11.9	13.6
Return on equity, %	35.5	28.1	4.2	5.9	23.0	14.5
Equity ratio, %	23.3	20.6	18.1	19.2	20.3	16.4
Net gearing, %	214.2	253.8	297.5	270.7	241.3	355.8
Investments in non-current assets	35.1	37.0	25.1	123.6	64.5	43.6
Number of personnel at period end, excluding leased personnel	2,213	2,213	2,185	4,316	4,158	3,969
Average number of personnel, excluding leased personnel	2,168	2,168	2,214	2,196	4,206	4,292

NET SALES BY MARKET AREA

MEUR	1-12/2007	1-12/2008
Nordic countries	183.5	201.1
Other European countries	421.8	445.6
Other countries	29.4	34.7
Total	**634.7**	**681.4**

QUARTERLY DEVELOPMENT OF NET SALES BY MARKET AREA

MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Nordic countries	53.7	46.5	38.5	44.9	52.1	59.6	45.9	43.4
Other European countries	106.7	106.6	96.7	111.8	125.2	133.0	114.7	72.7
Other countries	7.4	7.7	8.0	6.3	7.7	8.4	9.5	9.2
Total	**167.9**	**160.7**	**143.2**	**162.9**	**185.0**	**201.0**	**170.1**	**125.3**

GROUP DEVELOPMENT

MEUR	1-12/2007	1-12/2008
Net sales	634.7	681.4
Operating profit	42.7	47.3
Net financial items	-20.0	-28.7
Profit/loss after financial items	22.7	18.6

GROUP DEVELOPMENT BY BUSINESS DIVISION

Net sales, MEUR	1-12/2007	1-12/2008
Foundries	241.7	292.6
Machine shops	177.8	189.9
Turkey	225.7	242.7
Other business	145.5	130.1
Internal and one-time items	-156.0	-173.8
Componenta total	**634.7**	**681.4**

Operating profit, MEUR	1-12/2007	1-12/2008
Foundries	16.7	23.3
Machine shops	6.5	5.8
Turkey	10.4	19.9
Other business	1.6	-1.7
Internal and one-time items	7.5	-0.1
Componenta total	**42.7**	**47.3**

Order book, MEUR	31.12.2007	31.12.2008
Foundries and Machine shops	72.1	48.6
Turkey	41.9	17.9
Other business	15.0	7.1
Componenta total	**129.0**	**73.6**

GROUP DEVELOPMENT BY QUARTER

MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	167.9	160.7	143.2	162.9	185.0	201.0	170.1	125.3
Operating profit	26.3	9.5	2.4	4.5	23.1	23.2	7.2	-6.2
Net financial items	-4.5	-4.4	-5.5	-5.6	-8.2	-4.5	-5.9	-10.1
Profit/loss after financial items	21.8	5.1	-3.1	-1.1	14.9	18.7	1.3	-16.3

QUARTERLY DEVELOPMENT BY BUSINESS DIVISION

Net sales, MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Foundries	63.1	62.0	52.4	64.2	73.1	86.1	71.1	62.3
Machine shops	46.0	45.5	39.4	46.8	50.5	54.3	44.3	40.8
Turkey	59.8	58.6	56.3	51.0	70.7	71.1	70.6	30.4
Other business	39.9	35.2	31.4	39.1	40.3	38.7	28.3	22.8
Internal and one-time items	-40.9	-40.5	-36.4	-38.2	-49.6	-49.1	-44.2	-30.9
Componenta total	**167.9**	**160.7**	**143.2**	**162.9**	**185.0**	**201.0**	**170.1**	**125.3**

Operating profit, MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Foundries	5.2	6.1	0.8	4.7	8.9	12.4	2.2	-0.2
Machine shops	1.8	1.7	1.7	1.3	2.0	2.7	1.4	-0.2
Turkey	5.1	2.8	-0.6	3.0	13.0	7.0	4.2	-4.2
Other business	1.2	0.0	0.5	-0.1	0.8	1.2	-0.4	-3.4
Internal and one-time items	13.0	-1.2	0.0	-4.3	-1.6	-0.1	-0.2	1.8
Componenta total	**26.3**	**9.5**	**2.4**	**4.5**	**23.1**	**23.2**	**7.2**	**-6.2**

Order book at period end, MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Foundries and Machine shops	56.2	58.1	68.3	72.1	73.4	74.0	73.2	48.6
Turkey	38.5	35.7	41.4	41.9	45.7	48.1	31.2	17.9
Other business	9.9	13.1	15.3	15.0	15.5	16.0	18.7	7.1
Componenta total	**104.7**	**106.9**	**125.0**	**129.0**	**134.6**	**138.0**	**123.2**	**73.6**

GROUP DEVELOPMENT EXCLUDING ONE-TIME ITEMS

MEUR	1-12/2007	1-12/2008
Net sales	634.7	681.4
Operating profit	34.9	47.9
Net financial items	-20.0	-28.7
Profit/loss after financial items	14.9	19.2

GROUP DEVELOPMENT BY BUSINESS DIVISION EXCLUDING ONE-TIME ITEMS

Operating profit, MEUR	1-12/2007	1-12/2008
Foundries	16.7	23.3
Machine shops	6.5	5.8
Turkey	10.4	19.9
Other business	1.6	-1.7
Internal items	-0.3	0.6
Componenta total	**34.9**	**47.9**

GROUP DEVELOPMENT BY QUARTER EXCLUDING ONE-TIME ITEMS

MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	167.9	160.7	143.2	162.9	185.0	201.0	170.1	125.3
Operating profit	13.4	9.5	3.3	8.8	23.1	23.1	7.7	-6.0
Net financial items	-4.5	-4.4	-5.5	-5.6	-8.2	-4.5	-5.9	-10.1
Profit/loss after financial items	8.9	5.1	-2.1	3.1	14.9	18.6	1.7	-16.1

QUARTERLY DEVELOPMENT BY BUSINESS DIVISION EXCLUDING ONE-TIME ITEMS

Operating profit. MEUR	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Foundries	5.2	6.1	0.8	4.7	8.9	12.4	2.2	-0.2
Machine shops	1.8	1.7	1.7	1.3	2.0	2.7	1.4	-0.2
Turkey	5.1	2.8	-0.6	3.0	13.0	7.0	4.2	-4.2
Other business	1.2	0.0	0.5	-0.1	0.8	1.2	-0.4	-3.4
Internal items	0.1	-1.2	0.9	-0.1	-1.6	-0.2	0.3	2.0
Componenta total	**13.4**	**9.5**	**3.3**	**8.8**	**23.1**	**23.1**	**7.7**	**-6.0**

Shareholders and shares

LARGEST REGISTERED SHAREHOLDERS ON 31 DECEMBER 2008

Shareholder	Shares	Share of total voting rights, %
1 Lehtonen Heikki	4,308,040	39.36
Cabana Trade S.A.	3,801,988	
Oy Högfors-Trading Ab	506,052	
2 Etra-Invest Oy Ab	3,237,464	29.58
3 Laakkonen Mikko	200,000	1.83
4 Inkinen Simo-Pekka	196,453	1.79
Inkinen Simo-Pekka	189,453	
Väli-Gunnarla Avoin Yhtiö	7,000	
5 Bergholm Heikki	180,000	1.64
6 Lehtonen Anna-Maria	178,823	1.63
7 Mutual Fund Evli Wealth Manager (non-UCITS)	100,000	0.91
8 Lehtonen Yrjö M.	79,040	0.72
9 Seppo Saario Oy	73,000	0.67
10 Ilmarinen Mutual Pension Insurance Company	57,600	0.53
11 Mutual Fund eQ Finland (UCITS)	44,506	0.41
12 Lehtonen Jyri	43,000	0.39
13 Lehtonen Leena	42,340	0.39
14 Nelimarkka Esa	35,000	0.32
15 William and Ester Otsakorpi Foundation	32,000	0.29
Nominee-registered shares	357,060	3.26
Other shareholders	1,781,372	16.27
Total	10,945,698	100.00

The members of the Board of Directors own 41.2% of the shares. All shares have equal voting rights.
If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 33.9 %.

BREAKDOWN OF SHARE OWNERSHIP ON 31 DECEMBER 2008

Number of shares	Shareholders	%	Shares	%
1 - 100	482	25.82	31,616	0.29
101 - 500	776	41.56	219,664	2.01
501 - 1,000	289	15.48	234,189	2.14
1,001 - 5,000	236	12.64	532,047	4.86
5,001 - 10,000	36	1.93	257,656	2.35
10,001 - 50,000	35	1.87	731,517	6.68
50,001 - 100,000	5	0.27	372,308	3.40
100,001 - 500,000	5	0.27	1,021,197	9.33
500,001 -	3	0.16	7,545,504	68.94
Total = total issued	1,867	100.00	10,945,698	100.00

SHAREHOLDERS BY SECTOR ON 31 DECEMBER 2008

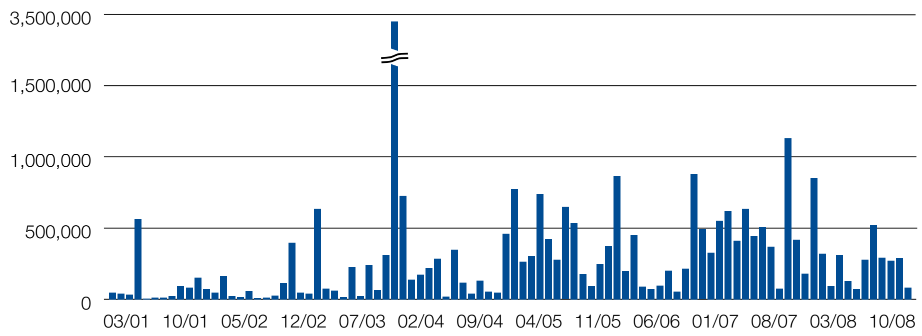
	%
Finnish companies	38.51
Financial institutions and insurance companies	0.26
General government bodies	0.56
Non-profit institutions	0.74
Households	21.19
Nominee-registered shares and other foreign shareholders	38.73
	100.00

PER SHARE DATA

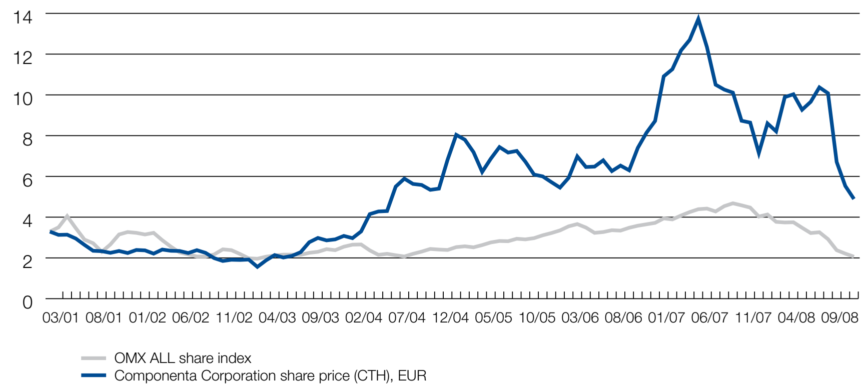
	2008	2007
Earnings per share (EPS), EUR	1.24	1.97
Earnings per share with dilution (EPS), EUR	1.04	1.61
Equity per share, EUR	6.09	8.34
Dividend per share, EUR *)	0.50	0.50
Payout ratio, %	40.48	25.37
Effective dividend yield, %	10.53	5.97
P/E multiple	3.85	4.25
Share price at year end, EUR	4.75	8.37
Average trading price, EUR	8.34	11.05
Lowest trading price, EUR	4.62	8.17
Highest trading price, EUR	11.76	14.37
Market capitalization at year end, MEUR	52.0	91.6
Trading volume, 1,000 shares	3,503	5,670
Trading volume, % of total number of shares	32.0	51.8
Weighted average of the number of shares, 1,000 shares	10,944	10,607
Number of shares at year end, 1,000 shares	10,946	10,942

*) For the year 2008 a proposal of the Board of Directors.

Componenta Corporation (CTH) monthly share trading volume in 2001 - 2008, pcs



Componenta Corporation (CTH) share price development in 2001 - 2008, EUR



Calculation of key financial ratios

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

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

The distributable equity of the parent company balance sheet is EUR 48,793,824.54, of which the net profit for financial year was EUR 24,019,072.96. The Board of Directors proposes to the Annual General Meeting to be held on 23 February 2009 that the distributable equity will be used as follows:

As dividend will be paid EUR 0.50 to 10,945,698 shares, altogether EUR 5,472,849.00, and EUR 18,546,223.96 be retained in the shareholders' equity.

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

Helsinki 27 January 2009

Heikki Bergholm
Chairman

Juhani Mäkinen

Marjo Raitavuo

Matti Tikkakoski

Heikki Lehtonen
President & CEO

Auditor’s report

To the Annual General Meeting of Componenta Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Componenta Corporation for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company’s financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company’s financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company’s Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 28 January 2009

Oy Audicon Ab
Authorised Public Accountants

Kari Miettinen
APA



COMPONENTA

www.componenta.com