EFORE

ENERGY FOR ELECTRONICS

ANNUAL REPORT 2013

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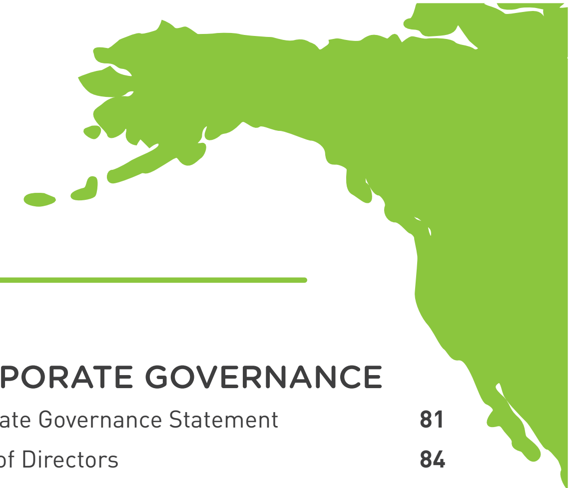

EFORE GROUP

BUSINESS AREAS

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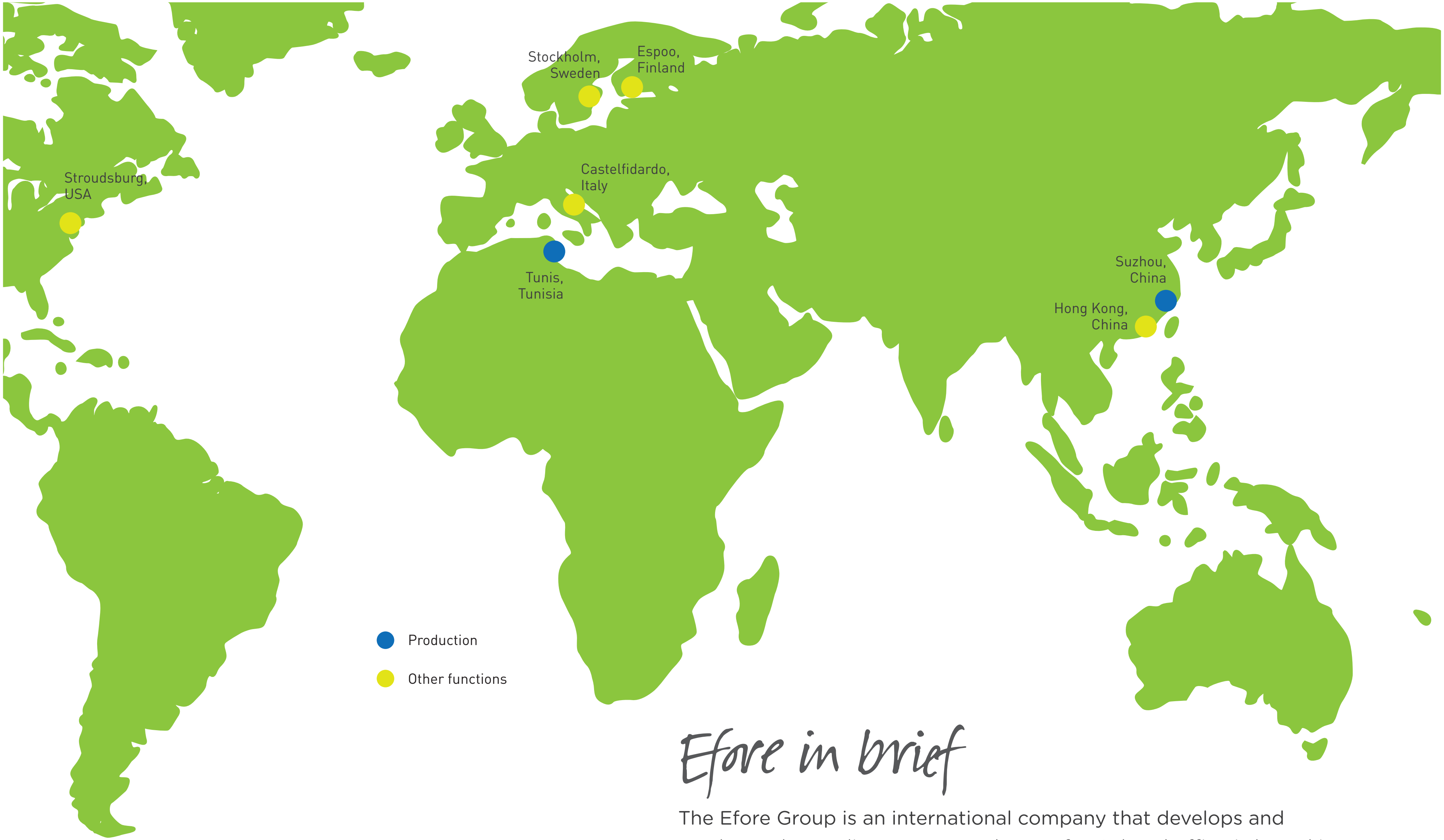
CORPORATE GOVERNANCE

Implementing the strategy continued with the acquisition of ROAL

In summer 2013, Efore acquired the Italian power supply manufacturer ROAL Electronics S.p.A. that designs and manufactures standard and custom power products for several industrial applications.

As the acquisition grows the industrial sector and increases the share of standard products, it is a significant step in balancing Efore's business areas in accordance with its strategy. The transaction will open new growth opportunities, such as in LED drivers, which are currently the fastest growing power products market.



Efore in brief

The Efore Group is an international company that develops and produces demanding power products. Efore's head office is based in Finland, and its production units are located in China and Tunisia. Sales and marketing operations are located in Europe, the United States and China. In the fiscal year ending in December 2013, consolidated net sales totalled EUR 82.5 million, and the Group's personnel averaged 836. The company's shares are quoted on Nasdaq OMX Helsinki Oy.

ROAL acquisition a significant step in the implementation of the strategy

Financially speaking, 2013 was a difficult year for us, which was mainly due to demand in the telecom sector falling short of forecasts. Market demand in this sector fluctuates, and in the uncertain economic climate, last year was weaker than the previous years. In the summer, we carried out one of the most significant measures in our history by acquiring the Italian power supply manufacturer ROAL Electronics.

The volume of data transmitted via wireless networks has been growing strongly for several years, and the same trend will continue. However, the demand for base stations does not fully correspond with this trend; operators' network investments take place in waves. For example, during the peak of investments in 2011, the volume of network capacity building was high, while the following two years were weaker. The cyclical nature of investments seems to have strengthened further in recent years, with the network expansion projects being bigger and fewer than before. It is next to impossible to prepare for the investment cycles, as it is difficult to foresee when they occur, and the suppliers selected for the projects cannot be known in advance. Furthermore, new technological solutions enter the market, and predicting their success is also difficult.

In the industrial sector, our operations developed as expected. We launched an efficiency improvement program in March to improve our profitability, and it was completed during 2013. In addition, we launched a public share issue in October to strengthen our financial position. The issue was slightly oversubscribed, which is proof of investors' confidence in us, even in difficult times.

The financial period 2013, which lasted for 14 months as an exception due to the company adopting the calendar year as its financial year, was weak in terms of net sales and result. The acquisition of and consolidation of ROAL Electronics from the beginning of July increased our net sales for the latter half of the year, but we fell short of our objectives in terms of profitability. However, certain cost-saving measures began to take effect towards the end of the year, and the company is quite prepared to act once demand picks up. Our R&D organization has been very busy due to new product projects, laying the foundation for increasing sales for the future.

The core theme of our strategy is balancing our business operations by growing the industrial sector, which provides more stable development than the telecom sector. As the effects of organic measures were found to be too slow, we decided to proceed in the implementation of the strategy with an acquisition in the summer 2013.

Balancing the business sectors continued through the acquisition of ROAL

In July, we acquired the entire share capital of the Italian power supply manufacturer ROAL Electronics. The scale of the acquisition was significant for us, as ROAL, established in 1985, has around 350 employees and its net sales for 2012 amounted to EUR 39.5 million. Of the purchase price, 60% was paid in cash and 40% as a directed share issue. The former shareholders of ROAL are now shareholders in Efore, and they will continue as developers of the new Efore.

The ROAL acquisition matches perfectly our strategic aim to build the industrial sector into a business area that balances out the rapid changes in demand in the telecom sector. ROAL designs and produces similar products to Efore, but for different customers and sectors. It has solid competence in LED drivers in particular, which is the fastest-growing power supply market. Other main industries of the company include instrumentation and medical device power supplies. From the point of view of ROAL, the key drivers of the acquisition were the benefit of scale and obtaining a foothold in China with it.

The work to realize the synergy benefits of the acquisition was launched without delay. The similarity of the two companies' products facilitates volume benefits in the acquisition of materials, and the new entity has been taken into account in the procurement agreements for 2014. Synergy benefits are also obtained in logistics, IT administration, and other support functions. The benefits of utilizing shared product platforms will become evident somewhat later, and during 2014, we will complete the organizational reform combining the companies' functions, resulting in two business units. The telecom business unit will be built around Efore and the industrial business unit will be based on ROAL. In addition, we will create common global procurement & manufacturing organizations to serve the business units.

The new

Efore is in an excellent position to expand its operations into new segments.

Efore's long-term financial targets have been published

In the near future, we will focus on ensuring the synergy benefits of the acquisition, the success of the integration of the organizations, and the improvement of our profitability. Our aim is to reach an operating profit margin of at least 6% by the end of 2015.

We also published our long-term financial targets. We aim for annual average growth of 5–10% in net sales and an operating profit margin of 10%. These objectives reflect our faith in our potential, once measures to improve the strategic position have been completed. As one of the leading power supply manufacturers in Europe, the new Efore is well positioned for reaching its objectives.

Plenty of growth opportunities for the new Efore

The ROAL acquisition made us less dependent on the telecom sector. Thanks to our strengthened industrial electronics competence and capacity, we are now in an excellent position to expand our operations into new segments.

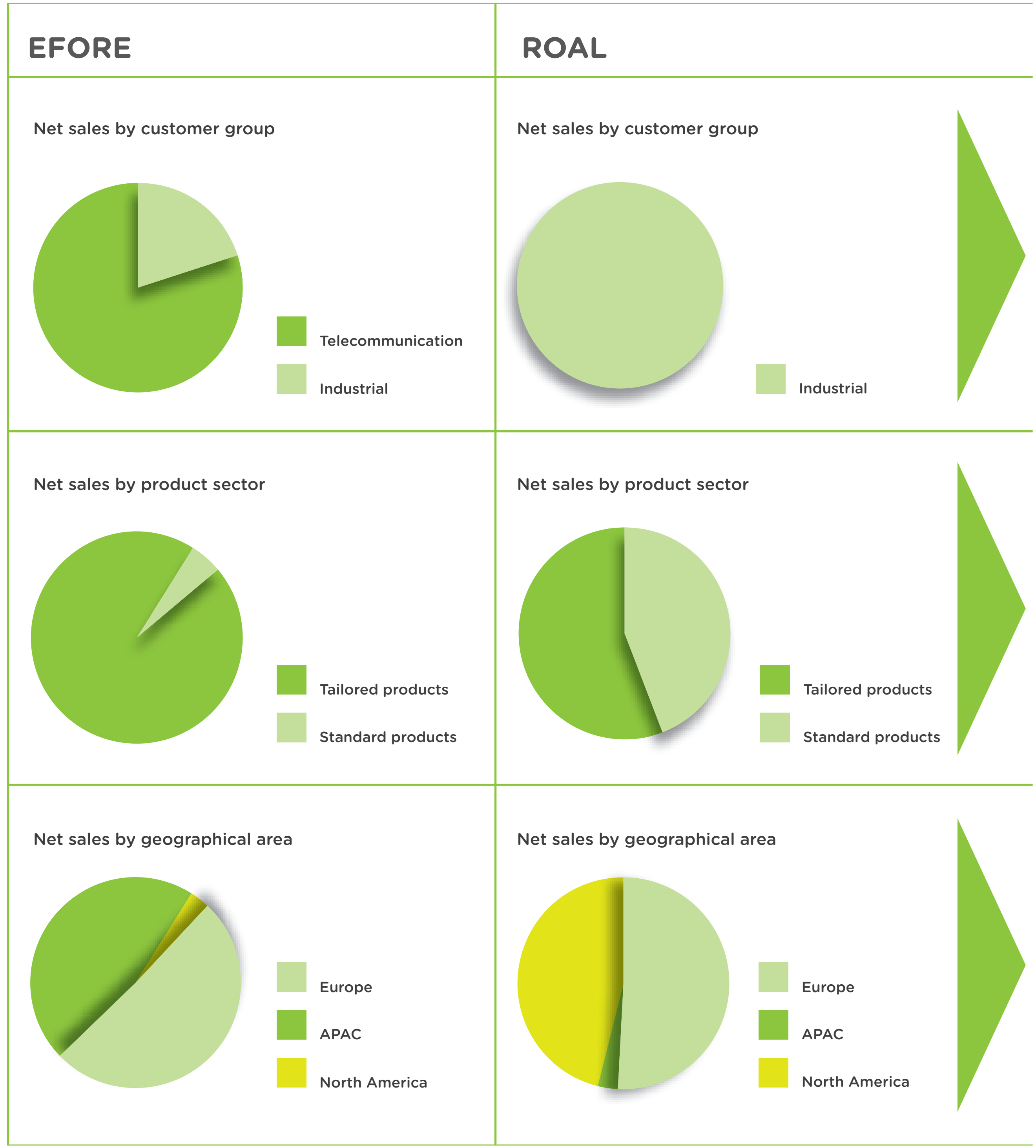
The Supplier of the year 2013 award granted by Ericsson is evidence of the successful and close cooperation with our important client. In addition, National Instruments awarded ROAL for the best punctuality in deliveries in its 2013 supplier evaluations.

At the end of this financially difficult financial period that was, however, a success in terms of Efore's further development opportunities, I would like to extend my thanks to our customers, shareholders, personnel, and partners for their good cooperation.

Vesa Vähämöttönen
President and CEO

Growth in the industrial sector balances Efore's business areas

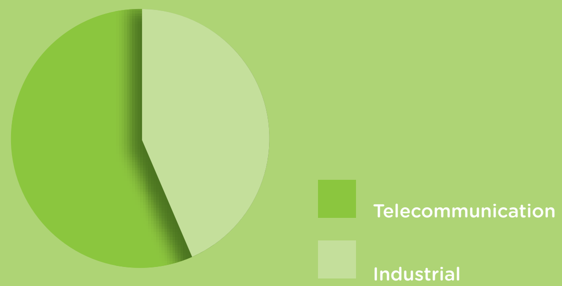
The key strategic basis of the ROAL acquisition was balancing the Efore's business areas and grow its industrial sector. As a result of the transaction, the share of standard products will increase, which will facilitate more efficient utilisation of R&D investments. In addition, the geographical compatibility of the companies' operations is good, with Efore's Asian market and ROAL's US market complementing each other.



The graphs are not based on exact figures at a specific point of time; rather, they are indicative of shares of net sales based on 2012 pro-forma figures.

NEW EFORE

Combined net sales by customer group

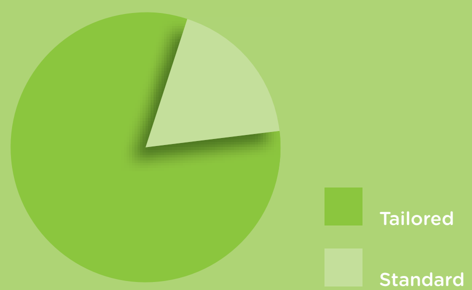


- As a result of the acquisition, the significance of the industrial market increased significantly.

- The growth in the industrial sector will offset the rapid fluctuations in demand in the telecom sector.

- Thanks to strengthened industrial electronics expertise and capacity, Efore is well set to expand its operations into the industrial segments growing at each time.

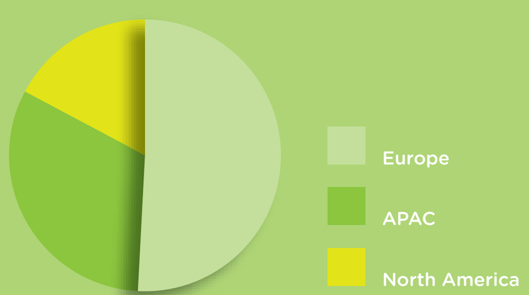
Combined net sales by product sector



- The acquisition was a considerable step forward in growing the standard product business in accordance with Efore's strategy.

- With the acquisition, Efore also gained experience and expertise in migrating business from tailored to standard products.

Combined net sales by geographical area



- The geographical compatibility of the companies' operations is good, with Efore's Asian market and ROAL's US market complementing each other.

- Efore's position in North America will strengthen considerably.

- The Tunisian plant transferred to Efore will increase the efficiency of services offered to European customers.

Fiscal year 2013 in brief

EFORE GROUP KEY FIGURES		2013 (14 mo)*	2012 (12 mo)
Net sales	EUR million	**82.5**	78.1
Results from operating activities	EUR million	**-5.8**	-2.6
% of net sales	%	**-4.3**	-1.3
Results from operating activities without one-time costs	EUR million	**-7.0**	-3.3
Result before taxes	EUR million	**-6.1**	-3.0
Result for the period	EUR million	**-6.2**	-2.3
Return on equity (ROE)	%	**-28.1**	-10.5
Return on investment (ROI)	%	**-17.5**	-9.9
Cash flow from business operations	EUR million	**1.4**	2.6
Net interest-bearing liabilities	EUR million	**3.3**	-2.3
Solvency ratio	%	**39.7**	47.7
Net gearing	%	**14.3**	-11.3
Earnings per share	EUR	**-0.15**	-0.06
Equity per share	EUR	**0.44**	0.52
Dividend per share	EUR	**0.00**	0.00
Share price, end of fiscal year	EUR	**0.63**	0.67
Market capitalization, end of fiscal year	EUR million	**32.9**	26.1
Personnel, average		**836**	888

* On February 7, 2013, Efore Plc's annual general meeting approved an amendment to the statutes, based on which the company's normal fiscal year was changed to 1 January–31 December. Consequently, the duration of 2013 fiscal year was fourteen (14) months (1 November 2012–31 December 2013).

The fiscal year 2013 was especially characterized by weaker than forecasted demand in the telecommunication sector.

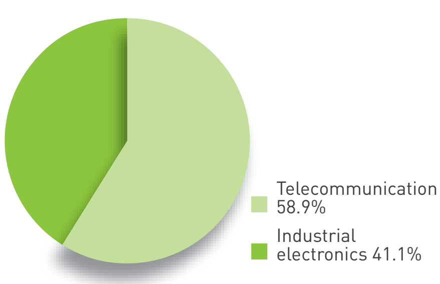
ROAL acquisition and consolidation at the beginning of July increased net sales of industrial sector during the latter part of the year.

The work to achieve the synergy benefits of the acquisition started and manufacturing and supply chain organizations of Efore and ROAL were combined.

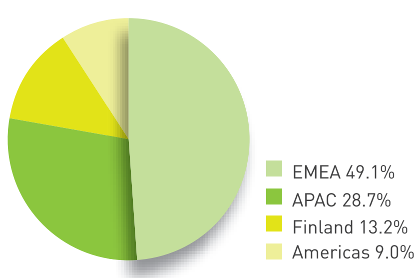
The profitability and efficiency improvement program was completed during 2013, as planned.

R&D focused on new product development which creates a foundation for a sales growth in the future.

Net sales by customer group



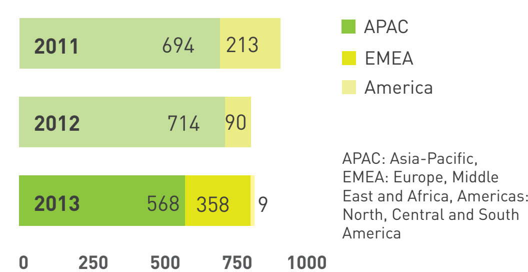
Net sales by geographical area*



* Final geographical distribution of Efore's products deviates from the before mentioned as Efore's customers distribute further the products from the logistics centres to other markets.

Solvency ratio, %

Personnel by geographical area



Financial targets

In September 2013 Efore published its long-term financial targets. In particular, the company aims to grow in the industrial sector. Market-oriented product platforms and more efficient utilisation of R&D investments are key factors in improving profitability. In the short term, Efore will focus on improving its profitability.

KEY STRATEGIC INITIATIVES TO REACH THE TARGETS

Synergy benefits from the ROAL acquisition
- common product platforms
- savings in material purchasing
- optimizing manufacturing locations
- continue to invest in sales

Optimizing the manufacturing footprint

Growing in industrial sector
- utilizing ROAL market intelligence and distribution channels

Recovery of the telecom power products market

Better use of R&D resources by focusing on longer life time market driven industrial products

Strategic M&A actions

Long-term targets

Operating profit margin of **10%**

Average annual net sales growth of **5-10%** in net sales

Short-term target:

EBIT **6%** level at the end of 2015.

Strategy in brief

The key target of Efore's strategy is to balance its business areas as well as to grow its industrial sector and expand the product offering.

We are a leading supplier of power products for telecommunication and industrial applications.

Our strengths are high technical expertise, first class service and capability to understand customers' needs.

Our product development focuses on reliability and optimization of energy consumption in our customers' applications.

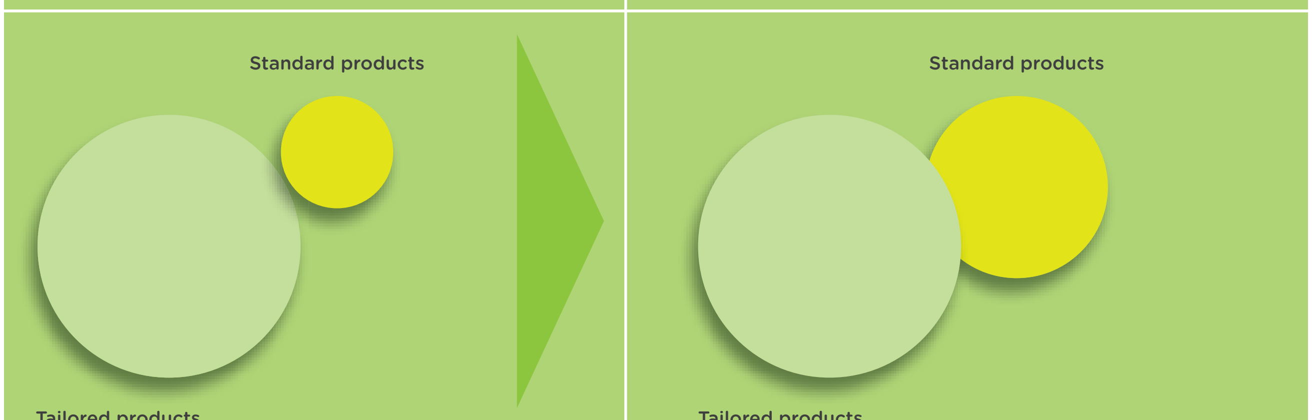
Mission
Saving energy with efficiency

Vision
The best power partner

Values
Customer Intimacy, profitability professional and innovative personnel, growth

AIMING AT INCREASING THE SHARE OF STANDARD PRODUCTS

Now	Target



The graphs are not based on exact figures at a specific time, rather they are indicative of shares.

WORLD-CLASS CUSTOMERS

BUILDING THE BUSINESS ON EFORE'S & ROAL'S TECHNOLOGIES AND CORE COMPETENCIES

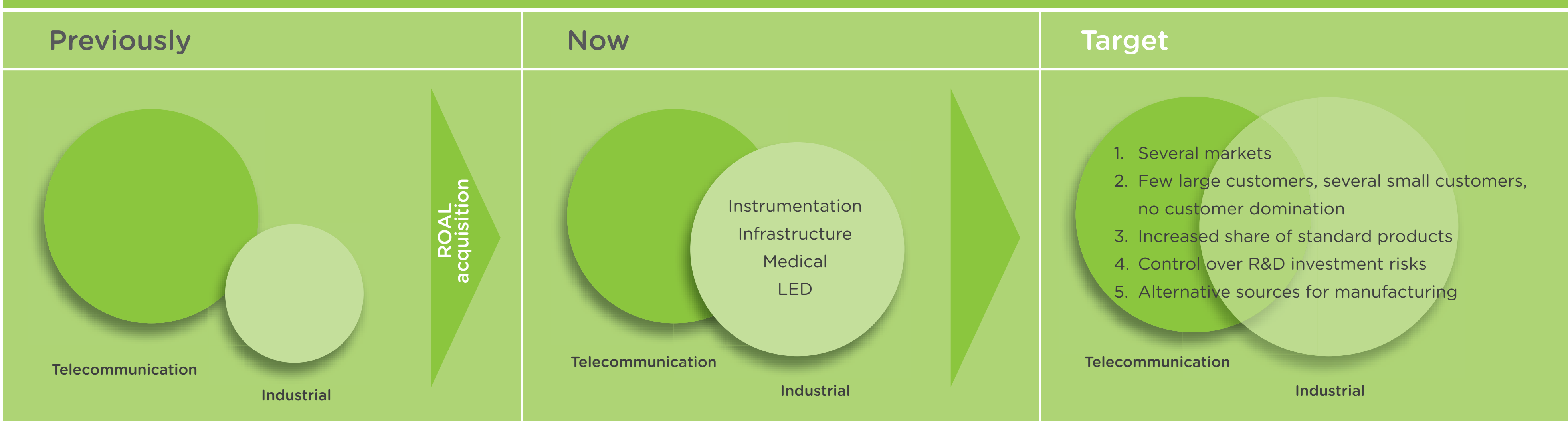
Power Products for Telecom

Power Products for Industrial

• Tailored/Standard • Design Capabilities • Flexible Manufacturing & Delivery
• 10W–7kW • Own IPR • 1V-400V • Open Frame And Closed Products
• High Mix/Medium Volume • AC/DC & DC/DC (DC/AC)

Common Technology Development

BALANCING BUSINESS AREAS BY GROWING THE INDUSTRIAL SECTOR



The fragmented market offers growth opportunities

The global power supply market is valued at approximately USD 30 billion. Approximately one-third of this market consists of power supplies manufactured by electronics companies in-house, while the commercial market accounts for two-thirds. Since the demand for power supplies always depends on the demand for the final products, such as mobile phone network base stations and LED lighting, growth in the power supply market is tied to the increase in the volume of electronic equipment over the long term.

Electronic devices cannot directly use electric power from a wall outlet; a power supply is needed to convert the mains current to a form that makes it possible for the device to operate. In the final product, the power supply is usually a part that one cannot see externally.

There is no demand for power supplies as such; their demand always requires demand for the end product. Therefore, technological strength is a requirement for, but not necessarily a guarantee of, the success of a power supply manufacturer. Even though the demand for power supplies depends on the demand for final products, the operations of power supply manufacturers are provided continuity and growth opportunities by the demand for energy increasing all the time, and there is no alternative technology for converting electric power.

There are an estimated 1,000 power supply manufacturers in the world. Most of them are local or small companies, and only approximately 10% of these are significant at the global level. In fact, it has been estimated that more than 200 mergers and acquisitions have taken place in the last 30 years in the global power supply market, with companies seeking growth and new market segments through consolidation. On the other hand, it has been estimated that there are more than 50,000 potential customers for power supply suppliers.

According to an estimate by the market research company Micro-Tech Consultants, the ten largest power supply manufacturers held a market share of almost 60% in 2012. These companies are largely concentrated in Asia. In spite of the benefits of scale of the largest players, there are still also very successful small and medium-sized players in the market who have found the right niches.

The power supply market is divided into tailored and standard products

The customers of power supply companies are most commonly original equipment manufacturers, with the power supply being an important component of their end products. The power supply market can be split into two: products tailored for the original equipment manufacturer and standard products.

Tailored products

Slightly over a half of the global commercial power supply market consists of products whose design and product development are due to close cooperation between the original equipment manufacturer and the power supply manufacturer. The power supplies are designed and produced according to the needs of the customer so that they facilitate the extremely efficient operation of the equipment. Such products are called tailored products.

Standard products

Products sold to various industries and customers without customization are called standard products. Their product development and pricing are fully controlled by the power supply manufacturer. However, a standard power supply is not a bulk product whose choice is determined solely by price. This is due to there being significant differences also in the features of standard power supplies, such as efficiency and size.

LED lighting is the fastest growing market segment.

Strong technological competence is the foundation of a power supply manufacturer's competitiveness

In order to be able to offer products to equipment manufacturers, the technological expertise of a power supply manufacturer must be sufficiently high. Without this, participating in tenders is not possible.

After technological expertise, the second-most competitive factor in power supplies is price. With electronic devices increasingly becoming bulk products whose added value is generated from software and services, price is an increasingly decisive factor for the customer. This forces equipment manufacturers to squeeze the costs of components down, which is reflected in power supplies as price pressure and requires cost efficiency from their manufacturers.

Other key competitive factors include the energy efficiency of the power supply and size-power ratio, also known as power density. Power supplies are often used 24/7 for years, with their energy efficiency contributing significantly to the total cost of ownership of the device over its life cycle.

Power supplies are used in various market segments

The markets that use power supplies can be generally divided into the following segments:

- LED lighting
- Consumer products
- Computers
- Telecommunications
- Industry
- Health care equipment
- Transport industry
- Defense industry

Of the market segments, LED lighting is clearly growing at the fastest rate. Micro-Tech Consultants has estimated that the LED driver market will grow at an annual rate of 12% until 2017. Growth is clearly slower in the other market segments, amounting to a few per cent. However, there are various application areas within the different segments where growth can outperform the rest of the market, as demand is always dependent on the demand for the end products.

Three geographical market areas

In terms of geography, the power supply market is practically divided into three areas: North America, Asia, and Europe. Asia accounts for almost 50% of the market, America for approximately one-third, and Europe for approximately one-fifth. The rest of the world accounts for a very small share.

The trend during the last few years has been the shift of focus to Asia, which is the fastest-growing market area for the power supply market. In practice, all significant power supply manufacturers have production facilities and/or sales in China in particular. The Asian market offers high volume and growth opportunities, but also lower margins.

Presence in North America is important to power supply companies, as many of the global technology giants are American. The attractiveness of the North American market is increased by the stronger focus on technological development, higher added value and higher margins compared to Asia.

The share of Europe in the power supply market has decreased as Asia has grown. However, the weight of the continent is added by several large buyers of power supplies in the telecom and health care industries, for example, being European. However, due to its fragmented nature, the European market offers good opportunities for small and medium-sized power supply manufacturers. In certain narrow segments, the European market offers good margins, even if the volumes are only moderate and growth is slow.

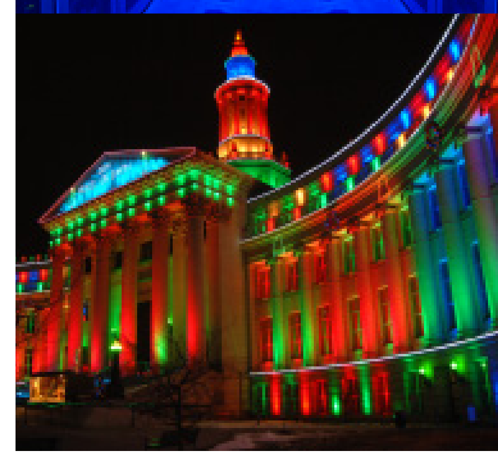
Growth opportunities in several product areas

The increased use of terminal devices is increasing the demand for wireless services and creating new network business models for most industries. The volume of data transmitted through wireless networks has grown at a high rate in recent years, and this trend will continue. The growth in the volume of data results in operators needing to invest in new 4G networks.

The future outlook of power supply suppliers in the telecom sector is influenced by the rate at which these investments will proceed. It has been estimated that by 2017, some 10% of subscriptions and 45% of data traffic will use 4G technology (Cisco VNI Mobile Forecast, 2013). However, one should note that the demand for power supplies does not directly follow the development of network investments, as the efficiency of power supplies used in base stations is increasing all the time. Nevertheless, the network investment projects expected in the next few years will offer power supply suppliers significant growth opportunities.

In the industrial sector, different industries are naturally developing in different ways. Another currently strongly growing product area besides LED lighting is health care equipment. Power supply suppliers who offer standard products can flexibly seek growth opportunities in the product areas growing at each time.

The fragmented nature of the power supply market offers agile companies good growth opportunities. One of the key success factors of the industry is a company's ability to find niches with the best margins and high threshold for new competition. In order to succeed in the industry, a company does not need to be big and achieve benefits of scale if it succeeds in finding the right business model, the right customers, and the right product areas.



> **Our power products for telecommunication needs are suited to demanding environmental conditions and provide excellent efficiency.**
>
> **Alexander Luiga**
> Executive Vice President, Telecommunication Business Unit

Efficient power products for wireless telecommunications

Efore is a leading power product supplier for the wireless telecommunications sector. Its services encompass the entire lifecycle of power supply solutions from product development and design to maintenance services. In 2013, the weak development of Efore's telecom sector sales was mainly due to demand in the telecom sector falling short of forecasts.

Efore's operations in the telecommunication sector are based on special expertise and long-term customer relationships, and its power solutions are tailored for the specific needs of each customer. Close cooperation with the customer often begins in the early stages of a project when the product is just being defined. The customer gets the biggest benefits when Efore is involved already at the concept design stage, helping the customer to prepare specifications and optimize technical requirements of the power product for the application in question in a cost-effective manner. Cooperation with the customer can be even deeper, including technology visioning and joint technology studies that contribute to shaping the most competitive solutions and thus to our customer's success.

Efore's power products for telecommunication needs are suited to demanding environmental conditions and provide excellent efficiency. The company's power solutions ensure the uninterrupted operation of wireless telecommunication network base stations, for example. Efore's products are used by the leading companies in the industry, such as Ericsson, Nokia Solutions and Networks, and Cassidian.

Efore's telecommunication products are manufactured at the Suzhou production plant in China. The location is optimal, as many of Efore's telecommunications customers as well as electronic component suppliers are located nearby.

Efore co-operates *actively* with research institutes, universities and customers.

A year of weak demand

Despite the continuing strong growth of mobile data traffic, the demand for new base stations does not necessarily develop in a steadily rising trend. Network investments occur in highly volatile cycles depending on the level of capacity utilization and views on the future outlook of operators. After the large network investments made in the telecommunications sector during the two previous years, the level of investment activity was low in 2013, and the year was therefore very difficult for Efore in this sector.

Over the longer term, the demand for wireless network equipment is, however, expected to grow. The growth of mobile data traffic will be further boosted by wireless Internet access of new devices. Cars, household appliances, power and surveillance systems in houses as well as various automatic vending machines are all examples of such devices. More and more people are also watching videos on a smartphone or a tablet. Mobile devices must be more efficient than before, and consequently they generate more data traffic. Mobile data traffic is expected to double annually over the coming years.

The strong growth of network data traffic creates a positive outlook for Efore. The increasing number of new devices and applications creates pressure for telecommunication network performance and requires more developed telecommunication network technology and capacity. WCDMA/HSPA (3G) and LTE (4G) technologies play a key role in increasing mobile data transfer, and Efore's main products in the telecommunications sector have been designed with these technologies in mind.

Competitiveness through active product and technology development

In addition to its own product and technology development, Efore co-operates actively with research institutes, universities and customers. This contributes to the technological development of Efore's power electronics products and thus strengthens the company's competitiveness. For example, Efore cooperates with its partners in the European R&D program Opera-Net 2 to reduce the environmental impact of 3G and 4G networks, focusing on efficient and novel power solutions for small cells for future wireless networks. This activity is beneficial not only for strengthening the company's competitiveness in current product areas, but also creating know-how and potential for new product areas.

PRODUCTS AND SERVICES

Solutions include:

- single and multi-output AC/DC and DC/DC power supply units
- power distribution units
- connection units
- integrated power supplies for base station modules.

One-stop shop type PWB assembly and box build manufacturing based on customer design are also part of the service.

MARKET POTENTIAL

Demand for wireless broadband networks is growing rapidly. Mobile data traffic is expected to double annually over the coming years. Data traffic growth creates excellent market opportunities as investments in telecommunication network capacity increase significantly.

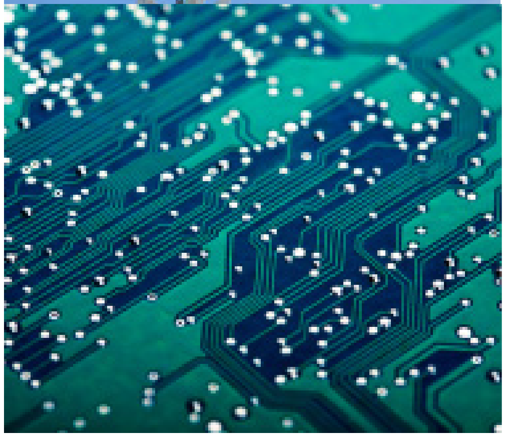
STRENGTHS

- Solid track record
- Competitive product platforms
- Customized products
- Deep telecom power knowledge/competence

FOCAL DEVELOPMENT AREAS

Power solutions that support energy savings in future wireless mobile networks in a cost-effective way.

- New product generations and new product areas
- Power efficiency and long life-time in outdoor applications are key drivers.



Merging Efore's and ROAL's operations creates significant synergies, as the companies design and manufacture similar products, but for different clients and industries.

Alessandro Leopardi
Executive Vice President,
Industrial Business Unit

ROAL acquisition a major strategic step

Efore develops and produces tailored and standard power products as well as the control and management DC power systems for several industrial applications. Efore's products are used by industrial players and system integrators representing the world's top technology. In 2013, Efore acquired the Italian-based ROAL Electronics, well-known for its strong power supply expertise in LED lighting, instrumentation devices and video wall displays.

The ROAL acquisition is a central part of Efore's strategy to balance its business areas by expanding the industrial sector. ROAL designs and manufactures standard and tailored power products. It has an established position and strong expertise in power supplies for LED lighting, instrumentation devices and video wall displays. The acquisition matches very well with Efore's strategic goals as ROAL designs and manufactures similar products with Efore, although for different customers and segments.

Efore's traditional industrial electronics products are used mainly in the control of industrial robots and in the control and management of the electricity transmission and distribution grid. By strengthening Efore's industrial electronics expertise and capacity and bringing expertise in transitioning from tailored products to its own standardised products, the ROAL transaction creates significant growth opportunities for the company.

Excellent geographical compatibility

The transaction also enables the optimisation of production capacities, production locations and supply chains. One of the important strategic advantages is the decreasing dependence on a single production plant. Efore's production has since 2012 been centralised to a production plant in Suzhou, China. ROAL has a manufacturing facility in Tunisia that can, for example, serve Efore's European customers faster than the Suzhou plant. The Chinese plant can, on the other hand, serve all of Efore's new operations in Asia.

In addition to synergies related to production, the two companies also benefit

ROAL transaction creates new growth opportunities for Efore.

from each other's different market positions. Efore's established position in Asia and ROAL's in North America can open up new business opportunities for the new company. Penetration into large markets such as Russia and Germany is also easier for the combined entity.

Several product launches complement Efore's industrial sector offering

Among the products launched during 2013 were a new series of medical grade power supplies and fully programmable LED drivers (MESO series). Also, an upgraded series of electromagnetic-pulse-proof ESSI cabinets (Efore Shielded System Infrastructure) and new, higher power Intelligent LED driver series were launched and will be available through distribution channels in spring 2014. ESSI cabinets for critical IT applications demonstrate Efore's integration expertise at its best.

Growth expected in certain market segments of industrial power supply

The commercial power supply market is expected to grow moderately over the next few years. There are, however, certain segments where growth is significantly stronger, LED lighting is among the fastest growing. Access to this growth market is one of the important strategic advantages of the ROAL acquisition.

In the near future, there will be strong growth also in power electronics required by renewable energy sources and smart grids. Several studies have shown that in the next decade, hundreds of billions of euros will be invested in the construction of smart grids in the EU region alone. Even bigger investments in smart grids are planned in China, the United States, Japan and Korea. In smart grids, Efore's products are used in the management of electricity transmission and distribution grids, for example.

The market for industrial power supplies is very fragmented and wide. Success in these markets depends on the supplier's ability to find areas of growth inside the market. Among these growth areas, Efore is especially looking for those most suited to its core competencies. With strengthened capacity and capabilities, it is now well-equipped to succeed.

ROAL
living energy

PRODUCTS AND SERVICES

Developing and manufacturing tailored and standard power products as well as power supply systems for different industrial applications – for instance, in LED lighting, instrumentation devices, control of industrial robots as well as the control and management of electricity transmission and distribution. Part of Efore's services is an efficient one-stop shop type of PWB assembly and box build manufacturing.

MARKET POTENTIAL

Efore's products are used by global high-technology system and equipment suppliers in various industrial fields. An extensive customer base and presence in growing market segments enables high market potential.

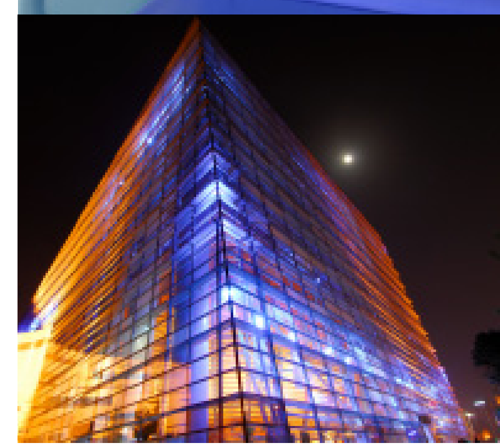
STRENGTHS

- Deep understanding of power electronics
- Strong understanding of customer applications
- Synergy with telecom products

FOCAL DEVELOPMENT AREAS

Focus on technologies for rugged products capable of reliable operation in demanding industrial and outdoor environments.

- Design flexibility is a key element in ensuring the capability to serve a wide range of customer requirements.



Efore aims to be financially profitable and a preferred business partner for all of its stakeholders

For Efore, the starting point of corporate responsibility is taking sustainability principles into account in the company's operations.

Efore practises and develops its business in a manner that improves the profitability and competitiveness of its operations, takes environmental aspects into account and meets the needs of customers and other stakeholders of the company.

Efore's values form the foundation for corporate responsibility and guide its development. According to its values, the company is committed to continuous growth and profitability improvement. Efore is committed to meeting customers' expectations as a preferred business partner. The company's professional and innovative personnel is a crucial resource for achieving these targets.

Financial responsibility

At Efore, financial responsibility means that the company will develop and offer value creating products for its customers, meet the owners' profit expectations, provide employment, generate economic prosperity for various stakeholders through procurement and investments both locally and internationally in every field of the company's business as well as take care of the payment of taxes and other duties. In order to be able to meet the expectations of its stakeholders, Efore needs to practise economically sound and profitable business. Efore wants to be a reliable and desirable partner for its customers and other stakeholders.

At the end of fiscal year 2013 Efore's solvency ratio was 39.7% and net gearing 14.3%.

EFORE'S ECONOMIC IMPACT DURING THE FINANCIAL YEAR 2013

Customers
Net sales EUR 82.5 million

EFORE

Purchases
GOODS AND SERVICES SUPPLIERS EUR 56.9 million

Wages, salaries, fees and personnel costs
EMPLOYEES EUR 18.8 million

Taxes
PUBLIC SECTOR EUR 0.1 million

Distribution of assets
SHAREHOLDERS EUR 0.0 million

Net interest costs
FINANCE PROVIDERS EUR 0.3 million

New Efore's strategy relies on competent and inspired personnel

Efore's HR policy is based on the company's strategy, values and Code of Conduct. Efore commits itself in all its operations to complying with national legislation and regulations as well as international human rights treaties. The aim is to create a safe work community where everyone is treated in a fair, just and equal manner.

At the end of the fiscal year 2013, Efore's personnel stood at 934 (804), including 289 (358) temporary employees. The ROAL Electronics acquisition concluded in July 2013 resulted in Efore Group's personnel count increasing by 311 employees.

Of Efore´s employees, 61% worked in China, 13% in Tunisia, 16% in Italy, 8% in Finland, 1% in Sweden and 1% in the USA at the end of the fiscal year. The proportion of women was 34% and men 66%.

Quality and managerial work are the focus points of competence development

At Efore, development of competencies is based on strategic goals. The regularly arranged competence review ensures that human resources and competencies are aligned correctly with current and future needs. During the fiscal year, the focus was on the development of the personnel's professional skills and the training of supervisors. The global middle management training program aimed at providing supervisors with uniform leadership and working method development tools continued.

Efore's success relies on professionally skilled, motivated and committed personnel. Employees' job satisfaction is measured regularly through personnel surveys with the aim of finding out employees' opinions on such matters as the working environment and atmosphere, job descriptions, motivation, supervisory work and internal communication.

Additional competence from the ROAL acquisition

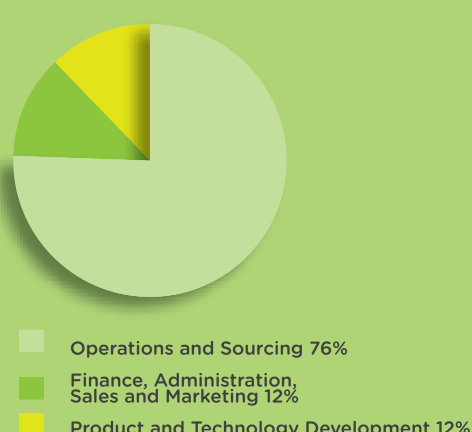
In summer 2013, Efore acquired ROAL, an Italian company producing standard and customer power suppliers for various industrial applications. The 311 ROAL employees brought an abundance of resources and competence to Efore. As a result of the reorganization, the group also obtained improved preconditions for competence sharing. The consolidation of the functions commenced during the summer and continued throughout the rest of the year. The merging of the corporate cultures has begun in a good spirit.

Strengthening common identity supports the achievement of objectives

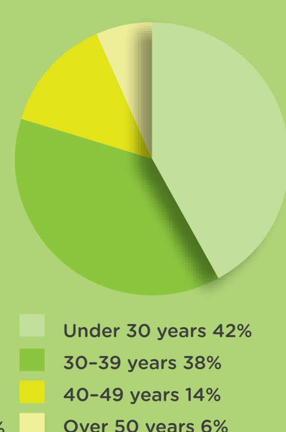
After the ROAL acquisition, it is necessary to focus on common goals, operating methods and practices based on the group's values and principles. Strengthening a common identity and smooth cooperation throughout the group supports the goals of the company: growth and profitability.

In order to improve its profitability, Efore commenced statutory employer-employee negotiations concerning its entire personnel in March 2013. As a result of the negotiations, the head count decreased by a total of 37 employees globally. In addition, temporary lay-offs concerning the Finnish personnel were agreed upon.

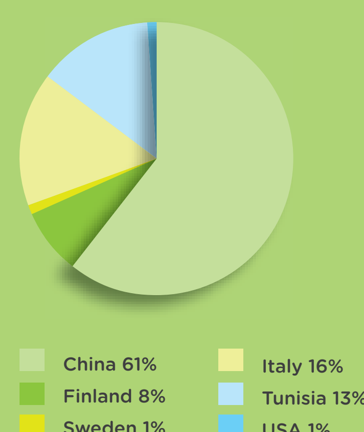
Personnel by functions



Age structure of personnel



Personnel by region



Efore is committed to continuous improvement of quality and reduction of its environmental impact

High quality is one of our top priorities

Efore's quality policy defines Efore's responsibilities and commitment to quality. The quality policy is followed in all group operations. Every employee is committed to following the quality policy and related instructions.

Efore follows long-term development plans in quality management, with indicators based on quality and efficiency, among others.

Efore is committed to continuous improvement and we continually improve the quality as well as environmental impact of our products, services and operations. Efore is a reliable partner for everyone involved, both internally and externally.

Towards a smaller environmental footprint

For Efore, environmental responsibility means continuous development of environmentally friendly, energy-efficient products and the reduction of the environmental impact of our operations. Efore's products are energy-efficient and the use of materials is controlled strictly. This environmental approach covers the entire product lifecycle from design to recycling or disposal of the product at the end customer.

Efore applies an environmental policy that has been communicated to all employees. The relevance of the policy is reviewed on a regular basis. Efore invests in modern technology in order to improve energy efficiency and protect the environment. Efore's environmental systems are developed and maintained according to the international ISO 14001:2004 standard. Group sites are certified according to the standard. Products meet the requirements of the European Union's WEEE Directive. Efore's products comply with the RoHS Directive, i.e. the production process is lead-free and components meet the criteria defined in the Directive. Recycling of electronic waste is organized in cooperation with specialist companies.

Energy-efficient and intelligent power products

International actions targeted at more efficient energy use and greenhouse gas reduction offer several business opportunities for companies in the power supply market. There is a growing need to improve the efficiency of power supplies and, at the same time, considerably reduce the consumption of electricity in end use. The rapid increase of data traffic in networks means increasing electricity consumption.

Developing *energy-saving* solutions for customers is a key goal in Efore's product development.

Developing energy-saving solutions for customers is a key goal in Efore's product development, which is implemented by applying Ecodesign principles.

Intelligence in power supply enables the monitoring and optimization of power for the entire system. Improved efficiency and optimal power use mean that overall energy consumption is reduced and the supply network can be dimensioned for lower energy, which generates savings in network cabling and other components, as well as in sites and air conditioning.

Minor environmental impact

As a result of systematic development work, Efore's supply chains, site operations and products are of the highest international quality with regard to environmental issues. New methods for saving energy and minimizing the environmental impact of the company's operations are sought continuously.

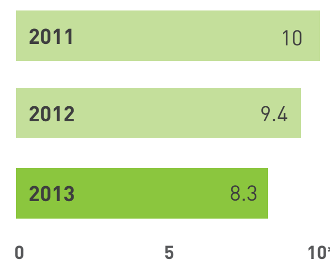
Efore's product development and material choices are based on the RoHS, WEEE and Ecodesign Directives of the European Union that regulate the recyclability and environmental friendliness (no substances harmful to the environment) of the selected materials as well as the length of product lifecycles, providing instructions on the disposal process for products and improving energy efficiency. The products also comply with the requirements of the China RoHS legislation and corresponding requirements in several other countries. The identification of hazardous material properties and risk management are important elements in Efore's operations.

Electrical and electronic waste is sorted and recycled. Consumption of water and electricity is measured and annual consumption targets are set. New methods for saving energy and minimizing the environmental impact of the company's operations are sought continuously.

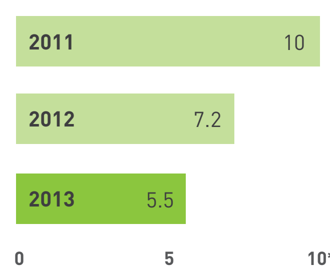
In addition, environmental aspects are included in supplier and subcontractor evaluations and they are expected to continuously develop their operations towards increasing environmental friendliness.

Efore's production process does not generate emissions into the air or ground but it releases so-called greywater which is purified by a specialized waste disposal contractor. During the fiscal year 2013 no environmental damage was reported at any of the company's sites.

Electricity consumption kWh/product produced



Amount of hazardous waste g/product produced



Amount of water consumption l/product produced

*Index value is based on 2011 radix 10.

WORLD CLASS QUALITY STANDARDS AND PROCESSES

Efore's locations are ISO 9001:2008 certified, so Efore fulfills the demanding quality requirements of its global customers. Close cooperation with customers continuously improves Efore's quality processes to meet the world class quality requirements. Similarly, Efore demands its suppliers conform with the ISO 9001:2008 standard in their operations.

Examples of Efore's quality achievements:

- **Customers have granted to Efore the "Preferred Supplier" status thus enabling direct site deliveries.**
- **Customers have awarded Efore "Supplier of the year" prizes for best quality performance. The Supplier of the year 2013 award-granted by Ericsson to Efore andNational Instruments to ROAL are evidence of our world-class-performance.**
- **Customers have often chosen Efore as a partner for their quality improvement programs.**

Financial Statements 2013

FINANCIAL STATEMENTS

CORPORATE GOVERNANCE

Report of the Board of Directors

Efore Group is an international company which develops and produces demanding power electronics products.

Efore complies the Finnish Corporate Governance Code for Listed Companies issued by Securities Market Association in 2010. The Corporate Governance Statement of the Group has been disclosed as a separate report on the company's website and in the Annual Report

Group structure

Efore Group consists of the parent company Efore Plc and its directly or indirectly wholly owned subsidiaries Efore (USA) Inc. in the United States, Efore(Suzhou) Electronics Co. Ltd in China, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore AS in Estonia, Efore AB in Sweden, Efore (Hongkong) Co. Ltd in China and FI-Systems Oy in Finland as well as Roal Electronics S.p.A. in Italy, Roal Tunisia Sarl in Tunis and Roal Electronics USA, Inc. in the U.S.A. Efore Management Oy, a company owned by the members of the Efore Group Executive Management Team has been consolidated in the group.

Changing the fiscal year

On February 7, 2013, Efore Plc's annual general meeting approved an amendment to the statutes, based on which the company's normal fiscal year was changed to 1 January–31 December. Consequently, the duration of the current fiscal year will be fourteen (14) months (November 1, 2012–December 31, 2013).

The Annual Report 2013 will be published in March, during the week 12/2014.

Net sales and financial development of the fiscal year

Net sales for the fiscal year totaled EUR 82.5 million (EUR 78.1 million). Net sales by customer group were as follows: Telecommunication 58.9% (76.6%) and industrial 41.1% (23.4%). Geographically Efore's deliveries were to the following areas: EMEA EUR 40.4 million (EUR 42.0 million), APAC EUR 23.7 million (EUR 23.8 million), Finland EUR 10.9 million (EUR 11.1 million) and the Americas EUR 7.5 million (EUR 1.3 million) which totaled EUR 82.5 million (EUR 78.1 million). Final geographical distribution of Efore's products deviates from the before mentioned as Efore's customers distribute further the products from the logistics centres to other markets.

Roal Group has been consolidated to Efore Group from July 1, 2013.

The results from operating activities amounted to EUR -5.8 million (EUR -2.6 million).

The results from operating activities without one-time items amounted to EUR -4.3 million (EUR -1.3 million).

Results from operating activities include one-time items related to the profitability and efficiency improvement program as well as costs of the acquisition EUR 1.5 million. Results from operating activities of the corresponding period include one-time net cost of EUR 1.1 million related to the closing of Estonia factory and product transfer as well as cost of EUR 0.2 million related to the closing of Shenzen product development plant

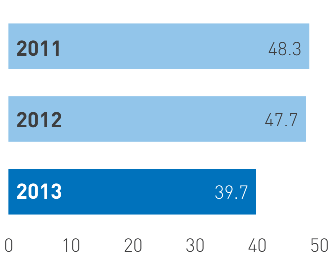
Business development

Investment in product and technology development during the fiscal year was EUR 9.0 million (EUR 7.3 million) representing 10.9% (9.4%) of net sales.

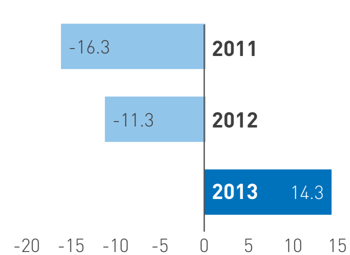
The fiscal year 2013 was especially characterized by a weaker than forecasted demand of telecommunication sector and an unfavorable product mix for the company.

Roal acquisition and consolidation at the beginning of July increased net sales of industrial sector during the latter part of the year. Demand of the Group's industrial sector was lower than forecasted during the last months and the company started a profitability and efficiency improvement program also in this sector at the end of the fiscal year. With its 2013 efficiency improvement program the company has met the target

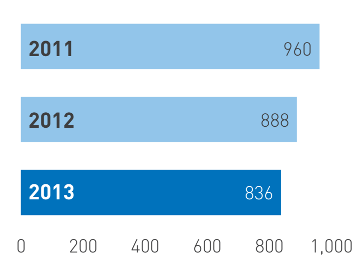
Solvency ratio, %



Gearing, %



Personnel, average



of EUR 1.8 million annual cost base reduction set for the fiscal year 2013. However, the efficiency improvement program continues.

Business acquisitions

Efore Group acquired the entire share capital of Roal Electronics S.p.A. in July 2013. Roal is established in 1985 and it employs approximately 350 people. Roal Group's headquarters and R&D are based in Italy and the production unit in Tunisia. Sales and marketing operations are located in Europe, United States and China. The Roal Group's net sales amounted to EUR 39.5 million in 2012.

Roal acquisition matches well to Efore's strategic goals as Roal designs and manufactures similar products with Efore but for different customers and segments. Roal has a strong expertise and close customer relationships in LED drivers which is the fastest growing power products market. Other segments are power products for instrumentation devices, medical equipment and household appliances.

Similarity of products and operation models enables to reach synergy benefits. Production capacities, production locations and supply chains can be optimized. In addition, the transaction generates synergy benefits in procurement, logistics, IT and in other support functions. Annual estimated synergy benefits from material purchases are EUR 1.5 million which are estimated to materialize fully after 12 months after the closing of the deal, latest in July 2014. No significant integration costs are expected.

The purchase price amounted to EUR 9.7 million. 60 per cent of the purchase price was paid in cash and 40 per cent in Efore shares. Shares were valued at EUR 0.74 per share. Purchase price paid in Efore shares was equivalent to 5,243,243 Efore shares. Efore board decided to use the AGM authorization to assign the shares to the sellers.

The deal was financed with long and short term loans and cash reserves.

Other details concerning the acquisition are shown in note 2 of the Annual Report.

Investments

Group investments without Roal acquisition in fixed assets during the fiscal year amounted to EUR 3.6 million (EUR 1.7 million) of which capitalization of product development costs were EUR 1.9 million.

At the end of the fiscal year capitalized product development costs (incl. Roal) amounted to EUR 4.3 million (EUR 0.6 million).

Financial position

Interest-bearing liabilities exceeded the consolidated interest-bearing cash reserves by EUR 3.3 million (EUR -2.3 million) at the end of the fiscal year. The consolidated net financial expenses were EUR 0.3 million (EUR 0.4 million). The cash flow from business operations was EUR 1.4 million (EUR 2.6 million). The cash flow after investments was EUR -5.5 million (EUR 1.0 million).

The Group's solvency ratio was 39.7% (47.7%) and the gearing was 14.3% (-11.3%).

The Group's financial position was strengthened by EUR 5.5 million equity raise in October 2013.

Liquid assets excluding undrawn credit facilities totaled EUR 9.8 million (EUR 4.5 million) at the end of the fiscal year. The balance sheet total was EUR 58.5 million (EUR 43.3 million).

Key indicators

Group key indicators for three years are shown in financial statements.

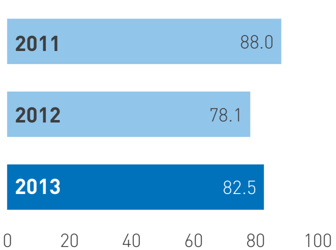
Environmental policy and encumbrances

Efore's environmental systems are developed and maintained according to the international ISO 14001:2004 standard. All group product development and production sites are certified according to the standard.

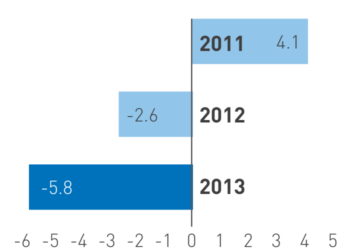
Products are designed to meet the requirements of the European Union's WEEE Directive (Waste electrical and electronic equipment . Efore's product development is based on the guidelines of EuP (Energy using Products) directive in order to minimize the use of natural resources related to the products.

Efore's production facility is equipped for lead-free production in accordance with RoHS Directive (Restriction of the use of Certain Hazardous Substances). Also lead based production is used in order to meet product requirements. Recycling of electronics and metal waste is done in partnership with specialized companies. Chemical

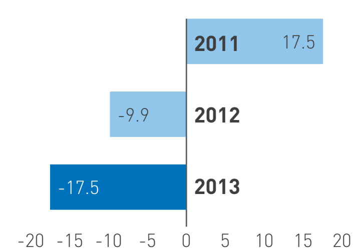
Net sales, MEUR



Operating profit, MEUR



Return on investment (ROI), %



waste is collected and transported to companies which are specialized in hazardous waste disposal. No environmental risks or responsibilities having an impact on company's financial position have been come out by the publishing of the financial statements.

Personnel

The number of the Group's own personnel including temporary personnel averaged 836 (888) during the fiscal year and at the end of the fiscal year it was 934 (804). Roal acquisition increased the number of the Group's personnel by 311 persons.

Board of directors

At the Extraordinary General Meeting on December 3, 2013 Ms Päivi Marttila, Mr Francesco Casoli, Mr Olli Heikkilä, Ms Marjo Miettinen, Mr Jarmo Simola and Mr Jarkko Takanen were elected as board members. The Board selected Ms Päivi Marttila as the Chairman.

The following persons were also members of the Board of Directors during the fiscal year 2013: Matti Vikkula (Chairman, until Dec. 3, 2013), Richard Järvinen (until February 7, 2013), Tei-Hu (Tommy) Liu (until Dec. 3, 2013), Marko Luoma (until Dec. 3, 2013) and Ari Siponmaa (until Feb. 7, 2013).

Auditors

The Annual General Meeting held on February 7, 2013 appointed KPMG Oy Ab as Efore's auditors, with Authorized Public Accountant Lasse Holopainen as principal auditor.

Shares, share capital and shareholders

Efore's Board of Directors used an authorization granted by Extraordinary General Meeting on August 26, 2013 and executed a share issue directed for subscription by the public in Finland in order to strengthen company's financial position.

In the share issue, a maximum of 8,000,000 new shares in the Company were offered for subscription, at the subscription price of 0.69 euros per share. New shares corresponding to subscriptions have been entered into the Trade Register on 18 October 2013. The new shares were traded on the main list of the NASDAQ OMX Helsinki Ltd together with the old shares as of 21 October 2013.

Moreover, trading of the 5,243,243 new shares entered into the Trade Register on 12 July, 2013 begun at the same time. These shares were assigned as a part of the acquisition published on 10 July, 2013 when Efore acquired the entire share capital of Roal Electronics S.p.A. The shares are subject to a lock-up period of 12 months after the closing of the deal.

At the end of the fiscal year the number of the Group's own shares was 1,143,753. In addition to this Efore Management Oy, a company belonging to Efore group owned 2,358,242 pcs of Efore shares.

The highest share price during the fiscal year was EUR 0.80 and the lowest price was EUR 0.62. The average price during the fiscal year was EUR 0.71 and the closing price was EUR 0.63. The market capitalization calculated at the final trading price during the fiscal year was EUR 32.9 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the fiscal year was 8.2 million pcs and their turnover value was EUR 5.8 million. This accounted for 14.7% of the total number of shares 55,772,891 pcs. The number of shareholders totaled 3,097 (3,235) at the end of the fiscal year.

Flagging notifications

Following the directed share issue, the following changes in holdings exceeding the notification limit have taken effect during the fiscal year 2013.

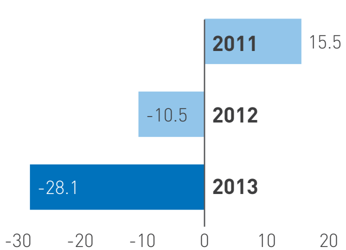
Evli Pankki Oyj's share of the total number of shares and voting rights in Efore Plc went below 10 per cent on October 10, 2013.

Sievi Capital Oyj's share of the total number of shares and voting rights in Efore Plc went over 15 per cent on October 10, 2013.

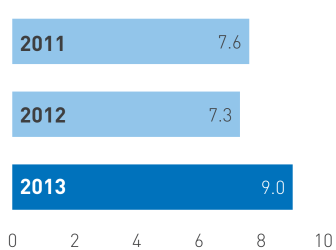
Following the directed share issue to the sellers of Roal Electronics S.p.A.(5,243,243 new shares), the following changes in holdings exceeding the notification limit have taken effect.

Rausanne Group's share of the total number of shares and voting rights, including the companies under its authority (Rausanne Oy, Auratum Oy and Adafor Oy), in Efore Plc went below 10% on July 12, 2013.

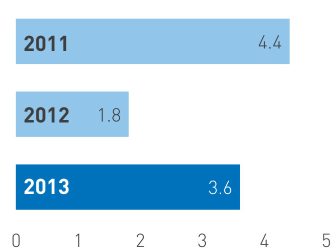
Return on equity (ROE), %



Product development costs, MEUR



Gross investments, MEUR



Sievi Capital Oyj's share of the total number of shares and voting rights in Efore Plc went below 15% on July 12, 2013.

Efore Management Oy's share of the total number of shares and voting rights in Efore Plc went below 5 per cent on July 12, 2013.

In addition, the holdings of Timo Syrjälä, including the companies under his authority, of the share capital and voting rights in Efore Plc went below 5 per cent on July 12, 2013 and Sievi Capital Oyj's share of the total number of shares and voting rights in Efore Plc exceeded 10 per cent on April 12, 2013.

Board authorizations

Authorizing the Board of Directors to resolve on distribution of assets

Efore's Annual General Meeting on February 7, 2013 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, to resolve at its discretion on a possible distribution of assets to the shareholders, either as a payment of dividend from profits or as a distribution of assets from the reserve for invested unrestricted equity, if supported by the financial position of the company. The maximum aggregate amount of the distribution of assets is EUR 0.05 per share.

The authorization includes the right of the Board of Directors to resolve on all other terms and conditions relating to the distribution of assets. The authorization is valid until the beginning of the next Annual General Meeting. The Board of Directors did not use this authorization.

Authorizing the Board of Directors to resolve on the acquisition of the company's own shares

Efore's Annual General Meeting on February 7, 2013 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, to resolve on the acquisition of the company's own shares, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares constituting approximately 9.4% of all the shares in the company may be acquired. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by the NASDAQ OMX Helsinki Oy at the prevailing market price on the date of acquisition, or at the price otherwise formed on the market. The Board of Directors shall resolve the manner in which own shares are acquired. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization was valid until August 26, 2013. The Board of Directors did not use this authorization.

The Extraordinary General Meeting decided on August 26, 2013, in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to decide upon the acquisition of the company's own shares or their acceptance as pledge in one or more instalments on the following terms and conditions:

The amount of own shares to be acquired shall be a maximum of 4,777,000 shares, constituting approximately 9.9% of all company shares. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by NASDAQ OMX Helsinki Oy at the prevailing market price on the date of acquisition, or at a price otherwise dictated by the market. The Board of Directors decides on the manner in which the said own shares are acquired or accepted as pledge. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization shall remain valid until 30 June 2014. The authorization shall supersede the authorization granted by the Annual General Meeting on 7 February 2013 to decide on the acquisition of the company's own shares. The Board of Directors did not use this authorization.

Authorizing the Board of Directors to decide on the issue of shares as well as the issue of options and other special rights entitling to shares

Efore's Annual General Meeting on February 7, 2013 decided , to authorize the Board of Directors in accordance with its proposal, to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 8,500,000 shares.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization is valid until June 30, 2014.

Based on the decision of the Annual General Meeting on February 7, 2013, Efore Plc the Board of Directors decided to use the valid authorization and decided to transfer 74,791 shares to the members of the Board of Directors as part of the payment of the annual remuneration. The number of share has in accordance with the resolution of the Annual General Meeting been determined based on the average price of the closing prices of the Efore Pls Chare April 8–18, 2013. The assignment of the shares took place on June 20, 2013. After the transfer, the company holds a total of 1,143,753 own shares.

The Board of Directors decided to use this authorization to assign shares to the sellers where the company acquired the whole share capital of Roal Electronics S.p.A. The purchase price of equity amounted to EUR 9.7 million. 60 per cent of the purchase price was paid in cash and 40 per cent in

Efore shares. Purchase price paid in Efore shares was equivalent to 5,243,243 Efore shares. Shares were valued at EUR 0.74 per share. Subscribing sellers agreed not to sell its Efore shares within 12 months from the closing date of the transaction.

The Extraordinary General Meeting on August 26, 2013 authorised the Board of Directors to decide, in one or more instalments, on the issuance of shares and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act. The Extraordinary General Meeting decided that the number of shares to be issued may amount to a maximum of 10,000,000 shares.

The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and options as well as other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act may be carried out in deviation from the shareholders' preemptive rights (directed issue).

The authorisation supersedes the authorisation granted by the Annual General Meeting on 7 February 2013 to decide upon the issuance of shares and special rights entitling to shares to the extent that the previous authorization was not used by the date of the general meeting invitation. The authorization shall remain valid until 30 June 2014.

Efore Plc's ("Company" or "Efore") Board of Directors decided to use the valid authorization on 26 September 2013 and to execute a share issue directed for subscription by the public in Finland ("Share Issue"). The purpose of the Share Issue is to strengthen the Company's financial position.

In the Share Issue, a maximum of 8,000,000 new shares in the Company ("New Shares") were offered for subscription, at the subscription price of 0.69 euros per share. The New Shares subscribed in the Share Issue entered into the Trade Register on 18 October 2013. Trading in the New Shares and in the existing shares begun on 21 October 2013.

Short-term risks and factors of uncertainty

The market typical fluctuation in demand can cause rapid changes in Efore's business. Business risks are related to the success of key customers in their markets and to Efore's delivery capability for the key customers.

Progress of Efore's product development projects depends on the customers' own project schedules and the establishment of the whole market.

Expanding the company's product range to standard products in industrial sector means growth of product liability risk. It has been recognized that global economic development may have an effect on Efore's business environment

A more comprehensive report on risk management is presented on the company's web-sites.

Risk management

The purpose of Efore's risk management system is to identify the strategic, operational and financial risks faced by the company and any conventional risks of loss. The risks that Efore takes in its operations are risks that are encountered in pursuit of the company's strategy and goals. Risk management seeks to control these risks in a proactive and comprehensive manner. The measures taken can include risk avoidance, risk reduction, and risk transfer by insurance or agreement.

Management of business risks

In accordance with Efore's operating principles, risk management forms an integral part of the company's business processes in all its operational units. Efore Group and its operational units assess the risks of their own operations, prepare risk management plans, and report risks in accordance with the organizational structure. Efore group defines Business Continuity plan, which is reviewed yearly.

Efore's operational units have long-established training and development programs for reducing occupational accidents and improving overall safety levels. Environmental management systems based on the ISO 14001:2004 standard and quality management tools based on ISO 9001/2000 are applied in the Group's different business locations and form the basis for the management of environmental risks.

There are separate guidelines for data and corporate security. Risk management in procurement is based on harmonized purchasing guidelines, contract clauses, and advanced data systems.

Risk of loss

Efore aims to prevent losses by observing the highest standards in its operations and taking proactive risk management measures. Risks that Efore cannot manage itself are insured. The aim is to have appropriate insurance cover for all risks of loss, such as those concerning assets, business interruption, and operational and product liability.

Management of financing risks

The principles and aims of the Group's management of financing risks is determined in the financing risk policy, which, if necessary is updated and confirmed by the Board of Directors. The management of financing risks aims at avoiding risks and cost-effective arrangements for protecting the Group from factors that may affect its performance and cash flow.

Financing risks are managed through exchange-rate and interest-rate hedging using only financial instruments with a market value and risk profile that can be reliably monitored. Management of financing risks can be found on Notes to the consolidated financial statements, 26.

Long term targets

Efore Group's long term financial target is to reach 10% EBIT level and an average annual net sales growth of 5–10%. Target is to grow especially in industrial sector. Market driven product platforms and better R&D investment utilization are key factors to support company's target to improve profitability.

On short term Efore is focusing to improve its profitability. Target is to reach at least 6% EBIT level at the end of 2015.

Outlook

Long-term demand of wireless network equipment is expected to grow depending however on global economic development. Industrial sector offers several growth areas for Efore. Roal acquisition is a key part of Efore's strategy to grow industrial business sector and balance its businesses.

Achieving the synergy benefits from Roal acquisition and getting new products into volume deliveries as forecasted are essential for the growth and profitability improvement of the company.

In the near future, Efore is concentrating to materialize synergy benefits after the acquisition and to complete the profitability and efficiency improvement program.

Financial estimate for the fiscal year 2014

The Company estimates its net sales of fiscal year 2014 to be EUR 85–95 million and results from operating activities without one-time items to be EUR 1.5–3.5 million.

Events after the fiscal year

As a result of the integration after the acquisition the executive management team has changed in January 2014. The members and their global responsibilities are as follows: Vesa Vähämöttönen (President and CEO), Mikael Malm (COO, Global Operations), Alexander Luiga (EVP, Telecommunication sector), Alessandro Leopardi (EVP, Industrial sector) and Olli Nermes (CFO, Finance and Administration).

On February 13, 2014 Efore announced that the company continues the profitability and efficiency improvement program it started in March 2013. The new program is targeting to annual cost base reduction of at least EUR 1.5 million by the end of this year.

The company is reorganizing its operations in order to improve the competitiveness and to match with the new structure as a result of the acquisition last year.

Reorganizing is expected to result in reduction of maximum 30 employments in Finland, Sweden and China together. In Finland, in addition to permanent layoffs, negotiations will be conducted on possible temporary layoffs affecting all personnel groups.

In addition to the above mentioned program the company has also reduced 34 employments in Tunisia and started in Italy a restructuring program that will involve 51 employments targeting to annual cost base reduction of EUR 1.6 million by the end of this year.

Board of Directors' proposal for the Annual General Meeting

The Board of Directors will propose to the Annual General Meeting on April 10, 2014 that no dividend will be paid.

Consolidated income statement, EUR 1,000

	Note	Nov. 1, 2012–Dec. 31, 2013 (14 months)	Nov. 1, 2011–Oct. 31, 2012 (12 months)
NET SALES	1	82,498	78,122
Change in inventories of finished goods and work in progress		-922	2,295
Work performed for own purposes and capitalised		1,134	0
Other operating income	3	1,369	556
Materials and services	4	-56,941	-55,927
Employee benefits expenses	5	-18,768	-15,869
Depreciation and amortization	6	-3,212	-2,964
Other operating expenses	7	-10,911	-8,820
OPERATING PROFIT (-LOSS)		-5,753	-2,606
Financing income	8	1,654	1,650
Financing expenses	9	-1,964	-2,094
PROFIT (-LOSS) BEFORE TAX		-6,063	-3,050
Income tax expense	10	-104	708
PROFIT (-LOSS) FOR THE PERIOD		-6,166	-2,342
Items that may be subsequently reclassified to profit or loss			
Translation differences		-574	1,390
Total comprehensive income		-6,740	-951
NET PROFIT/LOSS ATTRIBUTABLE			
To equity holders of the parent		-6,106	-2,291
To non-controlling interest		-60	-50
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
To equity holders of the parent		-6,681	-901
To non-controlling interest		-59	-50
Earnings per share calculated on profit attributable to equity holders of the parent:			
Earnings per share, basic eur	11	-0.15	-0.06
Earnings per share, diluted eur	11	-0.15	-0.06

All figures are rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Consolidated balance sheet, EUR 1,000

	Note	Dec. 31, 2013	Oct. 31, 2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	6,862	901
Goodwill	2,13	1,114	0
Tangible assets	14	7,766	6,139
Trade receivables and other receivables	18	48	317
Other non-current investments	15	26	6
Calculatory tax receivable	16	2,273	899
NON-CURRENT ASSETS		18,089	8,261
CURRENT ASSETS			
Inventories	17	14,614	14,162
Trade receivables and other receivables	18	15,221	16,374
Current tax asset		761	0
Cash and cash equivalents	19	9,791	4,514
CURRENT ASSETS		40,387	35,050
ASSETS		58,476	43,311

Consolidated balance sheet, EUR 1,000

	Note	Dec. 31, 2013	Oct. 31, 2012
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	15,000	15,000
Treasury shares	20	-2,426	-2,480
Other reserves	20	29,011	19,807
Translation differences	20	1,387	1,960
Retained earnings		-19,940	-13,861
Equity Holders of the parent company		23,033	20,426
Non-controlling interests		190	249
Equity attributable to equity holders of the parent		23,223	20,675
NON-CURRENT LIABILITIES			
Deferred tax liability	16	857	4
Borrowings	21, 22	3,925	1,525
Other payables	23	25	0
Pension obligations	24	1,581	0
Provisions	25	43	0
NON-CURRENT LIABILITIES		6,430	1,529
CURRENT LIABILITIES			
Current liabilities, interest-bearing	21, 22	9,178	644
Trade payables and other liabilities	23, 26, 27	19,128	19,661
Current tax liability		491	0
Provisions	25	27	802
CURRENT LIABILITIES		28,824	21,107
LIABILITIES		35,254	22,636
TOTAL EQUITY AND LIABILITIES		58,476	43,311

Consolidated cash flow statement, EUR 1,000

	Note	Nov. 1, 2012–Dec. 31, 2013 (14 months)	Nov. 1, 2011–Oct. 31, 2012 (12 months)
Cash flows from operating activities			
Cash receipts from customers		95,310	83,941
Cash paid to suppliers and employees		-93,465	-81,280
Cash generated from operations		1,845	2,661
Interest paid		-324	-303
Interest received		32	29
Other financing items		43	451
Income taxes paid		-163	-235
Net cash from operating activities (A)		1,432	2,603
Cash flows from investing activities:			
Purchase of tangible and intangible assets		-2,933	-1,751
Proceeds from sale of tangible and intangible assets		189	173
Acquisiton of subsidiaries, net of cash acquired		-4,144	0
Purchase of other investments		-1	0
Loans granted		0	0
Increase/decrease of other current investments		1	0
Income taxes paid on investment		-29	0
Net cash used in investing activities (B)		-6,917	-1,578
Cash flows from financing activities:			
Issue of shares for cash		5,324	0
Equity contribution by the non-controlling interest		0	45
Purchase of treasury shares		0	-482
Proceedings from short-term borrowings		9,840	1,835
Repayment of short-term borrowings		-4,899	-5,504
Proceedings from long-term borrowings		3,000	0
Repayment of long-term borrowings		-2,038	-1,723
Financial leasing repayment		-229	-189
Distribution of assets from invested unrestricted equity		0	-2,097
Net cash used in financing activities (C)		10,999	-8,115
Net increase/decrease in cash and cash equivalents (A+B+C)		5,514	-7,091
Cash and cash equivalents at beginning of period on Nov.1		4,514	11,236
Net increase/decrease in cash and cash equivalents		5,514	-7,091
Effects of exchange rate fluctuations on cash held		-236	369
Cash and cash equivalents at end of period on Oct. 31	19	9,791	4,514

Consolidated statement of changes in equity, EUR 1,000

	Equity attributable to equity of the parent								
	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of the parent company	Non-controlling interests	Equity Total
Equity Nov. 1, 2012	**15,000**	**-2,480**	**18,768**	**1,039**	**1,960**	**-13,861**	**20,426**	**249**	**20,675**
Comprehensive income	0	0	0	0	-574	-6,106	-6,679	-59	-6,740
Share-based incentive programme for management	0	0	0	0	0	27	27	0	27
Disposal of own shares	0	55	0	0	0	0	55	0	55
Directed share issue	0	0	9,400	0	0	0	9,400	0	9,400
Transaction costs for equity	0	0	-196	0	0	0	-196	0	-196
Equity Dec. 31, 2013	**15,000**	**-2,426**	**27,972**	**1,039**	**1,387**	**-19,940**	**23,033**	**190**	**23,223**

	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of the parent company	Non-controlling interests	Equity Total
Equity Nov. 1, 2011	**15,000**	**-2,057**	**20,865**	**1,039**	**570**	**-11,570**	**23,847**	**255**	**24,102**
Comprehensive income	0	0	0	0	1,390	-2,291	-901	-50	-951
Distribution of assets from invested unrestricted equity	0	0	-2,097	0	0	0	-2,097	0	-2,097
Purchase of treasury shares	0	-482	0	0	0	0	-482	0	-482
Disposal of treasury shares	0	59	0	0	0	0	59	0	59
Capital invest by the minority	0	0	0	0	0	0	0	45	45
Equity Oct. 31, 2012	**15,000**	**-2,480**	**18,768**	**1,039**	**1,960**	**-13,861**	**20,426**	**249**	**20,675**

Notes to the consolidated financial statements

Basic information

Efore Group is an international company which develops and produces demanding power products. Efore's head office is located in Finland, product development and marketing units in Europe, China and Tunis and production units in China and Tunis.

The Group's parent company is Efore Plc which has its registered office in Espoo, Finland (registered address Linnoitustie 4 B, 02600 Espoo, Finland). The parent company Efore Plc's share has been quoted at the NASDAQ OMX Helsinki Stock Exchange since 1989. Copies of Efore's consolidated financial statements are available online at www.efore.fi or from the parent company headquarters at the above address.

The consolidated financial statements were authorized for issue by the Board of Directors of Efore Plc on February 12th 2014. The Finnish Limited Liability Companies Act permits the shareholders of a possibility to approve or reject the financial statements in the General Meeting that is held after publishing the financial statements. As well, the General Meeting has a possibility to amend the financial statements.

Accounting policies for the consolidated financial statements

Basis for preparation

The consolidated financial statements for the financial period November 1,2012–December 31, 2013 are prepared in accordance with the International Financial Reporting Standards (IFRSs) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on December 31, 2013. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRSs refer to the standards and to their interpretations adopted in accordance with the procedures laid down in the EU regulation (EC) No 1606/2002. Notes to the consolidated financial statements are also in accordance with the Finnish accounting and company legislation.

The consolidated financial statements are prepared on the historical cost basis except for financial assets and financial liabilities measured at fair value through profit or loss, derivative financial instruments and share-based payments measured at fair value at the grant date (granted option rights). Unless otherwise stated, all the figures in these financial statements are presented in thousands of euros.

New standards and interpretations

Efore Plc has adopted from the beginning of the fiscal year of November 1, 2012 following new or amended standards and IFRIC interpretations. These changes have not had any material effect on the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 July 2012) Most significant change is the requirement to classify items of Other Comprehensive Income based on if they may be reclassified to profit or loss in the future. Efore estimates, this standard will not have any material impact on Efore's future financial statements

Subsidiaries

Efore's consolidated financial statements comprise the financial statements of the parent company Efore Plc and its subsidiaries. Subsidiaries are companies in which Efore Plc holds, directly or indirectly, more than 50% of the voting rights or in which it has otherwise the power to govern the financial and operating policies (control). Existence of potential voting rights have been taken into account in assessment whether the control exists, when such instruments are exercisable at the balance sheet date.

Mutual shareholdings are eliminated using the purchase method. Subsidiaries are consolidated from the date when the Group's control commences and consolidation is terminated on the date on which the Group's control ceases.

All intra-group transactions, receivables, liabilities, unrealized gains and distribution of profits within the Group are eliminated in the consolidation. Unrealized losses are not eliminated if the loss is a result of an impairment. The distribution of profit or loss for the financial period to the equity holders of the parent company is presented on the face of the income statement.

Associated companies

Associated companies, in which the Group holds usually between 20% and 50% of the voting rights and in which it has significant influence but not control, are consolidated using the equity method. If the Group's share of the associated company's losses exceeds its holding in the company, the investment is entered into the balance sheet as zero and no consideration is given to losses in excess of that amount unless the Group has other obligations relating to the associated company. Unrealized profits between Efore and its associates are eliminated in proportion to the share ownership. The Group's proportionate share of associates' profit or loss for the financial period is presented as a separate line item below operating profit. In the end of the fiscal year 31th December 2013 / 31th October 2012 there were no associated companies in the group.

Translation of foreign currency items

Figures for the performance and financial position of the Group entities are measured in a currency of each entity's primary operating environment (functional currency). The consolidated financial statements are presented in euros, which is the Group's parent company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the respective functional currency using the exchange rates at the date of the transaction. In practice, an exchange rate that approximates the rate at the date of the transaction is often used. Monetary foreign currency balances at the balance sheet date are translated into functional currency using the exchange rates prevailing at the balance sheet date. Non-monetary foreign currency items measured at fair value are translated into functional currency using the exchange rates ruling at the dates that the fair value was determined. Other non-monetary items are translated using the exchange rate at the transaction date. Gains and losses arising from foreign currency transactions and translation of monetary balances are recognized in profit or loss. Exchange rate differences arising from the translation of trade receivables denominated in foreign currencies and exchange rate differences resulting from the translation of trade payables denominated in foreign currencies are presented under financial income and expenses. In addition to this other exchange gains and losses are also presented under financial income and expenses. Exchange rate differences on derivatives designated as hedges of foreign currency net position are recognized under financial items.

Translation of the financial statements of the foreign group companies

Income and expenses for the income statements of foreign group companies are translated into euro by using the averages of the average rates of the European Central Bank for the calendar months in the financial period, while their balance sheets are translated at the closing rates at the balance sheet date. Using different exchange rates for translating the result for the financial period in the income statement and in the balance sheet results in a translation difference, which is recognized in equity. Translation differences arising from the elimination of the cost of foreign subsidiaries and from the translation of the accumulated post-acquisition equity balances are recognized in equity. When a subsidiary is disposed of all or partly, the relevant cumulative translation differences are transferred to profit or loss as part of the gain or loss on the sale. Translation differences arisen in connection with preparation of the consolidated financial statements are presented under equity as a separate item.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. In such cases, the cost of replacing part of such item is capitalized and the carrying amount of those parts that are replaced is expensed. Otherwise, subsequent costs are recognised in the carrying amount of the property, plant and equipment only if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be determined reliably. Other maintenance, repair and renewal costs are expensed as incurred. Land and water are not depreciated.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Buildings and constructions	20–40 years
Machinery and equipment	3–10 years
Other tangible assets	5 years

To other tangible assets has been included improvement expenses of rental premises. The residual values and useful lives are reviewed at least at each financial year-end and where they differ from previous estimates, depreciation periods are changed accordingly to reflect the changes in the expectations of the future economic benefits.

Gains and losses on decommissioning and disposal of property, plant and equipment are included in other operating income and expenses, respectively.

Depreciation is terminated when an item of property, plant and equipment is classified as a non-current asset held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Government grants

The recognition method of grants received from the Government or other sources of public sector depends on the nature of the grant. Such grants that compensate the Group for expenses incurred are recognised as revenue in the same period in which the expenses are incurred. These grants are presented as other operating income. Grants that compensate the Group for the acquisition of property, plant and equipment are recognised by deducting the grant from the cost of the asset. These grants are recognised as income in the form of lower depreciation and amortisation charge over the items' useful lives. Government grants are recognised when there is reasonable assurance that the grants will be received and the Group will comply with the conditions associated with them.

Intangible assets

Goodwill

Goodwill arisen from the business combinations represents the excess of the cost over the net identifiable assets, liabilities and contingent liabilities measured at fair value. Goodwill is not amortised but it is tested annually for any impairment.

Goodwill is not amortized, but instead it is subject to annual impairment testing procedure once a year, or more frequently if there are indications that it might be impaired. For this purpose goodwill has been allocated to the cash generating units "CGU" which it relates to. An impairment charge loss on goodwill is recognized in the consolidated income statement, if the impairment test shows that its carrying amount exceeds its estimated recoverable amount. In this case the carrying amount is reduced to its recoverable amount through recognition of an impairment loss against goodwill. An impairment loss on goodwill cannot be reversed.

Research and development expenditure

Research expenditure is recognized as an expense in profit or loss. Development expenditure arising from designing of new or more advanced products are capitalized in the balance sheet as intangible assets from the moment the product is technically feasible, it can be applied commercially and it is expected to generate future economic benefits. Capitalized development costs comprise the material, labour and testing expenditure that are directly attributable to the process of completing the product for its intended use.

Development process proceed gradually including seven predefined milestones and four gate assessment. Gate assessments are approved by management team. Efore starts capitalization of development costs, when management team concludes that capitalization conditions in IAS 38 are satisfied.

An asset is amortised from the date it is available for use. An asset that is not yet available for use is tested annually for impairment. Capitalized development costs are measured subsequently at cost less accumulated amortisation and impairment. Capitalized development costs are amortised on a straight-line basis over their useful life that is 3–5 years.

Intangible rights

To intangible rights have been included user rights of IT software.

Intangible assets financial lease

To intangible assets financial lease have been included the capitalised value of financial leasing contracts from IT software.

Other intangible assets

To other intangible assets have been included the capitalised costs from IT projects. An intangible asset is initially capitalized in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Intangible assets that have finite useful lives are amortised on a straight-line basis over their known or estimated useful lives. Intangible assets which have indefinite useful lives are not amortised but they are tested annually for impairment.

Amortisation periods for the other intangible assets are as follows:

Customer relationships	7 years
Product rights	7 years
Development expenditure	3–5 years
Intangible rights	5 years
Intangible assets (financial lease)	5 years
Others Intangible assets	3 years

Non-current assets classified as held for sale

Non-current assets (or disposal group) and assets and liabilities relating to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for classifying an asset as held for sale is considered to be met when its sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject to only terms that are usual and customary, when the management is committed to sell the asset and the sale is expected to be completed within one year from the date of classification. Since the classification date the assets held for sale (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation and amortisation on these assets is terminated at the date of classification. Those assets and liabilities belonging to a disposal group that are not in the scope of the measurement rules of IFRS 5 are measured also after the classification date in accordance with the applicable IFRSs.

Assets classified as held for sale, disposal groups, items recognised directly into equity and relating to the assets held for sale as well as liabilities including into a disposal group are presented separately from the other items in the balance sheet.

Inventories

Inventories are measured at cost or at net realizable value, whichever is lower. The cost of raw materials is determined using the weighted average cost method. The cost for finished goods and work in progress consists of raw materials, direct labour, other direct expenditure and an appropriate part of the variable and fixed production overheads based on the normal operating capacity. The net realizable value is the estimated sales price in the ordinary course of business less the estimated expenditure of completion and selling the product. Obsolete and slow-moving inventories have been subjected to impairment in accordance with the Group's measurement policies.

Leases

Group as lessee

Leases of tangible and intangible assets, in which substantially all the risks and rewards incidental to the ownership are transferred to the Group, are classified as finance leases. An asset acquired by way of finance lease is capitalized in the balance sheet at the fair value of the leased asset at the commencement of the lease term, or at the present value of the minimum lease payments, whichever is lower. An item acquired by way of finance lease is depreciated or amortised over the shorter of the item's useful life and the lease term. Lease payments are divided into finance costs and reductions of the lease liability during the lease term so, that the interest on the remaining liability is constant in each financial period. Lease obligations are included in the interest-bearing liabilities.

Leases in which the lessor retains the risks and rewards incidental to the ownership are treated as operating leases. Lease payments made under operating leases are recognized in profit and loss on a straight-line basis during the lease term.

Impairments

Tangible and intangible assets

The carrying values of assets are reviewed on each balance sheet date to identify any impairment. If any indications of impairment exist, the asset's recoverable amount is estimated. Estimates will also be made on the recoverable amount for the following assets at least annually irrespective of whether there are any indications of impairment: intangible assets with indefinite useful lives and capitalized development costs (unfinished intangible assets). The need for impairment is considered at the cash-generating unit level, which is the lowest unit level for which there are separately identifiable, mainly independent, cash inflows and outflows.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use represents the discounted future net cash flows expected to be derived from an asset or a cash-generating unit . The discount rate is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is entered immediately in profit or loss. At recognition of the impairment loss the useful life of a depreciable or amortisable asset is reviewed. An impairment loss recognized on other assets than goodwill is reversed subsequently if there has been a change in the estimates used for determining the recoverable amount of an asset. The impairment loss to be reversed may, however, not exceed the carrying value the asset would have without the recognition of the impairment loss.

Employee benefits

Pension obligations

The Group has entered into various pension plans in different countries in accordance with local conditions and practices. The Group's pension plans are classified as defined contribution plans. Under defined contribution plans the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the payee of the contributions does not have sufficient assets to pay pension benefits in question. Payments made into defined contribution pension plans are expensed in the period to which they apply.

Long-term employee benefits

The Group has also due to an acquisition of an Italian subsidiary a long-term employee benefit, which will become due when employment of employees covered with this benefit ceases. A related liability is recognised in consolidated balance sheet. Measurement of this liability is based on actuarial calculations, but the measurement of a long-term employee benefits is not subject to the same degree of complex actuarial assumptions as post-employment benefits. The group recognizes in personnel expenses current service cost, interest expense of the liability and potential re-measurement.

Share-based payments

Those schemes paid as equity instruments are measured at fair value on the grant date and expensed on a straight-line basis over the vesting period. Corresponding amounts are recognized directly as an increase of Retained earnings in equity. The scheme's effect on profit or loss is presented in employee benefit expenses. The expense determined on the grant date is based on a Group's estimate on the number of options that are assumed to vest at the end of the vesting period. The fair value is determined using the Black-Scholes option-pricing model. The Group updates the assumption on the final number of options at each balance sheet date. Changes in assumptions are recognized in profit or loss. The assumptions and estimates made in connection with determination of the fair value relate to expected dividend yield, volatility and maturity of options, among others. Non-market conditions as profitability and certain goal for growth rate of profit are not taken into account when estimating the fair value of an option, but they have an effect on the estimates of the final number of options.

When option rights are exercised, the subscription-based payments, adjusted by possible transaction costs, are recognized in equity. Payments received for subscriptions of shares, based on options granted prior to the new Limited Liability Companies Act in force since September 1, 2006, have been recognized in accordance with the terms of the scheme into share capital and share premium account.

Due to an the acquisition of the Italian subsidiary there was established a share based incentive programme for its key management personnel. Any rewards based on this programme are treated partly as equity-settled and partly as cash-settled. Further information of this program is presented in note 20 to consolidated financial statements.

Financial assets and liabilities

The Group's financial assets are classified into the following categories: financial assets at fair value through profit or loss as well as loans and receivables. Financial assets are classified when initially acquired on the basis of their intended use. All acquisitions and sales of financial assets are recognized at the date of transaction. In the case of financial assets not measured at fair value through profit or loss, the transaction costs are included in the cost. The Group derecognizes financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

Financial assets at fair value through profit or loss

In Efore financial assets held for trading are classified into this category. Financial assets held for trading comprise quoted shares and funds acquired primarily for profit making from the short-term fluctuations in market prices. Those derivatives that are not financial guarantees contracts or do not qualify for hedge accounting are classified as held for trading. Both realized and unrealized gains and losses arising from fluctuations in market value are recognized in profit or loss as incurred. Financial assets held for trading are included in the current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group does not hold them for trading. Loans and receivables are measured at amortised cost. They are included in current or non-current financial assets depending on their maturity. At each balance sheet date the Group assesses if there is objective evidence of impairment regarding an individual receivable or a group of receivables. The amount of any impairment is assessed primarily on the basis of the risk involved in each item. An impairment loss is recognized as expense in profit or loss.

Trade receivables are recognised in the balance sheet at their original invoicing value and stated less any credit losses. The assessment of the amount of doubtful receivables and any need for impairment is based on the risk involved in each item. Trade receivables are measured at their probable value at the highest. An impairment loss on trade receivables is recognized if there is objective evidence that the Group will not recover all its receivables on original terms. The group recognizes impairment from trade receivables, when there is objective evidence that the receivable can't be collected to full amount. Significant economic difficulties, probability of liquidation, default in payments or delays in payments over 90 days are evidence of impairment of trade receivables. The amount of impairment loss is recognized in income statement and it is measured as the difference between the asset's carrying amount and the present value of estimated future cash discounted at the effective interest rate.

Credit losses recognized as an expense are included in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, call deposits and other highly liquid current investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Items qualifying as cash and cash equivalents have original maturities of three months or less from the date of acquisition. Bank overdrafts relating in Group's cash pool accounts are included within current liabilities.

Financial liabilities

Efore's financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost. Into the first-mentioned category are classified the Group's derivative financial liabilities and into the latter the loans from financial institutions. Initially the financial liabilities are measured at fair value. Transaction costs are included in the original cost of those financial liabilities measured at amortised cost. Financial liabilities are included in both non-current and current liabilities and they can be interest-bearing or non-interest-bearing. Financial liabilities are classified as current if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Both realized and unrealised exchange gains and losses are recognized in profit or loss under financial income and expenses as incurred. Borrowing costs are expensed as incurred.

Derivative financial instruments

Derivative financial instruments are measured both initially and subsequently at fair value. The Group uses derivatives to hedge against foreign currency risks related to the currency position of the balance sheet. The Group does not, however, apply hedge accounting as specified in IAS 39. Due to this all gains and losses, both realised and unrealised, arising from the fair value changes of derivatives are recognised in profit or loss as incurred regardless of the fact that the hedged item has not an effect on profit or loss until in the future period. Fair value changes are included under financial items in the income statement. In the balance sheet these derivatives designated to hedge against foreign currency risks are presented in current receivables or liabilities.

Trade payables

Trade payables are recognized to the original invoiced amount, which is assessed to reflect their fair value due to short maturity of trade payables.

Provisions

A provision is recognized in the balance sheet when the Group has, as a result of a past event, a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions may relate to restructuring operations, onerous contracts, legal cases and warranty costs, among others. A reimbursement from a third party relating to a part of the provision is recognised as a separate asset only when the reimbursement is virtually certain.

A warranty provision is recognized when the underlying product is sold. The amount of the provision is based on historical warranty data. Warranty provisions are expected to be used within two years. A restructuring provision is recognized when the Group has drawn up a detailed restructuring plan and has begun to implement the plan or has provided a notification of it. A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligation under the contract exceed the expected benefits to be derived by the Group from a contract.

Contingent assets and contingent liabilities

Contingent liability is a possible obligation that arises from past event and its existence will be confirmed only by the occurrence of an uncertain event that is not in the control of the group. Contingent liability is also a present obligation that arises from past events it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liability is presented in the notes to the financial statement.

Contingent asset is a possible asset that arises from past event and it's existence will be confirmed only by the occurrence of an uncertain event that is not in the control of the group. Contingent assets is presented in the notes to the financial statements, if the inflow of economic benefits is reasonably certain.

Income taxes

Accrual-based taxes that are based on the taxable income calculated in accordance with the local tax legislation and present tax rate in force for each company, tax adjustments for prior years and changes in deferred taxes are recognized as income taxes in the consolidated income statement. Income tax relating to items charged or credited directly in equity is recognised in equity, respectively.

Deferred tax liabilities and assets are recognized for the temporary differences between the carrying amounts in the balance sheet and tax bases of assets and liabilities of the Group companies and on the differences arising from Group eliminations. The tax rate used for determining the deferred tax liabilities and assets is the enacted tax rate at the balance sheet date for the following year in the country in question.

The most significant deferred tax assets and liabilities arise from the depreciation of property, plant and equipment relating to the Group eliminations. No deferred taxes are recognized for subsidiaries' undistributed profits to the extent that the taxes will not probably reverse in the foreseeable future.

Deferred tax liabilities are recognized at the full amount. Deferred tax assets are recognised only to the extent that it is probable that taxable income will be generated in the future, against which the temporary difference can be utilised.

Revenue recognition principles

Revenue from product sales is recognized when the significant risks and rewards of ownership are transferred to the buyer and the Group is no longer in possession of the products or has no control over them. Principally revenue is recognised upon delivery in accordance with the terms of delivery of the products. Revenue from services is recognized in the financial period the services are rendered to the customer. As net sales is presented revenue from sales deducted by the discounts granted, indirect taxes and exchange rate differences of the sales denominated in foreign currencies.

Interest income is accounted for using effective interest method and dividend income, when the right to receive dividend is appropriately authorized.

Non-recurring items

Non-recurring items are unusual and seldom recurring items which have a material effect. Non-recurring item is material when it causes at least of 0,1 MEUR recognition in profit or loss. Changes in accounting estimates are not non-recurring items. Changes in accounting estimates are e.g. changes in depreciation plans or in depreciation methods.

Operating profit

IAS 1 Presentation of Financial Statements does not define Operating Profit. The Group has a following definition: The operating profit is the total of net sales and other operating income from which expenses for material and services adjusted by change in work in progress as well as manufacturing for own use deducted by employee benefits, depreciation, amortization and impairment charges on non-current assets and other operating are subtracted. Foreign currency differences related to working capital items are included in the operating profit, whereas other foreign currency differences are included in financial items.

Accounting policies requiring management's judgments and key sources of estimation uncertainty

The Management of the group makes decisions that relate to adoption and application of accounting principles. This concerns specially such cases, where applicable IFRS's allow alternative recognition, measurement or presentation. Decisions made by the management that relate e.g. to credit losses, deferred tax assets, obsolescence of inventories and provisions for guarantees are based on generally applied models and case by case estimates. When models are used information of earlier events and present management view of the markets has been used. Assessment of individual events is based on the best available information when preparing the financial statements.

Estimates that are made in connection with the preparation of financial statements are based on the best view of the management at the balance sheet date. Background to estimates is earlier experience and assumptions that are most probable at the balance sheet date that relate to e.g. expected development of sales and cost levels at the group's economic environment. The group follows the actual outcome of estimates and assumptions as well as changes in factors regularly together with business units using several internal and external information sources. Potential adjustments in estimates and assumptions are recognized during the period estimate or presumption is reassessed as well as in following periods.

Those major assessment and such uncertainties that relate to estimates at the balance sheet date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below. The management of the group has assessed that following areas are most important in respect of application of accounting principles since the applicable accounting principles are most complex and application requires use of significant estimates and assessments e,g, in connection with valuation of assets. In addition effect of estimates and assessments in these areas are expected to be most significant.

- useful life, and thus total depreciation/amortization periods, for different categories of intangible and tangible non-current assets,
- probability of future taxable profits against which tax deductible temporary differences can be utilized,
- net realizable value of inventories,
- fair value (collectable amount) of trade receivables,
- fair value of assets acquired in business combination and
- future business estimates and other elements of impairment testing.

New and amended standards and interpretations

Efore Plc has not yet adopted the following new and amended standards and interpretations. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year
* = Change has not yet been endorsed by the EU

- Amendments to IAS 19 Employee Benefits (effective for financial years beginning on or after 1 January 2013) In the future all actuarial gains and losses will be recognised to other comprehensive income thus corridor method will no longer be available and net interest will be based on discount rate of the pension obligation. Efore estimates, this standard will not have any material impact on Efore's future financial statements.
- IFRS 10 Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2014) IFRS 10 defines control over investee as a primary factor, when assessing of consolidation requirement. In addition standard provides further guidance how to assess control in difficult cases. IFRS 10 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- IFRS 11 Joint Arrangements (effective for financial years beginning on or after 1 January 2014) IFRS 11 gives weight to rights and obligation in a joint arrangement over the legal form. Joint arrangements can be either Joint Operations or Joint Ventures. Joint Ventures are accounted for in the future by equity method and earlier alternative to apply proportionate consolidation is no longer available. IFRS 11 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- IFRS 12 Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2014) IFRS 12 defines disclosure requirements related to interests in other entities including entities in which a significant influence exists, joint arrangements, structured entities and other non-consolidated entities IFRS 12 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- IFRS 13 Fair Value Measurement (effective for financial years beginning on or after 1 January 2013) IFRS 13 set the requirements related to valuation to fair value and disclosure requirements. In addition this new standard includes definition of fair value. Use of fair value as a valuation basis remains the same, but standard will contain guidance of measurement of fair value when it is either allowed or required in other standards. IFRS 13 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- Revised IAS 27 Separate Financial Statements (effective for financial years beginning on or after 1 January 2014) Revised standard includes remaining requirements for separate financial statements in IAS 27 after guidance related to control have been included in new IFRS 10. Revised IAS 27 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- Revised IAS 28 Investments in Associates and Joint Ventures (effective for financial years beginning on or after 1 January 2014) After IFRS 11 was published the revised standard includes requirements for both associates and joint ventures to be accounted for in accordance with equity method. Revised IAS 28 is subject to endorsement by the EU. Efore estimates that this standard will not have any material impact on Efore's future financial statements.
- IFRS 9 Financial Instruments (no defined effective date at this stage) *. New standard will be published in three phases and it is intended to replace current IAS 39 Financial Instruments: Recognition and Measurement. Changes in the first phase relate to financial assets. Different valuation categories remain, but these have been simplified. Financial assets are divided to two valuation categories; valuation based on amortised cost and valuation to fair value. Classification depends on the business model of the entity and the nature of contractual cash flows. IFRS 9 is assessed to have a significant effect on accounting treatment of financial assets in the Group. IFRS 9 is subject to endorsement by the EU. Efore estimates, this standard will not have any material impact on Efore's future financial statements. This standard has not yet been endorsed by EU.
- IFRS 7 IFRS 7 (amendment) "Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2013). The standard will not have any material impact on Efore's financial reporting.
- Annual improvements to IFRSs 2009–2011 (effective from 1 January 2013)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for financial years beginning on or after 1 January 2014): The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a conse-

quence of laws or regulations. Efore estimates that this standard will not have any material impact on Efore's future financial statements.

- IFRIC 21 Levies* (effective for financial years beginning on or after 1 January 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. Efore estimates that amendments will not have any material impact on Efore's future financial statements.
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions* (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. Efore estimates that amendments will not have any material impact on Efore's future financial statements.
- Annual Improvements to IFRSs (2011–2013 cycle* and 2011–2012 cycle*, December 2013) (effective for financial years beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. Their impacts vary standard by standard but are not significant.

Other changes in IFRS standards and IFRIC interpretations or new IFRIC interpretations are not expected to have significant effect on Efore's future consolidated financial statements.

1. SEGMENT INFORMATION (EUR 1,000)

Efore Group reports according to business segment. The business segment refers to the whole Group i.e. the figures in the business segment are consistent with the consolidated figures. Products and services sold by Efore are based on a single technology platform. The President and CEO and the Executive Management Team are the highest operational decision-makers, and they monitor the Group's operating profit as the basis for profitability analysis and resource allocation.

The geographical areas are divided into four groups: The Americas (North, Central and South America), EMEA (Europe, Middle East and Africa), Finland and APAC (Asia, and the Pacific Region). The geographical segments are based on net sales according to the customers' location i.e. the market areas. Assets and investments are according to the location of the items in question. Non-allocated assets contain cash and cash equivalents, interest receivables and current tax assets.

Geographical areas 2013 (14 months)	Americas	EMEA	Finland	APAC	Non-allocated	Group
Net sales	7,460	40,398	10,910	23,730	0	82,498
Assets	80	5,754	7,874	18,814	12,063	44,586

Geographical areas 2012 (12 months)	Americas	EMEA	Finland	APAC	Non-allocated	Group
Net sales	1,256	41,978	11,074	23,814	0	78,122
Assets	0	602	12,420	24,871	5,419	43,311

From net sales 2013 over 50 percent is coming from two major customer. From customer A EUR 14,288 (21,962 thousand and customer B EUR 29,364 (34,326) thousand, that totals EUR 43,652 (56,288) thousand.

Net sales consists of sales of goods EUR 81,831 (76,991) thousand and of services EUR 667 (1,131) thousand.

2. BUSINESS ACQUISITIONS

Acquisition of a subsidiary in 2013

Efore Oyj undersigned on 10 July 2013 the share purchase agreement of the 100% shares of Italian company Roal Electronics S.p.A. The purchase price amounted to EUR 9.7 million. 60 per cent of the purchase price was paid in cash and 40 per cent in Efore shares. Shares were valued at EUR 0.74 per share. Purchase price paid in Efore shares was equivalent to 5,243,243 Efore shares. Efore board decided to use the AGM authorization to assign the shares to the sellers.

Roal acquisition is a key part of Efore's strategy to grow industrial business sector and balance its businesses.

Intangible assets arising from business combinations have been recognized separately form goodwill at fair value at the time of acquisition. The Group has allocated EUR 2.0 million to intangible assets mainly related to customer base and product rights. Estimated fair value of the real estate in Italy is EUR 0.9 million lower than the book value was in the acquired company. The goodwill of EUR 1.1 million arose from the acquisition based on the anticipatory synergy benefits.

The Group has recognized EUR 1.0 million advisory fees related to the transaction. Fees are included in other operating costs. The final purchase calculation equals with the provisional purchase calculation.

If Roal Group had been consolidated to Group financial statements as from November 1, 2012, net sales of the Group would have been EUR 105.7 million. Roal consolidation as from November 1, 2012 would have had EUR 0.7 million negative effect on Efore Group's result.

Consideration transferred	**MEUR**
Cash	5.8
Fair value of shares issued	3.9
Total acquisition costs	9.7

Acquired assets and liabilities	**Fair values used in consolidation, MEUR**
Intangible assets	4.5
Tangible assets	3.1
Deferred tax assets	1.6
Inventories	7.3
Trade receivables and other receivables	7.7
Cash and cash equivalents	1.7
ASSETS TOTAL	25.9
Deferred tax liability	1.1
Pension obligations	1.6
Interest-bearing liabilities	4.7
Trade payables and other liabilities	9.9
LIABILITIES TOTAL	17.3
Total identifiable net assets	8.6
Goodwill	1.1
Total	9.7

Efore Group had no business acquisitions during the fiscal year 1.11.2011–31.10.2012.

3. OTHER OPERATING INCOME (EUR 1,000)

	2013 (14 months)	2012 (12 months)
Product development grants	**90**	119
Gain on disposal of non-current assets, tangibles	**10**	7
Other income	**1,269**	430
Total	**1,369**	556

4. MATERIALS AND SERVICES (EUR 1,000)

	2013	2012
Materials	**57,040**	53,268
Change in inventories	**-1,129**	1,868
Services	**1,030**	791
Total	**56,941**	55,927

5. EMPLOYEE BENEFITS EXPENSES (EUR 1,000)

	2013	2012
Wages and salaries	**14,757**	13,199
Pension expenses, defined contibution plans	**2,096**	978
Other social security expenses	**1,915**	1,692
Total	**18,768**	15,869

Information about management remuneration, other employment benefits and share-holdings are shown in Note 31. Related party transactions.

Average personnel	2013	2012
Average number of personnel during fiscal year	**836**	888
Personnel on balance sheet date	**934**	804

The number of own personnel including temporary personnel.

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS (EUR 1,000)

	2013	2012
Depreciation and amortization by asset class		
Development costs	**623**	470
Intangible rights	**332**	173
Intangible assets, finance lease	**155**	154
Other intangible assets	**15**	35
Buildings and structures	**21**	0
Machinery and equipment	**1,558**	1,643
Machinery and equipment, finance lease	**48**	32
Other tangible assets, customised 2	**12**	0
Other tangible assets	**448**	456
Total	**3,212**	2,964

7. OTHER OPERATING EXPENSES (EUR 1,000)

	2013	2012
Rental costs	1,510	2,313
Voluntary employee benefits	2,022	1,146
Professional fees	2,881	2,014
Office and administrational expenses	790	442
Maintenance and operational costs	1,278	1,265
Travel expenses	736	647
Costs of entertainment	50	38
Insurance expenses	132	76
Marketing expenses	125	69
Car expenses	146	117
Other fixed expenses	768	346
Sales services	348	0
Losses on sales of fixed assets	123	347
Total	10,911	8,820

Audit fees:		
KPMG		
Audit	80	32
Tax services	26	57
Other services	75	7
	181	96
Other authorised accounting firms		
Audit	19	27
Tax services	0	0
Other services	0	0
	19	27
TOTAL		
Audit	100	58
Tax services	26	57
Other services	75	7
Total	201	123

8. FINANCING INCOME (EUR 1,000)

	2013	2012
Interest income from loans and other receivables	32	26
Exchange rate gains from loans and other receivables	1,622	1,622
Other financing income	0	2
Total	1,654	1,650

9. FINANCING EXPENSES (EUR 1,000)

	2013	2012
Interest expenses to financial liabilities at amortised cost	889	363
Exchange rate losses from loans and other liabilities	921	1,559
Other financial expenses	154	172
Total	1,964	2,094
Exchange differences recognized in the income statement (- loss / + gain)		
Financing income and expenses	701	62
Total	701	62

10. INCOME TAXES (EUR 1,000)

	2013	2012
Income taxes in income statement		
Tax based on taxable income for fiscal year	**-488**	-151
Income taxes on investments	**-29**	0
Taxes from previous fiscal years	**0**	-38
Deferred taxes	**414**	897
Total	**-104**	708
Income taxes recognized in the consolidated income statement differ from income tax according to parent company's tax rate as follows:		
Result before taxes	**-6,063**	-3,050
Taxes calculated at parent company's tax rate (24.5%)	**1,485**	747
Differing tax rates of foreign subsidiaries	**-654**	-1,520
Non-deductible expenditure	**-977**	-814
Tax-exempt income	**1,126**	699
Taxes from earlier fiscal periods	**0**	-38
Use of previously unrecognized tax on losses	**-646**	1,562
Changes in deferred tax assets due to changes in future expectations	**-285**	0
Other items	**-153**	72
Tax in consolidated income statement	**-104**	708

11. EARNINGS PER SHARE (EUR 1,000)

	2013	2012
Result for fiscal year attributable to owners of parent company	**-6,106**	-2,291
Weighted average number of shares (1,000 pcs)	**41,423**	39,284
Effect of the shares determined in the share-based incentive plan	**220**	0
Diluted average weighted number	**41,643**	39,284
Earnings per share, eur		
Basic	**-0.15**	-0.06
Diluted	**-0.15**	-0.06

Basic

The earnings per share is calculated by dividing the profit or loss attributable to the owners of the parent company by the average number of shares during the fiscal year.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2013 earnings per share are diluted by the share-based payments of the share-based incentive programme for the Roal Electronics S.P.A. key management, for which the cost recognition period has not yet ended. These payments are treated as share options in the calculation for diluted earnings per share even though they remain contingent. Options have a diluting effect, when the exercise price with an option is lower than the market value of the company share. Not yet recognised option expenses are accounted for in the exercise price. The diluting effect is the number of shares that the company has to issue gratuitously because the funds received from the exercised options do not cover the fair value of the shares. The fair value of the company's share is determined as the average market price of the share during the period.

12. INTANGIBLE ASSETS (EUR 1,000)

Intangible assets 2013	**Development costs***	**Intangible rights**	**Intangible assets finance lease**	**Other intangible assets**	**Total**
Cost on Nov. 1	8,807	1,576	847	578	11,808
Translation difference (+/-)	1,416	113	0	0	1,529
Acquisitions through business combinations	2,401	2,098	1	442	4,942
Additions	1,926	3	619	10	2,559
Disposals	0	0	-44	-393	-438
Reclassifications between classes	0	0	0	32	32
Cost on Dec. 31	14,550	3,790	1,423	669	20,431
Accumulated amortization and impairment on Nov.1	-8,208	-1,384	-742	-572	-10,907
Translation difference (+/-)	-1,424	-113	0	0	-1,537
Reclassifications between classes	0	1	11	-12	0
Amortization	-623	-332	-155	-15	-1,125
Accumulative amortization and impairment on Dec. 31	-10,255	-1,829	-886	-599	-13,568
Book value on Dec. 31, 2013	4,295	1,961	537	70	6,863

Intangible assets 2012	**Development costs***	**Intangible rights**	**Intangible assets finance lease**	**Other intangible assets**	**Total**
Cost on Nov. 1	8,456	1,567	847	578	11,449
Additions	351	10	0	0	360
Disposals	0	-1	0	0	-1
Reclassifications between classes	0	0	0	0	0
Cost on Oct. 31	8,807	1,575	847	578	11,808
Accumulated amortization and impairment on Nov.1	-7,738	-1,212	-588	-537	-10,075
Amortization	-470	-173	-154	-35	-831
Accumulative amortization and impairment on Oct. 31	-8,209	-1,384	-742	-571	-10,907
Book value on Oct. 31, 2012	598	192	105	7	901

* For year 2012 the carrying amount of unfinished development costs is 127 thousand euros. Development costs are tested for impairment during each quarter. In the test the carrying amount of development costs are compared to its recoverable amount. Recoverable amount is defined as its value of use, which is the present value of the future cash flows expected to be derived from an asset. In the end of fiscal year 2013 there has been unfinished development projects 1,899 thousand euros.

Impairment testing

For impairment testing the goodwill is allocated to a cash generating unit Roal subgroup. The recoverable amount has been determined based on value-in-use calculations. Cash flow forecasts are based on five year forecasts approved by management. Cash flows beyond the five-year period are extrapolated using an estimated 2% growth in net sales.

Impairment testing

1. The development of Net sales, EBITDA and Investments has been based on long term forecasts of management.
2. The growth of working capital has been calculated by 12% of net sales.
3. Discount rate has been determined by means of weighted average cost of capital (WACC) which describes the total costs of equity and liabilities taking into consideration business risks of the field. The discount rate of 10,8% is pre tax rate.

According to sensitivity analysis discounted the net present value of the discounted cash flows would equal the carrying amount, if EBITDA would be 8% lower during the years 2014–2018 or if the discount rate would be 0,9%-units higher.

13. CONSOLIDATED GOODWILL (EUR 1,000)

Consolidated Goodwill 2013	Consolidated goodwill
Cost on Nov. 1	0
Acquisitions through business combinations	1,114
Cost on Dec. 31	1,114
Accumulative depreciation and impairment on Nov. 1	0
Accumulative depreciation and impairment on Dec. 31	0
Book value on Dec. 31, 2013	1,114

14. TANGIBLE ASSETS (EUR 1,000)

Tangible assets 2013	Land and water	Buildings	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Cost on Nov. 1	0	0	17,895	627	0	4,601	126	23,248
Translation difference (+/-)	0	0	-354	0	0	-120	0	-473
Acquisitions through business combinations	134	1,284	1,577	0	79	0	0	3,073
Additions	0	0	843	45	8	56	247	1,199
Disposals	0	0	-1,040	0	-113	-134	-176	-1,463
Reclassifications between classes	0	0	18	0	0	0	-50	-32
Cost on Dec. 31	134	1,284	18,939	672	-26	4,403	147	25,552
Accumulative depreciation and impairment on Nov. 1	0	0	-12,700	-565	0	-3,844	0	-17,109
Translation difference (+/-)	0	0	232	0	0	108	0	340
Accumulated depreciation on disposals	0	0	916	0	113	42	0	1,071
Depreciation	0	-21	-1,558	-48	-12	-448	0	-2,087
Accumulative depreciation and impairment on Dec. 31	0	-21	-13,111	-613	100	-4,142	0	-17,786
Book value on Dec. 31, 2013	134	1,263	5,828	59	74	261	147	7,761

Tangible assets 2012	Land and water	Buildings	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Cost on Nov. 1	0	0	20,204	601	0	3,920	65	24,790
Translation difference (+/-)	0	0	1,033	0	0	292	0	1,324
Additions	0	0	848	43	0	440	148	1,478
Disposals	0	0	-4,202	0	0	-56	-88	-4,345
Reclassifications between classes	0	0	11	-16	0	5	0	0
Cost on Oct. 31	0	0	17,895	627	0	4,601	126	23,248
Accumulative depreciation and impairment on Nov. 1	0	0	-14,213	-549	0	-3,194	0	-17,956
Translation difference (+/-)	0	0	-556	0	0	-228	0	-785
Accumulated depreciation on disposals	0	0	3,712	16	0	34	0	3,762
Depreciation	0	0	-1,643	-32	0	-456	0	-2,131
Accumulative depreciation and impairment on Oct. 31	0	0	-12,700	-565	0	-3,844	0	-17,109
Book value on Oct. 31, 2012	0	0	5,195	62	0	756	126	6,139

15. OTHER SHARES AND HOLDINGS (EUR 1,000)

	2013	2012
At beginning of fiscal year	6	2
Acquisitions through business combinations	18	0
Additions	2	4
Other shares	26	6

16. DEFERRED TAX ASSETS AND LIABILITIES (EUR 1,000)

Deferred tax assets	Nov. 1, 2012	Recognized in income statement	Translation difference (+/-)	Business transactions	Dec. 31, 2013
Tax losses	899	397	-26	0	1,270
Acquisitions through business combinations	0	-183	0	1,186	1,003
Total	899	214	-26	1,186	2,272
Deferred tax liabilities					
Cumulative depreciation in excess of plan	4	0	-1	0	3
Acquisitions through business combinations	0	-197	0	1,051	854
Total	4	-198	-1	1,051	857
Deferred taxes, net	895	412	-26	135	1,416

Deferred tax assets	Nov. 1, 2011	Recognized in income statement	Translation difference (+/-)	Business transactions	Oct. 31, 2012
Tax losses	0	899			899
Total	0	899			899
Deferred tax liabilities					
Cumulative depreciation in excess of plan	9	-6			4
Total	9	-6			4
Deferred taxes, net	-9	905			895

Group companies in Finland and USA had tax losses totaling EUR 36.4 (32.5) million on December 31, 2013. A deferred tax asset was not recognized on of them because they may not be usable. EUR 5.2 million of those deferred tax assets are allocated to Finland and EUR 3.6 million are allocated to USA. The losses will expire from 2016 onwards. The parent company also has EUR 0.6 million unrecognized avoir-fiscal receivable.

In group companies in China from the fiscal loss calculatory tax receivable of EUR 1.3 (0.9) million has been booked.

A deferred tax liability on the undistributed earnings of the subsidiaries has not been recorded in the consolidated accounts because the tax is not expected to be realized in the foreseeable future.

17. INVENTORIES (EUR 1,000)

	2013	2012
Materials and supplies	6,512	5,524
Work in progress	2,157	1,436
Finished goods	5,945	7,202
Total	14,614	14,162

In the fiscal year 2013 the reversal of previously made write-down on inventory of EUR 1 thousand was recognised. Previous fiscal year write-down on inventory amounted to EUR 256 thousand.

In the financial periods total expenses from inventories were EUR 55,699 (52,841) thousand. To this amount are included from income statement materials and change in inventories from the group materials and services and also change in inventories of finished goods and work in progress.

18. TRADE RECEIVABLES AND OTHER RECEIVABLES (EUR 1,000)

	2013	2012
Long-term trade receivables	0	317
Long-term other receivables	38	0
Long-term prepayments and accrued income	10	0
Trade receivables	13,463	13,897
Allowance for bad debt	-275	-1
Other receivables	1,254	1,830
Prepayments and accrued income	779	648
Total	15,269	16,691

The book value of the receivables is essentially the same as their fair value. During the fiscal year the Group recognized write-offs of EUR 1 thousand (EUR 83 thousand) on trade receivables. Write-offs includes change in allowance for bad debt and realised bad debts.

	2013	2012
Allowance for bad debt Nov.1	1	0
Translation difference	-1	0
Additions	281	94
Written off for the year	-6	-93
Allowance for bad debt Dec.31	275	1
Analysis of trade receivables past due:		
Neither past due nor impaired	6,832	12,149
Due not more than 30 days	2,963	1,372
Due 31 to 60 days	2,275	383
Due 61 to 90 days	363	97
Due 91 to 120 days	97	156
Due more than 120 days	933	56
Total	13,463	14,214
Trade and other receivables by currency:		
EUR	4,601	6,934
RMB	2,531	3,926
USD	8,027	5,788
EEK	0	43
SEK	44	0
Others currencies	65	-1
Total	15,269	16,691
Items included in Prepayments and accrued income:		
Accrued employee benefit expenses	127	0
Other items	652	648
Total	779	648

19. CASH AND CASH EQUIVALENTS (EUR 1,000)

	2013	2012
Cash at banks	9,791	4,514

20. CAPITAL AND RESERVES (EUR 1,000)

Number of shares, share capital and share premium account	Number of shares	Share capital	Acquisition of treasury shares	Unrestricted equity reserve	Total
1.11.2011	39,583,713	15,000	-2,057	20,865	33,808
Acquisition of treasury shares	-713,668		-482		
Assignment of treasury shares	82,817		59		
Distribution of assets from invested unrestricted equity				-2,097	
Shares outstanding per Oct. 31, 2012	38,952,862	15,000	-2,480	18,768	31,287
1.11.2012	**38,952,862**	**15,000**	**-2,480**	**18,768**	**31,287**
Assignment of treasury shares	**74,791**		**55**		
Share issue	**13,243,243**			**9,400**	
Transaction costs for equity				**-196**	
Shares outstanding per Dec. 31, 2013	**52,270,896**	**15,000**	**-2,426**	**27,972**	**40,546**
Total number of shares	**55,772,891**				
Own shares held by company December 31, 2013	**3,501,995**				

The number of Efore Plc shares was 55,772,891 and the share capital EUR 15,000,000.00 on December 31, 2013. In the company's Articles of association has not been stated highest amount of shares or share capital. All the issued shares have been paid for in full. Shares have no nominal value. The company has one type of shares. The voting right for each share is one vote per share.

Below is a description of the reserves within equity:

Other reserves

Unrestricted equity reserve

The total value EUR 1,400.00 of the new shares issued in the directed share issue to Efore Management were booked to unrestricted equity reserve. The Annual General Meeting on February 9th, 2010 decided to decrease the share capital of the Efore Plc by EUR 19,450,000. The decreased amount was transferred to the unrestricted equity reserve. The parent company's sales of treasury shares amounting to EUR 14,547.36 has been entered in the unrestricted equity reserve. (Year 2010). According to the decision made by the Annual General Meeting February 9th 2012, in the fiscal period distribution of assets from the reserve of invested unrestricted equity was made, amounting 2,097,097.75 EUR. The distribution of assets per one share was 0.05 EUR. The share issue of EUR 9,399,999.82 and the related Transaction costs for equity costs of EUR -195,887.84 have been booked in the unrestricted equity reserve during the fiscal year 2013.

Legal reserve

The legal reserve includes the proportion transferred to restricted equity in accordance with the Articles of Association or a decision by a meeting of shareholders.

Other reserves

Other reserves include amounts included in the restricted equity of foreign Group companies.

Reserve for own shares

Reserve for own shares consists of the cost of own shares. In 31.12.2013 group parent company had 1,143,753 of it's own shares. The acquistions cost were totalled EUR 742,886.41 Efore Management Oy, group company owned by Efore management team. In 31th of December 2013 Efore Management Oy had 2,358,242 of shares. In the Group Financial Statement Efore Plc has consolidated Efore Management Oy to Group Balance sheet. Efore Plc's shares that Efore Management has acquired are shown in equity as acquisition of own shares. Group had at 31th of December 2013 3,501,995 Efore Plc shares and the total value was EUR 2,425,731.10 The amount is reported as a reduction in equity.

Translation reserve

The translation reserve contains translation adjustments arising from the translation of the financial statements of foreign operations.

Dividends

No dividend were distributed.

Share-based incentive programme

The Board of Directors of Efore Plc has decided to launch a new share-based incentive programme for Roal Electronics S.p.A (Roal) key directors. Roal key directors joined the Efore Group in connection with the acquisition of Roal. The aim of the Plan is to combine the objectives of the shareholders and Roal key directors in order to increase the value of the Company, to commit Roal key directors to the Company, and to offer them a competitive reward programme based on holding the Company shares.

The Plan includes one vesting period, beginning on 11 July 2013 and ending on 30 June 2016. The criterion to vest during the vesting period is the share price development of the Efore Plc share during the vesting period. The Board of Directors may, at its discretion, decide to end the vesting period earlier.

The potential reward will be paid partly in the Company's shares and partly in cash in July 2016. The proportion to be settled in cash is intended cover taxes and tax-related costs arising from the reward to Roal key directors. As a rule no reward will be settled, if Roal key directors' employment or service ends before 30 June 2016.

Four Roal key directors belong to the target group of the Plan. The rewards to be settled on the basis of the Plan will correspond to the value of a maximum total of 440,000 Efore Plc shares (including also the proportion to be paid in cash).

21. INTEREST-BEARING LIABILITIES (EUR 1,000)

	2013 Book value	2012 Book value
Non-current		
Finance lease liabilities, EUR	423	25
Loans from financial institutions	302	0
Pension loan	3,200	1,500
Total	3,925	1,525
Current		
Finance lease liabilities, EUR	181	144
Loans from financial institutions	7,897	0
Pension loan	1,100	500
Total	9,178	644

Pension loans are due in the years 2016 and 2018. Rates of interest are 1.75%–2.4%. Interest-bearing liabilities are measured at amortized cost, which is materially equivalent to fair value.

Maturity dates of non-current liabilities

2013	2014	2015	Later
Finance lease liabilities	181	423	0
Loans from financial institutions	7,897	302	0
Pension loan	1,100	1,100	2,100
Total	9,178	1,825	2,100

2012	2013	2014	Later
Finance lease liabilities	144	25	0
Loans from financial institutions	0	0	0
Pension loan	500	500	1,000
Total	644	525	1,000

22. MATURITY OF FINANCE LEASE LIABILITIES (EUR 1,000)

	2013	2012
Finance lease liabilities - Total amount of minimum lease payments		
Less than 1 year	243	147
1–5 years	399	25
More than 5 years	0	0
	642	172
Finance lease liabilities - present value of minimum lease payments		
Less than 1 year	181	144
1–5 years	423	25
More than 5 years	0	0
	604	169
Financing expenses accumulating in the future	38	3
Total amount of finance lease liabilities	604	169

Finance lease liabilities consist of lease agreements for IT software.

23. TRADE PAYABLES AND OTHER LIABILITIES (1,000 EUR)

	2013	2012
Non-current		
Accured liabilities	25	0
Current		
Advances received	28	0
Trade payables	15,093	16,376
Liabilities to related parties	30	0
Other payables	1,887	1,263
Currency derivatives	45	2
Accruals and deferred income	2,045	2,020
Total	19,128	19,661

Book values of trade payables belonging to category of liabilities measured at amorized cost are in essentially equivalent to fair value. Derivatives are measured at fair value based on valuations received from the counter party.

Material items included in accruals and deferred income

Current interest payable	68	12
Accrued personnel expenses	1,811	1,128
Other items	165	880
Total	2,045	2,020

24. PENSION OBLIGATIONS (1,000 EUR)

Group has other post-employment benefit obligations under IAS 19 standard in Italy The Italian legislation provides that, at employment contract termination, each employee receives a severance indemnity (Trattamento Fine Rapporto TRF), which will paid out from company hold fund or from external fund. The amount of each annual installment is equal to approximately 6.9% of gross annual salary and accrued monthly to personnel expenses. TRF Provision reflects the company's liability to leaving employees. Value of liability is a face value adjusted by index annually. Actuarial assumpltions comprise demographic assumptions on the future characteristic of current and former employees and financial assumptions based on market expectations.

	2013	2012
Pension obligations 1.11.	0	0
Acquisitions through business combinations	1,630	0
Paid benefits	-49	0
Pension obligations 31.12.	1,581	0

25. PROVISIONS (1,000 EUR)

	2013	2012
Non-current provisions		
Other provisions 1.11.	0	
Acquisitions through business combinations	254	
Provisions used	-212	
Other provisions at the end of the fiscal year	43	
Current provisions		
Warranty provision Nov. 1.11.	110	291
Translation difference	-3	28
Additions	0	96
Provisions used	-81	-304
Warranty provision at the end of the fiscal year	27	110
Provision for onerous contract 1.11.	692	0
Additions of provisions	0	692
Provisions used	-692	
Provision for onerous contract at the end of the fiscal year	0	692
Provisions total	27	802

Products sold by the company have a normal 24 month warranty time. Future warranty costs relating to delivered products are recognized in the warranty provision. Actual warranty costs are recognized in the income statement in the fiscal year in which they arise. In the fiscal year of 2012, resulting from ceasing the production in Parnü Estonia, a provision for onerous contract was recognized from the rental agreement of the premises. Provision was used in 2013.

26. FINANCIAL RISK MANAGEMENT

The principles and objectives of the Group's financial risk management are determined in the financing risk policy, which, if necessary is updated and approved by the Board of Directors. Financial risk management risks aims at avoiding risks and providing cost-effective arrangements for protecting the Group from factors that may affect its performance and cash flow.

Long-term pension loans have fixed rates of interest.

Financial risks are managed by foreign exchange and interest rate hedging using only financial instruments with a market value and risk profile that can be reliably monitored.

Over 50% of revenue is accumulated by two customers. Total amount of trade receivables from these two key customers were EUR 3.6 million, from which EUR 0.5 million was overdued. Maturity analysis of trade receivables and currency exposure of trade and other receivables are presented in note 18, Trade and other receivables.

Foreign exchange rate risk

Foreign exchange rate risk refer to the risks caused by changes in foreign exchange rates which can affect business performance or Group solvency. Most of the Group's sales are denominated in the euro, the Renminbi and the US dollar. The operating expenses are generated in the euro, the US dollar, the Swedish krona and the Renminbi. The main foreign currency surpluses and deficits are hedged according to the Group hedging policy. Hedging is carried out by using foreing currency loans and foreign exchange derivatives, such as forward contracts, and options. Foreing exchange dericatives have a duration of 1–3 months. Strengthening of 10% of the Renminbi against the euro would have an -2.8 million EUR negative effect on the profit of the Group. Weakening of 10% of the Renminbi against the euro would have an +2.8 million EUR positive effect on the profit of the Group. Strengthening of 10% of the US dollar against the euro would have an +3.5 million EUR positive effect on the profit of the Group. Weakening of 10% of the US dollar against the euro would have an -3.5 million EUR negative effect on the profit of the Group.

In the financial statements the equity of foreign subsidiaries is translated at the European Central Bank's average fixing rate on the balance sheet date. Exchange rate differences are presented in the consolidated financial statements as translation differences. The net investments in foreign operations has not been hedged. The instrument used for hedging against exchange-rate risks and their nominal values at the end of the fiscal year are specified in note 27, Fair values of derivative financial instruments.

Interest rate risk

Interest rate risks are caused by fluctuations in interest rate affecting the Group's income, loan portfolio and cash reserves. Interest rate risks are managed by making correct decisions on the interest periods of the liabilities and by using different types of interest rate derivative instruments. On the balance sheet date, the Group did not have any open interest rate derivatives.

Liquidity risk

According to the financing policy, liquidity risk management, funding and efficient cash management of the Group are responsibilities of the parent company. The liquidity risk is managed by adequate cash assets, partial sale of trade receivables, credit limits and by monitoring the maturities of loans.

At the end of the fiscal year the Group's liquid assets totalled EUR 9.8 million (EUR 4.5 million). The Group's interest-bearing liabilities totalled EUR 13.1 million (EUR 2.2 million). The company's financing reserves comprised unused credit limits totalling EUR 7.6 million on December 31, 2013, from which will expire within 17 months. Credit limits were utilized EUR 3.8 milj on December 2013. No credit limits were utilised on October 31, 2012.

Financial liabilities past due, 2013	Carrying amount	Contractual cash flows	6 months or less	6–12 months	Later
Trade payables	15,121	15,121	15,121	0	0
Loans from financial institutions	8,199	8,417	5,421	2476	302
Pension loan	4,300	4,464	450	450	3,400
Finance lease liabilities	604	642	0	243	399
Foreign exchange derivatives, negative fair value	45	45	45	0	0

Financial liabilities past due, 2012	Carrying amount	Contractual cash flows	6 months or less	6–12 months	Later
Trade payables	16,376	16,376	16,376	0	0
Loans from financial institutions	0	0	0	0	0
Pension loan	2,000	2,133	253	253	1,627
Finance lease liabilities	169	172	0	147	25
Foreign exchange derivatives, negative fair value	2	2	2	0	0

Credit and other counterparty risks

Each business unit is primarily responsible for the management of their operational credit risks. Credit risk management is carried out in accordance with the Group's credit policy and the aim is to minimize possible credit losses. Material items of trade receivables are evaluated on a counterparty basis in order to identify possible impairment.

The credit risks related to the investment of liquid assets and derivate contracts are minimized by setting credit limits for the counterparties and by concluding agreements only with leading domestic and foreign banks and financial institutions.

27. FAIR VALUES OF DERIVATE FINANCIAL INSTRUMENTS (EUR 1,000)

	2013	2012
Currency derivatives, not under hedge accounting		
Option contract		
Nominal value	2,030	782
Negative fair value	45	2

28. OPERATING LEASE COMMITMENTS (EUR 1,000)

	2013	2012
Group as lessee		
Non-cancellable minimum operating lease payments.		
Less than 1 year	955	705
1–5 years	397	480
More than 5 years	0	0
	1,352	1,185

The Group has rented the operating facilities it uses excluding Italian facilities. The leases for the premises will expire latest on December 2015. In most cases the leases include the option to continue the lease past the original expiry date. Operating lease commitments include leases for the premises for EUR 882 thousand (EUR 954 thousand), rents from equipments for EUR 470 thousand (EUR 231 thousand).

29. OTHER CONTRACTS

The Group has certain significant customer contracts that include a condition normal for the sector, according to which the parties have the right to terminate the contract if a controlling interest in the company is transferred to a party which is a competitor of the customer.

The company has certain significant financial contract that include a condition normal for the sector, according to which the contract may be terminated if a controlling interest is transferred to another company.

30. CONTINGENT LIABILITIES (EUR 1,000)

	2013	2012
For others		
Other contingent liabilities	100	100

31. RELATED PARTY TRANSACTIONS (EUR 1,000)

The Group's parent and subsidiary company relationships are as follows	Registered office	Home country	Group ownership, %	Share of voting rights, %	Parent company ownership, %
Parent company					
Efore Plc	Espoo	Finland			
Shares in subsidiaries owned by the parent company Efore Plc:					
Fi-Systems Oy	Espoo	Finland	100	100	100
Efore (USA), Inc.	Dallas TX	USA	100	100	100
Efore AB	Stockholm	Sweden	100	100	100
Efore (Hongkong) Co., Limited	Kowloon	China	100	100	100
Efore (Suzhou) Automotive Technology	Suzhou	China	100	100	100
Roal Electronics S.p.A	Castelfidardo	Italy	100	100	100
Shares in subsidiaries owned by FI-Systems Oy:					
Efore (Suzhou) Electronics Co., Ltd	Suzhou	China	100	100	
Efore As	Pärnu	Estonia	100	100	
Shares in subsidiaries owned by Roal Electronics S.p.A:					
Roal Tunisia Sarl, Tunis	Charguia	Tunisi	100	100	
Roal Electronics USA Inc	Pennsylvania	USA	100	100	
Investment company of the management					
Efore Management Oy	Espoo	Finland	0	100	0

The following transactions were carried out with related parties	2013	2012
Key management personnel		
Salaries and other short-term employment benefits	1,398	1,257
Benefits after termination of employment	0	0
Total	1,398	1,257
Liabilities to related parties:		
Other key management personnel	30	0
	30	0
Remuneration, President and CEO		
Vesa Vähämöttönen	254	275
Remuneration, members of Board of Directors		
Casoli Franscesco	9	0
Heikkilä Olli	38	33
Järvinen Richard	3	31
Liu Tommy	36	29
Luoma Marko	37	32
Marttila Päivi	12	0
Miettinen Marjo	32	0
Simola Jarmo	2	0
Siponmaa Ari	2	31
Takanen Jarkko	2	0
Vikkula Matti	71	61
	244	217
Other key management personnel	900	764
includes fees	0	0

Efore Management has total 2,358,242 Efore Plc shares. 273,842 shares were acquired through directed share issue to Efore Management in 10.1.2012. In this share issue the shares were owned by the company. The subscription price was 0.84 EUR per share. The value of the directed share issue were booked to unrestricted equity reserve and reserve for own shares. Members of the Efore management team own through Efore Management 4.2% of the Efore Plc's shares. Efore Management has a 1,356,000 EUR loan granted by the Efore Plc. The interest rate of the loan is 3% and the loan is repaid latest 30.4.2014. The contract is valid until the end of year 2013, when it is to be annuled according to plan decided later. Contract is continued year by year if the stock exchange price of the share for year 2013 and 2014 is lower than the average acquired price by which Efore Management acquired the shares. Efore Management is not able to sell shares freely when the contract is valid. The Members of Efore Plc's Management Group will own shares of Efore Management until the contract is annuled.

To related parties have not been granted pension commitments with special terms. No loans other than through Efore Management have been granted to the related parties. Other key management personnel comprises persons who belong to the Group's executive management team. In the financial period no options were granted to management personnel.

The Board of Directors' fees have been paid in part in shares.

Income statement for the parent company, EUR 1,000

	Note	1.11.12–31.12.13 (14 months)	1.11.11–31.10.12 (12 months)
NET SALES	1	35,074	46,763
Change in inventories of finished goods and work in progress		-4,096	3,454
Other operating income	2	2,423	7,445
Materials and services			
Materials and consumables			
Purchases during the financial year	3	26,318	42,625
Change in inventory	3	127	-108
Materials and consumables in total		26,444	42,517
External services	3	785	601
		27,229	43,118
Personnel costs			
Wages, salaries and fees	4	5,044	4,113
Social security expenses			
Pension expenses	4	862	803
Other social security expenses	4	277	233
		6,183	5,149
Depreciation, amortization and impairments			
Depreciation and amortization according to plan	5	404	774
		404	774
Other operating expenses	6	6,174	5,345
OPERATING PROFIT (LOSS)		-6,590	3,276
Financing income and expenses			
Income from group companies (dividend)	7	2,760	1,015
Other interest and financial income	7	897	1,390
Interest expenses and other financing expenses	7	-759	-867
		2,898	1,537
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		-3,692	4,814
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		-3,692	4,814
Income taxes			
Income taxes for the period		-171	-279
PROFIT (LOSS) FOR THE PERIOD		-3,863	4,535

Balance sheet for the parent company, EUR 1,000

ASSETS	Note	Dec. 31, 2013	Oct. 31, 2012
NON-CURRENT ASSETS			
Intangible assets			
Development costs	8	786	214
Intangible rights	8	73	192
Other capitalized long-term expenses	8	33	6
		892	412
Tangible assets			
Machinery and equipment	8	225	218
Other tangible assets	8	3	5
Advance payments and constructions in progress	8	142	126
		370	349
Investments			
Holdings in Group companies	9. 10	12,408	1,612
Other shares and holdings	9	6	6
		12,414	1,617
CURRENT ASSETS			
Inventories			
Materials and consumables		41	167
Finished goods		3,417	7,513
		3,458	7,681
Non-current receivables			
Trade receivables	11	0	317
Receivables from Group companies	11	33,356	33,356
Prepayments and accrued income		10	0
		33,366	33,673
Current receivables			
Trade receivables	11	1,913	3,690
Receivables from Group companies	11	3,701	2,091
Other receivables	11	215	289
Prepayments and accrued income	11	416	246
		6,245	6,316
Cash and cash equivalents		3,224	1,993
TOTAL ASSETS		59,967	52,041

Balance sheet for the parent company, EUR 1,000

EQUITY AND LIABILITIES	Note	Dec. 31, 2013	Oct. 31, 2012
EQUITY			
Share capital	12	15,000	15,000
Other reserves	12	27,425	17,970
Retained earnings	12	3,429	-1,106
Profit (loss) for the period	12	-3,863	4,535
		41,991	36,399
LIABILITIES			
Non-current liabilities			
Pension loans	13	3,200	1,500
Loans to Group companies	13	3,500	0
		6,700	1,500
Current liabilities			
Loans from financial institutions	13	2,000	0
Pension loans	13	1,100	500
Advances received	13	8	0
Trade payables	13	96	813
Liabilities to Group companies	13	7,116	12,045
Other liabilities	13	158	126
Accruals and deferred income	13	799	658
		11,277	14,142
TOTAL EQUITY AND LIABILITIES		59,967	52,041

Parent company's cash flow statement, EUR 1,000

	Nov. 1, 2012–Dec. 31, 2013	Nov. 1, 2011–Oct. 31, 2012
Cash flows from operating activities:		
Cash receipts from customers	33,934	59,310
Cash paid to suppliers and employees	-38,798	-59,299
Cash generated from operations	-4,864	11
Interest paid	-108	-94
Dividends received	2,760	1,015
Interest received	67	108
Other financing items	313	88
Income taxes	-33	-206
Net cash from operating activities (A)	-1,865	921
Cash flows from investing activities:		
Purchase of tangible and intangible assets	-905	-88
Proceeds from sale of tangible and intangible assets	1	294
Loans granted	0	-180
Acquisition of subsidiaries	-5,820	-1,100
Purchase shares	0	-4
Net cash used in investing activities (B)	-6,724	-1,077
Cash flows from financing activities:		
Proceeds from issue of share capital	5,520	0
Acquisiton of own shares	0	-482
Disposal of own shares	0	192
Distribution of assets	2,000	0
Proceeds from short-term borrowings	3,000	0
Proceeds from long-term borrowings	0	-2,097
Repayment of long-term borrowings	-700	-500
Net cash used in financing activities (C)	9,820	-2,887
Net increase/decrease in cash and cash equivalents (A+B+C)	1,231	-3,044
Cash and cash equivalents at beginning of period on Nov. 1	1,993	5,037
Cash and equivalents at end of period on Dec. 31/Oct. 31	3,224	1,993

Accounting policies for the financial statements of parent company

General

The financial statements of Efore Plc (registered office in Espoo, Finland), are prepared and presented in accordance with the Finnish Accounting Act and other applicable laws and provisions in effect in Finland (Finnish Accounting Standards, FAS).

Foreign currency items

Transactions in foreign currencies are recognized at the exchange rate valid on the date of transaction. Foreign currency receivables and liabilities outstanding on the balance sheet date are measured using the exchange rates on the balance sheet date. Exchange gains and losses arising from ordinary business operations are treated as adjustment items for sales and purchases. Exchange gains and losses on financing are recognized as financial income and expenses. Derivatives entered into for hedging currency positions related to balance sheet items are measured at fair value and the resulting fair value changes are recorded under financial items.

Measurement of non-current assets

The balance sheet values of intangible and tangible assets are stated at historical cost less accumulated amortization, depreciation and impairment losses. Planned depreciation on intangible and tangible assets is made on a straight-line basis over their estimated useful lives. Gains and losses on sales of intangible and tangible assets are included in the operating result.

The estimated useful lives for different groups of assets are as follows:

Development expenditure	3–5 years
Intangible rights	5 years
Other non-current expenditure	5–10 years
Machinery and equipment	3–10 years
Other tangible assets	5 years

An impairment loss is made on the carrying value of an item of intangible and tangible assets, if it is evident that earnings expectations do not cover the carrying value of the asset.

Development costs relating to the largest individual projects are capitalized under intangible assets. The capitalized development costs are amortized over those financial periods in which they generate income.

Those investments and receivables with a useful life of more than one year are presented as other non-current investments and receivables.

Inventories

Inventories are measured at the lower of cost and probable replacement value or estimated realizable value. In addition to variable costs attributable to the purchase and production, the cost of inventories includes a proportion of the fixed purchasing and production costs. The weighted average price is used for the measurement of the raw materials included in the inventories.

Provisions

Future expenditure and losses that the company is committed to cover but which have not yet realized are presented as provisions in the balance sheet. These include among other things warranty costs. Changes in provisions are included under the relevant expenses in the income statement.

Net sales

The calculation of net sales deducts from the revenue the discounts granted, indirect taxes and exchange differences arising from translating the foreign currency trade receivables.

Leasing

All leasing charges are treated as rental expenditure. The unpaid leasing charges related to the future financial periods are presented as lease obligations in the notes to the financial statements.

Pensions

The pension cover of the company's employees is arranged through insurance policies in pension insurance companies. Pension costs are expensed as incurred.

Income taxes

The taxes of the fiscal year and the tax adjustments for previous fiscal years are recognized as income taxes in the income statement.

Notes to the financial statements, parent company, EUR 1,000

1. NET SALES IN MARKET AREAS BY CUSTOMERS

	2013 (14 months)	2012 (12 months)
Finland	2,878	4,707
European Union, except Finland	30,606	39,553
USA	516	1,145
Other countries	1,074	1,359
Total	35,074	46,763

2. OTHER OPERATING INCOME

	2013	2012
Service fee charges, Group companies	2,267	2,705
Product development subsidies	90	119
Others	66	4,622
Total	2,423	7,445

3. MATERIALS AND SERVICES

	2013	2012
Materials and consumables		
Purchases during the financial year	26,318	42,625
Change in inventory	127	-108
Materials and consumables in total	26,444	42,517
External services	785	601
Materials and services in total	27,229	43,118

4. PERSONNEL COSTS

	2013	2012
Wages, salaries and fees	5,044	4,113
Pension costs	862	803
Other social security expenses	277	233
Total	6,183	5,149
Management salaries and fees		
President and CEO, Members of the Board of Directors	499	492
Total personnel, average		
Salaried employees	79	80

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2013	2012
Depreciation and amortization according to plan:		
Development costs	117	459
Intangible assets	122	171
Other capitalized expenditure	5	29
Machinery and equipment	158	113
Other tangible assets	2	2
Total	404	774

6. OTHER OPERATING EXPENSES

	2013	2012
Other operating expenses are normal expenses		
Audit fees:		
KPMG		
Audit	25	19
Tax services	26	55
Other services	75	7
Total	126	81

7. FINANCING INCOME AND EXPENSES

	2013	2012
Dividend income		
From Group companies	2,760	1,015
Total	2,760	1,015
Other interest and financial income		
From Group companies	87	73
From others	810	1,317
Total	897	1,390
Interest expenses and other financial expenses		
Group companies	-145	-34
Others	-614	-833
Total	-759	-867
Financial income and expenses in total	2,898	1,537
The item 'financial income and expenses' includes exchange rate gains/losses, net	830	745

8. NON-CURRENT ASSETS

	2013	2012
Intangible assets		
Development costs		
Cost on Nov. 1	9,375	9,396
Additions	816	268
Disposals	-127	0
Cost on Oct. 31/Dec. 31	10,064	9,375
Accumulated amortization on Nov. 1	9,161	8,702
Amortizations	117	459
Accumulated amortization on Oct. 31/Dec. 31	9,278	9,161
Boook value on Dec. 31	786	214
Intangible rights		
Cost on Nov. 1	1,538	1,528
Additions	3	10
Cost on Oct. 31/Dec. 31	1,541	1,538
Accumulated amortization on Nov. 1	1,346	1,175
Amortization Nov. 1–Dec. 31	122	171
Accumulated amortization on Oct. 31/Dec. 31	1,467	1,346
Book value on Oct. 31/Dec. 31	73	191
Other capitalized long-term expenses		
Cost on Nov. 1	2,336	2,336
Additions	32	0
Cost on Oct. 31/Dec. 31	2,368	2,336
Accumulated amortization on Nov. 1	2,330	2,301
Amortization	5	29
Accumulated amortization on Oct. 31/Dec. 31	2,335	2,330
Book value on Oct. 31/Dec. 31	33	6

	2013	2012
Tangible assets		
Machinery and equipment		
Cost on Nov. 1	**6,148**	6,087
Additions	**164**	69
Disposals	**0**	-8
Cost on Oct. 31/Dec. 31	**6,313**	6,148
Accumulated depreciation on Nov. 1	**5,930**	5,817
Depreciation	**158**	113
Accumulated depreciation on Dec. 31	**6,088**	5,930
Book value on Oct. 31/Dec. 31	**225**	218
Other tangible assets		
Cost on Nov. 1	**697**	697
Cost on Oct. 31/Dec. 31	**697**	697
Accumulated depreciation on Nov. 1	**692**	691
Depreciation	**2**	2
Accumulated depreciation on Dec. 31	**695**	692
Book value on Oct. 31/Dec. 31	**3**	5
Advance payments and constructions in progress		
Cost on Nov. 1	**126**	65
Change	**16**	60
Cost on Oct. 31/Dec. 31	**142**	126
Book value on Oct. 31/Dec. 31	**142**	126

9. INVESTMENTS

	2013	2012
Holdings in Group companies		
Shares on Nov. 1	**1,612**	512
Additions	**10,796**	1,100
Book value on Oct. 31/Dec. 31	**12,408**	1,612
Other shares and similar rights of ownership		
Shares on Nov. 1	**6**	2
Additions	**0**	4
Book value on Oct. 31/Dec. 31	**6**	6

10. SHARES AND SIMILAR RIGHTS OF OWNERSHIP

		2013	2012
Subsidiary companies		**Book value**	**Book value**
Fi-Systems Oy, Espoo	Finland	**3**	3
Efore (USA), Inc. Dallas TX	USA	**0**	0
Efore AB, Stockholm	Sweden	**107**	107
Efore (Hongkong) Co., Limited, Kowloon	China	**1**	1
Efore (Suzhou) Automotive Power Technology Co., Ltd., Suzhou	China	**1,500**	1,500
Roal Electronics S.p.A	Italy	**10,796**	10,796
		12,408	12,408
Other shares and similar rights of ownership		**6**	6

11. RECEIVABLES

	2013	2012
Non-current receivables from Group companies		
Subordinated loans	**32,000**	32,000
Loan receivables	**1,356**	1,356
Non-current receivables in total	**33,356**	33,356

The company has given Fi-Systems a subordinated loan of EUR 32,000,000.00. The interest rate 5%. In the event of liquidation on bankrupcy, the principal and interest payable to Efore Plc recorded in the balance sheet included in the financial statements of the latest completed fiscal period or in later financial statements. If interest cannot be paid, the interest accumulated during such a fiscal period will be payable later. The loan has no security. For the loan accumulated unpaid interest is EUR 8,635,833.33. The interest receivable is not recognized to balance sheet.

The company has given Efore Management a loan of EUR 1,356,000. The interest rate is 3%. The loan will be repaid in full by 30 April 2014, at the latest. Should the plan be continued by one year at a time in 2013 and 2014, the loan period may be extended respectively. During the validity of the plan, the transfer of the Company's shares held by Efore Management Oy has been restricted.

	2013	2012
Non-current receivables		
Trade receivables	**0**	317
Prepaid expenses and accrued income	**10**	0
	10	317
Current receivables		
Trade receivables	**1,913**	3,690
Other receivables	**215**	289
Prepaid expenses and accrued income	**416**	246
	2,544	4,225
Current receivables from Group companies		
Trade receivables	**2,050**	789
Interest receivables	**77**	54
Prepaid expenses and accrued income	**1,574**	1,248
	3,701	2,091
Current receivables in total	**6,245**	6,316
Prepaid expenses and accrued income		
Company prepaid expenses and accrued income include the following items:		
Accrued personnel costs	**127**	36
Product development grant	**33**	58
Other items	**265**	151
	425	246

12. EQUITY

	2013	2012
Share capital on Nov. 1	**15,000**	15,000
Share capital on Oct. 31/Dec. 31	**15,000**	15,000
Own shares	**-830**	-599
Aquisition of own shares	**0**	0
Assignment of own shares	**55**	250
Own shares on Oct. 31/Dec. 31	**-776**	-830
Other reserves		
Reserve for invested unrestricted equity on Nov. 1	**18,801**	20,865
Distribution of assets	**9,400**	-2,097
Gain on assignment of own shares	**0**	33
Reserve for invested unrestricted equity on Oct. 31/Dec. 31	**28,201**	18,801
Retained earnings on Nov. 1	**3,429**	-1,106
Profit for the period	**-3,863**	4,535
Equity total	**41,991**	36,399

Calculation of distributable earnings

	2013	2012
Retained earnings	**3,429**	-1,106
Profit for the period	**-3,863**	4,535
Reserve for invested unrestricted equity	**28,201**	18,801
Own shares	**-776**	-830
Distributable earnings from equity	**26,991**	21,399
Parent company share capital		
(one type of shares)	**2013**	**2012**
	pcs	**pcs**
Shares on Nov. 1	**41,311,104**	42,529,648
Purchase of own shares	**0**	-713,668
Own shares	**0**	-861,535
Share issue	**13,243,243**	273,842
Assignment of own shares	**74,791**	82,817
Outstanding shares on Oct. 31/Dec. 31	**54,629,138**	41,311,104
Parent company share capital		
(one type of shares)	**2013**	2012
	pcs	pcs
Shares	**55,772,891**	42,529,648

13. LIABILITIES

	2013	2012
Non-current liabilities		
Pension loans	3,200	1,500
Non-current intra-Group		
Other liabilities	3,500	0
Non-current liabilities total	6,700	1,500
Current liabilities		
Loans from financial institutions	2,000	0
Pension loans	1,100	500
Advances received	8	0
Trade payables	96	813
Others	158	126
Accruals and deferred income	799	658
	4,160	2,097
Currrent liabilities to Group		
Trade payables	6,147	11,197
Other liabilities	831	831
Accruals and deferred income	139	17
	7,116	12,045
Current liabilities in total	11,277	14,142
Accruals and deferred income		
Parent company accruals and deferred income include the following terms:		
Accrued holiday pay	696	599
Accrued other personnel costs	26	45
Accrued financial items	70	14
Other items	7	0
	799	658

14. CONTINGENT LIABILITIES

	2013	2012
Security given on own behalf		
Other contingent liabilities	100	100
Security given on behalf of group companies		
Guarantees	0	627
Rent and leasing commitments on own behalf		
Payable in the following financial year	441	386
Payable later	633	145
Other contingent liabilites		
Derivative contracts		
Option contracts		
Nominal value	0	782
Negative fair value	0	2

Group key figures

KEY FIGURES		IFRS 2013	IFRS 2012	IFRS 2011
Income statement				
Net sales	MEUR	**82.5**	78.1	88.0
- change	%	**5.6**	-11.3	26.3
Operating profit/-loss	MEUR	**-5.8**	-2.6	4.1
- of net sales	%	**-7.0**	-3.3	4.6
Profit/loss before taxes	MEUR	**-6.1**	-3.0	4.5
- of net sales	%	**-7.3**	-3.9	0.1
Profit/loss for the period	MEUR	**-6.2**	-2.3	3.4
- of net sales	%	**-7.5**	-3.0	3.9
Gross investments	MEUR	**3.6**	1.8	4.4
- of net sales	%	**4.3**	2.4	5.0
Balance sheet				
Non-current assets	MEUR	**18.1**	8.6	8.2
Inventories	MEUR	**14.6**	14.2	13.0
Trade receivables and other receivables	MEUR	**15.2**	16.0	17.3
Tax Receivables, income tax	MEUR	**0.8**	0.0	0.1
Cash and cash equivalents, financial assets at fair value through profit and loss	MEUR	**9.8**	4.5	11.2
Share capital	MEUR	**15.0**	15.0	15.0
Treasury shares	MEUR	**-2.4**	-2.5	-2.1
Other equity	MEUR	**10.6**	8.2	11.2
Non-current liabilities	MEUR	**6.4**	1.5	3.3
Current liabilities	MEUR	**28.8**	21.1	22.5
Balance sheet total	MEUR	**58.5**	43.3	49.9

KEY FIGURES		IFRS 2013	IFRS 2012	IFRS 2011
Profitability				
Return on equity (ROE)	%	-28.1	-10.5	15.5
Return on investment (ROI)	%	-17.5	-9.9	17.5
Finance and financial position				
Net interest-bearing liabilities	MEUR	3.3	-2.3	-3.9
Gearing	%	14.3	-11.3	-16.3
Current ratio		1.4	1.6	1.9
Solvency ratio	%	39.7	47.7	48.3
Other key figures				
Personnel, average		836	888	960
Salaries and wages	MEUR	18.8	15.9	13.1
Product development costs (expensed)	MEUR	7.1	7.0	7.4
- of net sales	%	8.6	8.9	8.5
Product development costs (capitalized in balance sheet)	MEUR	1.9	0.3	0.2
- of net sales	%	2.3	0.4	0.2
Product development costs total	MEUR	9.0	7.3	7.6
- of net sales	%	10.9	9.4	8.7

Group key figures

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2013	IFRS 2012	IFRS 2011
Earnings per share	EUR	**-0.15**	-0.06	0.09
Diluted earnings per share	EUR	**-0.15**	-0.06	0.09
Dividend/share	EUR	**0.00***	0.00	0.00
Dividend payout ratio	%	**0.00**	0.00	0.00
Effective dividend yield	%	**0.00**	0.00	0.00
Distribution of assets from the reserve of invested unrestricted equity	EUR	**0.00**	0.05	0.00
Equity per share, adjusted	EUR	**0.44**	0.52	0.60
At the end of fiscal year, Oct. 31/Dec. 31	EUR	**0.63**	0.67	0.90
P/E ratio		**-4.27**	-11.49	10.27
Market value				
Market capitalization	MEUR	**32.9**	26.1	35.6
Trading				
Shares traded	1,000 psc	**8,195**	9,976	17,356
Trading	%	**14.7**	23.5	43.9
Number of shares adjusted				
- average	1,000 pcs	**41,423**	39,284	39,543
- diluted number of shares on Oct. 31/Dec. 31	1,000 pcs	**41,423**	39,284	39,543
- actual number of shares on Oct. 31/Dec. 31	1,000 pcs	**41,423**	39,284	39,543
- shares outstanding per Oct. 31/Dec. 31	1,000 pcs	**52,271**	38,953	39,584
Adjusted share prices				
lowest	EUR	**0.62**	0.57	0.69
highest	EUR	**0.80**	0.94	1.09
at the end of fiscal year	EUR	**0.63**	0.67	0.90
average	EUR	**0.71**	0.72	0.92

* The board of Directors (assembled to a meeting on the 12th of February 2014) will propose for the Annual General Meeting that no dividend will be distributed from financial period 2013.

Calculation of key figures and ratios

Return on investment (ROI), %	=	$\frac{\text{Profit before taxes + interest and other financing expenses}}{\text{Equity + interest-bearing liabilities (average)}}$	x 100
Return on Equity (ROE), %	=	$\frac{\text{Profit/loss for the period}}{\text{Equity (average)}}$	x 100
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Solvency ratio, %	=	$\frac{\text{Equity}}{\text{Total assets - advance payments received - own shares *}}$	x 100
Net interest-bearing liabilities	=	Interest-bearing liabilities - financial assets at fair value through profit or loss - cash and cash equivalents	
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}}$	x 100
Earnings per share	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of ordinary shares outstanding}}$	
Earnings per share (diluted)	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of diluted shares outstanding including dilutive effect}}$	
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Number of shares - own shares*}}$	
Dividend payout ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Adjusted share price at balance sheet date}}$	x 100
Equity per share	=	$\frac{\text{Equity - own shares*}}{\text{Number of shares at balance sheet date}}$	
P/E-ratio	=	$\frac{\text{Adjusted share price at balance sheet date}}{\text{Earnings per share}}$	
Market capitalization	=	Adjusted share price at balance sheet date x outstanding number of shares at balance sheet date	
Average personnel	=	The average number of employees at the end of each calendar month during the accounting period	

All share-specific figures are based on the issue-adjusted number of shares.
When calculating per share performance measures equity is the equity attributable to the shareholders of the parent company,
when calculating other performance measures equity includes equity attributable to the shareholders of the parent company and non-controlling interests.
* There were own shares held by company December 31, 2013.

Shares and shareholders

Share capital and shares

Efore share is quoted at Nasdaq OMX Helsinki Oy (Small Cap) under the corporate identifier EFO1V. The trading lot is one share. The total number of shares is 55,772,891. Efore's registered share capital on December 31, 2013 stood at EUR 15,000,000.00. The shares have been entered in the book-entry securities system.

At the end of fiscal year the number of the Group's own shares was 1,143,753.

Board authorizations

Authorizing the Board of Directors to resolve on distribution of assets

Efore's Annual General Meeting on February 7, 2013 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, to resolve at its discretion on a possible distribution of assets to the shareholders, either as a payment of dividend from profits or as a distribution of assets from the reserve for invested unrestricted equity, if supported by the financial position of the company. The maximum aggregate amount of the distribution of assets is EUR 0.05 per share.

The authorization includes the right of the Board of Directors to resolve on all other terms and conditions relating to the distribution of assets. The authorization is valid until the beginning of the next Annual General Meeting. The Board of Directors did not use this authorization.

Authorizing the Board of Directors to resolve on the acquisition of the company's own shares

Efore's Annual General Meeting on February 7, 2013 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, to resolve on the acquisition of the company's own shares, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares constituting approximately 9.4% of all the shares in the company may be acquired. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by the NASDAQ OMX Helsinki Oy at the prevailing market price on the date of acquisition, or at the price otherwise formed on the market. The Board of Directors shall resolve the manner in which own shares are acquired. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition). The authorization was valid until August 26, 2013. The Board of Directors did not use this authorization.

The Extraordinary General Meeting decided on August 26, 2013, in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to decide upon the acquisition of the company's own shares or their acceptance as pledge in one or more instalments on the following terms and conditions:

The amount of own shares to be acquired shall be a maximum of 4,777,000 shares, constituting approximately 9.9% of all company shares. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by NASDAQ OMX Helsinki Oy at the prevailing market price on the date of acquisition, or at a price otherwise dictated by the market. The Board of Directors decides on the manner in which the said own shares are acquired or accepted as pledge. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization shall remain valid until June 30, 2014. The authorization shall supersede the authorization granted by the Annual General Meeting on February 7, 2013 to decide on the acquisition of the company's own shares. The Board of Directors did not use this authorization.

Authorizing the Board of Directors to decide on the issue of shares as well as the issue of options and other special rights entitling to shares

Efore's Annual General Meeting on February 7, 2013 decided , to authorize the Board of Directors in accordance with its proposal, to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 8,500,000 shares.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization is valid until June 30, 2014.

Based on the decision of the Annual General Meeting on February 7, 2013, Efore Plc the Board of Directors decided to use the valid authorization and decided to transfer 74,791 shares to the members of the Board of Directors as part of the payment of the annual remuneration. The number of share has in accordance with the resolution of the Annual General Meeting been determined based on the average price of the closing prices of the Efore Pls Chare April 8–18, 2013. The assignment of the shares took place on June 20, 2013. After the transfer, the company holds a total of 1,143,753 own shares.

The Board of Directors decided to use this authorization to assign shares to the sellers where the company acquired the whole share capital of Roal Electronics S.p.A. The purchase price of equity amounted to EUR 9.7 million. 60 per cent of the purchase price was paid in cash and 40 per cent in Efore shares. Purchase price paid in Efore shares was equivalent to 5,243,243 Efore shares. Shares were valued at EUR 0.74 per share. Subscribing sellers agreed not to sell its Efore shares within 12 months from the closing date of the transaction.

The Extraordinary General Meeting on August 26, 2013 authorized the Board of Directors to decide, in one or more instalments, on the issuance of shares and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act. The Extraordinary General Meeting decided that the number of shares to be issued may amount to a maximum of 10,000,000 shares.

The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and options as well as other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization supersedes the authorization granted by the Annual General Meeting on 7 February 2013 to decide upon the issuance of shares and special rights entitling to shares to the extent that the previous authorization was not used by the date of the general meeting invitation. The authorization shall remain valid until 30 June 2014.

Efore Plc's Board of Directors decided to use the valid authorization on 26 September 2013 and to execute a share issue directed for subscription by the public in Finland ("Share Issue"). The purpose of the Share Issue is to strengthen the Company's financial position.

In the Share Issue, a maximum of 8,000,000 new shares in the Company ("New Shares") were offered for subscription, at the subscription price of 0.69 euros per share. The New Shares subscribed in the Share Issue entered into the Trade Register on 18 October 2013. Trading in the New Shares and in the existing shares begun on 21 October 2013.

Share prices and trading

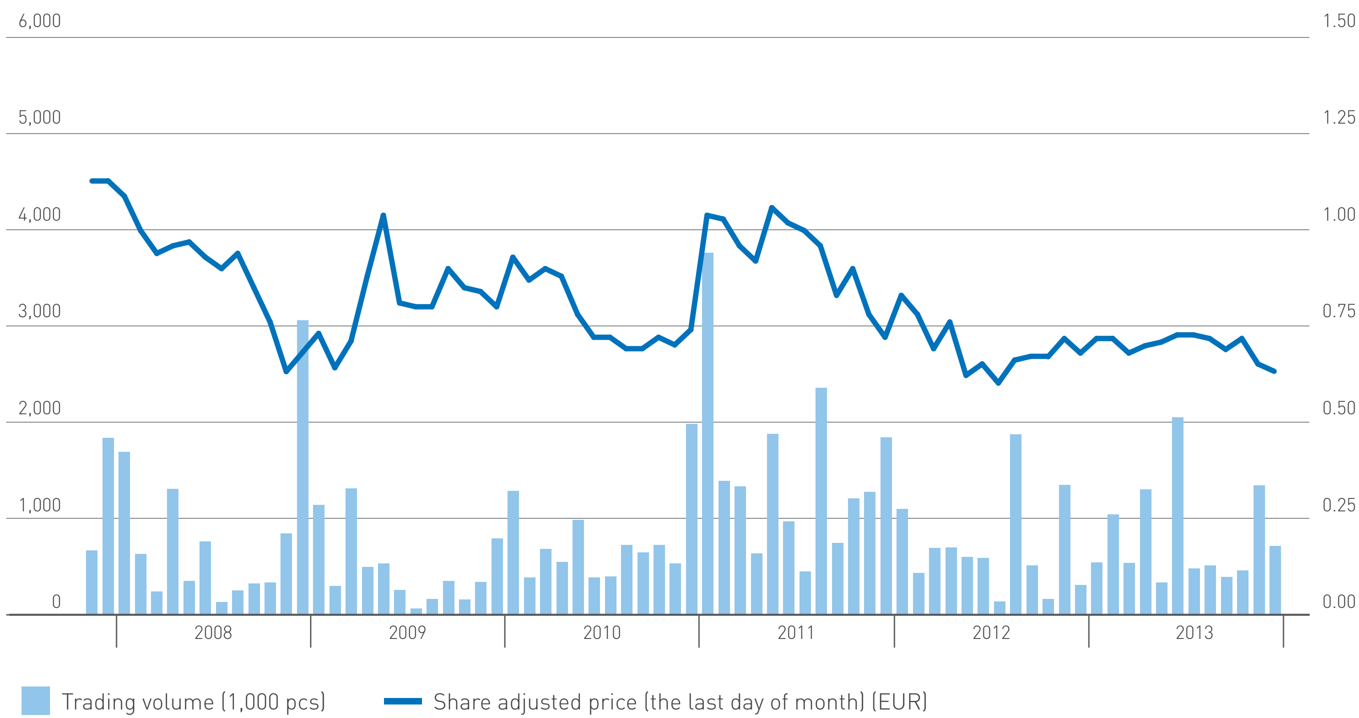
The highest share price during the fiscal year was EUR 0.80 and the lowest price was EUR 0.62. The average price during the fiscal year was EUR 0.71 and the closing price was EUR 0.63. The market capitalization calculated at the final trading price during the fiscal year was EUR 32.9 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the fiscal year was 8.2 million pcs and their turnover value was EUR 5.8 million. This accounted for 14.7% of the total number of shares.

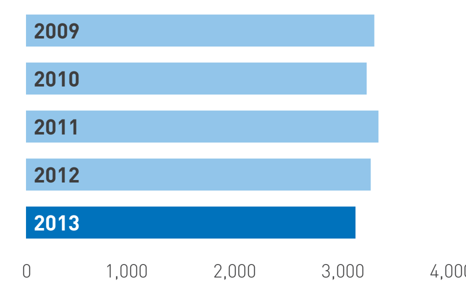
Management shareholding

The total share ownership, of Efore Plc's Board members stood at 3,076,120 pcs on December 31, 2013, which is equivalent to 5.5% of the total number of shares and votes. Efore Plc's Board members and the President and CEO do not own option rights.

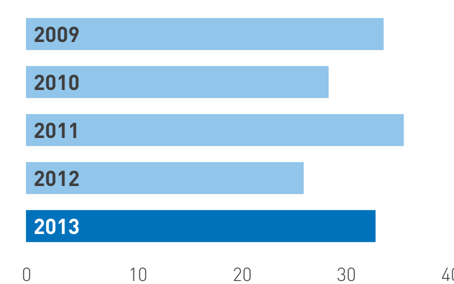
Efore Plc's share prices and trading volume in 2008–2013



Number of registered shareholders



Market capitalization, (MEUR)



Shares and shareholders

CHANGES IN SHARE CAPITAL 2004–2013

Share capital Nov. 1, 2003				8,135,104 pcs		13,830 (EUR 1,000)	
Year	Subscription-share-relationship	Subscription-/registering time	Subscription-price EUR	New shares pcs	Change 1,000 EUR	New share capital 1,000 EUR	Divident right
2004	On basis of options	Jan. 23, 2004	7.79	600	1	13,831	2004
2004	Exchangend and targeted issue for K-shareholders, 1K:1,5A	Feb. 27, 2004	0.85	529,616	450	14,281	2004
2004	Split 1:1, gratuitous	Feb. 27, 2004		8,135,704		14,281	2004
2004	On basis of options	Apr. 21, 2004	3.71	2,400	2	14,283	2004
2004	Targeted share issue	Apr. 30, 2004	6.95	3,240,000	2,754	17,037	2004
2004	On basis of options	Jun. 22, 2004	3.71	47,200	40	17,077	2004
2004	On basis of options	Aug. 27, 2004	3.71	11,000	9	17,086	2004
2004	On basis of options	Oct. 28, 2004	3.71	47,400	40	17,127	2004
2004	On basis of options	Dec. 2, 2004	3.71	46,000	39	17,165	2004
2004	Annulment of shares	Dec. 21, 2004		-238,400	-203	16,963	
2004	Bonus issue 1:1	Dec. 21, 2004		19,956,624	16,963	33,926	2005
2005	On basis of options	Feb.10, 2005	1.70	616,400	523	34,450	2005
2010	Decreasing of share capital	Jul.19, 2010				–19,450	
2010	Targeted share issue	Oct.18, 2010	0.70	2,000,000	0	0	2010
2013	Targeted share issue	Jul.12, 2013	0.74	5,243,243	0	0	2013
2013	Share issue	Oct. 18, 2013	0.69	8,000,000	0	0	2013

Share capital 31.12.2013	55,772,891 pcs	15,000 (1,000 EUR)
Share capital 31.12.2013	55,772,891 pcs	15,000 (1,000 EUR)
Own shares 31.12.2013	1,143,753 pcs	
Shares outstanding per December 31, 2013*	54,629,138 pcs	

*In addition Efore Management Oy owns 2,358,242 shares of company

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, DECEMBER 31, 2013

Shares	Number of shareholders pcs	Proportion of shareholders %	Total number of shares and votes pcs	Proportion of shares and votes %
1–100	260	8.40	17,427	0.03
101–500	725	23.41	247,451	0.44
501–1,000	576	18.60	501,432	0.90
1,001–5,000	978	31.58	2,551,454	4.57
5,001–10,000	235	7.59	1,802,910	3.23
10,001–100,000	270	8.72	7,813,804	14.01
100,001–	53	1.71	42,833,788	76.80
Total	3,097	100.00	55,768,266	99.99
of which nominee registered	9		2,543,232	4.56
In joint account			4,625	0.01
In special account			0	0.00
Total			55,772,891	100.00

DISTRIBUTION OF SHAREHOLDINGS BY SHAREHOLDER CATEGORY, DECEMBER 31, 2013

	Shares pcs	Proportion of shares and votes %
Enterprises	20,668,979	37.06
Financial- and insurance institutions	7,970,760	14.29
Public entities	1,578,048	2.83
Households	19,262,434	34.54
Non-profit organizations	670,451	1.20
Outside Finland	5,617,594	10.07
Total	55,768,266	99.99
of which nominee registered	2,543,232	4.56
In joint account	4,625	0.01
In special accounts	0	0.00
Total	55,772,891	100.00

Shares and shareholders

EFORE PLC'S 20 LARGEST SHAREHOLDERS, DECEMBER 31, 2013

	Shares, pcs	Proportion of shares and votes, %
Sievi Capital Oyj	10,899,992	19.54
EVLI Bank Plc	4,765,177	8.54
Efore Management Oy	2,358,242	4.23
Frapi SPA	2,067,428	3.71
Fintrack SPA	2,027,388	3.64
Tammivuori Leena	1,785,117	3.20
Ilmarinen Mutual Pension Insurance Company	1,578,048	2.83
Tammivuori Matti	1,455,000	2.61
Rausanne Oy	1,253,971	2.25
Syrjälä & Co Oy	897,258	1.61
Tammivuori Pirkko	845,784	1.52
Simola Jarmo	701,136	1.26
Maijos Oy	687,653	1.23
Yleinen Työttömyyskassa YTK	649,391	1.16
Heininen Jaakko	504,139	0.90
Adafor Oy	482,800	0.87
Ahomäki Timo	417,141	0.75
T&LP Ltd	401,949	0.72
Heininen Pekka	380,579	0.68
Takanen Jarkko	300,000	0.54
Total	34,458,193	61.78
Nominee registered		
Nordea Bank Finland Plc	2,310,534	4.14
Efore Plc's shares on company's posession	1,143,753	2.05

Signatures for the Financial Statements and the report by the Board of Directors

Espoo, 12 February 2014

Päivi Marttila
Chairman

Francesco Casoli

Olli Heikkilä

Marjo Miettinen

Jarmo Simola

Jarkko Takanen

Vesa Vähämöttönen
President and CEO

Auditor's report

To the Annual General Meeting of Efore Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Efore Plc for the financial period 1.11.2012–31.12.2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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 and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position 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, 20 February 2014

KPMG OY AB
LASSE HOLOPAINEN
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Corporate Governance Statement 2013

The obligations of Efore's decision-making bodies are defined in accordance with Finnish legislation and the principles established by the Board of Directors. Efore's corporate governance complies with the provisions of the Companies Act. In addition, Efore complies with the Insider Guidelines issued by the NASDAX OMX Helsinki Oy and the Finnish Corporate Governance Code for Listed Companies issued by Securities Market Association in 2010.

The Corporate Governance Code is publicly available, e.g. on the website of the Securities Market Association, address www.cgfinland.fi.

The consolidated financial statements were authorized for issue by the Board of Directors of Efore Plc on 12 February, 2014 and are available in Annual Report and at the website of Efore, address www.efore.com.

Board of Directors

Appointing Board members

The Annual General Meeting elects the members of the Board of Directors by simple majority vote for a term of office that ends with the close of the next Annual General Meeting following their election. The Board of Directors elects among its members a Chairman and Deputy Chairman.

Composition of the Board of Directors

As set out in Efore's Articles of Association, the Board of Directors shall have no less than three and no more than ten ordinary members. The company's President and CEO is not a member of the Board of Directors. The composition shall take into account the needs of the company operations and the development stage of the company. A person to be elected to the board shall have the qualifications required by the duties, sufficient knowledge of financial matters and business operations. A person to be elected to the Board shall have the possibility to devote a sufficient amount of time to the work.

The majority of the directors shall be independent of the company. In addition, at least two of the members representing this majority shall be independent of significant shareholders of the company.

At the Extraordinary General Meeting on 3 December, 2013 Ms Päivi Marttila, Mr Francesco Casoli, Mr Olli Heikkilä, Ms Marjo Miettinen, Mr Jarmo Simola and Mr Jarkko Takanen were elected as board members. The Board of Directors selected Ms Päivi Marttila as the Chairman.

The following persons were also members of the Board of Directors during the fiscal year 2013: Matti Vikkula (Chairman, until 3 December, 2013, Richard Järvinen (until February 7, 2013), Tei-Hu (Tommy) Liu (until 3 December, 2013), Marko Luoma (until 3 December, 2013) and Ari Siponmaa (until 7 February, 2013).

Composition of the Board of Directors since 3 December, 2013:

Päivi Marttila, b. 1961, M.Sc. (Econ.)
Board member since 26 August, 2013
Chairman of the Board since
3 December, 2013
Midagon Oy, CEO
Independent of the company and the company's main shareholders

Francesco Casoli, b. 1961
Board member since 26 August, 2013
Elica S.p.A., Executive Chairman of the Board of Directors
Independent of the company

Olli Heikkilä, b. 1959, M.Sc. (Eng.)
Board member since 2011
UPM-Kymmene Oyj, Vice President
Independent of the company and the company's main shareholders

Marjo Miettinen, b. 1957, M.Sc. (Education)
Board member since 7 February, 2013
EM Group Oy, CEO
Independent of the company and the company's main shareholders

Jarmo Simola, b. 1961, M.Sc. (Eng.)
Board member since 3 December, 2013
FireEx Oy, Vice President and Partner, Business Development
Independent of the company and the company's main shareholders

Jarkko Takanen, b. 1967, Qualified Production Engineer, holds a Commercial College Diploma in Management Accountancy
Board member since 3 December, 2013
Jussi Capital Oy, Managing Director
Independent of the company

Duties and responsibilities of the Board

The Board of Directors has general decision-making authority in all company matters that are not stipulated (by law or under the Articles of Association) for the decision or action of another party. The Board is responsible for the governance of the company and for duly organizing its operations. It also approves the corporate strategy, the risk management principles, the Group's corporate values, the operating plan and related annual budget, and decides on major investments.

The main duties and operating principles of the Board of Directors are given in a separate working order. This refers to the declaration of a quorum at Board meetings, the writing and approval of minutes, and the preparations needed on matters for decision.

The Board of Directors reviews its own working procedures through an annual self-evaluation process or in co-operation with the external company.

The Board of Directors met 23 times during the fiscal year 2013 and the average participation rate of the Board members was 96%.

Board committees

The Board of Directors has committees that assist in its work. The Board of Directors elects among its members committee members and Chairman of the committees. External members can be also members of the Nomination Committee. The committees' working orders set out the duties and operating principles for each committee. The committees report their work to the Board of Directors on a regular basis.

The main duties of the Audit Committee are to examine the company's finances; oversee compliance with the law and the relevant standards; monitor the reporting process of financial statements, supervise the financial reporting process, monitor the efficiency of the company's internal control, internal audit, if applicable, and risk management systems; review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement; monitor the statutory audit of the financial statements and consolidated financial statements, evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited and prepare the proposal for resolution on the election of the auditor. The Audit Committee comprises the entire Board and is chaired by Päivi Marttila since December 16, 2013.

The main duties of the Nomination Committee are to prepare proposals to the general meeting on the composition of the Board of Directors and fees and other financial benefits paid to the Board members.

The main duties of the Remuneration Committee includes preparing matters related to the remuneration of the CEO and other executives of the company as well as preparing proposals related to Group remuneration systems.

Members of the Board committees during the fiscal year 2013

During the fiscal year 2013 Efore had Audit Committee and Remuneration Committee that assist in Board of Directors' work. In addition, the Board of Directors resolved to appoint a Nomination Board consisting of members from outside the Board of Directors.

After hearing the major shareholders, Efore's Board of Directors decided to appoint the Nomination Board on September 25, 2012. All the members were elected from outside the Board of Directors. Jari Suominen was elected as the Chairman and Timo Syrjälä and Leena Tammivuori were elected as members of the Nomination Board. The term of the Nomination Board expired on 7 Febuary, 2013. This Nomination Board met twice during the fiscal year 2013 and the participation rate of the members was 100%.

The Board of Directors elected Olli Heikkilä as Chairman of the Audit Committee and Matti Vikkula and Marko Luoma were elected as members on 8 February, 2013. Matti Vikkula was elected as Chairman of the Compensation Committee and Marjo Miettinen and Tei-Hu (Tommy) Liu were elected as members. The Audit Committee met 8 times during the fiscal year 2013 and the participation rate of the members was 100%. The Remuneration Committee met 4 times during the fiscal year 2013 and the participation rate of the members was 100%.

Efore's Board of Directors appointed Remuneration Committee on 16 December, 2013. From among its members, Efore's Board elected Päivi Marttila as Chairman and Marjo Miettinen and Jarmo Simola as members of the Remuneration Committee. Board did not appoint any other committees.

President and CEO

The Board of Directors appoints the company's President and CEO and supervises his actions. The main terms and conditions governing the President and CEO's appointment are detailed in written contract approved by the Board of Directors. The President and CEO manages and supervises Group business operations within the guidelines and directives issued by the Board of Directors, and ensures that the company's accounting accords with the law and that the financial management system is reliable.

Vesa Vähämöttönen, tech. lis. (b. 1966) has been the President and CEO of the company since 1 June, 2010.

The main features of the internal control and risk management systems

Systems of internal control

The Board of Directors is responsible that the internal control and risk management are adequately and effectively arranged. In addition, it is the responsibility of the Board to ensure that the internal control of the accounting and financial management is arranged in an appropriate manner. The Audit Committee is responsible for the control of the financial reporting process. The financial management shall inform its findings to the relevant members of the management.

The group has financial reporting systems for the control of the business, financial management and risks. The Board of Directors of the company has approved the management organization and principles, decision-making authorities and approval procedures, operational policies of the organizational sectors, financial planning and reporting as well as remuneration principles.

The group does not have a separate internal audit function but the internal audit is part of the group financial administration. Local auditors shall audit the procedures of internal control in accordance with the audit plan. The representatives of the financial administration shall perform certain controls when they visit the subsidiaries. The financial management shall report the findings to the President and CEO and the Audit Committee, which in turn report to the Board.

Two profit reports are prepared monthly in the group according to the reporting guidelines. The other report contains operational figures and the other figures for the preparation of the profit and loss account of the group. The financial management of the largest subsidiaries is responsible for the correctness and entering of figures of the subsidiaries monthly in the reporting system. Based on these the financial management of the group follows the profit and cost development and assesses monthly the gross margin for each customer group as well as the correctness of obsolescence, credit loss and warranty provisions. The capital employed is also followed monthly. In addition, R&D capitalizations are assessed quarterly in relation to the income expectations of the projects. The monthly report based on the operational profit reports is delivered to the Board of Directors. In addition to this group income statements and balance sheet reports are delivered to the Board of Directors four times a year.

The group financial management oversees the centralized interpretation and application of the accounting standards (IFRS). The group's financing and hedging against currency risks are centralized in the head office in Finland. The Audit Committee of the Board evaluates the financial statements and quarterly the interim statements as well as separately certain special subjects important for the result such as provisions and R&D and warranty costs. The Audit Committee reports its findings to the Board, which monitors that the necessary measures are taken.

The principal auditor of Efore Plc is responsible for the audit and the directions and coordination of the audit in the group. The principal auditor prepares annually an audit plan, which contains focus areas and which the Audit Committee approves. The audit report of the group financial statements and the Board report required by law is issued by the auditor to the company's shareholders. Furthermore, the auditor reports its findings to the Audit Committee (from 16 December, 2013 to the Board of Directors).

Risk management

The aim of the risk management system of Efore is to recognize the strategic, operational and financing risks of the group as well as any conventional risk of loss. The risks that the group takes in its operations are risks that are encountered in pursuit of the strategy and goals. Risk management seeks to control these risks in a proactive and comprehensive manner. The measures taken can include risk avoidance, risk reduction or risk transfer by insurance or agreement.

Risk management forms part of the group's business processes in all operational units. In this way the risk management process is tied to internal controls. The group and its operational units assess the risks of their operations, prepare risk management plans and report risks in accordance with the organizational structure. The Audit Committee and Board of Directors address risks in connection with the addressing of other business operations. Risk management is taken into consideration in the group's quality systems, which include also survival plans. There is a more detailed statement of the group's different risks and their management which can be found in the Investor Relations section of the Internet pages of the company.

Board of Directors since 3 December, 2013

Päivi Marttila
b. 1961, M.Sc. (Econ.)
Board member since 26 August, 2013
Chairman of the Board since 3 December, 2013

Main duty:
Midagon Oy, CEO

Primary working experience:
Midagon Oy, CEO and Partner since 2012
Flextronics Group, Vice President of Sales and Marketing 2005–2011
Plamec Oy, Managing Director 2002–2005
QPR Software Oyj, Founder and Director 1991–2001

Primary board memberships:
Kitron ASA, Member of the Board since 2013
Aspocomp Group Oyj, Member of the Board since 2013
Panphonics Oy, Member of the Board since 2012
Midagon Oy, Member of the Board since 2012
Scanfil, Member of the Board 2012–2013

Independent of the company and the company's main shareholders
No shareholding in Efore

Francesco Casoli
b. 1961
Board member since 26 August, 2013

Main duty:
Elica S.p.A., Executive Chairman of the Board

Primary working experience:
Elica S.p.A., Executive Chairman of the Board since 2006
Elica S.p.A., Chief Executive Officer 1999–2006
Roal Electronics S.p.A, Vice President and Managing Director 2004–2007

Primary board memberships:
FAN S.r.l., Chairman of the Board since 2009

Independent of the company
Holds 2,027,388 Efore shares

Olli Heikkilä
b. 1959, M.Sc. (Eng.)
Board member since 2011

Main duty:
UPM-Kymmene, Vice President

Primary working experience:
UPM-Kymmene, Vice President since 2005
Jaakko Pöyry Consulting, Principal 2001–2005
Accenture, Senior Manager 1993–2000
ABB Process Automation, Account Manager & Project Manager 1987–1993

Independent of the company and the company's main shareholders
Holds 35,131 Efore shares

Marjo Miettinen
b. 1957, M.Sc. (Education)
Board member since 7 February, 2013

Main duty:
EM Group, CEO

Primary working experience:
Chairman of the Board of Directors of Ensto Oy, 2002–2006
Different Director positions in Ensto, 1988–2001

Primary board memberships:
EM Group Oy, Board member since 2005
Teleste Oyj, Chairman since 2009
Componenta Oyj, Board member since 2004
Ensto Oy, Board member since 1999
Tampere University of Technology foundation, Board member 2009–2013

Independent of the company and the company's main shareholders
Holds 12,465 Efore shares

Jarmo Simola
b. 1961, M.Sc. (Eng.)
Board member since 3 December, 2013

Main duty:
FireEx Oy, Vice President and Partner, Business Development

Primary working experience:
Teleste Electronics (SIP) Co. Ltd, China, Founder and General Manager 2003–2006
Alfaram Electrics (SIP) Co. Ltd. China, General Manager 2001–2003
In addition, he has previous experience in management consulting especially for small companies in the field of outsourcing and company establishments in China.

Primary board memberships:
FireEx Oy, Board member since 2012

Independent of the company and the company's main shareholders
Holds 701,136 Efore shares

Jarkko Takanen
b. 1967, Qualified Production Engineer, holds a Commercial College Diploma in Management Accountancy
Board member since 3 December, 2013

Main duty:
Jussi Capital Oy, Managing Director

Primary working experience:
Scanfil Plc among others as Customer Service Manager, Works Manager, Quality Manager, IT Manager and Director of Sourcing and Logistic 1995–2004
Scanfil N.V. (Belgian subsidiary), Managing Director 2003–2004

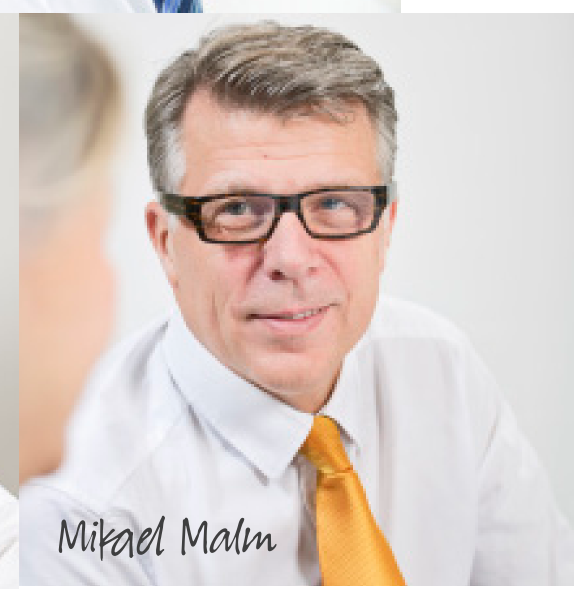
Primary board memberships:
Sievi Capital Oyj, Board member
Scanfil Plc, Board member

Independent of the company
Holds 300,000 Efore shares

The following persons were also Efore's board members during the fiscal year 2013:
Matti Vikkula (Chairman until December 3, 2013),
Richard Järvinen (until February 7, 2013),
Tei-Hu (Tommy) Liu (until 3 December, 2013),
Marko Luoma (until 3 December, 2013) and
Ari Siponmaa (until February 7, 2013).

Shareholdings per Dec. 31, 2013.

Executive Management Team since 10 January, 2014



Vesa Vähämöttönen
b. 1966, Tech.Lic.
President and CEO
Employed by Efore since 2010
Chairman of Executive Management Team

Before joining Efore acted as Senior Vice President, Sales and Marketing in Lite-On Mobile (formerly Perlos) and was responsible for global sales, marketing and customer relationships in 2006–2010. Prior to this acted as Managing Director of Flextronics ODM Finland and in 1999–2004 acted e.g. as General Manager, Europe in Filtronic Comtek.

No shareholding in Efore*

Olli Nermes
b. 1956, M.Sc. (Econ.)
Executive Vice President, Group CFO
Employed by Efore since 2007

Before joining Efore, worked as Director of Finance and IT at Evox Rifa Group (2003–2007) and in Intermarketing Oy as Vice President (2001–2003) and as Director of Finance in Helvar (1997–2001).

Holds 2,000 Efore shares*

Alexander Luiga
b. 1965
Employed by Efore since 2010
Executive Vice President, Telecommunication Business Unit

Prior to Efore held several executive sales and marketing positions in the international companies such as Lite-On Mobile (ex Perlos 2003–2010), Moteco (2000–2003) and ABS Pumps International (1997–2000).

No shareholding in Efore*

Alessandro Leopardi
b. 1968
Employed by Efore since July 2013
Executive Vice President, Industrial Business Unit

Before joining Efore acted as CEO & General Manager of ROAL Electronics SpA since 2006 and prior to this acted as General Manager and Sales Director (2000–2005).

Holds 229,686 Efore shares

Mikael Malm
b. 1961
Employed by Efore since July 2013
Executive Vice President, COO, Global Operations

Prior to Efore held several managerial positions within Supply Chain Management in the international companies such as Ericsson, Sanmina-SCI, Consilium Fire & Gas and Huawei Technology.

No shareholding in Efore

Also the following persons served on the Executive Management Team during the fiscal year 2013: Jukka Pietarinen (until April 22, 2013), Panu Kaila (until July 11, 2013) and Markku Kukkonen (until January 10, 2014).

*Efore Management Oy is owned by Vesa Vähämöttönen, Panu Kaila, Markku Kukkonen, Alexander Luiga, Olli Nermes and Jukka Pietarinen. Efore Management Oy owns 2,358,242 Efore-shares. The president and CEO owns 30.7% of Efore Management Oy.

Shareholdings per Dec. 31, 2013.

Information for shareholders

Efore Plc's registered office is in Espoo, Finland. Its business identity code is 0195681–3.

Annual General Meeting

The Annual General Meeting of Efore Plc will be held on April 10, 2014 at 6 p.m. at hotel Radisson Blu Royal at the address, Runeberginkatu 2, FI-00100 Helsinki. Notice of Efore Plc Annual General meeting including registration instructions is available at www.efore.com

Board of Directors' proposal for the Annual General Meeting

The Board of Directors will propose to the Annual General Meeting on April 10, 2014 that no dividend will be distributed.

Changes of address

The shareholders are advised to inform about changes in their contact details to their book-entry securities account operator.

Financial reports in 2014

Efore publishes its annual report, the annual financial statements release and three interim reports. The stock exchange releases are available at www.efore.com immediately after they are published. The annual report is published at www.efore.com in pdf-format only.

Annual Report 2013	March 20, 2014
Interim report 3 months	April 23, 2014
Interim report 6 months	August 12, 2014
Interim report 9 months	October 24, 2014

Key share data

Exchange listing:
Nasdaq OMX Helsinki,
The Nordic Exchange (Small Cap)

Corporate identifier	EFO1V
Trading lot	1 share
Shares	
December 31, 2013:	55,772,891 shares
Share capital	15,000,000.00 eur

Analysts monitoring Efore

The information about analysts monitoring Efore is available at www.efore.com/investors/analysts. Efore takes no responsibility for any evaluations or recommendations published by them.

Investor relations

Vesa Vähämöttönen, President and CEO of the Efore Group is responsible for Investor Relations.

The objective of Efore's investor relations is to provide precise and up-to-date information on the Efore Group's business operations and financial development. Efore publishes all investor information on Efore's website in Finnish and English. Efore observes a four-week silent period before the publication of its results. During this time the company's representatives do not comment on the company's financial position.

Investor contacts

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