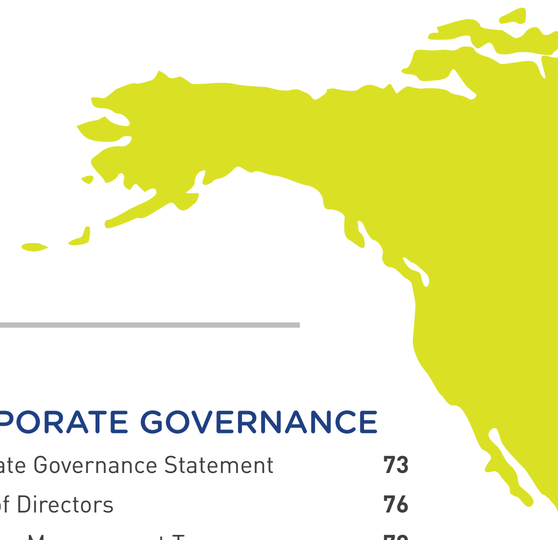
EFORE

ENERGY FOR ELECTRONICS

ANNUAL REPORT 2014



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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 2014, consolidated net sales totalled EUR 85.3 million, and the Group's personnel averaged 914. The company's shares are quoted on Nasdaq OMX Helsinki Oy.

Since 2010, the main targets of Efore's strategy have been balancing the company's business areas and customer structure by creating a strong industrial sector alongside the telecommunication sector and developing the company structure to improve profitability. In 2014, we took significant steps toward both of these targets.

The year 2014 marks a strategic and financial turning point

When I joined Efore in 2010, the company's business was heavily focused on the telecommunication sector and the customer base was highly concentrated. The changing and hard-to-predict investment cycles in the telecommunication sector caused significant fluctuations for the company. In response, we began to create a strategy to achieve a more balanced business areas and customer portfolio.

As the core theme of our strategy, we chose balancing our business operations by growing the industrial sector, which provides more stable development than the telecom sector. The years 2012–2013 were financially difficult for us, which meant that we were forced to implement structural changes to maintain competitiveness while, at the same time, implementing the change in strategy. We achieved moderate results in expanding our customer base, but in diversifying our customer industries, we found the path of organic growth to be too slow. In summer 2013, we took a significant strategic step by acquiring the Italian power supply manufacturer ROAL Electronics.

After the acquisition, the focus shifted to realizing synergy benefits. We carried out organizational restructuring to combine the operations of the two companies, resulting in the creation of the telecommunication business unit from Efore's core operations, and building the industrial business unit around ROAL. To fully leverage the volume benefits in the acquisition of materials facilitated by the similarity between the two companies' products, we also created a common global procurement and manufacturing organization.

Long-term strategic efforts begin to produce results

In addition to our strategic focus on the market and customer structure, we have had a determined focus on product development, which has meant that product development costs have not been cut significantly even in financially difficult years. In the latter part of the year 2014, we expanded our product portfolio particularly in the telecommunication sector. The renewal of the product portfolio and our measures to improve competitiveness produced improvement in the profitability of our operations. Our product development resources remain fully allocated to new projects, which I believe will create a solid foundation for the company's future development.

In 2014, we updated our production strategy and transferred a significant proportion of PCB assembly manufacturing to an EMS partner. This gives us flexible access to the latest SMT manufacturing technology and capacity in a flexible way and allows us to continue to allocate our own resources to R&D and expanding the sales network.

Although our net sales grew from the previous year, the increase was not fully in line with our expectations. This was attributable to demand remaining relatively low in the telecommunication sector and the slower-than-expected growth of the industrial sector. Nevertheless, the ROAL acquisition kept our net sales development stable, and, more importantly, it gives us a strategically solid foundation for moving forward.

Having succeeded in creating two strong business units in the company and restoring profitability in our operating activities, we believe that 2014 marks a turning point for Efore both strategically and financially.

Growth on the horizon for both of our business units

North America, Japan and Korea have led the way in the construction of 4G networks. Investments in 4G networks are still at an early stage overall, with only some 10% of users of wireless devices globally having access to 4G networks. In Europe, the construction work began on a larger scale in 2014 and, in China, the largest network construction project the world has ever seen is currently underway. This means that, after a few slow years, network investments are picking up, which will present excellent growth opportunities for our telecommunication business unit. More important to Efore than the general market development is that the power supplies we design and produce are used in successful products. As the demand for power supplies always depends on the demand for the final products, it is important that our customers' products are successful in the markets. The products we have launched during the past year have been successes.

Of the market segments in the industrial sector, 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 percent until 2017. The ROAL acquisition has given us access to this market, and we look to take advantage of this growth trend through selected products.

My term as Efore's President and CEO will conclude at the end of February. My successor, Heikki Viika, will take on this challenging and interesting position on 1st of June. I would like to extend my warmest thanks to our customers, shareholders, personnel, and partners for their constructive cooperation throughout my nearly five-year term as President and CEO. I am confident that Efore has now moved from strategic transformation to a period of profitable growth.

Vesa Vähämöttönen
President and CEO

> The industrial sector has become a business area really balancing the telecommunication sector.

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

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
AC/DC & DC/DC (DC/AC) • High Mix/Medium Volume

Common Technology Development

WORLD-CLASS CUSTOMERS

- ABB
- BARCO
- CISCO
- COOPER LIGHTING
- DAKTRONIC
- ELICA
- ERICSSON
- NATIONAL INSTRUMENTS
- NOKIA NETWORKS
- PLANMECA
- FINNISH DEFENCE FORCES

Financial year 2014 in brief

Key figures		2014 (12 months)	2013 (12 months)*
Net sales	MEUR	**85.3**	74.5
Results from operating activities	MEUR	**-2.0**	-4.5
Results from operating activities without one-time costs	MEUR	**0.1**	-4.3
% of net sales	%	**-2.3**	-6.1
Result before taxes	MEUR	**-3.1**	-4.8
Result for the period	MEUR	**-2.6**	-5.0
Return on equity (ROE)	%	**-11.8**	-23.7
Return on investment (ROI)	%	**-6.7**	-22.6
Cash flow from business operations	MEUR	**3.8**	3.2
Net interest-bearing liabilities	MEUR	**1.9**	3.3
Solvency ratio	%	**38.1**	39.7
Net gearing	%	**9.0**	14.3
Earnings per share	EUR	**-0.05**	-0.12
Equity per share	EUR	**0.41**	0.44
Dividend per share	EUR	**0.00**	0.00
Share price on December 31	EUR	**0.81**	0.63
Market capitalization on December 31	MEUR	**42.3**	32.9
Personnel, average		**914**	847

* As a result of changing Efore's financial year, FY 2013 figures in brackets have been changed to match with the periods of the financial year 2014. When comparing the figures it should be noticed that the acquired ROAL Electronics S.p.A. has been consolidated into Efore Group from the beginning of July 2013.

The investment level in the telecommunication sector remained still low which together with slower-than-anticipated growth of industrial sector had an impact on lower-than expected net sales development in 2014.

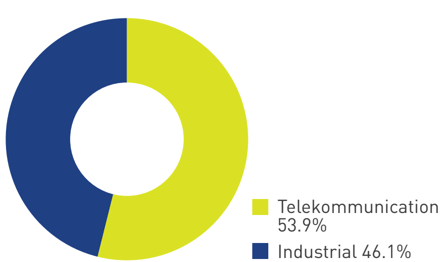
Investment in future products continued to be substantial representing 10.5% of net sales.

Product portfolio was expanded into new areas.

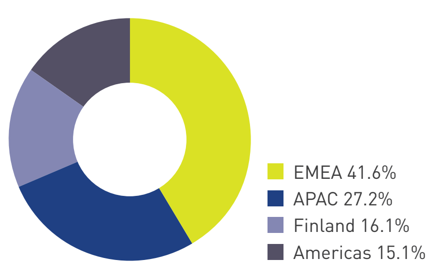
New power products for large LED displays, street lighting, instrumentation and automation, as well as medical devices were launched in industrial sector.

In order to improve profitability and competitiveness the major part of PCB assembly manufacturing was transferred to an EMS partner.

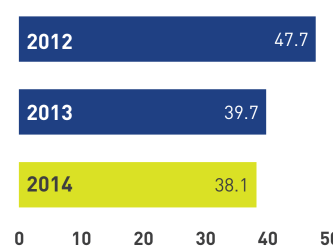
Net sales by sectors



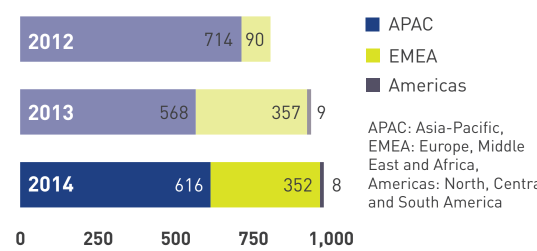
Net sales by areas*



Solvency ratio, %



Personnel by geographical area



TELECOMMUNICATION SECTOR

Optimized power products for wireless networks

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. Efore's power solutions are tailored to the specific needs of each customer. Cooperation with the customer can also include technology visioning and joint technology studies that contribute to shaping the most competitive solutions for each customer.

In outdoor applications, such as mobile phone network base stations, the power supply must have a sealed construction and compact size.

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.

STRENGTHS

- Long-term customer relationships and a solid track record
- Competitive product platforms
- Customized products
- Deep telecom power knowledge/competence

MARKET POTENTIAL

Demand for wireless broadband networks is growing rapidly. Mobile data traffic is expected to double annually over the coming years. LTE (4G) technology plays a key role in the telecommunication network expansion, and Efore is strongly involved in this development.

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.

2014 IN BRIEF

- The telecommunication sector's net sales increased by 7.2% from the previous year to EUR 46.0 million.
- The product portfolio was renewed and expanded significantly, which is expected to increase sales and decrease demand fluctuations.
- Efore's position with its main customers remained strong.
- A significant proportion of PCB assembly manufacturing was transferred to an EMS partner. This allows Efore to flexibly take advantage of the latest manufacturing technology and capacity. Going forward, the main focus at the China plant will be on final assembly and testing.
- After two slow years, several large network roll-outs were published in the markets, primarily in relation to the construction of LTE (4G) technology, creating a foundation for growth in the demand for Efore's products.

INDUSTRIAL SECTOR

Power products and power supply systems for industrial applications

Efore develops and produces tailored and standard power products as well as DC power systems for several industrial applications, such as LED lighting, measuring instruments, the control of industrial robots and the control and management of the electricity transmission and distribution grid. Efore's products are used by industrial players and system integrators representing the world's leading technology.

Configurable power supplies are designed particularly for industrial and medical uses.

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. Efore's services include efficient one-stop shop PWB assembly and box build manufacturing.

STRENGTHS

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

MARKET POTENTIAL

Efore's products are used by global high-technology system and equipment suppliers in various industrial fields. LED lighting is one of the fastest-growing segments in the power supply market. There is also strong growth in power electronics required by renewable energy sources and smart grids. Efore is involved in all of these markets.

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

2014 IN BRIEF

- The industrial sector's net sales increased by 25.2% from the previous year to EUR 39.3 million.
- Over the past two years, Efore has expanded to new markets, which provides the company with improved growth opportunities.
- Efore developed a new version of the EMP protected power system that was originally developed for the Finnish Defense Forces. The new version is suitable for the broader market and it was introduced at a defense and security trade show in Paris in June.
- The industrial sector sales organization was strengthened in North America and Europe.
- The company received a Best Supplier award from National Instruments in an annual supplier assessment held in August.
- The company launched new power products for large LED displays, street lighting, instrumentation and automation, as well as medical devices.

Sustainability principles as the starting point of corporate responsibility

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.

Economic prosperity for various stakeholders

At Efore, financial responsibility means that the company will develop and offer value-creating products for its customers, meet the owners' profit expectations and provide employment. Furthermore, Efore will 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 2014, Efore's solvency ratio was 38.1% and net gearing 9.0%.

A safe and open work community with healthy 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 and open work community where employees treat each other in a fair, just and equal manner.

Efore's success relies on professionally competent, committed and healthy personnel. Annual performance assessment discussions cover goal-setting, reviewing the job description and training needs as well as the employee's well-being and ways to promote it further. Ensuring that each position is filled by the most suitable and moti-

EFORE'S ECONOMIC IMPACT DURING THE FINANCIAL YEAR 2014

Customers
Net sales EUR 85.3 million

EFORE
ENERGY FOR ELECTRONICS

Purchases
GOODS AND SERVICES SUPPLIERS EUR 55.9 million

Wages, salaries, fees and personnel costs
EMPLOYEES EUR 18.9 million

Taxes
PUBLIC SECTOR EUR 0.5 million

Dividends/distribution of assets
SHAREHOLDERS EUR 0.0 million

Net interest costs
FINANCE PROVIDERS EUR 1.2 million

vated employee promotes productivity and innovation, which is also one of Efore's four core values.

At the end of fiscal year 2014, Efore's number of personnel stood at 976 (934), of whom 78% worked in operations and sourcing, 11% in product and technology development, 5% in sales and marketing, and 6% in finance and administration. Of Efore's employees, 63% worked in China, 15% in Italy, 13% in Tunisia, 8% in the Nordic countries, and 1% in the USA at the end of the fiscal year. The proportion of women was 34% and men 66%.

In fiscal year 2014, the company reorganized and harmonized its operations to correspond with the new structure created through the acquisition carried out in 2013 and to improve its competitiveness. The company also made significant decisions in operations regarding production arrangements and reorganization.

Efore received Supplier of the Year award from National Instruments in their annual supplier evaluation. The award is evidence of the company's capabilities in terms of continuous improvement and innovative practices.

Operations satisfy customers' strict quality requirements

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's locations are ISO 9001:2008 certified, which means that Efore fulfills the demanding quality requirements of its global customers. Close cooperation with customers—for example, in audits—continuously improves Efore's quality systems and processes to meet world class quality requirements. Similarly, Efore demands that its suppliers conform with the ISO 9001:2008 standard in their operations.

Environmental responsibility guides all operations

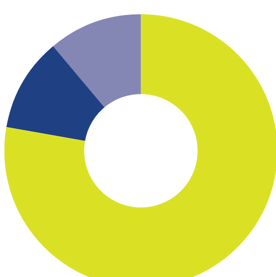
For Efore, environmental responsibility means continuous development of environmentally friendly and energy-efficient products and the reduction of the environmental impact of its operations. Efore's products are energy-efficient and the use of materials is strictly controlled. This environmental approach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

The company's environmental systems are developed and maintained according to the international ISO 14001:2004 standard. All Group sites are certified according to the standard. Efore's products meet the requirements of the European Union's WEEE Directive. They are produced in compliance with the RoHS Directive in a lead-free production process using components that meet the criteria defined in the Directive. Recycling of electronic waste is organized in cooperation with specialist companies.

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

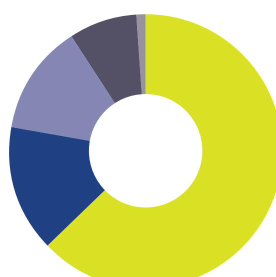
Efore's production process does not generate emissions into the air or ground but it releases so-called greywater which is purified by a specialized waste disposal contractor. During fiscal year 2014 no environmental damage was reported at any of the company's sites.

Personnel by functions



- Operations and Sourcing 78%
- Finance, Administration, Sales and Marketing 11%
- Product and Technology Development 11%

Personnel by region



- China 63%
- Italy 15%
- Tunisia 13%
- Nordic Countries 8%
- USA 1%

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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 OU in Estonia, Efore AB in Sweden, Efore (Hong-Kong) 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.

In June 2014, Efore announced to dissolve the share ownership system of the management and in the same connection Efore Management Oy, a company owned by the members of the Efore Group Executive Management Team decided to dissolve. Liquidation of Efore Management Oy was made after the period under review, on January 19, 2015.

Net sales and financial development of the financial year

Net sales totalled 85.3 million (EUR 74.5 million). Results from operating activities without one-time items were EUR 0,1 million (EUR -4.3 million). Results included EUR 2.0 million one-time items related to organizational changes in Italy and Finland.

During the period under review the total expenditure on R&D activities was EUR 8.9 million (EUR 7.7 million) of which EUR 2.8 million were capitalized. The total R&D expenditure represented 10.5% of net sales (10.3%).

The investment level in the telecommunication sector remained still low which together with slower-than-anticipated growth of industrial sector had an impact on lower-than expected net sales development in 2014.

Business development

The demand in the telecommunication sector was lower than expected in the fourth quarter amounting to EUR 11.0 million. This was partly due to delay in some new product introductions because of external reasons.

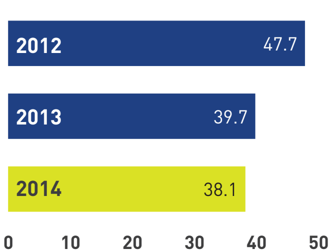
The major part of the telecom sector PCB assembly manufacturing was transferred to an EMS partner during the financial year. By utilizing the capabilities of an EMS company Efore can access the latest manufacturing technology and capacity in a flexible way and can continue to investing in R&D and expanding the sales network.

The fourth quarter net sales of the industrial sector was slightly better than previous quarters in 2014 amounting to EUR 10.4 million.

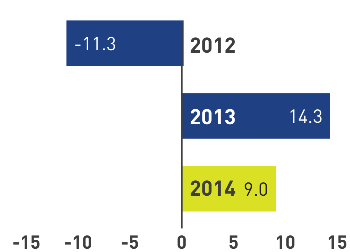
Since 2012 Efore has made efforts to develop a profitable business model for design and manufacturing of Electric Vehicles (EV) power products. However, significantly slower than expected market development has made this unsustainable. The company has therefore decided to discontinue investments in EV business. As a result of this decision no major costs have been recognized during the financial year.

Efore sold its real estate in Italy on October 27, 2014 according to the option agreement, which was made at the same time with the acquisition last year. The sales price of the facility was EUR 1.5 million and it is

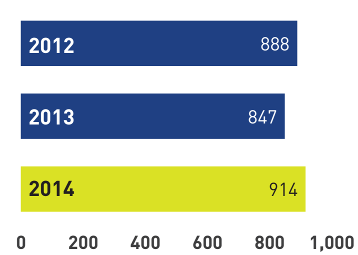
Solvency ratio, %



Gearing, %



Personnel, average



leased at least for three years. The realization gain was EUR 0.1 million.

Investments

Group investments in fixed assets during the period under review amounted to EUR 4.1 million (EUR 3.3 million) which includes EUR 2.8 million capitalization of product development costs.

At the end of the period under review capitalized product development costs amounted to EUR 5.9 million (EUR 4.3 million).

Financial position

The interest-bearing liabilities exceeded the consolidated interest-bearing cash reserves by EUR 1.9 million (EUR 3.3 million on Dec. 31, 2013) at the end of the period under review. The consolidated net financial expenses were EUR 1.2 million (EUR 0.3 million). The cash flow from business operations was EUR 3.8 million (EUR 3.2 million). The cash flow after investments was EUR 1.5 million (EUR -3.5 million).

The Group's solvency ratio was 38.1% (39.7%) and the gearing was 9.0% (14.3%).

Liquid assets excluding undrawn credit facilities totalled EUR 7.8 million (EUR 9.8 million on Dec. 31, 2013) at the end of the period under review. The balance sheet total was EUR 56.6 million (EUR 58.5 million on Dec. 31, 2013).

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 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

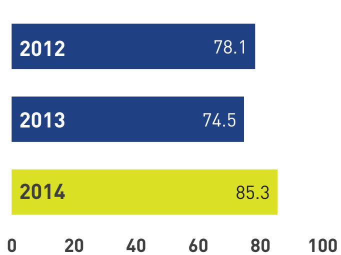
The number of the Group's own personnel including temporary personnel averaged 914 (847) during the period under review and at the end the period under review it was 976 (934).

Board of Directors and Executive Management Team

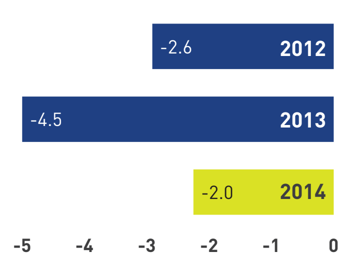
At the Annual General Meeting on April 10, 2014 Ms Päivi Marttila, Mr Francesco Casoli, Mr Olli Heikkilä, Ms Marjo Miettinen, Mr Jarmo Simola and Mr Jarkko Takanen were re-elected as board members. The Board selected Ms Päivi Marttila as the Chairman.

The Board of Directors of Efore Plc established the Audit Committee and elected members among themselves to

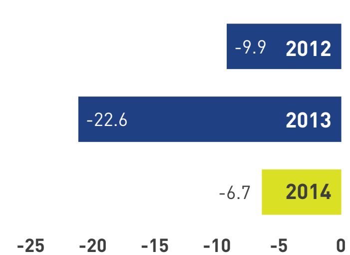
Net sales, MEUR



Operating profit, MEUR



Return on investment (ROI), %



the Committee on November 21, 2014. The members are Olli Heikkilä, Jarmo Simola and Jarkko Takanen. The Audit Committee is chaired by Jarkko Takanen.

The members of Executive Management Team and their global responsibilities are as follows: Vesa Vähämöttönen (President and CEO until Feb. 28, 2015), Mikael Malm (COO, Global Operations), Alexander Luiga (EVP, Telecommunication sector), Alessandro Leopardi (EVP, Industrial sector) and Riitta Järnstedt (CFO)

The Board of Directors of Efore Plc appointed December 22, 2014 Heikki Viika as the President and CEO of Efore Plc. He will start in the position on June 1, 2015.

As announced in October 2014, Efore's current CEO Vesa Vähämöttönen is leaving the company at the end of February 2015. Efore Plc CFO and member of the Executive Management Team Riitta Järnstedt has been appointed as acting President and CEO of the company starting March 1, 2015.

Auditors

The Annual General Meeting held on April 10, 2014 appointed KPMG Oy Ab as Efore's auditors, with Authorized Public Accountant Lasse Holopainen as principal auditor.

Share, share capital and shareholders

At the end of the period under review the number of the Group's own shares was 3,501,995 pcs.

The Board of Directors decided to use authorization granted by the Annual General Meeting of Shareholders on April 10, 2014 and resolved on June 17, 2014 to dissolve the share ownership system prematurely.

The dissolution of the share ownership system was carried out through an acquisition of all Efore Plc shares held by Efore Management Ltd (2,358,242 pcs).

The highest share price during the period under review was EUR 0.96 and the lowest price was EUR 0.62. The average price during the period under review was EUR 0.70 and the closing price was EUR 0.81. The market capitalization calculated at the final trading price during the period under review was EUR 42.3 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the period under review was 10.9 million pcs and their turnover value was EUR 7.7 million. This accounted for 19.6% of the total number of shares 55,772,891 pcs. The number of shareholders totalled 2,819 (3,097) at the end of the period under review.

Notifications of Change in Share Holdings

The share of Efore Plc of the total number of shares and voting rights in Efore Plc exceeded 5% on June 17, 2014.

The share of Sievi Capital Plc of the total number of shares and voting rights in Efore Plc exceeded 20% on October 30, 2014.

The share of Rausanne Group (Rausanne, Adafor and Rausatum) of the total number of shares and voting rights in Efore Plc exceeded 10% on December 22, 2014.

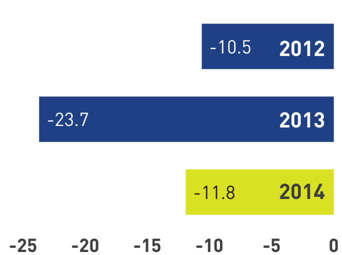
Board authorizations

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

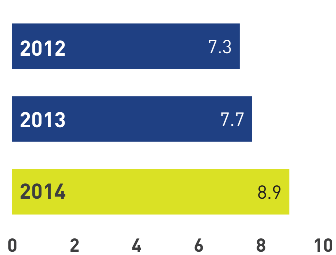
Efore's Annual General Meeting on April 10, 2014 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors to resolve on the acquisition of the company's own shares or their acceptance as pledge, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares corresponding to approximately 7.2% 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 a price otherwise formed on the market. The Board of Directors resolves the manner in which own shares

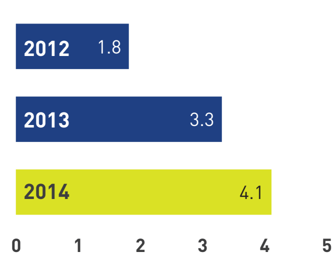
Return on equity (ROE), %



Product development costs, MEUR



Gross investments, MEUR



are acquired or accepted as a 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 cancels the authorization given by the Extraordinary General Meeting on August 26, 2013 to resolve on the acquisition of the company's own shares.

The Authorization is valid until June 30, 2015.

The Board of Directors used the authorization on June 17, 2014 and decided to dissolve the share ownership system prematurely. The dissolution of the share ownership system was carried out through an acquisition of all Efore Plc shares held by Efore Management Ltd (2,358,242 pcs).

The acquisition was carried out as a directed acquisition, in deviation from the shareholders' pre-emptive subscription rights, as the intention of the acquisition is to dissolve the management's share ownership system. Efore Plc paid to Efore Management Ltd 0.70 EUR per share, which was equivalent to the trade-volume weighted average quotation of the Efore Oyj's shares on NASDAQ QMX Helsinki Ltd during 10 trading days preceding the acquisition. The total acquisition price was 1,650,769.40 EUR.

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 April 10, 2014 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, in one or more transactions, to 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 5,000,000 shares, corresponding to approximately 9.0% of all the shares in the company.

The Board of Directors decides on all the terms and conditions of the issuances of shares and 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 special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the Extraordinary General Meeting on 26 August 2013 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until June 30, 2015.

The Board of Directors of Efore Plc resolved on June 17, 2014 to issue stock options to the key employees of Efore Plc. The further issuance of stock options to the key employees shall be determined by the Board of Directors later. The resolution is based on the authorization by the Annual General Meeting held on April 10, 2014. The maximum number of stock options to be issued shall be 1,500,000. The stock options shall be given free of charge.

500,000 of the stock options will be marked with symbol "A", 500,000 with symbol "B" and 500,000 with symbol "C". Each stock option shall entitle its holder to subscribe for one new share in Efore Plc. The stock options shall be subscribed for on July 31, 2015, at the latest.

The share subscription periods with the stock options shall be:

- Stock Options "A":
  1 August 2016–31 July 2018
- Stock Options "B":
  1 August 2017–31 July 2019
- Stock Options "C":
  1 August 2018–31 July 2020

The share subscription price with the stock options shall be determined as follows:

- Stock Options "A": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2014–31 March 2014 (0.70 EUR)
- Stock Options "B": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2015–31 March 2015
- Stock Options "C": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2016–31 March 2016.

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 efficient R&D investment utilization are key factors to support group's target to improve profitability.

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

Efore does not consider the long term targets as market guidance for any given year. It will issue separate financial estimate.

Outlook

During the last two years the group has expanded to new markets enabling better opportunities for the growth. LTE (4G) technology is in a key role in network expansions and Efore has a strong position in this development. Several large network roll-outs have been published creating a base for demand growth. Power supplies for LED lighting, instrumentation, medical equipment and infrastructure offer several growth areas for Efore in the industrial sector.

Efore has invested in several product development projects and especially telecom product portfolio will be renewed significantly. New products expand Efore's product portfolio, which is expected to bring sales growth and stabilize demand fluctuations. Efore's main customers are well positioned in the developing wireless network markets.

Introducing new products into volume deliveries as forecasted is essential for the growth and profitability improvement of the company.

In the near future, Efore focuses on introducing new products into volume production and on necessary actions to improve the competitiveness.

Financial estimate for the 2015

The Company estimates its net sales of financial year 2015 to be EUR 86–96 million and results from operating activities without one-time items to be EUR 2–5 million.

Events after the period under review

In June 2014, Efore announced to dissolve the share ownership system of the management and in the same connection Efore Management Oy, a company owned by the members of the Efore Group Executive Management Team decided to dissolve. Liquidation of Efore Management Oy was made after the period under review, on January 19, 2015.

Riitta Järnstedt has been appointed as acting President and CEO of the company starting on March 1, 2015. New President and CEO Heikki Viika will start in the position on June 1, 2015.

Board of Directors' proposal for the Annual General Meeting

The Board of Directors will propose to the Annual General Meeting on March 31, 2015 that no dividend will be paid.

Consolidated income statement, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2014 (12 months)	Nov. 1, 2012–Dec. 31, 2013 (14 months)
Net sales	1	**85,292**	82,498
Change in inventories of finished goods and work in progress		**52**	-922
Work performed for own purposes and capitalised		**58**	1,134
Other operating income	3	**1,155**	1,369
Materials and services	4	**-55,877**	-56,941
Personnel expenses	5	**-18,912**	-18,768
Depreciation and amortization	6	**-3,558**	-3,212
Impairment loss on development expenditure	6	**-305**	0
Other operating expenses	7	**-9,865**	-10,911
OPERATING PROFIT (-LOSS)		**-1,960**	-5,753
Financial income	8	**2,092**	1,654
Financial expenses	9	**-3,263**	-1,964
PROFIT (-LOSS) BEFORE TAX		**-3,131**	-6,063
Income taxes	10	**482**	-104
PROFIT (-LOSS) FOR THE PERIOD		**-2,649**	-6,166
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss			
Translation differences		**1,174**	-574
Total comprehensive income		**-1,475**	-6,740
NET PROFIT/LOSS ATTRIBUTABLE TO			
Shareholders of the company		**-2,801**	-6,106
Non-controlling interest		**152**	-60
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the company		**-1,627**	-6,681
Non-controlling interest		**152**	-59
Earnings per share calculated on profit attributable to equity holders of the parent:			
Earnings per share, eur	11	**-0.05**	-0.15
Earnings per share, diluted eur	11	**-0.05**	-0.15

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

Consolidated balance sheet, EUR 1,000

	Note	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	**8,109**	6,862
Goodwill	2, 13	**1,114**	1,114
Tangible assets	14	**5,564**	7,766
Trade receivables and other receivables	18	**110**	48
Other non-current investments	15	**48**	26
Deferred tax asset	16	**2,740**	2,273
NON-CURRENT ASSETS		**17,686**	18,089
CURRENT ASSETS			
Inventories	17	**14,497**	14,614
Trade receivables and other receivables	18	**15,803**	15,221
Income tax receivables		**807**	761
Cash and cash equivalents	19	**7,806**	9,791
CURRENT ASSETS		**38,913**	40,387
ASSETS		**56,598**	58,476

Consolidated balance sheet, EUR 1,000

	Note	Dec. 31, 2014	Dec. 31, 2013
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	**15,000**	15,000
Own shares	20	**-2,426**	-2,426
Other reserves	20	**28,691**	29,011
Translation differences	20	**2,561**	1,387
Retained earnings		**-22,298**	-19,940
Equity attributable to shareholders		**21,528**	23,033
Non-controlling interests		**0**	190
TOTAL EQUITY		**21,528**	23,223
NON-CURRENT LIABILITIES			
Deferred tax liability	16	**519**	857
Long-term debt	21, 22	**2,480**	3,925
Other payables	23	**76**	25
Pension loans	24	**1,564**	1,581
Provisions	25	**285**	43
NON-CURRENT LIABILITIES		**4,925**	6,430
CURRENT LIABILITIES			
Short-term debt	21, 22	**7,273**	9,178
Trade payables and other liabilities	23, 26, 27	**22,585**	19,128
Income tax liabilities		**237**	491
Provisions	25	**51**	27
CURRENT LIABILITIES		**30,145**	28,824
LIABILITIES		**35,070**	35,254
TOTAL EQUITY AND LIABILITIES		**56,598**	58,476

Consolidated cash flow statement, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2014 (12 months)	Nov. 1, 2012–Dec. 31, 2013 (14 months)
Cash flows from operating activities			
Cash receipts from customers		**86,449**	95,310
Cash paid to suppliers and employees		**-80,901**	-93,465
Cash generated from operations		**5,548**	1,845
Interest paid		**-507**	-324
Interest received		**96**	32
Other financial items		**-1,115**	43
Income taxes paid		**-236**	-163
Net cash provided by operating activities (A)		**3,786**	1,432
Cash flows from investing activities:			
Purchase of tangible and intangible assets		**-3,870**	-2,933
Proceeds from sale of tangible and intangible assets		**1,626**	189
Acquisiton of subsidiaries, net of cash acquired		**0**	-4,144
Purchase of other investments		**-26**	-1
Proceeds from sale of investments		**4**	0
Increase/decrease in other current investments		**0**	1
Income taxes paid on investments		**-34**	-29
Net cash used in investing activities (B)		**-2,301**	-6,917
Cash flows from financing activities:			
Proceeds from issue of share capital		**0**	5,324
Proceeds from short-term borrowings		**981**	9,840
Net payment of short-term debt		**-3,112**	-4,899
Proceeds from long-term borrowings		**0**	3,000
Principal payment of long-term debt		**-1,402**	-2,038
Principal payment of financial leases		**-212**	-229
Net cash used in financing activities (C)		**-3,745**	10,999
Net decrease/increase in cash and cash equivalents (A+B+C)		**-2,260**	5,514
Cash and cash equivalents at beginning of period		**9,791**	4,514
Net decrease/increase in cash and cash equivalents		**-2,260**	5,514
Effects of change in group structure		**-342**	0
Effects of exchange rate fluctuations on cash held		**618**	-236
Cash and cash equivalents at end of period	19	**7,806**	9,791

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 Jan. 1, 2014	**15,000**	**-2,426**	**27,972**	**1,039**	**1,387**	**-19,940**	**23,033**	**190**	**23,223**
Comprehensive income	0	0	0	0	1,174	-2,801	-1,627	152	-1,476
Share-based incentive programme for management	0	0	0	0	0	84	84	0	84
Other changes	0	0	0	-320	0	359	39	0	39
Change in group structure	0	0	0	0	0	0	0	-341	-341
Equity Dec. 31, 2014	**15,000**	**-2,426**	**27,972**	**720**	**2,561**	**-22,298**	**21,529**	**0**	**21,528**

	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**

Notes to the consolidated financial statements

Basic information

Efore Group is an international company providing services for the ICT and industrial automation industries. Its operations comprise custom-designed power supply solutions, power systems, manufacturing of demanding electronics, and related service and maintenance.

Efore has its headquarters in Espoo, Finland. The Group has product development and marketing units in Finland, China, Sweden and United States. The production units in the Group are located in China and Tunisia. The parent company Efore Plc and the head office is in Espoo, Finland (registered address Linnoitustie 4 B, 02600 Espoo, Finland). The shares of Efore Plc have been quoted on the NASDAQ OMX Helsinki Stock Exchange since 1989. Copies of the consolidated financial statements are available online at www.efore.com or from the parent company headquarters at the address above.

The consolidated financial statements were authorized for issue by the Board of Directors of Efore Plc on February 12th 2015. In accordance with Finnish Company Law the shareholders can either approve, amend or reject the financial statements in the Annual General Meeting held after publishing the financial statements.

Accounting principles for the consolidated financial statements

Basis for preparation

The consolidated financial statements for the financial period January 1,2014 to December 31, 2014 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, 2014. In the Finnish Accounting legislation 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 under the historical cost convention except for financial assets and financial liabilities, which are recognized at fair value through profit or loss, derivative financial instruments and share-based payments measured at fair value at the grant date. 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 January 1, 2014 the following new or amended standards and IFRIC interpretations. These changes have not had any material effect on the consolidated financial statements.

- IFRS 10 *Consolidated Financial Statements* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11 *Joint Arrangements* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed.
- IFRS 12 *Disclosures of Interests in Other Entities* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles.
- IAS 27 *Separate Financial Statements* (revised 2011) and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): The revised standard includes the provisions on separate IFRS financial statements that were left after the control provisions were included in the new IFRS 10.
- IAS 28 *Investments in Associates and Joint Ventures* (revised 2011) (in the EU effective for financial years beginning on or after 1 January 2014): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted.
- Amendments to IAS 32 *Financial Instruments: Presentation* (effective for financial years beginning on or after 1 January 2014): The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance.

Subsidiaries

The consolidated financial statements includes the financial statements of the parent company Efore Plc and its subsidiaries. Subsidiaries are companies in which Efore Plc holds, through direct or indirect shareholding, over 50% of the voting rights or in which it has the position to govern the financial and operating policies (control). 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 acquisition method. Subsidiaries are consolidated from the date when the Group acquired control commences and are included upto the date control ceases.

All intercompany transactions, receivables, liabilities, unrealized gains or losses on intercompany transactions and distribution of profits within the Group are eliminated in the consolidation process. Unrealized losses due to impairment are not eliminated. The distribution of profit or loss for the financial period to the shareholders of the parent company is disclosed in the statement of income.

Associated companies

Associated companies, in which the Group holds, through direct or indirect shareholding, usually between 20% and 50% of the voting rights and in which it exercises significant influence but not control, are consolidated using the equity method. If the Group's share of the associated company's losses exceeds the acquisition cost of the company, the investment has no value in the balance sheet. No consideration is given to losses in excess of the acquisition 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 profit or loss for the associated companies in the Group is presented as a separate line below operating profit. In the end of the fiscal year 31th December 2014 and 31th December 2013 there were no associated companies in the group.

Foreign currency translation

Figures for the performance and financial position of the Group entities are recorded at the currency that is primary used in the primary operating environment of the entities (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency for the parent company.

Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies 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 item recognised at fair value are translated into functional currency using the exchange rates at the dates when the fair value was calculated. Otherwise 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 trade payables are presented as financial income and expenses, and other exchange rate gains and losses are presented under financial income and expenses. Exchange rate differences on derivative financial instruments designated used for hedging net positions in foreign currency net position are recognized as financial items.

Translation of the financial statements of the foreign group companies

The statements of income of the foreign group companies are translated into euro at the average exchange rate of the average rates of the European Central Bank for the calendar months in the financial period, while the balance sheets are translated at the exchange rates at the balance sheet date. The use of different exchange rates for translating the result for income statement and balance sheet results in translation differences, which are 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. At disposal of a subsidiary, the relevant accumulated translation differences are transferred to profit or loss as part of the gain or loss on the sale. Translation differences due to consolidation are presented in equity as a separate item.

Property, plant and equipment

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

At disposal of an item of the property, plant and equipment may consist of several parts with different useful lives, that are in accounting treated as separate items. In such cases, replacement of such an item is capitalized and the carrying amount of the replaced parts is expensed. In other situations subsequent costs are recognised in the carrying amount of the property, plant and equipment only if it is probable that the future income of the item will profit the Group and the cost of the item can be determined reliably. Normal 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 the estimated economic lives of the assets. The estimated useful lives are as follows:

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

Other tangible assets includes improvement expenditure in rental premises. The residual values and useful lives are reviewed at least annually at year-end and where they differ from previous estimates, depreciation periods are changed accordingly to reflect changes in the expectations of future economic lives.

Gains and losses on scrapping and disposal of property, plant and equipment is recorded in other operating income or expenses.

Depreciation ends when the item of property, plant or 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 for grants received from the Government or other entities subject to public law depends on the nature of the grant. Grants relating to expenses incurred are recognised as revenue in other operating income when the expenses occur. Grants relating to the acquisition of property, plant and equipment are deducted from the cost of the asset. The latter grants are recognised as income through lower depreciation and amortization charge during the useful lives of the asset. Government grants are recognised when there is reasonable assurance that the grants are received and the Group complies with the conditions associated with them.

Intangible assets

Goodwill

Goodwill from the business combinations is the excess of the cost over the net identifiable assets, liabilities and contingent liabilities measured at fair value. Goodwill is not amortized, it is subject to an annual procedure of impairment testing. The testing is done or more frequent if there is indications that it might be impaired. For this purpose goodwill is allocated to the cash generating units "CGU" it relates to. An impairment loss is recognized in the consolidated income statement, if the impairment test shows that the carrying amount of the goodwill exceeds the estimated recoverable amount, and the carrying amount is reduced to the recoverable amount. Impairment losses on goodwill cannot be reversed.

Research and development cost

Research cost is recognized as an expense in profit or loss. Development expenditure arising from designing 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 cost that are directly attributable to the process of completing the product for its intended use.

The development process proceeds gradually including seven predefined milestones and four gate assessments. The gate assessments are approved by the management team. The capitalization of development costs in Efore starts when the management team concludes that the capitalization conditions in IAS 38 are met.

An asset is amortized 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 recognised subsequently at cost less accumulated amortization and impairment. Capitalized development costs are amortised on a straight-line basis over their useful life of 3–5 years.

Intangible rights

The intangible rights included licences concerning for IT software.

Intangible assets financial lease

Intangible assets financial lease consists of the capitalized value of financial leasing contracts for IT software.

Other intangible assets

Other intangible assets comprise the capitalized costs concerning IT projects. An intangible asset is initially stated at cost, and only if the cost can be recorded reliably, and the expected future profits are probable.

Intangible assets are amortized on a straight-line basis over their expected useful lives. Intangible assets with indefinite useful lives are not amortized but tested annually for impairment.

Other intangible assets may also contain intangible assets acquired through business acquisitions such as intangible assets related to customer relations and product rights.

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
Other intangible assets	3 years

Non-current assets classified as held for sale

Non-current assets, and the disposal groups, as well as 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. An asset is classified as held for sale when a disposal is highly probable and the asset, or the disposal group, is available for immediate sale in its present condition subject to usual and customary terms, 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. The assets held for sale, or the disposal group, is recognised at the lower of their carrying amount and disposable value. Depreciation and amortisation on these assets ends at the date of classification. Where IFRS 5 is not applicable on assets and liabilities in disposal groups the items are treated accordance to the applicable IFRS.

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 relating to disposal groups are presented separately in the balance sheet.

Inventories

Inventories are stated at the lower of historical cost or net realizable value. The cost of raw materials is calculated on the weighted average cost basis. The cost for finished goods and work in progress consists of raw materials, direct labour, other direct cost 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 normal course of business less the cost of completion and realization. Obsolete and slow-moving inventories have been subjected to impairment in according to the accounting principles in the Group.

Leases

Group as lessee

Leases of tangible and intangible assets, where the Group has substantially all the risks and rewards of the ownership are classified as finance leases. Finance leases are capitalized in the balance sheet at the fair value of the leased asset at the inception of the lease term or the lower present value of the minimum lease payments. An item acquired through of finance lease is depreciated or amortised over the shorter of the item's useful life and the lease term. Lease payments are allocated between finance costs and reductions of the lease liability during the lease term. The interest on the remaining liability is constant in each financial period. Lease obligations are included in the interest-bearing liabilities.

Leases where the lessor retains the risks and rewards of the ownership are treated as operating leases. Payments under operating lease are expensed on a straight-line basis during the lease term.

Impairments

Tangible and intangible assets

The carrying values of assets are tested annually at the balance sheet date to identify any impairment. If indications of impairment exist, the recoverable amount of the asset is estimated. Estimation is also made concerning 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 expenditure (unfinished intangible assets). The need for impairment is considered at the lowest unit level for which separately identifiable, mainly independent, cash inflows and outflows can be defined - the cash-generating unit level.

The recoverable amount of the asset is the disposal value or the 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 rate to discount is a pre-tax discount rate that reflecting current market assessments and the risks specific to the asset.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recorded immediately in profit or loss. At recognition of the impairment loss the useful life of a depreciable or amortizable asset is reviewed. An impairment loss recognized on other assets than goodwill is reversed subsequently if there are changes in the estimates concerning the recoverable amount of the asset. The impairment loss to be reversed may, however, not exceed the carrying value the asset had before recognition of the impairment loss.

Employee benefits

Pension obligations

The Group has entered into several pension schemes in different countries according to local regulations and practices. The pension schemes are classified as defined contribution plans. The Group pays fixed contributions to 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 obligations

Due to the acquisition of the Italian subsidiary the Group has a long-term employee obligation, which is due when employment of the employees covered ceases in the future. The related liability is recognised in the consolidated balance sheet. The valuation of this liability is based on actuarial calculations, but this item is not subject to the same degree of complex actuarial assumptions as post-employment benefits. The amount recognized in personnel expenses are past service cost, the interest expense of the liability and potential revaluation.

Share-based payments

The share-based incentive programmes are recognized at fair value on the grant date and expensed on a straight-line basis over the vesting period with corresponding entry in retained earnings in equity. The effect on profit or loss is included in employee benefit expenses in the personnel expenses line. The expense determined on the grant date is based on an estimate of the number of options to be vested at the end of the vesting period. The fair value is determined using the Black-Scholes option-pricing model. The estimate of the final number of options is revised at each balance sheet date. The effect of changes in estimates is recognized in profit or loss. The assumptions and estimates made when determining the fair value relate to expected dividend yield, volatility and maturity of the options among other conditions. Non-market conditions such as profitability and certain targets for profit growth are not taken into account when estimating the fair value of an option, but they do affect 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 according to the terms of the programme in share capital and share premium account. The Board of Directors of Efore Plc on 17 June 2014 issued a new stock option plan. Each stock option entitles the holder to subscribe for one (1) new share in Efore Plc. The share subscription periods for the stock options issued are the following: Option A: 1 August 2016–31 July 2018 (500,000 options), Option B: 1 August

2017–31 July 2019 (500,000 options), Option C: 1 August 2018–31 July 2020 (500,000 options). The shares subscribed for with the stock options equals to a maximum of 2.69 per cent of the total number of shares in the company.

In connection to the acquisition of the Italian subsidiary a share-based incentive program was established for the key management in the acquired subsidiary. Any rewards based on this program are settled in both shares and cash. The vesting period in the program began on July 11, 2013 and ends on June 30, 2016 and the performance criteria is the share price development of Efore plc during the period. Further information concerning this program is presented in note 20 to consolidated financial statements.

Financial assets and liabilities

The 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 the intended use. Acquisitions and sales of financial assets are recognized at the trade date. In the case of financial assets not held at fair value through profit or loss, the transaction cost is included in the cost. When a financial assets no longer generates income or when all the risks and rewards of the item are transferred substantially to an external party it is derecognized.

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. Derivative financial instruments that neither are financial guarantees contracts nor 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. These are not quoted in an active market and the Group does not hold them for trading. Loans and receivables are valued at amortized cost. They are included in current or non-current financial assets depending on their maturity. At each balance sheet date the Group reviews objective evidence for the need for impairment recognition regarding both individual receivables and groups of receivables. The unrecoverable amount 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 unrecoverable receivables and any need for impairment is based on the risk involved in each item. Trade receivables are recognised at their fair value at the highest. An impairment loss on trade receivables is recognized if there is objective evidence that the Group will not recover the receivables on original terms. The group recognizes impairment from trade receivables, when there is objective evidence that the receivable cannot 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 in trade receivables. The impairment loss is recognized in income statement amounting to difference between the carrying amount of the receivable and the present value of the 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 cash in hand, call deposits and other highly liquid current investments convertible to known amounts of cash, without significant risk of changes in value. Items qualifying as cash and cash equivalents have initial maturities of three months or less. Bank overdrafts relating to the cash pool accounts in the Group are included in 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 valuated at amortized cost. The first-mentioned category includes derivative financial liabilities and the latter loans from credit institutions. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial cost of the financial liabilities valuated at amortized cost. Financial liabilities are included in both non-current and current liabilities and can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current if the Group does not have an unconditional right to defer the 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 in financial income and expenses as incurred. Financial costs concerning liabilities are expensed as incurred.

Derivative financial instruments

Derivative financial instruments are recognised both initially and subsequently at fair value. Derivatives are used in the group as hedges of risks related to the currency positions in the balance sheet. The Group does not, however, apply hedge accounting as specified in IAS 39. 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. Changes in the fair value are reported in financial items in the income statement. Derivatives used for hedging against exchange rate risks are recorded as current receivables or liabilities in the balance sheet.

Trade payables

Trade payables are recognized to the initial invoiced amount, which reflects their fair value due to the short maturity of these payables.

Provisions

Provisions are recognized in the balance sheet when the Group has, as a result of a past event, a present legal or constructive obligation and the settlement is expected to occur and the amount of the obligation can be estimated reliably. Provisions may relate to restructuring costs, onerous contracts, legal cases and warranty costs, among other costs. 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 information. 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 the implementation of the plan has started or the plan is announced. A provision for onerous contracts is recognised when the minimum costs for meeting the contract obligation exceeds the expected income from the income from the contract.

Contingent assets and liabilities

Contingent liabilities are potential obligations arising from past events where the existence will be confirmed at the occurrence of an uncertain event uncontrolled by the Group. Contingent liabilities is also present obligations that due to past events even if a settlement will not probably be required, or the amount of the obligation cannot be estimated with sufficient certainty. Contingent liabilities are presented in the notes to the financial statement.

A contingent asset is a potential asset arising from past events where the existence of the asset will be confirmed at the occurrence of an uncertain uncontrolled by the Group. A contingent assets is presented in the notes to the financial statements, if the settled income can be estimated with sufficient certainty.

Income taxes

Accrual-based taxes based on the taxable income are 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 due to 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 prevailing tax rate at the balance sheet date for the following year in the country in question. The most significant part of the total deferred tax receivable in the Group consists of the tax losses in two subsidiaries. No deferred taxes are recognized for the undistributed profits in the subsidiaries, as this will unlikely affect group accounts in the foreseeable future.

Deferred tax liabilities are recognized at the full amount. Deferred tax assets are recognised only to the extent they are estimated to generate taxable income in future periods, and can be utilized against the temporary difference.

Principles for revenue recognition

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. Revenue is mainly 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. Net sales is the revenue from sales deducted by discounts granted, indirect taxes and exchange rate differences on the sales.

Interest income is recognized using effective interest rate method and dividend income is recorded when the right to receive dividend is appropriately authorized.

Non-recurring items

Non-recurring items are highly infrequent and extraordinary income or expenses with material effect on the financial statements. revaluations and reassessments, are not treated as non-recurring items. Reassessments are for instance changes in depreciation plans or principles.

Operating profit

The Presentation of Financial Statements in IAS 1 does not define Operating Profit. The Group has the following definition: The operating profit is total net sales and other operating income deducted by expenses for materials and services adjusted by change in work in progress, manufacturing for own use, personnel costs, depreciation and amortization, impairment losses charges on non-current assets and other operating expenses. Exchange rate differences relating to working capital items are included in the operating profit, whereas other exchange rate differences are included in financial items.

Critical accounting judgments and estimates

The Management of the group makes decisions concerning the adoption and application of accounting principles. This concerns specially cases, where applicable IFRS standards allow alternative recognition, valuation 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. Historical information and present management views of the markets are used in the models. Assessments of individual events are based on the best available information when the financial statements are prepared.

Estimates made in the preparation of financial statements are based on the best view of the management at the balance sheet date. The estimates are based on experience and assumptions at the balance sheet date that relate to e.g. expected development of sales and cost levels in the group's economic environment. The group follows the actual outcome of estimates and assumptions as well as changes in factors on a regular basis together with the business using several internal and external information sources. Potential adjustments in estimates and assumptions are recognized during the period of reassumption as well as in the following periods.

The major judgments and estimates relating to the uncertainties at the balance sheet date and 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 the following areas are most important concerning the accounting principles as the applicable accounting principles concerning these are the most complex and the application requires use of significant estimates and assessments, e,g. valuation of assets. Additionally, the effect of the estimates and assessments concerning in these items are expected to be the 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 combinations 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
* = Amendments has not yet been endorsed by the EU.

- 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. The amendments are not assessed to have an impact on Efore's consolidated financial statements.
- *Annual Improvements to IFRSs* (2011–2013 cycle and 2010–2012 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. The impact of the improvements vary standard by standard but none of them has significant impact on Efore's consolidated financial statements.
- Amendment to IAS 1 *Presentation of Financial Statements:* Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgment when determining where and in what order information is presented in the financial disclosures. The interpretation had no significant impact on Efore's consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for financial years beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments will have no impact on Efore's consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture - Bearer Plants** (effective for financial years beginning on or after 1 January 2016): These amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment and included in the scope of IAS 16, instead of IAS 41. These amendments will have no impact on Efore's consolidated financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective for financial years beginning on or after 1 January 2016): The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed

in a subsidiary. The amendments are not assessed to have an impact on Efore's consolidated financial statements.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception** (the amendments can be applied immediately; mandatory for financial years beginning on or after 1 January 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. The amendments will not have an impact on Efore's consolidated financial statements.
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations** (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not assessed to have an impact on Efore's consolidated financial statements.
- Amendments to IAS 27 *Separate Financial Statements – Equity Method in Separate Financial Statements** (effective for financial years beginning on or after 1 January 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will not have an impact on Efore's consolidated financial statements.
- New IFRS 14 *Regulatory Deferral Accounts** (effective for financial years beginning on or after 1 January 2016): IFRS 14 is first specific IFRS guidance on accounting for the effects of rate regulation. It is an interim standard. IFRS 14 allows first-time adopters of IFRS, whose activities are subject to rate-regulation, to continue using previous GAAP ("grandfathering") while the IASB completes its comprehensive project in this area. IFRS 14 is an optional standard. The new standard will not have an impact on Efore's consolidated financial statements.
- *Annual Improvements to IFRSs*, 2012–2014 cycle*) (effective for financial years beginning on or after 1 January 2016): 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 four standards. The impact of the improvements vary standard by standard but none of them has significant impact on Efore's consolidated financial statements.
- New IFRS 15 *Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2017): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 *Construction Contracts and* IFRIC 13 *Customer Loyalty Programmes*. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently evaluating the impact of IFRS 15.
- New IFRS 9 *Financial Instruments** (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is evaluating the impact of IFRS 9.

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)

The Efore Group reports according to one business segment, and therefore the business segment information below refers to the consolidated figures of whole Efore Group. The 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, who monitor the operating profit as a basis for profitability analysis and resource allocation in the Group.

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 location i.e. the market areas of the customers. Assets and investments are reported according to the location of the items in question. Non-allocated assets contain cash and cash equivalents, interest receivables and tax receivables.

Geographical areas 2014 (12 months)	Americas	EMEA	Finland	APAC	Non-allocated	Group
Net sales	12,900	35,592	13,700	23,100	0	85,292
Assets	46	8,491	9,781	18,926	10,547	47,791

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

In 2014 almost 50 percent of net sales in the Group consisted of income from two major customers. From customer A EUR 16,765 (14,288) thousand and customer B EUR 24,735 (29,364) thousand, totalling EUR 41,499 (56,288) thousand.

Net sales consists of sales of goods EUR 84,849 (81,831) thousand and sale of services EUR 443 (667) thousand.

2. BUSINESS ACQUISITIONS (EUR 1,000)

Efore Group had no business acquisitions during the fiscal year 1.1.–31.12.2014.

Acquisition of a subsidiary 2013

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

The Roal acquisition is a key part of the strategy in Efore in order to to increase the industrial business sector and balance the businesses.

Intangible assets arising from business combinations are 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 customers and product rights. The estimated fair value of the real estate in Italy is EUR 0.9 million lower than the book value in the acquired company. The goodwill of EUR 1.1 million arose from the acquisition based on the anticipated benefits of synergy.

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

If the Roal Group had been consolidated to the financial statements of the Group as from November 1, 2012, the net sales in the Group would have been EUR 105.7 million. Roal consolidation as from November 1, 2012 would had affected negatively the result by EUR 0.7 million.

Settlement	**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

3. OTHER OPERATING INCOME (EUR 1,000)

	2014 (12 months)	2013 (14 months)
Grants for product development	**169**	90
Gain on disposal of non-current assets, tangibles	**143**	10
Other income	**844**	1,269
Total	**1,155**	1,369

4. MATERIALS AND SERVICES (EUR 1,000)

	2014	2013
Materials	**54,101**	57,040
Change in inventories	**773**	-1,129
Services	**1,004**	1,030
Total	**55,877**	56,941

5. PERSONNEL EXPENSES (EUR 1,000)

	2014	2013
Salaries and wages	**14,795**	14,757
Pension expenses, defined contibution plans	**2,675**	2,096
Other social security expenses	**1,442**	1,915
Total	**18,912**	18,768

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

Average number of personnel	2014	2013
Average number of personnel during fiscal year	**914**	836
Average number of personnel at the end of year	**976**	934

The number of own personnel including temporary personnel.

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

	2014	2013
Depreciation and amortization by asset class		
Development costs	**968**	623
Intangible rights	**356**	332
Intangible assets, finance lease	**193**	155
Other intangible assets	**25**	15
Buildings and structures	**50**	21
Machinery and equipment	**1,643**	1,558
Machinery and equipment, finance lease	**35**	48
Other tangible assets	**290**	460
Total	**3,558**	3,212
Impairtment on development costs	**305**	0

7. OTHER OPERATING EXPENSES (EUR 1,000)

	2014	2013
Rental costs	**1,384**	1,510
Voluntary employee benefits	**767**	2,022
Professional fees	**2,102**	2,881
Office and administrational expenses	**815**	790
Maintenance and operational costs	**1,139**	1,278
Travel expenses	**713**	736
Increase in allowance recognised in profit and loss	**266**	6
Costs of entertainment	**52**	50
Insurance expenses	**241**	132
Marketing expenses	**211**	125
Car expenses	**132**	146
Other fixed expenses	**1,273**	762
Bad debts (without provisions)	**91**	1
Sales services	**622**	348
Losses on sales of fixed assets	**58**	123
Total	**9,865**	10,911

Audit fees:		
KPMG		
Audit	**61**	80
Tax services	**51**	26
Other services	**11**	75
	123	181
Other authorised accounting firms		
Audit	**23**	19
Tax services	**0**	0
Other services	**0**	0
	23	19
TOTAL		
Audit	**85**	100
Tax services	**51**	26
Other services	**11**	75
Total	**146**	201

8. FINANCING INCOME (EUR 1,000)

	2014	**2013**
Interest income from loans and other receivables	**96**	32
Exchange rate gains from loans and other receivables	**1,873**	1,622
Other financing income	**123**	0
Total	**2,092**	1,654

9. FINANCING EXPENSES (EUR 1,000)

	2014	**2013**
Interest expenses to financial liabilities at amortised cost	**859**	889
Exchange rate losses from loans and other liabilities	**2,283**	921
Other financial expenses	**121**	154
Total	**3,263**	1,964
Exchange differences recognized in the income statement (- loss / + gain)		
Financing income and expenses	**-409**	701
Total	**-409**	701

10. INCOME TAXES (EUR 1,000)

	2014	**2013**
Income taxes in statement of income		
Income tax for fiscal year	**-299**	-488
Income tax on investments	**-34**	-29
Deferred taxes	**815**	414
Total	**482**	-104
The difference between income tax expense calculated at Finnish tax rate in Parent company and tax expense provided on earnings are as follows:		
Result before taxes	**-3,131**	-6,063
Taxes calculated at tax rate in Parent company (20.0%)	**626**	1,485
Difference due to other tax rates of subsidiaries	**946**	-654
Non-deductible expenditure	**-2,213**	-977
Tax exempt income	**652**	1,126
Use of previously unrecognized tax on losses	**249**	-646
Changes in defferred tax assets due to changes in future expectations	**0**	-285
Other items	**222**	-153
Tax expense in consolidated statement of income	**482**	-104

11. EARNINGS PER SHARE (EUR 1,000)

	2014	2013
Result for fiscal year attributable to shareholders in parent company	**-2,801**	-6,106
Weighted average number of shares (in thousands)	**52,271**	41,423
Effect of adjustment for potential shares in the share-based incentive plan	**220**	220
Weighted average number of diluted shares	**52,491**	41,643
Earnings per share, EUR		
Basic	**-0.05**	-0.15
Diluted	**-0.05**	-0.15

Basic

Diluted earnings per share are calculated by dividing the profit or loss attributable to the shareholders of the parent company by the weighted 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 shares. Earnings per share are diluted by the share-based payments according to the share-based incentive programme for the key management in Roal Electronics S.p.A., where 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, as the exercise price 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 without compensation as the funds received from the exercised options do not cover a share issue at 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.

The Group has two share-based incentive programs, that may have an dilutive effect on the earnings per share.

1. Stock option program

Stock options have a dilutive effect, as the exercise price 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 without compensation as the funds received from the exercised options do not cover a share issue at 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. The stock option plan was issued on 17 June 2014 and a the total amount of stock options according to the program are 1,500,000 pcs. Each option entitles the holder to subscribe for one (1) new share in Efore Plc. The share subscription periods for the stock options issued are the following: Option A: 1 August 2016–31 July 2018 (500,000 options),), Option B: 1 August 2017–31 July 2019 (500,000 options), Option C: 1 August 2018–31 July 2020 (500,000 options). The shares subscribed for with the stock options equals to a maximum of 2.69 per cent of the total number of shares in the company.

2. Share-based incentive program

The earnings per share are diluted by the incentives to be settled as shares in the share-based incentive program concerning the key management. The performance period in the program began on July 11, 2013 and ends on June 30, 2016 The shares are taken into account as stock options in the calculation of the dilutive earnings per share, although the settlement concerning the shares is contingent.

12. INTANGIBLE ASSETS, (EUR 1,000)

Intangible assets 2014	Development expenditure*	Intangible rights	Intangible assets, financial leasing	Other capitalised long-term expenditure	Advance payments for intangible assets	Total
Acquisition cost on Jan. 1	14,550	3,790	1,423	669	0	20,432
Translation difference (+/-)	24	-149	0	0	0	-125
Additions	2,830	25	161	24	6	3,047
Disposals	-6,965	-1,042	0	-576	0	-8,582
Reclassifications between classes	0	26	510	-495	0	40
Cost on Dec. 31	10,439	2,651	2,094	-378	6	14,812
Accumulated amortization and impairment on Jan.1	-10,255	-1,830	-886	-599	0	-13,570
Translation difference (+/-)	-5	149	0	0	0	145
Accumulated depreciation on disposed and reclassified assets	6,965	1,042	-509	1,070	0	8,568
Amortization	-968	-356	-193	-25	0	-1,541
Impairtment loss	-305	0	0	0	0	-305
Accumulated amortization and impairment on Dec. 31	-4,567	-995	-1,588	447	0	-6,703
Book value on Dec. 31, 2014	5,871	1,656	506	69	0	8,109

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

* In year 2014 the carrying amount of unfinished development expenditure is 2,830 thousand euros. Development costs are tested for impairment quarterly. In the test the carrying amount of development costs is compared with the recoverable amount. The 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 2014 the value of unfinished development projects totalled 1,994 thousand euros.

Impairment testing

For impairment testing the goodwill is allocated to the cash generating unit, the Roal subgroup. The recoverable amount has been determined based on value-in-use calculations. Cash flow forecasts are based on five year plans approved by management. Cash flow forecast after planning period has ben extrapolated with 2% growth in net sales.

Impairment testing

1. The development of Net sales, EBITDA and Investments was based on long term forecasts by the management.
2. The increase in net working capital was calculated by 12% of net sales.
3. Discount rate has been determined by means of weighted average cost of capital (WACC) describing the total costs of equity and liabilities taking on 31.12.2013 into consideration the business risks of the facilities. The discount rate of 10.6% (10.8%) is a pre tax rate.

According to sensitivity analysis the net present value of the discounted cash flows would equal the carrying amount, if EBITDA would be 10% (8%) lower during the years 2015–2018 or if the discount rate would be 2.2% (0.9%) -units higher.

13. CONSOLIDATED GOODWILL, (EUR 1,000)

Consolidated Goodwill 2014	Consolidated goodwill
Acq.cost on Jan. 1	1,114
Acquisitions through business combinations	0
Cost on Dec. 31	1,114
Accumulated depreciation and impairment on Jan. 1	0
Accumulated depreciation and impairment on Dec. 31	0
Book value on Dec. 31	1,114

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

14. TANGIBLE ASSETS, (EUR 1,000)

Tangible assets 2014	Land and water	Buildings and structures	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Acq.cost on Jan. 1	134	1,284	18,939	672	-26	4,403	147	25,553
Translation difference (+/-)	0	0	1,198	0	7	390	0	1,595
Additions	0	27	667	25	12	164	272	1,167
Disposals	-134	-1,260	-3,760	0	-10	-826	-139	-6,128
Reclassifications	0	-45	0	0	0	0	-26	-71
Cost on Dec. 31	0	6	17,044	697	-17	4,131	254	22,116
Accumulated depreciation and impairment on Jan. 1	0	-21	-13,111	-613	100	-4,142	0	-17,787
Translation difference (+/-)	0	0	-846	0	-4	-385	0	-1,234
Accumulated depreciation on disposed assets	0	-34	3,589	0	7	826	0	4,388
Depreciation	0	50	-1,643	-35	-23	-267	0	-1,918
Accumulated depreciation and impairment on Dec. 31	0	-6	-12,010	-648	80	-3,968	0	-16,551
Book value on Dec. 31, 2014	0	0	5,034	49	63	163	254	5,564

Tangible assets 2013	Land and water	Buildings and structures	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Acq. 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	0	0	18	0	0	0	-50	-32
Cost on Dec. 31	134	1,284	18,939	672	-26	4,403	147	25,552
Accumulated 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 disposed assets	0	0	916	0	113	42	0	1,071
Depreciation	0	-21	-1,558	-48	-12	-448	0	-2,087
Accumulated 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	7,766

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

	2014	2013
At beginning of fiscal year	26	6
Acquisitions through business combinations	0	18
Additions	26	2
Disposals	-4	0
Total	48	26

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

Deferred tax assets	Jan.1, 2014	Charged to income statement	Translation difference (+/-)	Business transactions	Dec. 31, 2014
Tax loss carried forward, Efore (Suzhou) Electronics Co., China	1,270	-83	130	0	1,316
Tax losses and other items, Roal Electronics S.p.A, Italia	1,003	428	0	0	1,424
Total	2,272	345	130	0	2,740
Deferred tax liabilities					
Accumulated depreciation difference, Efore AB, Sweden	3	2	-5	0	0
Fair value evaluation of intangible assets in business combinations	854	-335	0	0	519
Total	857	-333	-5	0	519
Deferred taxes, net	1,416	677	135	0	2,220

Deferred tax assets	Nov.1, 2013	Charged to 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					
Accumulated depreciation difference	4	0	-1	0	3
Acquisitions in business combinations	0	-197	0	1,051	854
Total	4	-198	-1	1,051	857
Deferred taxes, net	895	412	-26	135	1,416

The group companies in Finland and USA had tax losses totalling EUR 30.0 (36.4) million on December 31, 2014. A deferred tax asset was not recognized on of them because they are unlikely to be used in the foreseeable future. Of the deferred tax assets EUR 3.5 million are allocated to Finland and EUR 3.6 million are allocated to USA. The losses will expire from 2016 onwards.

In the group companies in China the fiscal loss calculated tax receivable of 1.3 milj. euroa (1.3 MEUR) is recognised in the financial statement.

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

17. INVENTORIES (EUR 1,000)

	2014	2013
Materials and supplies	6,132	6,512
Work in progress	2,648	2,157
Finished goods	5,716	5,945
Total	14,497	14,614

During 2014 the write-downs on inventory were increased by EUR 10 thousand. The write-downs on inventory in previous years were reversed to an amount of EUR 1 thousand.

The total inventory cost in 2014 was EUR 54,481 (55,699) thousand. This is included in the lines for Materials and services as well as the line Change in inventories od finished goods and work in progress in the income statement.

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

	2014	2013
Long-term other receivables	110	38
Long-term prepayments and accrued income	0	10
Trade receivables	14,190	13,463
Provision for bad debt	-366	-275
Other receivables	1,431	1,254
Prepayments and accrued income	548	779
Total	15,913	15,269

The book value of the receivables does not significantly differ from their fair value. During the fiscal year the Group recognized write-offs of EUR 356 thousand (EUR 7 thousand) on trade receivables. Write-offs include both the increase in provision for bad debt and credit losses.

	2014	2013
Provision for bad debt Jan. 1/Nov. 1	275	1
Translation difference	0	-1
Acquisitions through business combinations	0	281
Additions	91	0
Write-offs	0	-6
Provision for bad debt Dec. 31	366	275
Analysis of trade receivables past due:		
Neither past due nor impaired	10,949	6,832
Due not more than 30 days	1,646	2,963
Due 31 to 60 days	598	2,275
Due 61 to 90 days	87	363
Due 91 to 120 days	460	97
Due more than 120 days	450	933
Total	14,190	13,463
Trade and other receivables by currency:		
EUR	5,766	4,601
RMB	2,416	2,531
USD	7,621	8,027
SEK	44	44
Others currencies	66	65
Total	15,913	15,269
Items included in Prepayments and accrued income:		
Accrued employee benefit expenses	96	127
Other items	452	652
Total	548	779

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

	2014	2013
Cash at banks	7,806	9,791

20. SHARE CAPITAL (EUR 1,000)

	Number of shares	Share capital	Acquisition of own shares	Invested Unrestricted Equity reserve	Total
Nov. 1, 2012	38,952,862	15,000	-2,480	18,768	31,287
Acquisition of own 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
Jan. 1, 2014	**52,270,896**	**15,000**	**-2,426**	**27,972**	**40,546**
Shares outstanding per Dec. 31, 2014	**52,270,896**	**15,000**	**-2,426**	**27,972**	**40,546**
Total number of shares	**55,772,891**				
Own shares held by company Dec. 31, 2014	**3,501,995**				

On December 31, 2014 the number of shares was 55,772,891 and the share capital was EUR 15,000,000 in Efore plc. The Articles of association for Efore pcl do not state the highest amount of shares or share capital.

The issued shares have all been fully paid. The shares have no nominal value. The company has one type of shares. The voting right for each share is one vote per share.
Description of the reserves within equity:

Description of the reserves within equity :

Other reserves

Reserve for invested unrestricted equity

The total value EUR 1,400.00 of the new shares issued in the directed share issue to Efore Management was recognised in the reserve for invested unrestricted equity. On February 9th, 2010 the Annual General Meeting decided to decrease the share capital of the Efore Plc by EUR 19,450,000. The decreased amount was transferred to the reserve for unrestricted equity. The sales of own shares in the parent company amounted to EUR 14,547.36 was entered in the reserve for unrestricted equity. (Year 2010). According to the decision made by the Annual General Meeting on 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 was EUR 0.05 per share. The share issue of EUR 9,399,999.82 and the issue-related transaction costs of EUR -195,887.84 have been recognised in the reserve for invested unrestricted equity in 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 consolidated subsidiaries.

Reserve for own shares

The reserve for own shares consists of the cost of own shares. In 31.12.2013 group parent company held 1,143,753 of own shares. The acquistions cost for this treasury stock was EUR 742,886.

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 Ltd to Group Balance sheet. The shares in Efore Plc that Efore Management Ltd had acquired are shown in equity as acquisition of own shares. During fiscal year 2014 the parent company aqcuired all the own shares held by Efore Management Ltd. The group held at 31th of December 2014 a total amount of 3,501,995 Efore Plc shares with a total value of EUR 2,425,731.10. The amount is reported as a reduction in the equity of the Group.

Translation reserve

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

Dividends

No dividend was distributed for the fiscal period.

Share-based incentive programme

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

The programme includes one vesting period, beginning on 11 July 2013 and ending on 30 June 2016. The earnings criteria 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 Performance Period earlier.

The potential settlement is paid partly in shares and partly in cash in July 2016. The proportion to be settled in cash is intended to cover taxes and tax-related costs arising from the reward to the Roal key management. No reward will be settled, if the employment or service of the key manager ends before 30 June, 2016.

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

Stock option plan

The Board of Directors of Efore Plc issued on 17 June, 2014 stock options to the key employees of Efore Plc. The further issue of stock options to the key employees shall be determined by the Board of Directors later. The resolution was based on the authorization by the Annual General Meeting held on 10 April 2014. The maximum number of stock options to be issued are 1,500,000 shares according to the conditions in the program. The stock options shall be given free of charge.

	Share-based option rights			
Stock option plan 2014	**2014 A**	**2014 B**	**2014 C**	**Total**
Option rights maximum, pcs	500,000	500,000	500,000	1,500,000
Shares to be subscribed per option, pcs	1	1	1	
Subscription price	0.7	March 1.–March 31, 2015	March 1.–March 31,2016	
Dividend right	Yes	Yes	Yes	
Exercisable, from	Aug. 1, 2016	Aug. 1, 2017	Aug. 1, 2018	
Expiration	July 31, 2018	July 31, 2019	July 31, 2020	
Contractual life of options, years	1 year 11 months	2 years 11 months	3 years 11 months	

	Share-based option rights				
Stock option plan 2014	**2014 A**	**2014 B**	**2014 C**	**Total**	**Weighted average option price**
Option rights granted	133,333	133,333	133,332	399,998	
Option rights forfeited	0	0	0	0	
Option rights expired	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	133,333	133,333	133,332	399,998	0.70
Option rights held for future grants	366,667	366,667	366,668	1,100,002	0.70
Option rights exercisable	0	0	0	0	

The Black-Scholes option pricing model is used to determine the fair value of the options. The fair value for the option rights is determined on the grant day which recognized in employee benefits expenses during the vesting period. The grant date is the date of decision by the Board of Directors. Future dividends are not included in the calculation. The effect of option rights on the financial performance of the company for fiscal year 2014 is EUR 17 thousand.

Implementation	2014 Granted
Option rights granted	399,998
Share price, EUR	0.69
Subscription price, EUR	0.7
Risk-free interest %	0.8
Expected dividends (dividend yield)	0.00%
Expected volatility, %*	27%
Option rights forfeiting, %	0.00%
Fair value, total, EUR	61,620.49
Valuation model	BS

The Black-Scholes model has been used in calculation, taking into consideration different assumptions concerning the average numbers of options granted. The fair value is calculated by taking into account all options granted, without consideration the possibly forfeited options.

* The expected volatility has been determined by calculating the actual volatility of share price of Efore Plc for a period corresponding to the maturity of the option rights just before their grant date.

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

	2014 Book value	2013 Book value
Non-current		
Finance lease liabilities	**380**	423
Loans from credit institutions	**0**	302
Pension loans	**2,100**	3,200
Total	**2,480**	3,925
Current		
Finance lease liabilities	**189**	181
Current derivatives at fair value	**7**	0
Loans from credit institutions	**5,977**	7,897
Pension loans	**1,100**	1,100
Total	**7,273**	9,178

The pension loans are due in year 2016 and 2018 and their interest rates are 1.75%–2.4%. The interest-bearing liabilities are valued at initial value less installments, and the values do not differ materially from the fair values.

Maturities of non-current liabilities

2014	2015	2016	Later
Finance lease liabilities	**189**	**380**	**0**
Current derivatives at fair value	**7**		
Loans from credit institutions	**5,977**	**0**	**0**
Pension loans	**1,100**	**1,100**	**1,000**
Total	**7,273**	**1,480**	**1,000**

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

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

	2014	2013
Minimum lease payments concerning financial lease liabilities		
Less than 1 year	203	243
1–5 years	391	399
More than 5 years	0	0
	594	642
Finance lease liabilities – present value of minimum lease payments		
Less than 1 year	189	181
1–5 years	380	423
More than 5 years	0	0
	569	604
Financing expenses accumulating in the future	25	38
Total amount of finance lease liabilities	569	604

Finance lease liabilities consist of lease agreements for IT software.

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

	2014	2013
Non-current		
Accrued expenses	76	25
Current		
Advances received	110	28
Trade payables	17,564	15,093
Liabilities to related parties	13	30
Other payables	1,779	1,887
Currency derivative instruments	0	45
Accruals and deferred income	3,119	2,045
Total	22,585	19,128

The book values of trade payables do not differ materially from their fair value. Derivatives are evaluated at fair value based on valuations confirmed by the counter party.

Material items included in accruals and deferred income

Current interest payable	26	68
Accrued personnel expenses	2,970	1,811
Other items	199	190
Total	3,195	2,069

24. PENSION OBLIGATIONS (EUR 1,000)

The Group has post-employment benefit obligations in Italy, where IAS standard 19 is applicable. The Italian legislation provides that, at employment contract termination, each employee receives a severance indemnity (Trattamento Fine Rapporto TRF), which is paid from a fund held in the company or held in an external institution. The amount of each annual contribution equals approximately 6.9% of the gross annual salary which is accrued monthly to the personnel expenses. TRF Provision reflects the company's liability to leaving employees. The value of this liability is a fair value index-adjusted annually. This value is is based on actuarial calculations taking into account demographic assumptions in the future concerning current and future employees and financial assumptions based on market expectations.

	2014	2013
Pension obligations Jan. 1/Nov. 1	1,581	0
Acquisitions through business combinations	0	1,630
Paid benefits	-16	-49
Pension obligations Dec. 31	1,564	1,581

25. PROVISIONS (EUR 1,000)

	2014	2013
Non-current provisions		
Warranty provision Jan. 1	0	0
Provisions used	35	0
Warranty provision Dec. 31	35	0
Other provisions Jan. 1/Nov. 1	43	0
Acquisitions through business combinations	0	254
Additions	230	0
Provisions used	-23	-212
Other provisions	250	43
Current provisions		
Warranty provision Jan. 1/Nov. 1	27	110
Translation difference	3	-3
Additions	21	0
Provisions used	0	-81
Warranty provision Dec. 31	51	27
Provision for onerous contract Nov. 1	0	692
Additions of provisions	0	0
Provisions used	0	-692
Provision for onerous contract	0	0
Provisions total	336	69

Products sold by the company have normally a 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. Resulting from end of production in Pärnu, Estonia, a provision for an onerous contract was recognized from the rental agreement of premises was made in fiscal year 2012.

26. FINANCIAL RISK MANAGEMENT

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

The long-term pension loans have fixed interest rates.

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.

Almost 50% of Group Net Sales comes from the two major customers. The total amount of trade receivables from these two key customers were EUR 5.8 million, from which EUR 1.1 million was overdue. The maturity analysis of trade receivables and currency exposure of trade and other receivables are presented in note 18, Trade and other receivables.

Foreign exchange risk

Foreign exchange 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 euro, Renminbi and US dollar. The operating expenses are generated in euro, US dollar, Swedish krona and Renminbi. The main foreign currency surpluses and deficits are hedged according to the Group hedging policy.

In 2014 the primary hedging method has been matching of foreign currency income and expence flows. The Group has aimed at minimizing the open positions in foreign currencies. During fiscal year 2014 no derivative financial instruments were used for currency hedging. The currency derivatives used in fiscal year 2013 had a maturity of 1–3-months.

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 rates affecting the income, loan portfolio and cash reserves in the Group. Interest rate risks are also dependent on whether financing is made by fixed-rate ocr variable rate agreements. Interest rate risks are managed by making correct decisions concerning the interest periods of the liabilities and by using different types of derivative financial instruments to hedge interest rate risks. On the balance sheet date, the Group had no 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 7.8 million (EUR 9.8 million). The Group's interest-bearing liabilities totalled EUR 9.8 million (EUR 13.1 million). The company's financing reserves comprised unused credit limits totalling EUR 6.7 million on December 31, 2014, from which will expire within 11 months. Credit limits were utilized EUR 0.2 milj on December 2014. Credit limits were utilized EUR 3.8 milj on December 31, 2013.

Maturities of financial liabilities, 2014	Carrying amount	Contractual cash flows	6 months or less	6–12 months	Later
Trade payables	17,674	17,674	17,674	0	0
Loans from credit institutions	5,977	6,162	2,272	3,890	0
Pension loan	3,200	3,866	582	576	2,708
Financial lease liabilities	569	594	0	203	391
Foreign exchange derivatives, negative fair value	7	7	7	0	0

Maturities of 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 credit 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
Currency derivatives, negative fair value	45	45	45	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 credit policy of the Group. Material items of trade receivables are evaluated on a counterparty basis in order to identify any bad debts

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

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

	2014	2013
Currency derivatives, not hedging		
Option contract		
Nominal value	681	2,030
Negative fair value	7	45

28. OPERATING LEASE COMMITMENTS (EUR 1,000)

	2014	2013
Group as lessee		
Noncancellable minimum operating lease payments:		
Less than 1 year	827	955
1–5 years	507	397
	1,334	1,352

In 2014 Roal Italia has sold out the facilities and now leases the facilities. The Group has rented the operating facilities it uses excluding Italian facilities in year 2013. The leases for the premises will expire latest on December 2021. In most cases the leases include a renewal option after the original expiry date. The operating lease commitments include leases for the premises for EUR 1,027 thousand (EUR 882 thousand), rents from equipments for EUR 307 thousand (EUR 470 thousand).

29. OTHER CONTRACTS

The Group has certain significant customer contracts that include a condition normal for the branch of industry, 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)

	2014	2013
For others		
Other contingent liabilities	107	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,Texas	USA	100	100	100
Efore AB	Stockholm	Sweden	100	100	100
Efore (Hongkong) Co., Ltd	Kowloon	China	100	100	100
Efore (Suzhou) Automotive Technology, Ltd	Suzhou	China	100	100	100
Roal Electronics S.p.A	Castelfidardo	Italia	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, Tunisia	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 Group has related party relationships with members of the Board of Directors, President and CEO and the key management.

	2014	2013
Key management		
Salaries and other short-term employment benefits	**1,158**	1,398
Benefits after termination of employment	**500**	0
Total	**1,658**	1,398
Liabilities to related parties:		
Key management	**0**	30
	0	30
Remuneration, President and CEO		
Vesa Vähämöttönen	**227**	254
Remuneration, members of Board of Directors		
Casoli Franscesco	**21**	9
Heikkilä Olli	**17**	38
Järvinen Richard	**0**	3
Liu Tommy	**0**	36
Luoma Marko	**0**	37
Marttila Päivi	**43**	12
Miettinen Marjo	**17**	32
Simola Jarmo	**22**	2
Siponmaa Ari	**0**	2
Takanen Jarkko	**21**	2
Vikkula Matti	**0**	71
	139	244
Other key management	**791**	900
including fees	**0**	0

Efore Management Oy held a total 2,358,242 Efore Plc shares. Of these shares 273,842 shares were acquired through directed share issue to Efore Management Oy on 10.1.2012. In this share issue the shares were owned by the company. The subscription price was 0.84 EUR per share. The directed share issue was registered in the reserve for invested unrestricted and reserve for own shares. Members of the Efore management team held through Efore Management 4.2% of the shares in Efore plc.

Efore Management Oy has an EUR 1,356,000 loan granted by the Efore Plc. The interest rate of the loan was 3% and the loan was repaid before 30.4.2014. The contract was valid until the end of year 2013, and was therafter to be renewed according to the plan, if the stock exchange price of the share was lower than the average acquisition price when Efore Management Oy acquired the shares. Efore Management Oy was not able to sell shares freely when the contract is valid. The Members of the Management Group in Efore Plc held shares in Efore Management Oy until the conclusion of the contract. During the fiscal year 2014 the Parent aqcuired the own shares held by Efore Management Oy.

No pension commitments with special terms have been granted to the related parties. Neither have any loans other than through Efore Management Oy been granted to related parties. Stock options were issued to other management in fiscal year 2014, but not in 2013. The other key management comprises the Executive Management team for the Group. In year 2014 the total amount of 399,998 stock options were issued to Other management. There were 399,998 stock options granted on December 31, 2014, and out of them none was excersiceable. No option rights have been granted to the members of the Board of Directors.

In 2014 the remunerations to the Board Members were paid in cash, but in 2013 they were partially shares and partially cash.

Shares of non-controlling interest		**Share of voting rights Non-controlling interest**		**Profit / loss attributable to Non-controlling interest**		**Changes in equity attributable to Non-controlling interest**	
Non-controlling interest	**Home contry**	**2014***	**2013**	**2014**	**2013**	**2014**	**2013**
Efore Management Oy	Finland	100%	100%	152	-60	0	190
Other subsidiaries, owned by non-controlling interest, but no material total non-controlling interest in the Group.				0	-1	0	0

* The contract ended in June 2014. Until the end of the contract Efore managemenr was consolodated into the financial statement of the Group on the basis of the partner contract.

Income statement for the parent company, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2014 (12 months)	Nov. 1, 2012–Dec. 31, 2013 (14 months)
NET SALES	1	**31,960**	35,074
Change in inventories of finished goods and work in progress		**-172**	-4,096
Other operating income	2	**821**	2,423
Materials and services			
Materials and consumables			
Purchases during the financial year	3	**25,442**	26,318
Change in inventory	3	**41**	127
Materials and consumables in total		**25,483**	26,444
External services	3	**96**	785
		25,579	27,229
Personnel expenses			
Wages, salaries and fees	4	**3,648**	5,044
Social security expenses			
Pension expenses	4	**632**	862
Other social security expenses	4	**72**	277
		4,353	6,183
Depreciation, amortization and impairments			
Depreciation and amortization according to plan	5	**181**	404
		181	404
Other operating expenses	6	**4,939**	6,174
OPERATING PROFIT (LOSS)		**-2,443**	-6,590
Financial income and expenses			
Income from group companies	7	**3,530**	2,760
Other interest and financial income	7	**803**	897
Interest income from group companies	7	**-278**	-145
Impairment on investments in group companies	7	**-1,500**	0
Interest and other financial expenses	7	**-1,451**	-614
		1,104	2,898
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		**-1,339**	-3,692
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**-1,339**	-3,692
Income taxes			
Income taxes for the period		**-87**	-171
PROFIT (LOSS) FOR THE PERIOD		**-1,426**	-3,863

Balance sheet for the parent company, EUR 1,000

ASSETS	Note	Dec. 31, 2014	Dec. 31, 2013
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	8	**2,066**	786
Intangible rights	8	**60**	73
Other capitalized long-term expenditure	8	**25**	33
		2,151	892
Tangible assets			
Machinery and equipment	8	**124**	225
Other tangible assets	8	**2**	3
Advance payments and construction in progress	8	**250**	142
		376	370
Investments			
Holdings in group companies	9, 10	**12,908**	12,408
Other shares and holdings	9	**2**	6
		12,910	12,414
CURRENT ASSETS			
Inventories			
Materials and consumables		**0**	41
Finished goods		**3,245**	3,417
		3,245	3,458
Non-current receivables			
Receivables from group companies	11	**32,000**	33,356
Prepayments and accrued income		**0**	10
		32,000	33,366
Current receivables			
Trade receivables	11	**2,417**	1,913
Receivables from group companies	11	**2,664**	3,701
Other receivables	11	**426**	215
Prepayments and accrued income	11	**327**	416
		5,834	6,245
Cash and cash equivalents		**2,129**	3,224
TOTAL ASSETS		**58,645**	59,967

Balance sheet for the parent company, EUR 1,000

EQUITY AND LIABILITIES	Note	Dec. 31, 2014	Dec. 31, 2013
EQUITY			
Share capital	12	**15,000**	15,000
Other reserves	12	**28,201**	28,201
Retained earnings	12	**-2,861**	2,653
Profit (loss) for the period	12	**-1,426**	-3,863
		38,913	41,991
LIABILITIES			
NON-CURRENT LIABILITIES			
Pension loans	13	**2,100**	3,200
Loans to group companies	13	**4,700**	3,500
		6,800	6,700
CURRENT LIABILITIES			
Loans from credit institutions	13	**2,000**	2,000
Pension loans	13	**1,100**	1,100
Advances received	13	**0**	8
Trade payables	13	**925**	96
Liabilities to group companies	13	**7,631**	7,116
Other liabilities	13	**137**	158
Accruals and deferred income	13	**1,139**	799
		12,932	11,277
TOTAL EQUITY AND LIABILITIES		**58,645**	59,967

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

	Jan. 1,–Dec. 31, 2014	Nov. 1, 2012–Dec. 31, 2013
Cash flows from operating activities:		
Cash receipts from customers	34,779	33,934
Cash paid to suppliers and employees	-33,526	-38,798
Cash generated from operations	1,253	-4,864
Interest paid	-298	-108
Dividends received	2,991	2,760
Interest received	143	67
Other financial items	-418	313
Income taxes paid	-124	-33
Net cash provided by operating activities (A)	3,548	-1,865
Cash flows from investing activities:		
Purchase of tangible and intangible assets	-1,446	-905
Proceeds from sale of tangible and intangible assets	0	1
Acquisition of subsidiaries	0	-5,820
Proceeds from sale of investments	4	0
Increase in loans receivable	-3,549	0
Decrease in loans receivable	1,899	0
Net cash used in investing activities (B)	-3,092	-6,724
Cash flows from financing activities:		
Proceeds from issue of share capital	0	5,520
Acquisition of own shares	-1,651	0
Proceeds from short-term borrowings	0	2,000
Proceeds from long-term borrowings	1,200	3,000
Principal payment of long-term debt	-1,100	-700
Net cash used in financing activities (C)	-1,551	9,820
Net decrease/increase in cash and cash equivalents (A+B+C)	-1,095	1,231
Cash and cash equivalents at beginning of period	3,224	1,993
Net decrease/increase in cash and cash equivalents	-1,095	1,231
Cash and equivalents at end of period	2,129	3,224

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 regulations 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 on the balance sheet date are valued at the exchange rates on the balance sheet date. Exchange rate gains and losses arising from ordinary business operations are treated as adjustment items in sales and purchases. Financial exchange rate gains and losses are recognized as financial income and expense. Derivatives for hedging currency positions in balance sheet items are recognized at fair value and the change in fair value changes is recorded in financial items.

Evaluation of non-current assets

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 sale 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	3–5 years
Other capitalized long-term expenditure	5–10 years
Machinery and equipment	3–10 years
Other tangible assets	5 years

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

Development expenditure relating to the largest projects are capitalized as intangible assets. The capitalized development expenditure is amortized over the financial periods in which income is generated.

Investments and receivables with a useful life of over one year are presented in non-current investments and receivables.

Inventories

Inventories are stated at the lowest of historical cost, net realizable value or replacement cost.

In addition to variable costs for purchase and production, the cost of finished goods includes a proportion of the fixed purchasing and production costs. The weighted average cost is used in evaluation of raw materials.

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. The provision includes warranty costs and other items. Changes in the provisions are recognized in the relevant expenses in the income statement.

Net sales

Net sales is the calculated by deducting from revenue discounts granted, indirect taxes and exchange rate differences from trade receivables.

Leasing

All leasing charges are treated as rental expenses The unpaid leasing commitments related to 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 profit and loss statement.

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

1. NET SALES IN MARKET AREAS BY CUSTOMERS

	2014 (12 months)	2013 (14 months)
Finland	**9,616**	2,878
European Union, except Finland	**19,658**	30,606
USA	**16**	516
Other countries	**2,670**	1,074
Total	**31,960**	35,074

2. OTHER OPERATING INCOME

	2014	2013
Service fee charges, Group companies	**600**	2,267
Product development subsidies	**169**	90
Others	**52**	66
Total	**821**	2,423

3. MATERIALS AND SERVICES

	2014	2013
Materials and consumables		
Purchases during the financial year	**25,442**	26,318
Change in inventory	**41**	127
Materials and consumables in total	**25,483**	26,444
External services	**96**	785
Materials and services in total	**25,579**	27,229

4. PERSONNEL EXPENSES

	2014	2013
Wages, salaries and fees	**3,648**	5,044
Pension costs	**632**	862
Other social security expenses	**72**	277
Total	**4,353**	6,183
Management salaries and fees		
President and CEO, Members of the Board of Directors	**366**	499
Total personnel, average		
Salaried employees	**69**	79

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2014	2013
Depreciation and amortization according to plan:		
Development costs	**25**	117
Intangible assets	**46**	122
Other capitalized expenditure	**8**	5
Machinery and equipment	**101**	158
Other tangible assets	**0**	2
Total	**181**	404

6. OTHER OPERATING EXPENSES

	2014	2013
Other operating expenses are normal expenses		
Audit fees:		
KPMG		
Audit	**21**	25
Tax services	**51**	26
Other services	**6**	75
Total	**78**	126

7. FINANCING INCOME AND EXPENSES

	2014	2013
Dividend income		
From group companies	**2,991**	2,760
Total	**2,991**	2,760
Other interest and financial income		
From Group companies	**539**	87
From others	**803**	810
Total	**1,341**	897
Interest expenses and other financial expenses		
Group companies	**-278**	-145
Imparment on investments from Group companies	**-1,500**	0
Others	**-1,451**	-614
Total	**-3,229**	-759
Financial income and expenses in total	**1,104**	2,898
The item 'financial income and expenses' includes exchange rate gains/losses, net	**-375**	830

8. NON-CURRENT ASSETS

	2014	2013
Intangible assets		
Development expenditure		
Acquisition Cost on Jan. 1/Nov. 1	**10,064**	9,375
Additions	**1,305**	816
Disposals	**-6,464**	-127
Cost on Dec. 31	**4,905**	10,064
Accumulated amortization on Jan. 1/Nov. 1	**9,278**	9,161
Acc. amortizations on disposed assets	**-6,464**	0
Amortization	**25**	117
Accumulated amortization on Dec. 31	**2,839**	9,278
Book value on Dec. 31	**2,066**	787
Intangible rights		
Acquisition Cost on Jan. 1/Nov. 1	**1,541**	1,538
Additions	**7**	3
Disposals	**-1,042**	0
Reclassifications	**26**	0
Cost on Dec. 31	**532**	1,541
Accumulated amortization on Jan. 1/Nov. 1	**1,467**	1,346
Acc. amortizations on disposed assets	**-1,042**	0
Amortization	**46**	122
Accumulated amortization on Dec. 31	**472**	1,467
Book value on Dec. 31	**60**	73
Other capitalized long-term expenditure		
Acquisition Cost on Jan. 1/Nov. 1	**2,368**	2,336
Additions	**0**	32
Disposals	**-2,333**	0
Cost on Dec. 31	**34**	2,368
Accumulated amortization on Jan. 1/Nov. 1	**2,335**	2,330
Acc. amortizations on disposed assets	**-2,333**	0
Amortization	**8**	5
Accumulated amortization on Dec. 31	**9**	2,335
Book value on Dec. 31	**25**	33

	2014	2013
Tangible assets		
Machinery and equipment		
Acquisition Cost on Jan. 1/Nov. 1	**6,313**	6,148
Additions	**0**	164
Disposals	**-3,110**	0
Cost on Dec. 31	**3,203**	6,313
Accumulated depreciation on Jan. 1 /Nov. 1	**6,088**	5,930
Acc. depreciation on disposed assets	**-3,110**	0
Depreciation	**101**	158
Accumulated depreciation on Dec. 31	**3,079**	6,088
Book value on Dec. 31	**124**	225
Other tangible assets		
Acquisition Cost on Jan. 1/Nov. 1	**697**	697
Disposals	**-332**	0
Cost on Dec. 31	**365**	697
Accumulated depreciation on Jan. 1 /Nov. 1	**695**	692
Acc. depreciation on disposed assets	**-332**	0
Depreciation	**0**	2
Accumulated depreciation on Dec. 31	**363**	695
Book value on Dec. 31	**2**	3
Advance payments and construction in progress		
Acquisition Cost on Jan. 1/Nov. 1	**142**	126
Change	**134**	16
Reclassification	**-26**	0
Cost on Dec. 31	**250**	142
Book value on Dec. 31	**250**	142

9.INVESTMENTS

	2014	2013
Holdings in group companies		
Shares Jan. 1/Nov. 1	**12,408**	1,612
Additions	**2,000**	10,796
Disposals	**-1,500**	0
Book value on Dec. 31	**12,908**	12,408
Other shares and similar rights of ownership		
Shares on Jan. 1 /Nov. 1	**6**	6
Disposals	**-4**	0
Book value on Dec. 31	**2**	6

10. HOLDINGS IN GROUP COMPANIES

		2014	2013
Tytäryhtiöt		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	0	1,500
Roal Electronics S.p.A, Castelfidardo**	Italy	12,796	10,796
		12,907	12,408
Other shares		2	6

* Concerning Efore (Suzhou) Automotive Power Technology Co., Ltd. In China an impairment was recognised on 31.12.2014.

** On 31.12.2014 a revaluation upward of the Roal Electronics S.p.A. holding by EUR 2.0 million.

11. RECEIVABLES

	2014	2013
Non-current receivables from Group companies		
Subordinated loans	33,356	32,000
Loan receivables	-1,356	1,356
Non-current receivables in total	32,000	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 9,735,833.33 Eur. 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 was 3%.The repayment of the total loan amount was done during the fiscal year 2014.

	2014	2013
Non-current receivables		
Prepayments and accrued income	0	9,861
	0	9,861
Current receivables		
Trade receivables	2,417	1,913
Other receivables	426	215
Prepayments and accrued income	327	416
	3,170	2,544
Current receivables from group companies		
Trade receivables	558	2,050
Loan receivables	1,006	0
Interest receivables	500	77
Prepaid expenses and accrued income	600	1,574
	2,664	3,701
Current receivables in total	5,834	6,245
Accrued income		
Prepayments and accrued income include the following items:		
Accrued personnel expenses	96	127
Product development grant	32	33
Other items	199	265
	327	425

12. EQUITY

	2014	2013
Share capital on Jan. 1/Nov. 1	**15,000**	15,000
Share capital on Dec. 31	**15,000**	15,000
Own shares Jan. 1	**-776**	-830
Acquisition of own shares	**-1,650**	0
Assignment of own shares	**0**	55
Own shares on Dec. 31	**-2,427**	-776
Other reserves		
Unrestricted equity reserve on Jan. 1/Nov. 1	**28,201**	18,801
Share issue	**0**	9,400
Unrestricted equity reserve on Dec. 31	**28,201**	28,201
Retained earnings on Dec. 31	**-434**	3,429
Result for the period Dec. 31	**-1,426**	-3,863
Equity total	**38,913**	41,991

The Company's distributable funds

	2014	2013
Retained earnings	**-434**	3,429
Result for the period	**-1,426**	-3,863
Reserve for invested unrestricted equity	**28,201**	28,201
Own shares	**-2,427**	-776
Distributable funds	**23,913**	26,991
Parent company share capital		
(one type of shares)	**2014**	**2013**
Shares outstanding	**pcs**	pcs
Outstanding shares on Jan. 1/Nov. 1	**54,629,138**	41,311,104
Acquisition of own shares	**-2,358,242**	0
Share issue	**0**	13,243,243
Assignment of own shares	**0**	74,791
Outstanding shares on Dec. 31	**52,270,896**	54,629,138
Share capital in Parent company		
(one type of shares)	**2014**	**2013**
	pcs	pcs
Shares	**55,772,891**	55,772,891

13. LIABILITIES

	2014	2013
Non-current liabilities		
Pension loans	2,100	3,200
Non-current Intercompany liabilities		
Other liabilities	4,700	3,500
Non-current liabilities total	6,800	6,700
Current liabilities		
Loans from credit institutions	2,000	2,000
Pension loans	1,100	1,100
Advances received	0	8
Trade payables	925	96
Other liabilities	137	158
Accruals and deferred income	1,139	799
	5,301	4,160
Current liabilities to group companies		
Trade payables	6,294	6,147
Other liabilities	831	831
Accruals and deferred income	507	139
	7,631	7,116
Current liabilities total	12,932	11,277
Accrued expenses		
Accruals and deferred income		
Accrued holiday pay	631	696
Accrued other personnel expenses	481	26
Accrued financial items	26	70
Other items	0	7
	1,139	799

14. CONTINGENT LIABILITIES

	2014	2013
Security given on own behalf		
Other contingent liabilities	107	100
Rent and leasing commitments on own behalf		
Payable in the following financial year	485	441
Payable later	506	633

Group key figures

KEY FIGURES		IFRS 2014	IFRS 2013 (14 months)	IFRS 2012
Income statement				
Net sales	MEUR	**85.3**	82.5	78.1
- change	%	**3.4**	5.6	-11.3
Operating profit/-loss	MEUR	**-2.0**	-5.8	-2.6
- of net sales, %	%	**-2.3**	-7.0	-3.3
Profit/loss before taxes	MEUR	**-3.1**	-6.1	-3.0
- of net sales, %	%	**-3.7**	-7.3	-3.9
Profit/loss for the period	MEUR	**-2.6**	-6.2	-2.3
- of net sales, %	%	**-3.1**	-7.5	-3.0
Gross investments	MEUR	**4.1**	3.6	1.8
- of net sales, %	%	**4.8**	4.3	2.4
Balance sheet				
Non-current assets	MEUR	**17.7**	18.1	8.6
Inventories	MEUR	**14.5**	14.6	14.2
Trade receivables and other receivables	MEUR	**15.8**	15.2	16.0
Tax Receivables, income tax	MEUR	**0.8**	0.8	0.0
Bank and cash	MEUR	**7.8**	9.8	4.5
Share capital	MEUR	**15.0**	15.0	15.0
Treasury shares	MEUR	**-2.4**	-2.4	-2.5
Other equity	MEUR	**9.0**	10.6	8.2
Non-current liabilities	MEUR	**4.9**	6.4	1.5
Current liabilities	MEUR	**30.1**	28.8	21.1
Balance sheet total	MEUR	**56.6**	58.5	43.3

KEY FIGURES		IFRS 2014	IFRS 2013 (14 months)	IFRS 2012
Profitability				
Return on equity (ROE)	%	**-11.8**	-28.1	-10.5
Return on investment (ROI)	%	**-6.7**	-17.5	-9.9
Finance and financial position				
Net interest-bearing liabilities	MEUR	**1.9**	3.3	-2.3
Gearing	%	**9.0**	14.3	-11.3
Current ratio		**1.3**	1.4	1.6
Solvency ratio	%	**38.1**	39.7	47.7
Other key figures				
Personnel, average		**914**	836	888
Salaries and wages	MEUR	**18.9**	18.8	15.9
Product development costs (expensed)	MEUR	**6.1**	7.1	7.0
- of net sales, %	%	**7.1**	8.6	8.9
Product development costs (capitalized in balance sheet)	MEUR	**2.8**	1.9	0.3
- of net sales, %	%	**3.3**	2.3	0.4
Product development costs total	MEUR	**8.9**	9.0	7.3
- of net sales, %	%	**10.5**	10.9	9.4

Group key figures

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2014	IFRS 2013 (14kk)	IFRS 2012
Earnings per share	EUR	**-0.05**	-0.15	-0.06
Diluted earnings per share	EUR	**-0.05**	-0.15	-0.06
Dividend/share	EUR	**0***	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**	0.00	0.05
Equity per share, adjusted	EUR	**0.41**	0.44	0.52
At the end of fiscal year	EUR	**0.81**	0.63	0.67
P/E ratio		**-15.12**	-4.27	-11.49
Market value				
Market capitalization	MEUR	**42.3**	32.9	26.1
Trading				
Shares traded	1,000 kpl	**10,941**	8,195	9,976
Trading, %	%	**19.6**	14.7	23.5
Number of outstanding shares				
- average on December 31	1,000 kpl	**52,271**	41,423	39,284
- diluted number of shares on December 31/October 31	1,000 kpl	**52,491**	41,643	39,284
- actual number of shares on December 31/October 31	1,000 kpl	**52,271**	52,271	38,953
Share prices				
lowest	EUR	**0.62**	0.62	0.57
highest	EUR	**0.96**	0.80	0.94
at the end of fiscal year	EUR	**0.81**	0.63	0.67
average	EUR	**0.70**	0.71	0.72

* The Board of Directors (assembled to a meeting on the 12th of February 2015) will propose for the Annual General Meeting that no dividend will be distributed from financial period 2014.

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	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of ordinary shares}}$	
Earnings per share (diluted)	=	$\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of dilited shares}}$	
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	=	$\frac{\text{Share price at balance sheet date}}{\text{Earnings per share}}$	
Market capitalization	=	Adjusted share price at balance sheet date x number of shared 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, 2014.

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, 2014 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 3,501,995.

Board authorizations

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

Efore's Annual General Meeting on April 10, 2014 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 or their acceptance as pledge, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares corresponding to approximately 7.2% 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 a price otherwise formed on the market. The Board of Directors resolves the manner in which own shares are acquired or accepted as a 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 cancels the authorization given by the Extraordinary General Meeting on August 26, 2013 to resolve on the acquisition of the company's own shares.

The authorization is valid until 30 June, 2015.

The Board of Directors used the authorization on June 17, 2014 and decided to dissolve the share ownership system prematurely. The dissolution of the share ownership system was carried out through an acquisition of all Efore Plc shares held by Efore Management Ltd (2,358,242 pcs).

The acquisition was carried out as a directed acquisition, in deviation from the shareholders' pre-emptive subscription rights, as the intention of the acquisition is to dissolve the management's share ownership system. Efore Plc paid to Efore Management Ltd 0.70 EUR per share, which was equivalent to the trade-volume weighted average quotation of the Efore Oyj's shares on NASDAQ QMX Helsinki Ltd during 10 trading days preceding the acquisition. The total acquisition price was 1,650,769.40 EUR.

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 April 10, 2014 decided in accordance with the proposal of the Board of Directors to authorize the Board of Directors, in one or more transactions, to 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 5,000,000 shares, corresponding to approximately 9.0% of all the shares in the company.

The Board of Directors decides on all the terms and conditions of the issuances of shares and 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 special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the Extraordinary General Meeting on 26 August 2013 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until June 30, 2015.

The Board of Directors of Efore Plc resolved on June 17, 2014 to issue stock options to the key employees of Efore Plc. The further issuance of stock options to the key employees shall be determined by the Board of Directors later. The resolution is based on the authorization by the Annual General Meeting held on 10 April 2014. The maximum number of stock options to be issued shall be 1,500,000. The stock options shall be given free of charge.

500,000 of the stock options will be marked with symbol "A", 500,000 with symbol "B" and 500,000 with symbol "C". Each stock option shall entitle its holder to subscribe for one new share in Efore Plc. The stock options shall be subscribed for on July 31, 2015, at the latest.

The share subscription periods with the stock options shall be:

- Stock Options "A":
  1 August 2016–31 July 2018
- Stock Options "B":
  1 August 2017–31 July 2019
- Stock Options "C":
  1 August 2018–31 July 2020

The share subscription price with the stock options shall be determined as follows:

- Stock Options "A": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2014–31 March 2014 (0.70 EUR)
- Stock Options "B": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2015–31 March 2015
- Stock Options "C": The trade volume weighted average quotation of Efore Plc's share on NASDAQ OMX Helsinki Oy during 1 March 2016–31 March 2016.

Share price and trading

The highest share price during the period under review was EUR 0.96 and the lowest price was EUR 0.62. The average price during the period under review was EUR 0.70

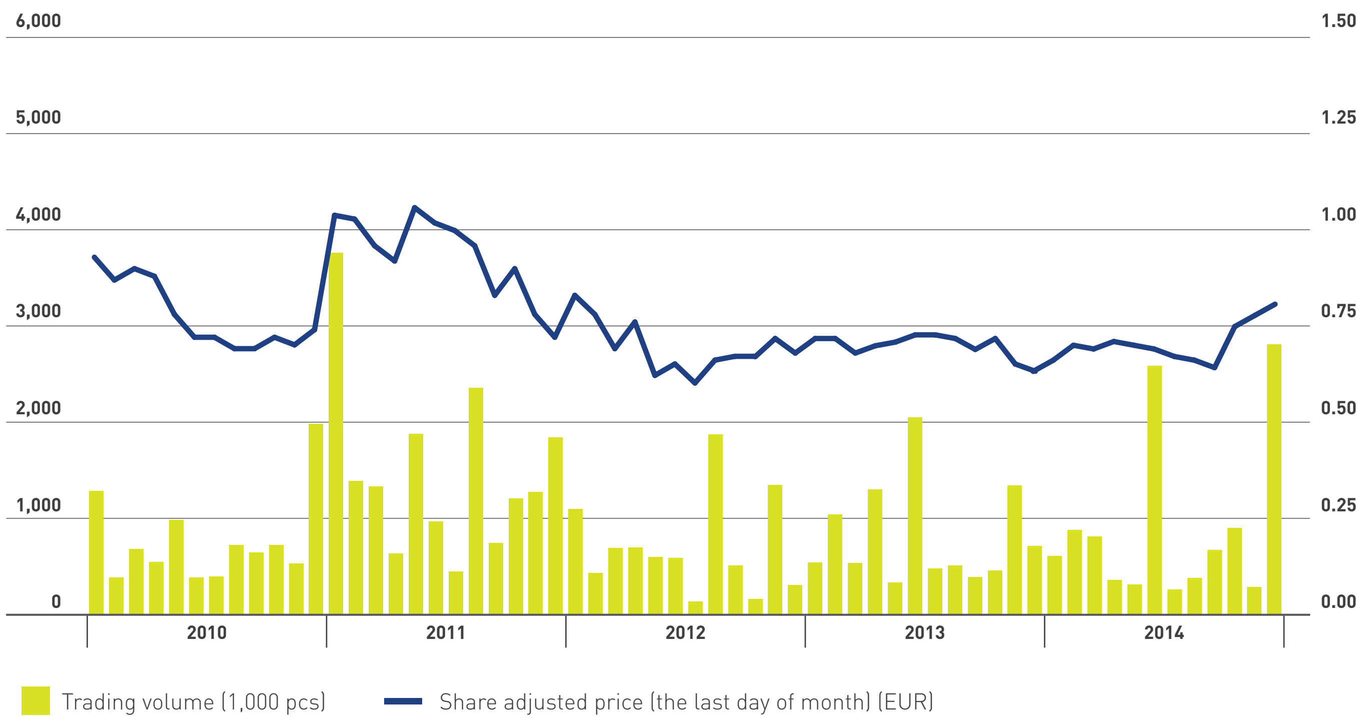
and the closing price was EUR 0.81. The market capitalization calculated at the final trading price during the period under review was EUR 42.3 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the period under review was 10.9 million pcs and their turnover value was EUR 7.7 million. This accounted for 19.6% of the total number of shares 55,772,891 pcs. The number of shareholders totalled 2,819 (3,097) at the end of the period under review.

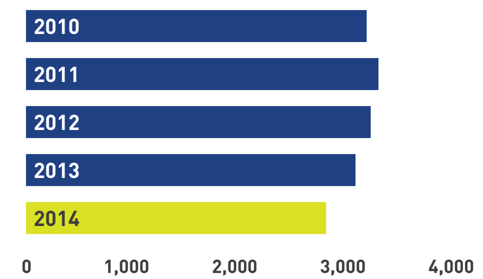
Management shareholding

The total share ownership, of Efore Plc's Board members and the President and CEO stood at 3,329, 120 pcs on December 31, 2014, which is equivalent to 6.0% of the total number of shares and votes. Efore Plc's Board members and the President and CEO do not own option rights.

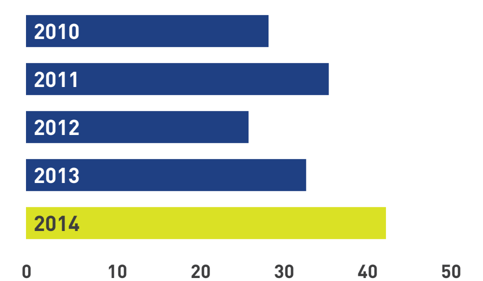
Efore Plc's share prices and trading volume in 2010–2014



Number of registered shareholders



Market capitalization, (MEUR)



Shares and Shareholders

CHANGES IN SHARE CAPITAL 2004–2014

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 EUR 1,000	New share capital, EUR 1,000	Dividend 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 Dec. 31, 2014	55,772,891 pcs	15,000 (EUR 1,000)
Share capital Dec. 31, 2014	55,772,891 pcs	15,000 (EUR 1,000)
Own shares Dec. 31, 2014	3,501,995 pcs	
Shares outstanding per Dec. 31, 2014	52,270,896 pcs	

Shares and Shareholders

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, DECEMBER 31, 2014

Shares	Number of shareholders pcs	Proportion of shareholders %	Total number of shares and votes pcs	Proportion of shares and votes %
1–100	260	9.22	16,814	0.03
101–500	678	24.05	228,596	0.41
501–1,000	514	18.23	447,708	0.80
1,001–5,000	875	31.04	2,256,264	4.05
5,001–10,000	190	6.74	1,455,681	2.61
10,001–100,000	256	9.08	7,268,116	13.03
100,001–	46	1.63	44,095,087	79.06
Total	2,819	100.00	55,768,266	99.99
of which nominee registered	9		2,437,219	4.37
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, 2014

	Shares, pcs	Proportion of shares and votes %
Enterprises	24,767,867	44.41
Financial- and insurance institutions	8,290,468	14.86
Public entities	1,578,048	2.83
Households	18,018,295	32.31
Non-profit organizations	871,929	1.56
Outside Finland	2,241,659	4.02
TOTAL	55,768,266	99.99
of which nominee registered	2,437,219	4.37
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, 2014

	Shares, pcs	Proportion of shares and votes %
Sievi Capital Oyj	11,933,576	21.40
EVLI Bank Plc	5,349,440	9.59
Maijos Oy	2,117,339	3.80
Fintrack SPA	2,027,388	3.64
Tammivuori Leena	1,785,747	3.20
Rausanne Oy	1,633,971	2.93
Ilmarinen Mutual Pension Insurance Company	1,578,048	2.83
Tammivuori Matti	950,001	1.70
Simola Jarmo	944,136	1.69
Ulkomarkkinat Oy	900,000	1.61
Adafor Oy	822,800	1.48
Yleinen Työttömyyskassa YTK	817,644	1.47
Tammivuori Pirkko	812,004	1.46
Heininen Jaakko	651,836	1.17
Ahomäki Timo	621,661	1.11
Heininen Pekka	508,276	0.91
Tulos-Jyvä Oy	402,577	0.72
Laakkonen Arvopaperi Oy	379,452	0.68
Jaakko Heininen Oy	348,427	0.62
Takanen Jarkko	300,000	0.54
Total	34,884,323	62.55
Nominee registered		
Nordea Bank	1,829,119	3.28
Danske Bank	388,632	0.70
Efore Plc's shares on company's posession Dec. 31, 2014	3,501,995	6.28

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

Espoo, 12 February 2015

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 1.1.2014–31.12.2014. 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 President and CEO

The Board of Directors and the President and CEO 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 President and CEO 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 President and CEO 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, 12 February 2015

KPMG OY AB
LASSE HOLOPAINEN
Authorized Public Accountant

Efore Plc's Corporate Governance Statement 2014

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.

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, 2015 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.

The following persons were elected as Board members at the Annual General meeting on April 10, 2014.

Päivi Marttila, b. 1961
Education: MSc (Econ)
Board member since 2013
Chairman of the Board since 2013
Main duty: Midagon Oy, CEO
Independent of the company and the company's main shareholders

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

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

Marjo Miettinen, b. 1957
Education: M.Sc. (Education)
Board member since 2013
Main duty: Board professional
Independent of the company and the company's main shareholders

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

Jarkko Takanen, b. 1967
Education: Qualified Production Engineer and holds a Commercial College Diploma in Management Accountancy
Board member since 2013
Main duty: 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 14 times during the fiscal year 2014 and the average participation rate of the Board members was 98.8%.

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 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 2014

During the fiscal year 2014 Efore had Audit Committee and Remuneration Committee that assist in Board of Directors' work.

The Audit Committee comprised the entire Board and was chaired by Päivi Marttila until November 21, 2014. The Board of Directors established the Audit Committee and elected members among themselves to the Committee on November 21, 2014.The members are Olli Heikkilä, Jarmo Simola and Jarkko Takanen. The Audit Committee is chaired by Jarkko Takanen. The Audit Committee met once during the fiscal year 2014 and the participation rate of the members was 100%.

Päivi Marttila continued as the chairman and Marjo Miettinen and Jarmo Simola continued as members of the Remuneration Committee during the fiscal year 2014. The Remuneration Committee met 3 times during the fiscal year 2014 and the participation rate of the members was 100%.

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 June 1, 2010 and he continues as the CEO of the company until the end of February 2015. Heikki Viika (b. 1963), M.Sc. (Eng.) has been appointed on December 22, 2014 as the new President and CEO of Efore Plc. He will start in this position on June 1, 2015. Efore Plc CFO and member of the Executive Management Team Riitta Järnstedt has been appointed as acting President and CEO of the company starting March 1, 2015.

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.

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 December 31, 2014

Päivi Marttila
b. 1961
Education: MSc (Econ)
Board member since 2013
Chairman of the Board since 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

Key positions of trust:
Kitron ASA, Member of the Board since 2013
Aspocomp Group Oyj, Member of the Board since 2013 and Chairman since 2014
Midagon Oy, Member of the Board since 2012
Scanfil Oyj, Member of the Board 2012–2013

Independent of the company and major shareholders
Holds 10,000 Efore shares*

Francesco Casoli
b. 1961
Board member since 2013

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

Primary working experience:
Elica S.p.A., Chief Executive Officer 1999–2006
FAN S.r.l., Chairman of the Board since 2009
Fime, President of the Board of Directors 2004–2009
Roal Electronics S.p.A, Vice President and Managing Director 2004–2007

Key positions of trust:
Assindustria Ancona, Chairman 2005–2006
Senator of the Italian Republic 2006–2013

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

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

Main duty:
UPM-Kymmene Oyj, Vice President

Primary working experience:
UPM-Kymmene Oyj, Vice President since 2006
Jaakko Pöyry Consulting, Principal 2001–2005
Accenture, Senior Manager 1993–2000
ABB Process Automation, Account Manager & Project Manager 1987–1993

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

Marjo Miettinen
b. 1957
Education: M.Sc. (Education)
Board member since 2013

Main duty:
Board professional

Primary working experience:
EM Group Oy, CEO 2006–2014
Ensto Oy, different Director positions 1988–2001

Key positions of trust:
EM Group Oy, Board member since 2005
Teleste Oyj, Chairman of the Board since 2009
Componenta Oyj, Board member 2004–2014
Ensto Oy, Board member since 2002
EVA and ETLA, Delegate since 2005
Foundation of Technology Promotion, Board member 2013, Chairman since 2015

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

Jarmo Simola
b. 1961
Education: M.Sc.(Eng)
Board member since 2013

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

Primary working experience:
Teleste Electronics (SIP) Co. Ltd, China, General Manager 2003–2006
Alfaram Electrics (SIP) Co. Ltd, China, General Manager 2001–2003

Key positions of trust:
FireEx Oy, Member of the Board since 2012

Independent of the company or the company's main shareholders
Holds 944,136 Efore shares*

Jarkko Takanen
b. 1967
Education: Qualified Production Engineer and holds a Commercial College Diploma in Management Accountancy
Board member since 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

Key positions of trust:
Scanfil Plc, Member of the Board

Independent of the company
Holds 300,000 Efore shares*

* Shareholdings per December 31, 2014

Executive Management Team December 31, 2014

Vesa Vähämöttönen
b. 1966, Tech.Lic
President and CEO
until February 28, 2015
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*
No option rights*

Riitta Järnstedt
born 1968, M.Sc.(Econ.)
Executive Vice President, CFO
Employed by Efore since
November 3, 2014

Before joining Efore, served as CFO of Norpe Oy and had several executive positions (e.g. CFO) in Tecnotree Oyj (1995–2010).

No shareholding in Efore*
No option rights*

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

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

No shareholding in Efore*
Holds 66,667 A option rights,
66,666 B option rights and
66,666 C option rights*

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

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).

No shareholding in Efore*
No option rights*

Mikael Malm
b. 1961
Employed by Efore since 2013
Executive Vice President, 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*
Holds 66,667 A option rights,
66,666 B option rights and
66,666 C option rights*

* Shareholdings and option rights per December 31, 2014

1 Also the following persons served on the Executive Management Team during the financial year 2014: Markku Kukkonen (ended January 10, 2014 and Olli Nermes (ended November 2, 2014).

2) Riitta Järnstedt has been appointed as acting President and CEO on March 1–May 31, 2015

3) Heikki Viika (b. 1963), M.Sc.(Eng.) has been appointed as the new President and CEO of Efore Plc. He will start in this position on June 1, 2015.

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 March 31, 2015 at 9.30 a.m. at Stella Business park (Terra building), Lars Sonckin kaari 16, 02600 ESPOO . 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 March 31, 2015 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 2015

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 2014	week 11/2015
Interim report 3 months	April 21, 2015
Interim report 6 months	August 12, 2015
Interim report 9 months	October 21, 2015

Key share data

Exchange listing:	Nasdaq OMX Helsinki, The Nordic Exchange (Small Cap)
Corporate identifier	EFO1V
Trading lot	1 share
Shares Dec. 31, 2014:	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

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 21 days' 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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Acting President and CEO of the Efore Group March 1–May 31, 2015,
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Heikki Viika
President and CEO
from June 1, 2015, tel. +358 9 478 466

Sari Jaulas
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