ANNUAL REPORT 2007

GLOBAL POWER PARTNER

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 January 31, 2008 at 6 p.m. at hotel Royal at Crowne Plaza at the address Mannerheimintie 50, Helsinki.

Those shareholders who are listed in Efore's shareholders' listing in Finnish Central Securities Depository Ltd by Monday January 21, 2008 and who have given notification of their attendance no later than 4:00 pm on Thursday, January 24, 2008 have the right to attend the Annual General Meeting.

Those planning to attend the Annual General meeting are asked to notify Efore accordingly: Anu Virokannas, Efore Oyj, P.O. Box 260, Quartetto Business Park, Linnoitustie 4 A, 02600 Espoo, Finland, tel. +358 9 478 46341, fax +358 9 478 46500, e-mail: anu.virokannas@efore.fi

DIVIDENT PAYMENT 2008

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.05 euros per share be paid for the fiscal year November 1, 2006 - October 31, 2007.

FINANCIAL REPORTS FOR THE FISCAL YEAR NOVEMBER 1, 2007 - OCTOBER 31, 2008

Annual Report 2007,	Week beginning January 7, 2008
Interim Report (3 months)	February 28, 2008
Interim Report (6 months)	May 29, 2008
Interim Report (9 months)	August 28, 2008

KEY SHARE DATA

Exchange listing Helsinki Stock Exchange,	
The Nordic Exchange	(Small Cap)
Corporate identifier	EFO1V
Trading lot	1 share
Shares October 31, 2007	40,529,648 shares
Book value equivalent	0.85 euro/share

STOCK EXCHANGE RELEASES YEARLY SUMMARY

Efore Plc´s yearly stock exhange release summary for the fiscal year November 1, 2006 - October 31, 2007 is available on Efore´s www.pages, www.efore.com

ANALYSTS MONITORING EFORE´S PERFORMANCE

According to the available information the following investment analysts monitor Efore's performance. Efore takes no responsibility for any evaluations or recommendations published by them.

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THE FISCAL YEAR 2007 IN BRIEF

MAIN EVENTS

- The positive operating profit during the two final quarters of the fiscal year shows that the chosen strategy has been the correct one.
- In spite of a fall in net sales, the company grew in its strategic focal areas.
- Production was focused further on Estonia and China. A new plant was opened in China in the spring of 2007.
- Strong adjustments were made to the operations in the USA in order to achieve profitability in Americas.
- 7.5% of net sales was invested in product development

2007 NET SALES BY MARKET

EMEA*	69%
APAC**	22%
America***	9%

* EMEA : Europe, Middle East and Africa

** APAC: Asia and Pacific

***America: North, Middle and South America

EFORE GROUP KEY FIGURES

		2007	2006
Net sales	EUR million	80.2	90.5
Operating profit	EUR million	-2.1	-5.8
-% of net sales	%	-2.6	-6.4
Profit before taxes	EUR million	-2.9	-5.5
Earnings for the period	EUR million	-3.4	-8.2
Return on equity (ROE)	%	-11.8	-23.9
Return on investment (ROI)	%	-8.1	-14.3
Cash flow from business operations	EUR million	-0.1	-4.7
Net interest-bearing liabilities	EUR million	-6.6	-10.5
Solvency ratio	%	57.9	62.3
Net gearing	%	-24.6	-34.6
Earnings per share	EUR	-0.08	-0.20
Equity per share	EUR	0.67	0.75
Dividend per share	EUR	0.05[1)]	0.00
Share price on October 30	EUR	1.20	1.41
Market capitalization	EUR million	48.6	57.1
Personnel, average		766	792

[1)] Board proposal to AGM

2007 NET SALES BY CUSTOMER GROUP

Telecommunications	65%
Industrial automation	28%
Healthcare	7%

EFORE'S OPERATIONAL BASIS

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

MISSION

Our mission is to serve our customers in selected sectors by improving the power supply of their electrical and electronic equipment and related solutions as efficiently as possible.

VISION

Our vision is to be our customers' primary global partner. We will supply innovative, efficient and custom-designed power supply solutions and related services.

STRATEGY

We operate in accordance with our own cost-effective and global operating methods, covering management, customer relationships, sourcing of electronic components, production, design, product and technology development, logistics, human resources and environmental issues.

We concentrate on integrated custom-designed power supply solutions that demand top-grade design, DC power systems and related maintenance and repair services. We also cooperate closely with our customers in the design, manufacture and maintenance of demanding electronic products.

In our own product development we focus on minimizing the consumption of energy in our customers' electronic equipment and in improving energy efficiency and environmental friendliness.

VALUES

Customer focus

We are committed to meeting our customers' expectations by being their preferred business partner.

Profitability

We are committed to continuously improving Efore's profitability so that we can meet the expectations of our shareholders, personnel and business partners.

Professional and innovative personnel

We are committed to continuously developing the skills of our personnel so that we can better respond to global business challenges.

Growth

We are committed to continuously growing through balanced business, and by maintaining a strong financial position.


”Our modern manufacturing machinery and efficient processes enable us to be highly competitive in providing our customers with extensive production and testing services for demanding electronic products.”

REVIEW BY THE PRESIDENT AND CEO

Efore's markets are still developing strongly, characterized by the fully global nature of the business operations, fierce competition, constant change and the rapid technological development.

The further development of the global operating model and the challenges of adjustment associated with it were apparent in the form of poor profitability in the first half of the fiscal year. At the end of the fiscal year our operations became profitable, which shows that the strategy that we chose was the correct one. With the development of our operations we will be concentrating constantly and over the long term on raising productivity, restoring the cost structure to a firm basis, reducing inventories and improving the production and product development processes.

The global operating model is evident everywhere at the Group. Production has in practice been transferred entirely to Estonia and China, countries with low labor costs. The new plant in China increased the production capacity considerably. Materials sourcing is global, the focus of the operations being Asia, especially China. The maintenance services are situated close to the customer on three continents.

We have transferred to the pull-driven model in the production i.e. production and correspondingly subcontracts start flexibly on the basis of orders received. This increases the efficiency of the entire production process and reduces capital tied up in inventories. The operating model requires excellent logistical expertise and the personnel have received additional training for this purpose.

Our modern manufacturing machinery and efficient processes enable us to be highly competitive in providing our customers with extensive production and testing services for demanding electronic products.

Our own product development focuses on demanding custom-designed power supply solutions. In terms of their design and production we want to be the most flexible and fastest player on the market. The product development units are located near customers, which makes it possible to cooperate quickly and smoothly with customers' own product development organizations. This is indispensable for designing custom-designed power supplies.

The high quality of our products is our natural strength. As we also invest in the energy efficiency of our products, we can be confident that the long-term cooperation with our customers will continue.

Technological development has a strong effect on the market for power supplies. Technology opens up new potential for innovative custom-designed applications, e.g. the better integration of power supplies and the actual equipment and a reduction in energy consumption. Climate change and the continuing high price of energy are already making measures to improve the consumption of energy financially feasible. Transferring to broadband subscriber networks without new technological solutions will increase energy consumption considerably. Efore's investment in developing both the technology and products in the area of energy efficiency is a crucial strategic policy.

The global merchant markets for power supplies worth some USD 16 billion are split into custom-designed solutions (approximately USD 9 billion) and standard products (approximately USD 7 billion). Efore has concentrated in its product development on becoming a global supplier of custom-designed power supply solutions. The growth of this market will position Efore well to expand its operations.

The consolidation of the very fragmented power electronics sector will continue for a long time. Our balance sheet and financial position being strong, this will open up new opportunities for speeding up growth for Efore.

The past fiscal year was, like the previous one, full of changes. In line with the nature of our sector the changes must be taken as new continuous opportunities and they will also continue in the new fiscal year. The purposeful globalization that has occurred in Efore's operations and the capability to respond to changes in a positive manner mean that the ground has been laid for profitable growth.

I would like to extend my thanks in particular to our customers, suppliers, personnel and partners for the past year. I would also like to thank shareholders and financiers for the trust they have shown in Efore.

December 2007
Reijo Mäihäniemi


VIOLIN

CONSTANT DEVELOPMENT OF GLOBAL CUSTOMER RELATIONS

Efore has international telecommunications, industrial automation and healthcare companies as its customers. We develop cooperation and serve our customers in two ways.

• We design and provide for our customers innovative and advanced custom-designed power supply solutions and associated maintenance and other services. The power of our custom-designed power supply units varies typically from 50W to 3000W. We also provide DC battery back-up systems (DC-UPS) e.g. for telecom operators and energy companies. The power capacity of our systems products ranges up to almost 100 Kilowatts.

• We also produce and maintain demanding electrical products developed by the customers by providing them with capable technical support in materials sourcing and global logistics plus Efore's extensive production capability and expertise in testing.

Efore's power supplies are designed to operate in extreme conditions in terms of temperature and moisture. They can, for example, be placed in the masts of telecommunications networks' base stations, where they are subject to strong fluctuation in weather conditions.

During the fiscal year 2007, we continued the development of our sales and marketing operations. Focusing on selected key customer relationships has enabled us to invest our resources in line with our strategy and vision. We have committed ourselves to being a principal and long-term business partner of our customers and to operate in accordance with their expectations. Our operating method is global, but at the same time we can serve our customers locally through our local operations. The basis of our customer relations is our ability to support our customers in implementing their strategies and cooperating from the design of power supply solutions to lifelong servicing and maintenance.

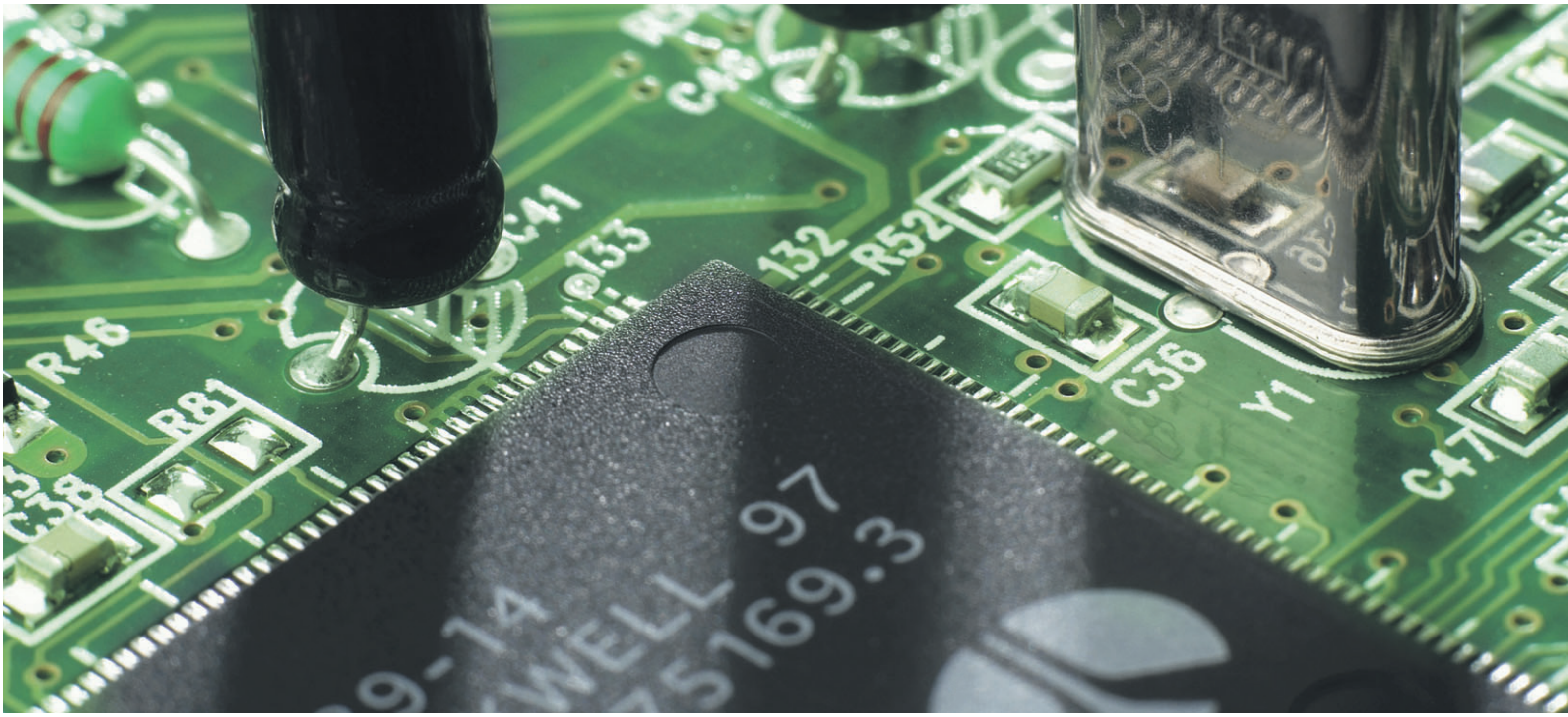
Efore is a leading supplier of custom-designed power supply solutions to companies in the telecommunications sector, particularly for mobile telecommunications networks. Our solutions range from single and multi-output power supply units to power distribution units, various connection units and remote control modules. We are also actively developing power supply and DC power system solutions and battery back-up solutions for new broadband technologies on fixed and wireless networks.

Telecom operators and industrial customers use our DC battery back-up systems, equipped with either forced or convection cooled rectifiers for both indoor and outdoor applications to ensure an uninterrupted supply of electricity.

We supply industrial automation companies with power supply solutions for numerous applications such as high-accuracy measuring and dosing equipment and for different kind of moving equipment. Our global customers include leading manufacturers of industrial robots and elevators, and companies producing cash and bank ATM systems. Our DC battery back-up systems are used by petrochemical, utility and railroad industries.

Disturbance-free performance is essential for acceptance and certification of equipment in the health care sector. Thus a steady uninterrupted power supply is a key requirement in the design and use of the equipment. Our products are used in many health-care application, such as dental machinery and equipment, medical equipment for intensive care units, patient monitors and X-ray and anesthetic systems.

Efore's main customers are the leading companies in the telecommunications sector such as Ericsson and Nokia Siemens Networks. In the industrial automation sector customers include ABB, Kone, NCR/Tidel and Wärtsilä. Global customers producing health care equipment include Abbott Laboratories, GE Healthcare, Planmeca and ThermoFisher.



PRODUCT DEVELOPMENT INCREASINGLY IMPORTANT TO CUSTOMERS

Efore focuses on helping its customers to use energy in the most efficient way possible. The aim is to reduce the electricity consumption of electrical and electronics equipment manufactured by our customers and to make them more energy-efficient and environmentally friendly. These aims determine the basic guidelines for Efore's product development.

During the fiscal year 2007 Efore spent a total of EUR 6.0 million or 7.5 percent of its net sales on product development. At the end of the period, total of 85 professionals were involved in product development at the company's five product development units.

The product development units are located near customers, which makes it possible to cooperate quickly and smoothly with customers' own product development organizations. This is indispensable for custom-designed power supplies. Cooperation has been close with customers' product development units in Finland, China and Sweden, where a unit was set up during the year. There has also been product development cooperation with external expert organisations in areas requiring special expertise in different countries.

Efore has been systematically training its product development personnel to pay greater attention not only to environmental issues but also to the demands of manufacturing, testing and long-term use. Efore has a common global Group product development process for all its product development units.

Testing and verification, both part of the product development process, ensure that our new products meet relevant safety, environmental and quality requirement set for electronic equipment now and in the future. Efore has its own laboratories for supporting both designing and testing products. All power supplies and other electronic equipment designed by Efore are type-tested in cooperation with the testing laboratory in Espoo. The purpose of the tests is to check that the products meet the specification and all the appropriate standards. The type tests cover operational, safety, environmental and reliability aspects.

Besides energy-saving and environmental aspects, the focal areas of product development are new power supply technology platforms, applications and materials. Current development projects aim to achieve greater power density, higher energy efficiency, more cost-effective solutions and quicker product launches. A new, faster operating method, the testing and simulation of virtual prototypes, has also been introduced. Efore also uses 3D CAD equipment and the latest design and simulation tools for electronic, mechanical, software and thermal design.

Efore applies for international and national safety approvals for its designs. A comprehensive network of partnerships with international approval authorities has been constructed to make the product approvals faster and more efficient.

The use of materials is minimised in all Efore's products. New products are lead-free and meet the RoHS requirements in different countries.

GLOBAL MANAGEMENT AND DEVELOPMENT OF COMPONENT SOURCING, PRODUCTION AND DELIVERIES

Efore produces the power supply solutions it designs mainly at its own production plants. The company has moved most of its own production to Estonia and China, two countries with low labor costs. A transfer was made to new, bigger premises in China in the summer of 2007. Production in the USA was reduced strongly in the 2007 fiscal year and circuit board assembling was entirely transferred to China.

Efore's production plants also produce and maintain for our customers demanding electronics equipment other than that designed by Efore with the same high quality and same capable, technical customer support.

In order to increase flexibility, some of the production has been outsourced to subcontractor partners. Product quality is controlled with the same criteria and principles for the company's own and its outsourced production.

The competitiveness of Efore's power supply solutions rests on global pull-driven operating models based on customer orders that are integrated into subcontractors' production and component sourcing. This approach minimizes production delivery cycle times and inventories tied to the supply chain. At the same time, a high level of flexibility and punctual deliveries for the customer are achieved.

In order to ensure global competitiveness, Efore is constantly developing the production technology, production and materials control, and global logistics.

The production lines at Efore's cost-effective production plants are similar to each other. The plants have state-of-the-art production lines based on automated surface mounting and wave-soldering technologies and automated testing lines. Because the production of power-supply solutions is based to a great extent on components and modules standardized within the company, production is possible at all the plants flexibly and near the customer. Production capacity can be increased quickly and at reasonable cost to respond to the growth in customers' demands.

Asia is the focal point for the production of electronic components. For this reason Efore's materials sourcing has China as its focus, which ensures that we can acquire the components needed for our production flexibly and cost-effectively.

Efore's competitiveness is based on the flexibility, speed and high quality of production. The Group has acquired the ISO 9001:2000 quality certificate and the ISO 14001:2004 environmental certificate for all its locations. In addition to its own quality control, customers regularly audit Efore's production processes.

The quality of Efore's operations is controlled by the Group's quality policy, according to which we aim to be the worlds best in quality, and every Efore employee is committed to high operational quality and its continuous improvement. The same quality requirements apply to our certified subcontractor partners.

TECHNOLOGICAL ADVANCES PROMISE GROWTH IN CUSTOM-DESIGNED POWER SUPPLY SOLUTIONS

Efore aims at becoming an expert and a comprehensive supplier in the management of power for its customers' products and solutions. This requires expertise, integration and management in business operations within the entire technological value chain – electronic materials, electronic components, power conversion modules, the power supplies themselves, and applications. This development has led to ever-closer cooperation with our customers.

The focal areas for Efore's technology development are a deep understanding of the need for power in customer applications and the optimization of power consumption, power supply architectures and their optimization, a reduction in power conversions, and increasing the efficiency of all conversion modules.

The development of modern fixed and wireless broadband data networks and the proliferation of Internet-based data transmission and services are increasing the need for power by the networks, hence the demand for advanced power supply solutions will grow for cost-saving reasons. The power supplies are becoming more intelligent making it possible to control and monitor the operation of loads, equipment and systems in an efficient manner. For example, it will be possible to monitor and control the supply of power in various parts of an application according to need, which will bring direct savings in energy. More efficient use of energy has become a prime requirement in power supply technology because of the prospects of higher electricity prices and concern over climate change.

As power supply architectures develop, the technical convergence of the telecommunications and IT equipment, which used to be separate solutions, is becoming increasingly evident.

Power conversion module research focuses on efficiency, cost-effectiveness and power density. The means available are the development of new switched circuits, the utilization of new component technologies and design optimization. New, efficient design procedures and simulation software have been developed for equipment design.

Efore is involved in several research projects in association with universities and research institutes in Finland and other countries. These projects are examining and developing technologies in the production of power supplies, the reliability of electronics, advanced cooling and heat control methods, modeling and simulation methods, alternative energy sources and decentralized power supply solutions.

STRENGTH THROUGH PERSONNEL COOPERATION AND A GLOBAL APPROACH

The number of personnel fell during the fiscal year 2007, totaling 706 on October 31, 2007 (812). With contract personnel included, the number was 873 (985). The number of personnel continued to increase at the locations in Estonia and China.

During the fiscal year 2007, ethical principles applying to the entire Group, the Group's new strategy, and the new code of conduct were implemented. Particular attention was paid to charting the skills of the personnel, identifying further training needs, and harmonizing the work approaches and cultures at the various locations in line with the company's global strategic thinking and code of conduct. In training, the focus was not only on international aspects but also on the Solution Creation process in product development, the Kanban process in production, and project management.

Communication between individual locations was improved by extending the intranet to all Group companies.

Efore supports the personnel's working capacity and health in cooperation with occupational health care. The personnel is encouraged to do physical exercise, and well-being is supported with an annual allowance on a country-by-country basis. During the fiscal year 2007 there were no serious occupational accidents.

Efore's approach to personnel matters is guided by the company's personnel policy, the main principles of which are as follows.

- Our operations are based on respect for and trust in each other, and our values guide our behavior.
- All employees are responsible for their own development as individuals and as professionals; the company is actively supporting these aspirations.
- Together we create an inspiring and regenerating global work environment.
- We have effective work tools at our disposal and in all our operations we take into consideration quality and occupational safety.
- We reward employees and teams for good results in a fair and competitive manner.

PERSONNEL BY REGION

EMEA	48 %
APAC	48 %
America	4 %

AGE STRUCTURE OF PERSONNEL

over 50	9 %
40-49	16 %
30-39	24 %
under 30	50 %

ENERGY SAVING HELPS IN CLIMATE CHANGE

Rising electricity prices and the need to combat climate change have increased the need to improve the efficiency of power supplies and reduce electricity consumption by the equipment. Efore's power supplies and systems, which are based on switch mode technology, make the power supply for the user's equipment much more efficient compared with the traditional linear power supply and transformer solutions.

Power supplies have also become more intelligent, which makes it possible to optimise the power supply in terms of the entire system, including the equipment being supplied and peripheral systems such as cooling and air-conditioning. With an improvement in the supply network, overall energy consumption is reduced, while at the same time the network can be dimensioned to smaller currents. This produces savings on a wide scale in the components and construction materials for the networks.

The choice of materials for equipment designed by Efore is based on the EC's RoHS (Restriction of the use of certain hazardous substances in electrical and electronic equipment) Directive. Electrical and electronic waste is sorted and recycled in accordance with the WEEE (Waste Electrical and Electronic Equipment) Directive. Efore's products comply with the Chinese RoHS and we have made preparations for similar RoHS requirements by other countries outside the European Union, such as South Korea.

During the 2007 fiscal year Efore carried out several projects that reduce the consumption of energy and usage of materials and raw materials and prevent the creation of waste. For example, for its new plant in China, the company built new chemical, washing, soldering waste and waste rooms. The design of the plant took into account an environment-friendly production model, international environmental guidelines and local legislation.

During the fiscal year 2007 there were no incidents

at Efore that would have had a significant effect on the environment.

In 2008, our choice of technology and product design will be in compliance with the European EuP (Energy-using Products) Directive. As required by the Directive, our product design will take into account environmental requirements concerning the consumption of materials and energy and greenhouse gas emissions over the entire life cycle of a product.

In our operations we identify the materials and preparations we use in accordance with the REACH Directive, which covers the registration, evaluation, licencing and restriction on the use of the most hazardous chemicals. We develop the identification of properties in dangerous materials and risk management in the entire supply chain to the extent reasonably necessary to prevent adverse impact on human health and the environment.

At present we are standardising the management of environmental matters at our locations in line with the international Global Reporting Initiative. Thus, Efore's supply chains, the functions at our locations and products will be at the top level internationally in environmental issues.

Efore's operations in environmental issues are guided by the Group's environmental policy, which states that the level of environmental protection will be maintained and developed in accordance with demands of the ISO 14001:2004 standard, customers and legislation.

The environmental considerations and impacts of our operations are examined regularly and the level of environmental protection and prevention of emissions are being developed constantly, taking into account the effects of these measures on the business operations. We promote environmental awareness among our suppliers, personnel and customers, and we inform all our stakeholders and the surrounding community about environmental matters.

FINANCIAL STATEMENTS

BOARD OF DIRECTOR'S REPORT

GENERAL FEATURES OF EFORE GROUP

The Efore Electronics Group is an international company providing services for the telecommunications, industrial automation and health care industries. Its operations comprise custom-designed power supplies, power systems, manufacturing of demanding electronics, and related service and maintenance.

GROUP STRUCTURE

Efore Group consists of the parent company Efore Plc and its directly or indirectly wholly owned subsidiaries Efore (UK) Ltd, Efore (USA) Inc, Efore (Suzhou) Electronics Co. Ltd, Efore (SIP) Technologies Co. Ltd, Efore Ltda, Efore AS, Efore AB, and FI-Systems Oy. Efore Plc also has a 25% stake in Power Innovation GmbH, a German power electronics company.

On October 31, 2007, a share deal was concluded within the company: the parent company Efore Plc sold the shares of Efore AS and Efore (Suzhou) Electronics Co. Ltd to Group company FI-Systems Oy. As a result of the deal, Efore Plc acquired distributable profits. In Sweden, a branch business was continued under the name Efore AB.

NET SALES AND FINANCIAL PERFORMANCE

Net sales for the fiscal year totaled EUR 80.2 million (EUR 90.5 million). Sales by customer group were as follows: telecommunications 65.2 % (68.8 %), industrial electronics 28.1 % (24.8 %) and health-care electronics 6.7 % (6.4%). Geographically sales were as follows: EMEA EUR 55.6 million (EUR 57.9 million), the Americas EUR 7.4 million (EUR 21.2 million) and APAC EUR 17.2 million (EUR 11.4 million).

The operating profit for the fiscal year was EUR -2.1 million (EUR -5.8 million).

The profit for the fiscal year was affected by sales being lower in the first two quarters as expected and by the restructuring implemented in Finland and in the USA as planned. The company's focusing on core business led to a drop in net sales in the USA. The USA operations have been further revised and began showing a profit in the third quarter. As a result of the restructuring, the company's cost structure has been improved.

A reversal of EUR 0.3 million was written down in the last fiscal year, and in the fiscal year previous to that expenditure of EUR 1.9 million was recorded to change the book value of inventories so that it corresponded to their net realizable value.

The profit before taxes for fiscal year was EUR -2.9 million (EUR -5.5 million) and the net profit was EUR -3.4 million (EUR -8.2 million).

The earnings for the fiscal year include non-recurring items totaling EUR -0.3 million. They comprise EUR -1.6 million in impairments on capitalized product development costs and EUR 1.3 million on the sale of a call option on the lease for the Pärnu plant.

BUSINESS OPERATIONS

Product development activity during the fiscal year was focused mainly on new base station families that will be used in the future and other equipment for telecommunications networks. Increasing energy efficiency has been the main design parameter in Efore's new power supply solutions.

Efore's new plant in China was inaugurated during the second quarter and at the same time production at Efore's old premises was discontinued. The plant is 10,600 m^2 in area, 7,560 m^2 of which are production premises. Production faccilities in Finland were closed down during the second quarter. With the expansion of production in China, the

BOARD OF DIRECTOR'S REPORT

proportion of Efore's production undertaken in countries with lower costs had already risen to 93.6 % (81.5 %) by the end of the fiscal year.

Projects to develop operations together with long term programs in order to improve productivity and reduce cost structure, lower inventories and make the production and product development processes more efficient continued during the fiscal year. The purpose of these projects is to bring continuous improvement to the competitiveness of the company on the global market.

INVESTMENT

Group investment in fixed assets amounted to EUR 4.0 million (EUR 4.8 million), of which investment in machinery and equipment accounted for EUR 3.1 million and product development costs EUR 0.9 million.

Investment in product development continued, and total product development costs for the period came to EUR 6.0 million (EUR 5.1 million) which was 7.5% of net sales.

The company believes that product life cycles have become shorter so capitalized product development costs are expected to continue to be lower than in previous fiscal periods. In addition to this some product development costs have been revised so that certain product development projects have not been capitalized on the balance sheet. Capitalized product development costs amounted to EUR 1.7 million (EUR 4.0 million) at the end of the fiscal period.

Disposals on tangible fixed assets were EUR 0.1 million (EUR 0.5 million) during the fiscal year.

FINANCIAL POSITION

The Group's financial position during the fiscal year was good. The Group's solvency ratio was 57.9 % (62.3 %) and the gearing was -24.6 % (-34.6 %).

Consolidated net interest-bearing liabilities amounted to a positive figure of EUR -6.6 million (EUR -10.5 million positive), i.e. the consolidated interest-bearing cash reserves exceed interest-bearing liabilities by EUR 6.6 million. The consolidated net financial expenses were EUR -0.9 million (EUR 0.2 million). The cash flow from business operations was EUR -0.1 million (EUR -4.7 million) and the change in cash flow showed a decrease of EUR 3.9 million (EUR 10.1 million decrease). The cash flow after investment was EUR -3.8 million (EUR -9.6 million). The consolidated profit includes EUR -1.3 million in exchange differences.

Liquid assets excluding undrawn credit facilities totalled EUR 7.7 million (EUR 11.6 million) at the end of the fiscal year. The Group also had access to substantial credit facilities at its disposal. The balance sheet total was EUR 46.7 million (EUR 48.5 million).

TAXATION

Tax assets arising from loss-making operations that must be considered as potentially substantial have not been capitalized as assets in the consolidated balance sheet.

ENVIRONMENTAL POLICY AND ENCUMBRANCES

The development and maintenance of Efore's environmental systems is based on international standard ISO 14001:2004, which is valid in all product development and production facilities in Finland, China, Estonia and the United States.

The recycling of electronics waste is done in partnership with specialised companies. The operation complies with EU's WEEE (Waste Eelctrical and Electronic Equipment) Directive.

All Efore's production facilitie are equipped for lead-free production in accordance with RoHS Directive (Restriction of the use of Certain Hazardous Substances).

The Board of Directors is not aware of any environmental risks or responsibilitie having an impact on company's financial position.

BOARD OF DIRECTOR'S REPORT

PERSONNEL

The number of the Group's own personnel averaged 766 (792) during the fiscal year and at the end of the fiscal year it was 706 (812). The number of personnel fell by 106 during the fiscal year. At the same time the number of product development and technical support resources has been increased, totalled 85 persons by the end of the fiscal year.

In addition to its own personnel, the Group's contract staff numbered 167 (173) at the end of the fiscal year. The number of contract staff fell by 6 during the fiscal year.

The geographical distribution of the personnel including contract staff at the end of the fiscal year was as follows: Europe 421 (489), of which 122 (214) were in Finland, the Americas 35 (70) and Asia 417 (426).

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

In accordance with the proposal of the Board's Nomination Committee, the Annual General Meeting held on February 5, 2007 elected eight regular members of the Board: Johan Ek, Isto Hantila, Jukka Harju, Marko Luoma, Esa Korvenmaa, Outi Raitasuo, Timo Syrjälä and Matti Tammivuori. Isto Hantila has acted as chairman of the Board.

In its inaugural meeting on February 5, 2007, the Board of Directors elected the members of the Audit Committee and the Compensation Committee from amongst its members. The Board of Directors decided on the appointment of the Nomination Committee after the end of the fiscal year, on November 8, 2007. In addition to Board members, the Nomination Committee also includes one major shareholder from outside the Board.

During the fiscal period some changes were made in the Executive Management Team and in the responsibilities of its members. The members and their global spheres of responsibility are as follows: President and CEO Reijo Mäihäniemi, Panu Kaila (Production and Sourcing), Markku Kukkonen (Product Development), Olli Nermes (Finances, Administration and IT), Kari Saarinen (Sales and Marketing) and Mika Sippola (Technology).

The company has not made any agreement with the President and CEO about severance pay should he resign or be dismissed or his duties otherwise terminated as the result of a public purchase offer. Other information listed in Chapter 2, section 5a of the Ministry of Finance Decree on a security issuer's statutory duty of disclosure (538/2002) is shown in the financial statements.

AUDITORS

The Annual General Meeting held on February 5, 2007 appointed Authorized Accounting Firm Ernst & Young as Efore's auditors, with Authorized Public Accountant Juha Nenonen as principal auditor.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

The total number of Efore Plc shares at the end of the fiscal year was 40,529,648 and the registered share capital was EUR 34,450,200.80.

The highest share price during the fiscal year was EUR 1.55 and the lowest price was EUR 0.98. The average price during the fiscal year was EUR 1.25 and the closing price was EUR 1.20. The market capitalization calculated at the final trading price during the fiscal year was EUR 48.6 million.

The total number of Efore shares traded on the Helsinki Stock Exchange during the fiscal year was 17.3 million and their turnover value was EUR 21.6 million. This accounted for 42.6 % of the total number of shares at the end of the fiscal year. The number of shareholders totaled 3,429 at the end of the fiscal year.

At the end of the fiscal year the company did not hold any of its own shares.

OPTION RIGHTS PROGRAM 2005

On the basis of the authorization granted by the Annual General Meeting in December 2004, the company's Board of Directors decided in March 2005 to introduce an option rights program aimed at reinforcing the long-term commitment of the company's key personnel. The option rights are connected with a shareholding program under which

BOARD OF DIRECTOR'S REPORT

key personnel are obliged to purchase Efore shares using 20% of the net income obtained from the option rights and then to hold the shares for at least one year.

A total of 2,250,000 option rights were issued on the basis of the option rights program, and each of these can be used to subscribe one Efore Plc share. The option rights are diveded into three categories, 2005A, 2005B and 2005C, compring 950,000, 650,000 and 650,000 option rights, respectively.

The subcription price of the shares in the 2005A option rights program is EUR 3.07; in the 200B option rights program it is the average tradeweighted price on the Helsinki Stock Exchange in the period January 1 to March 15, 2006 i.e. EUR 1.87; and in the 2005C option rights program it is the average trade-weighted price on the Helsinki Stock Exchange in the period January 1 to March 15, 2007 i.e. EUR 1.37. Each year, the dividend distributed is deducted from the subscription price.

The share subscription period for the 2005A option rights is November 1, 2007 to April 30, 2010; for the 200B option rights it is April 1, 2008 to April 30, 2011; and for the 2005C option rights it is April 1, 2009 to April 30, 2012.

DISCLOSURE OF CHANGES IN OWNERSHIP DURING THE FISCAL YEAR

Evli Bank Plc announced on September 27, 2007 that its holding and share of votes in Efore Plc had exceeded 10% and now stood at 12.23%, and that it had sold Efore Plc shares under a forward contract equivalent to 10.86% of the total shares and votes.

BOARD OF DIRECTORS AUTHORIZATIONS

In accordance with a proposal made by the Board of Directors, the Annual General Meeting held on February 5, 2007 authorized the Board of Directors to decide on issuing new shares in one or more batches and with the maximum total number of new shares issued under the authorization being 13,274,783. The Board may decide on a targeted issue on the basis of the authorization, but the authorization must not be used for incentives for personnel.

The authorization will remain valid for one year from the decision of the Annual General Meeting. The authorization had not been used by October 31, 2007.

SEGMENT INFORMATION

Efore Group uses business segments for its primary segment reporting, and geographical segments for its secondary segment reporting. Efore's primary segment comprises the entire Group, therefore the figures reported in the primary segment are the same as those for the whole Group.

SHORT-TERM RISKS AND FACTORS OF UNCERTAINTY

Rapid changes in demand are typical in Efore's field of operation, and even short-term predictions about the future development of the business are challenging to make. By developing operational processes Efore is improving its internal flexibility and ability to react in order to be able to adapt its operations to meet changing demand at short notice, if necessary.

OUTLOOK

According to the information received from companies in the business telecommunications markets are expected to continue their growth also during 2008. The biggest growth is further expected on emerging markets e.g. Asia countries, the Middle East and Africa.

The company continues to focus on the development of demanding and innovative power-supply solutions with the world's leading companies in their own fields. Developing energy-saving solutions that will take up less space will be a major focal point.

BOARD OF DIRECTOR'S REPORT

Projects to develop operations together with long term programs in order to improve productivity and reduce cost structure, lower inventories and make the production and product development processes more efficient will continue during the fiscal year 2008. The purpose of these projects is to bring continuous improvement to the competitiveness of the company on the global market.

With ongoing development projects result for the fiscal year 2008 is expected to show an improvement compared to the previous fiscal year.

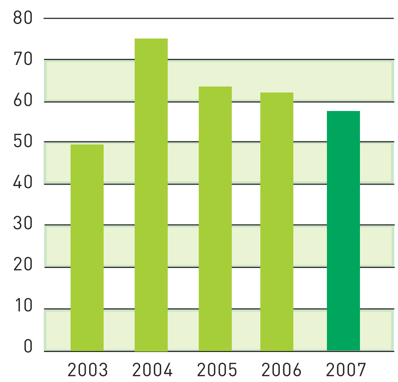
BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF RETAINED EARNINGS

According to financial statements at October 31,2007 the parent company's distributable shareholders' equity stood at EUR 17,769,095.15. The Board of Directors will propose that dividend EUR 0.05 per share will be distributed.

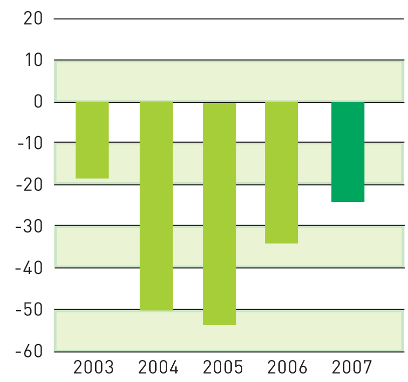
BOARD OF DIRECTOR'S REPORT

GRAPHS

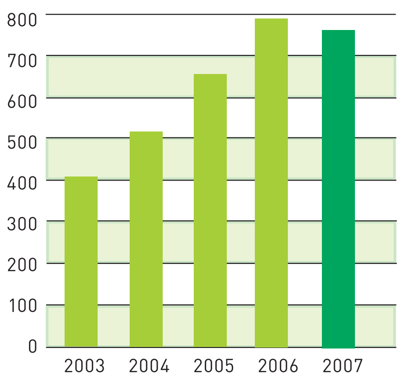
SOLVENCY RATIO %



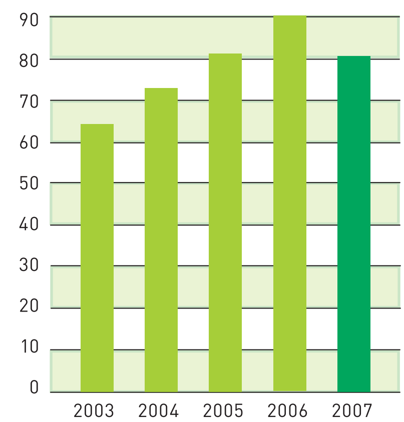
GEARING %



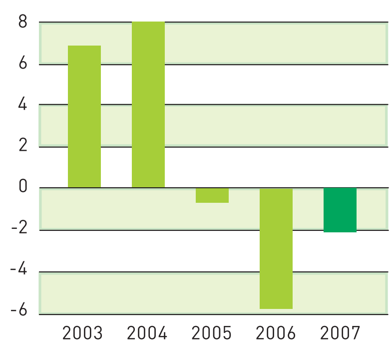
PERSONNEL, AVERAGE



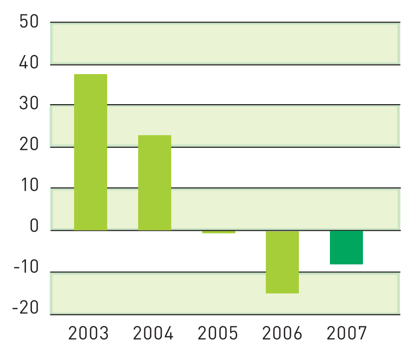
NET SALES EUR MILLION



OPERATING PROFIT EUR MILLION



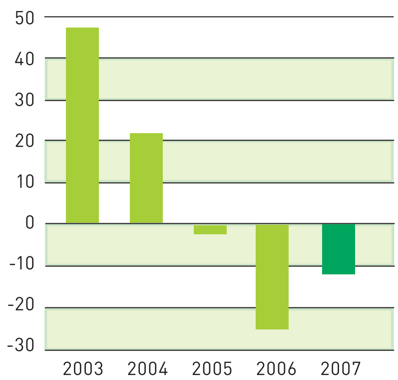
RETURN ON INVESTMENT (ROI) %



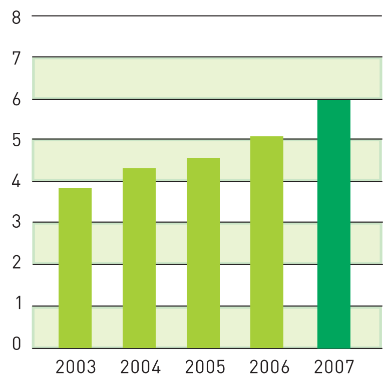
BOARD OF DIRECTOR'S REPORT

GRAPHS

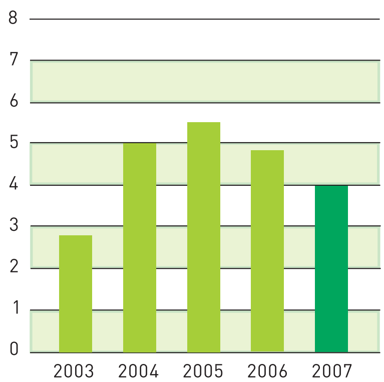
RETURN ON EQUITY (ROE) %



PRODUCT DEVELOPMENT EXPENDITURES EUR MILLION



GROSS INVESTMENTS EUR MILLION



CONSOLIDATED INCOME STATEMENT, IFRS
EUR 1,000

	Note	Nov. 1, 2006- Oct. 31, 2007	Nov. 1, 2005- Oct. 31, 2006
NET SALES	(1)	**80,187**	**90,498**
Change in inventories of finished goods and work in progress		-234	1,193
Other operating income	(2)	1,726	510
Materials and services	(3)	-54,388	-65,892
Employee benefits expenses	(4)	-16,098	-18,779
Depreciation	(5)	-3,703	-3,515
Impairment	(5)	-2,230	-480
Other operating expenses	(6)	-7,333	-9,363
OPERATING PROFIT (-LOSS)		**-2,074**	**-5,827**
Financing income	(8)	1,057	1,022
Financing expenses	(9)	-1,979	-842
Share of profit of associated companies	(10)	135	151
PROFIT (-LOSS) BEFORE TAX		**-2,861**	**-5,495**
Tax on income from operations	(11)	-524	-2,685
PROFIT (-LOSS) FOR THE PERIOD		**-3,385**	**-8,180**
NET PROFIT/LOSS ATTRIBUTABLE			
To equity holders of the parent		-3,385	-8,180
Earnings per share calculated on profit attributable to equity holders of the parent:			
Earnings per share, EUR	(12)	-0,08	-0,20
Earnings per share, diluted EUR	(12)	-0,08	-0,20

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

CONSOLIDATED BALANCE SHEET, IFRS
EUR 1,000

	Note	Oct. 31, 2007	Oct. 31, 2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(13)	2,555	4,623
Tangible assets	(14)	8,393	8,618
Investments in associates	(15)	384	247
Other long-term investments		3	27
Deferred tax assets	(16)	93	314
NON-CURRENT ASSETS		**11,428**	**13,829**
CURRENT ASSETS			
Inventories	(17)	12,571	14,261
Trade receivables and other receivables	(18)	14,839	8,782
Tax receivable, income tax	(18)	111	4
Financial assets at fair value through profit and loss	(19)	0	3,426
Cash and cash equivalents	(20)	7,733	8,200
CURRENT ASSETS		**35,254**	**34,674**
ASSETS		**46,681**	**48,503**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	(21)	34,450	34,450
Share premium account	(21)	0	1
Other reserves	(21)	1,395	1,280
Translation differences	(21)	-62	201
Retained earnings		-8,772	-5,725
Equity attributable to equity holders of the parent		27,011	30,208
SHAREHOLDERS' EQUITY		**27,011**	**30,208**
NON-CURRENT LIABILITIES			
Deferred tax liability	(16)	27	131
Interest-bearing liabilities	(22,23)	249	251
NON-CURRENT LIABILITIES		**276**	**381**
CURRENT LIABILITIES			
Interest-bearing liabilities	(22,23)	834	923
Treade payables and other liabilities	(24)	17,345	16,501
Provisions	(25)	1,216	490
CURRENT LIABILITIES		**19,395**	**17,914**
LIABILITIES		**19,671**	**18,295**
TOTAL EQUITY AND LIABILITIES		**46,681**	**48,503**

CONSOLIDATED CASH FLOW STATEMENT, IFRS
EUR 1,000

	Note	2006 - 2007	2005 - 2006
Cash flows from operating activities			
Cash receipts from customers		76,244	90,845
Cash receipts from other operating income		0	370
Cash paid to suppliers and employees		-75,519	-95,386
Cash generated from operations		725	-4,170
Interest paid and cash paid from other financing items		-415	-826
Dividends received		42	70
Interest received		31	788
Other financing items		15	0
Income taxes paid		-518	-551
Net cash from operating activities (A)		**-119**	**-4,690**
Cash flows from investing activities			
Purchase of tangible and intangible assets		-3,916	-4,966
Proceeds from sale of tangible and intangible assets		233	40
Proceeds from sale of investments		24	0
Net cash used in investing activities (B)		**-3,659**	**-4,926**
Cash flows from financing activities			
Proceeds from short-term borrowings		0	197
Repayment of long-term borrowings		-135	-713
Net cash used in financing activities (C)		**-135**	**-516**
Net increase/decrease in cash and cash equivalents (A+B+C)		**-3,912**	**-10,131**
Cash and cash equivalents at beginning of period on Nov.1		11,626	21,821
Net increase/decrease in cash and cash equivalents		-3,912	-10,131
Effects of exchange rate fluctuations on cash held		19	-64
Cash and cash equivalents at end of period on Oct. 31	(19,20)	7,733	11,626

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS EUR 1,000

	Equity attributable to equity of the parent					
	Share-capital	**Share premium account**	**Other reserves**	**Translation differences**	**Retained earnings**	**Total**
SHAREHOLDERS' EQUITY Nov. 1, 2006	**34,450**	**1**	**1,280**	**201**	**-5,725**	**30,208**
Changes in translation difference	0	0	-54	-264	278	-39
Profit/loss recognised directly in equity	**0**	**0**	**-54**	**-264**	**278**	**-39**
Profit/loss for the period	0	0	0	0	-3,385	-3,385
Total recognised income and expense for the period	**0**	**0**	**-54**	**-264**	**-3,107**	**-3,424**
The costs of options rights	0	0	227	0	0	227
Transferred from retained earnings to other reserves	0	0	109	0	-109	0
Other changes	0	-1	-167	0	168	0
SHAREHOLDERS' EQUITY Oct. 31, 2007	**34,450**	**0**	**1,395**	**-62**	**-8,772**	**27,011**

	Share capital	**Share premium account**	**Other reserves**	**Translation differences**	**Retained earnings**	**Total**
SHAREHOLDERS' EQUITY Nov. 1, 2005	**34,450**	**3,973**	**747**	**198**	**-1,175**	**38,192**
Changes in translation difference	0	0	-13	4	-243	-252
Profit/loss recognised directly in equity	**0**	**0**	**-13**	**4**	**-243**	**-252**
Profit/loss for the period	0	0	0	0	-8,180	-8,180
Total recognised income and expense for the period	**0**	**0**	**-13**	**4**	**-8,423**	**-8,432**
The costs of options rights	0	0	231	0	0	231
Transferred from share premium account to retained earnings	0	-3,972	0	0	3,972	0
Transferred from retained earnings to other reserves	0	0	314	0	-314	0
Other changes	0	0	0	0	216	216
SHAREHOLDERS' EQUITY Oct. 31, 2006	**34,450**	**1**	**1,280**	**201**	**-5,725**	**30,208**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

BASIC INFORMATION

The Efore Electronics Group is an international company providing services for the telecommunications, industrial automation and health care 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. It has product development and marketing units in Finland, China, the USA, Germany and Sweden. Efore's production facilities are located in China, Estonia and the USA. The parent company is Efore Plc, which has its registered office in Espoo, Finland (registered address Linnoitustie 4 A, 02600 Espoo, Finland). The parent company Efore Plc shares have been listed on the Helsinki Stock Exchange since 1989. For Efore's consolidated financial statements, please go to www.efore.fi or contact the parent company headquarters at the above address.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for preparation

The consolidated financial statements for the period November 1, 2006 – October 31, 2007 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and they conform to the IAS and IFRS standards in effect on October 31, 2007, and SIC and IFRIC interpretations. In the Finnish Accounting Act and the provisions under it, International Financial Reporting Standards mean the standards approved for use in the EU in accordance with the procedure laid down in the EU regulation (EC) No 1606/2002, and their interpretations. The notes to the consolidated financial statements are also in accordance with the Finnish accounting and corporation legislation.

The consolidated financial statements have been drawn up on the basis of original cost, except for financial assets that are recognized at fair value and that affect the financial performance, and derivative financial instruments measured at fair value. Share-based payments (granted option rights) have been recognized at fair value on the grant date. Unless otherwise stated, all the figures in these financial statements are in 1,000 euros.

Subsidiaries

Efore's consolidated financial statements comprise the financial statements of the parent company Efore Plc and its subsidiaries. Subsidiaries are companies in which Efore Plc holds, directly or indirectly, more than 50% of the votes or in which it is has otherwise the right to determine how the company manages its finances and business operations.

Mutual shareholdings has been eliminated using the purchase method. Subsidiaries have been consolidated from the date on which the controlling interest in them was transferred to the Group and terminated on the date on which the Group ceased to have the controlling interest in the company.

All intra-group transactions, receivables, liabilities, unrealized profits, and internal profit distribution are eliminated in drawing up the consolidated financial statements. Unrealized losses are not eliminated if the loss is a result of impairment. The distribution of profits for the fiscal year to the parent-company owners is detailed in connection with the income statement.

Associated companies

Associated companies in which the Group holds between 20 and 50% of the voting rights and in which it has a major holding but not the controlling interest have been consolidated using the equity method. If the Group's share of the associated company's losses exceeds its holding in the company, the investment is entered as zero and no consideration is given to losses in excess of that amount unless the Group has other obligations relating to the associated companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Translation of foreign-currency items

Figures for the performance and financial position of the Group units are measured in the currency of the unit's main operating environment. The consolidated financial statements are in euros, which is the parent company's functional and presentation currency.

Foreign-currency transactions

Foreign-currency transactions are translated into functional currencies using the exchange rates in effect on the day of the transaction. In practice, Efore often uses exchange rates that are approximately the day's rates. Monetary foreign-currency items on the balance sheet date have been translated into functional currencies using the exchange rate on the balance sheet date. Non-monetary foreign-currency items measured at fair value have been translated into functional currencies using the exchange rates on the measurement date. Other non-monetary items have been translated using the exchange rate on the transaction date. Profits and losses arising from foreign-currency transactions and translation of monetary items have been recognized in the income statement. Exchange differences arising from the translation of sales are recognized as adjustment to net sales, while exchange differences resulting from the translation of purchases are entered as adjustment to purchase costs. Other exchange gains and losses are presented under financial income and costs. Exchange differences of derivatives acquired to hedge the exchange position are recognized under financial items, while previously recognized under sales exchange differences.

Translation of the financial statements of foreign group companies

The income statements of foreign group companies have been translated into euros by using the averages of the average rates of the European Central Bank for the calendar months in the fiscal year, while their balance sheets have been translated using the exchange rates on the balance sheet date. Using different exchange rates for translating the performance of the fiscal year in the income statement and the balance sheet results in a translation adjustment that is recognized in equity.

Translation differences arising from the elimination of the purchase cost of foreign subsidiaries and from the translation of equity balances accumulated after purchase are recognized as equity. When a subsidiary is sold, the resulting translation differences are recognized in the income statement as sales profits and losses. Translation differences generated before November 1, 2004, the date on which the Efore Group adopted the IFRS standards, have been recognized as retained earnings in connection with the changeover, as permitted under an IFRS 1 exemption. Moreover, they will not be recognized in the income statement in connection with the sale of the subsidiary. Translation differences generated from the changeover date in connection with the preparation of the consolidated financial statements are shown under equity as a separate item.

Property, plant and equipment

Property, plant and equipment are measured at their original cost minus depreciation and amortization expense and impairment.

If property, plant and equipment comprise more than one item each of which has a useful life of a different length, the items are treated separately. In such cases, the cost of renewing the item is capitalized. Otherwise, expenditure generated at a later date is only included in the book value of the item if its future economic benefits are likely to be for the good of the Group and the acquisition cost of the item can be reliably determined. Other maintenance and repair costs are recognized as expenditure on the date they were generated.

Straight-line depreciation is applied to the items during their estimated useful lives. The estimated useful lives are as follows:

Machinery and equipment	3-10 years
Other tangible assets	5 years

The residual values and useful lives of the items are examined in connection with the preparation of every set of financial statements and, when necessary, adjusted in accordance with the changes in expectations for economic benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Sales profits and losses resulting from the decommissioning and transfer of property, plant and equipment are included in other operating income and expenses.

Borrowing costs

Borrowing costs are recognized as expenditure for the fiscal year in which they were generated.

Government grants

Grants received from the Government and other sources are entered into the income statement at the same time as the recognition of expenses. Such grants are included in other operating income. Grants connected with the acquisition of property, plant and equipment will decrease their cost. The grants will translate into income in the form of lower depreciation and amortisation expenses during the item's useful life.

INTANGIBLE ASSETS

Goodwill

Goodwill generated by business combinations is the difference between the cost and the identifiable assets, liabilities and contingent liabilities measured at fair value. No regular depreciation is made on goodwill as it is tested each year for any impairment. The Efore Group does not have any goodwill during the periods under review.

Research and development expenditure

Research expenditure is recognized as an expense in the income statement. Development costs arising from the design of new or more advanced products are capitalized in the balance sheet as intangible assets from the moment the product can be technically implemented, applied commercially and expected to generate future economic benefits. Capitalized development costs comprise the material, work and testing expenditure that are the direct result of the process of completing the product for its intended use.

Depreciation and amortisation expenses are recognized from the moment the item is ready for use. Items that are not yet ready for use are tested each year for impairment. Capitalized development costs are measured after the original recognition after impairment and acquisition cost depreciation have been deducted from them. The useful life of capitalized development costs is 3-5 years during which capitalized costs are recognized as straight-line depreciation.

Other intangible assets

Intangible assets are recognized in the balance sheet at original cost if the cost can be accurately determined and the economic benefits generated by the assets are likely to be for the good of the company.

Intangible assets that have a limited useful life are recognized in the income statement as straight-line depreciation during their known or estimated useful life. No depreciation is made on intangible assets that have an unlimited useful life as they are tested each year for impairment. The Group does not have any assets with unlimited useful life during the periods under review.

Depreciation periods for other intangible assets are as follows:

Licenses	5 years
Computer programs	5 years

Inventories

Inventories are measured at acquisition cost or at net realizable value, whichever is lower. Raw material acquisition costs are determined using a weighted average cost method. The acquisition cost for finished goods and work in progress consists of raw materials, direct labor, other direct expenditure and an appropriate part of the variable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

production overheads and fixed production overheads. The net realizable value is the estimated sales price in the ordinary course of business minus the expenditure needed to make the product ready and the sales-related costs.

Obsolete and slow-moving inventories have been subjected to write-offs in accordance with the Group's measurement principles.

LEASES

Group as lessee

Leases on tangible and intangible assets in which the Group holds a substantial part of the ownership-related risks and benefits are classified as financial leases. Financial leases are recognized in the balance sheet at the fair value of the leased item at the start of the lease, or at the current value of the minimum lease payments, whichever is lower. Depreciation is made on items acquired with a financial lease during the item's useful life, or during the lease term, whichever is shorter. Leases to be paid are divided into financial cost and decreases in debt during the lease term so that the interest on the remaining debt is the same each fiscal year. Lease obligations are included in interest-bearing liabilities.

Leases in which the lessor carries the ownership-related risks and benefits are classified as operating leases. Lease payments made on the basis of operating leases are recognized in the income statement on a straight-line basis during the lease term.

IMPAIRMENTS

Tangible and intangible assets

The value of assets is assessed on each balance sheet date so that any impairment can be identified. If there are any indications of impairment, estimates will be made of the recoverable amount. Estimates will also be made of the recoverable amount for the following assets at least on a yearly basis irrespective of whether there are any indications of impairment: intangible assets with an unlimited useful life and capitalized development costs. The impairment need is examined at the level of units generating cash flows, in other words, at the lowest unit level which is largely independent of other units and the cash flows of which can be separated from other cash flows.

The recoverable amount is the fair value of the asset minus sales-related expenditure or a higher value in use. The value in use refers to the estimated future net cash flows, discounted at their present value, that arise from the assets in question or the unit generating cash flows.

The impairment loss is recognized when the book value of the asset is higher than the recoverable amount. The impairment loss is entered directly in the income statement. The useful life of the asset to be depreciated is reassessed in connection with the recognition of the impairment loss. An impairment loss recognized in connection with other assets than goodwill will be reversed if there have been changes in the assessments used for determining the recoverable amount. The impairment loss to be reversed may, however, not exceed the book value the asset would have without the recognition of the impairment loss.

EMPLOYEE BENEFITS

Pension liabilities

In countries in which it is operational, the Group has entered into pension schemes that are in accordance with local practices. The Group's pension arrangements have been classified as defined contribution plans. Payments made into defined contribution pension schemes are recognized in the income statement during the fiscal year to which they apply.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Share-based payments

Efore has applied the IFRS 2 standard for share-based payments for all such option schemes in which the options have been granted after November 7, 2002 and for which there have been no rights before January 1, 2005. The expenditure for earlier option schemes is not shown in the income statement.

Schemes paid as equity instruments are measured at fair value on the grant date and recognized in the income statement as straight-line expenditure during the period in which the right was generated. Corresponding amounts are recognized directly as an increase in equity. The expenditure determined on the grant date is based on a Group estimate on the number of options to which there should be a right at the end of the period in which the right was generated. The fair value is determined using the Black-Scholes option pricing model. Changes in assessment are recognized in the income statement. When option rights are exercised, the nominal value of the subscription-based payments (adjusted by possible transaction costs) is recognized as share capital while the rest is recognized in the share premium account.

The Group's assessments relate to expected dividends, volatility and maturity. These variables make it difficult to estimate the fair value of an option.

Financial assets and liabilities

The consolidated financial assets and liabilities are classified into the following categories: financial assets and liabilities at fair value through profit or loss, loans and receivables. The classification is made in connection with the original acquisition of the financial asset concerned on the basis of its intended use. All purchases and sales of financial assets are recognized on the date of the transaction. The Group derecognizes financial assets in the balance sheet when it has lost its right to cash flows or when it has transferred the major risks and benefits outside the Group.

Financial assets at fair value through profit or loss

Investments held for trading include listed shares and funds acquired primarily for profit from short-term fluctuations in market prices. Both realized and unrealised profits and losses arising from fluctuations in market value are recognized in the income statement in the period during which they are created. Financial assets held for trading are included in current assets.

Trade and other receivables

Other receivables are assets not included in derivatives; the payments relating to them are either fixed or definable; they are not quoted on functioning markets and the company does not hold them for trading. Other receivables are measured at amortised cost. They are included in current or non-current financial assets depending on maturity. On each balance sheet day, the Group assesses if there is objective evidence of impairment regarding an individual item or a group of items. The amount of any impairment is assessed primarily on the basis of the risk involved in the case of each item. The impairment loss is recognized as expense in the income statement.

Trade receivables are recognized in the balance sheet at their original invoicing value with any credit losses deducted. The assessment of doubtful debts and any need for impairment is based on the risk involved in the case of each item. Trade receivables are never measured at higher than their probable value. An impairment loss on trade receivables is recognized if there is justified evidence to the effect that the Group will not recover all its receivables on original terms. Credit losses recognized as an expense in the income statement are included in other operating expenses.

Derivative instruments

The Group uses derivatives for hedging against exchange risks. The Group does not, however, apply hedge accounting as specified in IAS 39. After acquisition, derivative contracts are measured at fair value.

This is why changes in value concerning all derivatives are recognized in the income statement in the period during which they are created, regardless of the fact that the hedged item may have an impact on the financial performance in the following fiscal period. Changes in value are included under financial items in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits that can be withdrawn on request and other highly liquid current investments.

Financial liabilities

Financial liabilities are recognized at fair value in the bookkeeping. Transaction costs are included in the original book value of financial liabilities.

Both realized and unrealised exchange profits and losses are recognized under financial income and expenses in the income statement in the period during which they are created. Financial liabilities may be included in current and non-current liabilities and they may be interest-bearing or non-interest-bearing.

Provisions

Provisions are recognized in the balance sheet when the Group has, as a result of earlier transactions, a present obligation that is of legal or constructive nature, and meeting the obligation is likely to require economic outputs or will result in a financial loss, and the obligation can be accurately defined. Provisions may be connected with such matters as restructuring operations, loss-making contracts, court cases or warranty costs.

A warranty provision is recognized when a product containing a warranty clause is sold. The size of the provision is based on what is known about past warranty costs. Warranty provisions are expected to be used within two years.

A restructuring provision is recognized in the balance sheet when the Group has drawn up a detailed restructuring plan, begun to implement the plan or provided notification of it.

Income taxes

Accrual-based taxes corresponding to the earnings of the Group companies for the fiscal year that are based on the taxable income calculated in accordance with the local tax code observed by each company, tax adjustments for earlier fiscal years, and changes in deferred taxes are recognized as income taxes in the Group's income statement.

Recognition of deferred tax liabilities and assets is based on the temporary differences between the taxation of Group companies and the balance sheet in the financial statements and on the differences arising from Group eliminations. The tax rate for the deferred tax liabilities and assets is based on the tax rate for the following year confirmed in the country in question on the balance sheet date.

The most important deferred tax assets and liabilities are the depreciation of property, plant and equipment in connection with Group eliminations and the temporary difference in connection with the amortisation of the loss on the winding up of a Group company. No deferred taxes are recognized for subsidiaries' undistributed profits to the extent that the taxes are not dissolved in the foreseeable future.

Deferred tax liabilities are recognized at the full amount.

Income recognition principles

Sales of products are recognized as income when the major risks and benefits connected with the ownership of the products sold have been transferred to the buyer and the Group is no longer in possession of the products or has any real control over them. Income from services is recognized when the services have been carried out for the customer. The calculation of net sales deducts from the proceeds discounts granted, indirect taxes and exchange differences arising from translating foreign-currency sales.

Accounting policies requiring management consideration and the main uncertainty factors in connection with the assessments

When financial statements are prepared, the company management must produce assessments and estimates about the future, which may or may not be accurate. Moreover, the management must apply the accounting policies with care. The assessments and estimates are based on the best management judgment at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Any changes in assessments and estimates are recognized in the bookkeeping in the fiscal year during which the assessments and estimates are revised and in all subsequent fiscal years.

Management estimates concerning credit losses, deferred tax assets, impairment on inventories and warranty provisions are based on approved calculation models and case-by-case judgment. The calculation models have been drawn up on the basis of the company history and the current management view of the market. Case-by-case judgment has been based on the best information available on the balance sheet date.

Impairment tests for tangible and intangible assets are based on management assessments of how future cash flows will develop.

New standards and interpretations

In the fiscal year November 1, 2006 – October 31, 2007, the Group introduced the following new or revised standards and interpretations published by IASB:

- IFRIC 4 (Determining whether an Arrangement contains a lease); and
- IFRIC 10 (Interim Financial Reporting and Impairment).

These interpretations are not expected to have any major impact on the Group's performance and balance sheet.

In the fiscal year November 1, 2007 – October 31, 2008 Efore will introduce IFRS 7 (Financial Instruments: Disclosures), which, according to the Group's estimate, will have an impact on notes on financial instruments and the revised IAS 1 (Presentation of Financial Statements – Capital Disclosures). The Group is of the opinion that the new IAS 1 provisions will primarily affect the presentation of the notes to the following financial statements.

IFRS 8 (Operating Segments), which is expected to have some impact on how the consolidated segment notes are presented, and the revised IAS 1 (Presentation of Financial Statements), with the amendment affecting primarily the presentation of the income statement, will be applied in the fiscal year November 1, 2009 – October 31, 2010 at the latest. The new IAS 1 provisions will cause changes in the way the consolidated income statement is presented.

Other new and revised standards and interpretations already published are not expected to have any impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

1. Segment information (EUR 1,000)

Efore Group reports primarily by business segment and secondarily according to geographical segment.

The primary segment refers to the whole Group i.e. the figures in the primary segment are consistent with the consolidated figures.

The secondary, geographical, segment is divided into three groups:
The Americas (North, Central and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia and the Pacific Region). The geographical segments are based on net sales according to the customers' location i.e. the market areas. Assets and investments are according to the location of the items in question.

Geographical segments 2007	Americas	EMEA	APAC	Group
Net sales	7,409	55,559	17,219	80,187
Segment's assets	3,764	18,506	16,300	38,570
Investments	16	1,908	2,039	3,963

Geographical segments 2006	Americas	EMEA	APAC	Group
Net sales	21,179	57,903	11,417	90,498
Segment's assets	3,276	20,221	13,027	36,524
Investments	130	3,713	992	4,835

2. Other operating income (EUR 1,000)	**2007**	**2006**
Product development grants	186	244
Gain on disposal of non-current assets, tangibles	56	110
Sale of a call opiton on the lease	1,300	0
Other income	184	157
Total	1,726	510

3. Materials and services (EUR 1,000)	**2007**	**2006**
Materials	51,096	63,547
Change in inventories	1,479	97
Services	1,812	2,247
Total	54,388	65,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

4. Employee benefits expenses (EUR 1,000)	**2007**	**2006**
Wages and salaries	13,164	15,467
Pension expenses, defined contibution plans	1,116	1,784
Share-based payments	227	231
Other social security expenses	1,592	1,297
Total	16,098	18,779

Information about wages, salaries and fees of management considered to be insiders and their other employment benefits and shareholdings are shown in Note 31. Insider transactions.

Average personnel	**2007**	**2006**
Average number of personnel during fiscal year	766	792
Personnel on balance sheet date	706	812

5. Depreciation, amortisation and impairments (EUR 1,000)	**2007**	**2006**
Asset-grouped depreciation according to plan		
Development expenses	1,004	843
Intangible rights	93	76
Intangible assets, finance lease	42	40
Other intangible assets	60	114
Machinery and equipment	1,933	2,000
Machinery and equipment, finance lease	106	123
Other tangible assets	465	319
Total	3,703	3,515
Impairments on development expenses	2,156	480
Impairments on machinery and equipment	74	0
Total	2,230	480

6. Other operating expenses (EUR 1,000)	**2007**	**2006**
Loss on sale and scrapping of tangible fixed assets	-127	240
Rental costs	1,953	2,453
Non-statutory employee benefits	696	947
Professional fees	1,522	1,360
Auditing expenses, actual audit	117	104
Auditing expenses, tax services	50	89
Auditing expenses, other specialist services	3	33
Other fixed expenses	3,119	4,136
Total	7,333	9,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

7. Non-recurring items (EUR 1,000)	**2007**	**2006**
Deferred tax assets	0	1,890
Materials and services	0	1,750
Employee benefits expenses	0	443
Depreciation and impairments	1,569	483
Restructuring expenses	0	1,113
Impairment loss reversals value of associated company	0	-275
Sale of a call opiton on the lease	-1,300	0
Total	269	5,404

The 2007 impairment loss has been made on capitalized product development costs. In year 2006 the non-recurring expenses were principally the result of the extensive restructuring by the company, which included the impairments of production equipment and redundancy payments for personnel that arose from the decisions to terminate production operations at the Saarijärvi plant and to close down one of the two plants in the USA.

Impairment loss reversals of an associated company apply to Power Innovation GmbH.

8. Financing income (EUR 1,000)	**2007**	**2006**
Dividends	42	70
Interest	34	36
Exchange rate gains	172	59
Other financing income	42	53
Financial assets at fair value through profit or loss	766	804
Total	1,057	1,022

9. Financing expenses (EUR 1,000)	**2007**	**2006**
Impairment losses of investments in non-current assets		
Impairment loss reversals	0	-199
Impairment losses on financial securities in current assets		
Impairment loss reversals	0	-77
Interest and other financial expenses	466	402
Exchange rate losses	1,303	393
Other financial expenses	74	82
Financial assets at fair value through profit or loss	136	240
Total	1,979	842
Exchange differences recognized in the income statement (- loss / + profit)		
Net Sales	-326	-640
Purchases and other expenses	190	-12
Financing income and expenses	-1,130	-333
Total	-1,266	-986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

The exchange difference on financing receivables is recognized under financial items, having been shown under sales exchange differences previously. In 2007 such exchange losses came to EUR 304 thousand and in 2006 to EUR 463 thousand.

10. Share of profit of associated companies (EUR 1,000)	**2007**	**2006**
Share of profit of associated companies	135	151

11. Income taxes (EUR 1,000)	**2007**	**2006**
Income taxes in income statement		
Tax based on taxable income for fiscal year	-407	-609
Taxes from previous fiscal years	0	12
Deferred taxes	-117	-2 088
Total	-524	-2,685

Income taxes recognized in the consolidated income statement differ from income tax according to Finnish company's tax rate as follows

	2007	2006
Result before taxes	-2,861	-5,495
Taxes calculated at parent company's tax rate (26%)	744	1,429
Differing tax rates of foreign subsidiaries	1,394	1,321
Non-deductible expenditure	-151	-492
Tax-exempt income	975	1,063
Taxes from earlier fiscal periods	0	12
Changes in deferred tax assets formed in earlier fiscal years	0	-1,945
Unrecognized tax on losses for fiscal year	-3,064	-3,957
Other items	-423	-117
Tax in income statement	-524	-2,685

12. Earnings per share (EUR 1,000)	**2007**	**2006**
Result for fiscal year attributable to owners of parent company	-3,385	-8,180
Weighted average number of shares (1,000s)	40,530	40,530
Effect of outstanding options	0	0
Diluted average weighted number	40,530	40,530
Earnings per share, EUR		
Undiluted	-0,08	-0,20
Diluted	-0,08	-0,20

Undiluted

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Diluted
The diluted earnings per share has been calculated by adjusting the average number of outstanding shares, assuming that all possible shares from the assumed exercising of the option rights are subscribed. Efore has one option program, which has three series (2005A, 2005B ja 2005C). The options have a diluting effect when the subscription price of an option is lower than the shares' market price. The diluting effect is the number of shares that Efore must issue without charge because the funds obtained from the implemented options do not cover the fair value of the shares. The fair value of Efore's shares is determined on the basis of their market price at the end of the fiscal period.

13. Intangible assets, IFRS (EUR 1,000)

Intangible assets 2007	**Development expenses**	**Intangible rights**	**Intangible assets finance lease**	**Other intangible assets**	**Total**
Acquisition cost on Nov. 1	9,347	789	157	590	10,883
Translation difference (+/-)	-8	-2	0	-2	-11
Additions	914	66	129	0	1,109
Disposals	-3,669	-14	0	0	-3,683
Reclassifications between items	284	181	0	0	466
Acquisition cost on Oct. 31	6,868	1,021	285	589	8,763
Accumulated depreciation and impairment on Nov.1	-5,393	-566	-58	-243	-6,260
Translation difference (+/-)	5	2	0	2	8
Cumulative depreciation on disposals	3,385	14	0	0	3,399
Depreciation	-1,004	-93	-42	-60	-1,199
Impairments	-2,156	0	0	0	-2,156
Accumulative depreciation and impairment on Oct. 31	-5,163	-643	-100	-301	-6,208
Book value on Oct. 31, 2007	**1,704**	**378**	**185**	**287**	**2,555**

Intangible assets 2006	**Development expenses**	**Intangible rights**	**Intangible assets finance lease**	**Other intangible assets**	**Total**
Acquisition cost on Nov. 1	8,088	719	83	587	9,478
Translation difference (+/-)	-2	1	0	0	-2
Additions	1,640	70	74	3	1,787
Disposals	-379	-1	0	0	-380
Acquisition cost on Oct. 31	9,347	789	157	590	10,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Accumulative depreciation and impairments on Nov. 1	-4,450	-492	-17	-129	-5,088
Translation difference (+/-)	0	1	0	0	1
Cumulative depreciation on disposals	379	1	0	0	380
Depreciation	-843	-76	-40	-114	-1,073
Impairments	-480	0	0	0	-480
Accumulative depreciation and impairment on Oct. 31	-5,393	-566	-58	-243	-6,260
Book value on Oct.31, 2006	**3,953**	**223**	**99**	**347**	**4,623**

14. Tangible assets, IFRS (EUR 1,000)

Tangible assets

2007	**Machinery and equipment**	**Machinery and equipment, finance lease**	**Other tangible assets**	**Advance payments and work in progress**	**Total**
Acquisition cost on Nov. 1	17,195	501	2,124	121	19,941
Translation difference (+/-)	-697	0	-125	0	-823
Additions	1,556	16	1,286	192	3,050
Disposals	-1,516	0	-241	-16	-1,773
Reclassifications between items	305	-13	-459	-262	-429
Acquisition cost on Oct. 31	16,843	505	2,583	35	19,966
Accumulative depreciation and impairments on Nov. 1	-9,531	-198	-1,593	0	-11,322
Translation difference (+/-)	449	0	105	0	554
Cumulative depreciation on disposals	1,304	13	457	0	1,774
Depreciation	-1,933	-106	-465	0	-2,504
Impairments	-74	0	0	0	-74
Accumulative depreciation and impairments on Oct. 31	-9,785	-292	-1,496	0	-11,573
Book value on Oct. 31, 2007	**7,058**	**213**	**1,087**	**35**	**8,393**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Tangible assets

2006	**Machinery and equipment**	**Machinery and equipment, finance lease**	**Other tangible assets**	**Advance payments and work in progress**	**Total**
Acquisition cost on Nov. 1	18,195	461	1,990	297	20,943
Translation difference (+/-)	-284	0	-50	0	-334
Additions	4,645	192	245	1,497	6,579
Disposals	-5,361	-152	-62	-1,673	-7,248
Acquisition cost on Oct. 31	17,195	501	2,124	121	19,941
Accumulative depreciation and impairment on Nov. 1	-10,905	-138	-1,334	0	-12,377
Translation difference (+/-)	163	0	31	0	194
Cumulative depreciation on disposals	3,212	62	29	0	3,303
Depreciation	-2,000	-123	-319	0	-2,442
Impairments	0	0	0	0	0
Accumulative depreciation and impairment on Oct. 31	-9,531	-198	-1,593	0	-11,322
Book value on Oct. 31, 2006	**7,664**	**303**	**530**	**121**	**8,618**

15. Holdings in associated company (EUR 1,000)	**2007**	**2006**
At beginning of fiscal year	247	0
Share of profit	135	151
Share of profit from previous fiscal years	0	96
Adjustment to equity at carrying amount	1	0
At end of fiscal year	384	247

The associated company's book value does not include goodwill for 2007 or 2006.

Group's associated company and its assets, liabilities, net sales and profit//loss.

	Registered office	Assets	Liabilities	Net sales	Profit/ loss	Ownership
Power Innovation GmbH	Germany	6,812	5,276	7,448	540	25%

16. Deferred tax assets and liabilities (EUR 1,000)

Deferred tax assets	Nov.1, 2006	Recognized in income statement	Oct. 31, 2007
Internal margin on capitalized product development costs	204	-204	0
Amortisation of loss on winding-up	93	0	93
Other items	17	-17	0
Total	314	-221	93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Deferred tax liabilities			
Internal margin on product development capitalization	116	-89	27
Other items	14	-14	0
Total	131	-104	27
Deferred taxes, net	183	-117	66

Deferred tax assets	Nov. 1, 2005	Recognized in income statement	Oct. 31, 2006
Accumulated losses	1,273	-1,273	0
Translation diference of deferred tax asset	0	33	0
Internal margin on capitalized product development costs	355	-151	204
Amortisation of loss on winding-up	93	0	93
Cancellation of avoir-fiscal receivable	0	-638	0
Other items	48	-30	17
Total	1,768	-2,059	314
Deferred tax liabilities			
Internal margin on product development capitalization	101	15	116
Other items	0	14	14
Total	101	29	131
Deferred taxes, net	1,667	-2,088	183

The Group had tax losses totaling EUR 32,304 thousand on October 31, 2007. A deferred tax asset was not recognized out of them because they may not be usable. The losses will decrease from 2015 onwards. The parent company also has EUR 638 thousand in unrecognized avoir-fiscal receivable.

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

Deferred tax assets of EUR 1,273 thousand recognized in previous fiscal years were cancelled in the fiscal year ended October 31, 2006.

17. Inventories (EUR 1,000)	**2007**	**2006**
Materials and supplies	8,542	9,998
Work in progress	2,262	1,578
Finished goods	1,767	2,684
Total	12,571	14,261

A reversal of EUR 267 thousand was written down in the last fiscal year, and in the fiscal year previous to that expenditure of EUR 1,939 thousand was recorded to change the book value of inventories so that it correspnded to their net realizable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

18. Trade receivables and other receivables (EUR 1,000)	**2007**	**2006**
Trade receivables	12,662	7,574
Other receivables	888	574
Prepayments and accrued income	1,290	634
Income tax receivables	111	4
Total	14,950	8,787

During the fiscal year the Group recognized write-offs of EUR 34 thousand (EUR 58 thousand) on trade receivables. The book value of the receivables is essentially the same as their fair value.

Material items included in Prepayments and accrued income		
Other periodizations of financial items	161	0
Periodizations of personnel expenses	120	165
Product development receivable from customer	472	0
Other items	538	469
Total	1,290	634

19. Financial assets at fair value through profit or loss (EUR 1,000)	**2007**	**2006**
Financial assets held for trading	0	3,426

Financial assets held for trading are listed shares and funds and they were valued at their closing market value on October 31. There were no such financial assets held for trading in the final accounts for 2007.

The company has not used hedge accounting during the fiscal years.

20. Cash and cash equivalents (EUR 1,000)	**2007**	**2006**
Cash at banks	7,733	8,200

21. Notes concerning equity (EUR 1,000)

Number of shares, share capital and premium account	Number of shares, pcs	Share capital	Premium account	Total
Nov.1, 2005	40,529,648	34,450	3,973	38,423
Transfer to undistributed earnings	0	0	-3,972	-3,972
Oct. 31, 2006	40,529,648	34,450	1	34,451
Nov. 1, 2006	40,529,648	34,450	1	34,451
Transfer to undistributed earnings	0	0	-1	-1
Oct. 31, 2007	40,529,648	34,450	0	34,450
Own shares held by company	0			
Total number of shares	40,529,648			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

The number of Efore Plc shares was 40,529,648 and the share capital EUR 34,450,200.80 on October 31, 2007. The equivalent book value was EUR 0.85 per share.
According to the company's Articles of Association, the company's minimum share capital is EUR 12,750,000.00 and the maximum EUR 51,000,000.00. All the issued shares have been paid for in full.
The company has one share series. The voting right for each share is one vote per share.

Below is a description of the reserves within equity:

Other reserves
The legal reserve includes the proportion transferred to tied equity in accordance with the Articles of Association or a decision by a meeting of shareholders.
Other reserves include amounts included in the tied equity of foreign Group companies and includes the costs of the option rights.

Translation differences
The translation reserve contains translation adjustments generated by the translation of the foreign units' financial statements.

Dividends
The Board of Directors propeses to the Annual General Meeting on 31 January 2008 that a dividend of 0,05 euros per sahre be paid for the financial year 2007.

Stock options
Under an authorization granted by the Annual General Meeting on December 16, 2004 the Board of Directors decided on March 18, 2005 to introduce a stock option program aimed at committing key personnel to the company on a long-term basis. A share ownership program in which key personnel are obliged to acquire Efore shares with 20% of the net income gained from stock option rights and to own the shares for at least one year is incorporated in the stock options. The option rights will lapse if they have not been claimed within the subscription time. If a person leaves the Group before the final creation of the right, the option rights will be lost.

Stock option scheme	Share-based option rights			Total
2005	2005A	2005B	2005C	
Option rights maximum, pcs	950,000	650,000	650,000	2,250,000
Shares to be subscribed per option, pcs	1	1	1	
Subscription price, EUR	3.07	1.87	1.37*	
Dividend right	Yes	Yes	Yes	
Exercisable, from	Nov. 1, 2007	Apr. 1, 2008	Apr. 1, 2009	
Expiration	Apr. 30, 2010	Apr. 30, 2011	Apr. 30, 2012	
Option life, years	3.5	4.5	5.5	

*) 2006: Average price on Helsinki Stock Exchange January 1 - March 15, 2007 weighted by turnover of Efore shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Option scheme 2005	Share-based option rights 2005A	2005B	2005C	Total	Subscription prices EUR (weighted)
Numbers Nov. 1, 2005					
Option rights granted	676,000	0	0	676,000	3.07
Option rights forfeited	0	0	0	0	
Option rights cancelled	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	676,000	0	0	676,000	3.07
Option rights held for future grants	274,000	650,000	650,000	1,574,000	2.08
Changes in fiscal year 2006					
Option rights granted	163,000	580,000	0	743,000	2.13
Option rights forfeited	236,000	100,000	0	336,000	2.71
Option rights cancelled	0	0	0	0	
Option rights exercised	0	0	0	0	
Average price weighted by turnover in subscription period, EUR					
Option rights expired	0	0	0	0	
Numbers Oct. 31. 2006					
Option rights granted	839,000	580,000	0	1,419,000	2.58
Option rights forfeited	236,000	100,000	0	336,000	2.71
Option rights cancelled	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	603,000	480,000	0	1,083,000	2.54
Option rights held for future grants	347,000	170,000	650,000	1,167,000	2.23
Option rights exercisable	0	0	0	0	
Changes in fiscal year 2007					
Option rights granted	0	250,000	542,000	792,000	1.53
Option rights forfeited	227,000	117,000	0	344,000	2.66
Option rights cancelled	0	0	0	0	
Option rights exercised	0	0	0	0	
Average price weighted by turnover in subscription period, EUR					
Option rights expired	0	0	0	0	
Numbers Oct. 31. 2007					
Option rights granted	839,000	830,000	542,000	2,211,000	2.20
Option rights forfeited	463,000	217,000	0	680,000	2.69
Option rights cancelled	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	376,000	613,000	542,000	1,531,000	1.99
Option rights held for future grants	574,000	37,000	108,000	719,000	2.75
Option rights exercisable	0	0	0	0	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Black-Scholes option pricing model was used to determine the fair value of the options. Fair value is determined for the option rights on the grant day and is recognized in personnel expenses for the option rights' commitment 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 company's financial performance for the 2007 fiscal year is EUR 227 thousand (EUR 231 thousand).

Implementation	**2007 granted**	**All option rights**	**2006 granted**	**All option rights**
Option rights granted, pcs	792,000	2,211,000	743,000	1,419,000
Share price, EUR	1.19	1.76	1.90	2.07
Subscription price, EUR	1.53	2.20	2.13	2.58
Risk-free interest %	4.2 %	3.7 %	3.7 %	3.5 %
Expected dividends (dividend yield)	0.0 %	0.0 %	0.0 %	0.0 %
Option right's lifetime, years	4.3	4.7	4.7	4.9
Expected volatility, %*	44.5 %	50.6 %	53.6 %	54.0 %
Option rights forfeiting, %	8.4 %	4.3 %	21.3 %	29.3 %
Fair value, total, EUR	314,649	960,973	651,809	1,299,573
Value-determination model	BS	BS	BS	BS

The defaults in the Black-Scholes models are calculated as average numbers of options granted under the various opiton rights. Fair value calculated per all options granted: the number of returned options not taken into account in calculating the fair value.
*The expected volatility has been determined by calculating the actual volatility of the Group's share price for a period corresponding to the maturity of the option rights just before the grant date of the option rights.

22. Interest-bearing liabilities (EUR 1,000)	**2007 Balance sheet values**	**2006 Balance sheet values**
Non-current		
Finance lease liabilities	249	251
Current		
Loans from credit institutions	692	788
Finance lease liabilities	142	135

The book value of current loans is essentially the same as their fair value.

Maturity dates of non-current liabilities

2007	2008	2009	Later
Finance lease liabilities	142	100	149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

2006	2007	2008	Later
Finance lease liabilities	118	115	136

Interest-bearing non-current liabilities by currency	**2007**	**2006**
EUR 1,000	249	251
	249	251

23. Maturity of finance lease liabilities (EUR 1,000)	**2007**	**2006**
Finance lease liabilities - Total amount of minimum lease payments		
Less than 1 year	160	154
1-5 years	268	272
More than 5 years	0	0
	427	426
Finance lease liabilities - present value of minimum lease payments		
Less than 1 year	142	135
1-5 years	249	251
More than 5 years	0	0
	391	386
Financing expenses accumulating in the future	37	40
Total amount of finance lease liabilities	391	386

Finance lease liabilities are caused by leases for production machinery, IT software and office equipment.

24. Trade payables and other liabilities (EUR 1,000)	**2007**	**2006**
Current		
Trade payables to associated company	9	9
Advances received	2	5
Trade payables	13,762	11,723
Other payables	1,346	764
Accruals and deferred income	2,225	4,000
Total	17,345	16,501

The book value of current loans is essentially the same as their fair value.

Material items included in accruals and deferred income		
Short-term interest payable	4	0
Periodized personnel expenses	1,504	2,173
Periodized restructuring expenses	0	614
Other items	717	1,213
Total	2,225	4,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

25. Provisions (EUR 1,000)	**2007**	**2006**
Short-term provisions		
Warranty provision Nov. 1	490	343
Additions	735	147
Provisions used	-97	0
Warranty provision Oct. 31	1,128	490

Products sold by the company have a normal warranty time. Prediced 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 are created.

Other short-term provisions Nov. 1	0	69
Increases	88	0
Provisions used	0	-69
Other short-term provisions Oct. 31	88	0

In the 2007 fiscal year, expenses caused by the premature termination of the lease on production machinery have been allowed for.

26. 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.

Exchange-rate risk

Exchange-rate risks refer to risks caused by changes in exchange rates that can affect business performance or Group solvency.

Most of the Group's sales are denominated in euros, the Renminbi and the US dollar. The operating expenses are generated in euros, the US dollar, the Estonian kroon, the Swedish krona and the Renminbi.

The policy of the Group is to hedge the main foreign currency surpluses and deficits of commercial value and fixed purchase and sales contracts. Hedging is carried out with currency derivatives, such as forward currency contracts, currency options and foreign currency loans. Most currency derivatives have a duration of less than one year. In the financial statements the equity capital of foreign subsidiaries is translated at the European Central Bank's average rate on the balance sheet date and exchange rate differences are shown in the consolidated financial statements as translation adjustments. The subsidiaries' equity capital 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 itemized in section 27 of the notes to the financial statements, Fair values of derivative financial instruments.

Interest-rate risk

Interest-rate risks are caused by interest-rate fluctuations affecting the loan portfolio and cash reserves, and also by whether the interest-bearing liabilities are fixed-interest or floating-rate. Interest-rate risks are managed by making the right decisions on loan-interest periods and by using different types of interest-rate derivative instruments. On the balance sheet date, the Group did not have any open interest-rate hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Liquidity risk

According to the financing policy, the liquidity and adequate financing of the Group and its efficient cash management are the responsibility of the parent company. The liquidity risk is controlled by a balanced maturity distribution of the loans, adequate cash assets, partial sale of trade receivables and credit limits. At the end of the fiscal year the Group's liquid assets totaled EUR 7.7 million (EUR 11.6 million). The Group's interest-bearing liabilities totaled EUR 1.1 million (EUR 1.2 million). The company's financing reserves comprised unused credit limits totaling EUR 30.0 million on October 31, 2007.

Share price risk

Efore has invested some of its liquid assets in publicly listed shares and funds. The investing is based on an authorization given by the Board of Directors and its administration has been outsourced. Investments during the fiscal year showed a profit of EUR 443 thousand. There were no investments at the end of fiscal year 2007. The market value of investments at the end of fiscal year 2006 was EUR 3,426 thousand.

Credit and other counter-party risks

Management of credit risks is primarily the responsibility of each business unit. Credit risk management accords with the Group's credit policy and the aim is to obtain sufficient security if the customer's creditworthiness so requires. Material items of trade receivables are evalueted on a conter-party basis in order to identify possible impairment. The credit risks related to the investment of liquid assets and derivate contracts are minimized by setting credit limits for the counter-parties and by concluding agreements only with leading domestic and foreign banks and financial institutions.

27. Fair values of derivate financial instruments (EUR 1,000)	**2007**	**2006**
Currency derivatives, not hedge		
Forward currency contracts		
Nominal value	700	778
Positive fair value	8	0
Negative fair value	0	9
Option contract		
Nominal value	7,215	0
Positive fair value	153	0
Stock derivatives, not hedge		
Futures		
Nominal value	0	2,004
Negative fair value	0	2

28. Operating lease commitments (EUR 1,000)	**2007**	**2006**
Group as lessee		
Non-cancellable minimum operating lease payments.		
Less than 1 year	1,875	1,882
1-5 years	3,690	7,324
More than 5 years	0	0
	5,565	9,207

The income statement for 2007 includes EUR 1,953 thousand in rental costs paid on the basis of operating leases (2006: EUR 2,453 thousand). The Group has rented the operating facilities it uses. The leases for the premises will last a maximum of six years. In most cases the leases include the option to continue the lease past the original expiry date. Operating lease commitments includes also liabilities of hiring the Group's company cars, which usually lasts three years.

29. Other contracts

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

The company has certain significant financial contracts 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. Security and contingent liabilities (EUR 1,000)	2007	2006
On own behalf		
Pledges	0	15
For others		
Other contingent liabilities	115	235

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 (UK) Ltd		UK	100	100	100
Efore (USA), Inc.	Texas	USA	100	100	100
Efore Ltda		Brazil	100	100	100
Efore (SIP) Technologies Co., Ltd		China	100	100	100
Shares in subsidiaries owned by FI-Systems Oy:					
Efore (Suzhou) Electronics Co., Ltd		China	100	100	
Efore As	Pärnu	Estonia	100	100	
Associated companies					
Power Innovation GmbH		Germany	25	25	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

The following transactions were carried out with related parties	**2007**	**2006**
Associated companies (EUR 1,000)		
Sales	0	4,239
Purchases	206	476
Receivables	0	123
Liabilities	9	44

The Group has related party relationships with members of the Board of Directors, President and CEO and other key management personnel.

Key management personnel	**2007**	**2006**
Salaries and other short-term employment benefits	834	977
Benefits after termination of employment	40	197
Total	874	1,174
Granted option rights, 1,000 pcs	265	282
Option rights forteited, 1,000 pcs	65	172
Salaries and fees, President and CEO		
Reijo Mäihäniemi	196	72
Markku Hangasjärvi, includes resignation compensation	0	360
Fees of members of Board of Directors		
Ek Johan	27	27
Hantila Isto	50	28
Harju Jukka	21	0
Koivusalo Mikko	0	1
Korvenmaa Esa	20	0
Leppälä-Nilsson Anne	0	5
Luoma Marko	21	0
Marttinen Heikki	0	6
Mäihäniemi Reijo	0	24
Puolimatka Rauno	0	7
Raitasuo Outi	31	30
Riikkala Olli	5	29
Syrjälä Timo	47	53
Tammivuori Matti	34	33
Total	256	243
Other key management personnel	678	742
includes fees	15	4

The related parties have not been granted pension commitments with special terms. No loans, guarantees or other collaterals have been granted to the related parties.

During 2007 the two holders of the position of President and CEO and the rest of key management personnel received 265 thousand option rights (2006: 282 thousand option rights). The option rights plan terms for the management

personnel are equal to the option rights directed at other personnel. On October 31, 2007, the key management personnel had been granted 526 thousand option rights, with 0 pcs exercisable (2006: 413 thousand option rights, with 0 pcs exercisable). No option rights have been granted to the members of the Board of Directors.
Other key management personnel comprises persons who belong to the Group's executive management team.

32. Events subsequent to balance sheet date

As far as the Group management is aware, there are no material events subsequent to the balance sheet date that would have affected the calculations of the financial statements.

INCOME STATEMENT FOR THE PARENT COMPANY, FAS
EUR 1,000

	Note	Nov. 1, 2006- Oct. 31, 2007	Nov. 1, 2005- Oct. 31, 2006
NET SALES	(1)	**33,515**	**50,935**
Change in inventories of finished goods and work in progress		-326	-285
Other operating income	(1)	36,258	6,307
Materials and services			
Materials and consumables			
Purchcases during the financial year		27,628	42,369
Change in inventory		388	2,603
Materials and consumables in total		28,015	44,972
External services		1,262	560
		29,277	45,532
Personnel costs	(2)		
Wages, salaries and fees		6,374	8,754
Social security expenses			
Pension expenses		1,020	1,282
Other social security expenses		457	609
		7,851	10,645
Depreciation and impairments	(3)		
Depreciation according to plan		2,020	2,735
Impairment loss on non-current assets		2,298	371
		4,318	3,106
Other operating expenses	(4)	4,377	4,860
OPERATING PROFIT (LOSS)		**23,624**	**-7,187**
Financing income and expenses	(5)		
Income from group undertakings (dividend)		2,723	3,270
Other interest and financial income		1,213	1,077
Impairment loss on investments carried as non-current assets		-194	-1,887
Impairment loss on receivables and securities carried as current assets		0	-1,758
Interest expenses and other financing expenses		-1,731	-967
		2,012	-265
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		**25,635**	**-7,453**
Extraordinary items	(6)		
Extraordinary income		0	540
Extraordinary expenses		0	-1,628
		0	-1,087
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**25,635**	**-8,540**
Income taxes			
Income taxes for the period		-180	-223
PROFIT (LOSS) FOR THE PERIOD		**25,456**	**-8,763**

BALANCE SHEET FOR THE PARENT COMPANY, FAS
EUR 1,000

	Note	Oct. 31, 2007	Oct. 31, 2006
ASSETS			
NON-CURRENT ASSETS	(7)		
Intangible assets			
Development expenses		1,659	4,225
Intangible rights		360	210
Other capitalized long-term expenses		279	721
		2,298	5,156
Tangible assets			
Machinery and equipment		836	1,019
Other tangible assets		11	17
Advance payments and constructions in progress		22	121
		869	1,157
Investments	(7,8)		
Holdings in Group companies		158	975
Receivables from Group companies		3,756	3,486
Holdings in associated companies		361	361
Other shares and holdings		3	27
		4,279	4,850
CURRENT ASSETS			
Inventories			
Materials and consumables		142	530
Work in progress		0	79
Finished goods		566	813
		709	1,422
Non-current receivables	(9)		
Receivables from Group companies		32,000	0
Current receivables			
Trade receivables		5,019	1,301
Receivables from Group companies		8,753	13,301
Other receivables		1,009	411
Prepayments and accrued income		1,030	526
		15,810	15,539
Financial securities	(10)		
Other shares and equity interests		0	2,443
Other securities		0	983
		0	3,426
Cash and cash equivalents		3,613	4,220
TOTAL ASSETS		**59,577**	**35,769**

BALANCE SHEET FOR PARENT COMPANY, FAS
EUR 1,000

	Note	Oct. 31, 2007	Oct. 31, 2006
LIABILITIES AND SHAREHOLDERS EQUITY			
SHAREHOLDERS' EQUITY	(11)		
Share capital		34,450	34,450
Retained earnings		-7,687	1,077
Profit (loss) for the period		25,456	-8,763
		52,219	26,764
STATUTORY PROVISIONS	(12)		
Other Provisions		771	0
CURRENT LIABILITIES	(13)		
Trade payables		973	921
Liabilities to Group companiese		3,166	5,000
Liabilities to associated companies		9	9
Other liabilities		1,185	301
Accruals and deferred income		1,254	2,775
		6,586	9,006
TOTAL LIABILITIES		**59,577**	**35,769**

PARENT COMPANY CASH FLOW STATEMENT, FAS
EURO 1,000

	2006-2007	2005-2006
Cash flows from operating activities		
Cash receipts from customers	40,148	49,512
Cash receipts from other operating income	0	5,915
Cash paid to suppliers and employees	-43,063	-69,077
Cash generated from operations	-2,915	-13,649
Interest paid and cash paid from other financing items	-291	-992
Dividends received	870	3,340
Interest received	218	1,688
Other financing items	109	0
Income taxes paid	-179	-145
Cash flow before extraordinary items	-2,188	-9,759
Cash flow from extraordinary items	0	-1,194
Net cash from operating activities (A)	**-2,188**	**-10,953**
Cash flows from investing activities		
Purchase of tangible and intangible assets	-1,201	-2,611
Proceeds from sale of tangible and intangible assets	201	2,245
Loans granted	-761	0
Proceeds from sale of investments	24	0
Purchase of investments	-107	201
Net cash used in investing activities (B)	**-1,844**	**-165**
Cash flows from financing activities		
Repayment of long-term borrowings	0	-673
Net cash used in financing activities (C)	**0**	**-673**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-4,033**	**-11,790**
Cash and cash equivalents at beginning of period on Nov. 1	7,646	19,436
Cash and equivalents at end of period on Oct. 31	3,613	7,646
	-4,033	-11,790

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS OF PARENT COMPANY, FAS

GENERAL

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

FOREIGN-CURRENCY ITEMS

Transactions in foreign currencies have been recognized at the exchange rate valid on the date of transaction. Foreign-currency receivables and liabilities outstanding on the balance sheet date have been measured using the exchange rates on the balance sheet date. Exchange gains and losses connected with ordinary business operations have been treated as adjustment items for sales and purchases. Exchange gains and losses on financing are recognized as financial income and expenses.

Exchange differences on derivatives taken for hedging currency positions, which were recorded under sales exchange differenes in previous years, have now been recorded under financial items.

VALUATION OF FIXED ASSETS

The values of fixed assets are based on their original acquisition cost minus, accumulated depreciation and impairments. On physical fixed assets, planned straight-line depreciation is made on the basis of their estimated useful life. The profit and loss on sales of fixed assets are included in the operating result.

Estimated useful lives for different groups of assets are as follows:
- Development expenditure 3-5 years
- Intangible rights 5 years
- Other capital expenditure 5-10 years
- Machinery and equipment 3-10 years
- Other tangible assets 5 years

Impairment is made on the carrying value of fixed assets, if it is evident that earnings expectations do not cover the carrying value of the assets. Companies acquired or established during the fiscal year are included in subsidiary shares from the date of acquisition or establishment. Companies sold during the fiscal year are included in the subsidiary shares until the sales date.

Investments and receivables with a depreciation period of more than one year are given as other non-current investments and receivables.

INVENTORIES

Inventories are measured at the lower of acquisition cost or net realizable value. In addition to variable costs, the value of inventories includes a proportion of the fixed purchasing and production costs. The weighted average price has been used for the valuation of the raw materials included in inventories.

SECURITIES HELD IN FINANCIAL ASSETS

Securities held in financial assets are listed shares and funds and have been measured at market value on the balance sheet date.

STATUTORY PROVISIONS

Expenses that the company is committed to cover but which are not yet realized are presented as statutory provisions in the balance sheet. These include among other things warranty costs. Changes in statutory provisions are given under the relevant expenses in the income statement.

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS OF PARENT COMPANY, FAS

NET SALES

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

PRODUCT DEVELOPMENT EXPENDITURE

In the case of the largest individual projects, development expenses accruing income over three or more years have been capitalized under intangible assets and amortized over 3-5 years. Product development expenditure is amortized over the fiscal years in which it accrues income. In capitalizing product development expenditure, the Company has complied with the Ministry of Trade and Industry decision on capitalizing development expenditure in balance sheets.

LEASING

Leasing charges are treated as rental expenditure. Unpaid leasing charges are presented as leasing liabilities in the notes to the financial statements.

PENSIONS

The pension cover of the company's employees has been arranged through insurance policies in pension insurance companies.

INCOME TAXES

Taxes of the fiscal year and tax adjustments for previous fiscal years have been recognized as income taxes in the income statement.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
1. Net sales in market areas by customers		
Finland	6,693	9,897
European Union, except Finland	18,241	20,948
USA	194	9,800
Other countries	8,386	10,290
Total	33,515	50,935
Other operating income		
Proceeds from Group companies	31,269	0
Others	4,989	6,307
Total	36,258	6,307
2. Personnel costs		
Wages, salaries and fees	6,374	8,754
Pension costs	1,020	1,282
Other social security expenses	457	609
Presented in the income statement	7,851	10,645
Management salaries and fees		
President and CEO, Members of the Board of Directors	451	674
Total personnel, average		
Hourly paid	39	133
Salaried	114	121
Total	153	254
3. Depreciations and impairments		
Depreciation according to plan:		
Development expenses	1,181	1,592
Intangible assets	87	69
Other capitalized expenditure	442	431
Machinery and equipment	304	636
Other tangible assets	6	7
Total	2,020	2,735
Impairments on development expenses	2,298	371
4. Other operating expenses		
Other operating expenses are normal expenses		
5. Financing income and expenses		
Dividend income		
From Group companies	2,723	3,270
Other interest and financial income		
From Group companies	197	152
From others	1,016	924
	1,213	1,077
Impairment loss on investments carried as non-current assets		
Impairment losses of holdings in Group companies	-194	-1,887
	-194	-1,887

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
Impairment losses in current assets		
Impairment losses of holdings in Group companies	0	-1,794
Impairment losses/ impairment loss reversals on securities	0	36
	0	-1,758
Interest expenses and other financial expenses		
Others	-1,730	-967
	-1,730	-967
Financial income and expenses in total	2,012	-265
The item 'financial income and expenses' includes exchange rate gains/losses, net	-1,002	28

Exchange differences on financing receivables are recognized under financial items, having been shown under sales exchange differences previously. Exchange losses 2006 EUR -304 thousand, 2007 EUR -463 thousand.

6. Extraordinary items

Extraordinary income		
Impairment loss reversals in associated company	0	540
Extraordinary expenses		
Expenses from restructuring production	0	-1,628
Extraordinary items, total	0	-1,087

7. Non-curren tassets

Intangible assetst

Development expenses		
Acquisition cost on Nov. 1	12,634	11,419
Additions Nov. 1 - Oct.31	914	1,621
Disposals Nov. 1 - Oct. 31	-5,716	-405
Acquisition cost on Oct. 31	7,831	12,634
Accumulated planned depreciation on Nov. 1	8,409	6,852
Cumulative depreciation on disposals	-5,716	-405
Depreciatios Nov. 1 - Oct. 31	1,181	1,592
Impairments	2,298	371
Accumulated planned depreciation on Oct. 31	6,172	8,409
Balance sheet value on Oct. 31	1,659	4,225
Intangible rights		
Acquisition cost on Nov. 1	750	680
Additions Nov. 1 - Oct. 31	237	69
Acquisition cost on Oct. 31	986	750
Accumulated planned depreciation on Nov. 1	540	470
Depreciations Nov. 1 - Oct. 31	87	69
Accumulated planned depreciation on Oct. 31	627	540
Balance sheet value on Oct. 31	360	210
Other capitalized long-term expenses		
Acquisition cost on Nov. 1	2,326	2,003
Additions Nov. 1 - Oct. 31	0	3
Reclassifications between items	0	320
Acquisition cost on Oct. 31	2,326	2,326
Accumulated planned depreciation on Nov. 1	1,605	853

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
Depreciatios Nov. 1 - Oct. 31	442	431
Reclassifications between items	0	320
Accumulated planned depreciation on Oct. 31	2,047	1,605
Balance sheet value on Oct. 31	279	721
Tangible assets		
Machinery and equipment		
Acquisition cost on Nov. 1	6,287	10,545
Additions Nov. 1 - Oct. 31	419	699
Disposals Nov. 1 - Oct. 31	-574	-4,957
Acquisition cost on Oct. 31	6,131	6,287
Accumulated planned depreciation on Nov. 1	5,268	7,652
Cumulative depreciation on disposals	-277	-3,020
Depreciations Nov. 1 - Oct. 31	304	636
Accumulated planned depreciation on Oct. 31	5,295	5,268
Balance sheet value on Oct. 31	836	1,019
Other tangible assets		
Acquisition cost on Nov. 1	688	688
Acquisition cost on Oct. 31	688	688
Accumulated planned depreciation on Nov. 1	671	664
Depreciations Nov. 1 - Oct. 31	6	7
Accumulated planned depreciation on Oct. 31	677	671
Balance sheet value on Oct. 31	11	17
Advance payments and constructions in progress		
Acquisition cost on Nov. 1	121	237
Change Nov. 1 - Oct. 31	-99	-116
Acquisition cost on Oct. 31	22	121
Balance sheet value on Oct. 31	22	121
Investments		
Holdings in Group companies		
Shares on Nov. 1	975	1,177
Additions Nov. 1 - Oct. 31	107	0
Disposals Nov. 1 - Oct. 31	-731	-201
Impairments	-194	0
Balance sheet value on Oct. 31	158	975
Receivables from Group companies		
Receivables on Nov. 1	3,486	5,656
Additions Nov. 1 - Oct. 31	761	0
Disposals Nov. 1 - Oct. 31	-492	-2,170
Balance sheet value on Oct. 31	3,756	3,486
Holdings in associated company		
Shares on Nov. 1	361	0
Additions Nov. 1 - Oct. 31	0	361
Balance sheet value on Oct. 31	361	361

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
Other shares and similar rights of ownership		
Shares on Nov. 1	27	27
Disposals Nov. 1 - Oct. 31	-24	0
Balance sheet value on Oct. 31	3	27
Summary of non-current assets		
Acquisition cost on Nov. 1	27,335	32,431
Additions Nov. 1 - Oct. 31	2,438	2,753
Disposals Nov. 1 - Oct. 31	-7,636	-7,849
Reductions in value of inv. held as non-current assets	-194	0
Acquisition cost on Oct. 31.	21,943	27,335
Accumulated planned depreciation on Nov. 1	16,172	16,492
Accumulated depreciation on decreases	-5,993	-3,425
Depreciations Nov. 1 - Oct. 31	2,020	2,735
Impairments	2,298	371
Accumulated planned depreciation on Oct. 31	14,498	16,172
Balance sheet value on Oct. 31	7,446	11,163
Book value on Oct. 31		
production machinery and equipment	513	554

8. Shares and similar rights of ownership

Subsidiary companies	Book value	Book value
FI-Systems Oy, Espoo	3	3
Efore (UK) Ltd, United Kingdom	0	28
Efore (USA), Inc., Teksas USA	0	0
Efore (Suzhou) Electronics Co. Ltd, China	0	705
Efore (Ltda), Brazil	47	107
Efore AS, Estonia	0	26
Efore (SIP) Technology Co., Ltd, China	0	106
Efore AB, Sweden	108	0
	158	975
Associated companies		
Power Innovation GmbH, Germany	361	361
Other shares and similar rights of ownership	3	27

9. Receivables

Non-current receivables		
From Group companies	32,000	0
Non-current receivables, total	32,000	0

The company has given FI-Systems a subordinated loan of EUR 32,000,000.00. The loan period is 5 years and the interest rate 5%. In the event of liquidation on bankruptcy, the principal and interest payable to Efore Plc would have lower priority than other credits.Interest is payable only when, at the time of payment, the amount of the non-restricted equity and all subordinated loans of FI-Systems exceeds the amount of loss 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.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
Current receivables		
Trade receivables	5,019	1,301
Other receivables	1,009	411
Prepaid expenses and accrued income	1,030	526
	7,057	2,238
Current receivables from Group companies		
Trade receivables	6,684	10,102
Prepaid expenses and accrued income	2,068	3,199
	8,753	13,301
Current receivables in total	15,810	15,539
Prepaid expenses and accrued income		
Parent company prepaid expenses and accrued income include the following key items:		
Periodizations of personnel costs	117	147
Periodizations of financial income	172	8
Product development subsidy	163	92
Product development receivable from customer	472	0
Dividend from subsidiaries	1,895	3,199
Other items	279	279
	3,098	3,725
10. Financial securities		
Market value	0	3,426
Corresponding book value	0	3,426
Difference	0	0
11. Shareholders' equity		
Share capital on Nov. 1	34,450	34,450
Share capital on Oct. 31	34,450	34,450
Share premium account on Nov. 1	0	3,972
Reclassifications between items	0	-3,972
Share premium account on Oct. 31	0	0
Retained earnings 1.11.	-7,687	-1,613
Changes in accounting principals	0	-1,282
Reclassifications between items	0	3,971
Retained earnings on Oct. 31	-7,687	1,077
Profit for the period	25,456	-8,763
Shareholders' equity total	52,219	26,764

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
Calculation of distributable earnings		
Retained earnings	-7,687	-1,613
Transfer from share premium account	0	3,971
Changes in accounting principals	0	-1,282
Profit for the period	25,456	-8,763
Distributable earnings from shareholders' equity	17,769	-7,687
Parent company share capital is divided by share category as follows:		
	pcs	1,000 EUR
Shares 2007	40,529,648	34,450
Parent company share capital is divided by share category as follows:		
	pcs	1,000 EUR
Shares 2006	40,529,648	34,450
12. Statutory Provisions		
Warranty provision	771	0
13. Liabilities		
Current liabilities		
Trade payables	973	921
Other liabilities	1,185	301
Accruals and deferred income	1,254	2,775
	3,411	3,997
Current liabilities to Group companies		
Trade payables	2,953	3,135
Other liabilities	5	1,729
Accruals and deferred income	208	136
	3,166	5,000
Current liabilities to associated companies		
Trade payables	9	9
Current liabilities in total	6,586	9,006
Accruals and deferred income		
Parent company accruals and deferred income include the following key items:		
Periodizations of holiday pay	669	1,006
Periodizations of other personnel costs	34	458
Group companies	208	136
Other items	550	1,311
	1,461	2,911

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY, FAS
1,000 EUR

	Parent company 2007	Parent company 2006
14. Security, contingent liabilities and other commitments given		
Security given on own behalf		
Pledges given	0	15
Other contingent liabilities	115	235
Security given on behalf of group companies		
Guarantees	3,992	2,495
Securities given in total		
Pledges given	0	15
Guarantees	3,992	2,495
Other contingent liabilities	115	235
Rent and leasing commitments on own behalf		
Payable in the following financial year	882	794
Payable later	696	1,179
Other contingent liabilites		
Derivative contracts		
Forward currency contracts		
Nominal value	700	778
Positive fair value	8	0
Negative fair value	0	9
Option contracts		
Nominal value	7,215	0
Positive fair value	153	0
Stock derivatives, not hedge		
Futures		
Nominal value	0	2,004
Negative fair value	0	2

GROUP KEY FIGURES

KEY FIGURES		IFRS 2007	IFRS 2006	IFRS 2005	FAS 2004	FAS 2003
Income statement						
Net sales	EUR million	80.2	90.5	81.6	73.2	64.3
- change	%	-11.4	10.8	11.7	13.9	65.4
Operating profit/-loss	EUR million	-2.1	-5.8	-0.8	8.0	6.9
- of net sales,	%	-2.6	-6.4	-1.0	10.9	10.8
Profit/loss before extraordinary items	EUR million				7.8	6.8
- of net sales,	%				10.7	10.6
Profit/loss before taxes	EUR million	-2.9	-5.5	-0.4	8.3	8.2
- of net sales,	%	-3.6	-6.1	-0.5	11.3	12.8
Net profit/loss	EUR million	-3.4	-8.2	-1.5	7.5	7.8
- of net sales,	%	-4.2	-9.0	-1.8	10.3	12.1
Investments (Intangible and tangible assets)	EUR million	4.0	4.8	5.6	5.0	2.7
- of net sales,	%	4.9	5.3	6.9	6.8	4.2
Balance sheet						
Non-current assets	EUR million	11.4	13.8	14.8	9.9	7.9
Inventories	EUR million	12.6	14.3	13.2	11.0	8.8
Trade receivables and other receivables	EUR million	14.8	8.8	10.1	14.9	11.7
Cash and cash equivalents, financial assets at fair value through profit and loss	EUR million	7.7	11.6	21.8	24.4	7.2
Share capital	EUR million	34.5	34.5	34.5	17.1	13.8
Other shareholder's equit	EUR million	-7.4	-4.3	3.7	28.3	4.0
Non-current liabilities	EUR million	0.3	0.4	0.8	0.9	2.2
Current liabilities	EUR million	19.4	17.9	20.9	14.0	15.5
Balance sheet total	EUR million	46.7	48.5	59.9	60.3	35.5
Profitability						
Return on equity (ROE)	%	-11.8	-23.9	-3.6	22.6	47.8
Return on investment (ROI)	%	-8.1	-14.3	-0.3	23.2	37.1
Finance and economic position						
Net interest bearing liabilities	EUR million	-6.6	-10.5	-19.9	-22.3	-3.2
Gearing	%	-24.6	-34.6	-52.2	-49.6	-18.2
Current ratio		1.8	1.9	2.3	3.5	1.7
Solvency ratio	%	57.9	62.3	63.7	75.1	49.5
Other key figures						
Personnel, average		766	792	668	512	411
Salaries and wages	EUR million	13.2	15.5	14.7	13.4	12.1

GROUP KEY FIGURES

KEY FIGURES		IFRS 2007	IFRS 2006	IFRS 2005	FAS 2004	FAS 2003
Product development expenditure						
(booked as costs)	EUR million	5.1	3.5	2.6	3.0	2.8
- of net sales,	%	6.3	3.8	3.3	4.1	4.4
Product development expenditure						
(capitalized in balance sheet)	EUR million	0.9	1.6	1.9	1.3	1.0
- of net sales,	%	1.2	1.8	2.3	1.8	1.6
Product development						
expenditure total	EUR million	6.0	5.1	4.6	4.3	3.8
- of net sales,	%	7.5	5.6	5.6	5.9	5.9

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2007	IFRS 2006	IFRS 2005	FAS 2004	FAS 2003
Earnings per share/adjusted	EUR	-0.08	-0.20	-0.04	0.20	0.20
Diluted earnings per share**	EUR	-0.08	-0.20	-0.04	0.19	0.20
Dividend per share, adjusted	EUR	0.05*	0.00	0.00	0.15	0.10
Dividend/share	EUR	0.05*	0.00	0.00	0.30	0.37
Dividend payout ratio	%	0.0	0.0	0.0	76.7	46.8
Effective dividend yield	%	0.0	0.0	0.0	4.8	5.5
Shareholder's equity						
per share, adjusted	EUR	0.67	0.75	0.94	1.13	0.56
At the end of fiscal year, October 31	EUR	1.20	1.41	1.84	3.15	1.74
P/E ratio		-14.40	-6.99	-50.80	16.10	8.49
Market value and dividend						
Market capitalization	EUR million	48.6	57.1	74.6	125.4	54.1
Dividend distribution,						
for shares in circulation	EUR million	2.0*	0.0	0.0	6.0	3.0
Trading						
Shares traded	1,000 pcs	17,270	30,059	49,054	37,511	17,580
Value of trading	EUR million	21.6	52.3	130.1	115.9	13.4
Number of shares adjusted						
- average	1,000 pcs	40,530	40,530	37,688	36,374	31,628
- actual number of shares						
on October 31	1,000 pcs	40,530	40,530	40,530	40,298	31,628
- actual number of shares	1,000 pcs	40,530	40,530	40,530	39,822	31,164
excl. own shares						
- diluted number of shares						
on October 31**	1,000 pcs	40,530	40,530	40,530	39,956	31,164

GROUP KEY FIGURES

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2007	IFRS 2006	IFRS 2005	FAS 2004	FAS 2003
Adjusted share prices						
Lowest	EUR	0.98	1.21	1.60	1.69	0.19
Highest	EUR	1.55	2.06	3.65	4.18	1.78
At the end of fiscal year	EUR	1.20	1.41	1.84	3.15	1.74
Average	EUR	1.25	1.77	2.65	2.96	0.62

In calculation of key figures and key indicators own shares have been excluded from number of shares and the fund of own shares has been excluded from shareholder's equity.

** Adjusted by the dilution effect of shares entitled by warrants.

* The Board of Directors propeses to the Annual General Meeting on 31 January 2008 that a dividend of 0,05 euros per share be paid for the financial year 2007.

Years 2005 to 2007 are reported according to IFRS, while years 2003 and 2004 are reported according to FAS.

CALCULATION OF KEY FIGURES AND RATIOS

Return on investment (ROI), %
$$= \frac{\text{Profit before taxes+interest and other financing expenses}}{\text{Shareholders' equity - interest-bearing liabilities (average)}} \times 100$$

Return on Equity (ROE), %
$$= \frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (average)}} \times 100$$

Current ratio
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Solvency ratio, %
$$= \frac{\text{Shareholders' equity}}{\text{Total assets - advance payments received - own shares}} \times 100$$

Net interest-bearing liabilities = Interest-bearing liabilities - financial assets at fair value through profit or loss - cash and cash equivalents

Gearing, %
$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$$

Earnings per share
$$= \frac{\text{Profit/loss for the period}}{\text{Average number of shares - own shares}}$$

Dividend per share
$$= \frac{\text{Dividend for the financial year}}{\text{Number of shares - own shares}}$$

Dividend payout ratio, %
$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %
$$= \frac{\text{Dividend per share}}{\text{Adjusted share price at balance sheet date}} \times 100$$

Shareholders' equity per share
$$= \frac{\text{Shareholders' equity - own shares}}{\text{Number of shares at balance sheet date}}$$

P/E-ratio
$$= \frac{\text{Adjusted share price at balance sheet date}}{\text{Earnings per share}}$$

Market capitalization = = Adjusted share price at balance sheet date x outstanding shares at balance sheet date

Average personnel = The average number of employees at the end of each calendar month during the accounting period

All share-specific figures are based on the issue-adjusted number of shares.
Shareholders' equity is the equity owned by the holders of the parent company's shares.
Profit for the period is the fiscal period profit attributable to equity holders of the parent.

SHARES AND SHAREHOLDERS

SHARE CAPITAL AND SHARES

Efore shares are quoted on the Helsinki Stock Exchange Nordic List (Small Cap) under the corporate identifier EFO1V. The trading lot is one share. The total number of shares is 40,529,648, and each share has an equivalent book value of EUR 0.85. Efore's registered share capital on October 31, 2007 stood at EUR 34,450,200.80. The shares have been entered in the book-entry system.

VALID AUTHORIZATION HELD BY THE BOARD OF DIRECTORS

In accordance with a proposal made by the Board of Directors, the Annual General Meeting held on February 5, 2007 authorized the Board of Directors to decide on issuing new shares in one or more batches and with the maximum total number of new shares issued under the authorization being 13,274,783. The Board may decide on a targeted issue on the basis of the authorization, but the authorization must not be used for incentives for personnel.

The authorization will remain valid for one year from the decision of the Annual General Meeting. The authorization had not been used by October 31, 2007.

SHARE PRICES AND TRADING

The highest issue-adjusted share price during the fiscal year was EUR 1.55, the lowest EUR 0.98, and the average EUR 1.25. The closing price stood at EUR 1.20. The market capitalization, calculated with the final trading price, was EUR 48.6 million.

The number of Efore shares traded during the fiscal year stood at 17.3 million, representing 42.6 % of the total number of shares on October 31, 2007. The turnover value in the fiscal year was EUR 21.6 million.

2005 STOCK OPTION PROGRAM

Under an authorization granted by the Annual General Meeting in December 2004, the company's Board of Directors decided in March 2005 to introduce a stock option program aimed at committing key personnel to the company on a long-term basis. A share ownership program in which the key personnel are obliged to acquire Efore shares with 20% of the net income gained from the stock options and to own the shares for at least one year is incorporated in the stock options.

A total of 2,250,000 stock options were issued on the basis of the program, and each can be used to subscribe one Efore Plc share. The option rights are divided into three categories: 2005A, 2005B and 2005C, comprising 950,000, 650,000 and 650,000 option rights respectively.

The share subscription price for category 2005A is EUR 3.07; for category 2005B, the average trade-weighted price of Efore Plc shares on the Helsinki Stock Exchange between January 1 and March 15, 2006 (EUR 1.87); and in category 2005C, the average trade-weighted price of Efore Plc shares on the Helsinki Stock Exchange between January 1 and March 15, 2007 (EUR 1.37). The amount of dividend distributed each year is deducted from the subscription price.

The share subscription period for category 2005A is November 1, 2007 – April 30, 2010, for category 2005B, April 1, 2008 – April 30, 2011, and for category 2005C, April 1, 2009 – April 30, 2012.

MANAGEMENT SHAREHOLDING

The total share ownership, as defined in Chapter 1, Section 5 of the Securities Markets Act, of Efore Plc's Board members and the President and CEO stood at 5,105,608 on October 31, 2007, which is equivalent to 12,6 % of the total number of shares and votes. The shares held by the President and CEO accounted for 0.06 % of the total number of shares and votes.

SHARES AND SHAREHOLDERS GRAPHS AND TABLES

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, OCTOBER 31, 2007

Shares	Number of shareholders pcs	Proportion of shareholders %	Total number of shares and votes pcs	Proportion of shares and votes %
1 - 100	187	5.49	14,171	0.04
101 - 500	765	22.45	265,944	0.66
501 - 1,000	690	20.25	594,612	1.47
1,001 - 5,000	1,192	34.99	3,139,818	7.75
5,001 - 10,000	294	8.63	2,258,629	5.57
10,001-100,000	249	7.31	6,821,340	16.83
100,001 - 999,999	30	0.88	27,430,342	67.68
Total	3,407	100.00	40,524,856	99.99
of which nominee registered	7		3,730,698	9.21
In joint account			3,304	0.01
In special accounts			1,488	0.00
Number issued			40,529,648	100.00

SHARES AND SHAREHOLDERS GRAPHS AND TABLES

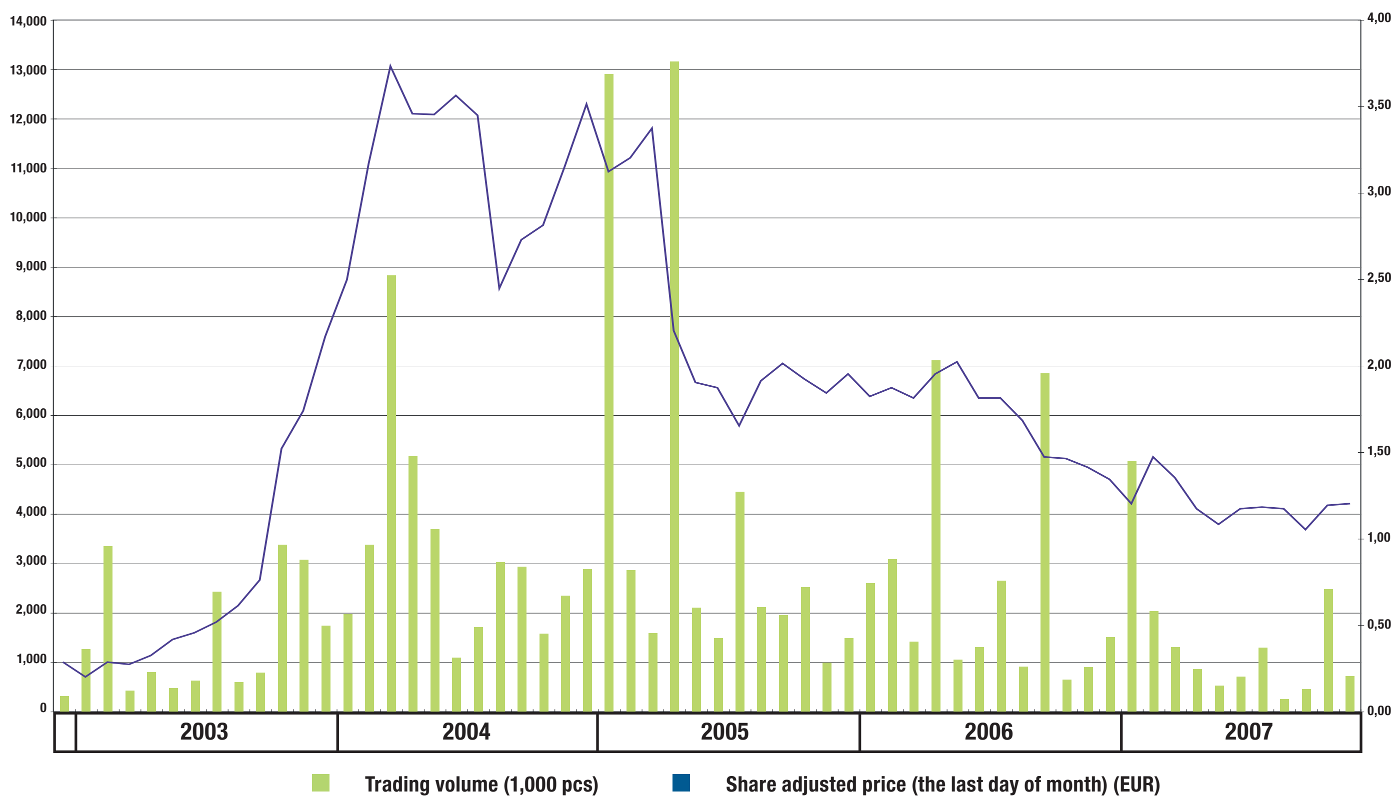
CHANGES IN SHARE CAPITAL 2003-2007

Share capital Nov. 1, 2003 — 8,135,104 pcs — 13,830 (1,000 EUR)

Year	Subscription-share-relationship	Subscription- / registering-time	Subscription-price EUR	New shares pcs	Changing 1,000 EUR	New share-capital 1,000 EUR	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

Share capital Oct. 31, 2007 — 40,529,648 pcs — 34,450 (1,000 EUR)

EFORE PLC´S SHARE PRICES AND TRADING VOLUME IN 2003-2007



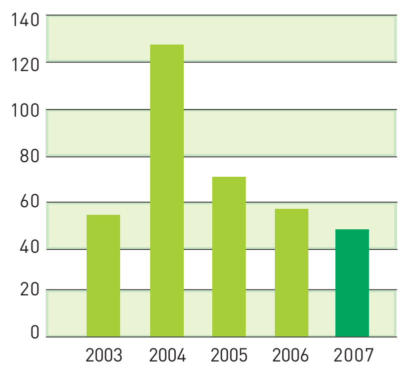
SHARES AND SHAREHOLDERS GRAPHS AND TABLES

DISTRIBUTION OF SHAREHOLDINGS BY SHAREHOLDER CATEGORY, OCTOBER 31, 2007

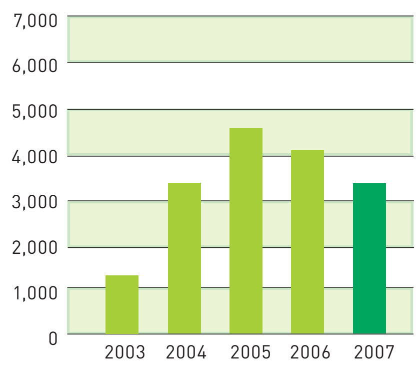
	Shareholders pcs	Proportion of shareholder %	Shares pcs	Proportion of shares and votes %
ENTERPRISES				
Domestic enterprises	226		8,169,133	
of which nominee registered			8,100	
Foreign ownership majority enterprises	1		4,700	
ENTERPRISES TOTAL	227	6.66	8,181,933	20.19
FINANCIAL- AND INSURANCE ISTITUTIONS				
Desposit banks	10		6,354,369	
of which nominee registered			3,722,597	
Financial auxiliaries	1			
of which nominee registered			1	
Incurance Companies	2		4,400	
Other financial institutions	3		1,408,197	
FINANCIAL- AND INSURANCE INSTITUTIONS, TOTAL	16	0.47	11,489,564	28.35
PUBLIC ENTITIES				
Employment pension institutions	2		1,838,700	
PUBLIC ENTITIES TOTAL	2	0.06	1,838,700	4.54
NON-PROFIT ORGANIZATIONS				
Other non-profit organizations	18		1,473,053	
NON-PROFIT ORGANIZATIONS TOTAL	18	0.53	1,473,053	3.64
HOUSEHOLDS				
Households	397		1,138,576	
Entrepreuners	135		587,261	
Wage earners	2,275		14,259,011	
Other households	323		1,195,958	
HAUSEHOLDS TOTAL	3,130	91.87	17,180,806	42.39
OUTSIDE FINLAND TOTAL	14	0.41	360,800	0.89
TOTAL	3,407	100.00	40,524,856	99.99
of which nominee registered	7		3,730,698	9.21
In jount account			3,304	0.01
In special accounts			1,488	0.00
TOTAL			40,529,648	100.00

SHARES AND SHAREHOLDERS GRAPHS AND TABLES

MARKET CAPITALIZATION, EUR MILLION



NUMBER OF REGISTERED SHAREHOLDER



SHARES AND SHAREHOLDERS GRAPHS AND TABLES

EFORE PLC:S 20 LARGEST SHAREHOLDERS, OCTOBER 31, 2007

	Shares pcs	Proportion of shares and votes %
EVLI Bank Plc	5,068,701	12.51
Tammivuori Esko	1,779,592	4.39
Syrjälä & Co Oy	1,750,000	4.32
Varma Mutual Pencion Insurance Company	1,438,700	3.55
Tammivuori Matti	1,398,000	3.45
Tammivuori Leena	1,369,800	3.38
Maijos Oy	1,200,000	2.96
FIM Fenno Mutual Fund	1,077,800	2.66
Oy Q&A Consulting Ab	1,038,400	2.56
Rausanne Oy	848,971	2.10
Veikko Laine Oy	814,400	2.01
Nordea Bank Finland Plc	703,268	1.74
Syrjälä Timo	700,000	1.73
Svenska Handelsbanken AB (Publ)	576,600	1.42
Placeringsfonden Gyllenberg small firm	557,385	1.38
Fabritius Hannes	473,316	1.17
Placeringsfonden Aktia Capital	430,812	1.06
FIM Forte Mutual Fund	420,000	1.04
Ilmarinen Mutual Pencion Insurance Company	400,000	0.99
Glitnir Bank Plc	325,848	0.80
Total	22,371,593	55.20
Nominee registered		
Nordea Bank Finland Plc	3,642,597	8.99

SIGNATURES FOR THE FINANCIAL STATEMENTS AND THE REPORT BY THE BOARD OF DIRECTORS

Espoo, 12 December, 2007

Isto Hantila Chairman	Timo Syrjälä Deputy Chairman	Matti Tammivuori
Outi Raitasuo	Johan Ek	Marko Luoma
Jukka Harju	Esa Korvenmaa	Reijo Mäihäniemi President and CEO

AUDITORS´ REPORT

To the shareholders of Efore Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Efore Plc for the 12-month period ended 31 October 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

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

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Espoo, 19 December 2007

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Nenonen
Authorized Public Accountant

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'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.

Exchange-rate risk

Exchange-rate risks refer to risks caused by changes in exchange rates that can affect business performance or Group solvency.

Most of the Group's sales are denominated in euros, the Renminbi and the US dollar. The operating expenses are generated in euros, the US dollar, the Estonian kroon, the Renminbi and the Swedish krona.

The policy of the Group is to hedge the main foreign currency surpluses and deficits of commercial value and fixed purchase and sales contracts. Hedging is carried out with currency derivatives, such as forward currency contracts, currency options and foreign currency loans. Most currency derivatives have a duration of less than one year.

In the financial statements the equity capital of foreign subsidiaries is translated at the European Central Bank's average rate on the balance sheet date and exchange rate differences are shown in the consolidated financial statements as translation adjustments. The subsidiaries' equity capital 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 itemized in section 27 of the notes to the financial statements, Fair values of derivative financial instruments.

RISK MANAGEMENT

Interest-rate risk

Interest-rate risks are caused by interest-rate fluctuations affecting the loan portfolio and cash reserves, and also by whether the interest-bearing liabilities are fixed-interest or floating-rate. Interest-rate risks are managed by making the right decisions on loan-interest periods and by using different types of interest-rate derivative instruments. On the balance sheet date, the Group did not have any open interest-rate hedges.

Liquidity risk

According to the financing policy, the liquidity and adequate financing of the Group and its efficient cash management are the responsibility of the parent company. The liquidity risk is controlled by a balanced maturity distribution of the loans, adequate cash assets partial sale of trade receivables and credit limits.

Share price risk

Efore has invested some of its liquid assets in publicly listed shares and funds. The investing is based on an authorization given by the Board of Directors and its administration has been outsourced.

Credit and other counter-party risks

Management of credit risks is primarily the responsibility of each business unit. Credit risk management accords with the Group's credit policy and the aim is to obtain sufficient security if the customer's credit-worthiness so requires. Material items of trade receivables are evaluated on a counter-party basis in order to identify possible impairment.

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

CORPORATE GOVERNANCE

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.

The Group operates in accordance with Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers, and with the insider trading instructions issued by the Helsinki Stock Exchange.

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 and Efore (SIP) Technologies Co., Ltd in China, Efore AS in Estonia, Efore Ltda in Brazil, Efore (UK) Ltd in the United Kingdom, Efore Ab in Sweden and Fi-Systems Oy in Finland. Efore also has a 25% stake in Power Innovation GmbH, a German power electronics company.

The governance and operations of the Group are the responsibility of decision-making bodies of the parent company Efore Plc, which are the Annual General Meeting, Board of Directors, and the President and CEO. The President and CEO is assisted by the Executive Management Team. The operations of the subsidiaries are the responsibility of their respective Boards of Directors, which comprise the Group's President and CEO and other representatives of the Group's senior management. The Group's President and CEO is also chairman of the Board of Directors of each of the subsidiaries. Efore Plc provides the subsidiaries with joint Group services and is also responsible for its strategic planning and finances.

The Group's operating structure is based on line organizations for global functions and three geographical sales areas: Europe, the Americas and Asia.

SHAREHOLDERS' MEETING

The functions of a shareholders' meeting as the company's supreme decision-making authority are defined in the Companies Act and Efore's Articles of Association. In addition to the Annual General Meeting, extraordinary shareholders' meetings may be organized as necessary. At shareholders' meetings, shareholders are able to exercise their right to speak and vote.

Members of the board including the chairman as well as President and CEO were present at the Annual General Meeting held on February 5, 2007.

APPOINTING BOARD MEMBERS

The Nomination Committee of the Board of Directors draws up a proposal for the members of the Board. The Annual General Meeting elects the members of the Board of Directors by a 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 from amongst its members a chairman and vice chairman.

BOARD OF DIRECTORS

As set out in Efore's Articles of Association, the Board of Directors shall have no less than five and no more than ten members. Eight members were appointed as members of the Board of Directors at the Annual General Meeting held on February 5, 2007. The company's President and CEO is not a member of the Board of Directors.

MEMBERS OF THE BOARD OF DIRECTORS

The following persons were appointed as members of the Board of Directors at the Annual General Meeting held on February 5, 2007: Johan Ek, Isto Hantila, Jukka Harju, Esa Korvenmaa, Marko Luoma, Outi Raitasuo, Timo Syrjälä and Matti Tammivuori.

At its inaugural meeting, the Board of Directors elected Isto Hantila as chairman and Timo Syrjälä as vice chairman of the Board.

Isto Hantila, b. 1958
M.Sc. (Eng)
Chairman of the Board since February 5, 2007
Board Member since 2004
Aspocomp Group Plc, President and CEO since November 9, 2007
Selmic Oy, Chairman of the Board since 2007
Perlos Oyj, President and CEO, 2004 - 2006
Ascom Group, Switzerland, CEO, Co-operation Division 2001-2004
Ascom Energy Systems Division, Switzerland, CEO 1994-2001
Technology Industries of Finland, Board Member since 2005
Holds 10,000 Efore shares

Timo Syrjälä, b. 1958
M.Sc. (Econ)
Vice Chairman of the Board since February 5, 2007
Board Member since 2001
Syrjälä & Co Oy, Managing Director
Holds 3,650,000 Efore shares

Johan Ek, b. 1968
M.Sc. (Econ) M.A.
Board Member since 2004
Relacom AB, Sweden, CEO since 2005
Powerwave Technologies Inc, President 2004-2005
LPG Allgon AB, Sweden, Director since 1999 and President since 2004
McKinsey and Company, Sweden, management consultant 1994-1999
Partnertech AB, Board Member
No shareholding in Efore

Jukka Harju, b. 1956
M.Sc. (Eng), M.Sc. (Econ)
Board Member since 2007
Boier Capital Oy, partner since 2006
Elektrobit Oyj, managerial positions 2000-2006
Tellabs Oy, Managing Director, 1994-1999
Nokia Telecommunications Oy, Vice President, 1981-1994
Elektrobit Oyj, Member of the Board since 2005
No shareholding in Efore

Esa Korvenmaa, b. 1954
M.Sc. (Eng)
Board Member since 2007
Cisco Systems Oy, General Manager and Managing Director since 2006
Telia Sonera Finland Oyj, Senior Vice President, Large Corporate Customers, COO, 2003-2006
Stonesoft Oyj, President and CEO, 2000-2002
Hewlett-Packard Finland and Europe, managerial positions 1983-1995 and 1997-2000
Nokia Oyj, Vice President, Wireless Transmission Products, 1995-1996
Tekla Oyj, Member of the Board since 2005
No shareholding in Efore

Marko Luoma, b. 1971
Tech. Lic.
Board Member since 2007
Helsinki University of Technology, researcher since 1999
Creanord Oy, Member of the Board
No shareholding in Efore

Outi Raitasuo, b. 1959
LL.M. (trained on bench), LL.M. (Toronto)
Board Member since 2004
Hannes Snellman Oy Attorneys at Law since 1989, partner since 1997
RF Micro Devices (Finland) Oy, Board Member
Mundipharma Oy, Board Member
Oriola-KD Oyj, Board Member
Holds 10,000 Efore shares

Matti Tammivuori, b. 1957
BA Marketing
Board Member since 1999
Tamcor Ky, Managing Director, since 1985
PerlaSoft Oy, Board Member
Virtaankosken Voima Oy, Board Member
Pienvesivoimayhdistys, Chairman of the Board,
Holds 1,413,008 Efore shares

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 met 15 times during the fiscal year. The participation rate of members in the Board meetings was 90 %. In an assessment of independence undertaken by the Board of Directors, it was found that all Board members are independent of the company and that all Board members, with the exception of Timo Syrjälä and Matti Tammivuori, are independent of the company's main shareholders.

The Board of Directors reviews its own working procedures through a regular self-evaluation process.

BOARD FEES AND OTHER BENEFITS

The Annual General Meeting decides annually on the Board of Directors' fees and on the criteria for reimbursement of Board expenses. Board members' fees are paid in the form of monetary reimbursement.

By a decision of the Annual General Meeting of February 5, 2007, the chairman of the Board of Directors is paid a fee of EUR 3,500 per month for his Board work and a meeting fee of EUR 1,000 per Board meeting, the vice chairman is paid EUR 2,625 per month and a meeting fee of EUR 500, and Board members are paid EUR 1,750 per month and EUR 500 per meeting. Board members are also reimbursed for travel expenses in accordance with the Finnish Tax Administration's approved maximum limits for travel compensation in each case.

A fee of EUR 500 per meeting is paid to committee chairmen and members for their work on the committees. Travel expenses are also reimbursed.

In the fiscal year ending October 31, 2007, the chairman and members of the Board of Directors were paid a total of EUR 239,237.50 in monthly and meeting fees. Committee chairmen and members were paid a total of EUR 19,500.00 in meeting fees. Board members were not awarded options or Efore shares as fees for their Board work.

BOARD COMMITTEES

The Board of Directors has three committees that assist in its work: the Audit Committee, the Compensation Committee, and 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.

At the inaugural meeting held on February 5, 2007, the Board of Directors elected Timo Syrjälä as chairman and Outi Raitasuo and Matti Tammivuori as members of the Audit Committee. The main duties of the Audit Committee are to examine the company's finances; oversee compliance with the law and the relevant standards; evaluate the company's internal supervision and risk management; and evaluate the company's internal auditing and its auditors. The committee met 6 times during the fiscal year.

At the inaugural meeting held on February 5, 2007, the Board of Directors elected Isto Hantila as chairman and Timo Syrjälä and Matti Tammivuori as members of the Compensation Committee. The main duties of the Compensation Committee are to prepare material on remuneration matters concerning the company's President and CEO, his direct subordinates, and other managerial personnel, and on matters concerning the Group's remuneration systems. The committee met 2 times during the fiscal year.

The Nomination Committee was appointed on November 7, 2007 and it met on November 8, 2007. Matti Tammivuori was elected chairman of the committee and Timo Syrjälä and Rauno Puolimatka as members. Furthermore Mr Isto Hantila, Chairman of the Board of Directors was elected as an expert member. The main duties of the Nomination Committee are as follows: to prepare matters for the Annual General Meeting concerning Board members and remuneration; to prepare matters for the Board concerning the Board chairman, vice chairman, and secretary, and the Board committees; and to deal with matters concerning the Board's annual review process.

PRESIDENT AND CEO

The Board of Directors appoints the company's President and CEO and supervises his actions. The main terms and conditions governing his appointment are detailed in a written contract. 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.

Under the contract between Efore and Reijo Mäihäniemi, the President and CEO is entitled to a performance-related remuneration for the fiscal year ending in 2007. The remuneration, determined by the Board of Directors, is paid once during the fiscal year. The Board of Directors decides on the targets used as the basis for the remuneration each fiscal year.

Reijo Mäihäniemi does not, as President and CEO, have any voluntary pension insurance policy. His contract does not contain provisions on any specific age limit for early old-age pension or for resignation. The period of notice for the President and CEO is six months, and under the contract, he will not receive any separate discharge fee.

Reijo Mäihäniemi was paid a total of EUR 195,750.68 in salary and fringe benefits during the fiscal year ending on October 31,2007: the regular monetary salary accounted for EUR 180,510.68 and fringe benefits EUR 240.00. The Board of Directors granted a total of 120,000 option rights under the 2005 option rights program to Mäihäniemi under the fiscal year. Efore does not operate an incentive system under which fees are paid to the President and CEO in the form of the company*s own shares.

EXECUTIVE MANAGEMENT TEAM

The President and CEO chairs and is assisted by the Executive Management Team. The Team comprises the chairman, the Executive Vice President, Sales and Marketing; the Group's CFO; Executive Vice President, Production & Sourcing; Executive Vice President, Product Development; and Executive Vice President, Technology.

The Executive Management Team's main responsibilities include drafting the broad outline of the Group's strategy, monitoring the Group's financial performance, and securing a good financial performance. The Team convenes 1-2 times per month.

EXECUTIVE MANAGEMENT TEAM

REIJO MÄIHÄNIEMI, M.Sc. (Eng), b. 1947
President and CEO since June 8, 2006
Chairman of Executive Management Team

Before joining Efore worked as Managing Director of Olivetti Finland (1994-1995) and Fiskars Power Systems (1985-1990), and held managerial positions in such companies as Tellabs Oy (1997-2005), Teleste Oy (1995-1997) and Nokia Telecommunications (1973-1985).
Holds 22,600 Efore shares and 220,000 option rights

PANU KAILA, B.Sc. (Eng), b. 1955
Employed by Efore since 2004
Executive Vice President, Production and Sourcing

Before joining Efore held managerial positions in Elcoteq Networks Oyj (1999-2002) and Nokia MobilePhones Oy (1985-1999) and worked as Project Manager at the Helsinki University of Technology (1999).
Holds 9,400 Efore shares and 79,000 option rights

MARKKU KUKKONEN, Tech.Lic, b. 1959
Employed by Efore since 2006
Executive Vice President, Product Development

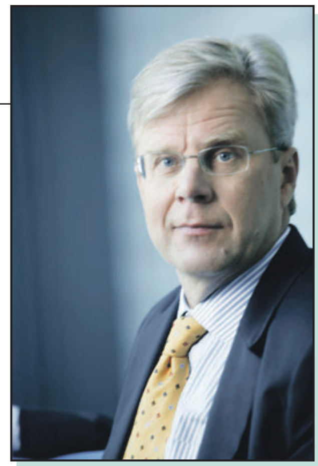
Before joining Efore held managerial positions in Salcomp Oy's product development (1999-2006) and in Helvar Oy (1986-1999).
No share ownership, 58,000 option rights

Olli Nermes, M.Sc. (Econ), b. 1956
Employed by Efore since 2007
Executive Vice President, Finances and Adminstration

Before joining Efore, worked as Director of Finance and IT at Evox Rifa Group (2003-2007) and in Intermarketing Oy as Vice President (2001 - 2003) and as Director of Finance in Helvar (1997-2001).
Holds 1,000 Efore shares and 35,000 option rights

Kari Saarinen, M.Sc. (Eng), b. 1956
Employed by Efore since 2005
Executive Vice President, Sales and Marketing

Before joining Efore, worked as president and CEO of Incap Oy (2000-2002), and in managerial positions in Outokumpu Stainless Oy (2002-2005) and Nokia Maillefer (1978-2000).
Holds 8,000 Efore shares and 79,000 option rights



Mika Sippola, Dr. Sc (Tech), b. 1971
Employed by Efore since 2004
Executive Vice President, Technology

Before joining Efore worked as Research Engineer at Schaffner EMV AG (2002-2004) and Fiskars Power Systems (1994-1995) and as Researcher at the Helsinki University of Technology (1996-2002).
No share ownership, 55,000 option rights

Shareholdings and options rights Oct. 31, 2007

REMUNERATION SYSTEM FOR THE PRESIDENT AND CEO AND THE COMPANY'S MANAGEMENT

The performance-related pay system for the Group's management is drawn up by the Compensation Committee and then approved by the Efore Plc Board of Directors. The Board-approved upper limits for performance-related pay are in the range 20-60% of annual earnings, depending on the position in question. The criteria used for assessing this are the Group-level performance requirements and those applying to the person's own sphere of responsibility, and other measures of operational activity. 72 Efore Group personnel are covered by the management performance-related pay system.

GOVERNANCE OF INSIDER ACTIVITY

Efore Plc's public insiders are the members of the Board of Directors, the President and CEO, the company's auditors, and the members of the Executive Management Team. The company also has a company-specific insider register. Insider registers are maintained under the supervision of the President and CEO.

Efore Plc complies with the insider trading instructions approved by the Helsinki Stock Exchange, on the basis of which the company's Board of Directors has approved a set of internal guidelines on insider trading. According to these guidelines, investments made by insiders must be on a long-term basis and trading must always take place at a time when the market's information on factors affecting the share value is as complete as possible. The period closed to trading by insiders is always a minimum of 14 days before publication of interim reports, and 21 days before publication of the financial statements bulletin. Trading can also be prohibited for special reasons outside the closed period, in which case all insiders entered in the register will be informed accordingly.

SUPERVISION

The Group has financial reporting systems for supervising its business operations and financial management. The Board of Directors has approved the Group's management organization and governing principles, decision-making authority and approval procedures, administrative operating policies, financial planning and reporting, and remuneration principles. Internal auditing is part of the Group's financial administration. The financial administration management reports the findings of internal auditing to the President and CEO and the Audit Committee.

Efore Plc's principal auditor is responsible for the auditing instructions and for coordinating the audit. The principal auditor and the company management jointly draw up an auditing plan each year. The Group's auditing fees for the fiscal year totaled EUR 117,000. The fees paid to the auditors for other services totaled EUR 53,000.

As required by law, the auditors provide the company's shareholders with an auditors' report at the time of the annual financial statements. The auditors also report their findings to the Audit Committee.

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