ANNUAL REPORT 2015

THE TRUSTED POWER PARTNER

EFORE
TRUSTED POWER PARTNER

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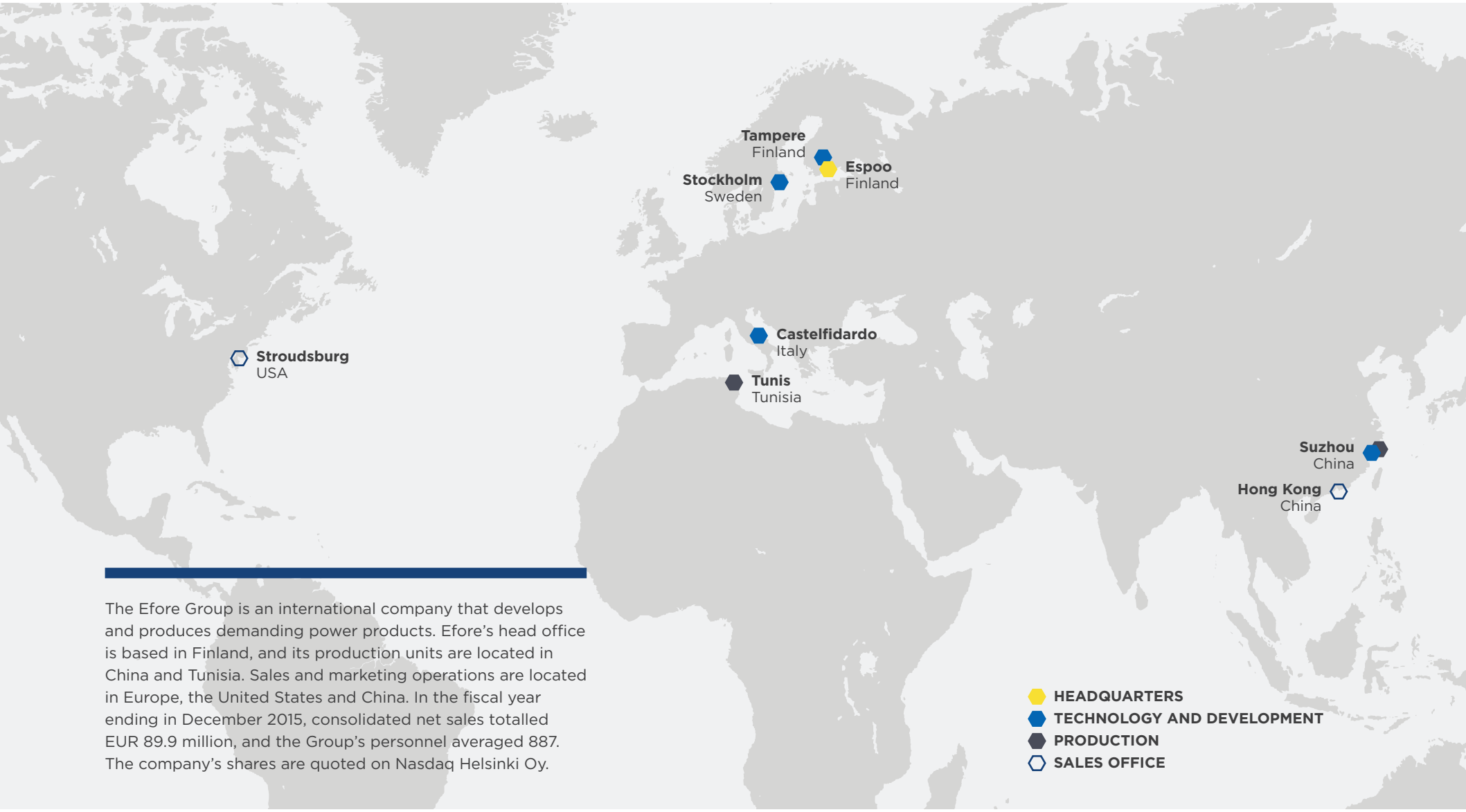
EFORE IN BRIEF

Efore story began in March 1975 in Finland. Since then, Efore has grown from a six men engineering office to a truly global group, operating on four continents with nearly 1000 employees and serving customers worldwide.



The Efore Group is an international company that develops and produces demanding power products. Efore's head office is based in Finland, and its production units are located in China and Tunisia. Sales and marketing operations are located in Europe, the United States and China. In the fiscal year ending in December 2015, consolidated net sales totalled EUR 89.9 million, and the Group's personnel averaged 887. The company's shares are quoted on Nasdaq Helsinki Oy.

ENDEAVOURING TO BE THE TRUSTED POWER PARTNER

Efore had a challenging year 2015. During the year, the cost efficiency of our operations was not good enough, and in the final quarter low demand in the telecommunication sector weakened our sales volumes and results. On the other hand, sales of the industrial sector continued to grow throughout the year. Our renewed strategy defines a new roadmap for Efore's profitable growth.

I took up the position of President and CEO of Efore early last summer. Despite the demanding circumstances the company has been facing, I have thoroughly enjoyed taking on the new job and starting to work with the Efore team in this exciting and fast moving industry.

In search of better opportunities for growth, Efore has in recent years invested in several R&D projects and expanded into new markets. LTE (4G) technology continues to have a key role in network expansions, and Efore has a strong position in this development. After the acquisition of Roal Electronics in 2013, power supplies for LED lighting, instrumentation and medical equipment have also been growth areas.

NEW STRATEGY – FOCUSING ON BEING THE TRUSTED POWER PARTNER

To expedite Efore's growth and to improve its financial development, we created and launched a new strategy during the summer. The strategy was published for the investment community at our Capital Markets Day in November. We are focusing on being The Trusted Power Partner of our customers based on our new values: customer intimacy, reliability of our products and operations, being solution driven, and cost efficiency. The four cornerstones of our strategy are: Efficient cost base, Empower competent employees, Evolve game changing technologies and Expand selected markets.

We are striving for growth by focusing on carefully selected target segments and customers through well-considered channels. In our target segments, we seek a strong market position by creating added value and thus high satisfaction for our customers. We are embracing the opportunities offered by new technologies to bring more efficient and reliable products to the market place. Our human resource strategy aims to secure our current high competency level, and we have started to review our competencies for both the present and target status. Improving the cost efficiency or our fixed cost base, and development of our operations model while ensuring flexibility are key strategic priorities to secure return profitability.

IMPLEMENTATION IN FULL SWING

We have rolled up our sleeves and have already completed some initial actions on the basis the new strategy. We have strengthened our customer interface with four new sales representative firms in the USA and two new value added distributors in Europe, in the UK and the Netherlands. We have also implemented new actions to further improve the cost efficiency of our operations. Our manufacturing process in Suzhou has been reorganized to improve factory throughput time in order to decrease the capital tied in the manufacturing process. Furthermore, the cost structure of certain products has been improved. The results of these measures will begin to show mainly during 2016.

In September, we implemented a flatter organization structure based on strong global functions. The target of the new structure is to focus the resources of the whole company to better serve our customers and to reduce duplication. Moreover, we further deepened the integration of Roal Electronics with Efore by changing the company names to Efore. We will, however, retain the brand value of Roal by using it as the brand name for our standard digital power and digital light product lines.

DEVELOPMENT IN 2015 FELL SHORT OF OUR EXPECTATIONS

In 2015, our financial development did not meet our expectations. Due to the lower than forecasted demand and some customers lowering their inven-

tories, the net sales of the telecommunication sector went down significantly during the final quarter of the year leading to a negative impact on our results. Furthermore, the results from operating activities were impacted by the write-offs of capitalized product development costs related to a product as a result of the customer's decision not to continue the development of the product.

In order to progress on the path of profitable growth as rapidly as possible, further actions for implementing successfully our new strategy have been planned. We are focusing on two major areas for ensuring profitability as a part of growing our sales; simplifying our corporate structure and reducing our cost base in manufacturing.

My first months at Efore's helm have been busy, but extremely interesting. I want to warmly thank our customers, shareholders, personnel, and partners for the productive and pleasant co-operation. I have full confidence in the Efore team and our new strategy, and I look forward to improving financial development during 2016.

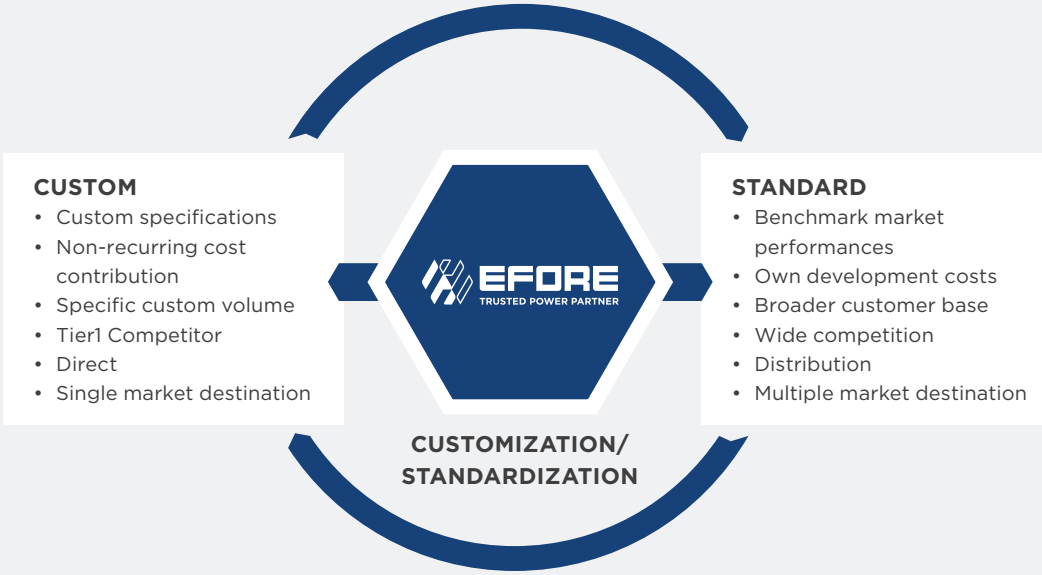
Heikki Viika
President and CEO

STANDARD & CUSTOM STRATEGY

EFORE is a power supply design and manufacturing company that is serving both custom and standard markets.

WORKING WITH BOTH BUSINESS MODELS EFORE WILL:

1. Use the standard platform as a starting point for customization
2. Mitigate the payback risk of R&D investments by developing new features for custom products.

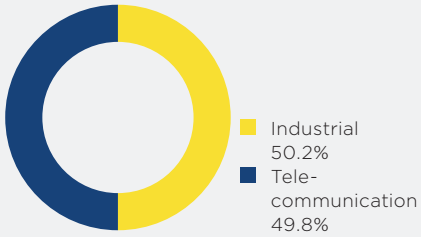


FINANCIAL YEAR 2015 IN BRIEF

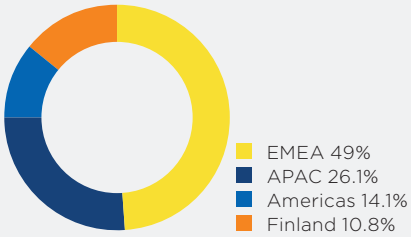
Key figures		2015	2014
Net sales	MEUR	**89.9**	85.3
Results from operating activities without one-time costs	MEUR	**-1.6**	0.1
Results from operating activities	MEUR	**-2.0**	-2.0
% of net sales	%	**-2.3**	-2.3
Result before taxes	MEUR	**-3.3**	-3.1
Result for the period	MEUR	**-3.4**	-2.6
Return on equity (ROE)	%	**-16.8**	-11.8
Return on investment (ROI)	%	**-9.2**	-6.7
Cash flow from business operations	MEUR	**1.8**	3.8
Net interest-bearing liabilities	MEUR	**4.7**	1.9
Solvency ratio	%	**34.2**	38.1
Net gearing	%	**24.5**	9.0
Earnings per share	EUR	**-0.07**	-0.05
Equity per share	EUR	**0.36**	0.41
Dividend per share	EUR	**0**	0.00
Share price on December 31	EUR	**0.77**	0.81
Market capitalization on December 31	MEUR	**40.2**	42.3
Personnel, average		**887**	914

- Net sales increased 5.4% year-on-year despite the decline of the telecommunication sector.
- The Industrial sector growth trend continued throughout the whole year.
- The new strategy focusing on being The Trusted Power Partner was published.
- The partner network was strengthened with several new sales representative firms and distributors in the U.S.A and in Europe.
- The company structure was streamlined and the organization was flattened to support more efficiently the Group's strategic and financial target.
- A great number of R&D investments were made in the development of future products, and in the telecommunication sector product development focused on power supplies designed primarly for smaller base stations, and in the industrial sectors on high-efficiency power product lines for industrial and medical markets.

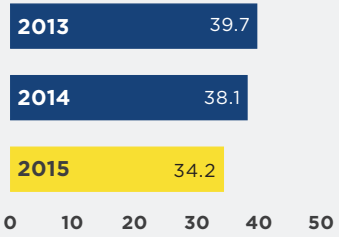
Net sales by sectors



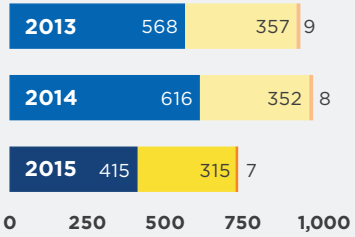
Net sales by areas



Solvency ratio, %



Personnel by geographical area



APAC: Asia-Pacific, **EMEA:** Europe, Middle East and Africa, **Americas:** North, Central and South America

WE'RE PROUD OF OUR WORLDWIDE CUSTOMERS

Industry leading customers globally recognize EFORE Group as a reliable and trusted partner for their power supply applications.

EXAMPLES OF OUR WORLD-CLASS CUSTOMERS

ABB
ERICSSON
Millog
NATIONAL INSTRUMENTS
NESTE
NOKIA
PLANMECA

"For over 10 years Efore's Italian subsidiary has been our Trusted Partner delivering world class solutions, excellence and outstanding service. We acknowledged the highest level of satisfaction by naming Efore as our Supplier of the Year in 2014 and Best in Class Tier 1 in 2015."

National Instruments

Fabio Orlandini
Business Development
North America Western Territories

EFORE'S BRAND STRUCTURE

OUR BRAND PROMISE IS:
The trusted power partner delivering reliable products, with reliable delivery.

Our customers can trust us to fulfil their needs.

EFORE CORPORATE BRAND

EFORE
TRUSTED POWER PARTNER

PRODUCT SEGMENTS

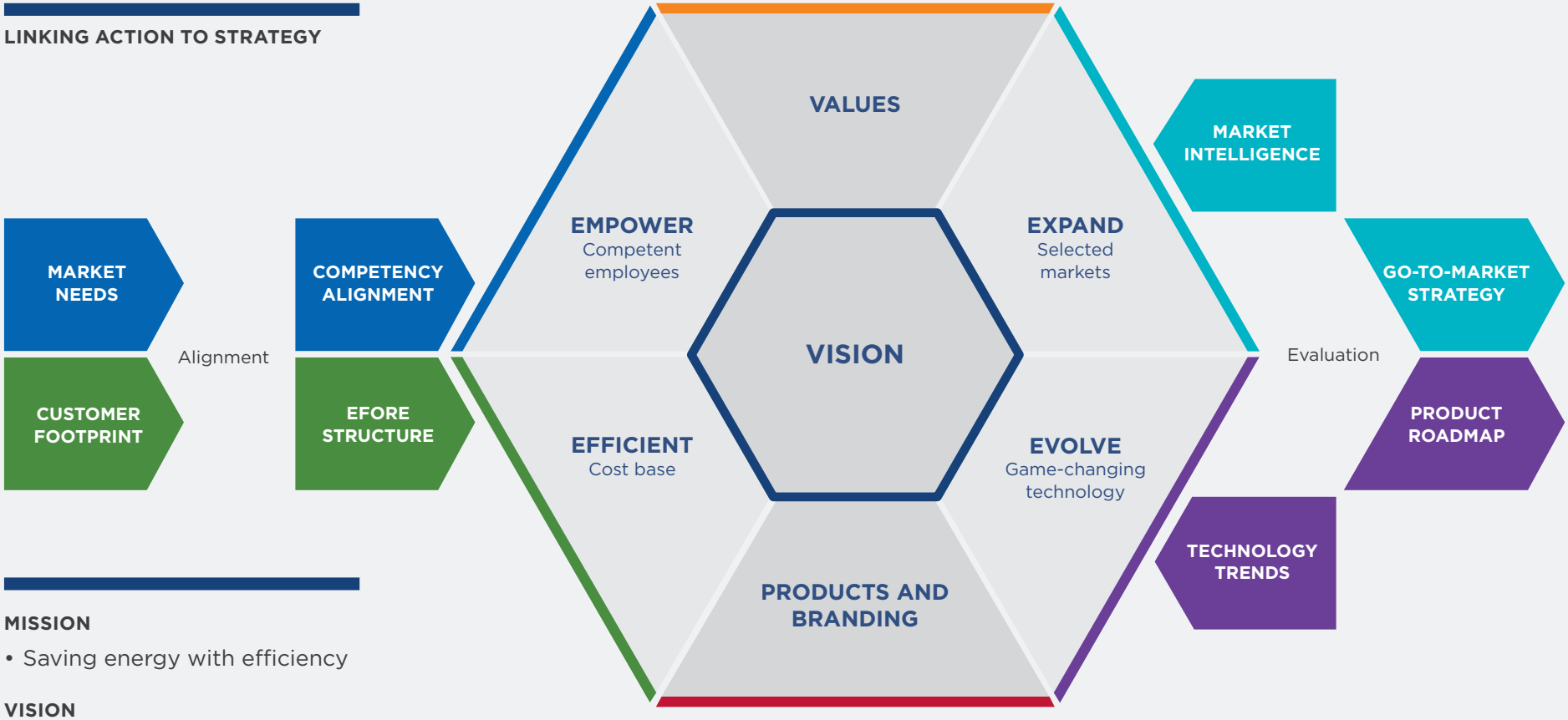
DC OPUS DC SYSTEMS

DL ROAL DIGITAL LIGHT

DP ROAL DIGITAL POWER

EFORE MISSION AND VISION

LINKING ACTION TO STRATEGY



MISSION

- Saving energy with efficiency

VISION

- We endeavour to be the trusted power partner
- We deliver reliable products
- We deliver reliably
- Our customers can trust us to fulfill their needs
- We achieve sustainable profitability and growth

STRATEGIC PLAN 2015–2018

OUR VALUES ARE

- Customer intimacy – we are approachable at all levels, from individual to individual
- Reliability – our product lasts longer and our delivery is on time
- Solution driven – we focus on fulfilling our customers' needs at high pace
- Cost efficiency – we provide our products and services cost efficiently

EMPOWER COMPETENT EMPLOYEES

- Review the competencies we have and competencies we will need to continue developing these
- Ensure management focus on people to drive competency development and reward as a key priority
- Set up a systematic performance management process to drive the strategic plan implementation

EFFICIENT COST BASE

- Optimise overhead costs
- Improve operational speed & efficiency
- Ensure cost-efficient manufacturing footprint, revise manufacturing long-term strategy
- Review make/buy decisions and models
- Establish an ICT infrastructure that drives efficiency in organization, harmonization of ICT

EXPAND ON SELECTED MARKETS

- Increase focus on being a full service provider and winning design decisions
- Focus on improving customer intimacy and establishing the right sales competencies
- Maintain existing Tier 1 customers with high focus on securing satisfaction, and target selected new customers

EVOLVE GAME-CHANGING TECHNOLOGY

- Review products and services to be offered in the various target markets
- Focus on developing products in the demanding high reliability – high dependability end of the market
- Ensure the base technology and platform developments can be utilized across a broad customer base

PRODUCTS AND BRANDING

- We have a strong product base
- Clear branding strategy agreed
- Alignment of brand image to business strategy
- Clarity of product naming principles
- Stronger market communication

STRATEGIC PRIORITIES 2015–2018

- Focus on target markets for correctly directing efforts to right segments & customers through well considered channels
- Review products and services in conjunction with the target market review
- Review processes and IT infrastructure to support the strategy
- Review group structure for cost improvement
- Develop manufacturing model and review long-term strategy in parallel to ensure flexibility
- Secure quality awareness to drive reliable operation
- Organization development, right competencies for future growth

MARKET AND PRODUCT OFFERING

Efore's technology and product roadmaps are continuously aligned to guarantee we focus on developing the right technologies and products for the market.

TARGET MARKET	MARKET SIZE	APPLICATION TODAY	TECHNOLOGY ENABLER	FUTURE PENETRATION
INDUSTRIAL & INSTRUMENTATION				
INDUSTRIAL	1,170 mUSD CAGR 1.1%	Factory automation Lighting Test & instrumentation	Configurability Modularity High efficiency Thermal management Multi output design Intelligent power	Oil & gas Semiconductor manufacturing equipment
LED VIDEO WALL DISPLAY	100 mUSD CAGR 11.6%	Sports Commercial Transportation Advertising	Outdoor enclosure Thermal management High reliability System architecture cost optimization	«Mediatainment» market evolution
PROCESS INDUSTRY	800 mUSD CAGR 1.1%	Utilities	Power system design Intelligent power High efficiency Battery charger Programmability Scalability Remote control Outdoor Shielding	Harsh environment utilities
POWER GENERATION & DISTRIBUTION		Substation Power plants		Harsh environment application

TARGET MARKET	MARKET SIZE	APPLICATION TODAY	TECHNOLOGY ENABLER	FUTURE PENETRATION
MEDICAL, TELECOM AND LIGHTING				
MEDICAL	530 mUSD CAGR 2.8%	Display Surgical light	High efficiency Power density Means of protection Modularity Portability	Point of care (portable) UV light (curing, purification) Imaging
TELECOM	1,900 mUSD CAGR 0%	Macro cell site Tele & datacom sites Medium/large telecom sites Energy measurement	Outdoor enclosure Thermal management High reliability System architecture cost optimization	Micro cell site Utilities Oil & Gas
LED LIGHTING	870 mUSD CAGR 13.8%	Architectural Urban lighting Residential Indoor lighting Outdoor Marine	Sealing Outdoor Reliability Programmability Remote controlling Thermal management	Industrial (high bay) Medical (surgical) Severe environment
MILITARY AND TRANSPORTATION				
MILITARY, DEFENCE & SECURITY	680 mUSD CAGR 2.9%	Secure networks Tetra Vehicles	Power system design Intelligent power High efficiency Programmability Scalability Remote control Outdoor Shielding	Weapon & communication system
TRANSPORTATION	290 mUSD CAGR 6.2%	Substation Signalling Communication network		Lighting & inflight Entertainment (aircraft, train) Infrastructure – airport runway

CORPORATE RESPONSIBILITY AN INTEGRAL PART OF ALL OPERATIONS

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

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

Efore's values – customer intimacy, reliability, solution drivenness and cost efficiency – are the basis for everything the company does. These values, together with Efore's code of conduct, guide the company's everyday operations internally as well as in interaction with customers and other stakeholders.

CREATING VALUE FOR STAKEHOLDERS

At Efore, economic responsibility means that the company will develop and offer value-creating products to its customers, meet the owners' profit expectations and provide employment. Furthermore, Efore will generate economic prosperity for various stakeholders through procurement and investments both locally and internationally in every field of the company's business as well as take care of the payment of taxes and other duties.

In order to be able to meet the expectations of its stakeholders, Efore needs to practice economically sound and profitable business. Efore wants to be a reliable and desirable partner for its customers and other stakeholders. At the end of fiscal year 2015, Efore's solvency ratio was 34.2% and net gearing 24.5%.

COMPETENCE DEVELOPMENT A STRATEGIC PRIORITY

At the end of fiscal year 2015, Efore's number of personnel stood at 737 (976), of whom 70% worked in manufacturing and sourcing, 15% in product development, 6% in sales and marketing and 9% in finance, administration & quality. At the end of the fiscal year, 56% of Efore's employees worked in China, 14% in Italy, 18% in Tunisia, 11% in the Nordic countries, and 1% in the USA. The proportion of women was 34% and men 66%.

During 2015, Efore renewed its organization to correspond to the business structure defined by the new Corporate Strategy. Additionally, the focus on leadership and competence development was enhanced, and the heads of both the Human Resources and Quality functions were included in the Executive Management Team.

Our HR strategy, code of Conduct and HR policies form the basis for manage-

EFORE'S ECONOMIC IMPACT DURING THE FINANCIAL YEAR 2015

CUSTOMERS
NET SALES
EUR 89.9 MILLION

EFORE
TRUSTED POWER PARTNER

PURCHASES
GOODS AND SERVICES SUPPLIERS
EUR 59.5 MILLION

WAGES, SALARIES, FEES AND PERSONNEL COSTS
EMPLOYEES EUR 18.4 MILLION

TAXES
PUBLIC SECTOR EUR -0.1 MILLION

DIVIDENDS/DISTRIBUTION OF ASSETS
SHAREHOLDERS EUR 0.0 MILLION

NET INTEREST COSTS
FINANCE PROVIDERS
EUR 1.3 MILLION

By developing skills the strategy goals will be achieved and the motivation of the personnel improved.

Mona Hokkanen
Vice President, Human Resources
as of March 11, 2016

MAIN PRIORITIES IN 2016

ment of HR-related responsibility. In all its operations Efore commits itself to complying with national legislation and regulations as well as international human rights treaties. The aim is to create a safe and open work community where employees treat each other in a fair, just and equal manner.

Empowering competent employees is one of the cornerstones of Efore's strategy, and comprehensive competence development to align the competencies of the organization with market needs is therefore a strategic priority. The concept of empowering competent employees consists of:

- Reviewing existing and needed competencies.
- Preparing action plans for competency development.
- Ensuring management focus on people to drive competence development.
- Setting up systematic performance management and compensation systems.

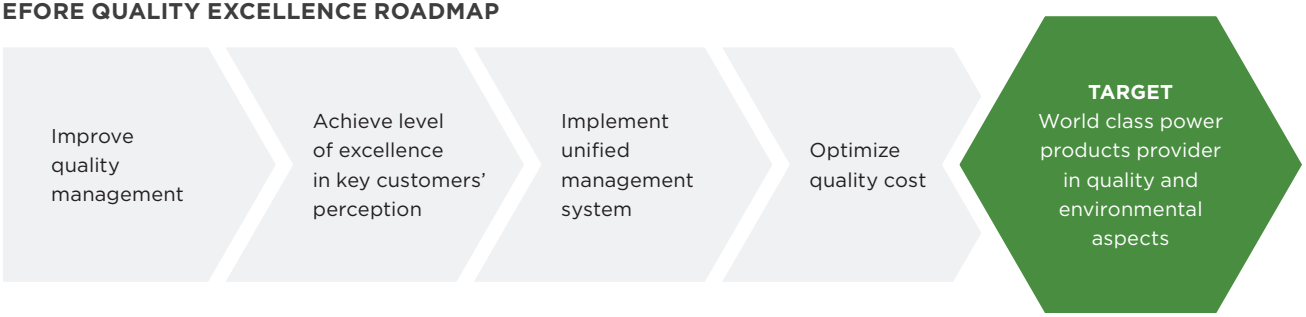
WORLD CLASS POWER PRODUCTS PROVIDER

Efore aims at its products and services being world class in terms of both quality and environmental aspects. Efore's responsibilities and strong commitment to quality are defined by the quality policy followed in all Group operations. Every employee is committed to following the quality policy and related instructions.

Efore's locations are ISO 9001:2008 certified, and the transfer to the latest standard revision ISO 9001:2015 has been included in the quality excellence roadmap. This means that Efore fulfills the demanding quality requirements of its global customers. Similarly, Efore demands that its suppliers conform to the ISO 9001:2008 standard in their operations. In developing its quality performance further, Efore has a long tradition of applying the principle of continuous improvement.

In 2015, Efore received Supplier of the Year award from National Instruments in their annual supplier evaluation. The award is evidence of the company's

EFORE QUALITY EXCELLENCE ROADMAP



Efore's technology portfolio and application knowledge meet the most demanding requirements set by industrial and telecom markets.

Samuli Räisänen
Executive Vice President,
Technology and Development
since January 7, 2016

capabilities in terms of continuous improvement and innovative practices.

MINIMIZING THE ENVIRONMENTAL IMPACT OF ALL OPERATIONS

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

Efore's environmental systems are developed, maintained and certified according to the ISO 14001:2004 standard, and the transfer to the latest standard revision ISO 14001:2015 has been included in the quality excellence roadmap. Efore's products meet the requirements of the European Union's WEEE Directive. They are also produced in compliance with the RoHS Directive in a lead-free production process using components that meet the criteria defined in the Directive. Recycling of electronic waste is organized in cooperation with carefully selected partners. In addition, environmental aspects are included in the selection of suppliers and subcontractors, and these companies are expected to continuously develop their operations towards increased environmental friendliness. The long-term improvement principle stated in Efore's environmental policy, emphasizes compliance with the ISO 14001:2004 standard and other relevant requirements, regular checking of environmental performance, continuous improvement, environmental awareness and active communication with all stakeholders.

Efore's production process does not generate emissions into the air or ground but it releases so-called greywater, which is purified by a specialized waste disposal contractor. During fiscal year 2015 no environmental damage was reported at any of the company's sites.

FINANCIAL STATEMENTS 2015

FINANCIAL STATEMENTS

CORPORATE GOVERNANCE

REPORT OF THE BOARD OF DIRECTORS

Efore Group is an international company which develops and produces demanding power electronics products. In 2015 Efore complied with the Insider Guidelines issued by the NASDAX OMX Helsinki Oy and the Finnish Corporate Governance Code 2010 for Listed Companies issued by Securities Market Association. From January 1, 2016 Efore applies to the Governance Code 2015 for Listed Finnish Companies issued by the Finnish Securities Market Association.

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

GROUP STRUCTURE

At the end the financial year Efore Group consisted of the parent company Efore Plc and its directly or indirectly wholly owned subsidiaries Efore (USA) Inc. in the United States, Efore(Suzhou) Electronics Co. Ltd in China, Efore (Suzhou) Automotive Technology Co., Ltd in China, Efore OU in Estonia, Efore AB in Sweden, Efore (HongKong) Co. Ltd in China and FI-Systems Oy in Finland as well as Roal Electronics S.p.A. in Italy (since January 13, 2016 Efore S.p.A.) , Efore Sarl (until December 14, 2015 Roal Electronics Sarl) in Tunis and Roal Electronics USA, Inc. (since January 7, 2016 Efore Inc.) in the U.S.A.

The liquidation of Efore Management Oy, a company owned by the members of the Efore Group Executive Management Team, was made on January 19, 2015.

NET SALES AND FINANCIAL DEVELOPMENT OF THE FINANCIAL YEAR

The full-year net sales totalled EUR 89.9 million (EUR 85.3 million).

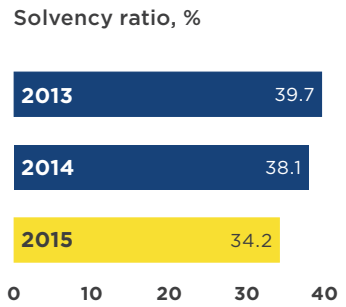
The full-year 2015 net sales of telecommunication sector totalled EUR 44.8 million (EUR 46.0 million), with a year-on-year decrease of 2.6%. Net sales of the industrial sector totalled EUR 45.1 million (EUR 39.3 million), with a year-on-year increase of 14.8%.

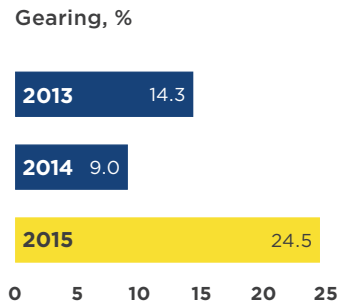
Results from operating activities were EUR -2.0 million (EUR -2.0 million) and results for the period without one-time items were EUR -1.6 million (EUR 0.1 million). The full-year results from operating activities were also lowered by too high personnel and material costs in manufacturing. Results included EUR -0.4 million (EUR -2.0 million) one-time items related to the changes in Efore's organizational structure. One-time items 2014 were related to organization changes in Italy and Finland.

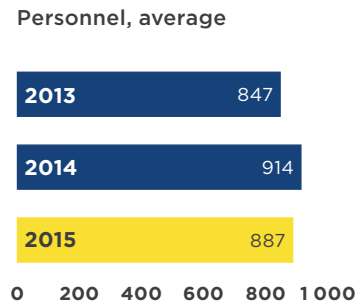
BUSINESS DEVELOPMENT

The net sales of 2015 increased compared to the last year despite slight decline in telecom sector. Efore's goal to grow the industrial sector was achieved and this sector made more that a half of the full year net sales. The positive development in industrial sector was mainly due to increase in systems sales in EMEA area and due to the contracts made with the new customers. The changes in US Dollar and Chinese Juan exchange rates had a positive effect on net sales in Euro compared with the exchange rate levels of the previous year. Weak and clearly negative fourth quarter turned the full year results from operating activities negative. Furthermore, too high labour and material costs had a negative effect on results from operating activities.

Efore has invested in several R&D projects and especially in the telecom product portfolio a significant renewal has started. The products for the small base stations will be ready for production in 2016. In addition to the current customers, Efore is focusing on new marketing channels and new customer







acquisition in order to increase volume mainly in the industrial sector.

The major strategic reviews have been conducted during the latter part of the year 2015 and strategy implementation started. Efore's strategic aim remains to grow in the industrial sector, and there were some adjustments in priorities of the strategy and its implementation. Efore is focusing on operations in which the company has a strong market position and good possibilities to grow. The new strategy was published in Capital Markets Day in November. According to the new strategy the company is focusing to be "The Trusted Power Partner" based on reliability of its products and operations. The cornerstones of the strategy are: Efficient cost base, Empower competent employees, Evolve game changing technologies and Expand selected markets. The process of updating Efore brand and harmonizing of company names continued and was supported by the Efore identity renewal.

Efore has strengthened the partner network with several new sales representative firms and distributors in the USA and in Europe during last quarter of the year. Furthermore, Efore has started a cooperation with a leading, Italian company in marine equipment in developing LED luminaires for marine and industry applications.

Efore will continue to implement the cost savings and profit improvement programme in 2016. The most important goal in 2016 is to improve Efore's profitability by strengthening Efore's market position in the selected customer sectors. One of the focal development areas is cost efficiency in manufacturing and Efore will enhance its manufacturing model.

INVESTMENTS AND PRODUCT DEVELOPMENT

Group investments in fixed assets during the financial year amounted to EUR 4.5 million (EUR 4.1 million) which includes EUR 3.3 million (EUR 2.8 million) capitalization of product development costs. At the end of the financial year the capitalised product development investments amounted to EUR 7.3 million (EUR 5.9 million)

The full financial year product development expenditure amounted to EUR 5.8 million (EUR 6.1 million), 6.4% (7.1%) of net sales.

FINANCIAL POSITION

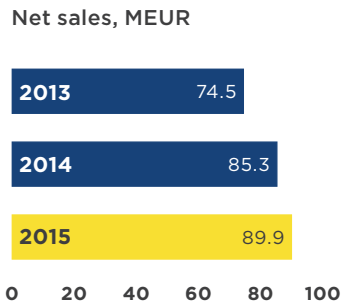
The interest-bearing liabilities exceeded the consolidated interest-bearing cash reserves by EUR 4.7 million (EUR 1.9 million) at the end of the financial year. The consolidated net financial expenses were EUR 1.3 million (EUR 1.2 million).

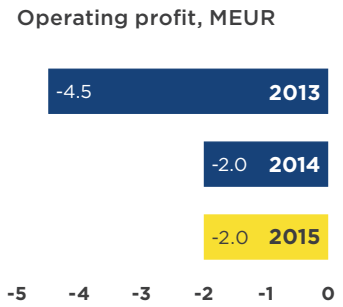
Exchange rate changes in USD and China Juan had a positive impact on net sales and results for the period compared to the exchange rate levels of the previous year. The currency impact on net sales was 12%, which also had a positive impact on results from operating activities.

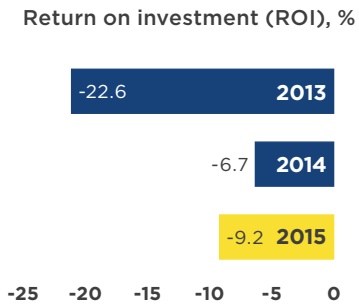
Exchange rate gains and losses arising from the translation of balance sheet items in foreign currency as well as exchange rate differences arising from sales, purchases and financial items are recognized as financial items. The net foreign exchange rate differences in financial items was EUR -0.4 million (EUR -0.4 million).

The cash flow from business operations was EUR 1.8 million (EUR 3.8 million). The cash flow after investments was EUR -2.6 million (EUR 1.5 million).

The Group's solvency ratio was 34.2% (38.1%) and the gearing was 24.5% (9.0%).







The liquid assets excluding undrawn credit facilities totalled EUR 6.3 million (EUR 7.8 million) at the end of the financial year. At the end of the financial year the Group had the undrawn credit facilities excluding factoring limits EUR 6.1 million. The balance sheet total was EUR 55.6 million (EUR 56.6 million).

KEY INDICATORS

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

ENVIRONMENTAL POLICY AND ENCUMBRANCES

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

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

Efore's production facility is equipped for lead-free production in accordance with RoHS Directive (Restriction of the use of Certain Hazardous Substances). Also lead based production is used in order to meet product requirements.

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

PERSONNEL

The number of the Group's own personnel including temporary personnel averaged 887 (914) during the financial year and at the end the financial year it was 737 (976). The decrease in personnel amount was mainly due to decrease in personnel in manufacturing.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

At the Annual General Meeting on March 31, 2015 Mr Olli Heikkilä, Ms Päivi Marttila, Ms Marjo Miettinen, Mr Jarmo Simola and Mr Jarkko Takanen were re-elected as board members. The Board re-elected Ms Päivi Marttila as the Chairman. Ms Marjo Miettinen was selected as the Vice Chairman.

Heikki Viika started as the President and CEO of Efore Plc on June 1, 2015. Efore's previous CEO Vesa Vähämöttönen left the company at the end of February 2015. Efore Plc CFO and member of the Executive Management Team Riitta Järnstedt was acting interim President and CEO of the company March 1–May 31, 2015.

Efore Plc implemented a new organisation to support more efficiently the Group's strategic and financial targets on September 7, 2015.

The members of Executive Management Team and their global responsibilities at the end of the financial year were as follows:

- John Cahill, Manufacturing
- Riitta Järnstedt, Finance and ICT
- Markku Kukkonen, Product Development, Quality and Environment
- Alessandro Leopardi, Sales and Marketing
- Alexander Luiga, Human Resources
- Ruben Tomassoni, Sourcing and Procurement
- Heikki Viika, President and CEO

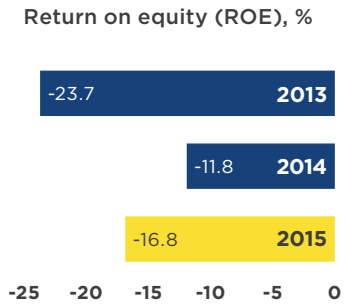
AUDITORS

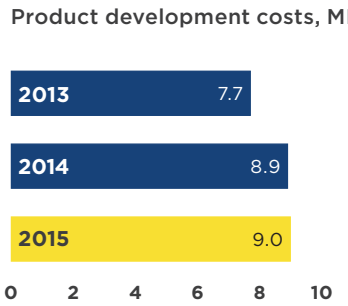
The Annual General Meeting appointed KPMG Oy Ab as Efore's auditors, with Authorized Public Accountant Henrik Holmbom as principal auditor.

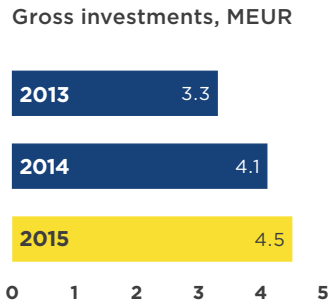
SHARE, SHARE CAPITAL AND SHAREHOLDERS

At the end of the financial year the number of the Group's own shares was 3,501,995 pcs.

The highest share price during the financial year was EUR 0.90 and the lowest price was EUR 0.70. The average price during the financial year was







EUR 0.78 and the closing price was EUR 0.77. The market capitalization calculated at the final trading price during the financial year was EUR 40.2 million.

The total number of Efore shares traded on the Nasdaq Helsinki during the financial year was 11.2 million pcs and their turnover value was EUR 8.7 million. This accounted for 20.0% of the total number of shares 55,772,891 pcs. The number of shareholders totalled 2,704 (2,819) at the end of the financial year.

NOTIFICATIONS OF CHANGE IN SHARE HOLDINGS

There have been no disclosed notifications on changes in major holdings during 2015.

BOARD AUTHORIZATIONS

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

Efore's Annual General Meeting on March 31, 2015 decided in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to resolve on the acquisition of the company's own shares or their acceptance as pledge, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares corresponding to approximately 7,2% of all the shares in the company may be acquired. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by the NASDAQ Helsinki Oy at the prevailing market price on the date of acquisition, or at a price otherwise formed on the market. The Board of Directors resolves the manner in which own shares are acquired or accepted as a pledge. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization cancels the authorization given by the Annual General Meeting on April 10, 2014 to resolve on the acquisition of the company's own shares.

The authorization is valid until June 30, 2016.

The Board did not use the authorization in 2015.

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

Efore's Annual General Meeting on March 31, 2015 decided in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 5,000,000 shares, corresponding to approximately 9.0% of all the shares in the company.

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

The authorization cancels the authorization given by the Annual General Meeting on April 10, 2014 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until June 30, 2016.

The Board of Directors did not use the authorization in 2015.

SHORT-TERM RISKS AND FACTORS OF UNCERTAINTY

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

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

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

The company actively monitors possible impacts of risks on both financing and liquidity.

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

RISK MANAGEMENT

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

MANAGEMENT OF BUSINESS RISKS

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

Efore's operational units have long-established training and development programs for reducing occupational accidents and improving overall safety

levels. Environmental management systems based on the ISO 14001:2004 standard and quality management tools based on ISO 9001/2000 are applied in the Group's different business locations and form the basis for the management of environmental risks.

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

RISK OF LOSS

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

MANAGEMENT OF FINANCING RISKS

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

Financing risks are managed through exchange-rate and interest-rate hedging using only financial instruments with a market value and risk profile that can be reliably monitored. Management of financing risks can be found on Notes to the consolidated financial statements, 27.

LONG-TERM TARGETS

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

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

CHANGES IN REPORTING PRACTICE

As a consequence of the new stock exchange rules valid from December 1, 2015, Efore changes its reporting practice and will not prepare three and nine month interim reports from now on.

Efore Plc will disclose the following financial reports in 2016:

- Financial Statements Bulletin 2015: February 12, 2016
- Half year 2016 (January 1, 2016–June 30, 2016): August 10, 2016

The Annual General Meeting will be held on March 30, 2016. The Annual Report for 2015 will be published during week 10 in 2016.

OUTLOOK

During the last years the group has reached in to new markets enabling better opportunities for growth. The products based on the LTE (4G) technology are in a key role in network expansions and Efore has a strong position in this development. The network market is predicted to remain stable in 2016. There is a trend towards smaller base stations where Efore also focuses product development investments.

Power supplies for LED lighting, instrumentation, medical equipment and infrastructure offer several growth areas for Efore in the industrial sector. Efore focuses on expanding its product selection and on increasing its customer base especially in the segments where high reliability is required, where market fluctuations are lower and product lifecycles are longer.

Factors of uncertainty have been presented in the section "Short-term risks and factors of uncertainty".

The Company estimates its net sales of financial year 2016 to be higher than 2015, and the results from operating activities without one-time items to be positive.

The estimate of the development of Efore's net sales and results from operating activities is based on current business structure as well as partly on forecasts and delivery plans received from the customers.

BOARD OF DIRECTORS' PROPOSAL FOR THE ANNUAL GENERAL MEETING

The Board of Directors will propose to the Annual General Meeting on March 30, 2016 that no dividend will be distributed.

CONSOLIDATED INCOME STATEMENT, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2015	Jan. 1,–Dec. 31, 2014
Net sales	1	**89,857**	85,292
Change in inventories of finished goods and work in progress		**-635**	52
Work performed for own purposes and capitalised		**140**	58
Other operating income	3	**860**	1,155
Materials and services	4	**-59,463**	-55,877
Personnel expenses	5	**-18,357**	-18,912
Depreciation and amortization	6	**-3,608**	-3,558
Impairment loss on development expenditure	6	**-501**	-305
Other operating expenses	7	**-10,334**	-9,865
OPERATING PROFIT (-LOSS)		**-2,040**	-1,960
Financial income	8, 10	**4,432**	2,092
Financial expenses	9, 10	**-5,719**	-3,263
PROFIT (-LOSS) BEFORE TAX		**-3,327**	-3,131
Income taxes	11	**-86**	482
PROFIT (-LOSS) FOR THE PERIOD		**-3,412**	-2,649
Other comprehensive income			
Items that will not be reclassified to statement of income			
Remeasurements of the net defined benefit liabilty		**-166**	0
Items that may be subsequently relcassified to profit or loss			
Translation differences		**944**	1,174
Total comprehensive income		**-2,634**	-1,475
NET PROFIT/LOSS ATTRIBUTABLE TO			
Shareholders of the company		**-3,413**	-2,801
Non-controlling interest		**0**	152
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the company		**-2,634**	-1,627
Non-controlling interest		**1**	152
Earnings per share calculated on profit attributable to equity holders of the parent:			
Earnings per share, eur	12	**-0.07**	-0.05
Earnings per share, diluted eur	12	**-0.07**	-0.05

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

CONSOLIDATED BALANCE SHEET, EUR 1,000

	Note	Dec. 31, 2015	Dec. 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	**9,242**	8,109
Goodwill	2, 14	**1,114**	1,114
Tangible assets	15	**5,049**	5,564
Trade receivables and other receivables	19	**111**	110
Other non-current investments	16	**56**	48
Deferred tax asset	17	**3,391**	2,740
NON-CURRENT ASSETS		**18,963**	17,686
CURRENT ASSETS			
Inventories	18	**14,882**	14,497
Trade receivables and other receivables	19	**15,160**	15,803
Income tax receivables		**279**	807
Cash and cash equivalents	20	**6,347**	7,806
CURRENT ASSETS		**36,669**	38,913
ASSETS		**55,632**	56,598

CONSOLIDATED BALANCE SHEET, EUR 1,000

	Note	Dec. 31, 2015	Dec. 31, 2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	**15,000**	15,000
Own shares	21	**-2,427**	-2,426
Other reserves	21	**28,673**	28,691
Translation differences	21	**3,505**	2,561
Retained earnings		**-25,715**	-22,298
Equity attributable to shareholders		**19,038**	21,528
Non-controlling interests		**1**	0
TOTAL EQUITY		**19,038**	21,528
NON-CURRENT LIABILITIES			
Deferred tax liability	17	**455**	519
Long-term debt	22, 23	**1,245**	2,480
Other payables	24	**135**	76
Pension loans	25	**1,728**	1,564
Provisions	26	**250**	285
NON-CURRENT LIABILITIES		**3,813**	4,925
CURRENT LIABILITIES			
Short-term debt	22, 23	**9,768**	7,273
Trade payables and other liabilities	24, 27, 28	**22,634**	22,585
Income tax liabilities		**286**	237
Provisions	26	**91**	51
CURRENT LIABILITIES		**32,780**	30,145
LIABILITIES		**36,593**	35,070
TOTAL EQUITY AND LIABILITIES		**55,632**	56,598

CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2015	Jan. 1,–Dec. 31, 2014
Cash flows from operating activities			
Cash receipts from customers		**91,070**	86,449
Cash paid to suppliers and employees		**-87,432**	-80,901
Cash generated from operations		**3,638**	5,548
Interest paid		**-427**	-507
Interest received		**18**	96
Other financial items		**-1,186**	-1,115
Income taxes paid		**-230**	-236
Net cash provided by operating activities (A)		**1,813**	3,786
Cash flows from investing activities:			
Purchase of tangible and intangible assets		**-4,394**	-3,870
Proceeds from sale of tangible and intangible assets		**43**	1,626
Purchase of other investments		**0**	-26
Proceeds from sale of investments		**0**	4
Income taxes paid on investments		**-18**	-34
Net cash used in investing activities (B)		**-4,369**	-2,301
Cash flows from financing activities:			
Proceeds from short-term borrowings		**6,206**	981
Net payment of short-term debt		**-3,966**	-3,112
Principal payment of long-term debt		**-1,100**	-1,402
Principal payment of financial leases		**-219**	-212
Net cash used in financing activities (C)		**921**	-3,745
Net decrease/increase in cash and cash equivalents (A+B+C)		**-1,635**	-2,260
Cash and cash equivalents at beginning of period		**7,806**	9,791
Net decrease/increase in cash and cash equivalents		**-1,635**	-2,260
Effects of change in group structure		**0**	-342
Effects of exchange rate fluctuations on cash held		**175**	618
Cash and cash equivalents at end of period	20	**6,347**	7,806

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, EUR 1,000

	Equity attributable to equity of the parent								
	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of the parent company	Non-controlling interests	Equity Total
Equity Jan. 1, 2015	**15,000**	**-2,427**	**27,972**	**720**	**2,561**	**-22,298**	**21,528**	**0**	**21,528**
Comprehensive income	0	0	0	0	0	-3,413	-3,413	0	-3,413
Ohter comprehensive income									
Remeasurements of the net defined benefit liabilty	0	0	0	0	0	-166	-166	0	-166
Translation difference	0	0	0	0	944	0	944	0	944
Total comprehensive income	**0**	**0**	**0**	**0**	**944**	**-3,579**	**-2,634**	**0**	**-2,634**
Transactions between the shareholders									
Share-based payments	0	0	0	0	0	162	162	0	162
Other changes	0	0	0	-18	0	0	-18	0	-18
Total transactions between the shareholders	**0**	**0**	**0**	**-18**	**0**	**162**	**144**	**0**	**144**
Equity Dec. 31, 2015	**15,000**	**-2,427**	**27,972**	**702**	**3,505**	**-25,715**	**19,038**	**0**	**19,038**

	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of the parent company	Non-controlling interests	Equity Total
Equity Jan. 1, 2014	**15,000**	**-2,426**	**27,972**	**1,039**	**1,387**	**-19,940**	**23,033**	**190**	**23,223**
Comprehensive income	0	0	0	0	0	-2,801	-2,801	152	-2,649
Ohter comprehensive income									
Translation difference	0	0	0	0	1,174	0	1,174	0	1,174
Total comprehensive income	**0**	**0**	**0**	**0**	**1,174**	**-2,801**	**-1,627**	**152**	**-1,476**
Transactions between the shareholders									
Other chages	0	0	0	-320	0	359	39	0	39
Share-based payments	0	0	0	0	0	84	84	0	84
Transaction costs for equity	0	0	0	0	0	0	0	-341	-341
Total transactions between the shareholders	**0**	**0**	**0**	**-320**	**0**	**443**	**123**	**-341**	**-218**
Equity Dec. 31, 2014	**15,000**	**-2,426**	**27,972**	**720**	**2,561**	**-22,298**	**21,529**	**0**	**21,528**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION

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

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

The consolidated financial statements were authorized for issue by the Board of Directors of Efore Plc on February 11th 2016. In accordance with Finnish Company Law the shareholders can either approve, amend or reject the financial statements in the Annual General Meeting held after publishing the financial statements.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS FOR PREPARATION

The consolidated financial statements for the financial period January 1,2015 to December 31, 2015 are prepared in accordance with the International Financial Reporting Standards (IFRSs) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on December 31, 2015. In the Finnish Accounting legislation based on the provisions of the Act, IFRSs refer to the standards and to their interpretations adopted in accordance with the procedures laid down in the EU regulation (EC) No 1606/2002. Notes to the consolidated financial statements are also in accordance with the Finnish accounting and company legislation.

At the time for preparing the financial statements there are no commercial nor financial risks that, when realized, would risk the continuity of the operations.

The consolidated financial statements are prepared under the historical cost convention except for financial assets and financial liabilities, which are recognized at fair value through profit or loss, derivative financial instruments and share-based payments are measured at fair value at the grant date. Unless otherwise stated, all the figures in these financial statements are presented in thousands of euros.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR ENDED

Efore Group has applied as from 1 January 2015 the following new and amended standards that have come into effect:

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on the consolidated financial statements of Efore.
- Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle) (effective for financial years beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. Their impacts vary standard by standard but are not significant.
- IFRIC 21 Levies (effective for financial years beginning on or after 1 January 2014; in the EU to be applied at the latest, as from the commencement date of its first financial year starting on or after 17 June 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognized when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation had no significant impact on the consolidated financial statements of Efore.

SUBSIDIARIES

The consolidated financial statements includes the financial statements of the parent company Efore Plc and its subsidiaries. Subsidiaries are companies in which Efore Plc holds, through direct or indirect shareholding, over 50% of the voting rights or in which it has the position to govern the financial and operating policies (control). Potential voting rights have been taken into account in assessment whether the control exists, when such instruments are exercisable at the balance sheet date.

Mutual shareholdings are eliminated using the acquisition method. Subsidiaries are consolidated from the date when the Group acquired control commences and are included upto the date control ceases.

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

ASSOCIATED COMPANIES

Associated companies, in which the Group holds, through direct or indirect shareholding, usually between 20% and 50% of the voting rights and in which it exercises significant influence but not control, are consolidated using the equity method. If the Group's share of the associated company's losses exceeds the acquisition cost of the company, the investment has no value in the balance sheet. No consideration is given to losses in excess of the acquisition amount unless the Group has other obligations relating to the associated company. Unrealized profits between Efore and its associates are eliminated in proportion to the share ownership. The profit or loss for the associated companies in the Group is presented as a separate line below operating profit. In the end of the fiscal year 31th December 2015 and 31th December 2014 there were no associated companies in the group.

FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies using the exchange rates at the date of the transaction. In practice, an exchange rate that approximates the rate at the date of the transaction is often used. Monetary foreign currency balances at the balance sheet date are translated into functional currency using the exchange rates prevailing at the balance sheet date. Non-monetary foreign currency item recognised at fair value are translated into functional currency using the exchange rates at the dates when the fair value was calculated. Otherwise non-monetary items are translated using the exchange rate at the transaction date. Gains and losses arising from foreign currency transactions and translation of monetary balances are recognized in profit or loss.

Exchange rate differences arising from the translation of balance sheet items in foreign currency and sales, purchases, expenses and financial items as well as from intra-group receivables and liabilities are recognised as exchange rate gains and losses in financial income and expenses. Exchange rate differences arising from the hedging of net positions in foreign currency are recognised as financial items.

Translation of the financial statements of the foreign group companies

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

Property, plant and equipment

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

At disposal of an item of the property, plant and equipment may consist of several parts with different useful lives, that are in accounting treated as separate items. In such cases, replacement of such an item is capitalized and the carrying amount of the replaced parts is expensed. In other situations subsequent costs are recognised in the carrying amount of the property, plant and equipment only if it is probable that the future income of the item will profit the Group and the cost of the item can be determined reliably. Normal maintenance, repair and renewal costs are expensed as incurred. Land and water are not depreciated.

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

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

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

in the expectations of future economic lives.

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

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

GOVERNMENT GRANTS

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

INTANGIBLE ASSETS

Goodwill

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

Research and development cost

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

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

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

INTANGIBLE RIGHTS

The intangible rights included licences concerning for IT software .

Intangible assets (finance lease)

Intangible assets finance lease consists of the capitalized value of finance lease for IT software.

Other intangible assets

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

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

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

Amortisation periods for the other intangible assets are as follows:

Customer relationships	7 years
Product rights	7 years
Development expenditure	3–5 years
Intangible rights	5 years
Intangible assets, financial lease	5 years
Other intangible assets	3 years

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets, and the disposal groups, as well as assets and liabilities relating to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset is classified as held for sale when a disposal is highly probable and the asset , or the disposal group, is available for immediate sale in its present condition subject to usual and customary terms, when the management is committed to sell the asset and the sale is expected to be completed within one year from the date of classification. The assets held for sale, or the disposal group, is recognised at the lower of their carrying amount and disposable value. Depreciation and amortisation on these assets ends at the date of classification. Where IFRS 5 is not applicable on assets and liabilities in disposal groups the items are treated accordance to the applicable IFRS.

Assets classified as held for sale, disposal groups, items recognised directly

into equity and relating to the assets held for sale as well as liabilities relating to disposal groups are presented separately in the balance sheet.

INVENTORIES

Inventories are stated at the lower of historical cost or net realizable value. The cost of raw materials is calculated on the weighted average cost basis. The cost for finished goods and work in progress consists of raw materials, direct labour, other direct cost and an appropriate part of the variable and fixed production overheads based on the normal operating capacity. The net realizable value is the estimated sales price in the normal course of business less the cost of completion and realization. An allowance for excess inventory and obsolescence is recorded when the impairment occurs.

LEASES

Group as lessee

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

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

IMPAIRMENTS

Tangible and intangible assets

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

The recoverable amount of the asset is the disposal value or the value in use. The value in use represents the discounted future net cash flows expected to be derived from an asset or a cash-generating unit . The rate to discount is a pre-tax discount rate that reflecting current market assessments and the risks specific to the asset.

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

EMPLOYEE BENEFITS

Pension obligations

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

Defined benefit obligations

The group has as a result of the acquisition of the Italian subsidiary a defined benefit obligation, which is due when employment of the employees covered ceases in the future. The related liability is recognised in the consolidated balance sheet. The valuation of this liability is based on actuarial calculations. The contributions to the fund are recognised as personnel expenses in the income statement and the interest cost as financial expense. Remeasurements of the fund are recognized in equity.

Share-based payments

The share-based incentive programmes are recognized at fair value on the grant date and expensed on a straight-line basis over the vesting period with corresponding entry in retained earnings in equity. The effect on profit or loss is included in employee benefit expenses in the personnel expenses line. The expense determined on the grant date is based on an estimate of the number of options to be vested at the end of the vesting period. The fair value is determined using the Black-Scholes option-pricing model. The estimate of the final number of options is revised at each balance sheet date. The effect of changes in estimates is recognized in profit or loss. The assumptions and estimates made when determining the fair value relate to expected dividend yield, volatility and maturity of the options among other conditions. Non-market conditions such as profitability and certain targets for profit growth are not taken into account when estimating the fair value of an option, but they do

affect the estimates of the final number of options.

When option rights are exercised, the subscription-based payments, adjusted by possible transaction costs, are recognized in equity. Payments received for subscriptions of shares, based on options granted prior to the new Limited Liability Companies Act in force since September 1, 2006, have been recognized according to the terms of the programme in share capital and share premium account. On June 17, 2014 the Board of Directors issued a new stock option plan. Each stock option entitles the holder to subscribe for one (1) new share in Efore Plc. The share subscription periods for the stock options issued are the following: Option A: August 1, 2016–July 31, 2018 (500,000 options), Option B: August 1, 2017–July 31, 2019 (500,000 options), Option C: August 1, 2018–July 31, 2020 (500,000 options). The shares subscribed for with the stock options equals to a maximum of 2.69 per cent of the total number of shares in the company.

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

FINANCIAL ASSETS AND LIABILITIES

The financial assets are classified into the following categories: financial assets at fair value through profit or loss as well as loans and receivables. Financial assets are classified when initially acquired on the basis of the intended use. Acquisitions and sales of financial assets are recognized at the trade date. In the case of financial assets not held at fair value through profit or loss, the transaction cost is included in the cost. When a financial assets no longer generates income or when all the risks and rewards of the item are transferred substantially to an external party it is derecognized.

Financial assets at fair value through profit or loss

In Efore financial assets held for trading are classified into this category. Financial assets held for trading comprise quoted shares and funds acquired primarily for profit making from the short-term fluctuations in market prices. Derivative financial instruments that neither are financial guarantees contracts nor qualify for hedge accounting are classified as held for trading. Both realized and unrealized gains and losses arising from fluctuations in market value are recognized in profit or loss as incurred. Financial assets held for trading are included in the current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. These are not quoted in an active market and the Group does not hold them for trading. Loans and receivables are valued at amortized cost. They are included in current or non-current financial assets depending on their maturity. At each balance sheet date the Group reviews objective evidence for the need for impairment recognition regarding both individual receivables and groups of receivables. The unrecoverable amount is assessed primarily on the basis of the risk involved in each item. An impairment loss is recognized as expense in profit or loss.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, call deposits and other highly liquid current investments convertible to known amounts of cash, without significant risk of changes in value. Items qualifying as cash and cash equivalents have initial maturities of three months or less. Bank overdrafts relating to the cash pool accounts in the Group are included in current liabilities.

Financial liabilities

Efore's financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and financial liabilities valuated at amortized cost. The first-mentioned category includes derivative financial liabilities and the latter loans from credit institutions. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial cost of the financial liabilities valuated at amortized cost. Financial liabilities are included in both non-current and current liabilities and can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current if the Group does not have an

unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.

Both realized and unrealised exchange rate gains and losses are recognized in profit or loss in financial income and expenses as incurred. Financial costs concerning liabilities are expensed as incurred.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised both initially and subsequently at fair value. Derivatives are used in the group as hedges of risks related to the currency positions in the balance sheet. The Group does not, however, apply hedge accounting as specified in IAS 39. All gains and losses, both realised and unrealised, arising from the fair value changes of derivatives are recognised in profit or loss as incurred regardless of the fact that the hedged item has not an effect on profit or loss until in the future period. Changes in the fair value are reported in financial items in the income statement. Derivatives used for hedging against exchange rate risks are recorded as current receivables or liabilities in the balance sheet.

TRADE PAYABLES

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

PROVISIONS

Provisions are recognized in the balance sheet when the Group has, as a result of a past event, a present legal or constructive obligation and the settlement is expected to occur and the amount of the obligation can be estimated reliably. Provisions may relate to restructuring costs, onerous contracts, legal cases and warranty costs, among other costs. A reimbursement from a third party relating to a part of the provision is recognised as a separate asset only when the reimbursement is virtually certain.

A warranty provision is recognized when the underlying product is sold. The amount of the provision is based on historical warranty information. Warranty provisions are expected to be used within two years. A restructuring provision is recognized when the Group has drawn up a detailed restructuring plan and the implementation of the plan has started or the plan is announced. A provision for onerous contracts is recognised when the minimum costs for meeting the contract obligation exceeds the expected income from the contract.

CONTINGENT ASSETS AND LIABILITIES

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

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

INCOME TAXES

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

Deferred tax liabilities and assets are recognized due to the temporary differences between the carrying amounts in the balance sheet and tax bases of assets and liabilities of the Group companies and on the differences arising from Group eliminations. The tax rate used for determining the deferred tax liabilities and assets is the prevailing tax rate at the balance sheet date for the following year in the country in question. The most significant part of the total deferred tax receivable in the Group consists of the tax losses in two subsidiaries. No deferred taxes are recognized for the undistributed profits in the subsidiaries, as this will unlikely affect group accounts in the foreseeable future.

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

PRINCIPLES FOR REVENUE RECOGNITION

Revenue from product sales is recognized when the significant risks and rewards of ownership are transferred to the buyer and the Group is no longer in possession of the products or has no control over them. Revenue is mainly recognised upon delivery in accordance with the terms of delivery of the products. Revenue from services is recognized in the financial period the services are rendered to the customer. Net sales is the revenue from sales deducted by discounts granted ans indirect taxes.

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

NON-RECURRING ITEMS

Non-recurring items are highly infrequent and extraordinary income or expenses with material effect on the financial statements. Revaluations and reassessments are not treated as non-

recurring items. Reassessments are for instance changes in depreciation plans or principles.

OPERATING PROFIT

The Presentation of Financial Statements in IAS 1 does not define Operating Profit. The Group has the following definition: The operating profit is total net sales and other operating income deducted by expenses for materials and services adjusted by change in work in progress, manufacturing for own use, personnel costs, depreciation and amortization, impairment losses charges on non-current assets and other operating expenses. All other items in income statement are presented below operating profit.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The management of the group makes decisions concerning the adoption and application of accounting principles. This concerns specially cases, where applicable IFRS standards allow alternative recognition, valuation or presentation. Decisions made by the management that relate e.g. to credit losses, deferred tax assets, obsolescence of inventories and provisions for guarantees are based on generally applied models and case by case estimates. Historical information and present management views of the markets are used in the models. Assessments of individual events are based on the best available information when the financial statements are prepared.

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

The major judgments and estimates relating to the uncertainties at the balance sheet date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

The management of the group has assessed that the following areas are most important concerning the accounting principles as the applicable accounting principles concerning these are the most complex and the application requires use of significant estimates and assessments, e,g. valuation of assets. Additionally, the effect of the estimates and assessments concerning these items are expected to be the most significant.

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

Adoption of new and amended standards and interpretations applicable in future financial years

Efore has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. * = not yet endorsed for use by the European Union as of 31 December 2015.

- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The interpretation had no significant impact on the consolidated financial statements of Efore.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception* (the amendments can be applied immediately; mandatory for financial years beginning on or after 1 January 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. The amendments will not have an impact on the consolidated financial statements of Efore.
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not assessed to have an impact on the consolidated financial statements of Efore.

- Annual Improvements to IFRSs (2012–2014 cycle) (effective for financial years beginning on or after 1 January 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in four standards. Their impacts vary standard by standard but are not significant.
- New IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing the impact of IFRS 15.
- New IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the impact of IFRS 9.

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

1. SEGMENT INFORMATION (EUR 1,000)

The Efore Group reports according to one business segment, and therefore the business segment information below refers to the consolidated figures of whole Efore Group. The products and services sold by Efore are based on a single technology platform. The President and CEO and the Executive Management Team are the highest operational decision-makers, who monitor the operating profit as a basis for profitability analysis and resource allocation in the Group.

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

Geographical areas 2015	Americas	EMEA	Finland	APAC	Non-allocated	Group
Net sales	12,740	44,037	9,730	23,350	0	89,857
Assets	3	10,951	8,701	10,889	10,086	40,630

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

In 2015 around 45 percent of net sales in the Group consisted of income from the two major customers. From customer A EUR 18,517 (16,765) thousand and customer B EUR 21,356 (24,735) thousand , totalling EUR 39,873 (41,499) thousand.

Net sales consists of sales of goods EUR 89,452 (84,849) thousand and sale of services EUR 406 (443) thousand.

2. BUSINESS ACQUISITIONS (EUR 1,000)

Efore Group had no business acquisitions during 2015 and 2014.

3. OTHER OPERATING INCOME (EUR 1,000)

	2015	2014
Grants for product development	71	169
Gain on disposal of non-current assets, tangibles	23	143
Other income	766	844
Total	860	1,155

4. MATERIALS AND SERVICES (EUR 1,000)

	2015	2014
Materials	58,977	54,101
Change in inventories	-598	773
Services	1,084	1,004
Total	59,463	55,877

5. PERSONNEL EXPENSES (EUR 1,000)

	2015	2014
Salaries and wages	14,110	14,795
Pension expenses, defined contibution plans	2,600	2,600
Pension expenses, defined benefit obligations (TFR in Italy)	41	75
Other social security expenses	1,605	1,442
Total	18,357	18,912

Information about management compensations, other employment benefits and shareholdings are shown in Note 32. Related party transactions.

Average number of personnel	2015	2014
Average number of personnel during fiscal year	887	914
Average number of personnel at the end of year	737	976

The number of own personnel includes temporary personnel.

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

	2015	2014
Depreciation and amortization by asset class		
Development costs	1,332	968
Intangible rights	328	356
Intangible assets, finance lease	191	193
Other intangible assets	38	25
Buildings and structures	0	50
Machinery and equipment	1,555	1,643
Machinery and equipment, finance lease	30	35
Other tangible assets	135	290
Total	3,608	3,558
Impairment on development costs	501	305

7. OTHER OPERATING EXPENSES (EUR 1,000)

	2015	2014
Rental costs	1,460	1,384
Non-statutory employee benefits	1,012	767
Professional fees	2,231	2,102
Office and administration expenses	815	815
Maintenance and operational expenses	1,455	1,139
Travel expenses	739	713
Increase in allowance recognised in profit and loss	54	266
Entertainment expenses	43	52
Insurance expenses	286	241
Marketing expenses	152	211
Car expenses	159	132
Other fixed expenses	987	1,273
Credit losses	5	91
Sales services	882	622
Losses on sales of fixed assets	55	58
Total	10,334	9,865

Audit fees:	2015	2014
KPMG		
Audit	**54**	61
Tax services	**7**	51
Other services	**23**	11
	84	123
OTHER AUTHORISED AUDITING FIRMS		
Audit	**24**	23
Tax services	**67**	0
Other services	**30**	0
	121	23
TOTAL		
Audit	**78**	85
Tax services	**74**	51
Other services	**53**	11
Total	**205**	146

8. FINANCIAL INCOME (EUR 1,000)

	2015	2014
Interest income from loans and other receivables	**18**	96
Exchange rate gains from loans and other receivables	**4,411**	1,873
Other financial income	**2**	123
Total	**4,432**	2,092

9. FINANCIAL EXPENSES (EUR 1,000)

	2015	2014
Interest expenses to financial liabilities valued at aquisition cost	**492**	560
Exchange rate losses	**4,829**	2,283
Other financial expenses	**398**	420
Total	**5,719**	3,263

10. EXCHANGE RATE DIFFERENCES (EUR 1,000)

		2015	2014
Net amounts of Exchange rate gains(+) and losses(-) according to Financial Statement items			
Total	Gains	**4,411**	1,873
	Losses	**-4,829**	-2,283
	Net	**-419**	-409
Sales	Gains	**1,627**	505
	Losses	**-1,741**	-362
	Net	**-114**	143
Purchases	Gains	**181**	72
	Losses	**-303**	-129
	Net	**-122**	-57
Financial items	Gains	**957**	779
	Losses	**-1,234**	-868
	Net	**-277**	-89
Intra-group receivables and liabilities	Gains	**1,647**	518
	Losses	**-1,554**	-924
	Net	**93**	-406

11. INCOME TAXES (EUR 1,000)

	2015	2014
Income taxes in statement of income		
Income tax for fiscal year	**-693**	-299
Income tax on investments	**-18**	-34
Deferred taxes	**626**	815
Total	**-86**	482
The differences between income tax expense calculated at Finnish tax rate in Parent company and tax expense in income statement are :		
Result before taxes	**-3,327**	-3,131
Taxes calculated at tax rate in parent company (20.0%)	**665**	626
Difference due to other tax rates in subsidiaries	**248**	946
Non-deductible expenses	**508**	652
Tax-exempt income	**-1,496**	-2,213
Use of previously unrecognized tax on losses	**-71**	249
Unrecognized tax on losses	**60**	0
Other items	**0**	222
Tax expense in consolidated statement of income	**-86**	482

12. EARNINGS PER SHARE (EUR 1,000)

	2015	2014
Result for fiscal year attributable to shareholders in parent company	**-3,413**	-2,801
Weighted average number of shares (in thousands)	**52,271**	52,271
Effect of adjustment for potential shares in the share-based incentive plans	**763**	220
Weighted average number of diluted shares	**53,034**	52,491
Earnings per share, EUR		
Basic	**-0.07**	-0.05
Diluted	**-0.07**	-0.05

BASIC

Earnings per share are calculated by dividing the profit or loss attributable to the shareholders of the parent company by the weighted average number of shares during the fiscal year.

DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. Earnings per share are diluted by the share-based payments according to the share-based incentive programme for the key management in Roal Electronics S.P.A., where the cost recognition period has not yet ended. These payments are treated as share options in the calculation for diluted earnings per share even though they remain contingent. Options have a diluting effect, as the exercise price is lower than the market value of the company share. Not yet recognised option expenses are accounted for in the exercise price. The diluting effect is the number of shares that the company has to issue without compensation as the funds received from the exercised options do not cover a share issue at the fair value of the shares. The fair value of the company's share is determined as the average market price of the share during the period.

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

1. Stock option program

Stock options have a dilutive effect, as the exercise price is lower than the market value of the company share. Not yet recognised option expenses are accounted for in the exercise price. The diluting effect is the number of shares that the company has to issue without compensation as the funds received from the exercised options do not cover a share issue at the fair value of the shares. The fair value of the company's share is determined as the average market price of the share during the period. The stock option plan was issued on June 17, 2014 and a the total amount of stock options according to the program are 1,500,000 pcs. The subscription period for the stock options ended on July 31, 2015. Each option entitles the holder to subscribe for one (1) new share in Efore Plc. The share subscription periods for the stock options issued are the following: Option A: August 1, 2016–July 31, 2018 (500,000 options), Option B: August 1, 2017–July 31, 2019 (500,000 options), Option C: August 1, 2018–July 31, 2020 (500,000 options). The shares subscribed for with the stock options equals to a maximum of 2.69 per cent of the total number of shares in the company.

2. Share-based incentive program

The earnings per share are diluted by the incentives to be settled as shares in the share-based incentive program concerning the key management in Roal Electronics S.P.A., where the performance period has not yet ended. The shares are taken into account as stock options in the calculation of the dilutive earnings per share, although the settlement concerning the shares is contingent.

13. INTANGIBLE ASSETS, IFRS, (EUR 1,000)

Intangible assets 2015	Development expenditure*	Intangible rights	Intangible assets, financial leasing	Other capitalised long-term expenditure	Advance payments for intangible assets	Total
Acquisition cost on Jan. 1	10,439	2,651	2,094	1,900	6	17,090
Translation difference (+/-)	18	2	0	0	0	20
Additions	3,276	21	118	65	26	3,506
Disposals	-1,118	-39	0	-51	0	-1,209
Reclassifications between classes	0	17	-1,319	1,352	-32	17
Cost on Dec. 31	12,614	2,652	893	3,266	0	19,424
Accumulated amortization and impairment on Jan. 1	-4,567	-995	-1,587	-1,831	0	-8,981
Translation difference (+/-)	-3	-2	0	0	0	-5
Accumulated depreciation on disposed and reclassified assets	1,103	39	1,287	-1,235	0	1,193
Amortization	-1,332	-328	-191	-38	0	-1,888
Impairment	-501	0	0	0	0	-501
Accumulated amortization and impairment on Dec. 31	-5,301	-1,286	-491	-3,104	0	-10,182
Book value on Dec. 31, 2015	7,313	1,367	401	161	0	9,243

Intangible assets 2014	Development expenditure*	Intangible rights	Intangible assets, financial leasing	Other capitalised long-term expenditure	Advance payments for intangible assets	Total
Acquisition cost on Jan. 1	14,550	3,790	1,423	2,946	0	22,709
Translation difference (+/-)	24	-149	0	0	0	-125
Additions	2,830	25	161	24	6	3,047
Disposals	-6,965	-1,042	0	-576	0	-8,582
Reclassifications	0	26	510	-495	0	40
Cost on Dec. 31	10,439	2,651	2,094	1,899	6	17,089
Accumulated amortization and impairment on Jan.1	-10,255	-1,830	-886	-2,876	0	-15,847
Translation difference (+/-)	-5	149	0	0	0	145
Accumulated depreciation on disposed and reclassified assets	6,965	1,042	-509	1,070	0	8,568
Amortization	-968	-356	-193	-25	0	-1,541
Impairment	-305	0	0	0	0	-305
Accumulated amortization and impairment on Dec. 31	-4,567	-995	-1,588	-1,830	0	-8,980
Book value on Dec. 31, 2014	5,871	1,656	506	69	6	8,109

* On December 31, 2015 the carrying amount of unfinished development expenditure was 3,843 thousand euros. Development costs are tested for impairment annually. The test is a comparison between the carrying amount of the development cost and the recoverable amount, which is defined as the present value of the future cash flows expected to be derived from the asset. An impairment was recognized in the development expenditure in 2015 as the customer decided not to continue the development of the product.

14. CONSOLIDATED GOODWILL, (EUR 1,000)

Consolidated Goodwill 2015	
Acq.cost on Jan. 1	1,114
Cost on Dec. 31	1,114
Book value on Dec. 31, 2015	1,114

Consolidated Goodwill 2014	
Acq.cost on Jan. 1	1,114
Cost on Dec. 31	1,114
Book value on Dec. 31, 2014	1,114

IMPAIRMENT TESTING

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

1. The development of Net sales, EBITDA and Investments was based on long term forecasts by the management.
2. The increase in net working capital was calculated as 12% of net sales.
3. Discount rate has been determined by means of weighted average cost of capital (WACC). The discount rate of 10.7% (10.6%) is a pre tax rate.

According to sensitivity analysis the net present value of the discounted cash flows would equal the carrying amount, if EBITDA would be 12% (10%) lower during the years 2016–2020 or if the discount rate would be 2.6% (2.2%) -units higher.

15. TANGIBLE ASSETS, (EUR 1,000)

Tangible assets 2015	Land and water	Buildings and structures	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Acq.cost on Jan. 1	0	6	17,044	697	1,437	4,131	254	23,570
Translation difference (+/-)	0	0	787	0	7	253	0	1,046
Additions	0	0	924	44	25	25	75	1,092
Disposals	0	0	-804	0	-71	-1	-78	-955
Reclassifications	0	0	38	0	0	0	-55	-17
Cost on Dec. 31	0	6	17,989	741	1,397	4,407	196	24,736
Accumulated depreciation and impairment on Jan. 1	0	-6	-12,010	-648	-1,373	-3,968	0	-18,005
Translation difference (+/-)	0	0	-548	0	-4	-240	0	-792
Accumulated depreciation on disposed and reclassified assets	0	0	749	0	68	1	0	818
Depreciation	0	0	-1,544	-30	-20	-115	0	-1,708
Accumulated depreciation and impairment on Dec. 31	0	-6	-13,352	-677	-1,329	-4,322	0	-19,687
Book value on Dec. 31, 2015	0	0	4,637	63	68	85	196	5,049

Tangible assets 2014	Land and water	Buildings and structures	Machinery and equipment	Machinery and equipment, finance lease	Tangible, other	Other tangible assets	Advance payments and work in progress	Total
Acq.cost on Jan. 1	134	1,284	18,939	672	1,434	4,403	147	27,013
Translation difference (+/-)	0	0	1,198	0	0	390	0	1,588
Additions	0	27	667	25	12	164	272	1,167
Disposals	-134	-1,260	-3,760	0	-10	-826	-139	-6,128
Reclassifications	0	-45	0	0	0	0	-26	-71
Cost on Dec. 31	0	6	17,044	697	1,437	4,131	254	23,569
Accumulated depreciation and impairment on Jan. 1	0	-21	-13,111	-613	-1,357	-4,142	0	-19,244
Translation difference (+/-)	0	0	-846	0	0	-385	0	-1,231
Accumulated depreciation on disposed and reclassified assets	0	-34	3,589	0	7	826	0	4,388
Depreciation	0	50	-1,643	-35	-24	-267	0	-1,918
Accumulated depreciation and impairment on Dec. 31	0	-6	-12,010	-648	-1,373	-3,968	0	-18,005
Book value on Dec. 31, 2014	0	0	5,034	49	64	163	254	5,565

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

	2015	2014
At beginning of fiscal year	48	26
Additions	0	26
Disposals	0	-4
Reversal of impairment	7	0
Total	56	48

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

Deferred tax assets	Jan. 1, 2015	Charged to income statement	Translation difference (+/-)	Dec. 31, 2015
Tax loss carried forward and other items, Efore Suzhou	1,316	53	89	1,458
Tax losses and other items, Roal Italy	1,424	510	0	1,934
Total	2,740	563	89	3,391
Deferred tax liabilities				
Other items ,Efore Suzhou	0	53	-1	53
Fair value evaluation of intangible assets in business combinations	519	-116	0	403
Total	519	-63	-1	455
Deferred taxes, net	2,220	626	89	2,936

Deferred tax assets	Jan. 1, 2014	Charged to income statement	Translation difference (+/-)	Dec. 31, 2014
Tax losses, Efore Suzhou	1,270	-83	130	1,316
Tax losses and other items, Roal Italy	1,003	428	0	1,424
Total	2,272	345	130	2,740
Deferred tax liabilities				
Accumulated depreciation difference, Efore AB	3	2	-5	0
Acquisitions in business combinations	854	-335	0	519
Total	857	-333	-5	519
Deferred taxes, net	1,416	677	135	2,220

The group companies in Finland, China and USA had tax losses totalling EUR 42.5 (38.1) million on December 31, 2015. A deferred tax asset was not recognized on these losses as they are unlikely to be used. EUR 5.5 million of the deferred tax assets is allocated to Finland and EUR 4.4 million is allocated to USA. The losses will expire in the years 2016–2033.

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

18. INVENTORIES (EUR 1,000)

	2015	2014
Materials and supplies	**6,990**	6,132
Work in progress	**1,345**	2,648
Finished goods	**6,547**	5,716
Total	**14,882**	14,497

During 2015 the wrife-offs on inventory in order to decrease the value from historical to the lower net realizable value were EUR 1 million (0.8 million).

The total inventory cost in 2015 was EUR 58,874 (54,764) thousand. This is included in the line for Materials and services as well as the line Change in inventories od finished goods and work in progress in the income statement.

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

	2015	2014
Long-term other receivables	**111**	110
Trade receivables	**13,436**	14,190
Provision for bad debt	**-371**	-366
Other receivables	**1,308**	1,431
Prepayments and accrued income	**787**	548
Total	**15,271**	15,913

The book value of the receivables does not significantly differ from their fair value. During the fiscal year the Group recognized write-offs of EUR 5 thousand (EUR 91 thousand) on trade receivables. Write-offs include both the increase in provision for bad debt and credit losses.

	2015	2014
Provision for bad debt Jan.1	**366**	275
Additions	**5**	91
Provision for bad debt Dec.31	**371**	366
Analysis of trade receivables past due:		
Neither past due nor impaired	**10,094**	10,949
Due not more than 30 days	**1,476**	1,646
Due 31 to 60 days	**379**	598
Due 61 to 90 days	**305**	87
Due 91 to 120 days	**301**	460
Due more than 120 days	**881**	450
Total	**13,436**	14,190
Trade and other receivables by currency:		
EUR	**6,827**	5,766
RMB	**5,851**	2,416
USD	**2,381**	7,621
SEK	**144**	44
Others currencies	**68**	66
Total	**15,271**	15,913
Material items in prepayments and accrued income:		
Accrued employee benefit expenses	**25**	96
Research and development grant	**35**	32
Prepaid expenses	**405**	196
Other items	**322**	224
Total	**787**	548

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

	2015	2014
Cash and bank	**6,347**	7,806

20. SHARE CAPITAL (EUR 1,000)

	Number of shares	Share capital	Acquisition of own shares	Invested Unrestricted Equity reserve	Total
Jan. 1, 2014	52,270,896	15,000	-2,426	27,972	40,546
Shares outstanding per Dec. 31, 2014	52,270,896	15,000	-2,426	27,972	40,546
Total number of shares	55,772,891				
Own shares held by the group Dec. 31, 2014	3,501,995				
Jan. 1, 2015	**52,270,896**	**15,000**	**-2,426**	**27,972**	**40,546**
Shares outstanding per Dec. 31, 2015	**52,270,896**	**15,000**	**-2,426**	**27,972**	**40,546**
Total number of shares	**55,772,891**				
Own shares held by the group Dec. 31, 2015	**3,501,995**				

On December 31, 2015 the number of shares was 55,772,891 and the share capital was EUR 15,000,000 in Efore plc. The Articles of association for Efore pcl do not state the highest amount of shares or share capital.

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

DESCRIPTION OF THE RESERVES WITHIN EQUITY:

OTHER RESERVES

Reserve for invested unrestricted equity

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

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

Other reserves
Other reserves include amounts included in the restricted equity of consolidated subsidiaries.

Reserve for own shares
The reserve for own shares consists of the cost of own shares. On December 31, 2015 the parent company held 3,501,995 of own shares. The acquistions cost for this treasury stock was EUR 2,425,731.10, and this amount is reported as a reduction in the equity of the Group. During fiscal year 2014 the parent company acquired all the own shares held by Efore Management Ltd.

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

Dividends
No dividend was distributed for the fiscal period.

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

The programme includes one vesting period began on July 11, 2013 and ends on June 30, 2016. The earnings criteria to vest during the vesting period is the share price development of the Efore Plc share during the vesting period. The Board of Directors may, at its discretion, decide to end the Performance Period earlier.

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

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

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

Stock option plan 2014	Share-based option rights 2014 A	2014 B	2014 C	Total
Option rights maximum, pcs	500,000	500,000	500,000	1,500,000
Shares to be subscribed per option, pcs	1	1	1	
Subscription price	0.7	0.78	March 1.-March 31,2016	
Dividend right	Yes	Yes	Yes	
Exercisable, from	Aug. 1, 2016	Aug. 1, 2017	Aug. 1, 2018	
Expiration	July 31, 2018	July 31, 2019	July 31, 2020	
Contractual life of options, years	1 year 11 months	2 years 11 months	3 years 11 months	

Stock option plan 2014	Share-based option rights 2014 A	2014 B	2014 C	Total	Weighted average option price
Quantities 2014					
Option rights granted	133,333	133,333	133,332	399,998	
Option rights forfeited	0	0	0	0	
Option rights expired	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	133,333	133,333	133,332	399,998	0.70
Option rights held for future grants	366,667	366,667	366,668	1,100,002	0.70
Option rights exercisable	0	0	0	0	
Changes during 2015					
Option rights granted	266,667	266,666	266,666	799,999	
Option rights forfeited	133,334	133,332	133,332	399,998	
Option rights expired	0	0	0	0	
Option rights exercised	0	0	0	0	
Average price weighed by turnover in subscription period, eur	0	0	0	0	
Option rights expired	0	0	0	0	
Quantities 2015					
Option rights granted	400,000	399,999	399,998	1,199,997	
Option rights forfeited	133,334	133,332	133,332	399,998	
Option rights expired	0	0	0	0	
Option rights exercised	0	0	0	0	
Option rights outstanding	266,666	266,667	266,666	799,999	0.78
Option rights held for future grants *	233,334	233,333	233,334	700,001	0.78
Options exercisable	0	0	0	0	

The Black-Scholes option pricing model is used to determine the fair value of the options. The fair value for the option rights is determined on the grant day which recognized in employee benefits expenses during the vesting period. The grant date is the date of decision by the Board of Directors. Future dividends are not included in the calculation. The effect of option rights on the financial performance of the company for fiscal year 2015 was EUR 89 thousand (2014: 16 thousand).

* The subscription period for the option rights ended on July 31, 2015 (A and B).

Implementation	2015 Granted	2014 Granted	Total
Option rights granted	799,999	399,998	1,199,997
Share price, EUR	0.69	0.69	0.69
Subscription price, EUR	0.78	0.70	0.75
Risk-free interest %	0.8	0.8	0.8
Expected dividends (dividend yield)	0.00%	0.00%	0.00%
Expected volatility, %*	27%	27%	27%
Option rights forfeiting, %	0.00%	0.00%	0.00%
Fair value, total, EUR	123,241.45	61,620.49	184,861.94
Valuation model	BS	BS	BS

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

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

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

	2015 Book value	2014 Book value
Non-current		
Finance lease liabilities	**245**	380
Pension loans	**1,000**	2,100
Total	**1,245**	2,480
Current		
Finance lease liabilities	**236**	189
Current derivatives at fair value	**88**	7
Other liabilities	**145**	0
Loans from credit institutions	**7,665**	5,977
Pension loans	**1,100**	1,100
Factoring	**535**	0
Total	**9,768**	7,273

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

Maturities of non-current liabilities

2015	2016	2017	Later
Finance lease liabilities	**236**	**245**	**0**
Current derivatives at fair value	**88**	**0**	**0**
Other liabilities	**145**	**0**	**0**
Loans from credit institutions	**7,665**	**0**	**0**
Pension loans	**1,100**	**600**	**400**
Factoring	**535**	**0**	**0**
Total	**9,768**	**845**	**400**

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

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

	2015	2014
Minimum lease payments concerning financial lease liabilities		
Less than 1 year	**246**	203
1–5 years	**248**	391
More than 5 years	**0**	0
	494	594
Finance lease liabilities - present value of minimum lease payments		
Less than 1 year	**236**	189
1–5 years	**245**	380
More than 5 years	**0**	0
	480	569
Finance expenses accumulating in the future	**13**	25
Total amount of finance lease liabilities	**494**	594

The finance lease liabilities consist mainly of lease agreements for IT software.

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

	2015	2014
Non-current		
Accrued expenses	**135**	76
Current		
Advances received	**40**	110
Trade payables	**17,463**	17,564
Liabilities to related parties	**13**	13
Other payables	**1,738**	1,779
Accruals and deferred income	**3,380**	3,119
Total	**22,634**	22,585

The book values of trade payables do not differ materially from their fair value.

Material items included in accruals and deferred income	2015	2014
Accrued personnel expenses	**2,412**	2,970
Taxes	**354**	0
Factoring	**218**	0
Accrual for project	**160**	0
Share based payments	**135**	76
Current interest payable	**21**	26
Other items	**215**	123
Total	**3,515**	3,195

25. PENSION OBLIGATIONS (EUR 1,000)

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

	2015
Pension obligations Jan. 1	1,564
Changes recognized in income statement	
Interest expense	39
Benefits paid	-41
Remeasurements recognized in equity:	
Actuarial Gains (+)/Losses (-) for experience	-11
Actuarial Gains (+)/Losses (-) for demographic assumptions	-2
Actuarial Gains (+)/Losses (-) for financial assumptions	178
Pension obligations Dec. 31	1,728

The benefits expected to be paid as employees leaving indemnities during 2016 is EUR 407 thousand. During 2017–2020 the annual estimated benefits to be paid are approximately 60 thousand.

Actuarial assumptions 31.12.2015	
Discount rate	1.21%
Price Inflation	1.50%
Withdrawal rate	2.63%

The following table is a sensitivity analysis for the actuarial assumptions , showing the estimated value of the obligation if the actuarial assumptions change:

	Change +1%	Change -1%
Discount rate	1,686	1,765
Price Inflation	1,749	1,700
Withdrawal rate	1,710	1,741

26. PROVISIONS (EUR 1,000)

	2015	2014
Non-current provisions		
Warranty provision Jan. 1	35	0
Additions	0	35
Provisions used	-35	0
Warranty provision Dec. 31	0	35
Other provisions Jan. 1	250	43
Additions	0	230
Provisions used	0	-23
Other provisions Dec. 31	250	250
Current provisions		
Warranty provision Jan. 1	51	27
Translation difference	3	3
Additions	37	21
Warranty provision Dec. 31	91	51
Provisions total Dec.31	341	336

Products sold by the company have normally a 24 month warranty time. Future warranty costs relating to delivered products are recognized in the warranty provision. Actual warranty costs are recognized in the income statement in the fiscal year in which they arise.

27. FINANCIAL RISK MANAGEMENT

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

The long-term pension loans have fixed interest rates.

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

Approximately 45% of Group Net Sales comes from the two major customers. The total amount of trade receivables from these two key customers were EUR 2.9 million, from which EUR 0.8 million was overdue.

The maturity analysis of trade receivables and currency exposure of trade and other receivables are presented in note 19, Trade and other receivables.

FOREIGN EXCHANGE RISK

Foreign exchange risk refer to the risks caused by changes in foreign exchange rates which can affect business performance or Group solvency. Most of the Group's sales are denominated in euro, Renminbi and US dollar. The operating expenses are generated in euro, US dollar, Swedish krona and Renminbi. The material foreign currency surpluses and deficits are hedged according to the Group hedging policy.

In 2015 the primary hedging method has been matching of foreign currency income and expence flows. Material net currency positions are hedged. The currency derivatives used in fiscal year 2015 had a maturity of 1 to 4 months. During fiscal year 2014 no derivative financial instruments were used for currency hedging.

In the financial statements the equity of foreign subsidiaries is translated at the European Central Bank's average exchange rate on the balance sheet date. Exchange rate differences are presented in the consolidated financial statements as translation differences. The net investments in foreign operations has not been hedged.

The instrument used for hedging against exchange-rate risks and their nominal values at the end of the fiscal year are specified in note 28, Fair values of derivative financial instruments.

INTEREST RATE RISK

Interest rate risks are caused by fluctuations in interest rates affecting the loan portfolio and cash reserves in the Group. Interest rate risks are also dependent on whether financing is made by fixed-rate or variable rate agreements. Interest rate risks are managed by making correct decisions concerning the interest periods of the liabilities and by using different types of derivative financial instruments to hedge interest rate risks. On the balance sheet date, the Group had no interest rate derivatives.

LIQUIDITY RISK

According to the financing policy, liquidity risk management, funding and efficient cash management of the Group are responsibilities of the parent company. The liquidity risk is managed by adequate cash assets, partial sale of trade receivables, credit limits and by monitoring the maturities of loans. The financial position of the group has weakened. At Dec. 31, 2015 the gearing was 24.5% (9%) and solvency ratio was 34.2% (38.1%).

At the end of the fiscal year the Group's liquid assets totalled EUR 6.3 million (EUR 7.8 million). The Group's interest-bearing liabilities totalled EUR 11.0 million (EUR 9.8 million). The financial reserves in the Group comprised unused credit limits totalling EUR 6.1 million on December 31, 2015, from which 4.7 will expire within one year and is 1.4 valid for an unspecified term. Credit limits were utilized EUR 3.8 milj on December 2015, on December 31, 2014 the utilized credit limits were EUR 0.2 milj. The Group may in the future have difficulties in making agreements on external financing to the present extent and at same terms.

Maturities of financial liabilities, 2015	Carrying amount	Contractual cash flows	6 months or less	6–12 months	Later
Trade payables	17,504	17,504	17,504	0	0
Loans from credit institutions	7,665	7,820	2,610	5,209	0
Pension loan	2,100	2,147	570	565	1,012
Finance lease liabilities	480	494	123	123	248
Currency derivatives, negative fair value	88	88	88	0	0
Other liabiliities	145	145	145	0	0
Factoring (Efore's liquidity risk)	535	535	535	0	0

Maturities of financial liabilities, 2014	Carrying amount	Contractual cash flows	6 months or less	6–12 months	Later
Trade payables	17,674	17,674	17,674	0	0
Loans from credit institutions	5,977	6,162	2,272	3,890	0
Pension loan	3,200	3,295	582	576	2,137
Finance lease liabilities	569	594	102	102	391
Currency derivatives, negative fair value	7	7	7	0	0

CREDIT AND OTHER COUNTERPARTY RISKS

Each business unit is primarily responsible for the management of their operational credit risks. Credit risk management is carried out in accordance with the credit policy of the Group. Material items of trade receivables are evaluated on a counterparty basis in order to identify any bad debts

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

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

	2015	2014
Currency derivatives, hedging purpose (not IAS 39 Hedge accounting)		
Derivatives		
Nominal value	1,748	681
Negative fair value	88	7

29. OPERATING LEASE COMMITMENTS (EUR 1,000)

	2015	2014
Group as lessee		
Noncancellable minimum operating lease payments:		
Within 1 year	807	827
1–5 years	517	507
	1,324	1,334

The group has rented all facilities in use. In 2014 Roal Italia sold out the facilities and now leases the same facilities. The leasing contracts for the premises will expire at the latest in December 2021. In most cases the leases include a renewal option after the original expiry date. The operating lease commitments include leases for the premises for EUR 920 thousand (EUR 1,027 thousand and rents for equipment for EUR 404 thousand (EUR 307 thousand).

30. OTHER CONTRACTS

The Group has certain significant customer contracts that include a condition normal for the branch of industry, where one of the contracting parties may terminate the agreement, if the control in the group is transferred to a party which is a competitor of the customer.

The company has a significant financial contract that include a condition normal for the branch of industry, according to which the contract may be terminated if a control is transferred to another company.

31. CONTINGENT LIABILITIES (EUR 1,000)

	2015	2014
For others		
Other contingent liabilities	107	107

32. RELATED PARTY TRANSACTIONS (EUR 1,000)

The Group has related party relationships with subsidiaries, members of the Board of Directors, the President and the CEO and the key management. Efore Management Oy was a related party until the liqudation on January 19, 2015.

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

* Name changed to Efore SpA on January 13, 2016 and Efore Inc. on January 7, 2016.

		2015	2014
Key management			
Salaries and other short-term employment benefits		**1,291**	1,158
Benefits after termination of employment		**275**	500
Total		**1,566**	1,658
Presidents and CEO, compensation			
Heikki Viika	June 1.–December 31., 2015	**150**	0
Järnstedt Riitta	March 1.–May 31., 2015	**60**	0
Vesa Vähämöttönen	January 1.–February 28., 2015	**63**	227
		272	227
Members of Board of Directors, compensation			
Casoli Franscesco	January 1.–March 31., 2015	**5**	21
Heikkilä Olli		**20**	17
Marttila Päivi		**41**	43
Miettinen Marjo		**20**	17
Simola Jarmo		**20**	22
Takanen Jarkko		**20**	21
		128	139
Other key management, compensation		**890**	791
including fees		**0**	0

FISCAL YEAR 2015 AND 2014

Efore Management Ltd was a related party until January 1, 2015 when the company was liquidated. No pension commitments with special terms nor any loans have been granted to the related parties during 2015. In 2014 other loans were granted through Efore Management Ltd. The Group has not granted any other securities on behalf of them. In 2015 the amount of stock option rights issued to other management and CEO was 799,999 pieces. In 2014 the amount of stock option rights issued to other management was 399,998 pieces. On December 31, 2015 the total amount of issued stock option rights was 1,199,997 pieces, whereof none was exercisable. On December 31, 2014 the total amount of issued stock option rights was 399,998 pieces, whereof none was exercisable. No stock option rights have been granted to the members of the Board.

Efore Management Ltd held a total 2,358,242 Efore Plc shares. Of these shares 273,842 shares were acquired through directed share issue to Efore Management Ltd on January 10, 2012. In this share issue the shares were owned by the company. The subscription price was 0.84 EUR per share. The directed share issue was registered in the reserve for invested unrestricted and reserve for own shares. Members of the Efore management team held through Efore Management 4.2% of the shares in Efore plc.

Efore Management Ltd had an EUR 1,356,000 loan granted by the Efore Plc. The interest rate of the loan was 3% and the loan was repaid before April 30, 2014. The contract was valid until the end of year 2013, and was therafter to be renewed according to the plan. The stock exchange price of the share was in 2013 and 2014 lower than the average acquisition price when Efore Management Ltd acquired the shares. Efore Management Ltd was not able to sell shares freely when the contract was valid.

The Members of the Management Group in Efore Plc held shares in Efore Management Ltd until the conclusion of the contract. During the fiscal year 2014 the Parent company Efore Ltd aqcuired the own shares held by Efore Management Ltd. The compensations to the Board Members were paid in cash in 2015 and 2014.

Shares of non-controlling interest		Share of voting rights Non-controlling interest		Profit / loss attributable to Non-controlling interest		Changes in equity attributable to Non-controlling interest	
Non-controlling interest	**Home contry**	**2015**	**2014***	**2015**	**2014**	**2015**	**2014**
Efore Management Oy	Finland	**-**	100%	**-**	152	**-**	0
Other subsidiaries, owned by non-controlling interest, but not material non-controlling interest in the Group.				**1**	0	**0**	0

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

INCOME STATEMENT FOR THE PARENT COMPANY, EUR 1,000

	Note	Jan. 1,–Dec. 31, 2015	Jan. 1,–Dec. 31, 2014
NET SALES	1	33,439	31,960
Change in inventories of finished goods and work in progress		220	-172
Other operating income	2	437	821
Materials and services			
Materials and consumables			
Purchases during the financial year	3	25,787	25,442
Change in inventory	3	0	41
Materials and consumables in total		25,787	25,483
External services	3	189	96
		25,976	25,579
Personnel expenses			
Wages, salaries and fees	4	2,965	3,648
Social security expenses			
Pension expenses	4	480	546
Other social security expenses	4	100	158
		3,544	4,353
Depreciation, amortization and impairments			
Depreciation and amortization according to plan	5	417	181
Impairment on non-current assets		501	0
		918	181
Other operating expenses	6	4,916	4,939
OPERATING PROFIT (LOSS)		-1,258	-2,443
Financial income and expenses			
Income from group companies	7	2,727	3,530
Other interest and financial income	7, 9	684	803
Interest income from group companies	8	-211	-278
Impairment on investments in group companies	8	0	-1,500
Interest and other financial expenses	8, 9	-1,505	-1,451
		1,694	1,104
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		436	-1,339
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		436	-1,339
Income taxes			
Income taxes for the period		-66	-87
PROFIT (LOSS) FOR THE PERIOD		370	-1,426

BALANCE SHEET FOR THE PARENT COMPANY, EUR 1,000

ASSETS	Note	Dec. 31, 2015	Dec. 31, 2014
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	10	**2,818**	2,066
Intangible rights	10	**45**	60
Other capitalized long-term expenditure	10	**19**	25
		2,881	2,151
Tangible assets			
Machinery and equipment	10	**150**	124
Other tangible assets	10	**2**	2
Advance payments and construction in progress	10	**172**	250
		324	376
Investments			
Holdings in group companies	11, 12	**12,908**	12,908
Other shares and holdings	11, 12	**2**	2
		12,910	12,910
CURRENT ASSETS			
Inventories			
Finished goods		**3,465**	3,245
		3,465	3,245
Non-current receivables			
Receivables from group companies	13	**32,000**	32,000
		32,000	32,000
Current receivables			
Trade receivables	13	**4,534**	2,417
Receivables from group companies	13	**3,308**	2,664
Other receivables	13	**174**	426
Prepayments and accrued income	13	**528**	327
		8,543	5,834
Cash and cash equivalents		**854**	2,129
TOTAL ASSETS		**60,978**	58,645

BALANCE SHEET FOR THE PARENT COMPANY, EUR 1,000

EQUITY AND LIABILITIES	Note	Dec. 31, 2015	Dec. 31, 2014
EQUITY			
Share capital	14	**15,000**	15,000
Other reserves	14	**28,201**	28,201
Retained earnings	14	**-4,287**	-2,861
Profit (loss) for the period	14	**370**	-1,426
		39,284	38,913
LIABILITIES			
NON-CURRENT LIABILITIES			
Pension loans	15	**1,000**	2,100
Loans to group companies	15	**5,325**	4,700
		6,325	6,800
CURRENT LIABILITIES			
Loans from credit institutions	15	**2,145**	2,000
Pension loans	15	**1,100**	1,100
Advances received	15	**32**	0
Trade payables	15	**1,157**	925
Liabilities to group companies	15	**9,810**	7,631
Other liabilities	15	**104**	137
Accruals and deferred income	15	**1,021**	1,139
		15,370	12,932
TOTAL EQUITY AND LIABILITIES		**60,978**	58,645

CASH FLOW STATEMENT FOR THE PARENT COMPANY, EUR 1,000

	Jan. 1,–Dec. 31, 2015	Jan. 1,–Dec. 31, 2014
Cash flows from operating activities:		
Cash receipts from customers	**31,667**	34,779
Cash paid to suppliers and employees	**-32,468**	-33,526
Cash generated from operations	**-801**	1,253
Interest paid	**-112**	-298
Dividends received	**2,649**	2,991
Interest received	**545**	143
Other financial items	**-701**	-418
Income taxes paid	**-26**	-124
Net cash provided by operating activities (A)	**1,553**	3,548
Cash flows from investing activities:		
Purchase of tangible and intangible assets	**-1,597**	-1,446
Proceeds from sale of investments	**0**	4
Increase in loans receivable	**-1,302**	-3,549
Decrease in loans receivable	**401**	1,899
Net cash used in investing activities (B)	**-2,498**	-3,092
Cash flows from financing activities:		
Acquisition of own shares	**0**	-1,651
Proceeds from short-term borrowings	**145**	0
Proceeds from long-term borrowings	**625**	1,200
Principal payment of long-term debt	**-1,100**	-1,100
Net cash used in financing activities (C)	**-330**	-1,551
Net decrease/increase in cash and cash equivalents (A+B+C)	**-1,275**	-1,095
Cash and cash equivalents at beginning of period	**2,129**	3,224
Net decrease/increase in cash and cash equivalents	**-1,275**	-1,095
Cash and equivalents at end of period	**854**	2,129

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS OF PARENT COMPANY

GENERAL

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

FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recognized at the exchange rate valid on the date of transaction. Foreign currency receivables and liabilities on the balance sheet date are valued at the exchange rates on the balance sheet date. Exchange rate differences arising from the translation of balance sheet items in foreign currency and sales, purchases, expenses and financial items as well as from receivables and liabilities are recognised as exchange rate gains and losses in financial income and expenses. The presentation in the parent corresponds with the presentation in the consolidated financial statements.

Derivatives for hedging currency positions in balance sheet items are recognized at fair value and the change in fair value changes is recorded in financial items.

EVALUATION OF NON-CURRENT ASSETS

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

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

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

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

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

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

INVENTORIES

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

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

PROVISIONS

Future expenditure and losses that the company is committed to cover but which have not yet realized are presented as provisions in the balance sheet. The provision includes warranty costs and other items. Changes in the provisions are recognized in the relevant expenses in the income statement.

NET SALES

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

LEASING

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

PENSIONS

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

INCOME TAXES

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

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

1. NET SALES IN MARKET AREAS BY CUSTOMERS

	2015	2014
Finland	2,546	9,616
European Union, except Finland	28,264	19,658
America	1,099	16
Other countries	1,531	2,670
Total	33,439	31,960

2. OTHER OPERATING INCOME

	2015	2014
Service fee charges, Group companies	360	600
Product development subsidies	71	169
Others	7	52
Total	437	821

3. MATERIALS AND SERVICES

	2015	2014
Materials and consumables		
Purchases during the financial year	25,787	25,442
Change in inventory	0	41
Materials and consumables in total	25,787	25,483
External services	189	96
Materials and services in total	25,976	25,579

4. PERSONNEL EXPENSES

	2015	2014
Wages, salaries and fees	2,965	3,648
Pension costs	480	546
Other social security expenses	100	158
Total	3,544	4,353
Management salaries and fees		
President and CEO, Members of the Board of Directors	400	366
Total personnel, average		
Salaried employees	66	69

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2015	2014
Depreciation and amortization according to plan:		
Development costs	290	25
Intangible assets	32	46
Other capitalized expenditure	6	8
Machinery and equipment	89	101
Other tangible assets	0	0
Total	417	181
Impairment of development costs	501	0
Total	501	0

6. OTHER OPERATING EXPENSES

	2015	2014
Other operating expenses are normal expenses		
Audit fees:		
KPMG		
Audit	19	21
Tax services	6	51
Other services	24	6
Total	48	78

7. FINANCIAL INCOME

	2015	2014
Dividend income from Group companies	2,649	2,991
Interest income from Group companies	78	539
Interest income from others	0	32
Exchange rate gains	684	771
Total	3,411	4,333

8. FINANCIAL EXPENSES

	2015	2014
Interest expenses from Group companies	211	278
Impairment on investments from Group companies	0	1,500
Interest expenses from others	90	130
Exchange rate losses	1,168	1,147
Other financial expenses	248	175
Total	1,717	3,229

9. EXCHANGE RATE DIFFERENCIES

		2015	2014
Specification of net exchange rate gains (+) and losses (-) according to financial statement items			
Sales	Gains	196	155
	Losses	-154	-128
	Net	41	28
Financial items	Gains	204	425
	Losses	-243	-193
	Net	-39	232
Group receivables and liabilities	Gains	285	191
	Losses	-771	-826
	Net	-486	-635
Total	Gains	684	771
	Losses	-1,168	-1,147
	Net	-483	-375

10. NON-CURRENT ASSETS

	2015	2014
Intangible assets		
Development expenditure		
Acquisition Cost on Jan. 1	**4,905**	10,064
Additions	**1,542**	1,305
Disposals	**0**	-6,464
Cost on Dec. 31	**6,447**	4,905
Accumulated amortization on Jan. 1	**9,304**	9,278
Acc. amortizations on disposed assets	**-6,464**	-6,464
Amortization	**290**	25
Value adjustment	**501**	0
Accumulated amortization on Dec. 31	**3,630**	2,839
Book value on Dec. 31	**2,818**	2,066
Intangible rights		
Acquisition Cost on Jan. 1	**532**	1,541
Additions	**0**	7
Disposals	**0**	-1,042
Reclassifications	**17**	26
Cost on Dec. 31	**549**	532
Accumulated amortization on Jan. 1	**1,513**	1,467
Acc. amortizations on disposed assets	**-1,042**	-1,042
Amortization	**32**	46
Accumulated amortization on Dec. 31	**504**	472
Book value on Dec. 31	**45**	60
Other capitalized long-term expenditure		
Acquisition Cost on Jan. 1	**34**	2,368
Disposals	**0**	-2,333
Cost on Dec.31	**34**	34
Accumulated amortization on Jan. 1	**2,343**	2,335
Acc. amortizations on disposed assets	**-2,333**	-2,333
Amortization	**6**	8
Accumulated amortization on Dec. 31	**16**	9
Book value on Dec. 31	**19**	25

	2015	2014
Tangible assets		
Machinery and equipment		
Acquisition Cost on Jan. 1	**3,203**	6,313
Additions	**82**	0
Disposals	**0**	-3,110
Reclassification	**34**	0
Cost on Dec. 31	**3,319**	3,203
Accumulated depreciation on Jan. 1	**6,189**	6,088
Acc. depreciation on disposed assets	**-3,110**	-3,110
Depreciation	**89**	101
Accumulated depreciation on Dec. 31	**3,168**	3,079
Book value on Dec. 31	**150**	124
Other tangible assets		
Acquisition Cost on Jan. 1	**365**	697
Disposals	**0**	-332
Cost on Dec. 31	**365**	365
Accumulated depreciation on Jan. 1	**695**	695
Acc. depreciation on disposed assets	**-332**	-332
Depreciation	**0**	0
Accumulated depreciation on Dec. 31	**363**	363
Book value on Dec. 31	**2**	2
Advance payments and construction in progress		
Acquisition Cost on Jan. 1	**250**	142
Change Jan. 1–Dec. 31	**51**	134
Reclassification	**-129**	-26
Cost on Dec. 31	**172**	250
Book value on Dec. 31	**172**	250

11. INVESTMENTS

	2015	2014
Holdings in group companies	12,908	12,408
Additions	0	2,000
Disposals	0	-1,500
Book value on Dec. 31	12,908	12,908

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

On 31.12.2014 a revaluation upward of the Roal Electronics S.p.A. holding by EUR 2,0 million.

Other shares and similar rights of ownership		
Shares on Jan. 1	2	6
Disposal	0	-4
Book value on Dec. 31	2	2

12. HOLDINGS IN GROUP COMPANIES

		2015	2014
Subsidiaries		Book value	Book value
FI-Systems Oy, Espoo	Finland	3	3
Efore (USA), Inc., Dallas TX	USA	0	0
Efore AB, Stockholm	Sweden	107	107
Efore (Hongkong) Co. Limited, Kowloon	China	1	1
Efore (Suzhou) Automotive Power Technology Co., Ltd., Suzhou	China	0	0
Roal Electronics S.p.A*	Italy	12,796	12,796
		12,908	12,908
Other shares		2	2

* Name changed to Efore SpA on Jan. 13, 2016.

13. RECEIVABLES

	2015	2014
Non-current receivables from Group companies		
Subordinated loans	32,000	32,000
Non-current receivables in total	32,000	32,000

The company has granted Fi-Systems Oy a subordinated loan of EUR 32,000,000.00. The interest rate is 5%. In the event of liquidation or bankrupcy, the principal and interest payable to Efore Plc recorded in the balance sheet included in the financial statements of the latest completed fiscal period or in later financial statements. If interest cannot be paid, the interest accumulated during such a fiscal period will be payable later. The loan has no security. For the loan accumulated unpaid interest is EUR 11,302,833.33. The interest receivable is not recognized to balance sheet.

The company had given Efore Management a loan of EUR 1,356,000. The interest rate was 3%.The repayment of the total loan amount was done during the fiscal year 2014.

	2015	2014
Current receivables		
Trade receivables	**4,534**	2,417
Other receivables	**174**	426
Prepayments and accrued income	**528**	327
	5,235	3,170
Current receivables from group companies		
Trade receivables	**942**	558
Loan receivables	**1,973**	1,006
Interest receivables	**33**	500
Prepaid expenses and accrued income	**360**	600
	3,308	2,664
Current receivables in total	**8,543**	5,834
Accrued income		
Prepayments and accrued income include the following items:		
Accrued personnel expenses	**25**	96
Product development grant	**35**	32
Prepayments	**405**	196
Other items	**63**	3
	528	327

14. EQUITY

	2015	2014
Share capital on Jan. 1	**15,000**	15,000
Share capital on Dec. 31	**15,000**	15,000
Own shares	**-2,427**	-776
Acquisition of own shares	**0**	-1,651
Own shares on Dec. 31	**-2,427**	-2,427
Other reserves		
Unrestricted equity reserve on Jan 1	**28,201**	28,201
Unrestricted equity reserve on Dec. 31.	**28,201**	28,201
Retained earnings on Dec. 31	**-1,861**	-434
Result for the period	**370**	-1,426
Equity total	**39,284**	38,913

THE DISTRIBUTABLE FUNDS OF THE COMPANY

	2015	2014
Retained earnings	**-1,861**	-434
Result for the period	**370**	-1,426
Reserve for invested unrestricted equity	**28,201**	28,201
Own shares	**-2,427**	-2,427
Distributable funds	**24,284**	23,913
Parent company share capital		
(one type of shares)		
	pcs	pcs
Outstanding shares on Jan. 1	**52 270 896**	54 629 138
Acquisition of own shares	**0**	-2 358 242
Outstanding shares on Dec. 31	**52 270 896**	52 270 896
Share capital in Parent company	**pcs**	pcs
(one type of shares)	**55 772 891**	55 772 891

15. LIABILITIES

	2015	2014
Non-current liabilities		
Pension loans	**1,000**	2,100
Non-current Intercompany liabilities		
Other liabilities	**5,325**	4,700
Non-current liabilities total	**6,325**	6,800
Current liabilities		
Loans from credit institutions	**2,145**	2,000
Pension loans	**1,100**	1,100
Advances received	**32**	0
Trade payables	**1,157**	925
Other liabilities	**104**	137
Accruals and deferred income	**1,021**	1,139
	5,560	5,301
Current liabilities to group companies		
Trade payables	**8,424**	6,294
Other liabilities	**831**	831
Accruals and deferred income	**555**	507
	9,810	7,631
Current liabilities total	**15,370**	12,932
Accruals and deferred income		
Material items include in accruals and deferred income		
Accrued holiday pay	**694**	631
Accrued other personnel expenses	**1**	481
Accrued financial items	**21**	26
Currency derivatives, hedging purpose	**88**	0
Other items	**218**	0
	1,021	1,139

16. CONTINGENT LIABILITIES

	2015	2014
Security given on own behalf		
Other contingent liabilities	**107**	107
Rent and leasing commitments on own behalf		
Payable in the following financial year	**494**	485
Payable later	**313**	506

GROUP KEY FIGURES

KEY FIGURES		IFRS 2015	IFRS 2014	IFRS 2013 (14 months)
Income statement				
Net sales	MEUR	**89.9**	85.3	82.5
- change	%	**5.4**	3.4	5.6
Operating profit/-loss	MEUR	**-2.0**	-2.0	-5.8
- of net sales, %	%	**-2.3**	-2.3	-7.0
Profit/loss before taxes	MEUR	**-3.3**	-3.1	-6.1
- of net sales, %	%	**-3.7**	-3.7	-7.3
Profit/loss for the period	MEUR	**-3.4**	-2.6	-6.2
- of net sales, %	%	**-3.8**	-3.1	-7.5
Gross investments	MEUR	**4.5**	4.1	3.6
- of net sales, %	%	**5.0**	4.8	4.3
Balance sheet				
Non-current assets	MEUR	**19.0**	17.7	18.1
Inventories	MEUR	**14.9**	14.5	14.6
Trade receivables and other receivables	MEUR	**15.2**	15.8	15.2
Tax Receivables, income tax	MEUR	**0.3**	0.8	0.8
Bank and cash	MEUR	**6.3**	7.8	9.8
Share capital	MEUR	**15.0**	15.0	15.0
Treasury shares	MEUR	**-2.4**	-2.4	-2.4
Other equity	MEUR	**6.5**	9.0	10.6
Non-current liabilities	MEUR	**3.8**	4.9	6.4
Current liabilities	MEUR	**32.8**	30.1	28.8
Balance sheet total	MEUR	**55.6**	56.6	58.5

KEY FIGURES		IFRS 2015	IFRS 2014	IFRS 2013 (14 months)
Profitability				
Return on equity (ROE)	%	**-16.8**	-11.8	-28.1
Return on investment (ROI)	%	**-9.2**	-6.7	-17.5
Finance and financial position				
Net interest-bearing liabilities	MEUR	**4.7**	1.9	3.3
Gearing	%	**24.5**	9.0	14.3
Current ratio		**1.1**	1.3	1.4
Solvency ratio	%	**34.2**	38.1	39.7
Other key figures				
Personnel, average		**887**	914	836
Salaries and wages	MEUR	**17.9**	18.9	18.8
Product development costs (expensed)	MEUR	**5.8**	6.1	7.1
- of net sales, %	%	**6.4**	7.1	8.6
Product development costs (capitalized in balance sheet)	MEUR	**3.3**	2.8	1.9
- of net sales, %	%	**3.6**	3.3	2.3
Product development costs total	MEUR	**9.0**	8.9	9.0
- of net sales, %	%	**10.1**	10.5	10.9

GROUP KEY FIGURES

KEY FINANCIAL INDICATORS PER SHARE		IFRS 2015	IFRS 2014	IFRS 2013 (14 months)
Earnings per share	EUR	**-0.07**	-0.05	-0.15
Diluted earnings per share	EUR	**-0.07**	-0.05	-0.15
Dividend/share	EUR	**0***	0.00	0.00
Dividend payout ratio	%	**0.00**	0.00	0.00
Effective dividend yield	%	**0.00**	0.00	0.00
Distribution of assets from the reserve of invested unrestricted equity	EUR	**0.00**	0.00	0.00
Equity per share, adjusted	EUR	**0.36**	0.41	0.44
At the end of fiscal year	EUR	**0.77**	0.81	0.63
P/E ratio		**-11.79**	-15.12	-4.27
Market value				
Market capitalization	MEUR	**40.2**	42.3	32.9
Trading				
Shares traded	1,000 pcs	**11,179**	10,941	8,195
Trading, %	%	**20.0**	19.6	14.7
Number of outstanding shares				
- average on December 31	1,000 pcs	**52,271**	52,271	41,423
- diluted number of shares on December 31	1,000 pcs	**53,034**	52,491	41,643
- actual number of shares on December 31	1,000 pcs	**52,271**	52,271	52,271
Share prices				
lowest	EUR	**0.70**	0.62	0.62
highest	EUR	**0.90**	0.96	0.80
at the end of fiscal year	EUR	**0.77**	0.81	0.63
average	EUR	**0.78**	0.70	0.71

* The board of Directors (assembled to a meeting on the 11th of February 2016) will propose for the Annual General Meeting that no dividend will be distributed from financial period 2015.

CALCULATION OF KEY FIGURES AND RATIOS

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

All share-specific figures are based on the issue-adjusted number of shares.
Equity is the equity attributable to the shareholders of the parent company. Result for the period is the result attributable to the shareholders of the parent company.
* There were own shares held by company at the end of the period under review.

SHARES AND SHAREHOLDERS

SHARE CAPITAL AND SHARES

Efore share is quoted at Nasdaq Helsinki Oy (Small Cap) under the corporate identifier EFO1V. The trading lot is one share. The total number of shares is 55,772,891. Efore's registered share capital on December 31, 2015 stood at EUR 15,000,000.00. The shares have been entered in the book-entry securities system.

At the end of fiscal year the number of the Group's own shares was 3,501,995.

BOARD AUTHORIZATIONS

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

Efore's Annual General Meeting on March 31, 2015 decided in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to resolve on the acquisition of the company's own shares or their acceptance as pledge, in one or several instalments, on the following terms and conditions:

Based on the authorization an aggregate maximum of 4,000,000 own shares corresponding to approximately 7.2% of all the shares in the company may be acquired. Shares in the company may be acquired only by using the company's unrestricted equity. The shares may be acquired in public trading arranged by the Nasdaq Helsinki Oy at the prevailing market price on the date of acquisition, or at a price otherwise formed on the market. The Board of Directors resolves the manner in which own shares are acquired or accepted as a pledge. The acquisition may be made using, inter alia, derivatives. Shares may be acquired otherwise than in proportion to the holdings of the shareholders (directed acquisition).

The authorization cancels the authorization given by the Annual General Meeting on April 10, 2014 to resolve on the acquisition of the company's own shares.

The authorization is valid until June 30, 2016.

The Board did not use the authorization in 2015.

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

Efore's Annual General Meeting on March 31, 2015 decided in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to, in one or more transactions, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 5,000,000 shares, corresponding to approximately 9.0% of all the shares in the company.

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

The authorization cancels the authorization given by the Annual General Meeting on April 10, 2014 to decide on the issuance of shares and special rights entitling to shares.

The authorization is valid until June 30, 2016.

The Board of Directors did not use the authorization in 2015.

SHARE PRICE AND TRADING

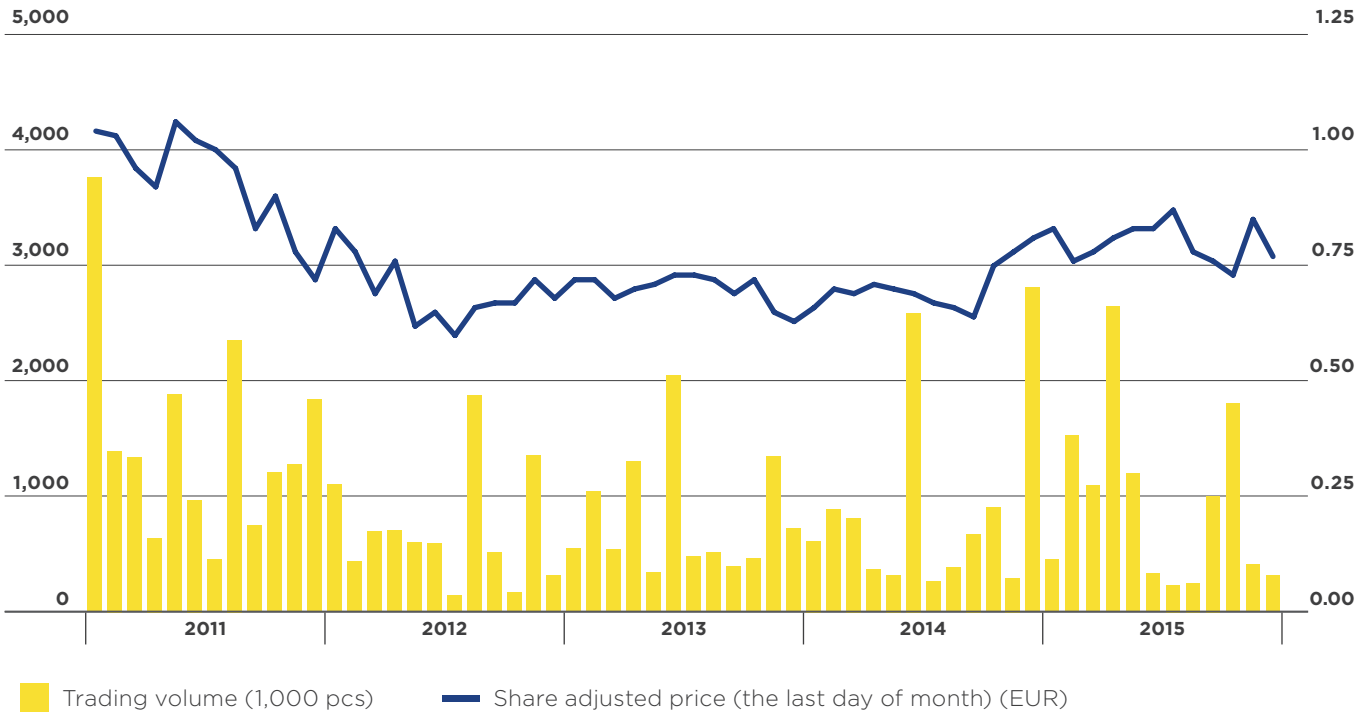
The highest share price during the financial year was EUR 0.90 and the lowest price was EUR 0.70. The average price during the financial year was EUR 0.78 and the closing price was EUR 0.77. The market capitalization calculated at the final trading price during the financial year was EUR 40.2 million.

The total number of Efore shares traded on the Nasdaq Helsinki during the financial year was 11.2 million pcs and their turnover value was EUR 8.7 million. This accounted for 20.0% of the total number of shares 55,772,891 pcs. The number of shareholders totalled 2704 (2819) at the end of the financial year.

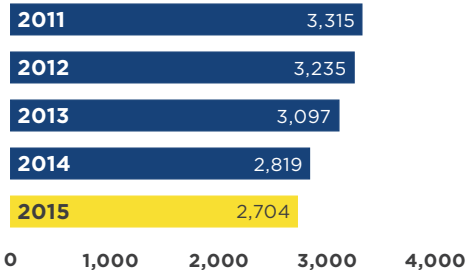
MANAGEMENT SHAREHOLDING

The total share ownership, of Efore Plc's Board members stood at 1,301,642 pcs on December 31, 2015, which is equivalent to 2.3% of the total number of shares and votes. The President and CEO owns 10,000 pcs Efore shares, 200,000 pcs option rights A, 200,000 pcs option rights B and 200,000 pcs option rights C. The Board members do not own option rights.

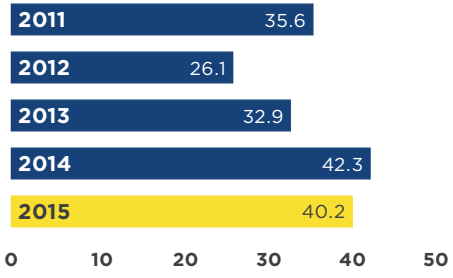
EFORE PLC'S SHARE PRICES AND TRADING VOLUME IN 2011–2015



NUMBER OF REGISTERED SHAREHOLDERS



MARKET CAPITALIZATION, (MEUR)



SHARES AND SHAREHOLDERS

CHANGES IN SHARE CAPITAL 2004–2015

Share capital Nov. 1, 2003				8,135,104 pcs		13,830 (EUR 1,000)	
Year	Subscription-share-relationship	Subscription- / registering time	Subscription-price EUR	New shares pcs	Change EUR 1,000	New share capital, EUR 1,000	Dividend right
2004	On basis of options	Jan. 23, 2004	7.79	600	1	13,831	2004
2004	Exchangend and targeted issue for K-shareholders, 1K:1.5A	Feb. 27, 2004	0.85	529,616	450	14,281	2004
2004	Split 1:1, gratuitous	Feb. 27, 2004		8,135,704		14,281	2004
2004	On basis of options	Apr. 21, 2004	3.71	2,400	2	14,283	2004
2004	Targeted share issue	Apr. 30, 2004	6.95	3,240,000	2,754	17,037	2004
2004	On basis of options	Jun. 22, 2004	3.71	47,200	40	17,077	2004
2004	On basis of options	Aug. 27, 2004	3.71	11,000	9	17,086	2004
2004	On basis of options	Oct. 28, 2004	3.71	47,400	40	17,127	2004
2004	On basis of options	Dec. 2, 2004	3.71	46,000	39	17,165	2004
2004	Annulment of shares	Dec. 21, 2004		-238,400	-203	16,963	
2004	Bonus issue 1:1	Dec. 21, 2004		19,956,624	16,963	33,926	2005
2005	On basis of options	Feb.10, 2005	1.70	616,400	523	34,450	2005
2010	Decreasing of share capital	Jul.19, 2010				–19,450	
2010	Targeted share issue	Oct.18, 2010	0.70	2,000,000	0	0	2010
2013	Targeted share issue	Jul.12, 2013	0.74	5,243,243	0	0	2013
2013	Share issue	Oct. 18, 2013	0.69	8,000,000	0	0	2013

Share capital Dec. 31, 2015	55,772,891 pcs	15,000 (EUR 1,000)
Share capital Dec. 31, 2015	55,772,891 pcs	15,000 (EUR 1,000)
Own shares Dec. 31, 2015	3,501,995 pcs	
Shares outstanding per Dec. 31, 2015	52,270,896 pcs	

SHARES AND SHAREHOLDERS

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, DECEMBER 31, 2015

Shares	Number of shareholders pcs	Proportion of shareholders %	Total number of shares and votes pcs	Proportion of shares and votes %
1–100	260	9.62	16,465	0.03
101–500	665	24.59	221,322	0.40
501–1,000	480	17.75	416,249	0.75
1,001–5,000	820	30.33	2,112,632	3.79
5,001–10,000	188	6.95	1,420,292	2.55
10,001–100,000	246	9.10	7,014,841	12.58
100,001–	45	1.66	44,566,465	79.91
Total	2,704	100.00	55,768,266	99.99
of which nominee registered	8		4,819,665	8.64
In joint account			4,625	0.01
In special account			0	0.00
Total			55,772,891	100.00

DISTRIBUTION OF SHAREHOLDINGS BY SHAREHOLDER CATEGORY, DECEMBER 31, 2015

	Shares pcs	Proportion of shares and votes %
Enterprises	25,717,489	46.11
Financial- and insurance institutions	11,363,459	20.37
Public entities	1,578,048	2.83
Households	16,134,960	28.93
Non-profit organizations	701,812	1.26
Outside Finland	272,498	0.49
TOTAL	55,768,266	99.99
of which nominee registered	4,819,665	8.64
In joint account	4,625	0.01
In special accounts	0	0.00
TOTAL	55,772,891	100.00

SHARES AND SHAREHOLDERS

EFORE PLC'S 20 LARGEST SHAREHOLDERS, DECEMBER 31, 2015

	Shares pcs	Proportion of shares and votes %
Sievi Capital Oyj	12,133,576	21.76
EVLI Bank Plc	5,270,953	9.45
Jussi Invest Oy	1,920,000	3.44
Tammivuori Leena	1,724,160	3.09
Rausanne Oy	1,633,971	2.93
Ilmarinen Mutual Pension Insurance Company	1,578,048	2.83
Ulkomarkkinat Oy	1,100,000	1.97
Laakkonen Arvopaperi Oy	832,203	1.49
Adafor Oy	822,800	1.48
Tammivuori Pirkko	812,004	1.46
Nordea Bank Suomi Oyj	768,090	1.38
Ahomäki Timo	711,160	1.28
Heininen Jaakko	651,836	1.17
Yleinen Työttömyyskassa YTK	646,527	1.16
Jaakko Heininen Oy	616,427	1.11
Arvojyvä Oy	600,000	1.08
Heininen Pekka	508,276	0.91
Takanen Jarkko	475,000	0.85
Rausatum Oy	280,000	0.50
Syrjälä Timo	224,329	0.40
Total	33,309,360	59.72
Nominee registered		
Danske Bank	2,788,742	5.00
Nordea Bank	1,838,782	3.30
Efore Plc's shares on company's posession Dec. 31, 2015	3,501,995	6.28

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

Espoo, February 11, 2016

Päivi Marttila
Chairman

Olli Heikkilä

Marjo Miettinen

Jarmo Simola

Jarkko Takanen

Heikki Viika
President and CEO

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF EFORE PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Efore Plc for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

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

Helsinki, February 19, 2016

KPMG OY AB
HENRIK HOLMBOM
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2015

The obligations of Efore's decision-making bodies are defined in accordance with Finnish legislation and the principles established by the Board of Directors. Efore's corporate governance complies with the provisions of the Companies Act. In addition, in 2015 Efore complied with the Insider Guidelines issued by the NASDAX OMX Helsinki Oy and the Finnish Corporate Governance Code 2010 for Listed Companies issued by Securities Market Association. From January 1, 2016 Efore applies to the Governance Code 2015 for Listed Finnish Companies issued by the Finnish Securities Market Association.

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

The consolidated financial statements were authorized for issue by the Board of Directors of Efore Plc on 11 February, 2016 and are available in Annual Report and at the website of Efore, address www.efore.com.

BOARD OF DIRECTORS

APPOINTING BOARD MEMBERS

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

COMPOSITION OF THE BOARD OF DIRECTORS

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

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

The following persons were elected as Board members at the Annual General meeting on March 31, 2015.

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

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

Marjo Miettinen, b. 1957
Education: M.Sc. (Education)
Board member since 2013
Vice Chairman of the Board since 2015
Main duty: Board professional
Independent of the company and the company's main shareholders

Jarmo Simola, b. 1961
Education: M.Sc.(Eng)
Board member since 2013
Main duty: Tulisuoja Suomi Oy, Managing Director
Independent of the company and the company's main shareholders

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

Furthermore, during the fiscal year 2015 Francesco Casoli was a member of the Board of Directors until March 31, 2015.

DUTIES AND RESPONSIBILITIES OF THE BOARD

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

and related annual budget, and decides on major investments.

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

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

The Board of Directors met 14 times during the fiscal year 2015 and the average participation rate of the Board members was 97%.

BOARD COMMITTEES

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

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

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

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

MEMBERS OF THE BOARD COMMITTEES DURING THE FISCAL YEAR 2015

During the fiscal year 2015 Efore had Audit Committee and Remuneration Committee that assist in Board of Directors' work.

The members of the Audit Committee are Olli Heikkilä, Jarmo Simola and Jarkko Takanen. The Audit Committee is chaired by Jarkko Takanen. The Audit Committee met six times during the fiscal year 2015 and the participation rate of the members was 94%.

Päivi Marttila continued as the chairman and Marjo Miettinen and Jarmo Simola continued as members of the Remuneration Committee during the fiscal year 2015. The Remuneration Committee met twice during the fiscal year 2015 and the participation rate of the members was 100%.

PRESIDENT AND CEO

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

Vesa Vähämöttönen, tech. lis. (b. 1966) acted as the President and CEO from June 1, 2010 until the end of February 2015. Heikki Viika (b. 1963), M.Sc. (Eng.) appointed on December 22, 2014 as the new President and CEO of Efore Plc. He started in this position on June 1, 2015. Efore Plc CFO and member of the Executive Management Team Riitta Järnstedt was appointed as acting President and CEO of the company March 1–May 31, 2015.

THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

SYSTEMS OF INTERNAL CONTROL

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

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

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

The group financial management together with the other management prepares monthly the financial report. The report contains a summary of the net sales, gross profit, costs level, results, net working capital, cash flow and personnel development for the previous month, year-to-year period and for the forecasted latter part of the year. Furthermore, the report includes the main risks and possibilities. The report is delivered to the Board of Directors, Executive Management Team and to the financial management of the largest subsidiaries as well as to the auditors when it concerns interim reports. In addition to the monthly reporting the management follows more actively certain actual items in their weekly meeting.

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

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

RISK MANAGEMENT

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

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

BOARD OF DIRECTORS DECEMBER 31, 2015

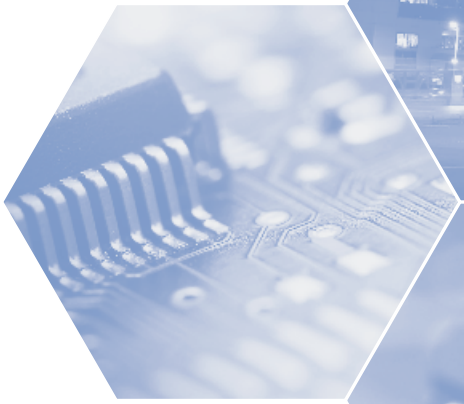
Päivi Marttila
b. 1961
Education: MSc (Econ)
Board member since 2013
Chairman of the Board since 2013

Main duty:
Midagon Oy, CEO

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

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

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



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

Main duty:
UPM-Kymmene Oyj, Vice President

Primary work experience:
Jaakko Pöyry Consulting, Principal 2001–2005
Accenture, Senior Consultant 1993–2000
ABB Process Automation, Account Manager & Project Manager 1987–1993

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

Marjo Miettinen
b. 1957
Education: M.Sc. (Education)
Board member since 2013
Vice Chairman since 2015

Main duty:
Board professional

Primary work experience:
CEO of EM Group Oy, 2006–2014
Chairman of the Board of Ensto Oy, 2002–2006
Different Director positions in Ensto, 1988–2001

Key positions of trust:
EM Group Oy, Board member since 2005
Teleste Oyj, Chairman of the Board since 2009
Componenta Oyj, Board member 2004–2014
Ensto Oy, Board member since 1999
EVA and ETLA, Delegate since 2005
Foundation of Technology Promotion, Board member 2013, Chairman since 2015
Avarte Group Oy, Board member since 2015

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

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

Main duty:
Tulisuoja Suomi Oy, Managing Director

Primary work experience:
FireEx Oy, Vice President, Business Development 2012–2015
Teleste Electronics (SIP) Co. Ltd, China, General Manager 2003–2006
Alfaram Electrics (SIP) Co. Ltd., China, General Manager 2001–2003

Key positions of trust:
Tulisuoja Suomi Oy, Board member since 2015

Independent of the company or the company's main shareholders
Holds 1,046 Efore shares and 768,000 Forward agreements*

Jarkko Takanen
b. 1967
Education: Qualified Production Engineer and holds a Commercial College Diploma in Management Accountancy
Board member since 2013

Main duty:
Jussi Capital Oy, Managing Director

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

Key positions of trust:
Sievi Capital Oyj, Board member
Scanfil Plc, Board member

Independent of the company
Holds 475,000 Efore shares*

During the financial year 2015 Francesco Casoli was also a member of the Board until March 31, 2015.

* Shareholdings per December 31, 2015

EXECUTIVE MANAGEMENT TEAM DECEMBER 31, 2015

Heikki Viika
M.Sc.(Eng.)
b. 1963
President and CEO since June 1, 2015
Chairman of EMT

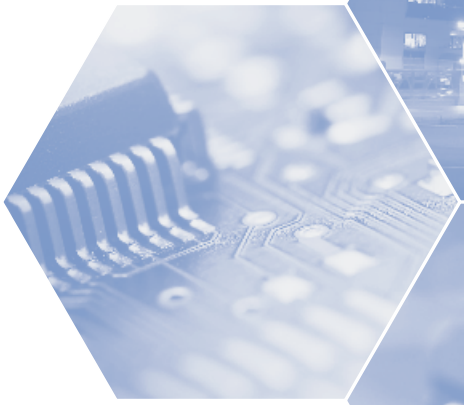
He transferred to Efore from Bombardier Transporatation (2002–2015) in United Kingdom, where he has made a long career in various international management positions e.g. as Head of Quality and Safety & as Head of Global Sales, Business Development and Strategy. Prior to Bombardier he has acted as e.g. Vice President, R&D in Adtranz (1998–2001).

Holds 10.000 pcs Efore shares,
200.000 Efore A option rights,
200.000 Efore B option rights and
200.000 Efore C option rights*

John Cahill
b. 1958
Vice President, Manufacturing
Employed by Efore since 2013

He previously held the role of Head of Tunisia manufacturing operation in Efore. He has over 30 years experience in manufacturing management in power supply industry both in Roal Electronics S.p.A (2010–2013) and other PSU companies.

Holds 114,843 pcs Efore shares,
no option rights*



Riitta Järnstedt
M.Sc.(Econ.)
b. 1968
CFO
Employed by Efore since 2014

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

No shareholding in Efore,
holds 66.667 pcs Efore A options rights,
66.666 pcs Efore B option rights, and
66.666 pcs Efore C option rights*

Markku Kukkonen
Tech. Lic
b. 1959
Vice President, Quality and Environment
Employed by Efore since 2006

He previously held the role of Head of R&D in BU Telecom and Head of Global R&D in Efore (2006–2015). Before joining Efore held managerial positions in Salcomp Oy's product development (1999–2005).

Holds 1,000 Efore shares, no option rights*

Alexander Leopardi
b. 1968
Executive Vice President, Sales and Marketing
Employed by Efore since 2013

He previously held the role of Head of BU Industrial in Efore (2013–09/2015). Before joining Efore acted as Ceo & General Manager of ROAL Electronics SpA (2006–2013) and prior to this acted as General Manager and Sales Director (2000–2005).

No shareholding in Efore*
No option rights*

Alexander Luiga
b. 1965
Executive Vice President, Human Resources
Employed by Efore since 2010

He previously held the role of Head of BU Telecom in Efore (2010–09/2015). Prior to Efore held several executive sales and marketing positions in the international companies such as Lite-On Mobile (ex Perlos 2003–2010), Moteco (2000–2003) and ABS Pumps International (1997–2000).

No shareholding in Efore, holds 66.667 pcs Efore A options rights, 66.666 pcs Efore B option rights, and 66.666 pcs Efore C option rights*

Ruben Tomassoni
b. 1974
Vice President, Sourcing and Procurement
Employed by Efore since 2013

He previously held the role of Head of global Sourcing at Efore (2013–2015). Prior to Efore acted as e.g. Supply Chain Director and EMEA Business Development Manager in ROAL Electronics S.p.A. (2006–2013).

Changes in Efore's Executive Management Team during 2015 and after the end of the financial year 2015:

Mikael Malm (EVP, Operations) was a member of the Executive Management team until September 9, 2015

Efore's previous CEO Vesa Vähämöttönen left the company at the end of February 2015. Efore Plc CFO and member of the Executive Management Team Riitta Järnstedt was acting interim President and CEO of the company March 1–May 31, 2015.

Markku Kukkonen left the company on February 12, 2016 and Alexander Luiga left the company on March 18, 2016.

Mona Hokkanen, (born 1966), M.Sc.(Psych.),has been appointed as Vice President, Human Resources and a member of the Executive Management Team. She started at Efore on March 11, 2016.

Samuli Räisänen, (born 1968), M.Sc. (Eng.) was appointed as Executive Vice President, Technology & Development and a member of the Executive Management Team. He started on January 7, 2016.

* Shareholdings per December 31, 2015

INFORMATION FOR SHAREHOLDERS

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

ANNUAL GENERAL MEETING
The Annual General Meeting of Efore Plc will be held on March 30, 2016 at 10.00 in Stella Business Park (Terra building), Lars Sonckin kaari 16, 02600 Espoo. Notice of Efore Plc Annual General meeting including registration instructions is available at www.efore.com

BOARD OF DIRECTORS' PROPOSAL FOR THE ANNUAL GENERAL MEETING
The Board of Directors will propose to the Annual General Meeting on March 30, 2016 that no dividend will be distributed.

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

FINANCIAL REPORTS IN 2016
Efore publishes its annual report, the annual financial statements release and three interim reports. The stock exchange releases are available at www.efore.com immediately after they are published. The annual report is published at www.efore. com in pdf-format only.

As a consequence of the new stock exchange rules valid from December 1, 2015, Efore has changed its reporting practice and will not prepare three and nine month interim reports. Efore Plc will disclose the following financial reports in 2016:

Annual Report 2015
– Week 10/2016

Half year report
(January 1–June 30, 2016)
– August 10, 2016

KEY SHARE DATA
Exchange listing:
Nasdaq Helsinki, The Nordic Exchange (Small Cap)
Corporate identifier EFO1V
Trading lot 1 share
Shares December 30, 2015:
55,772,891 shares
Share capital 15,000,000.00 eur

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

INVESTOR RELATIONS
Heikki Viika, President and CEO is responsible for Investor Relations.

The objective of Efore's investor relations is to provide precise and up-to-date information on the Efore Group's business operations and financial development. Efore publishes all investor information on Efore's website in Finnish and English. Efore observes a silent period of 30 days before the publication of its results. During this time the company's representatives do not comment on the company's financial position or business development.

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Sari Jaulas,
IR materials & coordination,
tel. +358 9 4784 6343

E-mail: firstname.lastname@efore.com

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