99 Annual Report

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EFORE

Information for Shareholders and Investors

The Annual General Meeting of Efore Plc will be held on Thursday, March 16, 2000 at 5.30 pm at the following address: Diana Auditorium, Erottajankatu 5, 00130 Helsinki, Finland. Shareholders wishing to attend must register with Efore by 4.00 pm on Friday, March 10, 2000:

Efore Plc
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fax +358 9 478 46500
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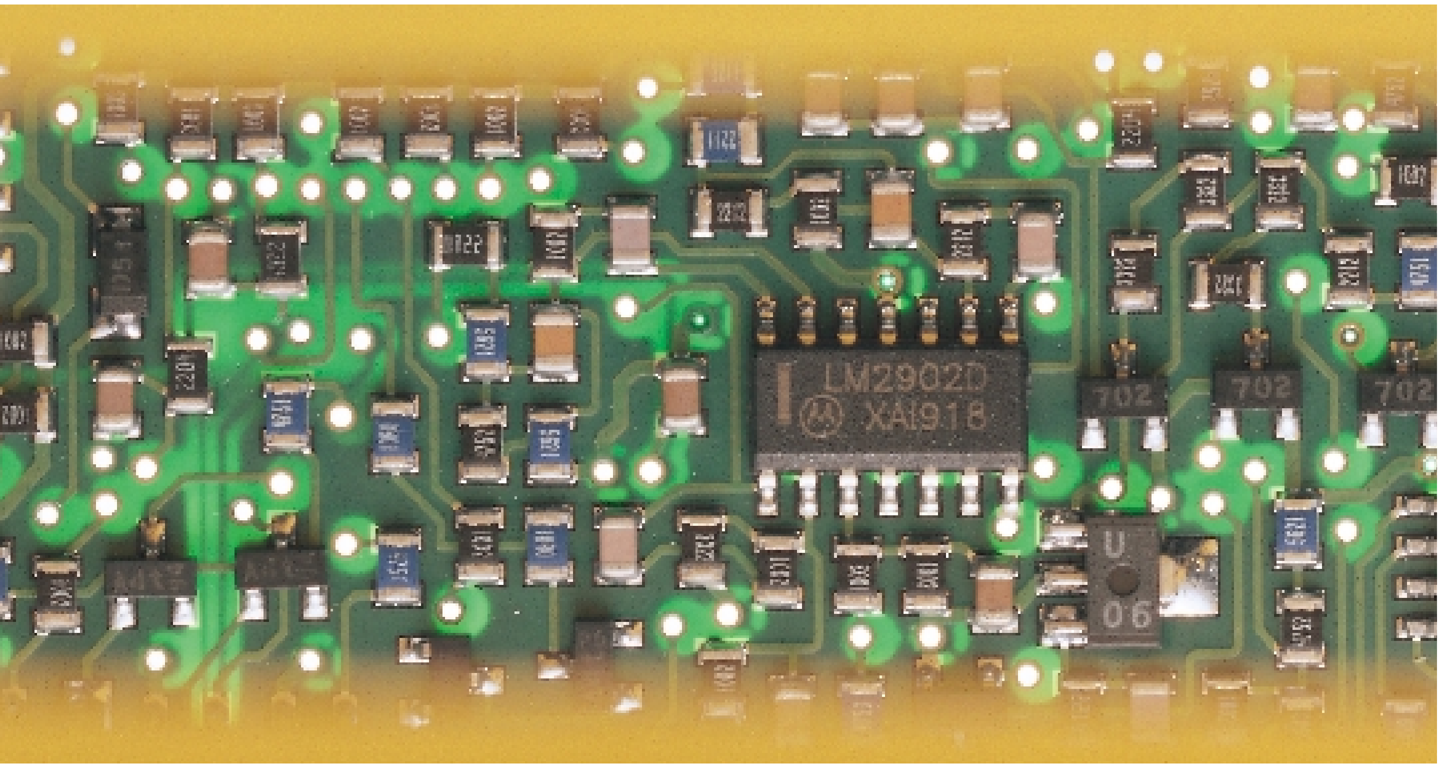
Efore will publish three Interim Reports in 2000

November - January	in week beginning March 13
February - April	in week beginning June 12
May - July	in week beginnig September 11

Efore's Annual and Interim Reports, Stock Exchange Bulletins and Press Releases are published in Finnish and English, and can also be viewed on the Group's homepage: www.efore.com



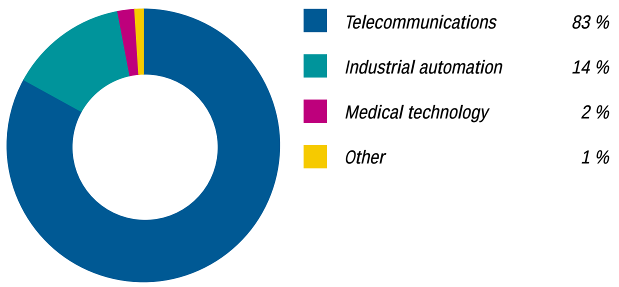
Efore has production lines for surface-mount and through-hole components as well as IMS circuit board technology.

Contents

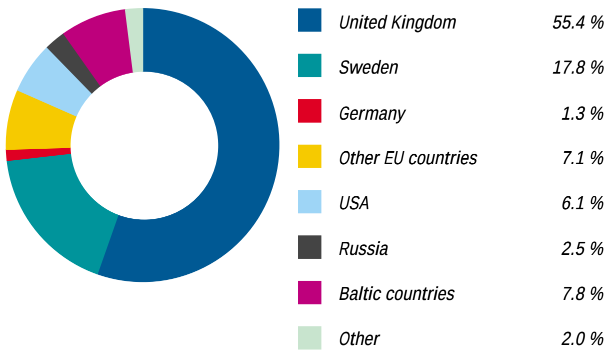
Efore Group

- designs, markets and manufactures power electronics for the world's leading telecommunications and industrial companies
- parent company is Efore Plc, established in 1975
- customers are mostly international companies in the telecommunications, industrial automation and medical electronics sectors
- products are custom-designed power supplies, rectifier systems and inverters which convert electricity and ensure a disturbance-free power supply
- Group turnover in 1999 was MFIM 289.9
- the Group employed an average of 491 people in 1999
- series A shares in Efore Plc are quoted on the Investors' List (I list) of Helsinki Exchanges
- in Finland, the Group has operations at Espoo, Saarijärvi, Vantaa, Tampere and Jyväskylä
- the Group has subsidiaries in Sweden, the United Kingdom, the United States (Texas) and China, and an associated company in Germany

Turnover by Customer Sector



Group Exports and Turnover outside Finland (MFIM 119.2 or 41 % of turnover)



STOCK EXCHANGE BULLETINS, NOVEMBER 1, 1998 - DECEMBER 31, 1999

November 30, 1998	Timetable announced for publication of Efore Group financial statements for 1999
December 3, 1998	Efore Group's financial year begins with record month
December 18, 1998	Advance information on Efore Group financial statements for period November 1, 1997 - October 31, 1998
January 21, 1999	Efore turnover MFIM 261.5, proposal for distribution of dividend FIM 1.00 per share
February 23, 1999	Invitation to Efore Plc Annual General Meeting
March 11, 1999	Resolutions of Efore Plc Annual General Meeting
March 19, 1999	Efore power system exports up again
March 31, 1999	Changes in Efore Group organization
April 14, 1999	Appointment of Deputy CEO
April 30, 1999	Efore's turnover for first six months
June 8, 1999	Efore receives order from German automation industry
June 14, 1999	Publication of Interim Report for November 1, 1998 - April 30, 1999
July 14, 1999	Shares subscribed on basis of Efore warrant bond
August 26, 1999	Change in market situation for Efore's Texas factory
September 7, 1999	Efore plants at full capacity
September 10, 1999	Notification under chapter 2 of the Securities Markets Act
October 18, 1999	Efore's reporting schedule announced and transfer to quarterly reporting
November 18, 1999	Efore sets up subsidiary in China
November 30, 1999	Timetable announced for publication of Efore's financial statements for 2000
December 3, 1999	Publication of advance information on financial statements
December 16, 1999	Advance information on Efore Group financial statements for period November 1, 1998 - October 31, 1999

PRESS RELEASES, NOVEMBER 1, 1998 - JANUARY 4, 2000

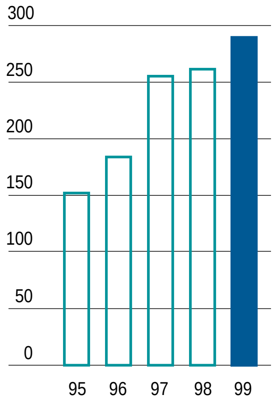
January 5, 1999	Efore leads an environmental project
November 8, 1999	Efore provides Datex-Ohmeda with power supplies for new patient monitors
November 9, 1999	Efore raises efficiency in its operations
November 11, 1999	Efore Group doubles production of its PoMo 300 rectifier systems
November 15, 1999	Efore Group's Muuntolaite Oy sells its Vantaa metal works
November 18, 1999	Efore sets up subsidiary in China
November 25, 1999	Efore concludes negotiations with personnel over cost-cutting measures
December 8, 1999	Efore gains foothold in the US power supply market
December 16, 1999	Efore turnover reaches almost MFIM 290
January 4, 2000	Efore strengthens its position on Russian power supply market

SUMMARY OF KEY FIGURES

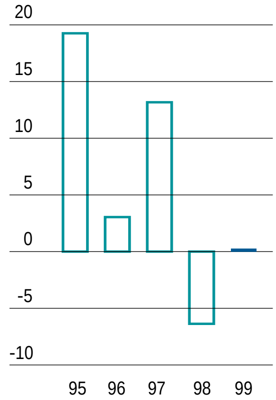
	1999	1998	1997	1996	1995
Net turnover, FIM 1,000	289 924	261 477	255 291	183 925	152 092
Operating result, FIM 1,000	6	-6 370	13 172	3 045	19 256
% of turnover	0.0	-2.4	5.2	1.7	12.7
Result before extraordinary items, FIM 1,000	1 046	-6 645	12 870	4 189	19 123
% of turnover	0.4	-2.5	5.0	2.3	12.6
Result before appropriations and taxes, FIM 1,000	1 046	-6 645	37 451	4 189	19 123
% of turnover	0.4	-2.5	14.7	2.3	12.6
Net profit, FIM 1,000	175	-6 791	23 549	1 053	14 083
% of turnover	0.1	-2.6	9.2	0.6	9.3
Balance sheet total	190 757	178 640	187 229	139 992	101 376
Earnings per share, FIM	0.04	-1.71	1.32	0.16	5.05
Dividend of profit, %	2499.1	-	151.6	1111.1	47.6
Return on investment (ROI), %	2.6	-2.7	12.5	7.1	33.7
Return on equity (ROE), %	0.2	-6.7	5.7	0.8	30.7
Solvency ratio, %	46.8	52.7	57.9	54.4	48.2
Personnel, average	491	476	426	326	260
Capital investments	11 074	20 135	19 726	20 160	15 416
% of turnover	3.8	7.7	7.7	11.0	10.1
Product development expenditure (booked as costs), FIM 1,000	19 555	19 417	11 203	10 936	7 400
Product development expenditure, % of turnover	6.7	7.4	4.4	5.9	4.9
Product development expenditure (capitalized in balance sheet), FIM 1,000*	4 449	0	0	0	0

* The capitalization of product development expenditure, introduced in 1999 in accordance with a decision of the Ministry of Trade and Industry, improved the result for the year before taxes by MFIM 4.4. If the same method had been used in the period 1995-1998, the result for each of those years would have improved by an estimated MFIM 1.0-2.5.

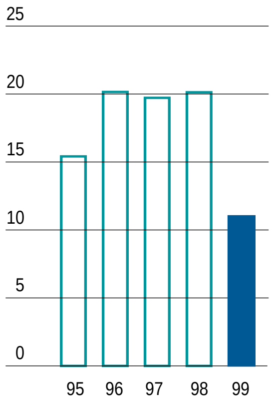
Net Turnover, MFIM



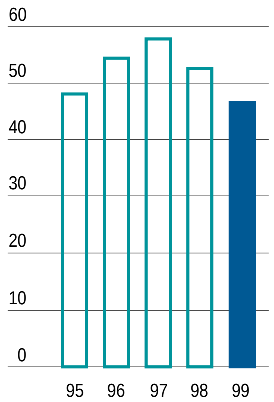
Operating Result, MFIM



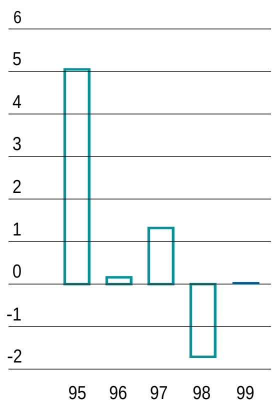
Capital Investments, MFIM



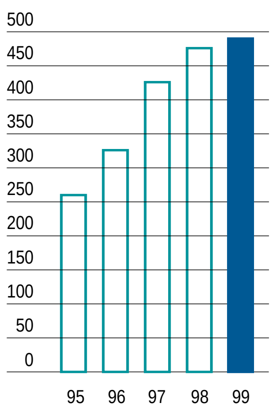
Solvency Ratio, %



Earnings per Share, FIM



Personnel



The new SMT production line represents the very latest technology.

CEO's Review

Demand picks up, production more efficient

Efore continued to develop its operations concentrating on product development and manufacture of custom-designed power supplies and rectifier systems, as set out in its chosen strategy. Characteristic of Efore's operations is a relatively high dependence on existing customers and demand for existing products as it requires about a year to develop new products and new customer relations.

Demand for products already in production was up on the previous year, the Group's invoicing for these orders showing an increase of 10.9 % (1998: 2.4 %). This followed the global growth rate in the power supply industry. Sales to many of Efore's customers were up, in part due to the healthy demand for two new products developed in 1998. Sales to the company's biggest customers varied considerably, with the total sales volume falling short of the results envisaged when the major product development and production technology projects were launched in 1998.

The level of orders for new projects remained fairly buoyant, although the key product development orders received the previous year did continue to take up most of Efore's product development capacity. Expectations remain high regarding the demand for products that are at the development stage. The product development programme for the year was the most extensive in Efore's history. Custom-designed projects are based on specific customer orders, which usually then lead to production.

The trend in the demand for rectifier systems was mixed, but in the final quarter there was significant growth in demand on Efore's selected export markets. The new Epos power system was launched during the financial year, and deliveries began. Nevertheless, the revival in demand was not sufficient to raise sales of rectifier systems to the level of the previous year.

Organizational changes

On April 1, 1999, a new operational management was established for the Group reporting directly to CEO of the parent company Efore Plc. The Group was divided into two Business Areas: Custom-designed Power Supplies and Power Systems. These Business Areas were divided into four Business Units, three of which concentrate on custom-designed power supply solutions, and the fourth on power systems.

At the same time, management of the Group's production, product development and materials functions began reporting directly to the parent company's CEO. The General Managers of the subsidiary companies now also report to the CEO. Business support processes were combined under the direction of Deputy CEO Vesa Vihavainen, who is also responsible for the Power Systems Business Area and continues as General Manager of Muuntolaite Oy. Juhani Vasakari was appointed President of Efore (USA), Inc.

On October 1, the Group's Finnish product development functions were concentrated under Efore Power Design Oy. The aim was to simplify the organizational structure and to centralize management of product development resources.

Performance

The improvement in the result fell short of expectations, despite the more active demand. The result was further affected by major investments in new product development projects ordered by customers, the return on which will largely not materialize until volume production is achieved, and by investments in new production technology. Productivity in Efore's factories was raised during the year, and in January a cost-cutting programme was introduced. This enabled Efore to respond well to the declining price trend in the market.

The initially low utilization rate of the new production line brought on stream at the Saarijärvi plant in August 1998 had an adverse effect on the result. The utilization rate nonetheless improved during the year, as planned, and reached a satisfactory level during the summer.

At the US factory, the quality problem in the production process that emerged at the start of the spring led to additional costs and a loss in net income. Although the problem was swiftly investigated and the situation brought quickly under control, it took time to complete the reverification of the process. The situation was resolved in cooperation with the customer. Following the delay, the plant returned to its normal operating level in June.

Strategy and operations at the US subsidiary

The main customer of Efore's US subsidiary during its initial phase was Nokia's Forth Worth base station plant. In summer 1998, with US demand failing to meet expectations, Efore (USA), Inc. began delivering to Europe. During spring 1999 the Group's production strategy was reviewed, and the division of responsibilities between the US and Saarijärvi factories became product-based. This meant that a substantial proportion of the US production is now exported to Europe as part of Efore's global production concept.

Under this arrangement the US factory's utilization rate has been brought up to a reasonable level, enabling profitable operation with the present cost and customer structures. Local deliveries to Merlot Communications Inc. and Datex-Ohmeda Inc. have begun, and efforts to further expand the customer base are continuing.

Efore's US factory is an essential part of the Group's US marketing strategy. Along with Nokia and Ericsson, the US industry has a key role to play in developing technology for the information society, which means some of the most important growth potential for Efore in the future will be in the US markets.

Present financial year

The company was, in many respects, steered onto the right course during the year under review, and new products moved into production phase as expected. The export of power systems began to grow again, the customer base in the USA expanded, and productivity and cost efficiency were improved. The new financial year has got off to a record start, with invoicing in November and December totalling MFIM 67 (1998: MFIM 48), giving us good reason to assume that this financial year will be considerably more profitable than the last one.

Efore's new subsidiary in Suzhou, China, also creates a foundation for new growth. China is a growing market for power electronics, and many of our existing and potential global customers are already operating there and require their partners to have a local presence. Interesting market segments for rectifier systems have also been identified in China. In order to better control the risks, the strategy is to proceed one small step at a time. Product manufacture will rely on local subcontractors. The new subsidiary also supports Group procurement by acquiring inexpensive materials for the needs of the whole Group. Efore has already signed a framework agreement with an important international telecommunications company in China for delivery of power supplies. Manufacture of a trial series of power supplies is currently under way, and local delivery will begin during the first quarter of 2000. Efore's subsidiary is located in the city of Suzhou, about 100 kilometres inland from Shanghai. The company initially employed two people, and in the first quarter of 2000 it will employ ten people.

The year under review was a demanding one in many ways. May I warmly thank all our customers, personnel, shareholders and partners for their valued cooperation.

Berndt Schalin
CEO
Efore Plc

Custom-Designed Power Supplies

Custom-designed power supplies is the biggest Business Area of Efore, with production operations at Saarijärvi and Vantaa in Finland, and in Texas in the United States. Turnover in this Business Area was MFIM 251.2 (1998: MFIM 218.2). The Business Area was reorganized in the spring and is now divided on the basis of customer groups into three Business Units. Within the power supplies industry, above average growth is expected in the demand for custom-designed solutions.

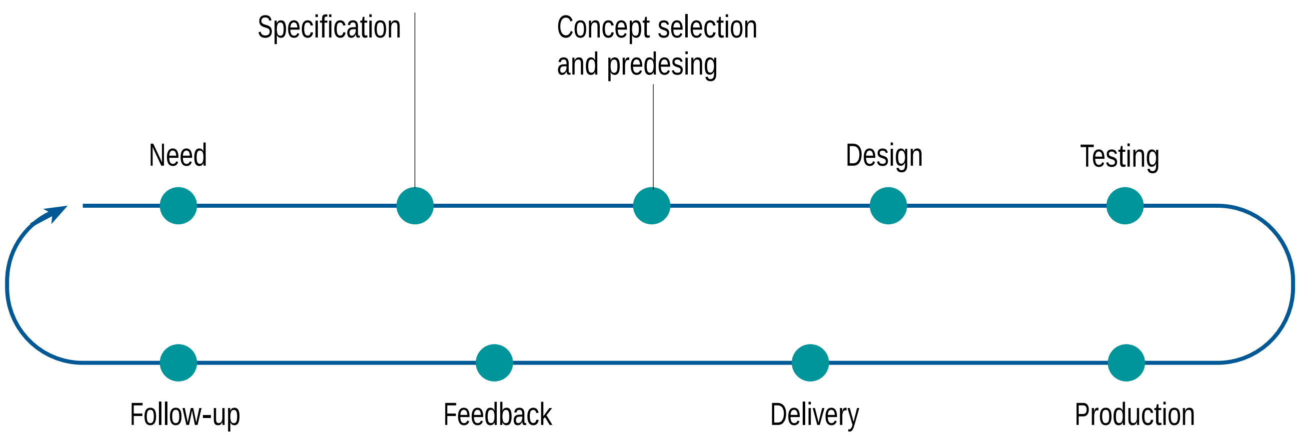
Characteristic of sales in this business in short-term is the unusually high dependence on the existing customers and demand for existing products, as it requires about a year to develop new products and new customer relations.

Close cooperation with the customer is essential at all stages, and the fashionable term 'customer relations management' describes very well one of the key operating principles long used by Efore. Indeed, Efore took part in a competition on this theme organized during the year by the Centre for Relationship Marketing and Service Management at the Swedish School of Economics and Business Administration in Helsinki and succeeded in gaining a place amongst the six finalists.

Demand for existing products and for new products transferred to production during the year showed an improvement over the previous year, with total invoicing for custom-designed power supplies up 15%. This increase was in line with the global rate of growth in the power supply industry.

Demand for new projects also remained buoyant, although the major product development orders received during the previous financial year again committed most of our product development capacity. Expectations concerning the demand for products currently at the project stage are still high, and the product development programme for the year was the most extensive in Efore's history. Custom-designed projects are based on specific customer orders and usually then lead to volume production.

Custom-designed power supply solutions accout for 80 % of the Group turnover.



Business in the United States

Efore's subsidiary Efore (USA), Inc. concentrated entirely on custom-designed power supplies during the financial year. The product development order received from Merlot Communications Inc. at the end of the previous financial year led already to small-scale production, and the first local orders from the US factory of Datex-Ohmeda Inc. were received right at the end of the financial year.

A major new customer for the Business Area is the industrial automation equipment producer Phoenix Contact GmbH & Co. in Germany, whose order was obtained through collaboration with our German associated company Power Innovation GmbH.

Cooperation with the global power supply manufacturer Lambda was reorganized during the year, as a result of Efore's focus on custom-designed applications. Efore decided to discontinue its distribution of Lambda's standard products in Finland and in some other market areas as of the start of September.

Growing demand helped improving the operating profit of the Business Area compared to the previous year, but its profitability still remained below the long-term goals.

Efore's laboratory specializes in power supplies. It has measuring equipment and tools for design verification, and performs type tests which are the basis for various approvals.

Power Systems

The Group's Power Systems Business Area designs, markets and manufactures Epos and PoMo rectifier systems and other products connected with systems, mainly for telecommunications and industrial customers. Sales personnel for this Business Area are based at Espoo, Finland, and production is in nearby Vantaa. The Area's turnover for the year was MFIM 38.7 (1998: MFIM 43.3).

The drop in turnover was largely due to the reduced trade with Russia beginning in August 1998, as well as the declining price trend on the Finnish markets. Efore responded to this situation by improving the efficiency of its operations and by outsourcing various functions, e.g. part of the circuit board assembly for this Business Area was subcontracted to countries with lower labour costs.

Production of the new Epos system began during the year, and more substantial growth in sales is expected when the product family is completed in the early part of 2000.

The Power Systems Business Area also works closely with Efore's German associated company Power Innovation GmbH, acting as representative for Power Innovation's inverters and power systems in Finland, the Baltic countries and Russia. Power Innovation represents Efore's Power Systems in Germany.

Exports are growing again, and the main export markets targeted by Efore are Russia, the CIS countries, the Baltic countries and Greece. The export strategy is based on a network of representatives which was expanded last year. Exports grew especially in the last quarter of the year, resulting in a doubling of the production of PoMo 300 rectifier systems at the Vantaa plant.

A downturn in total sales and the pressure on prices meant that the result for the Business Area was below that of the previous year. The second half of the financial year, however, proved to be better than the first. In particular, the restructuring the Group's Vantaa plant improved the Business Area's performance.

Epos rectifier systems are designed to serve the needs of telecommunication and industrial customers.

Group Companies

Efore Plc

Efore Plc, the Group's parent company, focuses on custom-designed power supplies. Efore Plc also takes care of administration for the Group and for Efore's Finnish subsidiaries. The parent company employs personnel at the Group's operations in Espoo and Saarijärvi in Finland and at its Swedish operation. Parent company turnover was MFIM 200.0 (1998: MFIM 172.0), and at the close of the year it employed 327 (1998: 328) people.

Muuntolaite Oy

Muuntolaite Oy serves both Business Areas of the Group. It employs personnel at the Group's Espoo and Vantaa operations. The company's turnover amounted to MFIM 59.2 (1998: MFIM 67.6), and at the close of the year it employed 73 (1998: 103) people.

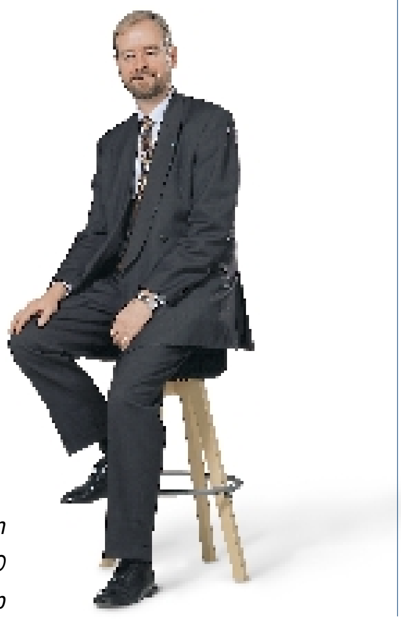
Efore Power Design Oy

In September, the name IL-Power Oy was changed to Efore Power Design Oy, and from the start of October the product development personnel of the Group's Finnish companies were transferred to the service of Efore Power Design. The purpose of the change was to simplify the organizational structure and to centralize the management of product development resources.

The company mainly sells product development capacity to the Group's different Business Units. The IL-Power team continues as an independent design unit within Efore Power Design Oy. The company employs product development personnel at the Group's Espoo, Saarijärvi, Vantaa, Jyväskylä and Tampere operations. At the close of the year Efore Power Design employed 45 (1998: 4) people.

Efore (UK) Ltd.

Efore (UK) Ltd. focuses on custom-designed power supplies. The company is located in Farnham, west of London. As part of the Group's cost-cutting program, the product development carried out in the UK was transferred to Efore Power Design Oy in Finland. The company's turnover amounted to MFIM 20.6 (1998: MFIM 6.5), and at the close of the year it employed 3 (1998: 4) people.



Berndt Schalin
CEO
Efore Group

Efore (USA), Inc.

Efore (USA), Inc. specializes in custom-designed power supplies. The company's turnover for the year was MFIM 33.9 (1998: MFIM 31.7), and at the close of the year it employed 44 (1998: 41) people.

Efore (Suzhou) Electronics Co., Ltd.

Efore (Suzhou) Electronics Co., Ltd. focuses on custom-designed power supplies and on procurement for the Efore Group. The company is located in the city of Suzhou, about 100 kilometres west of Shanghai. It began operations in November 1999.

ASSOCIATED COMPANIES

JES Logistics Ltd.

JES Logistics Ltd, operating in the United Kingdom, concentrated mainly on providing a service to its customer by keeping stocks of its shareholders' products for call-off type deliveries. Besides Efore, the company's other shareholders are Jyskän Metalli Oy and Scanfil Oy, each with a one-third share. The company performed successfully and all the shareholders managed to consolidate their customer relations. From the beginning of 2000 the customer started to manage buffer stocks itself using the same operating principle, and so the operations of JES Logistics Ltd. have since been discontinued.

Power Innovation GmbH

Power Innovation GmbH, in Germany, designs and manufactures power electronics, specializing in inverter technology. The new LavaLine inverter product family has been well received on the market, and the company's overall sales began to grow steadily during the latter part of the year. Power Innovation has also been largely responsible for establishing customer relations with Phoenix. The custom-designed power supply developed for Phoenix is to be manufactured at Efore's Saarijärvi factory in Finland. The total turnover of Power Innovation for the year was MDEM 3.3 (1998: MDEM 3.8), and at the close of the year the company employed 31 (1998: 32) people.

Vesa Vihavainen
Deputy CEO
Efore Group

Ilpo Heiskanen
Deputy General Manager
Efore Power Design Oy

Hannu Haili
General Manager
Efore (Suzhou)
Electronics Co., Ltd.

Juhani Vasakari
President
Efore (USA), Inc.

Developments During the Financial Year

Product Development

Efore's technological and product development expertise in the power supply sector is the key to obtaining further contracts from existing customers and to gaining new customers and markets. The most extensive product development programme in Efore's history was started during the financial year.

On October 1, 1999, the Group's Finnish product development functions were transferred to Efore Power Design Oy, formerly IL-Power Oy. The purpose of the change was to simplify the organizational structure and to centralize management of product development resources.

Efore Power Design mainly sells product development capacity to the Group's different Business Units. The IL-Power team continues as an independent design unit within the renamed company. The company employs the product development personnel of the Group's Espoo, Saarijärvi, Vantaa, Jyväskylä and Tampere operations.

Treatment of product development expenditure in the financial statements

Efore's business model, in which a customer project includes both a product development stage and a subsequent production stage, leads to a situation in which substantial costs are generated before any returns. The product development stage often lasts more than 12 months, and the life cycle of the product is typically three to seven years, during which time most of the returns on the project are generated.

To ensure that the Group result and the balance sheet figures accurately reflect the company's true situation, the accounting practice has been amended such that some of the costs of large, individual product development projects, amounting to MFIM 4.4, are now capitalized in the balance sheet. This investment will be depreciated according to a project-specific depreciation plan, which means, on average, a depreciation period of five years. The depreciation is related to the trend in sales income for the product and the estimated time remaining of the product's life cycle. Product development costs amounting to MFIM 19.6 have been booked directly as expenditure for the past financial year.

Cost Efficiency

Once it became clear early in the year that despite the more active demand, the achievable total sales volume would still fall short of the level envisaged when the major investments in product development and production technology were made in 1998, steps were taken to introduce a two-stage cost-cutting programme.

Cost-cutting measures were limited on account of the need to continue with all major product development projects ordered by customers and with the efforts to expand the US customer base. Both factors are essential parts of Efore's basic strategy in terms of medium-term growth and financial performance.

The main savings were achieved via the productivity project at the Saarijärvi factory, active procurement policy, reorganization at the Vantaa plant and outsourcing various functions. The measures included a reduction in personnel through natural turnover, early retirement, lay-offs and redundancies. The boost in production at Saarijärvi towards the end of the financial year did, however, lead to an increase in production personnel at the plant, mainly through employing temporary personnel.

Production and investments

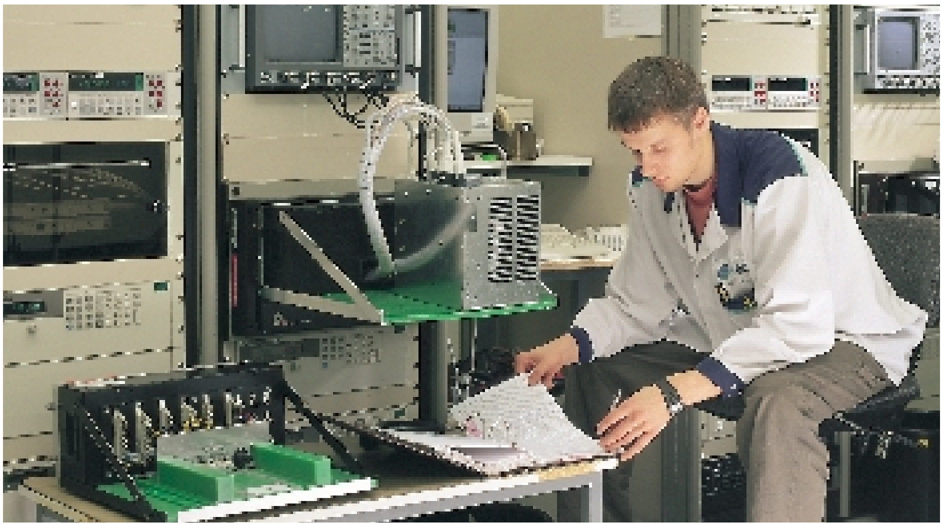
Use of the new SMT production line acquired at the Saarijärvi factory in the previous year proceeded as planned. A satisfactory utilization rate for the line was achieved in the summer, after which its use has been in line with the targets set, mainly involving work in three shifts.

Group investment during the year totalled MFIM 11.1 (includes 4.4 MFIM capitalized product development expenditures) and was largely made on replacements and minor productivity improvement measures.

Environmental management

Progress with environmental matters at Efore Plc has been based on the international ISO 14001 standard, which is being applied to all activities of the Finnish companies in the Efore Group. Efore's environmental policy is built around three basic themes: compliance with legal and other provisions and requirements; continuous improvement of the level of environmental protection; and prevention of damage to the environment. To turn these into concrete measures, Efore has established environmental goals, objectives and programmes which will enable all its personnel to act in an environmentally sound manner and in accordance with the company's environmental policies.

In autumn 1998, Efore, together with eight of its subcon-



Automatic testing ensures the quality of Efore products.

tractors and two other companies, launched the Efeco project with the support of the Uusimaa and Central Finland Employment and Economic Development Centres. Under this project, an ISO 14001 environmental system will be established for all the participating companies. Efore's environmental system was pre-audited by the Finnish Standards Association in January 2000 and the full certification audit will be conducted in March 2000.

Thanks to waste management, the amount of landfill waste produced by the Saarijärvi plant was reduced by 35 % from last year, despite the doubling of production between 1997 and 1999. This was possible with the motivation and commitment of Efore's personnel and the environmental training given to everyone at the factory. Contact persons for environmental matters have been appointed for each function.

Personnel

The Group's personnel policy provides a framework for the continued professional and personal development of its personnel. The policy aims to promote the development and growth of the individual in line with the company's objectives. Efore supports personnel who are well motivated and have the desire and ability to develop their professional skills and to interact with others. The focus during the year was mainly on improving environmental awareness and knowledge of environmental matters and on improving language skills.

The attitude of Efore's personnel towards development of the company and the efficiency improvements during the year was positive. New developments in technology, as in other areas, were greeted with enthusiasm.

Developments following the Close of the Financial Year

Following an invitation for bids, the metal works at Efore's Vantaa factory was sold to Helsingin Levytyö Oy, which had earlier functioned as a reserve production facility for Muuntolaite Oy.

The operations of JES Logistics Ltd. became obsolete when the customer began to run an equivalent operation itself for all suppliers. For this reason the shareholders decided to discontinue the company's operations as of January 1, 2000.

In November, Efore's weak financial position led it to initiate negotiations with personnel over cost-cutting measures in the Group's Finnish companies, the outcome of which included a salary reduction package for the Saarijärvi production personnel and operational management team. Only a small number of redundancies was necessary, but natural turnover will become important in the future. These measures will allow Efore to maintain its ability to perform and to improve its competitiveness in relation to its Finnish competitors.

Following the close of the financial year a new subsidiary, Efore (Suzhou) Electronics Co., Ltd. was set up in China. The company will manage local customer relations and logistics, and will support Group's procurement function, acquiring local materials for the needs of the whole Group. At this stage, product manufacture will rely on local subcontractors.

In December, Muuntolaite Oy was granted an AQAP 110 quality certificate, making it possible to expand deliveries made to the military sector.

Board of Director's Report

A significant increase in production volumes occurred during the year. This was not directly reflected in turnover, however, because rapid changes in production technology led to important design changes, aimed at reducing costs, to products already in production.

Group turnover for the year rose to MFIM 289.9 (1998: MFIM 261.5), a growth of 10.9 % over the previous year. Sales to major customers varied especially in the first six months, and the total sales volume still did not meet the level required for a good result.

The Group result for the year (November 1, 1998 - October 31, 1999) was again unsatisfactory, despite the improvement made. Group operating profit was FIM 6,500, and profit before appropriations and taxes amounted to MFIM 1.0. Under Efore's dividend distribution policy the Board will propose to the Annual General Meeting that a dividend of FIM 1.10 per share be distributed for 1999.

The most extensive product development programme in Efore's history continued, at a cost of MFIM 19.6, significantly affecting the result for the year. Development costs of MFIM 4.4 for certain long-term projects were capitalized in the balance sheet. An extraordinary expense item of MFIM 1.8 was booked for slow-moving materials in stock.

The new Epos rectifier system was launched during the year and deliveries begun in summer 1999. Sales of rectifier systems did not, however, rise to the level of the previous year, despite the revival in demand at the end of the year. Trade with Russia was recommenced.

The Group's main objectives for the year were an improvement in profitability and the implementation of its global strategy.

On October 1, 1999, the Group's Finnish product development functions were centralized into Efore Power Design Oy, formerly IL-Power Oy, the purpose being to simplify the organizational structure and to improve the use of product development resources.

Operations at Efore (USA), Inc. showed a positive trend at the end of the year, following its reorganization and resolution of the production problems experienced at the start of the year. Nevertheless, the company once again recorded a considerable loss for the year.

Preparations were made during the year for establishing an Efore subsidiary in China.

The utilization rate of the new production line introduced in August 1998 at the parent company's Saarijärvi factory was still low at the start of the year. A satisfactory utilization rate was reached in July.

Following the restructuring, Muuntolaite Oy has improved the cost efficiency of its operations.

The products designed by Efore are mainly custom-designed power supplies and rectifier systems. The majority of users of Efore products are companies in the telecommunications, medical technology and automation sectors. A significant proportion of Group turnover is derived from custom-designed products and from long-term framework agreements.

Efore's competitiveness is based on use of the most highly developed technology for its products and on the latest production technology for their manufacture. All the Group's production plants operate with ISO 9001 quality certification.

The Group's largest factory unit is at Saarijärvi in central Finland. The Efore (USA), Inc. factory, located at Irving near Dallas in the United States, has a smaller capacity. Muuntolaite Oy, which mainly produces rectifier systems, is located at Vantaa, Finland. Efore Power Design Oy (formerly IL-Power Oy) designs products for manufacture in the Group's production plants.

Turnover up 10.9 %

Group turnover for the year rose to MFIM 289.9 (1998: MFIM 261.5). This fell short of the Group's turnover target, which would have produced an acceptable result, but nevertheless represented an increase of 10.9 % (1998: 2.4 %) on the previous year's turnover. Parent company turnover grew 16.3 % to reach MFIM 200,0 (1998: MFIM 172.0). Group exports and turnover outside Finland amounted to MFIM 119.2 (1998: MFIM 106.1), or 41.1 % of turnover. The most important market areas besides Finland are the United Kingdom, the United States, Sweden, Russia and the Baltic countries. Exports to Russia and the Baltic countries showed a favourable trend following the difficulties of 1998.

As in the previous year, business fluctuated rapidly and was difficult to predict. In terms of units produced, the volume of manufactured products was up on the previous year.

Improved result but still unsatisfactory

The Group result for the year, expressed in comparable terms, showed a slight increase on the previous year's figure. The Group's financial performance was affected by the low utilization rate of Efore's factories at the start of the year, the quality problems at Efore (USA), Inc. and the major investment in product development. When examining the result it should be noted that product development expenditure amounting to MFIM 4.4 was capitalized in the balance sheet. MFIM - 0.8 was booked in the Group result as the Group's share of the German associated company's loss.

Efore Plc booked a reduction in value of MFIM 10.5 on the shares of its US subsidiary on account of the accumulated losses of the subsidiary, which affects the parent company result and is eliminated in the Group's financial statements.

Group operating profit amounted to FIM 6,500 (1998: net operating loss MFIM -6.2), and parent company operating profit to MFIM 8.2 (1998: MFIM 0.3). Group profit before appropriations and taxes was MFIM 1.0 (1998: loss MFIM -6.6). Taxes entered for the year totalled MFIM 1.3, and the change in deferred tax liability was MFIM 0.4. A possible tax consequence of MFIM 1.7, resulting from the sale of the company's own shares that had come into its possession in the earlier merger, has been taken into account in the parent company as a voluntary provision, weakening the result. This is, however, still under appeal, and the company believes it has a good case. Voluntary provisions within the Group are included in non-distributable unrestricted equity.

Earnings per share were FIM 0.04 (1998: FIM -1.71). Return on investment (ROI) amounted to 2.6 % (1998: -2.7 %), and return on equity (ROE) to 0.2 % (1998: -6.7 %).

Financial position remained sound

The Group's financial position improved during the year. Current assets at the close of the year were MFIM 33.3 (1998: MFIM 14.5). Long-term (non-current) loans amounting to MFIM 5.1 were repaid and MFIM 10.8 of new loans were drawn. A total of MFIM 4.0 was paid in dividends. The Group solvency ratio at the end of the year was 46.8 % (1998: 52.7 %). The financial position was weakened by the investments made and by the working capital needs of the US and UK subsidiaries. The total on the consolidated balance sheet was MFIM 190.8 (1998: MFIM 178.6). The ratio of net debt to shareholders' equity (i.e. gearing), describing the Group's indebtedness, stood at 25.8 % (1998: 38.4 %).

Investments

The Group invested MFIM 11.1 (includes 4.4 MFIM capitalized product development expenditures), or 3.8 % of turnover, in fixed assets during the year, which was considerably less than in the previous year. Replacements accounted for about half of this. The most significant new investment was the additional equipment for the new production line introduced the previous year at the Saarijärvi factory. Additional investment was also directed at the Group's new information system acquired the previous year. Expenditure on replacement was also important in modernizing acquisitions made earlier and is essential to preserve competitiveness.

Efore's personnel are highly skilled and well motivated.

Investment expenditure in 2000 is expected to be at the level of the previous year, since no decisions have been made for any major new investments.

Environmental policy and impact

Development of the Efore Plc environmental system is based on the international ISO 14001 standard, which is being applied to all the company's operations. The aim is to obtain certification under the standard by June 2000. The environmental system was pre-audited by the Finnish Standards Association in January 2000, and it has been agreed that the actual audit will take place in March 2000. Contact persons for environmental matters have been appointed for each function.

Efore's management is not aware of any environmental risks or liabilities that would have a significant impact on the financial position of the company.

Personnel employed

The number of persons employed by the Group grew by 15, bringing the average employed by Group companies during the year to 491 (1998: 476), and to 492 at the close of the year. The number of personnel employed by Muuntolaite was reduced. All product development personnel were transferred on October 1, 1999 from Efore Plc and Muuntolaite Oy to the service of Efore Power Design Oy, in connection with the centralization of product development functions.

An agreement on flexible working time is in force at the Saarijärvi factory, which will enable it to respond quickly to fluctuations in demand. In addition to this, both the Saarijärvi and Efore (USA), Inc. plants have, where necessary, been employing temporary personnel.

The euro and 2000

Preparations have been made for introduction of the euro by renewing operational control and financial management systems. The Group's Finnish companies will start using the euro in their accounting and financial reporting as of November 1, 2000. The aim is rapid and widespread introduction of the euro. Preparations for the year 2000, begun in 1998, proceeded as planned, and no problems were encountered with the Group's technical facilities or IT systems during the changeover to the new millennium.

Outlook for the current year

The new financial year began for the company with record invoicing, reaching MFIM 67 (1998: MFIM 48) for November and December, and demand has continued at a reasonable level in January. Invoicing is largely based on daily orders from customers and is therefore subject to considerable variation at short notice. Demand for Efore's products over the medium term is growing, however, and the demand for new product development projects looks as though it will remain buoyant.

With the aid of its cost-cutting programme, Efore is prepared for yet tougher competition and for any quieter spells in the business. The result for the first quarter of the year is expected to be clearly positive. Achieving a satisfactory result will require productive use of completed projects and investments and continued development of expertise to ensure the company's competitiveness and safeguard its position in the market.

Following the close of the financial year, Efore set up a subsidiary in China. Efore (Suzhou) Electronics Co., Ltd. will manage local customer relations and logistics, and support Efore's procurement by acquiring local materials for the needs of the whole Group. At this stage, production will rely on local subcontracting.

Board of Directors' Proposal for the Distribution of Dividends

The Board of Directors' proposal for the distribution of dividends is based on the recommendation of investors and shareholders. Accordingly, the aim is to pay a regular annual dividend from at least half of the net profit for the year, the other half being reserved for the company's investment and development needs. Distributable funds accumulated from previous years can also be used for payment of dividends, thus allowing the dividend to be secured in any years of unfavourable results and thereby ensuring compliance with the policy of regular dividends.

EFORE PLC SHARES AND SHAREHOLDERS

Shares and share capital

Until registration on July 1, 1999 of the 11,000 series A shares subscribed under the 1994 option rights, Efore's share capital totalled FIM 39,736,220. Following registration of these subscriptions the company's paid up share capital entered in the trade register amounted to FIM 39,846,220, and its total number of shares was 3,984,622. Under the Efore Plc Articles of Association the company's minimum share capital is FIM 20,000,000 and its maximum share capital FIM 80,000,000, within which limits the share capital can be raised or reduced without amending the Articles of Association.

The nominal value of one share is FIM 10. The shares are divided into series A shares and series K shares. According to the Articles of Association there can be a minimum of 1,857,200 and a maximum of 7,428,800 series A shares, and a minimum of 142,800 and a maximum of 571,200 series K shares. The series A shares each carry one vote and the series K shares 20 votes. According to section 7 of the Articles of Association, the assignability of series K shares is restricted by a redemption clause. The company's shares are included in the book-entry system.

Market and market maker

Efore Plc's shares are quoted on the I list (Investors' list) of the Helsinki Exchanges. The company has a market-making agreement with Merita Securities Ltd. The Merita Securities broker has undertaken to provide quotations and to buy and sell Efore's shares.

Distribution of share capital by share series, October 31, 1999

	Shares, no.	% of shares	Votes, no.	% of votes
series A	3 719 814	93.35	3 719 814	41.26
series K	264 808	6.65	5 296 160	58.74
Total	3 984 622	100.00	9 015 974	100.00

Efore Plc's largest shareholders, October 31, 1999

	Series K shares	Series A shares	Series A shares, total	Total shares	Total votes	Proportion of shares, %	Proportion of votes, %
Tammivuori, Esko	127 678		382 182	509 860	2 935 742	12.00	31.63
Tapiola Group							
Tapiola Mutual Pension Insurance Company		124 000					
Mutual Insurance Company Tapiola		111 600					
Tapiola Mutual Life Assurance Company		91 840					
Tapiola Corporate Life Insurance Company		41 400	368 840	368 840	368 840	8.68	3.97
Fabritius, Hannes	90 032		185 554	275 586	1 986 194	6.49	21.40
Fabritius, Pirkko	46 956		135 740	182 696	1 074 860	4.30	11.58
The Local Government Pensions Institution			174 160	174 160	174 160	4.10	1.88
Sampo Group							
Sampo Life Insurance Company Limited		69 400					
Sampo Enterprise Insurance Company Limited		66 000	135 400	135 400	135 400	3.19	1.46
Evli Nordic Smaller Companies investment fund			84 100	84 100	84 100	1.98	0.91
Pension Insurance Company Ilmarinen			80 700	80 700	80 700	1.90	0.87
Evli Securities Plc			80 000	80 000	80 000	1.88	0.86
Gyllenberg Small Firm investment fund			62 640	62 640	62 640	1.47	0.67
Evli-Select investment fund			59 330	59 330	59 330	1.40	0.64
Rausanne Oy			52 500	52 500	52 500	1.24	0.57
Syrjälä, Timo			50 000	50 000	50 000	1.18	0.54
Oy Leimark Invest Ab			40 000	40 000	40 000	0.94	0.43
TOTAL	264 666		1 891 146	2 155 812	7 184 466	54.10	79.69
Proportion of total, %	99.95		50.84	54.10	79.69		

Total shares:	3 984 622	series A: 3 719 814	series K: 264 808
Total votes:	9 015 974	series A: 3 719 814	series K: 5 296 160

NOMINEE REGISTERED					
Merita Bank Plc	115 873	115 873	115 873	2,91	1,29
Svenska Handelsbanken AB/Finnish branch	103 000	103 000	103 000	2,58	1,14
Leonia Bank Plc	30 000	30 000	30 000	0,75	0,33
Helsinki Book-Entry Central Ltd.	21 000	21 000	21 000	0,53	0,23
TOTAL	269 873	269 873	269 873	6,77	2,99

Shareholder agreements

The Board of Directors of Efore Plc has not been notified of any shareholder agreements concerning the company's shareholding or the use of voting rights.

Distribution of shareholdings by shareholder category, October 31, 1999

	Number of shareholders	Proportion of shareholders %	Proportion of votes %	Proportion of shares %	Votes	Shares
Private enterprises	115	10.84	5.27	11.87	475 476	472 778
Financial and insurance institutions	21	1.98	12.83	29.02	1 156 521	1 156 521
Public sector entities	6	0.57	4.58	10.36	412 860	412 860
Non-profit organizations	12	1.13	0.46	1.05	41 766	41 766
Households	906	85.39	76.84	47.66	6 927 573	1 898 919
Abroad	1	0.09	0.01	0.03	1 000	1 000
Total	1061	100.00	99.99	99.98	9 015 196	3 983 844
In joint account			0.01	0.02	778	778
NUMBER ISSUED			100,00	100.00	9 015 974	3 984 622
Nominee registered, total	4	0.38	2.99	6.77	269 873	269 873

Distribution of shareholdings by size of holding, October 31, 1999

Series A and K shares	Number of shares	Proportion of shareholders %	Series A shares	Proportion of series A shares %	Series K shares	Proportion of series K shares %	Votes	Proportion of votes %
1 - 100	122	11.46	8 563	0.23	0	0.00	8 563	0.09
101 - 500	429	40.28	131 617	3.54	142	0.05	134 457	1.49
501 - 1,000	216	20.28	179 114	4.82	0	0.00	179 114	1.99
1,001 - 5,000	223	20.94	519 133	13.96	0	0.00	519 133	5.76
5,001 - 10,000	31	2.91	230 564	6.20	0	0.00	230 564	2.56
10,001-100,000	36	3.38	1 317 936	35.43	0	0.00	1 317 936	14.62
100,001 - 999,999	8	0.75	1 332 109	35.81	264 666	99.95	6 625 429	73.49
TOTAL	1 065	100.00	3 719 036	99.98	264 808	100.00	9 015 196	99.99
In joint account			778	0.02	0	0.00	778	0.01
NUMBER ISSUED			3 719 814	100.00	264 808	100.00	9 015 974	100.00

Increases in share capital, 1995-1999

Subscription share ratio	Subscription price	Subscription period	Dividend right	Increase FIM/share	New share capital FIM
Bonus issue		April 3-April 28, 1995	100 %	1 881 480 FIM	
10A:K;3A:K			1994/95	188 148 no.	8 153 110 FIM
New issue	FIM 40.00	April 1-April 30, 1996	100 %	8 145 400 FIM	
1A:K;1A:K			1995/96	814 540 no.	16 298 510 FIM
Paid upon				Share premium	
subscription				24 436 200 FIM	
Merger consideration		Jan. 10, 1997		2 550 000 FIM	18 848 510 FIM
				255 000 no.	
Bonus issue		April 1-April 30,1997	100 %	1 806 180 FIM	
10A:K;1A:K			1996/97	180 618 no.	19 868 110 FIM
Bonus issue		March 16, 1998	100 %	19 868 110 FIM	39 736 220 FIM
1A:K;1A:K			1997/98	1 986 811 kpl	
Subscriptions made on basis of options	FIM 42.30	July 1, 1999	100 %	110 000 FIM	39 846 220 FIM
			1998/99	11 000 no.	

Board of Directors' authority to increase the share capital

The Annual General Meeting of March 10, 1999 was not requested to grant authorization to the Board of Directors to increase the share capital of Efore Plc. The Board of Directors does not have any other valid authority to perform share issues.

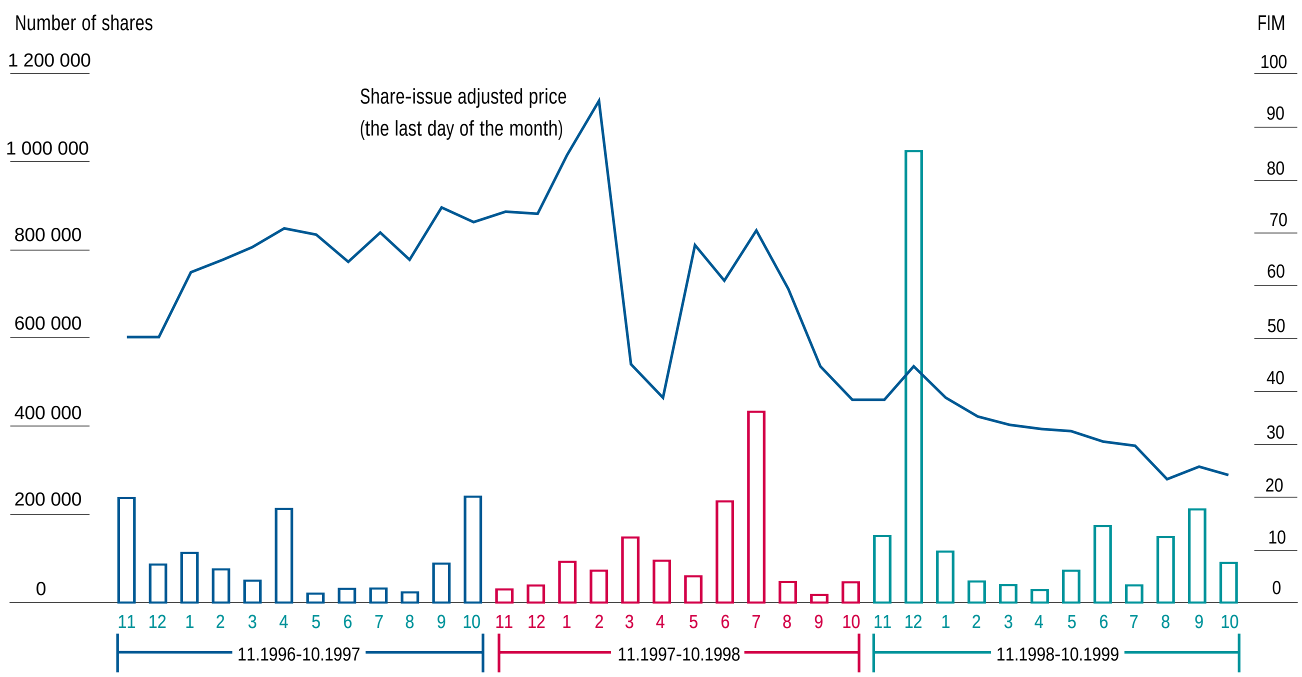
1994 warrant bond to management

The loan period of the warrant bond of FIM 50,000 subscribed by Efore Plc management and Board members in 1994 is five years and the interest rate 3 %. The warrants concerning the loan give entitlement to subscribe a total of 286,000 new series A shares at a price of FIM 42.30 per share during the period December 1, 1998 - January 31, 2000. The number of shares subscribed with warrants can be a maximum of 6.46 % of all Efore shares and 3.0 % of the votes. A total of 11,000 series A shares had been subscribed on the basis of the warrant bond by October 31, 1999.

1998 option rights programme

The Annual General Meeting of 1998 approved the proposal to award option rights to the management and to a broad range of salaried employees of the company and its Finnish subsidiaries. A total of 120,000 option rights were issued free of charge, giving entitlement to subscribe 120,000 Efore Plc series A shares in phases between April 1, 2000 and December 31, 2004 at a price of FIM 96.00 per share. The subscription price will be reduced after the issue of option rights and by the amount of the dividends distributed during the validity period of the option rights (before December 31, 2004). The share subscription price must, however, be no less than the nominal value of the share. The option rights programme forms part of the personnel incentive system, and entitlement to subscribe shares shall apply only to Efore personnel. The total number of shares subscribed on the basis of the option rights can be no more than 2.74 % of the company's shares and 1.29 % of the votes.

Efore Plc's share prices and trading volume in 1996-1999



Shareholdings of company management

According to the share register, the company's Board members, its CEO and Deputy CEO, together with organizations falling within their authority as referred to in section 5, chapter 1 of the Securities Markets Act, owned a total of 488,112 Efore Plc shares, amounting to 12.25 % of the total capital stock and 34.28 % of the voting rights, as at October 31, 1999.

In 1994, some of the company's Board members and management subscribed Efore Oy's warrant bond to management, which gives entitlement to subscribe 286,000 share-issue adjusted series A shares at a price of FIM 42.30 per share during the period December 1, 1998 - January 31, 2000. If the subscription entitlement is fully used, the total share-issue adjusted number of shares available to Board members on the basis of the warrant bond would be 94,380, and the number of unsubscribed (unused) shares would be 83,380, together representing 1.96 % (1998: 2.38 %) of the increased total number of shares and 0.91 % (1998: 1.05 %) of the votes.

On the basis of the 1998 option rights, the company's CEO may subscribe 2,400 series A shares, which, once all option rights have been used, equals 0.055 % of the share total. After all warrants launched in 1994 and 1998 have been used, members of the Board and the CEO will own a maximum of 576,292 shares, amounting to 13.16 % of the increased total number of shares and 34.22 % of the votes.

The majority of Efore's products are used mainly in custom-designed telecommunications applications.

Consolidated Profit and Loss Account

	Notes to the financial statements	1998-1999 FIM 1,000	1997-1998 FIM 1,000
NET TURNOVER	(1)	289 924	261 477
Change in stocks of finished and unfinished goods		-416	1 148
Production for own use (+)			27
Other operating income		1 327	1 872
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		149 426	132 936
Change in inventories		-1 987	2 764
Raw materials and consumables in total		147 439	135 700
External charges		10 989	10 683
		158 429	146 383
Personnel costs	(2)		
Wages, salaries and fees		71 535	68 730
Social security expenses			
Pension expenses		9 979	9 541
Other social security expenses		8 078	6 750
		89 592	85 021
Reductions in value	(3)		
Depreciation according to plan		9 630	7 540
Depreciation on Group goodwill		3 854	3 854
		13 484	11 394
Other operating expenses		28 567	27 592
Share of loss of participating interests		757	504
OPERATING PROFIT (LOSS)		6	-6 369
Financial income and expenses	(4)		
Income from other investments in fixed assets		5	
Other interest and financial income		3 836	2 555
Interest expenses and other financial expenses		-2 801	-2 831
		1 040	-275
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		1 046	-6 645
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		1 046	-6 645
Income taxes			
Income taxes from the period		-1 276	-1 760
Income taxes from previous periods		-7	1 598
Change in deferred tax liability		411	16
		-871	-146
PROFIT (LOSS) FOR THE PERIOD		175	-6 791

Consolidated Balance Sheet

ASSETS	Notes to the financial statements	October 31, 1999 FIM 1,000	October 31, 1998 FIM 1,000
NON-CURRENT ASSETS	(5)		
Intangible assets			
Development expenses		4 449	
Intangible rights		1 380	1 218
Other capitalized expenditure		467	566
		6 296	1 784
Group goodwill		2 313	6 166
Tangible assets			
Land and water		1 027	1 027
Buildings and constructions		3 479	3 740
Machinery and equipment		33 629	37 724
Other tangible assets		1 014	1 546
Advance payments and work in progress		335	
		39 484	44 038
Financial assets	(6)		
Holdings in participating interests		1 002	1 759
Receivables from participating interests		608	608
Other shares and similar rights of ownership		245	242
		1 854	2 609
CURRENT ASSETS			
Stocks			
Raw materials and consumables		29 549	25 391
Work in progress		3 011	2 018
Finished goods		6 254	9 014
		38 814	36 423
Current receivables	(7)		
Trade receivables		53 081	44 899
Receivables from participating interests		530	24
Loan receivables		50	161
Other receivables		9 449	19 483
Prepayments and accrued income		5 546	8 593
		68 655	73 160
Investments	(8)		
Other shares and similar rights of ownership		74	363
Other securities			5 000
		74	5 363
Cash in hand and at banks		33 267	9 096
TOTAL ASSETS		190 757	178 640

Consolidated Balance Sheet

Liabilities

	Notes to the financial statements	October 31, 1999 FIM 1.000	October 31, 1998 FIM 1,000
SHAREHOLDERS' EQUITY	(9)		
Share capital		39 846	39 736
Premium fund		361	6
Other funds			
Reserve fund		32 090	31 220
Retained earnings		16 383	29 906
Profit (loss) for the period		175	-6 791
		88 856	94 077
CREDITORS	(12)		
Non-current creditors			
Bonds		10 000	10 000
Loans from credit institutions		14 031	17 542
Pension loans		17 598	17 392
Other liabilities		1 464	532
Deferred tax liability	(11)	979	1 390
		44 072	46 856
Current creditors			
Loans from credit institutions		10 081	1 218
Pension loans		4 203	3 936
Advances received			59
Accounts payable		23 697	15 642
Liabilities to participating interests			17
Other liabilities		2 653	3 634
Accruals and deferred income		17 195	13 200
		57 829	37 707
TOTAL LIABILITIES		190 757	178 640

Consolidated Cash Flow Statement

	1998-1999 FIM 1,000	1997-1998 FIM 1,000
Cash flow from business operations		
Operating profit/loss	1 046	-6 369
Depreciation according to plan	13 484	11 394
Financial income and expenses	1 040	-275
Share of loss of associated company	757	504
Cash flow before change in working capital	16 327	5 254
Change in working capital		
Change in non-interest bearing current receivables, increase (-), decrease (+)	4 900	-3 497
Change in stocks, increase (-), decrease (+)	-2 391	1 950
Change in non-interest bearing current liabilities, increase (+), decrease (-)	12 077	-13 845
Cash flow from business operations before financing items and taxes	30 913	-10 138
Direct taxes paid	-1 283	-162
Cash flow before extraordinary items	29 630	-10 300
Cash flow from business operations	29 630	-10 300
Cash flow from investments		
Investment in tangible and intangible assets	-11 074	-20 589
Income from sale of tangible and intangible assets	130	139
Cash flow from investments	-10 944	-20 450
Cash flow from financing activities		
Increase in current liabilities	0	3 489
Increase in non-current liabilities	10 826	17 240
Decrease in non-current liabilities	-5 154	-1 118
Dividends paid and other profit distribution	-3 974	-7 947
Cash flow from financing activities	1 698	11 664
Translation difference	-1 502	-105
Change in cash flow: increase (+), decrease (-)	18 882	-19 191

Parent Company Profit and Loss Account

Notes to the financial statements		1998-1999 FIM 1,000	1997-1998 FIM 1,000
NET TURNOVER	(1)	200 003	171 975
Change in stocks of finished and unfinished goods		893	-303
Other operating income		3 339	2 649
Raw materials and services			
Raw materials and consumables			
Purchases during the period		107 509	85 093
Change in inventories		-2 922	4 508
Raw materials and consumables in total		104 587	89 601
External charges		6 350	6 900
		110 936	96 501
Personnel costs	(2)		
Wages, salaries and fees		47 533	44 212
Social security expenses			
Pension expenses		7 261	6 523
Other social security expenses		5 174	4 144
		59 968	54 879
Reductions in value	(3)		
Depreciation according to plan		6 038	4 232
Other operating expenses		19 123	18 389
OPERATING PROFIT		8 170	320
Financial income and expenses	(4)		
Income from Group companies			3 142
Income from other investments in fixed assets		5	
Other interest and financial income		4 642	3 434
Reductions in value on investments in fixed assets		-10 502	
Interest expenses and other financial expenses		-1 812	-1 900
		-7 667	4 677
PROFIT BEFORE EXTRAORDINARY ITEMS		503	4 996
PROFIT BEFORE APPROPRIATIONS AND TAXES		503	4 996
Appropriations			
Decrease (+) in accelerated depreciation		1 329	
Increase (-) in voluntary provisions		-1 715	
		-386	
Income taxes			
Income taxes for the period		-541	-1 429
Income taxes for previous periods		-7	1 599
		-547	169
LOSS (PROFIT) FOR THE PERIOD		-431	5 166

Parent Company Balance Sheet

Assets	Notes to the financial statements	October 31, 1999 FIM 1,000	October 31, 1998 FIM 1,000
NON-CURRENT ASSETS	(5)		
Intangible assets			
Development expenses		3 794	
Intangible rights		1 089	897
		4 883	897
Tangible assets			
Machinery and equipment		23 660	26 409
Other tangible assets		701	1 133
Advance payments and work in progress		335	
		24 696	27 542
Financial assets	(6)		
Holdings in Group companies		27 409	36 221
Receivables from Group companies		24 376	23 996
Holdings in participating interests		1 602	1 602
Receivables from participating interests		608	608
Other shares and similar rights of ownership		171	171
		54 166	62 598
CURRENT ASSETS			
Stocks			
Raw materials and consumables		17 719	14 796
Work in progress		723	136
Finished goods		3 659	3 353
		22 101	18 286
Current receivables	(7)		
Trade receivables		38 085	29 403
Receivables from Group companies		11 417	10 985
Receivables from participating interests		530	24
Loan receivables		50	56
Other receivables		9 265	19 267
Prepayments and accrued income		4 455	6 355
		63 801	66 090
Investments	(8)		
Other shares and similar rights of ownership		74	363
Other securities			5 000
		74	5 363
Cash in hand and at banks		27 794	3 745
TOTAL ASSETS		197 515	184 521

Parent Company Balance Sheet

Liabilities	Notes to the financial statements	October 31, 1999 FIM 1,000	October 31, 1998 FIM 1,000
SHAREHOLDERS' EQUITY	(9)		
Share capital		39 846	39 736
Premium fund		355	
Other funds			
Reserve fund		30 845	30 845
Retained earnings		46 424	45 232
Loss (profit) for the period		-431	5 166
		117 039	120 978
APPROPRIATIONS	(10)		
Depreciation		2 768	4 097
Voluntary provisions		1 715	
		4 482	4 097
CREDITORS	(12)		
Non-current creditors			
Bonds		10 000	10 000
Loans from credit institutions		8 400	10 800
Pension loans		12 027	10 736
Other liabilities			82
		30 427	31 618
Current creditors			
Loans from credit institutions		2 400	1 200
Pension loans		3 118	3 000
Trade payables		16 755	10 323
Liabilities to Group companies		8 861	1 251
Liabilities to participating interests			17
Other liabilities		1 668	2 723
Accruals and deferred income		12 765	9 313
		45 567	27 828
TOTAL LIABILITIES		197 515	184 521

Parent Company's Cash Flow Statement

	1998-1999 FIM 1,000	1997-1998 FIM 1,000
Cash flow from business operations		
Operating profit	8 170	320
Depreciation according to plan	6 038	4 232
Other income and expenses to which no charges apply	10 502	0
Financial income and expenses	-7 667	4 677
Cash flow before change in working capital	17 043	9 229
Change in working capital		
Change in non-interest bearing current receivables, increase (-), decrease (+)	2 381	2 863
Change in stocks, increase (-), decrease (+)	-3 815	4 811
Change in non-interest bearing current liabilities, increase (+), decrease (-)	16 421	-10 273
Cash flow from business operations before financing items and taxes	32 030	6 630
Direct taxes paid	-547	169
Cash flow before extraordinary items	31 483	6 799
Cash flow from business operations	31 483	6 799
Cash flow from investments		
Investment in tangible and intangible assets	-9 040	-31 528
Cash flow from investments	-9 040	-31 525
Cash flow from financing activities		
Increase in non-current liabilities	1 409	16 327
Decrease in non-current liabilities	-1 118	-1 568
Dividends paid and other profit distribution	-3 974	-7 947
Cash flow from financing activities	-3 683	6 812
Change in cash flow: increase (+), decrease (-)	18 760	-17 914

Accounting Principles

Efore Group's consolidated accounts have been prepared in accordance with the accounting principles defined in the new Finnish Accounting Act, which came into effect in 1998. The 1998 figures presented for comparison purposes have been amended in accordance with the new Act, the profit and loss account and balance sheet being arranged in the manner required by the Act. As a result, the comparative data for 1998 have changed.

Scope of the consolidation and accounting principles applied

The consolidated accounts include the parent company Efore Plc and all the enterprises in which the parent company held, directly or indirectly, more than 50 per cent of the votes conferred by shares or holdings at the close of the financial year.

The consolidated accounts have been compiled using the acquisition cost method. The amount of the acquisition cost of the subsidiaries' shares in excess of their shareholders' equity at the time of acquisition is shown on the balance sheet as a separate item under Group goodwill and shall be amortized according to plan over a period of five years. All intracompany transactions, unrealized margins on internal deliveries, receivables and liabilities, and internal profit distribution have been eliminated.

The associated company Power Innovation GmbH has been consolidated using the equity method. The associated company JES Logistics Ltd. has not been consolidated into the Group financial statements, as it has no material bearing on the Group's result or distributable shareholders' equity.

Translation of the financial statements of foreign subsidiaries

In the consolidated accounts the balance sheet items of the foreign subsidiaries have been translated into Finnish markkas using the Bank of Finland middle rates quoted on the balance sheet date. The profit and loss accounts have been translated into Finnish markkas using the average rates of exchange for the financial year calculated on the basis of the Bank of Finland middle rates for each month. The translation differences arising from this, as with the translation differences for shareholders' equity, are presented in the balance sheet liabilities under the item 'retained earnings'.

Foreign currency items

Transactions in foreign currencies have been recorded at the rate of exchange prevailing on the date of transaction. The outstanding receivables and liabilities in foreign currencies at the end of the financial year have been valued using the middle rates of exchange published by the Bank of Finland on the balance sheet date. Exchange rate gains and losses relating to ordinary business operations have been adjusted against sales and purchases. Exchange rate gains and losses from financing have been entered as net amounts in financial income and financial expenses. Unrealized exchange-rate losses from non-current loan receivables have been entered in the 'accruals and deferred income' item under liabilities on the balance sheet. In the previous financial year exchange-rate losses of FIM 939,000 were entered in the valuation items under assets on the balance sheet. In the comparative balance sheet they have been transferred to 'prepayments and accrued income', because the new balance sheet has no valuation items.

Fixed assets

The values of fixed assets are based on their historical cost. For tangible fixed assets, straight-line depreciation according to plan is used, which is based on expected useful lifetime. No depreciation is made on the value of land. Profit and loss from the sale of fixed assets are included in the operating result.
The expected useful lifetimes of the different commodity groups is as follows:

Development expenses	3-5 years
Intangible rights	5 years
Other capitalized expenditure	5-10 years
Group goodwill	5 years
Buildings and constructions	15 years
Machinery and equipment	5-10 years
Other tangible assets	5-20 years

Stocks

Raw materials included in stocks are stated at their weighted average cost. The value of stock is comprised of direct costs. The inventory value of slow-moving materials in stock has been reduced for the Group by MFIM 1.8.

Current investments

Shares have been valued at the lower of cost or market value at the balance sheet date.

Appropriations and deferred tax liabilities

The appropriations in the consolidated balance sheet, consisting of accelerated depreciation and voluntary provisions, have been divided into shareholders' equity and deferred tax liability. The deferred part of the changes in depreciation reserve for fixed assets in the profit and loss accounts of Group companies has been separated as a tax item for the period in the financial statements.

Under the previous accounting practice, appropriations were presented as a separate item in the liabilities on the consolidated balance sheet and no deferred tax liability was separated from them. Neither were deferred taxes presented in the consolidated profit and loss account.

As a result of the change in the way appropriations are handled, the amount of Group shareholders' equity shown in the balance sheet for the comparative year 1998 increased by FIM 3,575,000. Taking into account the change in accounting practice, the 1998 loss after taxes was then FIM -6,791,000. Under the Companies Act, the appropriations included in the Group shareholders' equity are not distributable shareholders' equity.

In accordance with the principle of prudence, the deferred tax receivable is not calculated on a loss by a foreign subsidiary.

A possible tax consequence of MFIM 1.7, resulting from the sale of the company's own shares that had come into its possession in the earlier merger, has been taken into account in the parent company as a voluntary provision. This is, however, still under appeal, and the company believes it has a good case. Voluntary provisions within the Group are included in non-distributable unrestricted equity.

Net turnover

In calculating turnover, sales discounts, indirect sales taxes and exchange rate differences arising from translating trade receivables denominated in foreign currencies have been deducted from sales revenue.

Product development expenditure

Accounting practice has been changed so that development expenses accruing income over three or more years is, in the case of the largest individual projects, capitalized as development expenses under intangible assets and amortized over 3-5 years. Efore therefore intends to more accurately divide development expenses amongst the financial years in which it accrues income. In capitalizing product development expenditure, Efore has complied with the Ministry of Trade and Industry's decision on capitalizing development expenses in the balance sheet. For the Group, the capitalized direct product development expenditure amounts to MFIM 4.4.

Pensions

Pension costs have been charged against income in the result, each in accordance with the appropriate practice of the countries concerned. The pension cover of the company's Finnish employees has been arranged through a pension insurance company.

Income taxes

The financial statements include income taxes calculated on the basis of results for the financial year and local tax regulations, and tax adjustments from previous periods. Income taxes in the consolidated profit and loss account also include changes in deferred tax liability, in accordance with the new Accounting Act.

Dividends

The dividend proposed by the Board of Directors to the Annual General Meeting has not been recorded in the financial statements. This will be done after the decision by the Annual General Meeting.

Several leading companies in industrial automation use Efore power supplies.

Notes to the Financial Statements

October 31,1999

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
1. Turnover in market areas by customers				
Finland	170 725	155 404	129 511	106 756
European Union	97 280	65 231	63 707	58 377
USA	7 296	25 902	5 601	6 710
Other countries	14 623	14 940	1 184	132
Total	289 924	261 477	200 003	171 975
2. Personnel costs				
Wages, salaries and fees	71 535	68 730	47 533	44 212
Pension costs	9 979	9 541	7 261	6 523
Other social security expenses	8 078	6 750	5 174	4 144
Presented in the profit and loss account	89 592	85 021	59 968	54 879
Capitalization of development expenses				
Capitalized personnel costs	1 963		711	
Total	91 555	85 021	60 680	54 879
Management salaries and fees				
Members of the Boards of Directors, CEO, Deputy CEO, Presidents, and General Managers	4 357	4 201	1 988	1 898
The CEO, Deputy CEO and the members of the Board of Directors employed by the company are covered by an optional pension scheme, which allows early retirement. The agreed age of retirement is 60 years.				
Total personnel, average				
Hourly paid	327	319	246	238
Salaried	164	157	100	89
Total	491	476	346	327
3. Depreciation				
Depreciation according to plan:				
Intangible assets	358	141	259	60
Other capitalized expenditure	99	99		
Buildings and constructions	262	240		
Machinery and equipment	8 359	6 489	5 366	3 746
Other tangible assets	552	570	413	427
Total	9 630	7 540	6 038	4 232
Group goodwill	3 854	3 854		

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
4. Financial income and expenses				
Dividend income				
From Group companies				3 142
From others				
	0	0	0	3 142
Interest expenses from non-current investments				
From Group companies				
From others	5		5	
	5	0	5	0
Income from non-current investments in total	5	0	5	3 142
Other interest and financial income				
From Group companies			921	968
From others	3 836	2 555	3 720	2 466
	3 836	2 555	4 642	3 434
Reductions in value on investments *)				
Non-current investments in Group companies			-10 502	
	0	0	-10 502	0
Interest expenses and other financial expenses				
For Group companies			-30	-30
For others	-2 801	-2 831	-1 782	-1 870
	-2 801	-2 831	-1 812	-1 900
Financial income and expenses in total	1 040	-275	-7 667	4 677
The item ‘financial income and expenses’ includes exchange rate gains/losses, net	352	250	352	250
*) On account of the losses accrued on Efore (USA), Inc. shares owned by Efore Plc				
5. Non-current assets				
Intangible assets				
Development expenses				
Acquisition cost on Nov. 1				
Increases Nov. 1 - Oct. 31	4 449		3 794	
Acquisition cost on Oct. 31	4 449		3 794	
Balance sheet value on Oct. 31	4 449		3 794	

For the largest individual projects, product development costs accruing income for three or more years have been capitalized as development expenses.
For the Group, capitalized direct development expenditure totals MFIM 4.4.

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
Intangible rights				
Acquisition cost on Nov. 1	1 540	382	957	
Increases Nov. 1 - Oct. 31	520	1 158	450	957
Acquisition cost on Oct. 31	2 060	1 540	1 407	957
Accumulated planned depreciation on Oct. 31	680	322	319	60
Balance sheet value on Oct. 31	1 380	1 218	1 089	897
Other non-current investments				
Acquisition cost on Nov. 1	941	941		
Acquisition cost on Oct. 31	941	941		
Accumulated planned depreciation on Oct. 31	474	375		
Balance sheet value on Oct. 31	467	566		
Group goodwill				
Acquisition cost on Nov. 1	18 592	18 573		
Increases Nov. 1 - Oct. 31		19		
Acquisition cost on Oct. 31	18 592	18 592		
Accumulated planned depreciation on Oct. 31	16 279	12 426		
Balance sheet value on Oct. 31	2 313	6 166		
Tangible assets				
Land				
Acquisition cost on Nov. 1	1 027	1 027		
Acquisition cost on Oct. 31	1 027	1 027		
Balance sheet value on Oct. 31	1 027	1 027		
Buildings and constructions				
Acquisition cost on Nov. 1	5 631	5 036		
Increases Nov. 1 - Oct. 31		596		
Acquisition cost on Oct. 31	5 631	5 631		
Accumulated planned depreciation on Oct. 31	2 153	1 891		
Balance sheet value on Oct. 31	3 479	3 740		
Machinery and equipment				
Acquisition cost on Nov. 1	56 188	39 063	38 299	22 326
Translation difference	1 440	-329		
Increases Nov. 1 - Oct. 31	3 810	17 593	2 616	15 976
Decreases Nov. 1 - Oct. 31	-828	-139		-3
Acquisition cost on Oct. 31	60 609	56 188	40 915	38 299
Accumulated planned depreciation on Oct. 31	26 980	18 464	17 256	11 890
Balance sheet value on Oct. 31	33 629	37 724	23 660	26 409
Other tangible assets				
Acquisition cost on Nov. 1	4 964	4 192	4 279	3 544
Translation difference	71	-16		
Increases Nov. 1 - Oct. 31		788		735
Covered by investment grants	-19		-19	
Acquisition cost on Oct. 31	5 016	4 964	4 279	4 279
Accumulated planned depreciation on Oct. 31	4 002	3 418	3 559	3 145
Balance sheet value on Oct. 31	1 014	1 546	720	1 133

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
Advance payments and work in progress				
Acquisition cost on Nov. 1				
Increases Nov. 1 - Oct. 31	335		335	
Acquisition cost on Oct. 31	335		335	
Balance sheet value on Oct. 3	335		335	
Financial assets				
Holdings in Group companies				
Shares on Nov. 1			36 221	30 729
Increases Nov. 1 - Oct. 31			1 690	5 492
Reductions in value Nov. 1 - Oct. 31			-10 502	
Balance sheet value on Oct. 31			27 409	36 221
Receivables from Group companies				
Receivables on Nov. 1			23 996	16 710
Increases Nov. 1 - Oct. 31			1 657	11 085
Decreases Nov. 1 - Oct. 31			-1 277	-3 800
Balance sheet value on Oct. 31			24 376	23 996
Holdings in participating interests				
Shares on Nov. 1	1 602	1 557	1 602	1 557
Translation difference	19	19		
Increases Nov. 1 - Oct. 31		45		45
Accrued adjustment in the shareholders' equity of the participating interests on Oct. 31	138	641		
Share of loss of participating interests	-757	-504		
Balance sheet value on Oct. 31	1 002	1 759	1 602	1 602
Receivables from participating interests				
Receivables on Nov. 1	608	601	608	601
Increases Nov. 1 - Oct. 31		7		7
Decreases Nov. 1 - Oct. 31	0		0	
Balance sheet value on Oct. 31	608	608	608	608
Other shares and similar rights of ownership				
Shares on Nov. 1	242	238	171	81
Increases Nov. 1 - Oct. 31	6	4		140
Decreases Nov. 1 - Oct. 31	-4			-50
Balance sheet value on Oct. 31	245	242	171	171
Summary of fixed assets				
Acquisition cost on Nov. 1	91 336	71 609	106 133	75 547
Translation difference	1 529	-326		
Increases Nov. 1 - Oct. 31	9 259	20 851	10 543	34 438
Decreases	-1 589	-643	-11 779	-3 853
Covered by investment grants	-19		-19	
Acquisition cost on Oct. 31	100 516	91 492	104 878	106 133
Accumulated planned depreciation on Oct. 31	50 569	36 895	21 133	15 095
Balance sheet value on Oct. 31	49 948	54 597	83 745	91 037
Book value on Oct. 31				
Production machinery and equipment	28 564	29 464	18 550	20 493

	Nominal value	No.	Group holding	Shareholders´ equity held by Group FIM 1,000	Book value FIM 1,000	Last financial statement Profit/loss FIM 1,000
6. Shares and similar rights of ownership						
Subsidiary companies						
FI-Systems Oy, Espoo	20 000 FIM	20	100 %	29	20	2
Muuntolaite Oy, Vantaa	300 000 FIM	30 000	100 %	11 187	11 176	1 709
Efore Power Design Oy, Vantaa	1 070 231,40 FIM	20 000	100 %	3 477	14 356	10
Efore (UK) Ltd, United Kingdom	25 000 GBP	25 000	100 %	100	167	951
Efore (USA), Inc., Texas, USA	100 USD	10 000	100 %	-21 376	0	-7 770
Efore (Suzhou) Electronics Co. Ltd, China	300 000 USD		100 %		1 690	
A reduction in value on Efore (USA), Inc. shares of FIM 10,501,623 has been entered in the parent company balance sheet.						
Associated companies						
Power Innovation GmbH, Germany	50 000 DEM	1	25 %	451	957	-1 409
JES Logistics Ltd, United Kingdom	5 000 GBP	5 000	33,33 %	47	45	
Other shares and similar rights of ownership owned by parent company						
Book value	171					
Other shares and similar rights of ownership owned by subsidiaries						
Book value	74					

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
7. Receivables				
Current receivables				
Trade receivables	53 081	44 899	38 085	29 403
Loan receivables	50	161	50	56
Other receivables	9 449	19 483	9 265	19 267
Prepaid expenses and accrued income	5 546	8 593	4 455	6 355
	68 125	73 137	51 854	55 081
Current receivables from Group companies				
Trade receivables			10 324	9 510
Loan receivables			1 006	146
Other receivables				
Prepaid expenses and accrued income			87	1 329
	0	0	11 417	10 985
Current receivables from participating interests				
Trade receivables	74	14	74	14
Loan receivables	456		456	
Prepaid expenses and accrued income		9		9
	530	24	530	24
Current receivables in total	68 655	73 160	63 801	66 090

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
Prepaid expenses and accrued income				
Group and parent company prepaid expenses and accrued income include the following key items:				
Periodization of personnel costs	1 223	880	758	558
Periodization of financial income	2 416	4 102	2 399	4 052
Income taxes	950	811	814	312
Group companies			87	1 329
Participating interests		9		9
Other items	957	2 800	485	1 433
	5 546	8 602	4 542	7 692

8. Investments

Market value	99	6 002	99	6 002
Corresponding book value	74	5 363	74	5 363
Difference	25	639	25	639

9. Shareholders' equity

Share capital on Nov. 1	39 736	19 868	39 736	19 868
Bonus issue 1998		19 868		19 868
Increase in share capital	110		110	
Share capital on Oct. 31	39 846	39 736	39 846	39 736
Premium fund on Nov. 1	6	8 847		8 847
Increases Nov. 1 - Oct. 31	355	6	355	
Decreases Nov. 1 - Oct. 31		-8 847		-8 847
Premium fund on Oct. 31	361	6	355	0
Reserve fund on Nov. 1	31 220	41 866	30 845	41 866
Bonus issue 1998		-11 022		-11 022
Increase in share capital	870	381		
Decrease in share capital		-6		
Reserve fund on Oct. 31	32 090	31 220	30 845	30 845
Retained earnings on Nov. 1	23 115	34 220	50 397	53 179
Dividend distribution	-3 974	-7 947	-3 974	-7 947
Equity share of accelerated depreciation		3 575		
Increase in share capital	-870	-381		
Result for financial year	175	-6 791	-431	5 166
Translation differences	-1 888	438		
Retained earnings on Oct. 31	16 558	23 115	45 993	50 397
Calculation of distributable earnings				
Retained earnings	16 383	29 906	46 424	45 232
Result for financial year	175	-6 791	-431	5 166
Equity share of accelerated depreciation	-2 518	-3 575		
Voluntary provision	-1 715			
Distributable earnings from shareholders' equity	12 325	19 539	45 993	50 397

Parent company share capital is divided by share category as follows:	1999 No.	1998 FIM 1,000	1999 No.	1998 FIM 1,000
Series A (1 vote/share)	3 719 814	37 198	3 708 814	37 088
Series K (20 votes/share)	264 808	2 648	264 808	2 648

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
10. Appropriations				
Accumulated difference between depreciation according to plan and depreciation allowance				
Machinery and equipment			2 600	3 929
Other tangible assets			167	167
Voluntary provisions			1 715	
Total	0	0	4 482	4 097
11. Deferred tax liabilities and receivables				
Deferred tax liabilities				
Accelerated depreciation	979	1 390		
12. Liabilities				
Non-current loans				
Bonds	10 000	10 000	10 000	10 000
Loans from credit institutions	14 031	17 542	8 400	10 800
Pension loans	17 598	17 392	12 027	10 736
Other loans	1 464	532		82
Deferred tax liability	979	1 390		
	44 072	46 856	30 427	31 618
Non-current liabilities in total	44 072	46 856	30 427	31 618
Liabilities falling due after more than five years				
Loans from credit institutions		7 940		1 200
Pension loans	5 189	5 084	3 897	2 048
	5 189	13 025	3 897	3 248
Current liabilities				
Loans from credit institutions	10 081	1 218	2 400	1 200
Pension loans	4 203	3 936	3 118	3 000
Advances received		59		
Accounts payable	23 697	15 642	16 755	10 323
Other liabilities	2 653	3 634	1 668	2 723
Accruals and deferred income	17 195	13 200	12 765	9 313
	57 829	37 690	36 706	26 559
Current liabilities to Group companies				
Accounts payable			1 674	1 236
Other liabilities			4 061	
Accruals and deferred income			3 126	15
	0	0	8 861	1 251
Current liabilities to participating interests				
Accounts payable		17		17
Current liabilities in total	57 829	37 707	45 567	27 828

Warrant bond:The amount outstanding in respect of the 1994 warrant bond of FIM 50,000 is FIM 45,000. The subscription and trading period for the shares is Dec. 1, 1998 - Jan. 31, 2000. The subscription price for one series A share is FIM 42.30.The outstanding amount of the 1994 warrant bond to management of FIM 45,000 still gives entitlement to subscribe 275,000 series A shares (adjusted), which is 6.46 % of the company's increased share capital and 2.96 % of the votes once the option rights have been used.

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
Accruals and deferred income				
Group and parent company accruals and deferred income include the following key items:				
Periodization of holiday pay	8 760	8 121	6 556	6 363
Periodization of other personnel costs	3 620	2 632	2 534	1 439
Periodization of financial expenses	1 806	885	1 533	555
Group companies			3 126	15
Other items	3 009	1 562	2 141	956
	17 195	13 200	15 890	9 328

13. Security, contingent liabilities and other commitments given

	Group 1999 FIM 1,000	Group 1998 FIM 1,000	Parent company 1999 FIM 1,000	Parent company 1998 FIM 1,000
Security given on own behalf				
Property mortgages	3 496	3 496		
Corporate mortgages	37 075	26 075	28 668	24 000
Pledges given	387	10 584	387	5 384
Security given on behalf of Group companies				
Corporate mortgages			6 332	
Pledges given				5 200
Guarantees			19 677	8 330
Total				
Property mortgages	3 496	3 496		
Corporate mortgages	37 075	26 075	35 000	24 000
Pledges given	387	10 584	387	10 584
Guarantees			19 677	8 330
Derivative contracts				
The Group has no derivative contracts				
Mortgages to property as security for loans				
Pension loans	1 708	2 733		
Mortgages given	3 496	3 496		
Corporate mortgages as security for loans				
Pension loans	18 769	11 003	13 437	11 003
Mortgages given	17 000	7 000	11 668	7 000
Loans from credit institutions	16 488	12 000	10 800	12 000
Mortgages given	13 000	12 000	12 000	12 000
Mortgages as security for loans in total	30 000	19 000	23 668	19 000
Pledges given as security for loans				
Pension loans		4 829		
Pledges given		5 200		
Other current liabilities		1 500		1 500
Pledges given		5 000		5 000
Pledges given as security in total		10 200		5 000
Rent and leasing commitments on own behalf				
Payable in current period	5 893	5 693	4 450	4 348
Payable later	6 696	10 592	5 544	8 282

Efore Group Key Figures

	1999	1998	1997	1996	1995
Turnover, FIM 1,000	289 924	261 477	255 291	183 925	152 092
Change, %	10.9	2.4	38.8	20.9	88.2
Operating result, FIM 1,000	6	-6 370	13 172	3 045	19 256
% of turnover	0.0	-2.4	5.2	1.7	12.7
Result before extraordinary items, FIM 1,000	1 046	-6 645	12 870	4 189	19 123
% of turnover	0.4	-2.5	5.0	2.3	12.6
Profit before appropriations and taxes, FIM 1,000	1 046	-6 645	37 451	4 189	19 123
% of turnover	0.4	-2.5	14.7	2.3	12.6
Net profit	175	-6 791	23 549	1 053	14 083
% of turnover	0.1	-2.6	9.2	0.6	9.3
Gross investments,FIM 1,000	11 074	20 135	19 726	20 160	15 416
% of turnover	3.8	7.7	7.7	11.0	10.1
Return on equity (ROE), %	0.2	-6.7	5.7	0.8	30.7
Return on investment (ROI), %	2.6	-2.7	12.5	7.1	33.7
Current ratio	1.25	1.35	2.93	2.87	3.03
Solvency ratio, %	46.8	52.7	57.9	54.4	48.2
Personnel, average	491	476	426	326	260
Product development expenditure (booked as costs), FIM 1,000	19 555	19 417	11 203	10 936	7 400
Previous product development expenditure, % of turnover	6.7	7.4	4.4	5.9	4.9
Product development expenditure (capitalized in balance sheet), FIM 1,000	4 449	0	0	0	0
Previous product development expenditure, % of turnover	1.5	0.0	0.0	0.0	0.0

The capitalization of development expenses, introduced in 1999 in accordance with a decision of the Ministry of Trade and Industry, improved the result for the year before taxes by MFIM 4.4. If the same method had been used in the period 1995-1998, the result for each of those years would have improved by an estimated MFIM 1-2.5.

Key Financial Indicators Per Share

		1999	1998	1997	1996	1995
Earnings per share, FIM		0.04	-1.71	1.32	0.16	5.05
Dividend per share for the financial year, FIM		1.10	1.00	4.00	4.00	8.00
Dividend per share, adjusted, FIM		1.10	1.00	2.00	1.82	2.40
Dividend payout ratio, %		2499.1	-	151.6	1111.1	47.6
Dividend yield, %		4.5	2.6	2.8	3.5	3.3
Shareholders' equity per share, FIM		22.95	25.48	23.22	17.42	16.46
Adjusted share price, October 31, FIM		24.67	39.00	72.50	51.37	72.14
P/E ratio		560.47	-22.82	54.96	311.53	14.28
Market capitalization, FIM 1,000		98 301	154 971	144 044	83 717	58 817
Dividend distribution, FIM 1,000 (for shares in circulation)		4 383	3 974	7 947	6 206	6 522
Number of series A shares traded		2 141 739	1 307 363	1 208 343	597 452	483 039
As % of the total number of series A shares		57.6	35.3	65.2	60.6	73.0
Value of trading, FIM		76 273 616	117 905 190	165 708 763	80 437 805	100 677 296
Number of shares adjusted						
- average number		3 984 622	3 973 622	3 973 622	3 188 518	2 712 410
- number on October 31		3 984 622	3 973 622	3 973 622	3 585 672	2 712 410
Actual number of shares on October 31		3 984 622	3 973 622	1 986 811	1 629 851	815 311
Share prices, FIM	lowest	22.59	32.00	110.00	107.00	140.00
	highest	53.51	196.00	160.00	290.00	275.00
	at balance sheet date	24.67	39.00	145.00	113.00	240.00
	average	35.61	90.19	138.16	134.63	208.42

Calculation of Key Figures and Ratios

Return on investment (ROI), %	=	Profit before extraordinary items + interest expenses + other financial expenses / Balance sheet total - Interest-free liabilities (ave. for financial year)	x100
Return on equity (ROE), %	=	Profit before extraordinary items - income taxes / Shareholders' equity	x100
Current ratio	=	Liquid assets + stocks / Current liabilities	
Solvency ratio, %	=	Shareholders' equity / Balance sheet total - advance payments received	x100
Earnings per share	=	Profit before extraordinary items - income taxes / Adjusted average number of shares	
Adjusted dividend per share	=	Dividend for the financial year / Product of adjustment coefficients for issues after end of financial year	
Dividend payout ratio, %	=	Adjusted dividend per share / Earnings per share	x100
Dividend yield, %	=	Adjusted dividend per share / Adjusted share price at balance sheet date	x100
Shareholders' equity per share	=	Shareholders' equity / Adjusted number of shares on Oct. 31	
P/E ratio	=	Adjusted share price at balance sheet date / Earnings per share	
Market capitalization	=	Adjusted share price at balance sheet date x actual number of shares	

Reliability of power supplies is essential in medical technology.

Board of Directors’ Proposal for the Distribution of Retained Earnings

From left:
Olli Kokkonen, Matti Tammivuori, Pirkko Fabritius, Aarne J. Valkama, Hannes Fabritius, Matti Ruhala, Risto Kari (Deputy Board member).

According to the final accounts at October 31, 1999, the parent company’s distributable shareholders’ equity is FIM 45,992,972.84. The Group’s distributable shareholders’ equity is FIM 12,324,981.03, once the Group’s shareholders’ equity has been reduced by the proportion transferred from voluntary provisions and depreciation reserve and by the other non-distributable items.

The Board of Directors proposes to the Annual General Meeting that a dividend of FIM 1.10 per share be distributed, or a total of FIM 4,383,084.20, and that the remainder of FIM 7,941,896.83 be entered under the item ‘retained earnings’.

Espoo, January 20, 2000

Hannes Fabritius Chairman of the Board	Pirkko Fabritius Board member

Olli Kokkonen Board member	Matti Ruhala Board member	Matti Tammivuori Board member
Aarne J. Valkama Board member	Risto Kari Deputy Board member	Berndt Schalin CEO

Auditors' Report

To the shareholders of Efore Plc

We have audited the accounting, the financial statements and the corporate governance of Efore Plc for the financial period November 1, 1998 to October 31, 1999. The financial statements, which include the report of the Board of Directors, the consolidated and parent company income statements, balance sheets and the notes to the financial statements, have been prepared by the Board of Directors and the CEO. Based on our audit, we express an opinion on these financial statements and on the corporate governance.

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

In our opinion, the financial statements, which show a profit for the period of FIM 175.206,85 for the Group, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of the result of operations as well as of the financial position of the Group and the parent company. The financial statements with the consolidated financial statements, can be adopted, and the members of the Board of Directors and the CEO of the parent company can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

We have reviewed the interim report published during the financial year. The interim report has been prepared in accordance with applicable regulations.

Espoo, February 8, 2000

Tilintarkastajien Oy - Ernst & Young
Authorized Accounting Firm
Olli Mäkinen
Authorized Public Accountant

Efore Group Administration

Group Structure

The Efore Group comprises the parent company Efore Plc and its wholly owned subsidiaries Muuntolaite Oy, Efore Power Design Oy (formerly IL-Power Oy), FI-Systems Oy, Efore (UK) Ltd, Efore (USA), Inc., and Efore (Suzhou) Electronics Co., Ltd. All these companies are together responsible for the business operations of the Group.

On April 1, 1999 the Group's operations were divided into two Business Areas: Custom-Designed Power Supplies and Power Systems. The Areas comprise three Business Units specializing in custom-designed power supply solutions and one Business Unit focusing on system solutions. At the same time, management of the Group's production, product development and materials functions was centralized under the direct control of the CEO. Under this arrangement, the General Managers and Presidents of the subsidiaries now report directly to the CEO. Business support processes were combined under the direction of the Deputy CEO. These changes simplify the structure of units and functions within the company.

The parent company's General Meeting, Board of Directors, CEO and Group Management Board are responsible for the administration and operations of the Group. The operation of each subsidiary is the responsibility of its own Board of Directors. These Boards comprise members of the Efore Plc Board of Directors or members of the Group's senior management. The Group's parent company Efore Plc provides the subsidiaries with services related to the common activities of the Group and is also responsible for strategic planning, financial matters and funding.

Guidelines to be followed

Helsinki Exchanges recommends that Finnish listed companies observe the guidelines issued in 1997 by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers regarding the administration of public companies. The guidelines have been compiled following comparison with international practice and are based on the need to clarify the administrative practice of Finnish companies and to issue investors with better information about the administrative arrangements of companies. Efore Plc takes these guidelines into account in its operations.

Duties and responsibilities of the Board of Directors

The duties and responsibilities of the company's Board of Directors are defined in the Finnish Companies Act and other legislation. The General Meeting, which normally convenes once a year, is the supreme decision-making authority and, under the Companies Act, is solely responsible for all important matters such as amendments to the Articles of Association, election of the Board of Directors, appointment of auditors, approval of the financial statements and decisions concerning the amount of dividend payable. The Board of Directors has general judicial power in all company matters which are not stipulated by law or under the Articles of Association for the decision or action of another authority. The general duty of the Board of Directors is to see to the administration of the company and the appropriate organization of the company's operations.

Other duties of the Board of Directors are:
- Appointment of the CEO and Deputy CEO
- Ensuring that supervision of the company's bookkeeping and financial management is properly organized
- Taking decisions on unusual or far-reaching matters, taking into account the extent and nature of the company's operations
- Directing and supervising the routine business managed by the company's CEO, for example by issuing rules and instructions
- Representing the company and signing for the company
- Granting the right to sign for the company to any other party than those named as signing for the company in the Articles of Association
- Deciding the company's dividend policy and proposing to the Annual General Meeting the amount of dividend payable each year
- Convening the General Meeting

The Board of Directors always acts in the interests of the company. The aim is to guide the operations of the company so that it can produce a good result and added value on the capital invested in it. The principal duties of the Board of Directors are:
- Approval of operational plans and budgets and supervision of their implementation
- Approval for investments, and taking decisions on major investments to be implemented in the Group, on possible corporate acquisitions and on important property sales
- Ratification of the Group's business strategies
- Ratification of the main aspects of the Group's organizational structure
- Determining the fees to be paid to the company's CEO and Deputy CEO and other members of the management
- Following the issues that concern risk management and internal supervision
- Defining and monitoring the Group's ethical practices

The Board of Directors reviews its practices, as set out in the Corporate Governance Recommendation, at least once a year.

Procedure for electing members of the Board of Directors

The General Meeting elects the members and deputy members of the Board of Directors by simple majority vote for a term of office that ends with the close of the first Annual General Meeting following their election. Thus each Annual General Meeting always elects the entire Board of Directors. The Board of Directors elects from amongst its members a chairman for the period until the close of the next Annual General Meeting. A member of the Board of Directors may be relieved of his or her duties at any time by majority decision at a General Meeting of the company. Proposals for the General Meeting concerning the election of Board members which come to the attention of the Board of Directors before the General Meeting are made public provided that the proposal is supported by at least 10 % of the total votes of the company and the person proposed has given his or her consent.

Current composition of the Board of Directors

According to the Articles of Association, the company's Board of Directors shall have a minimum of three and a maximum of seven members and a maximum of one deputy member. The company's Board of Directors currently has six members and one deputy member. The company's CEO is not a member of the Board of Directors.

Meetings of the Board of Directors

The Board of Directors has convened on ten to twelve occasions a year at the company's headquarters in Espoo. The Board has also held meetings at other Group locations, at which time it has taken the opportunity to have a closer look at the particular operations undertaken at these locations.

CEO and Group Management Board

The task of the CEO is to manage and supervise the operations of the company in accordance with the instructions and regulations issued by the Board of Directors. To assist in this, the CEO has established a Group Management Board, in which the personnel are also represented. The composition of the Group Management Board is subject to the approval of the Board of Directors.

System of supervision

The company uses financial reporting systems to supervise its business operations and financial management. Supervision of bookkeeping and financial management is the responsibility of the company's Board of Directors, while the organization of these is, in practice, the responsibility of the CEO. The separate functioning of each of the Group's subsidiaries simplifies operations and eases the supervision of administration and financial performance. Auditing of foreign subsidiaries is carried out by local auditors who report to the Board of Directors of the subsidiary and to the parent company's auditors. Auditing of Efore Plc is the responsibility of the Authorized Accounting Firm Tilintarkastajien Oy - Ernst & Young and Authorized Public Accountant Olli Mäkinen as responsible auditor. Auditing of the UK subsidiary Efore (UK) Ltd. is the responsibility of Paul Chamberlain, and auditing of Efore (USA), Inc. is the responsibility of Rebecca Teaque. Authorized Public Accountant Olli Mäkinen is responsible for organizing and coordinating the auditing carried out within the Group. Efore's auditing programme is planned each year by responsible auditor and the Efore Plc management. The auditing programme examines certain jointly agreed areas in detail, because the Group has no separate internal auditing organization of its own. The company's auditors provide the shareholders with an Auditor's Report as required by law, and this is published with the company's annual financial statements. In addition, the auditors report their findings to the Board of Directors at least twice a year.

Board of Directors, Company Management and Auditors

THE BOARD OF DIRECTORS OF EFORE PLC

Hannes Fabritius, 57	Board member since 1979, chairman since 1994 Shares 275.586 pcs, options 25.960 pcs in 1994
Pirkko Fabritius, 56	Board member 1979-1990 and since 1996 Shares 182.696 pcs, options 25.960 in 1994
Olli Kokkonen, 63	Board member since 1991 Shares 2.288 pcs, options 31.460 pcs in 1994
Matti Ruhala, 51	Board member since 1997 Shares 200 pcs
Matti Tammivuori, 42	Board member since 1999 Shares 18.022 pcs
Aarne J. Valkama, 61	Board member since 1997 Shares 8.100 pcs
Risto Kari, 59	Deputy Board member since 1998 Shares 700 pcs

EFORE PLC

Berndt Schalin, 45	CEO Shares 420 pcs, options 2.400 pcs in 1998
Vesa Vihavainen, 37	Deputy CEO Shares 100 pcs, options 2.400 pcs in 1998

MUUNTOLAITE OY

Vesa Vihavainen, 37	General Manager

EFORE POWER DESIGN OY

(formerly IL-Power Oy)

Berndt Schalin, 45	CEO from October 1, 1999
Ilpo Heiskanen, 43	General Manager until September 30, 1999 Deputy General Manager from October 1, 1999 Shares 3.772 pcs, options 2.400 pcs in 1998

EFORE (USA), INC.

Juhani Vasakari, 64	President from April 12, 1999 Shares 3.680 pcs,options 28.600 in 1994, options 1.200 pcs in 1998
Ismo Lindén, 47	President until April 11, 1999 Shares 110 pcs

EFORE (UK) LTD

Reijo Valkonen, 52	General Manager Options 17.160 pcs in 1994, options 1.200 pcs in 1998

EFORE (SUZHOU) ELECTRONICS CO., LTD.

Hannu Haili, 56	General Manager Options 1.200 pcs in 1998

EFORE SVERIGE

Stig Cedervall, 59	Area Sales Manager

AUDITORS

Tilintarkastajien Oy - Ernst & Young
Olli Mäkinen, Authorized Public Accountant

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This document, prepared for the international business community, is a translation of Efore Plc's 1999 Annual Report in Finnish, in the event of any conflict in interpretation, reference should be made to the Finnish version of this report, which represents the official text.

Security electronics and building automation need power electronics to ensure continuous supply of power even in exeptional situations.

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