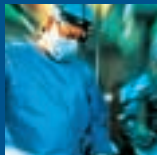
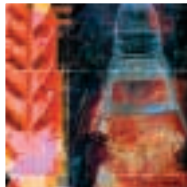


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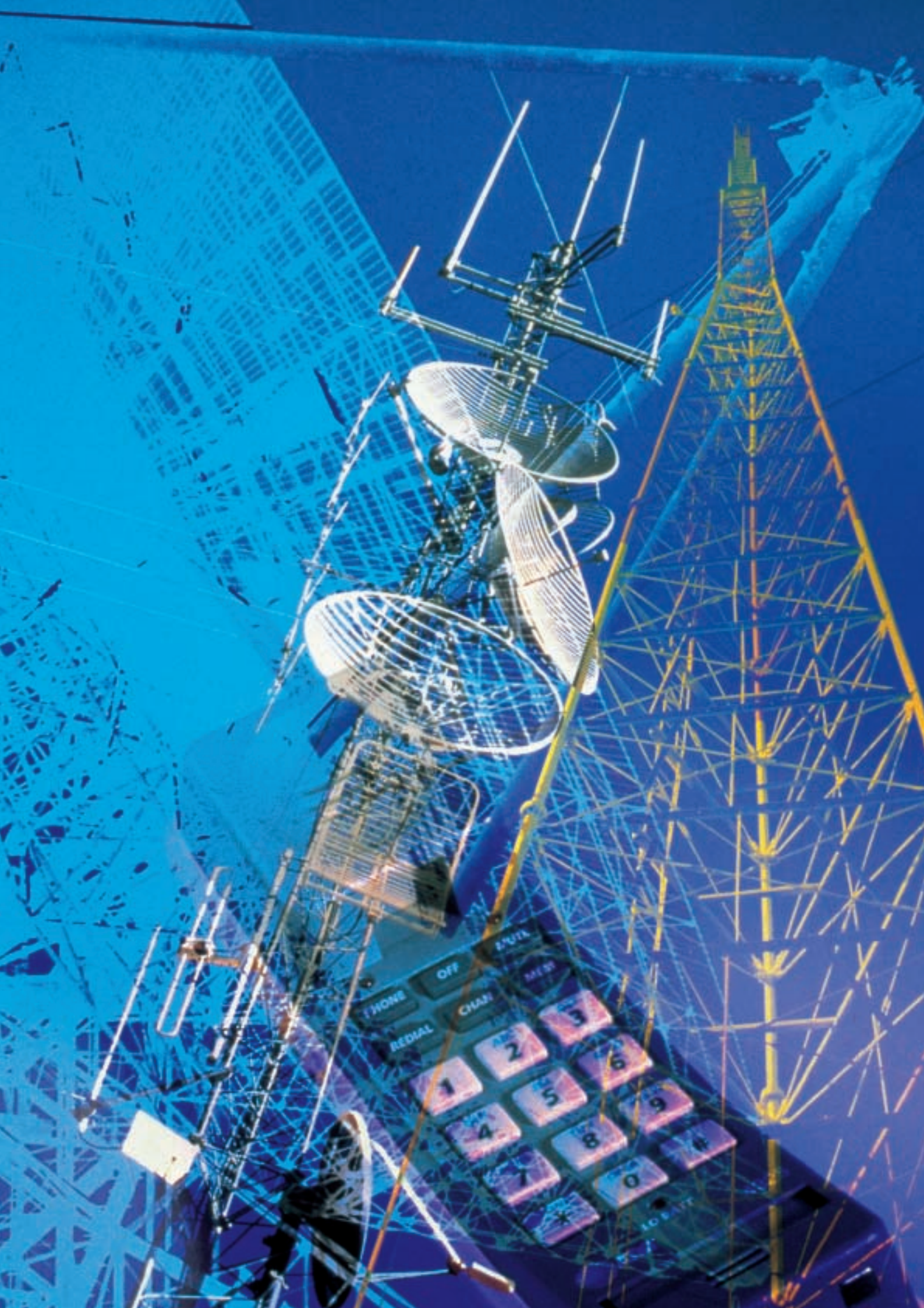
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CEO'S REVIEW

SUCCESSFULLY POWERING INFORMATION TECHNOLOGY

Efore's most ambitious investment and product development programmes of recent years and the targeted improvements in operations have begun to bear fruit, boosting the Group's financial performance. Our increasingly advanced power supply products are becoming a common sight wherever power is fed in to information technology systems.

The Group operating result for 2000 exceeded even the cumulative result for the previous four years, and Group turnover achieved not only the milestone of FIMm 300 but even climbed past FIMm 350. The number of personnel nevertheless remained more or less unchanged.

At the same time, considerable resources were devoted to ensuring that the Group will have the capacity to keep up with the ever accelerating growth predicted in our operating sectors for the coming years.

With growing demand for our products, the decision was taken to expand production capacity at the Saarijärvi plant by installing a new surface-mounting technology (SMT) production line. The decision was taken in December 2000, after the end of the financial year, and the investment will amount to over FIMm 10. The new SMT line will be started up in April 2001 and will double the plant's surface-mounting capacity, also allowing us to respond better to fluctuations in demand.

CORE STRATEGY REMAINS SOUND

Efore's core strategy of focusing on key markets, solid technological expertise, flexibility and partnership, has withstood the rigours of tough international competition quite well.

Considerable development took place in the telecommunications market during the year, stimulating the demand for power supplies needed in telecommunications systems. Efore's expertise in product development and production technology has guaranteed its involvement in many key product development projects concerning the wireless GPRS, EDGE and UMTS networks of the future. Growth in these networks in 2002-2003 is expected to exceed Efore's present rate of growth.

The telecommunications sector, and Nokia in particular, is extremely important to Efore's operations. Our other major telecommunications customers include Ericsson, Tellabs and the Austrian company Frequentis. Many large teleoperators, such as Sonera and Radiolinja, also use Efore power supplies.

Industrial automation and medical electronics are also important customer sectors for Efore. These sectors grew at about the same rate as our telecommunications customer sectors during the year.

ABB and Wärtsilä Diesel are the company's best known industrial automation customers. Efore power supplies are also used in Datex-Ohmeda hospital electronics, in Siemens patient care systems and in Labsystems laboratory equipment. In all, Efore has over 40 major customers.

GLOBAL OPERATING STRATEGY SHOWING RESULTS

Under Efore's global operating strategy, the company follows its key customers to the main market areas, where it then proceeds to establish new customer relationships without delay.

Pursuing this strategy, Efore has quickly grown into a major international supplier of power electronics. The Group now has production sites on three continents, and almost half of our turnover for the year was generated in international markets.

Efore has succeeded in consolidating its position in the USA, the world's largest power electronics market. During the financial year the Florida-based e-xpeditent/CAVU, Inc., which specializes in high-speed Internet access, became a customer of Efore (USA), Inc.

Efore's operation in China also began well, with its subsidiary Efore (Suzhou) Electronics Co., Ltd. turning in a profit for its first year of operation. Efore expanded its sales and marketing effort in Europe, especially in Germany, France and Italy.

VALUED COOPERATION

Thanks to growing demand, in-house technological know-how, expertise developed with customers, successful investments and a tried and tested mode of operation, Efore has established a sound base for continued growth in the future.

Good performance and technology both ultimately rely on the actions of individuals, all of whom at Efore are treated as genuine partners. May I warmly thank all our customers, our highly motivated personnel, our shareholders and all other partners for their valued cooperation during the year.

Berndt Schalin
CEO
Efore Plc

EFORE GROUP

Efore Group is an international power electronics company. Its Finnish parent company was established in 1975. In 2000, Efore's turnover amounted to FIMm 357, and it employed an average of 515 people.

Efore develops, designs, manufactures and markets custom-designed power supply products and systems for converting electricity and ensuring disturbance-free power for electronic equipment.

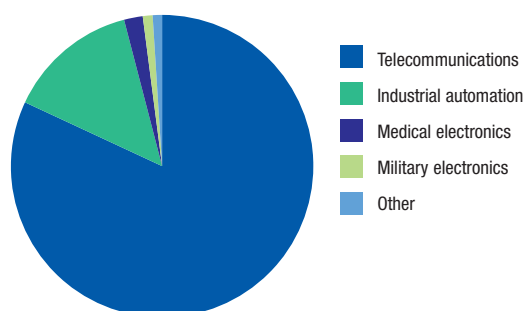
The company cooperates closely with its customers throughout the life cycle of each product. Its customers include well-known companies in the telecommunications, industrial automation and medical electronics sectors, as well as teleoperators.

Efore's production plants are located at Saarijärvi and Vantaa in Finland, and in China and the USA. In addition, the company has sales offices in Sweden and the United Kingdom. The Group's headquarters are in Finland, at Espoo, west of Helsinki.

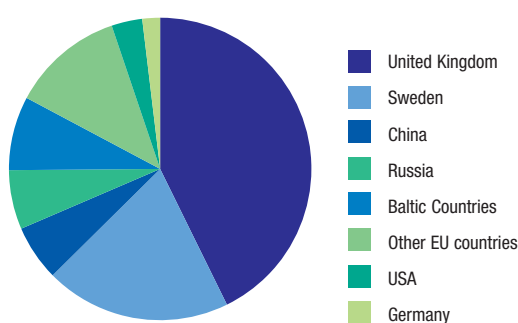
Series A shares in Efore Plc are quoted on the Investors' List (I list) of Helsinki Exchanges. The company's stock exchange bulletins and press releases published during the financial year can be viewed on the Internet at www.efore.com.



Turnover by Customer Sector



Exports and Turnover outside Finland (FIMm 158)

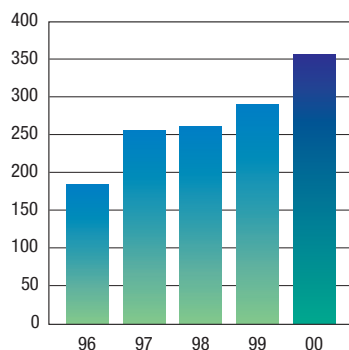


Efore Group key figures

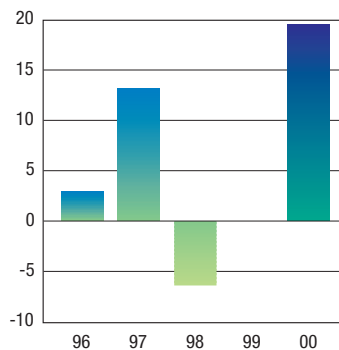
	2000	1999	1998	1997	1996
Turnover, FIMm	356.5	289.9	261.5	255.3	183.9
Operating profit, FIMm	19.5	0.0	-6.4	13.2	3.0
% of turnover	5.5	0.0	-2.4	5.2	1.7
Profit before appropriations and taxes, FIMm	19.3	1.0	-6.6	37.5	4.2
% of turnover	5.4	0.4	-2.5	14.7	2.3
Net profit, FIMm	12.2	0.2	-6.8	23.5	1.1
% of turnover	3.4	0.1	-2.6	9.2	0.6
Gross investment, FIMm	16.5	11.1	20.1	19.7	20.2
% of turnover	4.6	3.8	7.7	7.7	11.0
Balance sheet total, FIMm	218.3	190.8	178.6	187.2	140.0
Return on equity, % (ROE)	13.4	0.2	-6.7	5.7	0.8
Return on investment, % (ROI)	15.4	2.6	-2.7	12.5	7.1
Solvency ratio, %	42.8	46.8	52.7	57.9	54.4
Personnel, average	515	491	476	426	326
Product development expenditure (booked as costs), FIMm	18.4	19.6	19.4	11.2	10.9
Product development expenditure (booked as costs), as % of turnover	5.2	6.7	7.4	4.4	5.9
Product development expenditure (capitalized in balance sheet), FIMm	3.5	4.4	0.0	0.0	0.0
Product development expenditure (capitalized in balance sheet), as % of turnover	1.0	1.5	0.0	0.0	0.0
Earnings per share, FIM	3.04	0.04	-1.71	1.32	0.16
Dividend per share, FIM	1.19	1.10	1.00	4.00	4.00
Shareholders' equity per share, FIM	22.66	22.95	25.48	23.22	17.42

The capitalization of development expenses, introduced in 1999, improved the result before taxes for the year 2000 by FIMm 3.5, and for the year 1999 by FIMm 4.4. If the same method had been used in the period 1996–1998, the result for each year would have improved by an estimated FIMm 1.0–2.5.

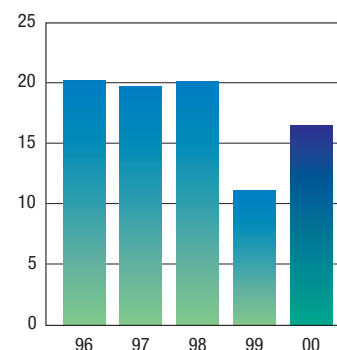
Turnover, FIMm



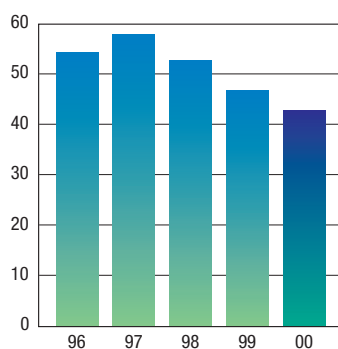
Operating profit, FIMm



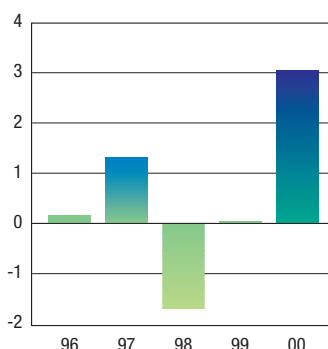
Gross investment, FIMm



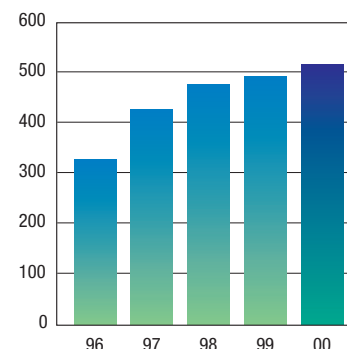
Solvency ratio, %



Earnings per share, FIM



Personnel, average



GROUP COMPANIES

Efore Group develops, manufactures, sells and markets power supply products on a global basis. Its operations are divided between the parent company and its subsidiaries.

EFORE PLC

The parent company Efore Plc concentrates on the production of custom-designed power supplies and Group administration. Efore Plc employs all the personnel at the Saarijärvi plant and all personnel at the Espoo headquarters and the Swedish sales office with the exception of product development staff. Parent company turnover for the financial year was FIMm 267 (FIMm 200), and it employed 343 (327) people.

MUUNTOLAITE OY

Muuntolaite Oy has merged with the parent company since the end of the period under review. During the year it was engaged in the production, sale and marketing of custom-designed power supplies and especially power system products. The company employs personnel at the Group's Vantaa and Espoo units. Muuntolaite's turnover amounted to FIMm 69 (FIMm 59), and it employed 71 (73) people.

EFORE POWER DESIGN OY

Efore Power Design Oy sells product development capacity to the Group's other business units. The company employs the product development personnel at the Group's operations in Espoo, Saarijärvi, Vantaa, Jyväskylä and Tampere. Turnover at Efore Power Design Oy amounted to FIMm 15, and it employed 42 (45) people.

EFORE (UK) LTD.

The Group's UK subsidiary markets and sells custom-designed power supplies. It is located in Farnham, west of London. The company's turnover totalled FIMm 7 (FIMm 20.6), and it employed 1 (3) person.

EFORE (USA), INC.

Efore's US subsidiary is located in Irving, Texas. It markets, sells and manufactures custom-designed power supplies and also procures materials for the Group. The company's turnover was FIMm 34.5 (FIMm 33.9), and it employed 43 (44) people.

EFORE (SUZHOU) ELECTRONICS CO., LTD.

Efore's Chinese subsidiary is located in the city of Suzhou, about 100 km west of Shanghai. The company manufactures, markets and sells custom-designed power supplies and also procures materials for the Group. Turnover in the company's first full year of operation totalled FIMm 9.4, and it employed 12 people.

POWER INNOVATION GMBH

Efore's German associated company Power Innovation GmbH designs and manufactures power electronics, specializing in inverter technology. The company works in close cooperation with Efore's Saarijärvi plant, acting as the link with the German market. Power Innovation's turnover amounted to DEMm 4.4 (DEMm 3.3), and it employed 35 (31) people.

DEVELOPMENTS DURING THE FINANCIAL YEAR

PRODUCT DEVELOPMENT

Customers value Efore's product development expertise very highly. Indeed, the company's abilities in this area are the key to retaining customers and developing long-term partnerships.

This is particularly evident in the Group's Custom-Designed Power Supplies Business Area, because every project begins with a product development phase.

Product development in the Group's Power Systems Business Area has concentrated on establishing and then retaining Efore's technological lead.

Efore's product development operations are located at Espoo, Vantaa, Saarijärvi, Jyväskylä and Tampere in Finland, and at Irving, Texas in the USA.

The dispersion of these operations ensures that highly skilled personnel can be recruited and allows close cooperation with universities and other enterprises.

In Finland, Efore is closely involved in a number of electronics R&D projects, including projects in the National Technology Agency's ETX Technology Programme.

MANAGING CUSTOMER RELATIONS

Efore's mode of operation is based on partnership with the customer. Product development and production teams are set up for each customer and operate under the guidance of an account manager. The aim is to secure customer satisfaction and profitable business.

This approach ensures that Efore's business processes will be compatible with those of its customers, thus facilitating long-term and mutually beneficial cooperation.

GLOBAL OPERATIONS

Efore's strategy is to meet the power electronics needs of international telecommunications and electronic systems suppliers. This requires flexibility and the capacity to operate globally.

By pursuing this global operating strategy Efore has quickly developed from a small Finnish company into a major international force in its own market segments.

During the financial year Efore began operations in China and invested in a surface-mounting technology (SMT) line at its USA plant, to improve competitiveness.

PERSONNEL

To provide a service tailored separately to the needs of each customer and project, Efore requires highly skilled personnel who also have the capacity to be innovative. Skills are continuously developed at all levels in the Group and at all locations. Initiative is encouraged from the personnel to improve the working conditions and methods. Representatives of the different personnel groups are also included on the Group Management Board.

Appraisal interviews are important in defining the development needs of each employee together with his or her supervisor. Efore also supports work-related independent study by its employees. To improve career development in the Group, new and vacant posts are primarily open first to existing personnel.

The Group employed an average of 515 (491) people during the financial year and 520 (492) at the close of the year, of whom 65 were employed outside Finland.

ENVIRONMENTAL MANAGEMENT

A major environmental networking project led by Efore was completed at the end of the financial year. As part of the project, begun in autumn 1998, an ISO 14001 environmental management system was built and certified at Efore. In May 2000, certification was granted to Efore's operations at Espoo, Saarijärvi and Tampere, and in November to Vantaa.

All of Efore's Finnish units now have a certified environmental management system. The subcontractors involved in the networking project have also built their own environmental management systems and trained their personnel accordingly.

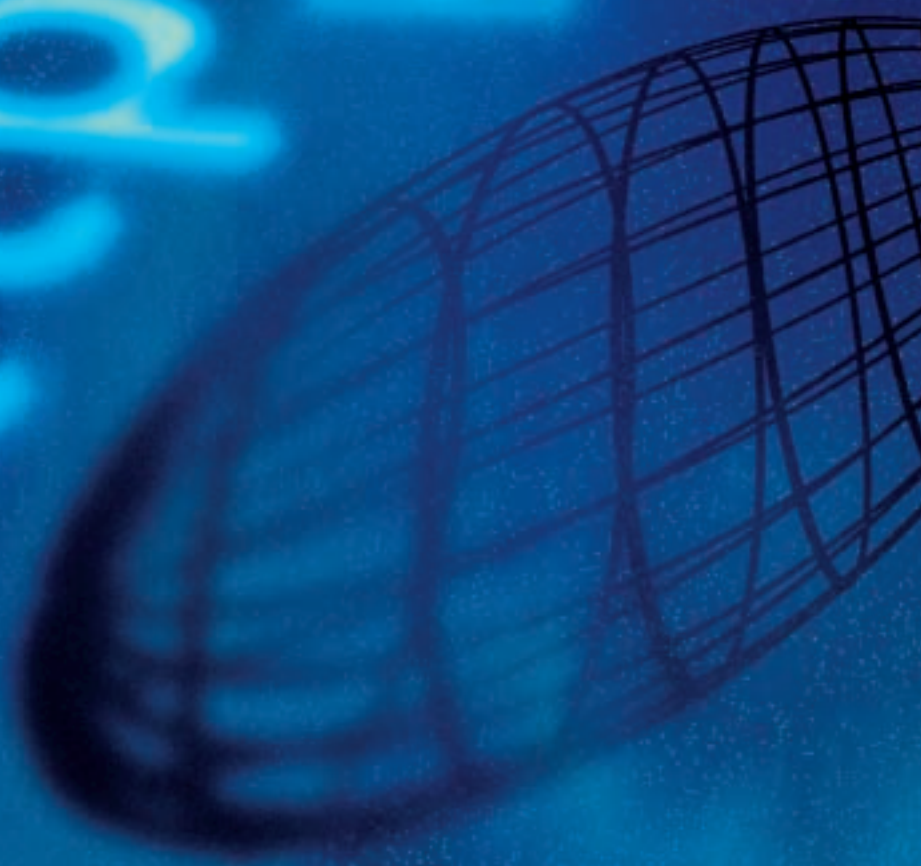
Efore now has an excellent and well-organized system for managing environmental matters. Its personnel are motivated and committed to the system, and individuals with special environmental responsibilities have been appointed.

To meet the demands of customers and future EU directives, a project was begun at the end of the year for managing information on the elemental composition of the materials used in Efore products. Product components and parts must not contain any prohibited harmful substances, and permitted harmful substances may only be included to a limited extent.

DEVELOPMENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

With growing demand for its products, Efore took the decision to expand production capacity at the Saarijärvi plant by installing a new surface-mounting technology (SMT) production line. The new line will be ready in April 2001, at a total cost of over FIMm 10. It will double the plant's surface-mounting production capacity, allowing it to respond better to fluctuations in demand.

The merger of Muuntolaite Oy with the parent company was completed on January 31, 2001.



POWERING INFORMATION TECHNOLOGY

Efore's power supply products connect information technology systems to the power network. The delicate electronic circuits of information systems cannot generally use power straight from the mains supply but first require the current and voltage to be converted into a suitable form for the particular equipment or device.

Efore power supplies can manage a range of demanding power conversion functions simultaneously in, for example, base stations for wireless communications and control equipment for industrial automation systems.

POWER SUPPLIES WITH BATTERY BACKUP

Efore's power supply units guarantee a stable power input despite any fluctuations in the mains current. If power is essential even during outages, power input from the unit can be guaranteed by use of backup batteries.

These battery backup power supply systems are known as rectifier systems or inverters, depending on the type of power being converted. Efore rectifier systems are used in, for example, telecommunications networks that operate on low-voltage direct current.

Efore's inverters are used in association with rectifier systems when there are also items of equipment that use the mains supply, such as Internet routers and switches.

AN ESSENTIAL POWER ELECTRONICS COMPONENT

Power conversion and an uninterrupted supply of power are key elements of power electronics, a branch of the electronics industry. In the USA, it is estimated that already over 20 per cent of all electricity is "processed" using power electronics and that this is set to rise over at least the next 10 years, as the IT sector expands.

Modern power supply products are based on so-called switching-mode technology, an area in which Efore was amongst the first to develop applications. Use of this switching-mode technology and semiconductors has doubled the efficiency of power supplies over the last 30 years, as well as reducing heat generation and allowing much smaller units to be produced.

It is no exaggeration to say that even wireless networks and the Internet would not be possible without modern power electronics. In many electronic systems, power supplies have become an essential component, accounting for some 5–10 per cent of the cost of the entire system.

The need to conduct excess heat away from sensitive electronic systems and to achieve the optimal design and location for the power supply still require considerable professional skill and even creativity.



AN INDEPENDENT PARTNER

There are more than 1,000 companies specializing in power supplies worldwide. Some of these design and manufacture their own products mainly for the domestic market, while others are contract manufacturers for major electronics corporations; others provide only a design service. In addition, some electronic products and systems suppliers design and manufacture power supplies for their own needs.

Efore's products are designed, developed and manufactured by the company itself, in close partnership with its customers.

SPECIAL EXPERTISE IN-HOUSE

Efore's strategy is based on the fact that power supplies and their backup systems have become essential components of information technology systems. Companies like Nokia and Ericsson have found it worth outsourcing their power supply needs to independent power electronics companies who offer complete solutions and operate globally.

Power electronics companies like Efore which develop and manufacture products based on their own technology are in the best position to be a genuine partner to wireless network suppliers, teleoperators and other customers. Companies which are competitors may each seek Efore as their partner, relying on its independent expertise. Only specialist expertise can produce added value for the customer.

KEY ELEMENTS OF EFORE'S STRATEGY

The first key element of Efore's strategy is its own solid technological expertise. As a pioneer in modern power electronics, Efore invests continuously in power supply research and development and also ensures that its production technology is up to date.

The second key element of the strategy is concentration on selected products, growing sectors and successful customers. In its design and manufacturing, Efore focuses exclusively on custom-designed power supplies, rectifier systems and inverters for customers in the information technology sector, including industrial automation and medical electronics.

The third key element is flexibility. Efore can respond rapidly and efficiently to the changing needs of the customer. Where necessary, Efore follows its customers to new markets around the world, thereby guaranteeing that its products continue to function well in the customer's systems for their entire life cycle.

The fourth key element of the strategy is partnership. Efore's customer and project-specific teams dealing with design, development, procurement and production operate on the partnership principle. They work closely with the customer, component suppliers and other partners, and with each other.

The individuals in each of these teams, at Efore and in the customer's teams, constitute the company's primary resource. Partnership is the best means of harnessing human energy.



CUSTOM-DESIGNED POWER SUPPLIES

The products of the power supply industry are generally divided into three categories: standard products, modified standard products and fully customized power supplies.

Standard products sold to a wide range of customers via wholesalers and retailers differ from customized power supplies not only in their marketing but also in terms of product development and production.

In its Custom-Designed Power Supplies Business Area, Efore concentrates exclusively on fully customized products, each of which has only one customer. Most competitors also have to devote resources to developing standard products.



By aiming to achieve seamless compatibility between its product development, production and logistics processes and those of the customer, Efore seeks to build cost-effective, responsive and long-term business relationships which are profitable to both parties.

Each individual contract is a project that begins with a joint product development phase and continues with a production agreement covering the life cycle of the product. This usually means that it takes more than a year from the signing of the agreement before any significant turnover is generated.

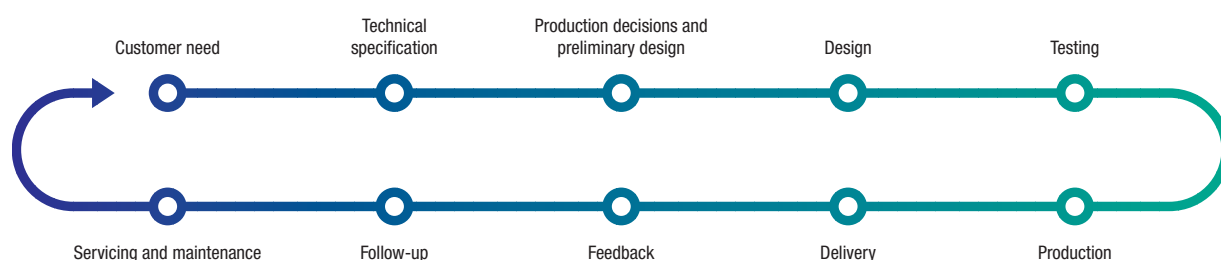
The number of such projects begun during the year was twelve. Six projects were brought to the production stage, some of which had been started before the financial year. The turnover potential during the life cycles of these projects is approximately FIMm 1,000-2,000.

The main markets for Efore's custom-designed power supplies are Finland, Sweden, the United Kingdom, Austria and China. Besides these countries, new customers are also being sought in the USA, Germany, France and some of the smaller EU countries.

Efore's custom-designed power supplies were manufactured at its production plants in Saarijärvi, Vantaa, Irving and Suzhou. The entire turnover of Efore's operations in the USA, the UK and China was derived from custom-designed power supplies.

Turnover of the Custom-Designed Power Supplies Business Area for the financial year was FIMm 309.5 (FIMm 251.2).

Life cycle of custom-designed power supplies





POWER SYSTEMS

The products manufactured by Efore's Power Systems Business Area are rather more modular than custom-designed power supplies but involve similar technology and production processes. Due to the different customers and sales processes, however, both Business Areas need to have their own separate sales and marketing organization.

The common technology base nevertheless provides considerable synergy benefits. To ensure that these benefits are utilized, Efore's production, product development, materials, quality and financial administration functions are common to both Business Areas.

The rectifier systems produced by the Power Systems Business Area are supplied mainly to telecommunications and industrial automation customers. They perform basically the same function as Efore's custom-designed power supplies:



they convert the alternating current of the mains supply to the direct current used by electronic systems.

The backup batteries used in the event of a power outage also operate on direct current. Studies show that in the developed countries already over 10% of all equipment running off the mains supply is for applications in which a power outage would be very costly.

In addition to backup batteries, the Epos system may also include an inverter. An inverter allows the rectifier's batteries to supply alternating current to auxiliary equipment that needs it, such as computers. Epos also ensures battery backup for the inverters.

A digital supervision and control system was added to the Epos rectifier system during the year. This is expected to be of interest to customers in both existing and new markets. A service technician can now carry out supervision and control remotely using a portable control unit.

Efore's rectifier systems have traditionally been sold in Finland, the Baltic countries and Russia. Considerable efforts are being made to enter other export markets, too. One notable success was the announcement after the end of the financial year that Efore (USA), Inc. has secured its first inverter contract in the US market. The trend in the overall demand for inverters was very positive last year.

Efore's inverters are manufactured at the Saarijärvi plant and by the German associated company Power Innovation. Other modules are produced at the Vantaa and Saarijärvi plants and final assembly of the systems is carried out at Vantaa.

Total turnover in Efore's Power Systems Business Area for the financial year was FIMm 47 (FIMm 38.7).

CORPORATE GOVERNANCE

The Helsinki Exchanges recommend that Finnish listed companies observe the guidelines issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers regarding the administration of public companies. Efore Plc adheres to this guideline. Efore Group has also complied with new insider regulations issued on March 1, 2000 by the Helsinki Exchanges.

GROUP STRUCTURE

Efore Group comprises the parent company Efore Plc and its wholly owned subsidiaries Muuntolaite Oy, Efore Power Design Oy, Efore (UK) Ltd, Efore (USA), Inc. and Efore (Suzhou) Electronics Co., Ltd.

The Group operates as two Business Areas: Custom-Designed Power Supplies and Power Systems. The areas comprise of four Business Units, of which three units focusing on custom-designed power supplies and one unit in rectifiers. The management of Group's production, product development and materials functions is centralized under the direct control of the CEO. The General Managers and Presidents of the subsidiaries report directly to the CEO.

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 that comprise members of the Efore Plc Board of Directors or members of the Group's senior management. Parent company provides the subsidiaries with services related to the common activities of the Group and is also responsible for strategic planning, financial matters and funding.

GENERAL MEETING OF SHAREHOLDERS

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.

APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS

The Annual General Meeting elects the members and deputy members of the Board of Directors by simple majority vote. The period of office of a member of the Board extends from the close of the Annual General Meeting to the end of the next Annual General Meeting. The Board of Directors elects from amongst its members a chairman for the period until the close of the next Annual General Meeting. 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 20 % of the total votes of the company and the person proposed has given his or her consent.

THE COMPANY'S 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 five 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 eight to ten occasions a year at the company's headquarters in Espoo. The meeting can also be held at other Group locations, at which time the Board takes the opportunity to have a closer look at the particular operations undertaken at these locations.

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 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.

The principal duties of the Board of Directors are:

- Appointment of the CEO and Deputy CEO
- Directing and supervising the routine business managed by the company's 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
- 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 of shareholders

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

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. The task of arranging financial management, accounting and supervision in practice is the responsibility of CEO. 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.

In each appointment, the superior shall approve the appointments made by his or her own subordinates and the appointed person's employment conditions.

SYSTEM OF SUPERVISION

The company uses financial reporting systems to supervise its business operations and financial management. In order to ensure the achievement of the Group's financial and other targets and in order to minimize the risk exposure, the Board of Directors has approved the following rules and principles:

- Management Organization and Principles
- Operational Authorities and Approval procedures
- Group policies for various disciplines such as financial planning and reporting, bonus-principles, external auditing etc.

The Group subsidiaries operate in functionally separate units. This Group structure clarifies the Group actions and makes it easier to supervise administration and financial results.

The chief Auditor is responsible for organizing and coordinating the auditing carried out within the Group. Efore Group's auditing programme is planned each year by its chief 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 OF EFORE PLC



Hannes Fabritius, 58
Board member since 1979
chairman since 1994
shares 297,046 pcs



Olli Kokkonen, 64
Board member since 1991
shares 12,298 pcs



Pirkko Fabritius, 57
Board member 1979–1990
and since 1996
shares 208,656 pcs



Matti Tammivuori, 43
Board member since 1999
deputy chairman since 2000
shares 18,022 pcs



Risto Kari, 60
Board member since 2000
deputy board member since 1998
shares 700 pcs



Markku Hangasjärvi, 34
Deputy Board member
since 2000

COMPANY MANAGEMENT AND AUDITORS



EFORE PLC
MUUNTOLAITE OY
EFORE POWER DESIGN OY

Berndt Schalin, 46
CEO, General Manager
shares 420 pcs
options 2,400 pcs



EFORE POWER DESIGN OY

Ilpo Heiskanen, 44
Deputy General Manager
shares 3,772 pcs
options 2,400 pcs



EFORE PLC

Vesa Vihavainen, 38
Deputy CEO
shares 100 pcs
options 2,400 pcs



EFORE (USA), INC.

Juhani Vasakari, 65
President until December 31, 2000
shares 3,680
options 1,200 pcs

Vesa Vihavainen
President from January 1, 2001



EFORE PLC

Reijo Valkonen, 53
Business Unit Manager
options 1,200 pcs



EFORE (SUZHOU)
ELECTRONICS CO., LTD.

Hannu Haili, 57
General Manager
options 2,400 pcs



EFORE PLC

Håkan Povenius, 45
Business Unit Manager
options 1,200 pcs

EFORE (UK) LTD.

Pekka Harju, 49
Sales Manager

EFORE SVERIGE

Stig Cedervall, 60
Area Sales Manager

AUDITORS

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

ADDRESSES

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domicile Espoo

Trade register no. 222.638

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Tel. +358 14 429 61

Fax +358 14 422 705

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Fax +358 9 4784 6500

(Muuntolaite Oy merged to Efore Plc on January 31, 2001)

EFORE POWER DESIGN OY

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United Kingdom

Tel. +44 1252 726 831

Fax +44 1252 726 200

EFORE (USA), INC.

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Irving, Texas 75038, USA

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Fax +1 972 607 2287

EFORE SVERIGE

Hörnåkersvägen 8

S-183 65 Täby, Sweden

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Fax +46 8 732 4694

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Block A # 04-08

Suzhou 215021, China

Tel. +86 512 761 7744

Fax +86 512 761 5705

ASSOCIATED COMPANY:

POWER INNOVATION GMBH

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D-283 59 Bremen, Germany

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FINANCIAL STATEMENTS 2000



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INFORMATION FOR SHAREHOLDERS AND INVESTORS

The Annual General Meeting of Efore Plc will be held on Tuesday, March 6, 2001, at 5.30 pm at the following address:
Diana-auditorium, Erottajankatu 5, 00130 Helsinki, Finland.
We would like to ask those wishing to participate to notify of their participation no later than Friday, March 2, 2001, 2.00 pm.
Susanna Laine, Efore Plc
P.O.Box 61 (Piispanportti 12 A), FIN-02211 Espoo, Finland
Tel. +358 9 478 466
fax +358 9 478 46500

Efore will publish three Interim Reports in 2001
November – January on March 5, 2001
February – April in week beginning June 4
May – July in week beginning September 3

Efore's Annual Report 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

ANALYSTS

Analysts following Efore:

ArosMaizels Equities
Jussi Uskola

Conventum Securities Ltd
Aarni Pursiainen

Enskilda Securities
Ville Ahoranta

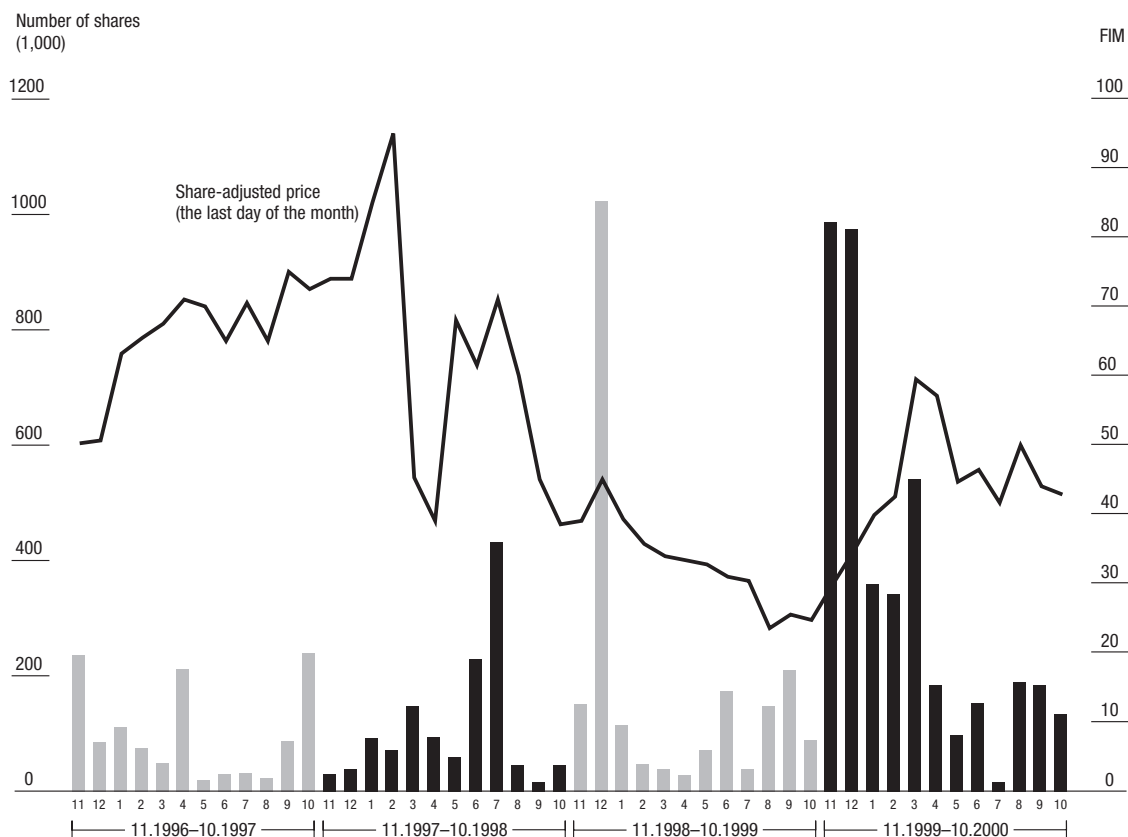
Evli Securities Plc
Jari Honko

FIM Securities Ltd
Pasi Pitkäljärvi

Mandatum Stockbrokers Ltd
Janne Uski

Opstock Investment Banking
Jari Nikkanen

EFORE PLC'S SHARE PRICES AND TRADING VOLUME IN 1996 – 2000



BOARD OF DIRECTORS' REPORT

Efore Group turnover in the financial year November 1, 1999 – October 31, 2000 rose by 23 % to FIMm 356.5 (FIMm 289.9), in line with the budget target for the year. The Group result for the financial year showed a distinct improvement on the previous year. Group operating profit amounted to FIMm 19.5 (FIM 6,500), and profit before appropriations and taxes totalled FIMm 19.3 (FIMm 1.0).

Efore's principal targets for the year were to improve its profitability and to implement its global strategy. The Group succeeded quite well in improving profitability, although the profitability targets for the US plant could not be met. Efore continued to consolidate its global position with the establishment of a subsidiary in China and investment in a surface-mounting technology (SMT) production line at the US subsidiary. The SMT line will enable the plant to manufacture both existing and future products and to improve productivity.

The Board of Directors will propose to the Annual General Meeting that a dividend of FIM 1,19 (0,20 euro) per share be distributed for 2000.

With authorization from the Annual General Meeting, Efore purchased 46,400 of the company's own shares during the period August 24 – October 30, 2000, at an average price of FIM 50.47 (EUR 8.5) per share, bringing the total cost of the shares purchased to FIMm 2.3. These shares represent 1.14 % of the total number of Efore shares and 0.51 % of the voting rights.

PRODUCT DEVELOPMENT

Efore invested a total of FIMm 21.8 (FIMm 19.6) in its product development programme during the financial year. The programme forms the basis for the company's future development. A total of FIMm 3.5 (FIMm 4.4) in development costs for long-term projects was capitalized in the balance sheet.

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

During the financial year six new products incorporating state-of-the-art technology were transferred to production. Some of these products incorporate new IMS technology, an area in which Efore has developed unique application expertise. The business potential of these products, now just at the start of their lifecycles, is estimated to be in the order of FIMm 1,000 - 2,000 over the next few years. Technical changes were made during the year to products already in production, enabling costs to be reduced. Efore is also firmly involved in new products which will be part of the GPRS, EDGE and UMTS mobile network solutions.

PRODUCTION

The entire production capacity of the parent company's Saarijärvi plant was utilized during the financial year. The plant's SMT production line was also in full use throughout the year.

In November 1999, Muuntolaite Oy sold the Vantaa factory's metal works to Helsingin Levytyö Oy, which will continue as a sub-contractor. Muuntolaite has been focusing on power electronics, and the Vantaa factory has become a profitable unit, thanks to the new products and the plant reorganization.

Deliveries of EPOS rectifier systems have grown in line with expectations. Efore has continued the development of this product family by designing a range of models adapted for different markets and by introducing digital and wireless monitoring of power supplies.

An SMT production line was also acquired for the US subsidiary Efore (USA), Inc. The US plant can now manufacture all the products designed by the company and those currently in production. This significantly improves Efore's ability to meet the power supply needs of its global customers. The plant suffered from delivery fluctuations during the year, caused by difficulties concerning the Group's order books and materials.

Efore's latest production unit was started up at Suzhou in China. Deliveries from that location began in April 2000. Production relies in part on local subcontracting.

Efore's competitiveness is based on use of state-of-the-art technology for its products and the latest production technology for manufacturing. All the Group's production plants operate with ISO 9001 quality certification. As a specialist in power supplies, Efore concentrates on developing world-class products, and the price paid by the customer reflects not only the quality of the product but also delivery reliability and the production flexibility needed to ensure a short delivery time.

TURNOVER UP 23 %

Group turnover for the financial year was FIMm 356.5 (FIMm 289.9), up 23 % (10.9 %) on the previous year. As in previous years, business fluctuated rapidly and was difficult to predict.

Turnover of the parent company Efore Plc was up by 33.8 % to FIMm 267.6 (FIMm 200.0). Group exports and turnover outside Finland amounted to FIMm 158.0 (FIMm 119.2), or 44.3 % of total turnover. Efore's most important markets besides Finland are China, the United Kingdom, the United States, Sweden, Russia and the Baltic countries. Exports to Russia and the Baltic countries continued to grow.

STILL ROOM FOR IMPROVEMENT

The Group result for the financial year improved substantially on the previous year. The favourable trend was nevertheless restrained by the strong US dollar in the latter part of the year and by the additional costs resulting from difficulties with component availability. Parent company operating profit amounted to FIMm 16.8 (FIMm 8.2). A value adjustment affecting the parent company result was made to its trade receivables, corresponding to the losses of the US subsidiary for the financial year. This sum is eliminated in the consolidated financial statements.

The German associated company Power Innovation GmbH achieved a positive result for the period under review, due to a good performance in the last quarter of the year.

Group operating profit was FIMm 19.5 (FIM 6.500), and Group profit before appropriations and taxes totalled FIMm 19.3 (FIMm 1.0). When examining the result it should be noted that product development expenditure amounting to FIMm 3.5 (FIMm 4.4) was capitalized in the balance sheet. Taxes entered for the financial year totalled FIMm 7.0 and the change in deferred tax liability was FIMm 0.3. Earnings per share were FIM 3.04 (FIM 0.04), and return on investment (ROI) amounted to 15.4 % (2.6 %).

BALANCE SHEET

The total on the consolidated balance sheet was FIMm 218.3 (FIMm 190.8). The possible tax consequence of FIMm 1.7 resulting from the sale of the company's own shares that had come into its possession in the 1997 merger is still 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.

FINANCIAL POSITION REMAINS SOUND

The Group solvency ratio at the end of the financial year was 42.8 % (46.8 %). Long-term (non-current) loans amounting to FIMm 4,6 (FIMm 5.1) were repaid and FIMm 0,6 (FIMm 10.8) of new loans were drawn. A total of FIMm 4.4 was paid in dividends. Current assets at the close of the year were FIMm 25.3 (FIMm 33.3). The financial position was affected by the increased stocks related with materials procurement and the need for working capital essential in a global operation. The ratio of net debt to shareholders' equity (i.e. gearing), describing the Group's indebtedness, stood at 32.2 % (28.5 %).

INVESTMENTS

The Group's fixed asset investments were up on the previous year, amounting to FIMm 16.5 (FIMm 11.1), or 4.6 % of turnover. A total of FIMm 3.5 (FIMm 4.4) of this was accounted for by capitalization of product development expenditure. The biggest investments were made in the Chinese and US subsidiaries to boost their delivery capacity. Development of the Group's new information system continued.

ENVIRONMENTAL POLICY AND IMPACT

Development of the environmental management system for Group companies operating in Finland is based on the international ISO 14001 standard, which is being applied to all operations. Certification under this standard was achieved for the Espoo and Saarijärvi operations on May 12, 2000 and for Vantaa on November 13, 2000.

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

PERSONNEL EMPLOYED

The number of persons employed by the Group grew by 24, bringing the average employed by Group companies during the year to 515 (491), and to 520 (492) at the close of the year. Personnel commitment and productivity have continuously improved.

THE EURO AND 2000

The Group's Finnish companies have started using the euro in their accounting and financial reporting since November 1, 2000.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Efore's customers operate in rapidly growing markets. The growth in demand for mobile network solutions, in particular, is generally expected to accelerate in 2001 and 2002. Operators will be investing in the new generation systems and Efore's customers are expected to follow this growth trend. Development of the telecommunications sector will continue.

The number of product development projects has continued to increase, and most are connected with the new wireless technology. Demand for rectifier systems and inverters will also continue to grow. Efore expects its turnover growth for the current year to be about 20 %, corresponding to the growth in the power supplies demand in the market segments in which it operates. As in previous years, this growth is likely to be distributed unevenly over the four quarters of the year.

The new financial year has begun well for the Group with invoicing for November and December amounting to FIMm 68. Demand should continue at this high level right through until March. While invoicing has traditionally fluctuated at very short notice, the demand for Efore's products is, nevertheless, growing in the medium term, and demand for new development projects also appears to remain high.

Expansion of Efore's global production activities will continue. Further investments are planned for the current financial year to meet the overall growth in demand. Investments and other measures will be implemented to increase productivity in the Group's Finnish units. In the US subsidiary the aim is to bring the new SMT line and the factory to a point where a good utilization rate can be achieved. In China, the increase in volumes at the Suzhou unit will be considerable and the product output will increase. The merger of Muuntolaite Oy into Efore Plc will be completed as planned on January 31, 2001.

In materials management the company's new units in the USA and China allow it the opportunity to make use of more economical procurement sources. They also allow better utilization of different currency areas in managing the costs of materials. Component availability will nevertheless continue to be tight in the early part of the financial year.

The result for the first quarter of the current financial year is expected to be positive. This is also supported by the strengthening of euro.

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 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 a 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

The nominal value of one Efore share is EUR 1.70 (FIM 10.11). 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. The assignability of series K shares is restricted by a redemption clause under section 7 of the Articles of Association. The company's shares are included in the book-entry system.

SHARE CAPITAL AND WARRANT BONDS

The registered share capital of Efore Plc on October 31, 2000 was FIM 41,113,762.12. On the basis of the 1994 warrant bond, 82,930 new series A shares were subscribed in January 2000 and were entered in the trade register on March 22, 2000, raising the company's share capital by FIM 829,300, from FIM 39,846,220 to FIM 40,675,520. The company's new total number of shares is 4,067,552, of which 3,802,744 are series A shares and 264,808 series K shares. The subscription period for the warrant bond terminated on January 31, 2000. The Board of Directors is currently not authorized to increase the share capital.

MARKET AND MARKET MAKER

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

Trading in Efore Plc series A shares on the Helsinki Exchanges' I list during the period under review was brisk, with a total of 4,174,133 shares traded, amounting to a value of FIMm 170.0 and representing 103 % of the total number of shares. The share price fluctuated between FIM 77.00 (EUR 12.95) and FIM 23.25 (EUR 3.91). The market value of the entire share capital at the final series A share price of the review period was FIMm 174.1 (EURm 29.3), on October 31, 2000.

PURCHASE OF COMPANY'S OWN SHARES

On March 16, 2000, the Efore Plc Annual General Meeting gave the Board of Directors authorization to take decisions on purchasing the company's own shares in accordance with the existing Companies Act. The authorization remains valid for a maximum of one year from the decision of the Annual General Meeting.

On August 3, 2000, the Board of Directors decided to purchase company shares on the securities market on the basis of the authorization given to it by the Annual General Meeting. In accordance with this decision, 46,400 series A shares were purchased in public trading during the financial year, for a total purchase price of FIM 2,341,982.85. The total nominal value of the shares is FIM 468,999.18, and their total book value FIM 1,986,349.48.

The shares purchased during the financial year amounted in total to 1.14 % of the share capital and 0.51 % of the votes. The company's own shares in its possession do not confer any voting rights nor is a dividend paid on them. As set out in the authorization decision, the maximum number of the company's own shares that can be purchased is 199,231, which is 5 % of the company's total number of shares. Shares may be acquired without regard to existing shareholder ownership via public trading arranged by Helsinki Exchanges.

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.

BOARD OF DIRECTORS' AUTHORITY TO INCREASE THE SHARE CAPITAL

The Annual General Meeting of March 16, 2000 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.

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 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 (based on the employment contract) 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.

The subscription period for the 1994 warrant bond terminated on January 31, 2000.

SHAREHOLDINGS OF COMPANY MANAGEMENT

According to the share register, the company's Board members, its CEO and Deputy CEO, together with organizations and minors falling within their authority as referred to in section 5, chapter 1 of the Securities Markets Act, owned a total of 402,130 series A shares and 136,988 series K shares, as at October 31, 2000.

On the basis of the 1998 option rights, the company's CEO and Deputy CEO may each subscribe 2,400 series A shares, which, once all option rights have been used, equals 0.11 % of the share total. After all warrants launched in 1998 have been used, members of the Board, the CEO and the Deputy CEO will own a maximum of 406,930 series A shares and 136,988 series K shares, amounting to 12.99 % of the total number of shares and 35.62 % of the votes.

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Notes to the financial statements	1999 – 2000 FIM 1,000	1998 – 1999 FIM 1,000
NET TURNOVER	(1)	356 537	289 924
Change in stocks of finished and unfinished goods		9 205	–416
Other operating income		1 148	1 327
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		216 756	149 426
Change in inventories		–18 420	–1 987
Raw materials and consumables in total		198 336	147 439
External charges		10 463	10 989
		208 799	158 429
Personnel costs	(2)		
Wages, salaries and fees		78 130	71 535
Social security expenses			
Pension expenses		9 772	9 979
Other social security expenses		6 754	8 078
		94 656	89 592
Reduction in value	(3)		
Depreciation according to plan		12 121	9 630
Depreciation on Group goodwill		2 313	3 854
		14 433	13 484
Other operating expenses	(4)	29 131	28 567
Share of loss of participating interests		396	757
OPERATING PROFIT		19 475	6
Financial income and expenses	(5)		
Income from other investments in fixed assets		11	5
Other interest and financial income		3 791	3 836
Decrease in value of investments		–329	0
Interest expenses and other financial expenses		–3 694	–2 801
		–221	1 040
PROFIT BEFORE EXTRAORDINARY ITEMS		19 254	1 046
PROFIT BEFORE APPROPRIATIONS AND TAXES		19 254	1 046
Income taxes			
Income taxes from the period		–7 289	–1 276
Income taxes from previous periods		–40	–7
Change in deferred tax liability		300	411
		–7 029	–871
PROFIT FOR THE PERIOD		12 225	175

CONSOLIDATED BALANCE SHEET

	Notes to the financial statements	October 31, 2000 FIM 1,000	October 31, 1999 FIM 1,000
ASSETS			
NON-CURRENT ASSETS (6)			
Intangible assets			
Development expenses		5 678	4 449
Intangible rights		1 613	1 380
Group goodwill		0	2 313
Other capitalized expenditure		368	467
		7 659	8 609
Tangible assets			
Land and water		1 027	1 027
Buildings and constructions		3 235	3 479
Machinery and equipment		35 015	33 629
Other tangible assets		522	1 014
Advance payments and construction in progress		1 314	335
		41 113	39 484
Financial assets (7)			
Holdings in participating interests		605	1 002
Receivables from participating interests		608	608
Other shares and similar rights of ownership		245	245
		1 458	1 854
CURRENT ASSETS			
Stocks			
Raw materials and consumables		47 969	29 549
Work in progress		5 561	3 011
Finished goods		12 909	6 254
		66 439	38 814
Current receivables (8)			
Trade receivables		65 208	53 081
Receivables from participating interests		627	530
Loan receivables		50	50
Other receivables		6 452	9 449
Prepayments and accrued income		4 046	5 546
		76 383	68 655
Investments (9)			
Own shares		1 986	
Other shares and similar rights of ownership		128	74
Other securities		8 818	
		10 932	74
Cash in hand and at banks		14 364	33 267
TOTAL ASSETS		218 348	190 757

CONSOLIDATED BALANCE SHEET

	Notes to the financial statements	October 31, 2000 FIM 1,000	October 31, 1999 FIM 1,000
LIABILITIES			
SHAREHOLDERS' EQUITY			
	(10)		
Share capital		41 114	39 846
Premium fund		3 040	361
Other funds			
Fund of own shares		1 986	
Reserve fund		31 652	32 090
Retained earnings		5 331	16 383
Profit for the period		12 225	175
		95 348	88 856
CREDITORS			
	(13)		
Non-current creditors			
Bonds			10 000
Loans from credit institutions		12 993	14 031
Pension loans		13 315	17 598
Other liabilities		1 500	1 464
Deferred tax liability	(12)	711	979
		28 519	44 072
Current creditors			
Bonds		10 000	
Loans from credit institutions		12 831	10 081
Pension loans		4 401	4 203
Accounts payable		34 944	23 697
Other liabilities		2 300	2 653
Accruals and deferred income		30 005	17 195
		94 481	57 829
TOTAL LIABILITIES		218 348	190 757

CONSOLIDATED CASH FLOW STATEMENT

	1999 – 2000 FIM 1,000	1998 – 1999 FIM 1,000
Cash flow from business operations		
Payments from sales	344 343	281 683
Payments from other operating income	1 371	1 327
Costs of business operations	-329 083	-253 133
Cash flow from business operations before financing items and taxes	16 631	29 877
Paid interest and payments for other financing of business operations	-3 685	-2 801
Received interests on business operations	5 950	3 836
Paid direct taxes	-528	-1 282
Cash flow from investments (A)	18 368	29 630
Cash flow from investments		
Investments on tangible and intangible assets	-16 500	-9 833
Proceeds from sales and investments	0	130
Other investments	0	-1 246
Interest income from investments	11	5
Cash flow from investments (B)	-16 489	-10 944
Cash flow from financing		
Share issue	3 509	0
Acquisition of company's own shares	-2 342	0
Increase in non-current liabilities	646	10 826
Decrease in non-current liabilities	-4 604	-5 154
Dividends paid	-4 383	-3 974
Cash flow from financing (C)	-7 174	1 698
Translation difference	-2 750	-1 502
Change in cash flow (A+B+C): increase (+), decrease (-)	-8 045	18 882
Cash in hand and at banks on Nov. 1.	33 341	14 459
Cash in hand and at banks on Oct. 31.	25 296	33 341
	-8 045	18 882

PARENT COMPANY PROFIT AND LOSS STATEMENT

	Notes to the financial statements	1999 – 2000 FIM 1,000	1998 – 1999 FIM 1,000
NET TURNOVER	(1)	267 635	200 003
Change in stocks of finished and unfinished goods		137	893
Other operating income		6 211	3 339
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		161 500	107 509
Change in inventories		-9 724	-2 922
Raw materials and consumables in total		151 776	104 587
External charges		6 080	6 350
		157 856	110 936
Personnel costs	(2)		
Wages, salaries and fees		47 612	47 533
Social security expenses			
Pension expenses		6 452	7 261
Other social security expenses		3 573	5 174
		57 637	59 968
Reductions in value	(3)		
Depreciation according to plan		7 366	6 038
Other operating expenses	(4)	34 372	19 123
OPERATING PROFIT		16 752	8 170
Financial income and expenses	(5)		
Income from investments in fixed assets		10	5
Other interest and financial income		2 828	4 642
Reductions in value on investments in fixed assets			-10 502
Reductions in value on current investments		-329	
Interest expenses and other financial expenses		-2 228	-1 812
		281	-7 667
PROFIT BEFORE EXTRAORDINARY ITEMS		17 033	503
PROFIT BEFORE APPROPRIATIONS AND TAXES		17 033	503
Appropriations			
Decrease (+) in accelerated depreciation		755	1 329
Increase (-) in voluntary provisions			-1 715
		755	-386
Income taxes			
Income taxes for the period		-5 310	-541
Income taxes for previous periods		-6	-7
		-5 316	-547
PROFIT (LOSS) FOR THE PERIOD		12 472	-431

PARENT COMPANY BALANCE SHEET

	Notes to the financial statements	October 31, 2000 FIM 1,000	October 31, 1999 FIM 1,000
ASSETS			
NON-CURRENT ASSETS			
	(6)		
Intangible assets			
Development expenses		5 630	3 794
Intangible rights		1 200	1 089
		6 830	4 883
Tangible assets			
Machinery and equipment		20 211	23 660
Other tangible assets		240	701
Advance payments and work in progress		1 117	335
		21 568	24 696
Financial assets			
	(7)		
Holdings in Group companies		29 910	27 409
Receivables from Group companies		30 396	24 376
Holdings in participating interests		1 602	1 602
Receivables from participating interests		608	608
Other shares and similar rights of ownership		171	171
		62 687	54 166
CURRENT ASSETS			
Stocks			
Raw materials and consumables		27 442	17 719
Work in progress		1 414	723
Finished goods		4 148	3 659
		33 004	22 101
Current receivables			
	(8)		
Trade receivables		44 640	38 085
Receivables from Group companies		25 320	11 417
Receivables from participating interests		627	530
Loan receivables		50	50
Other receivables		3 674	9 265
Prepayments and accrued income		3 330	4 455
		77 641	63 801
Investments			
	(9)		
Own shares		1 986	
Other shares and similar rights of ownership		128	74
Other securities		8 818	
		10 932	74
Cash in hand and at banks			
		4 327	27 794
TOTAL ASSETS			
		216 989	197 515

PARENT COMPANY BALANCE SHEET

	Notes to the financial statements	October 31, 2000 FIM 1,000	October 31, 1999 FIM 1,000
LIABILITIES			
SHAREHOLDERS' EQUITY			
	(10)		
Share capital		41 114	39 846
Premium fund		3 034	355
Other funds			
Fund of own shares		1 986	
Reserve fund		30 406	30 845
Retained earnings		39 268	46 424
Profit (loss) for the period		12 472	-431
		128 280	117 039
APPROPRIATIONS			
	(11)		
Depreciation		2 005	2 768
Voluntary provisions		1 715	1 715
		3 720	4 482
CREDITORS			
	(13)		
Non-current creditors			
Bonds			10 000
Loans from credit institutions		6 000	8 400
Pension loans		8 918	12 027
		14 918	30 427
Current creditors			
Bonds		10 000	
Loans from credit institutions		3 295	2 400
Pension loans		3 110	3 118
Trade payables		21 243	16 755
Liabilities to Group companies		7 689	8 861
Other liabilities		1 566	1 668
Accruals and deferred income		23 168	12 765
		70 071	45 567
TOTAL LIABILITIES		216 989	197 515

PARENT COMPANY CASH FLOW STATEMENT

	1999 – 2000 FIM 1,000	1998 – 1999 FIM 1,000
Cash flow from business operations		
Payments from sales	249 665	190 449
Payments from other operating income	5 959	3 953
Costs of business operations	-246 730	-165 941
Cash flow from business operations before financing items and taxes	8 894	28 461
Paid interest and payments for other financing of business operations	-2 231	-1 906
Received interests on business operations	4 769	5 475
Paid direct taxes	-1 715	-547
Cash flow from business operations (A)	9 717	31 483
Cash flow from investments		
Investments on tangible and intangible assets	-6 185	-8 442
Proceeds from sales and investments	264	276
Increase in non-current receivables	-9 463	0
Other investments	-2 546	-2 190
Decrease in non-current receivables	3 443	1 277
Interest income from investments	0	40
Cash flow from investments (B)	-14 487	-9 039
Cash flow from financing		
Share issue	3 509	465
Acquisition of company's own shares	-2 342	0
Increase in non-current liabilities	0	1 409
Decrease in non-current liabilities	-4 623	-1 584
Dividends paid	-4 383	-3 974
Cash flow from financing (C)	-7 839	-3 684
Change in cash flow (A+B+C): increase (+), decrease (-)	-12 609	18 760
Cash in hand and at banks on Nov. 1.	27 868	9 108
Cash in hand and at banks on Oct. 31.	15 259	27 868
	-12 609	18 760

NOTES TO THE FINANCIAL STATEMENTS, October 31, 2000

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
1. TURNOVER IN MARKET				
AREAS BY CUSTOMERS				
Finland	198 510	170 725	157 445	129 511
European Union	120 865	97 280	91 780	63 707
USA	5 242	7 296	5 223	5 601
Other countries	31 920	14 623	13 187	1 184
Total	356 537	289 924	267 635	200 003
2. PERSONNEL COSTS				
Wages, salaries and fees	78 130	71 535	47 612	47 533
Pension costs	9 772	9 979	6 452	7 261
Other social security expenses	6 754	8 078	3 573	5 174
Presented in the profit and loss account	94 656	89 592	57 637	59 968
Capitalization of development expenses				
Capitalized personnel costs	0	1 963	0	712
Total	94 656	91 555	57 637	60 680
Management salaries and fees				
Members of the Boards of Directors, CEO, Deputy CEO, President and General Managers	6 102	4 357	1 987	1 988
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	362	327	277	246
Salaried	153	164	69	100
Total	515	491	346	346
3. DEPRECIATION				
Depreciation according to plan:				
Development expenses	1 807		1 803	
Intangible assets	456	358	274	259
Other capitalized expenditure	99	99	0	
Buildings and constructions	244	262	0	
Machinery and equipment	8 861	8 359	5 064	5 366
Other tangible assets	654	552	225	413
Total	12 121	9 630	7 366	6 038
Group goodwill	2 313	3 854		
4. OTHER OPERATING EXPENSES				
A write-off of FIMm 9.2 from trade receivables from Efore (USA), Inc. has been done in the parent company.				
Other operating expenses are normal operating expenses.				

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
5. FINANCIAL INCOME AND EXPENSES				
Interest income from non-current investments				
From Group companies				
From others	11	5	10	5
	11	5	10	5
Interest income from non-current investments in total	11	5	10	5
Other interest and financial income				
From Group companies			280	921
From others	3 791	3 836	2 547	3 720
	3 791	3 836	2 828	4 642
Reductions in value on investments *)				
Non-current investments in Group companies			0	-10 502
	0	0	0	-10 502
Reductions in value of current investments				
Shares	-329		-329	
	-329	0	-329	0
Interest expenses and other financial expenses				
For Group companies			-17	-30
Others	-3 694	-2 801	-2 211	-1 782
	-3 694	-2 801	-2 228	-1 812
Financial income and expenses in total	-221	1 040	281	-7 667
The item 'financial income and expenses' includes exchange rate gains/losses, net	728	352	319	352

*) On account of the losses accrued on Efore (USA), Inc. shares owned by Efore Plc

6. NON-CURRENT ASSETS

Intangible assets

Development expenses

Acquisition cost on Nov.1	4 449		3 794	
Increases Nov.1 - Oct.31	3 036	4 449	3 639	3 794
Decreases Nov.1 - Oct.31	-478		-478	
Acquisition cost on Oct. 31	7 007	4 449	6 955	3 794
Accumulated planned depreciation on Nov. 1	0		0	
Accumulated depreciation on decreases	-478		-478	
Depreciations Nov. 1 - Oct. 31	1 807		1 803	
Accumulated planned depreciation on Oct. 31	1 329	0	1 325	0
Balance sheet value on Oct. 31	5 678	4 449	5 630	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 FIMm 5.7.

Intangible rights

Acquisition cost on Nov.1	2 060	1 540	1 407	957
Increases Nov.1 - Oct.31	721	520	418	450
Decreases Nov.1 - Oct.31	-36		-36	
Acquisition cost on Oct. 31	2 745	2 060	1 789	1 407
Accumulated planned depreciation on Nov. 1	680	322	319	60
Accumulated depreciation on decreases	-3		-3	
Depreciations Nov. 1 - Oct. 31	456	358	274	259
Accumulated planned depreciation on Oct. 31	1 132	680	589	319
Balance sheet value on Oct. 31	1 613	1 380	1 200	1 089

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent company 2000 FIM 1,000	Parent company 1999 FIM 1,000
Group goodwill				
Acquisition cost on Nov.1	18 592	18 592		
Acquisition cost on Oct. 31	18 592	18 592		
Accumulated planned depreciation on Nov. 1	16 279	12 426		
Accumulated depreciation on decreases				
Depreciations Nov. 1 - Oct. 31	2 313	3 854		
Accumulated planned depreciation on Oct. 31	18 592	16 279		
Balance sheet value on Oct. 31	0	2 313		
Other non-current investments				
Acquisition cost on Nov.1	941	941		
Acquisition cost on Oct. 31	941	941		
Accumulated planned depreciation on Nov. 1	474	375		
Depreciations Nov. 1 - Oct. 31	99	99		
Accumulated planned depreciation on Oct. 31	573	474		
Balance sheet value on Oct. 31	368	467		
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	5 631		
Acquisition cost on Oct. 31	5 631	5 631		
Accumulated planned depreciation on Nov. 1	2 153	1 891		
Depreciations Nov. 1 - Oct. 31	244	262		
Accumulated planned depreciation on Oct. 31	2 396	2 153		
Balance sheet value on Oct. 31	3 235	3 479		
Machinery and equipment				
Acquisition cost on Nov.1	60 609	56 188	40 915	38 299
Translation difference	2 899	1 440		
Increases Nov.1 - Oct.31	11 372	3 810	3 422	2 616
Decreases Nov.1 - Oct.31	-4 153	-828	-2 949	
Acquisition cost on Oct. 31	70 727	60 609	41 388	40 915
Accumulated planned depreciation on Nov. 1	26 980	18 621	17 256	11 890
Translation difference	1 536			
Accumulated depreciation on decreases	-1 665		-1 142	
Depreciations Nov. 1 - Oct. 31	8 861	8 359	5 063	5 366
Accumulated planned depreciation on Oct. 31	35 713	26 980	21 177	17 256
Balance sheet value on Oct. 31	35 015	33 629	20 211	23 660
Other tangible assets				
Acquisition cost on Nov.1	5 016	4 964	4 260	4 279
Translation difference	148	71		
Increases Nov.1 - Oct.31	384			
Decreases Nov.1 - Oct.31	-405		-405	
Covered by investment grants	0	-19		-19
Acquisition cost on Oct. 31	5 143	5 016	3 855	4 260
Accumulated planned depreciation on Nov. 1	4 002	3 450	3 559	3 145
Translation difference	133			
Accumulated depreciation on decreases	-168		-168	
Depreciations Nov. 1 - Oct. 31	654	552	224	413
Accumulated planned depreciation on Oct. 31	4 621	4 002	3 615	3 559
Balance sheet value on Oct. 31	522	1 014	240	701

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
Advance payments and work in progress				
Acquisition cost on Nov.1	335		335	
Change Nov. 1 - Oct. 31	979	335	781	335
Acquisition cost on Oct. 31	1 314	335	1 117	335
Balance sheet value on Oct. 31	1 314	335	1 117	335
Financial assets				
Holdings in Group companies				
Shares on Nov. 1			27 409	36 221
Increases Nov.1 - Oct. 31			2 501	1 690
Reductions in value Nov. 1 - Oct. 31				-10 502
Balance sheet value on Oct. 31			29 910	27 409
Receivables from Group companies				
Receivables on Nov. 1			24 376	23 996
Increases Nov.1 - Oct.31			9 463	1 657
Decreases Nov.1 - Oct.31			-3 443	-1 277
Balance sheet value on Oct. 31			30 396	24 376
Holdings in participating interests				
Shares on Nov. 1	1 602	1 602	1 602	1 602
Translation difference	19	19		
Accrued adjustment in the shareholders' equity of the participating interests on Oct. 31	-619	138		
Share of loss of participating interest	-396	-757		
Balance sheet value on Oct. 31	605	1 002	1 602	1 602
Receivables from participating interests				
Receivables on Nov. 1	608	608	608	608
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	245	242	171	171
Increases Nov.1 - Oct.31		7		
Decreases Nov.1 - Oct.31		-4		
Balance sheet value on Oct. 31	245	245	171	171
Summary of fixed assets				
Acquisition cost on Nov.1	101 117	91 336	104 878	106 133
Translation difference	3 066	1 529	0	0
Increases Nov.1 - Oct.31	15 871	9 259	20 224	10 543
Decreases Nov.1 - Oct.31	-5 468	-1 589	-7 311	-11 779
Covered by investment grants	0	-19	0	-19
Acquisition cost on Oct. 31	114 586	100 516	117 791	104 878
Accumulated planned depreciation on Nov. 1.	50 569	37 085	21 133	15 095
Translation difference	1 669			
Accumulated depreciation on decreases	-2 315	0	-1 792	0
Depreciations Nov. 1 - Oct. 31	14 433	13 484	7 366	6 038
Accumulated planned depreciation on Oct. 31	64 356	50 569	26 706	21 133
Balance sheet value on Oct. 31	50 230	49 948	91 085	83 745
Book value on Oct. 31				
Production machinery and equipment	27 370	28 564	15 728	18 550

	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
7. SHARES AND SIMILAR RIGHTS OF OWNERSHIP						
Subsidiary companies						
FI-Systems Oy, Espoo	20 000 FIM	20	100	31	20	14
Muuntolaite Oy, Vantaa	713 487,60 FIM	30 000	100	15 286	11 176	4 099
Efore Power Design Oy, Vantaa	1 070 231,40 FIM	20 000	100	4 085	14 356	608
Efore (UK) Ltd, United Kingdom	25 000 GBP	25 000	100	322	167	201
Efore (USA), Inc., Texas USA	100 USD	10 000	100	-36 863	1	-9 157
Efore (Suzhou) Electronics Co., Ltd., China	700 000 USD		100	6 279	4 191	1 270
Associated companies						
Power Innovation GmbH, Germany	50 000 DEM	1	25	459	1 557	33
JES Logistics Ltd, United Kingdom	5 000 GBP	5 000	33	51	45	-145
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 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
8. RECEIVABLES						
Current receivables						
Trade receivables			65 208	53 081	44 640	38 085
Loan receivables			50	50	50	50
Other receivables			6 452	9 449	3 674	9 265
Prepaid expenses and accrued income			4 046	5 546	3 330	4 455
			75 756	68 125	51 694	51 854
Current receivables from Group companies						
Trade receivables					21 642	10 324
Loan receivables					1 784	1 006
Prepaid expenses and accrued income					1 894	87
			0	0	25 320	11 417
Current receivables from participating interests						
Trade receivables			171	74	171	74
Loan receivables			456	456	456	456
			627	530	627	530
Current receivables total						
			76 383	68 655	77 641	63 801
Prepaid expenses and accrued income						
Group and parent company prepaid expenses and accrued income include the following key items:						
Periodization of personnel costs			912	1 223	623	758
Periodization of financial income			255	2 416	220	2 399
Income taxes			1 973	950	1 973	814
Group companies			0		1 894	87
Other items			906	957	514	485
			4 046	5 546	5 224	4 542
9. INVESTMENTS						
Market value			11 065	99	11 065	99
Corresponding book value			10 932	74	10 932	74
Difference			133	25	133	25

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
10. SHAREHOLDERS' EQUITY				
Share capital on Nov. 1	39 846	39 736	39 846	39 736
Increase in share capital from 1994 option rights	829		829	
Bonus issue	439	110	439	110
Share capital on Oct. 31	41 114	39 846	41 114	39 846
Premium fund on Nov. 1	361	6	355	
Increases in premium fund	2 679	355	2 679	355
Premium fund on Oct. 31	3 040	361	3 034	355
Fund for own shares on Nov. 1	0		0	
Acquisition cost of own shares	2 342		2 342	
Write-off of own shares	-356		-356	
Fund for own shares on Oct. 31	1 986	0	1 986	0
Reserve fund on Nov. 1	32 090	31 220	30 845	30 845
Increase in share capital	-438	870	-438	
Reserve fund on Oct. 31	31 652	32 090	30 407	30 845
Retained earnings on Nov. 1	16 558	23 115	45 993	50 397
Dividend distribution	-4 383	-3 974	-4 383	-3 974
Transfer to fund for own shares	-2 342		-2 342	
Increase in share capital		-870		
Other changes	25			
Result for the financial year	12 225	175	12 472	-431
Translation and exchange differences	-4 527	-1 888		
Retained earnings on Oct. 31	17 556	16 558	51 740	45 993
Calculation of distributable earnings				
Retained earnings	5 331	16 383	39 268	46 424
Result for the financial year	12 225	175	12 472	-431
Equity share of accelerated depreciation	-1 740	-2 518		
Voluntary provision	-1 715	-1 715		
Distributable earnings from shareholders' equity	14 101	12 325	51 740	45 993
Parent company share capital is divided by share category as follows	2000		1999	
	No	FIM 1,000	No	FIM 1,000
Series A (1 vote/share)	3 802 744	38 437	3 719 814	37 198
Series K (20 votes/share)	264 808	2 677	264 808	2 648

By the end of October, 2000, the Parent company Efore Plc had with the Board's authorization repurchased 46,400 of its own series A-shares at a total acquisition cost of FIM 2.342 million, nominal value FIM 464, 000 book value FIM 1.986 million.

1998 option rights programme

The Annual General Meeting of 1998 approved option rights to the management and a broad range of salaried employees.

The option rights give entitlement to subscribe 120,000 Efore Plc series A shares between April 1, 2000 and December 31, 2004 at a price of FIM 96 per share, reduced by the amount of dividends distributed during the validity period of option rights.

11. APPROPRIATIONS

Accumulated difference between depreciation according to plan and depreciation allowance				
Intangible rights			-3	
Machinery and equipment			1 842	2 600
Other tangible rights			166	167
Voluntary provisions			1 715	1 715
Total	0	0	3 720	4 482

12. DEFERRED TAX LIABILITIES AND RECEIVABLES

Deferred tax liabilities		
Accelerated depreciation	711	979

	Group 2000 FIM 1,000	Group 1999 FIM 1,000	Parent Company 2000 FIM 1,000	Parent Company 1999 FIM 1,000
13. LIABILITIES				
Non-current loans				
Bonds		10 000		10 000
Loans from credit institutions	12 993	14 031	6 000	8 400
Pension loans	13 315	17 598	8 918	12 027
Other loans	1 500	1 464		
Deferred tax liability	711	979		
	28 519	44 072	14 918	30 427
Non-current liabilities in total	28 519	44 072	14 918	30 427
Liabilities falling due after more than five years				
Loans from credit institutions				
Pension loans	3 214	5 189	3 214	3 897
	3 214	5 189	3 214	3 897
Current liabilities				
Bonds	10 000		10 000	
Loans from credit institutions	12 831	10 081	3 295	2 400
Pension loans	4 401	4 203	3 110	3 118
Accounts payable	34 944	23 697	21 243	16 755
Other liabilities	2 300	2 653	1 566	1 668
Accruals and deferred income	30 005	17 195	23 168	12 765
	94 481	57 829	62 382	36 706
Current liabilities to Group companies				
Accounts payable			4 324	1 674
Other liabilities			2 728	4 061
Accruals and deferred income			636	3 126
	0	0	7 689	8 861
Current liabilities in total	94 481	57 829	70 071	45 567
Accruals and deferred income				
Group and parent company accruals and deferred income include the following key items:				
Periodization of holiday pay	9 042	8 760	6 685	6 556
Periodization of other personnel costs	4 760	3 620	3 212	2 534
Periodization of financial expenses	6 481	1 806	6 042	1 533
Group companies			636	3 126
Other items	9 722	3 009	7 229	2 141
	30 005	17 195	23 804	15 890
14. SECURITY, CONTINGENT LIABILITIES AND OTHER COMMITMENTS GIVEN				
Security given on own behalf				
Property mortgages	3 496	3 496		
Corporate mortgages	37 075	37 075	29 260	28 668
Pledges given	545	387	390	387
Security given on behalf of Group companies				
Corporate mortgages			5 740	6 332
Pledges given			22 361	19 677
Total				
Property mortgages	3 496	3 496		
Corporate mortgages	37 075	37 075	35 000	35 000
Pledges given	545	387	390	387
Guarantees			22 361	19 677
Derivative contracts				
The Group has no derivative contracts				
Mortgages to property as security for loans				
Pension loans	1 025	1 708		
Mortgages given	3 496	3 496		
Corporate mortgages as security for loans				
Pension loans	16 692	18 769	11 002	13 437 158
Mortgages given	19 075	17 000	12 660	11 668 020
Loans from credit institutions	15 464	16 488	8 400	10 800 000
Mortgages given	13 000	13 000	12 000	12 000 000
Mortgages as security for loans in total	32 075	30 000	24 660	23 668 020
Rent and leasing commitments on own behalf				
Payable in current period	6 554	5 893	4 264	4 449 770
Payable later	17 661	6 696	10 609	5 544 067

ACCOUNTING PRINCIPLES

Efore Group's consolidated financial statements have been prepared in accordance with accounting principles defined in the Finnish Accounting Act, which came into effect in 1998.

SCOPE OF THE CONSOLIDATION AND ACCOUNTING PRINCIPLES APPLIED

The consolidated financial statements 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 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 has been amortized according to plan over a period of five years. The Group goodwill at the end of financial period is zero. 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.

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. Profit and loss from the sale of fixed assets are included in the operating result.

The expected useful lifetimes of different commodity groups is as follows:

Development expenses	3–5 years
Intangible rights	5 years
Other capital expenditure	5–10 years
Group goodwill	5 years
Buildings and construction	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 FIMm 3.9.

CURRENT INVESTMENTS

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

OWN SHARES

Company's own shares have been recorded as current investments in the balance sheet. Shares have been valued at the lower of cost or market value at the balance sheet date. In calculation of key figures own shares have been eliminated from shareholders' equity and number of shares.

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 Companies Act, the appropriations included in the Group shareholders' equity are not distributable shareholders' equity.

A voluntary provision for tax consequence of FIMm 1.7 (net cost) was made during previous financial year in parent company. The provision is resulting from the sale of company's own shares that had come into its possession in the earlier merger. This is, however, 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, indirect sales taxes and sales discounts as well as exchange-rate losses have been deducted from sales revenue.

PRODUCT DEVELOPMENT EXPENSES

Development expenses accruing income over three or more years, in the case of largest individual projects, have been capitalized under intangible assets and amortized over 3–5 years. Company therefore intends to more accurately divide development expenses amongst the financial years in which it accrues income. In capitalizing product development expenditure, company has complied with the Ministry of Trade and Industry's decision on capitalizing development expenses in balance sheet. For the Group, the capitalized direct product development expenditure amounts to FIMm 5,7.

PENSION COSTS

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

Income taxes included in the financial statements have been calculated on the basis of results for the financial year and local tax regulations. Income taxes in the consolidated profit and loss account also include changes in deferred tax liability.

DIVIDEND DISTRIBUTION

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.

This document, prepared for the international business community, is a translation of Efore Plc's Annual Report 2000 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.

KEY FIGURES

EFORE GROUP KEY FIGURES	2000	1999	1998	1997	1996
Turnover, FIMm	356.5	289.9	261.5	255.3	183.9
Change, %	23.0	10.9	2.4	38.8	20.9
Operating profit, FIMm	19.5	0.0	-6.4	13.2	3.0
% of turnover	5.5	0.0	-2.4	5.2	1.7
Profit before extraordinary items, FIMm	19.3	1.0	-6.6	12.9	4.2
% of turnover	5.4	0.4	-2.5	5.0	2.3
Profit before appropriations and taxes, FIMm	19.3	1.0	-6.6	37.5	4.2
% of turnover	5.4	0.4	-2.5	14.7	2.3
Net profit	12.2	0.2	-6.8	23.5	1.1
% of turnover	3.4	0.1	-2.6	9.2	0.6
Gross investments, FIMm	16.5	11.1	20.1	19.7	20.2
% of turnover	4.6	3.8	7.7	7.7	11.0
Non-current assets, FIMm	50.2	49.9	54.6	46.5	35.4
Stocks, FIMm	66.4	38.8	36.4	38.4	28.5
Receivables, FIMm	76.4	68.7	73.2	68.7	54.9
Cash in hand and at banks, FIMm	25.3	33.3	14.5	33.7	21.2
Share capital, FIMm	41.1	39.9	39.7	19.9	16.3
Other shareholders' equity, FIMm	54.2	49.0	54.3	84.9	57.6
Non-current creditors, FIMm	28.5	44.1	46.9	29.3	26.6
Current creditors, FIMm	94.5	57.8	37.7	48.1	36.4
Balance Sheet total, FIMm	218.3	190.8	178.6	187.2	140.0
Return on equity (ROE), %	13.4	0.2	-6.7	5.7	0.8
Return on investment (ROI), %	15.4	2.6	-2.7	12.5	7.1
Net interest-bearing debt, FIMm	30.4	25.0	37.6	7.4	6.5
Gearing, %	32.2	28.5	38.4	-2.4	8.5
Current ratio	1.78	2.43	3.29	2.93	2.87
Solvency ratio, %	42.8	46.8	52.7	57.9	54.4
Personnel, average	515	491	476	426	326
Product development expenditure (booked as costs), FIMm	18.4	19.6	19.4	11.2	10.9
Previous product development expenditure, % of turnover	5.2	6.7	7.4	4.4	5.9
Product development expenditure (capitalized in balance sheet), FIMm	3.5	4.4	0.0	0.0	0.0
Previous product development expenditure, % of turnover	1.0	1.5	0.0	0.0	0.0
KEY FINANCIAL INDICATORS PER SHARE	2000	1999	1998	1997	1996
Earnings per share, FIM	3.04	0.04	-1.71	1.32	0.16
Dividend per share for the financial year, FIM	1.19	1.10	1.00	4.00	4.00
Dividend per share adjusted, FIM	1.19	1.10	1.00	2.00	1.82
Dividend payout ratio, %	39.1	2499.1	-	151.6	1111.1
Dividend yield, %	2.8	4.5	2.6	2.8	3.5
Shareholders' equity per share, FIM	22.66	22.95	25.48	23.22	17.42
Adjusted share price, October 31, FIM	42.81	24.67	39.00	72.50	51.37
P/E ratio	14.08	560.47	-22.82	54.96	311.53
Market capitalization, FIMm	174.1	98.3	155.0	144.0	83.7
Dividend distribution, FIMm (excluding own shares)	4.8	4.4	4.0	7.9	6.2
Number of series A shares traded (1,000 shares)	4 174	2 142	1 307	1 208	597
As % of total number of series A shares	102.6	57.6	35.3	65.2	60.6
Value of trading, FIMm	170.0	76.3	117.9	165.7	80.4
Number of shares, adjusted					
- average number (1,000 shares)	4 068	3 985	3 974	3 974	3 189
- number on October 31 (1,000 shares)	4 068	3 985	3 974	3 974	3 586
Actual number on October 31 excl. own shares (1,000 shares)	4 021	3 985	3 974	1 987	1 630
Actual share prices, FIM					
lowest	23.96	22.59	32.00	110.00	107.00
highest	77.00	53.51	196.00	160.00	290.00
at balance sheet date	42.81	24.67	39.00	145.00	113.00
average	44.46	35.61	90.19	138.16	134.63

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

The capitalization of development expenses, introduced in 1999 in accordance of the Ministry of Trade and Industry, improved the result before taxes for the year 2000 with FIMm 3.5 and year 1999 with FIMm 4.4. If the same method had been used in the period 1996-1998, the result for each of those years would have improved by an estimated FIMm 1.0-2.5.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF RETAINED EARNINGS

According to the final accounts at October 31, 2000, the parent company's distributable shareholders' equity is FIM 51,739,693.62. The Group's distributable shareholders' equity is FIM 14,100,617.00, 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 1,19 per share to be distributed to 4,021,152 shares in circulation, or a total of	FIM 4,785,170.88
The remainder entered under the item 'retained earnings'	FIM 46,954,522.74
	FIM 51,739,693.62

Espoo, January 8, 2001

Hannes Fabritius
Chairman of the Board

Pirkko Fabritius
Board Member

Risto Kari
Board Member

Olli Kokkonen
Board Member

Matti Tammivuori
Board Member

Markku Hangasjärvi
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, 1999 to October 31, 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. 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 Managing Director 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 12,225,111,46 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 Managing Director 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.

Espoo, January 23, 2001

Tilintarkastajien Oy – Ernst & Young
Authorized Accounting Firm

Olli Mäkinen
Authorized Public Accountant

SHARES AND SHAREHOLDERS

DISTRIBUTION OF SHARE CAPITAL BY SHARE SERIES, OCTOBER 31, 2000

	Shares	% of shares	Votes	% of votes
Series A	3 802 744	93,49	3 802 744	41,79
Series K	264 808	6,51	5 296 160	58,21
Total	4 067 552	100,00	9 098 904	100,00

20 LARGEST SHAREHOLDERS, OCTOBER 31, 2000

	Series K shares	Series A shares	Series A shares, total	Total shares	Total votes	Proportion of shares, %	Proportion of votes, %
Tammivuori Esko	127 678		402 182	529 860	2 955 742	13,03	32,48
Tapiola Group							
Tapiola Mutual Pension Insurance Company		124 000					
Tapiola Mutual Insurance Company		111 600					
Tapiola Mutual Life Insurance Company		91 840					
Tapiola Corporate Life Insurance Company		41 400	368 840	368 840	368 840	9,07	4,05
Fabritius Hannes	90 032		207 014	297 046	2 007 654	7,30	22,06
Fabritius Pirkko	46 956		161 700	208 656	1 100 820	5,13	12,10
The Local Government Pension Institution			174 160	174 160	174 160	4,28	1,91
E.A.T-INVEST OY			157 100	157 100	157 100	3,86	1,73
Syrjälä Timo			132 800	132 800	132 800	3,26	1,46
Sampo Group							
Sampo Life Insurance Company Ltd.		69 400					
Sampo Enterprise Insurance Company Ltd.		58 200	127 600	127 600	127 600	3,14	1,40
Rausanne Oy			89 900	89 900	89 900	2,21	0,99
Aurada Oy			80 000	80 000	80 000	1,97	0,88
POHJOLA GROUP							
Suomi Mutual Life Insurance Company		36 520					
Pohjola Life Insurance company		20 000					
Ilmarinen Mutual Pension Insurance Company		19 700	76 220	76 220	76 220	1,87	0,84
Jokinen Arto			58 600	58 600	58 600	1,44	0,64
Svenska Handelsbanken AB							
Finnish branch			45 600	45 600	45 600	1,12	0,50
Leimark Invest Oy			40 000	40 000	40 000	0,98	0,44
Oy ING-STOCK Ltd			40 000	40 000	40 000	0,98	0,44
MAIJOS OY			37 560	37 560	37 560	0,92	0,41
Placeringsfonden Aktia Capital			33 364	33 364	33 364	0,82	0,37
Polar 2000 Oy			33 100	33 100	33 100	0,81	0,36
Nelimarkka Heikki			31 600	31 600	31 600	0,78	0,35
ING-FINANCE OY			31 000	31 000	31 000	0,76	0,34
TOTAL	264 666		2 328 340	2 593 006	7 621 660	63,75	83,76
Proportion of total, %	99,95		61,23	63,75	83,76		
Total shares	4 067 552		A: 3 802 744 K: 264 808				
Total votes	9 098 904		A: 3 802 744 K: 5 296 160				
NOMINEE REGISTERED							
Merita Bank Plc			130 670	130 670	130 670	3,21	1,44
HSS/Skandinaviska Enskilda Banken			2 200	2 200	2 200	0,05	0,02
Leonía Bank Plc.			21 100	21 100	21 100	0,52	0,23
Total			153 970	153 970	153 970	3,79	1,69
Efore's shares in company's possession			46 400	46 400	46 400	1,14	0,51

DISTRIBUTION OF SHAREHOLDINGS BY SHAREHOLDER CATEGORY, OCTOBER 31, 2000

	Number of shareholders	Proportion of shareholders, %	Proportion of votes, %	Proportion of of shares, %	Votes	Shares
PRIVATE ENTERPRISES, TOTAL	125	9.18	8.97	20.01	816 540	813 842
FINANCIAL AND INSURANCE INSTITUTIONS						
Deposit Banks	3	0.22	0.51	1.15	46 800	46 800
Insurance institutions	8	0.59	5.03	11.26	457 990	457 990
Other financial institutions	6	0.44	0.79	1.78	72 266	72 266
PUBLIC SECTOR ENTITIES						
Employment pension institutions	4	0.29	3.75	8.39	341 460	341 460
Non-profit organizations	7	0.51	0.22	0.50	20 366	20 366
HOUSEHOLDS	1 200	88.17	78.98	53.04	7 186 234	2 157 580
ABROAD	5	0.37	0.03	0.06	2 500	2 500
Total	1 358	99.78	98.30	96.20	8 944 156	3 912 804
In joint account			0.01	0.02	778	778
			98.30	96.22	8 944 934	3 913 582
Nominee registered, total	3	0.22	1.69	3.79	153 970	153 970
NUMBER ISSUED	1 361	100.00	100.00	100.00	9 098 904	4 067 552

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF HOLDING, OCTOBER 31, 2000

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	249	18.30	20 051	0.53	0	0.00	20 051	0.22
101 - 500	614	45.12	190 140	5.00	142	0.05	192 980	2.12
501 - 1.000	239	17.56	194 068	5.10	0	0.00	194 068	2.13
1.001 - 5.000	186	13.67	417 178	10.97	0	0.00	417 178	4.58
5.001 - 10.000	30	2.20	214 889	5.65	0	0.00	214 889	2.36
10.001-100.000	33	2.42	1 118 014	29.40	0	0.00	1 118 014	12.29
100.001 - 999.999	9	0.66	1 601 226	42.11	264 666	99.95	6 894 546	75.78
TOTAL	1 360	99.93	3 755 566	98.76	264 808	100.00	9 051 726	99.48
In joint account			778	0.02	0	0.00	778	0.01
Shares in company's possession	1	0.07	46 400	1.22	0	0.00	46 400	0.51
NUMBER ISSUED	1 361	100.00	3 802 744	100.00	264 808	100.00	9 098 904	100.00

INCREASES IN SHARE CAPITAL, 1996-2000

Subscription share ratio	Price	Subscription period	Dividend right	Increase FIMm/shares	New share capital
New issue	40 FIM	Apr. 1- Apr. 30, 1996	100 %	8.1	
1A:1A;1K:1K			1995/96	814 540	16.3 FIMm
				Share premium	
Paid upon Subscription				24.4	
Merger consideration		Jan. 10, 1997		2.6	18.8 FIMm
				255 000	
Bonus issue		Apr. 1- Apr. 30, 1997	100 %	1.8	
10A:K;1A:K			1996/97	180 618	19.9 FIMm
Bonus issue		Apr. 1- Apr. 30, 1998	100 %	19.9	39.7 FIMm
1A:1A;1K:1K			1997/98	1 986 811	
Subscription made on basis of options	42,30 FIM	July 1, 1999	100 %	0.1	39.8 FIMm
			1998/99	11 000	
Subscription made on basis of options	42,30 FIM	Apr. 14, 2000	100 %	0,8	40.7 FIMm
			1999/00	82 930	

CALCULATION OF KEY FIGURES AND RATIOS

Return on investments (ROI), %	=	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial expenses}}{\text{Balance sheet total} - \text{Interest-free liabilities (ave. for financial year)}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity (ave. for financial year)}} \times 100$
Current ratio	=	$\frac{\text{Liquid asset} + \text{stocks}}{\text{Current liabilities}}$
Solvency ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$
Net interest-bearing debt	=	Interest-bearing debt – cash in hand and at bank and financial assets
Gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} - \text{deferred tax}} \times 100$
Earnings per share	=	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Adjusted average number of shares}}$
Adjusted dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Product of adjustment coefficients for issues after the end of financial year}}$
Dividend payout ratio, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Earnings per share}} \times 100$
Dividend yield, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted share price at balance sheet date}} \times 100$
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity (ave. for financial year)}}{\text{Adjusted number of shares at balance sheet date}}$
P/E-ratio	=	$\frac{\text{Adjusted share price at balance sheet date}}{\text{Earnings per share}}$
Market capitalization	=	Adjusted share price at balance sheet date x actual number of shares