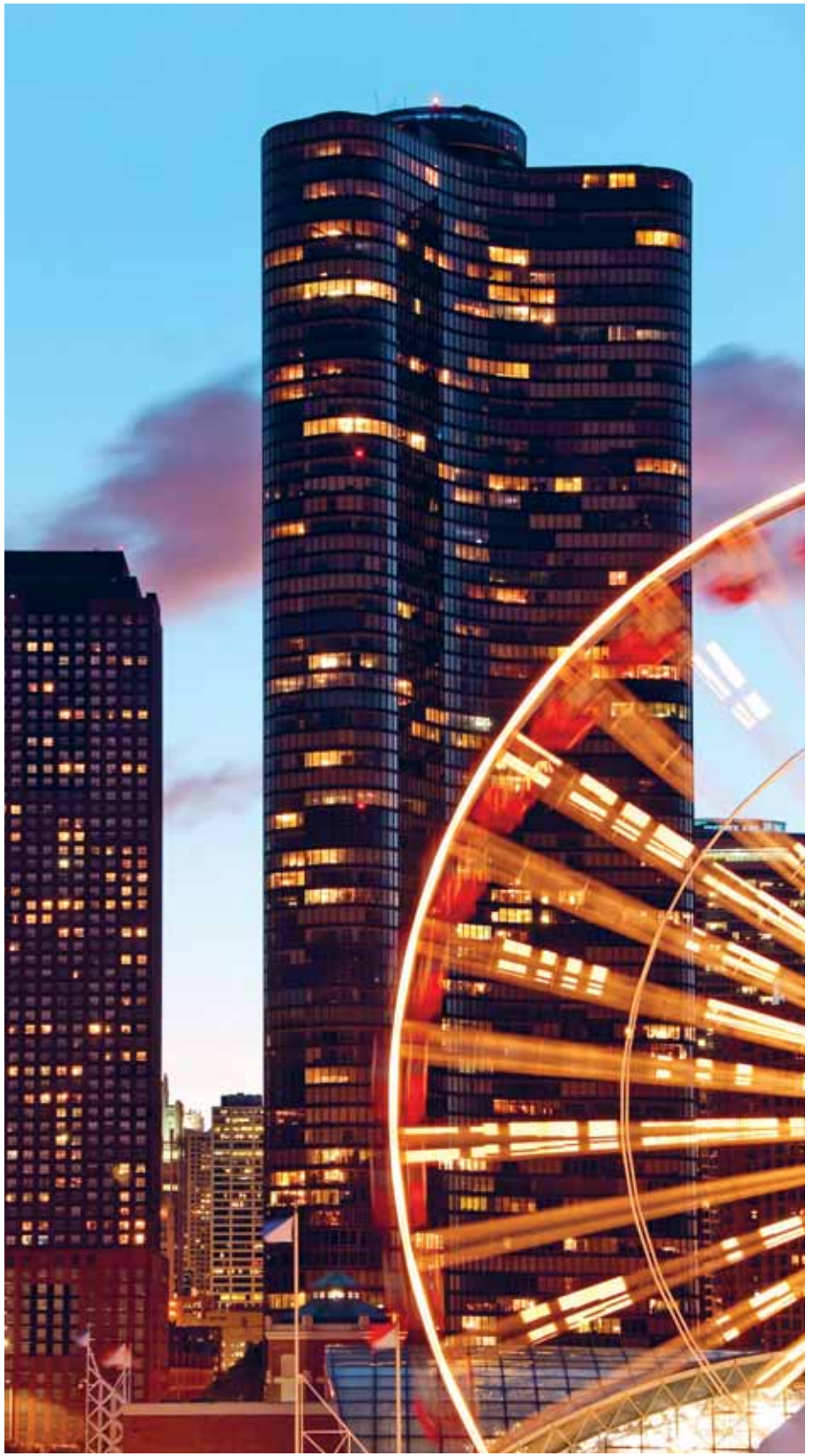




**Financial
Statements
2012**



VAISALA



Observations for a Better World

Vaisala is a global leader in environmental and industrial measurement. Building on 75 years of experience, Vaisala contributes to a better quality of life by providing a comprehensive range of innovative observation and measurement products and services for chosen weather-related and industrial markets. Headquartered in Finland, the company employs over 1400 professionals worldwide and is listed on the NASDAQ OMX Helsinki stock exchange.

www.vaisala.fi

President's Review



THE FULL YEAR DEVELOPMENT was strong for Vaisala in 2012, and we exceeded both our own and the markets' expectations. Our net sales increased by 7% and operating result almost doubled to 30 million euros. We are especially happy about the good results as the markets remained challenging all year. We also believe that the systematic work we have done to execute our customer-driven strategy for the past four years has helped us reach the good results.

The year was very positive for Weather business. Its net sales grew 8% to 218 million euros and operating result reached 22.5 million euros. The net sales increase comprised both product and project sales originating from nearly all customer groups. The good operating result was due to higher sales, favorable product mix as well as our internal efforts to improve delivery project profitability.

During the year we detected signs of changes in the purchasing and decision making pattern of our weather customers. The number of large multiyear frame agreements is decreasing, and purchase decisions are made within a shorter time span and for smaller quantities. This trend affected our 2012 year-end order book, and we did not receive exceptionally large orders during the last quarter as in previous years. Also the whole year order intake was spread more evenly between the quarters than before. In previous years Q4 has clearly been the strongest quarter for Vaisala in regards to sales and orders received.

Controlled Environment business grew more modestly, 5%. The market uncertainty affected the industrial instruments sales especially in the APAC region. On the other hand, the life science customer group was the fastest growing business in Vaisala, and sales of both instruments and continuous monitoring systems grew. We continued investments to expand life science service and product offering, which affected the business area's operating result.

Vaisala's service business growth was not as high as expected. One reason for the modest growth is that in 2012 we concentrated on two development areas: service delivery capability and productizing our service offering. Going forward, services continue to be one of the growth engines for both business areas.

As mentioned earlier, we advanced firmly with our customer-driven strategy during the year. Our efforts on the Group-wide development programs showed good results. I am pleased to say that we reached some excellent milestones, including improved profitability of delivery projects, the global roll-out of the enterprise resource planning (ERP) system, as well as the overall increase in operational efficiency. As a result, our gross margin grew by 11%.

We enter the year 2013 with the notion that the global economic uncertainty continues to impact our business and constrain growth opportunities. Our position as the global market leader together with the internal development programs will, however, help us further improve our capability to serve our customers.

The good results in 2012 would not have been possible without the great performance by our entire global workforce and their willingness to embrace change. I want to extend my warmest thanks to all Vaisala personnel. I would also like to thank our customers whose loyalty and trust have made Vaisala's success possible.

A handwritten signature in blue ink that reads "Kjell Forsén". The signature is written in a cursive, flowing style.

Kjell Forsén
President and CEO

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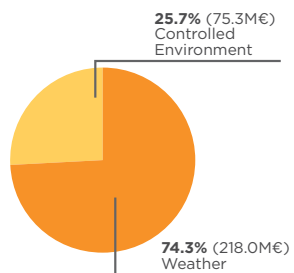
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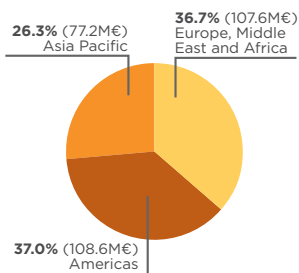
The papers used for the printed report is Munken Polar 300g/m2, 170g/m2 and 90g/m2. The paper has been evaluated by WWF's Check Your Paper rating system. The initiative aims to be a neutral rating system promoting sustainable paper production. Munken Polar has received the grade Good - 83 %. For more information about Check Your Paper and our paper choice, please visit <http://checkyourpaper.panda.org>

2012 Key Figures

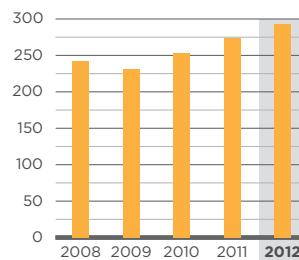
Net Sales by Business Area 2012



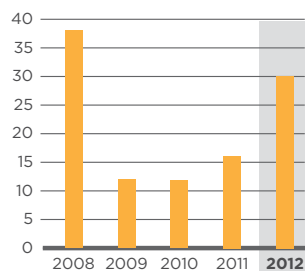
Net Sales by Regions 2012



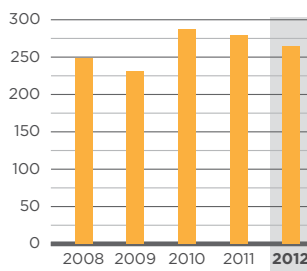
Development of Net Sales (MEUR)



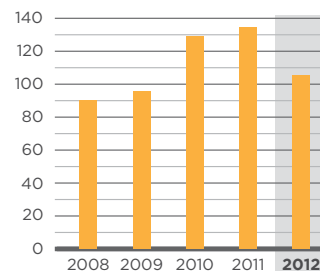
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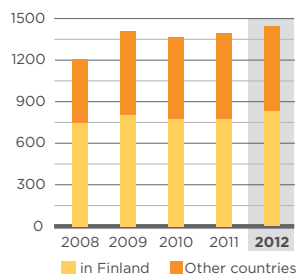
Orders Received (MEUR)



Order Book, Dec. 31, 2012 (MEUR)



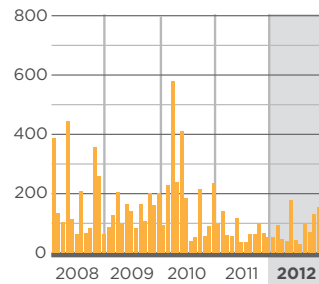
Personnel, Dec. 31, 2012



Series A Share Development (EUR)



Series A Share, Monthly Trading (1,000 pcs)



For financial ratios, shares in figures and five year development, see pages 22–25.

Vaisala — a Leader in Environmental Measurements

Vaisala is a leader in environmental measurement business serving weather related and industrial markets globally. The customers of Weather business include meteorological institutes, airports, roads and railroad, defense, and energy industry. Controlled Environment business offers products and services to life science customers and chosen applications in various industries.

Weather

THE WEATHER BUSINESS focuses on project business and aims to create new operational benefit to its customers through a wider service offering. The customers include meteorological institutes, roads and railroads organizations, defense forces, and energy market.

The meteorological institutes are weather professionals whose core operations center around observing and measuring weather phenomena and providing related services to the society. As to the other customer groups, meteorology is not their core business, but weather conditions affect their daily operations in great deal.



The national meteorological institutes provide weather forecasts and warnings to safeguard people and property. They use weather observation data also to measure and follow the climate change. Vaisala's offering to the meteorological institutes includes versatile range of high end products, integrated measurement systems and services.

Aviation organizations, airport operators and maintenance crews are responsible for passenger safety, flight schedules and the overall efficiency of the airports. Vaisala's systems and solutions provide real-time and reliable observation information to support operational decision making in all weather conditions.

The national and regional road authorities ensure safe and smooth traffic conditions and well-maintained road networks. They use Vaisala's weather observation products, information and support systems for decision making to improve traffic safety and operational efficiency.

Defense forces and security organizations use Vaisala's weather observation systems and solutions to support operational decision making.

The weather impacts energy market operations all over the world. In order to ensure efficient and continuous energy production the energy customers rely on Vaisala's real-time and statistical lightning information as well as utilize our wind resource assessment offering for choosing wind park sites.

Safety, security and efficiency are top requirements also in various maritime operations. Accurate and reliable weather information is vital in ensuring safe operations in ports, on ships and offshore platforms.

Year 2012

Net sales of Weather grew 8% year-on-year to 218.0 (201.8) million euros. The operating result was 22.5 (5.9) million euros.



Controlled Environment

CONTROLLED ENVIRONMENT serves customers in life science, and chosen applications in various industries such as power production and transmission, high technology, and building automation. The main drivers for these customers are operational quality, risk reduction, productivity and energy savings. Even though they operate in very different types of environments — from small incubators to massive engine rooms and high rise buildings — measuring and monitoring the conditions very closely and precisely are prerequisite for successful operations.

Life science customers, such as pharmaceutical, biotechnology, medical device and drug distribution companies operate in demanding research, production and storage areas where precise continuous measuring and monitoring of environmental conditions is essential due to the tight authority regulations. Vaisala's monitoring system provides continuous data, e.g. on temperature, humidity and differential pressure, as well as records, reports and alarms. Vaisala also offers

a comprehensive set of back office and field services to support its life science customer groups.

Demanding industrial customers use our instruments in applications within e.g. power generation and transmission, maritime, automotive, semiconductor and electronics industries as well as in building automation. Reliable and stable real time measurements extend equipment lifetime, improve end product quality and processes, optimize energy consumption and indoor air quality.

Year 2012

Net sales of Controlled Environment grew 5% year-on-year to 75.3 (71.7) million euros. The operating result was 9.4 (10.5) million euros.

Year 2012 Events

Vaisala Across America and Europe

IN 2012 VAISALA introduced a unique mobile sensor technology which provides road maintenance departments with the ability to access real-time weather data along entire road networks. The observation equipment is mounted on a maintenance vehicle and critical data such as pavement and air temperatures, road conditions, thickness of water or ice, and road friction can be gathered continuously. The mobile data is integrated with other relevant meteorological data. The combined information helps maintenance

supervisors make better decisions, improve road safety, protect the environment as well as reduce costs.

To give the customers hands-on experience of the new product, Vaisala organized mobile road weather tours in the US and Europe. The four-month Across America tour visited more than 40 cities from Boulder, Colorado to National Harbor, Maryland. The European autumn tour covered 15 countries that are especially prone to snow and ice. The tour ends in Finland at Vaisala's head office in March 2013.

mobiletour.vaisala.com





Vaisala Giant Leap – Great Success for Five Years Running

VAISALAN GIANT LEAP, a summer trainee program was first launched in 2008. Over the years, the program has proven very popular among students as well as in the Vaisala organization. The program is aimed at university and polytechnic students who actively pursue a university level degree, demonstrate intellectual curiosity, and are highly motivated by and interested in Vaisala's business and customers. The ones selected are each assigned a Vaisala project with real-life challenge and genuine business relevance. The program offers students an opportunity to prove their talent and apply in practice what they have learned during their studies.

During the five years nearly one hundred students have participated in the program. Most of them have come from Finland and worked in Helsinki facility, few have been recruited in the UK. In 2013 the Giant Leap circle widens as Vaisala's Boulder office in Colorado, U.S.A. joins the program.

vaisala.com/giantleap

A Good Year for Vaisala Weather Radars

VAISALA WEATHER RADAR BUSINESS continued its steady growth in 2012 as several national meteorological and hydrological institutes are upgrading their weather radar networks with dual polarization radars.

During the year we improved the dual polarization measurements of the weather radar. As a result the radar's detection capability and data quality were enhanced. We also improved the radar's scanning strategies and settings to guarantee optimal measurements for our customers' operations in different climates.

Vaisala's C-band dual polarization weather radars have been in the market since 2007. Today Vaisala's radars are well represented in all continents: over 50 radars are in use in 20 countries. The 2012 orders included e.g. a contract for three weather radars with the Finnish Meteorological Institute (FMI). The contract is part of FMI's project to renew the entire Finnish weather radar network. Vaisala has already delivered three dual polarization radars to the network in 2009–2010.

Industrial Instruments from Online Store

VAISALA'S ONLINE STORE for industrial customers was opened for business at the beginning of 2012. The store has grown at fast pace, both in terms of product offering and geographical reach, during its first operational year. The store comprises over 200 instruments, spare parts and accessories and serves customers in 45 countries worldwide. It is built for professionals who know what they need and appreciate a convenient and easy purchasing channel. Customer feedback has been positive and very valuable in developing the Store's offering and features.

store.vaisala.com



Board of Directors' report 2012

Overview

In January–December 2012, net sales were EUR 293.3 (273.6) million and showed an increase of 7% from previous year. Weather Business Area net sales were EUR 218.0 million and increased by 8% year-on-year. This net sales increase was mainly due to higher volume of project deliveries. Controlled Environment Business Area net sales were EUR 75.3 million and increased by 5% year-on-year.

Net sales in EMEA were EUR 107.6 (90.7) million in January–December 2012 and increased by 19% year-on-year. Net sales in Americas were EUR 108.6 (110.2) million and decreased by 1% year-on-year. Net sales in APAC were EUR 77.2 (72.7) million and increased by 6% year-on-year.

In January–December 2012, orders received were EUR 264.7 (278.8) million and decreased by 5% year-on-year. Entering the year 2013 the order book is not as strong as a year ago. At the end of December 2012 the order book was EUR 105.6 (134.3) million, 21% lower than at the end of December 2011. Of the Weather Business Area order book, approximately EUR 28.0 million will be delivered in 2014 or later.

Result before taxes was EUR 29.1 (16.1) million for the period of January–December 2012 and increased by 80% year-on-year. Income taxes were EUR 7.4 (5.8) million. Net result was EUR 21.7 (10.4) million and increased by 109% year-on-year.

In January–December 2012, Vaisala's cash flow from business operations was EUR 48.2 (37.6) million. The cash flow increase was a result of EBITDA increasing by EUR 15.1 million from EUR 30.7 million to EUR 45.8 million and the net working capital improving by EUR 10.0 million especially due to better accounts receivable rotation. The liquid funds at the end of December 2012 totaled EUR 74.8 (45.5) million.

Market Outlook

The global economic uncertainty continues to impact Vaisala's business and constrain growth opportunities. The market in North America is expected to gradually recover. The cuts in governmental spending and uncertainty of new project timings are expected to impact Weather Business Area sales. The market for Controlled Environment products in Asia is expected to continue challenging.

Business outlook 2013

Vaisala has changed the presentation of its business outlook and will from this results release onward estimate both net sales and operating result (EBIT) in a range of euros instead of generic comparison with previous year.

Vaisala's net sales are estimated to be in the range of EUR 280–310 million at comparable exchange rates as compared to 2012.

The operating result (EBIT) is expected to be in the range of EUR 25–35 million at comparable exchange rates as compared to 2012.

Net sales in 2012 were EUR 293.3 million and operating result was EUR 30.1 million.

Market situation, net sales and order book

Despite the Euro crisis both Vaisala's Business Areas increased net sales in EMEA region as compared to 2011. In Americas the changes in economic and political environment generated additional uncertainty, however Vaisala was able to maintain the business volume. In the challenging competitive situation Vaisala has nevertheless been able to retain its global market shares.

The economic uncertainty in the market impacted Weather Business Area order intake especially during the last months of the year and there were no exceptionally large, long-term orders received. Controlled Environment Business Area continued to grow in North America and Europe but the APAC market continued to be a disappointment.

In January–December 2012, orders received were EUR 264.7 (278.8) million and decreased by 5% year-on-year. Entering the year 2013 the order book is not as strong as a year ago. At the end of December 2012 the order book was EUR 105.6 (134.3) million, 21% lower than at the end of December 2011. Of the Weather Business Area order book, approximately EUR 28.0 million will be delivered in 2014 or later.

In January–December 2012, net sales were EUR 293.3 (273.6) million and showed an increase of 7% from previous year. Weather Business Area net sales were EUR 218.0 million and increased by 8% year-on-year. This net sales increase was mainly due to higher volume of project deliveries. Controlled Environment Business Area net sales were EUR 75.3 million and increased by 5% year-on-year.

Net sales in EMEA were EUR 107.6 (90.7) million in January–December 2012 and increased by 19% year-

on-year. Net sales in Americas were EUR 108.6 (110.2) million and decreased by 1% year-on-year. Net sales in APAC were EUR 77.2 (72.7) million and increased by 6% year-on-year. Operations outside Finland accounted for 98% (98%) of net sales.

Performance and balance sheet

In January–December 2012, operating result was EUR 30.1 (16.1) million or 10.3% (5.9%) of net sales and increased by 87% year-on-year. The increase in the profit was driven by higher sales and favorable product mix. Also the ongoing efficiency and process improvement programs together with the development of delivery project management are improving profitability.

Result before taxes was EUR 29.1 (16.1) million for the period of January–December 2012 and increased by 80% year-on-year. Income taxes were EUR 7.4 (5.8) million. Net result was EUR 21.7 (10.4) million and increased by 109% year-on-year.

Earnings per share for January–December 2012 were EUR 1.20 (0.57) and increased by 110% year-on-year.

Vaisala's solvency ratio and liquidity remained strong. On December 31, 2012 the balance sheet total was EUR 257.0 (250.8) million. The solvency ratio at the end of the December 2012 was 75% (74%).

In January–December 2012, Vaisala's cash flow from business operations was EUR 48.2 (37.6) million. The cash flow increase was a result of EBITDA increasing by EUR 15.1 million from EUR 30.7 million to EUR 45.8 million and the net working capital improving by EUR 10.0 million especially due to better accounts receivable rotation. The liquid funds at the end of December 2012 totaled EUR 74.8 (45.5) million.

Capital expenditure

Gross capital expenditure totaled EUR 5.8 (16.7) million for January–December 2012. Depreciation total increased to EUR 15.8 million compared with EUR 14.7 million in previous year.

Weather Business Area

In January–December 2012, Weather Business Area net sales were EUR 218.0 (201.8) million. The year-on-year increase in Weather Business Area net sales was 8% and the increase took place in almost all customer groups. Weather Business Area grew both in delivery projects and in product business. At comparable exchange rates, the net sales would have increased by 5%.

Weather Business Area operating result for January–December 2012 was EUR 22.5 (5.9) million. The year-on-year increase in the profit was driven by higher sales

and favorable product mix. Also the ongoing efficiency and process improvement programs together with the development of delivery project management are improving especially the profitability of delivery projects.

In January–December 2012, orders received were EUR 189.0 (209.1) million and decrease by 10% year-on-year. At the end of December 2012 the order book was EUR 101.2 (130.3) million, 22% lower than at the end of December 2011. Of the order book, approximately EUR 28 million will be delivered in 2014 or later.

Controlled Environment Business Area

In January–December 2012, Controlled Environment Business Area net sales were EUR 75.3 (71.7) million, showing an increase of 5% year-on-year. At comparable exchange rates, the net sales would have decreased by 1%.

Controlled Environment Business Area operating result for January–December 2012 was EUR 9.4 (10.5) million and decreased by 10% year-on-year. The decrease in profit was mainly due to increased investments in Service function related to Life Science business and in R&D related to new product development.

In January–December 2012, orders received were EUR 75.7 (69.7) million and increased by 9% year-on-year. The order book was EUR 4.4 (4.0) million, 10% higher than at the end of December 2011. Order book will be totally delivered totally during 2013.

Product Launches

In total, Vaisala had 31 product launches in 2012 of which 23 in Weather and 8 in Controlled Environment.

The most significant product launches in Weather were:

A new generation offering for Soundings begins with Vaisala DigiCORA® Sounding System MW41 which improves efficiency at every stage of the sounding process and also incorporates new features designed to enable more efficient management of sounding networks. It has been developed in collaboration with a number of leading meteorological institutes with a particular focus on improving usability.

Vaisala RS92-NGP radiosonde was accepted on the NWS Qualified Product List and awarded to be used in the US operational upper air network. US National Weather Service (NWS) Upper-Air Observations Program oversees over 90 sounding stations across North America and the Pacific Islands.

Validation of Vaisala Reference Radiosonde RR01 has started. As a part of corporate responsibility program, Vaisala is committed to the development of easy to use,

reasonable cost reference grade radiosonde in order to enable frequent operational climatological soundings. The initial focus area of the Vaisala reference radiosonde program is humidity measurement both in the upper troposphere and in the lower stratosphere. Regular deliveries to beta testing partners started in 2012. During this ongoing field test period the first version of the Reference Radiosonde RR01 is validated against Frostpoint Hygrometers. You can follow the program in: <http://www.vaisala.com/en/products/soundingsystemsandradiosondes/radiosondes/Pages/reference-radiosonde.aspx>

Vaisala RoadDSS Manager is a road weather software system which provides for decision-makers a complete set of tools to make operational road maintenance decisions. The system provides one location for the decision-maker to access all relevant weather data, such as fixed road weather stations, mobile road weather data, vehicle traffic, and satellite and radar information. RoadDSS Manager integrates the road authority's own operational guidelines and policies to provide treatment proposals, delivering a consistent guide for decision-makers.

Vaisala Condition Patrol DSP310 for complementing traditional road weather information with mobile measurements.

Vaisala Wind Tower System WTS series weather monitoring systems for professional wind power applications focusing on wind resource assessment market.

Vaisala Maritime Observation System AWS430 with maritime sensors for professional maritime weather measurement applications.

Weather radar IRIS / RVP900 signal processing software releases for using the correlation between the horizontal and vertical polarization information in order to increase the detectability of weather targets, for using new pulse compression scheme and for increased dynamic range when in dual polarization mode.

The most significant product launches in Controlled Environment were:

Vaisala HUMICAP® Humidity and Temperature Transmitter Series HMW90 measure relative humidity and/or temperature in demanding HVAC applications. The main applications for these wall mount transmitters are production and warehouse facilities, museums, data centers, laboratories and testing environments. The HMW90 features Vaisala HUMICAP® 180R humidity sensor, the best humidity sensor on the market, for superior stability.

Vaisala HUMICAP® Structural Humidity Measurement Kit SHM40 offers an easy and reliable solution for humidity measurements in concrete and other structures using the borehole method.

Vaisala DRYCAP® Dewpoint Transmitter DMT143 is a compact dewpoint transmitter for compressed air applications. The compact DMT143 features reliable and stable measurements due to proven Vaisala

DRYCAP® technology, fast response time and durability against liquid water.

The new Vaisala HUMICAP® Hand-Held Humidity and Temperature Meter HM40 is a compact, versatile and affordable hand-held meter for various portable measurement applications. It is an ideal spot-checking tool that provides a reliable measurement and is easy to use.

Vaisala Cold Chain Logger CCL100 has been designed specifically to measure product temperatures between -30° C and +60° C for in-transit monitoring of valuable goods in life science industry. As a single-use device, the CCL100 has minimal software dependency and even less setup configuration. Its small form factor allows the logger to be placed in any packing container and the waterproof pouch ensures correct operation even in the most hostile environments.

As part of the Vaisala Veriteq Continuous Monitoring System (CMS), viewLinc software provides alarming, real-time trending, and industry regulation compliant records for temperature, relative humidity, CO₂, differential pressure, level, door switches, and more. In 2012 Vaisala made two releases bringing in features such as mobile optimized interface, location and time zone based reporting, and several language inclusions.

Combined with viewLinc 4.1 software, Vaisala HUMICAP® Wireless Humidity and Temperature Transmitters HMT140 is a completely new addition to Vaisala's continuous monitoring solution for life science applications. The HMT140 incorporates Vaisala HUMICAP® technology for accurate and reliable measurement of relative humidity and temperature. The HMT140 can also connect to several other sensors and inputs, making it the most versatile Vaisala transmitter for life science environmental monitoring.

Other functions

Research and development

In January–December 2012, research and development expenses totaled EUR 28.0 (28.0) million, representing 9.5% of net sales. The goal is to keep the share of research and development expenses at around 10% of net sales. Weather Business Area R&D expenses were 10.0% (11.0%) of net sales and Controlled Environment Business Area 8.2% (8.1%) respectively.

Services

Vaisala's service business is reported as part of Weather and Controlled Environment Business Areas and the sales of services totaled EUR 42.3 (40.8) million. The increase in Service sales is due to spare parts sales in North America.

Personnel

The average number of people employed in the Vaisala in January–December 2012 was 1,422 (1,386). The number of employees at the end of December 2012 was 1,442 (1,394). 42% (44%) of the personnel was based outside Finland.

On May 3, 2012 the Board of Directors resolved for the key employees a new share-based incentive plan that is based on the development of profitability in calendar year 2012 and it will be paid partly in the Company's series A-shares and partly in cash in spring 2015. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid, if a key employee's employment or service ends before the reward payment date.

In addition, Vaisala has two types of incentive plans: one based on the development of net sales, operating result and operative cash flow and covering all employees, and the other, a three-year plan ending 31 December 2012 which is based on the development of profitability and covering certain key personnel.

The total personnel expenses in 2012 were EUR 104.5 (94.1) million.

Changes in Company Management

Vaisala's management group practices will change as of January 1, 2013. The current practice of having two management groups will cease to exist. Going forward, there will be one Vaisala Management Group in the company, led by the President and CEO.

The Management Group has seven members and it convenes once a month to execute Vaisala's strategy and take care of the company's operative management. It consists of the heads of business areas, finance and control, operations, services and human resources.

Members of the Vaisala Management Group starting January 1, 2013 are:

KJELL FORSÉN, President and CEO, Chairman

KENNETH FORSS, Executive Vice President, Controlled Environment Business Area

KAI KONOLA, Executive Vice President, Weather Business Area

KAARINA MUURINEN, Chief Financial Officer

VESA PYLVÄNÄINEN, Executive Vice President, Operations

HANNU KATAJAMÄKI, Executive Vice President, Services

MARJA HAPPONEN, Senior Vice President, Human Resources

Risk Management

Vaisala has a risk management policy which has been approved by the Board of Directors, and which covers the company's business, operational, hazard, and financial risks. The policy aims at ensuring the safety

of the company's personnel, operations and products, as well as the continuity and compliance of business operations. The policy also covers Vaisala's intellectual property, corporate image and brand protection.

Risk management is integrated into business processes and operations. This is accomplished by the risk management process, deployment of which has continued in 2012 and now covers all key businesses and functions. The risk management process consists of risk identification, risk assessment, risk management actions, follow-up, and risk reporting. The most significant risks are reported to the Audit committee and to the Board of Directors annually, and as needed.

Vaisala's Risk Management Committee, represented by key internal stakeholders, is responsible for the oversight of the risk management process and assuring that all significant risks are identified and reported, and risks are acted upon on all necessary organizational levels and geographical locations.

Risks to international manufacturing business affect Vaisala's operating environment. The most significant of these are changes in the global economy, currency exchange rates, supply chain, and production. These may affect Vaisala's business both in the short and in the long term. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy.

Global insurance programs cover risks relating to property damage, business interruption, different liabilities, transportation, and business travel. In general, Vaisala's ability to tolerate risks is good due to strong capital structure.

Near-term risks and uncertainties

Vaisala's business is exposed to changes in global economy, politics, policies and regulations, and natural disasters, which may affect Vaisala's business in terms of for example component availability, order cancellations, disturbance in logistics and loss in market potential.

The most significant near term risks and uncertainties that may affect both net sales and profitability relate to the company's ability to maintain its delivery capability, availability of critical components, interruptions in manufacturing and associated IT systems, changes in the global economy, currency exchange rates, customers' financing capability especially in the EU and in the US, changes in customers' purchasing or investment behavior, and delays or cancellations of orders. Changes in the competitive landscape may affect the volume and profitability of business through introduction of new competitors and price erosion in areas which traditionally have been strong for the company.

Importance of Vaisala's project business continues to grow. Project business performance and project schedules have dependencies to third parties, which may impact timing of revenue recognition, and profit-

ability. Assumptions regarding new project and service business opportunities constitute a risk for both net sales and profitability.

Changes in subcontractor relations, their operations or operating environment may have a negative impact on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with its risk management policy.

Interest rate risk

The company has no significant interest-bearing liabilities or receivables. Interest rate risk arises from the effects of interest rate changes on interest-bearing receivables and liabilities in different currencies. According to the company's management, the interest rate risk is currently immaterial if the interest rate changes. Interest rate changes affect the fair value of both cash flows and investments. A change of one percent point in the interest rate would affect the company's result after taxes by around EUR 244 (EUR 73) thousand.

Market risk on investment activity

At the end of 2012 there were no significant investments. Further information on interest bearing receivables is given in Note 20.

Currency risk

The international nature of operations exposes the Group to risks that arise when investments in different currencies are converted into the parent company's functional currency. The most significant currencies for the Group are the US dollar, the Japanese yen and the British pound. The Group has many investments in its foreign subsidiaries, whose net assets are exposed to currency risks. The Group does not hedge the currency risks related to its subsidiaries' net assets. The separate table features a sensitivity analysis on how changes in the rates of the most important currencies for the Group and in the euro, both in terms of average rate and balance sheet day rate, would affect the consolidated profit after taxes. The sensitivity analysis calculation does not incorporate the effects of parent company purchases in other currencies during the financial year.

The Group recognizes monetary items at net in accounting and hedges them with currency forwards to which the Group does not apply hedge accounting in accordance with IAS 39. Around 47% of the Group's net sales arises in EUR, 37% in USD, 6% in JPY and 5% in GBP. A significant proportion of Group purchases take place in euros. Currency forwards are used to

Effect on result after taxes EUR thousand

2012			
USD/EUR	Exchange rate rise	10,00 %	1740
	Exchange rate fall	10,00 %	-1581
JPY/EUR	Exchange rate rise	10,00 %	562
	Exchange rate fall	10,00 %	-511
GBP/EUR	Exchange rate rise	10,00 %	16
	Exchange rate fall	10,00 %	-14
2011			
USD/EUR	Exchange rate rise	10,00 %	759,7
	Exchange rate fall	10,00 %	-744,7
JPY/EUR	Exchange rate rise	10,00 %	58,9
	Exchange rate fall	10,00 %	-48,2
GBP/EUR	Exchange rate rise	10,00 %	167,5
	Exchange rate fall	10,00 %	-155,6

hedge the net position arising from these. The degree of hedging is around 50 per cent of the order book and trade receivables. The degree of hedging at the end of the financial year was 57%. Hedging is arranged by the parent company. (Note 10. Financial income and Expense)

Liquidity risk

The main principles of the liquid assets' investment policy in the order of their priority are a) minimizing credit loss risks, b) ensuring liquidity, and c) maximizing return on investment. The maximum term of investment is 12 months.

The Group aims to continuously assess and observe the level of funding required to finance the business to ensure that the Group has sufficient liquid assets for financing its operations. Group financing is arranged through the parent company, and the financing of the subsidiaries is arranged through internal loans. The parent company also provides the subsidiaries with the necessary credit limit guarantees. The parent company assumes responsibility for financial risk management and for investing surplus liquidity. To fulfill the liquidity need, the parent company has EUR 20 million credit loan limit, which is currently unused. Additionally, the subsidiaries have EUR 1.6 million credit loan limit, which can be drawn either guarantees or loans. Unused part for this limit is EUR 1.6 million. The company has no other external financial liabilities other than those related to finance leasing.

With company's current balance sheet structure, liquidity risk is immaterial.

Counterparty risk

Liquid assets are directed, within set limits, to investments whose creditworthiness is good. The investments and investment limits are redefined annually.

Credit risk

Credit risks are hedged by using letters of credit, advance payments and bank guarantees as terms of payment. According to Group management, the company has no material credit risk concentrations, because no individual customer or customer group represents an excessive risk, resulting from global diversification of the company's customer pool. Total credit losses arising from accounts receivable and recognized for the financial year amounted to EUR 0.7 million (0.7). Bad debts are written off when official announcement of receivership, liquidation or bankruptcy is received confirming that the receivable will not be honored.

Management of capital assets

Management of the Group's capital assets aims at ensuring normal company operation and increasing shareholder value with an optimum capital structure.

The goal is to attain the best possible returns over the long term. An optimum capital structure also ensures lower capital costs. Capital structure can be affected through dividend distribution and share repurchases or emission, for example. The Group can alter or adjust the amount of dividend payable to shareholders, the amount of capital returned to them or the number of new shares issued. The company has no significant financial liabilities. The shareholders' equity indicated in the consolidated balance sheet represents the capital assets managed. The company has no interest-bearing debt nor issued covenants.

Vaisala's shares

Board of Directors' authorization to decide on the directed acquisition of own A-shares

The Annual General Meeting authorized the Board of Directors to decide on the directed acquisition of a maximum of 1,000,000 of the Company's own A-shares in public trading. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 28, 2013. The maximum amount of authorization represents 5.49% of Company's all shares, 6.74% of all A-shares and 1.12% of all votes.

Acquisition of own A-shares

On the basis of the Annual General Meeting's authorization on March 28, 2012 the Board of Directors decided to commence the acquisition of own A-shares. The Group purchased a total of 150,000 A-shares representing approximately 0.82% of the Company's total shares, 1.01% of all series A-shares and 0.22% of the total voting rights. On December 31, 2012, the Group had 159,150 treasury shares in its possession.

The shares were acquired through public trading at the market price prevailing at the time of acquisition in accordance with the rules of the NASDAQ OMX Helsinki Ltd. The repurchase of own shares begun on May 14, 2012 and ended on June 13, 2012. The total purchase price paid for the shares was EUR 2,275,261.91 and the average price per share was approximately EUR 15.17. The purchased shares will be primarily used in Vaisala Group's share-based incentive program.

Board of Directors' authorization to decide on the transfer of the Company's own shares

The Annual General Meeting authorized the Board of Directors to decide on the transfer of a maximum of 1,000,000 own A-shares. The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and not more than 330,000 A-shares may be transferred as a directed issue without payment as part of the Company's share based incentive plan. The authorization can also be used to grant special rights entitling subscription of own shares, and the

subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The authorization is valid until March 28, 2017. The maximum amount of authorization represents 5.49% of Company's all shares, 6.74% of all A-shares and 1.12% of all votes.

Shares traded on the NASDAQ OMX Helsinki Ltd.

On December 31, 2012 the price of Vaisala's A share in the NASDAQ OMX Helsinki Ltd. was EUR 15.90. The highest quotation during January–December 2012 was EUR 17.71 and the lowest EUR 14.48. The number of shares traded in the NASDAQ OMX Helsinki Ltd. in January–December 2012 was 1,018,902.

On December 31, 2012, Vaisala had 18,218,364 shares, of which 3,389,351 are series K-shares and 14,829,013 are series A-shares. The shares have no counter book value. The K-shares and A-shares are differentiated by the fact that each K-share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A-shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K-shares represent 18.6% of the total number of shares and 82.1% of the total votes.

The market value of Vaisala's A-shares on December 31, 2012 was EUR 233.3 million, excluding the Company's treasury shares. Valuing the K-shares – which are not traded on the stock market – at the rate of the A-share's closing price on the last day of December, the total market value of all the A- and K-shares together was EUR 287.1 million, excluding the Company's treasury shares.

Vaisala's main shareholders are listed on the website.

Treasury shares and parent company shares

At the end of December, the Company held a total of 159,150 Vaisala A-shares, which represented 0.9% of the share capital and 0.2% of the votes. The consideration paid for these shares was EUR 2,527,160.

Board of Directors

Members of the board

In accordance with Vaisala Corporation's Articles of Association, the company's board of Directors comprises at least four (4) and at most eight (8) members. According to current practice, the board comprises six members. All Board members are appointed by General Meeting of Shareholders. The board elects a Chairman and a Vice Chairman from among its members.

Term of office of members of the Board

In deviation from recommendation no. 10 of the Finnish Corporate Governance Code, the term of office of members of the Board is not one year. Instead, the term of office is 3 years, as stipulated in the Articles of Association. The term of office begins after the General Meeting of Shareholders at which the member is elected, and ends at the close of the third Annual General Meeting that follows the member's election.

Independence of the Board members

Evaluated against the criteria given in Recommendation 15, all seven members of the Board of Directors are independent of the company. Evaluated against the criteria given in Recommendation 15, Yrjö Neuvo, Stig Gustavson (until end of year 2012 Annual General Meeting), Mikko Niinivaara, Timo Lappalainen and Maija Torkko are independent of both the company and the shareholders. Evaluated against the criteria given in Recommendation 15 Raimo Voipio and Mikko Voipio are dependent on significant shareholders. The current composition of the Board of Directors fulfills the independence requirements stated in the Recommendation 14.

President and CEO

Vaisala's President and CEO is appointed by the Board. The President and CEO manages the company in accordance with the instructions and orders given by the Board, and informs the Board of the development of the company's business and financial situation. The President and CEO is also responsible for arranging the company's operative management.

Related party transactions

Vaisala Group's related parties include subsidiaries, associated companies, members of the Board of Directors, and the President and CEO. Transactions with related parties are based on market prices and conditions.

No loans were granted to the related parties, and no contingent liabilities were made on their behalf.

Group structure

The company has subsidiaries in Australia, Brazil, Canada, China, Germany, France, Japan, Malaysia, United Kingdom and United States, permanent establishments in Sweden and Kuwait, and regional offices in India, Korea and the United Arab Emirates.

The addresses and contact details of Vaisala offices are available on the company's website.

Environment

Vaisala has signed a voluntary energy efficiency agreement with the Federation of Finnish Technology Industries, aiming at energy efficiency and cost savings. As a signatory, Vaisala participates in a number of energy efficiency initiatives.

Vaisala's Head Office building in Vantaa, Finland is designed with state-of-the-art energy efficiency in mind and is producing its own renewable energy through geothermal and solar power solutions. The advanced building automation system has several innovative features which enable lower energy consumption and better adjustment of indoor conditions, benefiting from Vaisala's own building automation technology. The head office is a certified LEED building at Gold level. Vaisala Head Office is granted the right to use the Green Office mark issued by WWF Finland and associate itself with the Green Office Network. More information about Vaisala's achievements and work with environmental issues can be found in the company's corporate responsibility report 2012, which is available on Vaisala's website at www.vaisala.com/sustainability

Active involvement in the scientific community

Vaisala is involved in active discussion with different stakeholders, promoting advancement in science, particularly the development of environmental measurements.

Vaisala collaborates in several projects with leading research institutes in the field, such as NOAA (the National Oceanic and Atmospheric Administration, USA), Finnish Meteorological Institute (FMI), Colorado State University, University of Massachusetts, the US National Center for Atmospheric Research (NCAR), Deutscher Wetterdienst, VTT (Technical Research Centre of Finland), and the Aalto University, Finland.

Vaisala also closely collaborates with a number of meteorological authorities around the world and takes part in the activity of the UN World Meteorological Organization (WMO). During the year, Vaisala granted research scholarships to universities, students and researchers in both the United States and Finland. Vaisala is a partner of Cleen Oy, a strategic center for science, technology and innovation for energy and environment businesses.

Vaisala participates in the Finland Distinguished Professor Program by supporting two scientists. Professor Chandrasekar works at Finnish Meteorological Institute and University of Helsinki, and Dr. Dmitri Moisseev at the University of Helsinki.

In USA, Vaisala participates on the Board of Trustees of the University Corporation for Atmospheric

Research, the Director's Advisory Committee of the National Center for Atmospheric Research (NCAR), the External Advisory Committee of NCAR's Earth Observing Laboratory, the Industrial Advisory Board of the Center for Adaptive Sensing of the Atmosphere, and the Dean's Advisory Board to the College of Engineering at Colorado State University and an advisory committee for the University of Arizona's Atmospheric Sciences Department.

Vaisala is one of the main sponsors of Science On a Sphere (SOS), which is a projection technique developed in the United States by the National Oceanic and Atmospheric Administration (NOAA). The sphere is on display at the Finnish Science Center Heureka in Vantaa.

Following a decision made at the 2012 Annual General Meeting, a donation of EUR 200,000 was granted to the Tampere University of Technology and supported Master Theses with EUR 12 000.

Vaisala's representatives participate in the Board of the Federation of Finnish Technology Industries and in its committees, such as the Environmental Committee.

The Board of Directors' proposals for the Annual General Meeting 2013

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.90 per share for the fiscal year 2012. The dividend would be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd on the record date of the dividend distribution, April 2, 2013. The Board of Directors proposes that the dividend will be paid on April 9, 2013.

The Board of Directors proposes to the Annual General Meeting that the annual fee payable to the Board members elected at the same meeting for a term until the close of the Annual General Meeting in 2014 will be: the Chairman of the Board of Directors EUR 45,000 and each Board member EUR 35,000 per year.

The Board of Directors proposes to the Annual General Meeting that the compensation for the Chairman of the Audit Committee would be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee for a term until the close of the Annual General Meeting in 2014.

The Board of Directors proposes to the Annual General Meeting that the compensation for the Chairman and each member of the Remuneration Committee and any other committee established by the Board of Directors would be EUR 1,000 per attended meeting for a term until the close of the Annual General Meeting in 2014.

Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to the Annual General Meeting, that the number of Board members to be six. The proposal for the number of the Board members is integrally related to the proposal by the same shareholders for the election of the members of the Board of Directors as presented below.

The terms of office of Board members Yrjö Neuvo and Maija Torkko will end at the Annual General Meeting. Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to the Annual General Meeting, that Yrjö Neuvo and Maija Torkko are re-elected.

The Board of Directors proposes to the Annual General Meeting that the Auditors be reimbursed according to their reasonable invoice.

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers Oy be re-elected as the auditor of the Company for the fiscal year 2013. PricewaterhouseCoopers Oy has informed that APA Hannu Pellinen will act as the auditor with the principal responsibility.

The proposed person and the auditor have given their consent to the re-election.

The Board of Directors proposes to the Annual General Meeting that it would decide to decrease the share premium fund presented in the Company's balance sheet on December 31, 2012 by EUR 22,306,293.52 by transferring all the funds in the share premium fund into the invested non-restricted equity fund. The Board of Directors further proposes that of the funds transferred into the invested non-restricted equity funds EUR 1.23 per share would be distributed to the shareholders as a return of capital, which, at the date of the invitation, equals to approximately EUR 22.2 million return of capital.

Decreasing the share premium fund must be notified to the Finnish National Board of Patents and Registration for registration. Before decreasing the share premium fund the Finnish National Board of Patents and Registration shall publish a public summons to the creditors of the Company. The Company shall apply for the public summons to be given without delay after the Annual General Meeting. The Board of Directors expects that the due day set in the public summons, after which the decrease can be implemented, will be approximately in July 2013. The Board of Directors proposes that it would be authorized to decide on the record date for the distribution of funds and the payment date as soon as possible after the due date for the public summons. The distribution of funds is expected to take place approximately in August 2013. The return of capital is paid to a shareholder, who is registered on record date decided by the Board of Directors in the Register of Shareholders of the Company held by Euroclear Finland Ltd.

The reasoning of the proposal is to return the capital that exceeds the needs of the Company's business to the shareholders, which improves efficiency of the use of Company's capital without risking Company's equity ratio or liquidity.

The Board of Directors proposes that the General Meeting authorize the Board of Directors to decide on the directed acquisition of a maximum of 150,000 of the Company's own A-shares in one or more instalments with funds belonging to the Company's unrestricted equity.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the Company in public trading arranged by NASDAQ OMX Helsinki Ltd at the market price on the moment of acquisition. The shares shall be acquired and paid according to the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors is authorized to decide on the acquisition of own shares in all other respects.

It is proposed that the authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 26, 2014. The authorization replaces the previous authorization for directed acquisition of own A-shares granted by the Annual General Meeting on March 28, 2012.

The Board of Directors proposes that the General Meeting authorize the Board of Directors to decide on the transfer of the Company's own shares as follows.

The authorization concerns only A-shares held by the Company. The authorization is limited to a maximum of 309,150 shares, which corresponds to approximately 2.1% of all A-shares in the Company and to approximately 1.7% of all shares in the Company.

The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization entitles the transfer of shares that are held by the Company as a directed issue without payment as part of the Company's share based incentive plan. The Board of Directors can also use this authorization to grant special rights entitling subscription of the Company's own shares that are held by the Company. The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind.

The Board of Directors decides on all other conditions of the transfer of own shares.

It is proposed that the authorization is valid until March 26, 2018. The authorization replaces the previous authorization for transferring own A-shares granted by the Annual General Meeting on March 28, 2012.

The Board of Directors proposes that the Annual General Meeting authorize the Board of Directors to decide on donations of maximum EUR 250,000. The donations may be granted in one or several payments.

The Board of Directors decides on the related payments.

It is proposed that the authorization is valid until the close of the Annual General Meeting in 2014.

Annual General Meeting 2013

Vaisala Corporation's Annual General Meeting will be held on Tuesday, March 26, 2013 at 6 p.m. at Vaisala Corporation's head office, Vanha Nurmijärventie 21, 01670 Vantaa.

Vantaa, February 6, 2013

Vaisala Corporation,
Board of Directors

The forward-looking statements in this report are based on the current expectations, known factors, decisions and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.

Shares and shareholders

Largest shareholders, Dec. 31, 2012

	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Finnish Academy of Science and Letters	21.8	25.9	3.1	7.3
Novamator Oy	13.0	13.7	9.4	10.2
Mikko Voipio	7.7	8.9	2.2	3.5
Anja Caspers	7.1	8.3	1.4	2.7
Raimo Voipio	5.8	6.7	1.7	2.6
Tauno Voipio	4.2	4.7	2.0	2.5
Mandatum Life Insurance Company Limited	4.1	4.1	4.2	4.2
Minna Luokkanen	2.0	2.4	0.1	0.5
Jaakko Väisälä estate	1.6	1.8	1.1	1.2
Voipio Mari	1.4	1.4	1.3	1.3
Voipio Timo	1.4	1.4	1.3	1.3
Voipio Ville	1.4	1.4	1.3	1.3
Nominee registered	2.8	0.0	15.5	12.6

Ownership structure by owner type, December 31, 2012

	Number of owners	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Companies	280	13.7	13.8	13.6	13.6
Financial and insurance institutions	19	5.9	4.1	14.2	12.3
Municipalities	9	1.4	0.0	7.9	6.5
Non-profit organizations	70	22.2	25.9	5.0	8.9
Private individuals	6 577	54.0	56.3	43.5	45.9
Outside Finland and nominee registered	45	2.8	0.0	15.8	12.9
Not transferred to the book-entry system		0.0	0.0	0.0	0.0
Total	7 000	100	100	100	100

Ownership structure by shareholding, December 31, 2012

Number of shares	Owners	% of owners	% of votes	% of total shares	Owners of K shares	% of K Shares	Owners of A shares	% of Series A Shares
1-100	3 089	44.1	0.2	1.0	2	0.0	3 089	1.2
101-1000	3 336	47.7	1.5	6.4	18	0.3	3 335	7.9
1001-10000	485	6.9	3.1	7.0	23	3.5	475	8.3
10001-100000	62	0.9	13.6	12.7	23	23.9	59	13.5
100001-	28	0.4	81.6	72.9	7	72.3	26	69.1
Not transferred to the book-entry system	-	-	0.0	0.0	-	0.0	-	0.0
Total	7 000	100	100	100	73	100	6 984	100

Vaisala Oyj's Board of Directors held and controlled 1,282,969 shares on 31 December 2012, accounting for 14.6% of the total votes (2011: 1,320,969 shares and 14.7% of the total votes). The company's President and CEO held and controlled 2,720 A-shares on 31 December 2012 and had no options. The extended management team of Vaisala holds and controls 11,087 Vaisala shares on December 31 2012 accounting for 0.01% of total votes (10,840 shares and 0.01 voting rights in year 2011).

Financial Ratios and Share in Figures

Financial ratios

		IFRS 2012	IFRS 2011	IFRS 2010
Net sales	M€	293.3	273.6	253.2
Exports and international operations		98.3%	98.2%	97.4%
Operating profit	M€	30.1	16.1	11.8
% of net sales		10.3%	5.9%	4.7%
Profit before taxes	M€	29.1	16.1	14.0
% of net sales		9.9%	5.9%	5.5%
Return on equity (ROE)		11.7%	5.7%	5.6%
Return on investment (ROI)		11.7%	5.9%	5.7%
Solvency ratio		74.9%	73.7%	76.0%
Current ratio		2.6	2.4	2.4
Gross capital expenditure	M€	5.8	16.7	30.1
% of net sales		2.0%	6.1%	11.9%
R&D expenditure on machinery and equipment	M€	0.3	0.3	1.7
R&D expenditure	M€	28.0	28.0	31.4
% of net sales		9.5%	10.2%	12.4%
Orderbook on Dec. 31	M€	105.6	134.3	129.0
Average personnel		1 422	1 386	1 408

Shares in Figures

		IFRS 2012	IFRS 2011	IFRS 2010
Earnings/share (EPS)	€	1.20	0.57	0.56
Earnings/share (EPS), diluted	€	1.19	0.57	0.56
Cash flow from business operations/share	€	2.66	2.06	1.39
Shareholders' equity/share	€	10.48	10.02	10.02
Dividend/share	€	*0.90	0.65	0.65
Dividend/earnings	%	**75.0%	114.2%	116.1%
Effective dividend yield ***		5.7%	4.0%	3.2%
Price/earnings (P/E)		13.29	28.80	36.61
A-share trading				
highest	€	17.71	24.80	25.77
lowest	€	14.48	15.56	18.52
weighted average	€	15.97	20.56	21.33
at balance sheet date	€	15.90	16.40	20.50
Market capitalisation at balance sheet date ***	M€	287.1	298.6	373.3
A-osakkeen vaihto				
Traded	pcs	1 018 902	878 205	2 415 565
% of entire series		6.9%	5.9%	16.3%
Adjusted number of shares	pcs	18 209 214	18 209 214	18 209 214
A-shares	pcs	14 829 013	14 829 013	14 828 680
K-shares	pcs	3 389 351	3 389 351	3 389 684
Number of shares at Dec. 31	pcs	18 059 214	18 209 214	18 209 214

* Proposal by the Board of Directors

** Calculated according to the proposal by the Board of Directors

*** Value of A and K shares is here calculated to be equal

Calculation of Financial Ratios

Return on equity, ROE (%)	=	$\frac{\text{Profit before taxes less taxes}}{\text{Shareholders' equity plus non-controlling interest (average)}} \times 100$
Return on investment, ROI (%)	=	$\frac{\text{Profit after taxes 'plus interest and financial expenses}}{\text{Balance sheet total less non-interest bearing liabilities (average)}} \times 100$
Solvency ratio, (%)	=	$\frac{\text{Shareholders' equity plus non-controlling interest}}{\text{Balance sheet total less advance payments}} \times 100$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Earnings / share, €	=	$\frac{\text{Profit before taxes less taxes +/- non-controlling interest}}{\text{Average number of shares, adjusted}}$
Cash flow from business operations / share, €	=	$\frac{\text{Cash flow from business operations}}{\text{Number of shares at balance sheet date}}$
Equity / share, €	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at balance sheet date, adjusted}}$
Dividend / share, €	=	$\frac{\text{Dividend}}{\text{Number of shares at balance sheet date, adjusted}}$
Dividend / earnings, (%)	=	$\frac{\text{Dividend}}{\text{Profit before taxes less taxes +/- non-controlling interest}} \times 100$
Effective dividend yield, (%)	=	$\frac{\text{Dividend / share}}{\text{Share price at balance sheet date}} \times 100$
Price / earnings, €	=	$\frac{\text{Share price at balance sheet date}}{\text{Earnings / share}}$
Market capitalisation, M€	=	Share price at balance sheet date times number of shares

Five Years in Figures

Consolidated Income Statement EUR million	IFRS 12/2012	IFRS 12/2011	IFRS 12/2010	IFRS 12/2009	IFRS 12/2008
Net sales	293.3	273.6	253.2	231.8	242.5
Other operating income	0.5	2.1	1.8	0.1	0.1
Costs	248.0	245.0	229.0	210.4	196.4
Depreciation, amortization and impairment charges	15.8	14.7	14.1	9.6	8.2
Operating profit	30.1	16.1	11.8	12.0	38.0
Financial income and expenses	-0.9	0.1	2.2	-1.9	0.9
Profit before tax	29.1	16.1	14.0	10.1	38.9
Income taxes	-7.4	-5.8	-3.8	-3.2	-10.5
Net profit for the period	21.7	10.4	10.2	6.9	28.4

Consolidated Balance Sheet EUR million	31.12.12	31.12.11	31.12.10	31.12.09	31.12.08
Assets					
Non-current assets	89.8	101.0	100.2	80.0	63.0
Inventories	29.8	33.4	36.8	27.3	22.8
Current asset	137.5	116.4	111.7	124.1	156.0
	257.0	250.8	248.7	231.4	241.7
Shareholders' equity and liabilities					
Equity attributable to equity holders of the parent	189.2	182.5	182.4	180.3	190.6
Liabilities, total	67.8	68.3	66.4	51.2	51.1
Interest bearing	0.6	0.5	0.5	0.6	0.4
Non-interest bearing	67.2	67.8	65.8	50.6	50.7
Balance sheet total	257.0	250.8	248.7	231.4	241.7

Consolidated Income Statement

Consolidated Income Statement EUR million	Notes	1.1.-31.12.2012		1.1.-31.12.2011	
Net sales	2, 3	293.3		273.6	
Cost of production and procurement	7	-148.0		-142.7	
Gross profit		145.3	49.5%	130.8	47.8%
Other operating income	5	0.5		2.1	
Cost of sales and marketing	7, 8, 9	-54.4		-57.8	
Development costs	7, 8, 10	-28.0		-28.0	
Other administrative costs	7, 8, 11	-33.1		-31.0	
Other operating cost	6	-0.2		-0.1	
Operating profit		30.1	10.3%	16.1	5.9%
Financial income	10	7.6		8.8	
Financial expenses	10	-8.5		-8.8	
Profit before tax		29.1	9.9%	16.1	5.9%
Income taxes	11	-7.4		-5.8	
Profit for the year		21.7	7.4%	10.4	3.8%
Attributable to					
Equity holders of the parent		21.7		10.4	
Earnings per share for profit attributable to the equity holders of the parent					
Basic earnings per share, €	12	1.20		0.57	
Diluted earnings per share, €		1.19		0.57	
Comprehensive income					
Profit for the year		21.7		10.4	
Other comprehensive income		-1.1		1.9	
Currency translation differences		-0.2		-0.3	
Total comprehensive income for the year		20.4		12.0	
Attributable to					
Equity holders of the parent		20.4		12.0	

The notes constitute an essential part of the financial statements.

Consolidated Balance Sheet

Consolidated Balance Sheet EUR million	Notes	31.12.2012		31.12.2011. adjusted	Restatement related to IFRS adoption on January 1, 2004	31.12.2011		
Assets								
Non-Current Assets								
Intangible assets	14	33.1		38.5	0.0	38.5		
Property, plant and equipment	15	49.1		55.8	0.0	55.8		
Investments in associates	16	0.8	0.6			0.6		
Receivables	17	0.2	0.4			0.4		
Deferred tax assets	11	5.1	6.2	5.7	6.6	0.0	5.7	6.6
Current Assets								
Inventories	18	29.8		33.4	0.0	33.4		
Trade and other receivables	19	60.9		68.4	0.0	68.4		
Accrued income tax receivables		1.8		2.4	0.0	2.4		
Cash and cash equivalents	20	74.8		45.5	0.0	45.5		
Available-for-sale Financial Assets	21	1.4		0.1	0.0	0.1		
Total assets		257.0		250.8	0.0	250.8		

The notes constitute an essential part of the financial statements.

Consolidated Balance Sheet

Shareholders' equity and liabilities EUR million	Notes	31.12.2012	31.12.2011. adjusted	Restatement related to IFRS adoption on January 1, 2004	31.12.2011
Shareholders' equity					
Equity attributable to equity holders of the parent					
	22				
Share capital		7.7	7.7		7.7
Share premium reserve*	1.3	22.3	22.3	5.7	16.6
Reserve fund		0.8	0.3		0.3
Own shares		-2.5	-0.3		-0.3
Translation differences		-0.5	0.6		0.6
Profit from previous years*	1.3	139.8	141.5	-5.7	147.2
Profit for the financial year		21.7	10.4		10.4
		189.2	182.5		182.5
Total equity	22	189.2	182.5		182.5
Liabilities					
Long-term liabilities					
Retirement benefit obligations	24	1.6	2.0		2.0
Other liabilities	23	1.6	1.9		1.9
Provisions	25	0.1	0.1		0.1
Deferred tax liabilities	11	1.0	0.9		0.9
		4.2	4.9	0.0	4.9
Current liabilities					
Current liabilities	23	0.3	0.3		0.3
Advances received		4.5	3.1		3.1
Accrued income tax payables		1.5	0.9		0.9
Provisions	25	0.9	1.5		1.5
Trade and other payables	26	56.4	57.6		57.6
		63.6	63.4		63.4
Total liabilities		67.8	68.3	0.0	68.3
Total Shareholders' equity and liabilities					
		257.0	250.8	0.0	250.8

*Share premium reserve and Profit from previous years are presented as restated values. Restatement is related to the adoption of IFRS on January 1, 2004. More information in Note 1.3.

The notes constitute an essential part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

EUR million	Notes	Share capital	Share premium reserve*	Other reserves	Own shares	Translation differences	Retained earnings*	Total equity
Balance at December 31, 2010		7.7	16.6	0.3	-0.3	-1.2	159.3	182.4
Restatement related to IFRS adoption on January 1, 2004	1.3		5.7				-5.7	0.0
Balance at January 1, 2011 adjusted		7.7	22.3	0.3	-0.3	-1.2	153.6	182.4
Profit for the year	22						10.4	10.4
Other changes	22						-0.3	-0.3
Currency translation differences	22			0.1		1.8		1.9
Total comprehensive income for the year		0.0	0.0	0.1	0.0	1.8	10.1	12.0
Transactions with owners								
Dividend paid from year 2010	22						-11.8	-11.8
Balance at December 31, 2011		7.7	22.3	0.3	-0.3	0.6	151.9	182.5
Profit for the year	22						21.7	21.7
Other changes	22						-0.2	-0.2
Currency translation differences	22			0.0		-1.1		-1.1
Total comprehensive income for the year		0.0	0.0	0.0	0.0	-1.1	21.5	20.4
Transactions with owners								
Dividend paid from year 2011	22						-11.8	-11.8
Share based compensation	22			0.4				0.4
Purchase of treasury shares	22				-2.3			-2.3
Balance at December 31, 2012		7.7	22.3	0.8	-2.5	-0.5	161.5	189.2

*Share premium reserve and Retained earnings are presented as restated values.
Restatement is related to the adoption of IFRS on January 1, 2004. More information in Note 1.3

The notes constitute an essential part of the financial statements.

Consolidated Cash Flow Statement

EUR million	Notes	Group 1.1.-31.12.2012	Group 1.1.-31.12.2011
Cash flows from operating activities			
Cash receipts from customers	2, 3	301.2	276.6
Other income from business operations		0.0	2.0
Cash paid to suppliers and employees		-245.4	-233.9
Interest received	10	0.1	0.2
Interest paid	10	-0.4	0.0
Other financial items, net		-2.4	-0.7
Dividends received from operations		0.0	0.0
Direct tax paid	11	-5.0	-6.7
Total cash flow from business operations (A)		48.2	37.6
Cash flow from investing activities			
Investments in intangible assets	14	-2.2	-3.3
Investments in tangible assets	15	-3.3	-13.3
Proceeds from sale of fixed assets		0.4	0.0
Other investments	14	0.0	0.1
Total cash flow from investing activities (B)		-5.0	-16.5
Cash flow from financing activities			
Dividend paid		-11.8	-11.8
Purchase of treasury shares		-2.3	0.0
Other transactions from equity		-0.2	-0.3
Total cash flow from financing activities (C)		-14.3	-12.1
Change in liquid funds (A+B+C) increase (+) / decrease (-)		28.9	9.0
Liquid funds at beginning of period		45.5	35.3
Foreign exchange effect on cash		0.4	1.2
Net increase in cash and cash equivalents		28.9	9.0
Liquid funds at end of period	20	74.8	45.5

Notes to the Consolidated Financial Statements

Basic information

Vaisala is a global leader in environmental and industrial measurement. Building on 75 years of experience, Vaisala contributes to a better quality of life by providing a comprehensive range of innovative observation and measurement products and services for chosen weather-related and industrial markets.

The Group's parent company, Vaisala Oyj, is a Finnish public limited company established under Finnish law, its domicile is Vantaa and its registered address in Vanha Nurmijärventie 21, FI-01670 Vantaa (P.O. Box 26, FI-00421 Helsinki). The company's Business ID is 0124416-2.

Vaisala has offices and business operations in Finland, Brazil, United States of America, Canada, France, the UK, Germany, China, South-Korea, Sweden, Malaysia, India, United Arab Emirates, Japan and Australia.

Copies of the consolidated financial statements can be obtained from the internet address www.vaisala.com or from the Group's head office at the address Vanha Nurmijärventie 21, FI-01670 Vantaa (P.O. Box 26, FI-00421 Helsinki).

At its meeting on 6 February 2012, the Board of Directors of Vaisala Oyj has approved these financial statements for publication. Under the Finnish Companies Act, shareholders have an opportunity to confirm or leave unconfirmed the financial statements in the Annual General Meeting to be held after their publication. The Annual General Meeting also has an opportunity to make a decision amending the financial statements.

1.1. Accounting Principles for the Consolidated Financial Statements

Vaisala's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and in their preparation all the obligatory IAS and IFRS standards as well as the SIC and IFRIC interpretations in effect on 31 December 2012 have been followed. By international financial statement standards is meant standards approved for application in the EU, and interpretations issued about them, according to the procedure prescribed in Finnish law and provisions enacted thereon in EU Regulation (EC) No. 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and corporate law.

Financial statement data are presented in millions of euros and they are based on original acquisition costs

if not otherwise stated in the accounting principles outlined below.

The preparation of financial statements in accordance with IFRS standards requires Group management to make certain estimates and to exercise discretion in applying the accounting principles. Information about the discretion exercised by management in applying the accounting principles followed by the Group and that which has most impact on the figures presented in the financial statements has been presented in the item 'Accounting principles that require management discretion and main uncertainty factors relating to estimates'.

Segment reporting

The company has a market segment based reporting model. Operating segments are reported in a manner consistent with the internal reporting provided for the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, is the company's strategic management group.

The business segments consist of asset categories and business operations whose resources to be allocated and profits company's strategic management group reviews based on a measure of adjusted result before taxes. Pricing between segments takes place at the fair market price.

The assets and liabilities of segments are business items which the segments use in their business operations or which on sensible grounds are attributable to the segments. Other activity includes the development units of new business operations, unattributed tax and financial items as well as other items common to the whole company. Investments consist of additions to tangible fixed assets and intangible assets, which are used in more than one financial year.

WEATHER operating segment is a leading provider of reliable weather technology. Segments serves selected weather-dependent markets where weather data is essential to run efficient operations like meteorological institutes, roads and rail authorities, airport organizations, defense forces, energy and maritime.

CONTROLLED ENVIRONMENT segment serves customers who operate in tightly controlled and demanding areas where the measurement of precise environmental conditions is required to increase operational quality, productivity and energy savings.

The company's strategic management group follows business operations also through geographical market areas. Reporting areas are EMEA (Europe, Middle East

and Africa), AMERICA (North-, Middle- and Central America) and APAC (Asia and Pacific area).

Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company Vaisala Oyj and all subsidiaries in which it directly or indirectly owns more than 50% of the votes or in which the parent company otherwise exercises control. The existence of potential voting rights has been taken into account when assessing the terms of control when instruments conferring entitlement to potential control are presently exercisable. Subsidiaries acquired or founded during the financial period are consolidated from the date on which the Group has acquired control and are no longer consolidated from the date that control ceases.

Acquisition of subsidiaries is handled by the acquisition cost method. The acquisition cost is the fair value of transferred assets, issued equity instruments and liabilities arising or assumed. All transaction costs are expensed. Identifiable acquired assets as well as assumed liabilities and contingent liabilities are valued initially at their fair values on the date of acquisition, irrespective of whether there are minority interests or not. The amount by which the acquisition cost exceeds the Group share of the fair value of the acquired identifiable net assets is recognised as goodwill. If the acquisition cost is lower than the acquired subsidiary's net assets, the difference is entered directly into the income statement. Changes in contingent liabilities after initial recognition are recognised in profit and loss as other operating income or cost.

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities, and the Group's internal distribution of profit are eliminated. Unrealised losses on intra-Group transactions are also eliminated unless costs are not recoverable or the loss results from an impairment. The consolidated financial statements are prepared applying consistent accounting principles to the same transactions and other events which are implemented under the same conditions.

Associated companies

The share of profits or losses of associated companies, i.e. companies of which Vaisala owns between 20% and 50% and over which it has significant influence, are included in the consolidated financial statements using the equity method. If Vaisala's share of an associated company's losses exceeds the book value of the investment, the investment is entered in the balance sheet at zero value and further losses are not recognised unless the Group has incurred obligations on behalf of the associated company. Unrealised gains on transactions

between the Group and its associated companies have been eliminated to the extent of the Group's interest in the associated companies. The Group's investment in associated companies includes goodwill on acquisition.

The Group's share of associated companies' results is presented in the income statement as a separate item after 'financial income and expenses'. Investments in associated companies are originally entered into the accounts at their acquisition cost and the book value increased or decreased by the share of post-acquisition profits or losses. Distribution of profit received from an investment reduces the book value of the investment.

Foreign currency items

Items relating to the consolidated result and financial position are measured using the currency which is the main currency of each entity's operating environment "functional currency". The consolidated financial statements have been presented in euros, which is the Group parent company's functional and presentation currency.

Transactions in foreign currencies are recognised at the rates of exchange on the date of transaction. Receivables and payables in foreign currency have been valued at the exchange rates quoted by the European Central Bank on the closing date. Exchange rate differences resulting from the settlement of monetary items or from the presentation of items in the financial statements at different exchange rates from which they were originally recognised during the financial period, or presented in the previous financial statements, are recognised as income or expenses in the income statement group 'financial income and expenses' in the financial period in which they arise.

Items relating to the result and financial position of each entity of the Group are measured using the currency which is the main currency of each entity's operating environment. Balance sheets of Group companies outside the euro zone have been translated into euros using the official mid-market exchange rates of the European Central Bank on the closing date. In translating income statements, mid-market exchange rates have been used. Exchange rate differences resulting from the translation of income statement items at mid-market exchange rates and from the translation of balance sheet items at exchange rates on the closing date have been recognised as translation differences in shareholders' equity. Translation gains and losses which arose in the elimination of the shareholders' equity of subsidiaries have been recognised as a separate item under comprehensive income. When a foreign subsidiary or associated company is sold, the accumulated translation difference is recognised in the income statement as part of the gain or loss on the sale.

Goodwill or fair value adjustments arising on the acquisition of an independent foreign entity are treated as that entity's foreign currency assets and liabilities and are translated at the closing balance sheet rate.

Tangible assets

Fixed comprise mainly land and buildings as well as machinery and equipment. The balance sheet values are based on original acquisition cost less accumulated depreciation and amortisation as well as possible impairment losses. The cost of self-constructed assets includes materials and direct work as well as a proportion of overhead costs attributable to construction work. If a tangible asset consists of several parts which have useful lives of different lengths, the parts are treated as separate assets. Accordingly, expenses relating to the renewal of a part are capitalised and the part remaining in connection with the renewal is recognised as an expense. In other cases, expenditures that arise later are included in the carrying amount of the tangible assets only if it is probable that the future financial benefit connected with the asset is for the benefit of the Group and that the asset's acquisition cost can be reliably determined. Other repair and maintenance expenses are recognised through profit and loss, when they are realised.

Depreciation is calculated using the straight-line method and is based on the estimated useful life of the asset. Land is not depreciated. Estimated useful lives for various assets are:

Buildings and structures	5–40 years
Machinery and equipment	3–10 years
Other tangible assets	5–15 years

The residual value, depreciation method and useful life of assets are checked in connection with each financial statement and if necessary adjusted to reflect changes in the expectation of economic benefit. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating profit.

Public grants received for tangible asset investments are recognised as a reduction in the carrying amounts of tangible assets. Grants are recognised in the form of smaller depreciations during the useful life of the asset.

Depreciation of a tangible asset is discontinued when the tangible asset is classified as being for sale in accordance with the IFRS 5 standard Non-Current Assets Held for Sale and Discontinued Operations.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is calculated in the currency of the operating environment of the acquired entity. If the acquisition cost is lower than the value of the acquired subsidiary's net asset value the difference is entered directly into the income statement.

Goodwill is not amortised, rather it is tested annually for any impairment. For this purpose goodwill has been attributed to cash generating units. Goodwill is valued at acquisition cost less impairment losses. Impairment costs are expensed.

Other intangible assets

Other intangible assets are e.g. patents and trademarks as well as software licences. They are valued at their original acquisition cost and amortised using the straight-line method over their useful life. Intangible assets that have an indefinite useful life are not amortised, rather they are tested for impairment annually. Intangible assets of the acquired subsidiaries are valued at their fair values at the date of acquisition.

Estimated useful lives for intangible assets are:

Intangible rights	at most 5 years
Other tangible assets	at most 10 years
Software	3–5 years

Research and development expenditure

Research and development expenditures have been recognised as expenses in the financial period in which they were incurred, except for machinery and equipment acquired for research and development use, which are amortised using the straight-line method over 5 years. Costs relating to the development of new products and processes are not capitalised because the future earnings obtained from them are only assured when the products come to market. According to IAS 38 an intangible asset is entered in the balance sheet only when it is probable that the company will derive financial benefit from the asset. Moreover, it is typical of the industry that it not possible to distinguish the research stage of an internal project that aims to create an asset from its development stage.

Borrowing costs

The group capitalizes borrowing costs that relate to qualifying assets directly attributable to acquisition, construction or production of the assets as part of the cost of the asset in question. Other borrowing costs are recognised as an expense. At the moment, the group does not have capitalised borrowing costs.

Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The cost of finished goods and work in progress comprises raw materials, direct labour costs, other direct costs and an appropriate proportion of variable and fixed production overheads based on normal operating capacity. Acquisition cost is determined using the weighted average method, whereby the cost is determined as the weighted average of similar inventory items which were held at the beginning of the financial period and those bought or produced during the financial period.

Lease agreements

The Group is the lessee

Lease agreements of tangible assets where the Group has a substantial part of the risks and rewards of ownership are classified as finance leases. Finance leases are entered into the balance sheet's tangible assets at the start of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. The asset acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities.

Lease agreements where the lessor retains a significant portion of the risks and rewards of ownership are treated as other leases. Payments made under other leases are charged to the income statement on a straight-line basis over the period of the lease.

Impairment

On every closing date the Group reviews asset items for any indication of impairment losses. The need for impairment is examined at the cash generating unit

level, i.e. at the lowest unit level which is mainly independent of other units and whose cash flows are separate and highly independent from the cash flows of other, corresponding, units. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is also assessed annually for the following asset items irrespective of whether there are indications of impairment: goodwill, intangible assets which have an indefinite useful life as well as incomplete intangible assets.

The recoverable amount is the higher of the asset item's fair value less the cost arising from disposal and its value in use. When determining value in use, the expected future cash flows are discounted based on their present values at discount interest rates which reflect the average capital cost before taxes of the country and business sector in question (WACC = weighted average cost of capital). The special risks of the assets in question are also taken into account in the discount interest rates. In terms of individual asset items which do not independently generate future cash flows, the recoverable amount is determined for the cash generating unit to which the said asset item belongs.

An impairment loss is recognised in the income statement when the carrying amount is greater than the recoverable amount. The impairment loss is reversed if a change in conditions has occurred and the recoverable amount of the asset has changed since the date when the impairment loss was recognised. The impairment loss is not reversed, however, by more than that which the carrying amount of the asset (less depreciation) would be without the recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed under any circumstances.

Trade and other receivables

IAS 39 classifies a group's financial assets into the following categories: financial assets measured at fair value through profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Categorisation is made on the basis of the purpose for which the financial assets were acquired and they are categorised in connection with the original acquisition. Transaction costs have been included in the original carrying amount of the financial assets when the item in question is not valued at fair value through profit and loss. All purchases and sales of financial assets are recognised on the clearance date.

Derecognition of financial assets takes place when the Group has lost a contractual right to receive the cash flows or when it has transferred substantially the risks and rewards outside the Group. On every closing date the Group assesses whether there is objective evidence that the value of a financial asset item or

group of items asset items has been impaired. If such evidence exists, the impairment is recognised in the income statement item financial expenses. The recoverable amount of financial assets is either the fair value or the present value of expected future cash flows discounted at the original effective interest rate. Short-term receivables are not discounted

Financial assets held for trading purposes such as derivative instruments to which the Group does not apply hedge accounting under IAS 39 as well as income fund investments consisting of the short-term investment of liquid assets have been categorised as **financial assets recognised at fair value through profit and loss**. The fair value of income fund investments has been determined based on price quotations published in an active market, namely the bid quotations on the closing date. Realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Financial assets held for trading as well as those maturing within 12 months are included in current assets.

Loans and other receivables are assets not belonging to derivative assets whose payments are fixed and quantifiable and which are not quoted on an active market and which the company does not hold for trading purposes. This category includes Group financial assets which have arisen through the transfer of money, goods or services to debtors. They are valued at amortised cost and they include short- and long-term financial assets, the latter if they mature after more than 12 months. If there are indications of value impairment, the carrying amount is estimated and reduced immediately to correspond with the recoverable amount.

Trade receivables are valued initially at fair value and thereafter at their anticipated realisable value, which is the original invoicing value less the estimated impairment of these receivables. An impairment for trade receivables is made when there are good grounds to expect that the Group will not receive all its receivables on original terms. A debtor's significant financial difficulties, probability of bankruptcy, default on payments, or a more than 180 day delay in the making of payments are evidence of an impairment of trade receivables. The magnitude of the impairment loss to be recognised in the income statement is determined as the difference of the carrying amount of receivables and the present value of estimated future cash flows. If the amount of impairment loss falls in some later financial period and the reduction can be objectively considered to be related to an event after the recognition of the impairment, the recognised loss is reversed through profit and loss.

Cash and cash equivalents are carried in the balance sheet at original cost. Cash and cash equivalents comprise cash on hand, deposits held at call with banks.

Financial liabilities are recognised at fair value on the basis of the original consideration received. Transactions costs have been included in the original carrying amount of the financial liabilities. Later, all financial liabilities are valued at amortised cost using the effective yield method. Financial liabilities include long- and short-term liabilities and they can be interest-bearing or non-interest-bearing.

Derivative contracts and hedging activities

All derivatives contracts are initially recognised at cost and subsequently remeasured at their fair value. Forward foreign exchange contracts are valued at their fair value using the market prices of forward contracts at the closing date. Derivatives are included in the balance sheet as other receivables and payables. Unrealized and realized gains and losses arising from changes in fair value are recognized in the income statement in "financial income and expenses" in the period during which they arise.

The Group has sales in a number of foreign currencies, of which the most significant are the US dollar, the Japanese yen and the British pound. The Group does not apply hedge accounting under IAS 39 to forward foreign exchange contracts that hedge sales in foreign currencies. The Group has a number of investments in foreign subsidiaries whose net assets are exposed to foreign currency risk. The Group does not hedge the foreign exchange risk of subsidiaries' net assets.

Unrealized and realized gains and losses arising from changes in fair value are recognized in the income statement in "financial income and expenses" in the period during which they arise.

Non-current assets classified as held for sale

Non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Sale is considered highly probable when group management is committed to a plan to sell the asset, asset can be sold immediately in its current condition with general and common terms and sale will be completed within one year from the date of classification.

Before classification as held for sale, assets are measured according to the IFRS standard applying for them. After classification they are stated at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated after classification. Non-current assets classified as held for sale are presented separately from other assets in the statement of financial position.

Employee benefits

Pension obligations

The Group has a number of pension schemes in different parts of the world which are based on local conditions and practices. These pension schemes are classified as either defined-contribution or defined-benefit schemes. Under defined-contribution plans, expenses are recognised in the balance sheet in the financial period in which the contribution is payable.

In defined-benefit plans, the Group can be left with the arrangement of obligations or assets after the financial period in which the contribution is payable. A pension liability describes the present value of future cash flows resulting from payable benefits. The present value of the defined-benefit pension plans has been determined using the projected unit credit method and assets belonging to the plans have been valued at fair value on the closing date. From the present value of the pension obligation recognised in the balance sheet is deducted pension scheme assets valued at fair value on the closing date, the contribution of unrecognised gains and losses, as well as past service costs. When calculating the present value of the pension obligation, the discount rate used is the market yield on high quality bonds issued by companies or the interest rate on state treasury bills. The obligations of the Group's defined-benefit pension plans have been calculated for each plan separately. On the basis of calculations made by authorised actuaries, the calculated actuarial gains and losses are recognised in the income statement during the average remaining period of service of employees participating in the plan to the extent that they exceed the greater of 10% of the present value of the plan's defined-benefit pension obligations and the fair value of assets included in the plan.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as the result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are valued at the present value of expenses required to cover the obligation. The discount factor used in calculating present value is selected so that it reflects the market view of the time value of money and the risks related to the obligations at the time of examination. If it is possible that the Group will be reimbursed for part of the obligation by some third party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The amount of provisions is estimated at each closing date and the amount is changed to correspond to the best

estimate at the given time. A provision is cancelled when the probability of financial settlement has been removed. A change in provisions is recognised in the same item of the income statement in which the provision was originally recognised.

Provisions relate to the restructuring of operations, loss-making agreements and repairs under guarantee. Restructuring provisions are recognised when a detailed and appropriate plan relating to them has been prepared and the company has begun to implement the plan or has announced it will do so. Restructuring provisions generally comprise lease termination penalties and employee termination payments.

A provision for a loss-making agreement is recognised when unavoidable expenditure required to fulfil obligations exceeds the benefits obtainable from the agreement.

Income tax

The tax item in the income statement comprises tax based on taxable income for the financial year, adjustments to tax accruals related to previous years and the change in deferred taxes. Tax based on taxable income for the financial year is calculated for taxable income on the basis of each country's current tax rate.

Deferred taxes are calculated for all temporary differences between the carrying amount of an asset or liability and its tax base. The largest temporary differences arise from amortisation of fixed assets, defined-benefit pension schemes and unused tax losses. In taxation deferred tax is not recognised for non-deductible goodwill impairment and deferred tax is not recognised for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future. The Group's deferred tax assets and liabilities relating to the same tax recipient are stated net.

Deferred taxes have been calculated using tax rates prescribed by the closing date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit, against which the temporary differences can be utilised, will be available.

Shareholders' equity, dividends and treasury shares

The Board of Directors' proposal for dividend distribution has not been recognised in the financial statements; the dividends are recognised only on the basis of the Annual General Meeting's approval.

Shares issued by the company are presented as share capital. Expenses related to the issue or acquisition of shareholders' equity instruments are presented

as a shareholders' equity reduction item. If the company buys back its shareholders' equity instruments, the consideration paid for them including direct costs is deducted from shareholders' equity.

Principles of revenue recognition

Sales of goods and services rendered

Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. Revenue recognition generally takes place when the transfer has taken place. Revenue for rendering of services is recognised when the service has been performed. When recognising turnover, indirect taxes and discounts, for example, have been deducted from sales revenue. Possible exchange rate differences are recognised in the financial income and expenses.

Long-term projects

Revenues from long-term projects are recognised using the percentage of completion method, when the outcome of the project can be estimated reliably. The stage of completion is determined for each project by reference to the relationship between the costs incurred for work performed to date and the estimated total costs of the project or the relationship between the working hours performed to date and the estimated total working hours.

Expenses related to a project whose revenue is not yet recognised are entered as long-term projects in progress in inventories. If expenses arising and gains recognised are larger than the sum invoiced for the project, the difference is presented in the balance sheet item "trade and other receivables". If expenses arising and gains recognised are smaller than the sum invoiced for the project, the difference is presented in the item "trade and other payables".

When the outcome of a long-term project cannot be estimated reliably, project costs are recognised as expenses in the same period when they arise and project revenues only to the extent of project costs incurred where it is probable that those costs will be recoverable. When it is probable that total costs necessary to complete the project will exceed total project revenue, the expected loss is recognised as an expense immediately.

Other revenue received by the Group

Revenue arising from rents is recognised on an accrual basis in accordance with the substance of the relevant agreements. Interest income is recognised on a time-proportion basis, taking account of the effective yield of the asset item, and dividend income is recognised when the Group's right to receive payment is established.

Other operating income and expenses

Gains on the disposal of assets as well as income other than that relating to actual performance-based sales, such as rental income, are recognised as other operating income.

Losses on the disposal of assets and expenses other than those relating to actual performance-based sales are included in other operating expenses.

Grants

Grants received from the state or another party are recognised in the income statement at the same time as expenses are recognised as a deduction of the related expense group. Grants relating to asset acquisition are presented as an adjustment to the acquisition cost of the asset and they are recognised in the form of smaller depreciations over the useful life of the asset.

Share based payment

Share based payments are recognized as costs during the vesting period in line with IFRS 2. The costs is based on the estimate of the amount of shares to be paid at the end of vesting period. Assumptions that estimates are based on shall be updated at every balance sheet date and cost effect of assumptions are recognized through income statement.

On May 3, 2012 the Board of Directors resolved for the Group key employees a new share-based incentive plan that is based on the development of Group's profitability in calendar year 2012 and it will be paid partly in the Company's series A shares and partly in cash in spring 2015. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. Noreward will be paid, if a key employee's employment or service ends before the reward payment date.

Accounting principles requiring management discretion and the main uncertainty factors relating to estimates

The preparation of financial statements requires the use of estimates and assumptions relating to the future and the actual outcomes may differ from the estimates and assumptions made. In addition, discretion has to be exercised in applying the accounting principles of the financial statements. Estimates made and discretion exercised are based on previous experience and other factors, such as assumptions about future events.

Estimates made and discretion exercised are examined regularly. The key areas in which estimates have been made and discretion has been exercised are outlined below. The biggest impact of these on the figures presented is reflected through impairment testing. Other estimates are connected mainly with environmental, litigation and tax risks, the determination of pension obligations as well as the utilisation of deferred tax assets against future taxable income.

Allocation of acquisition cost

IFRS 3 requires the acquirer to recognise an intangible asset separately from goodwill, if the recognition criteria are fulfilled. Recognition of an intangible asset at fair value requires management estimates of future cash flows. Where possible, management has used available market values as the basis of acquisition cost recognition in determining fair values. When this is not possible, which is typical particularly with intangible assets, valuation is based principally on the historic cost of the asset item and its intended use in business operations. Valuations are based on discounted cash flows as well as estimated disposal and repurchase prices and require management estimates and assumptions about the future use of asset items and the effect on the company's financial position. Changes in the emphasis and direction of company operations can in future result in changes to the original valuation.

Revenue recognition

The Group uses the percentage of completion method in recognising revenue for long-term projects. Revenue recognition according to percentage of completion is based on estimates of expected revenue and costs as well as on a determination of the progress of the percentage of completion. Changes can arise to recognised revenue and profit if estimates of a project's total costs and total income are adjusted. The cumulative effect of adjusted estimates is recognised in the period in which the change becomes probable and it can be estimated reliably. Further information on long-term projects is given in Note 5. Long-term projects.

Impairment testing

The Group tests goodwill annually for possible impairment and reviews whether there are indications of impairment according to the accounting principle presented above. The recoverable amounts of cash generating units have been determined in calculations based on value in use. Although assumptions used according to the view of the company's management are appropriate, the estimated recoverable amounts might differ substantially from those realised in future. Further information on recoverable amount sensitivity to changes in the assumptions used is given in Note 14. Intangible assets.

Valuation of inventories

A management principle is to recognise an impairment for slowly moving and outdated inventories based on the management's best possible estimate of possibly unusable inventories in the Group's possession at the closing date. Management bases its estimates on systematic and continuous monitoring and evaluations. Further information on inventories is given in Note 18. Inventories.

Application of new or amended IFRS standards and IFRIC interpretations

In preparing these interim financial statements, the group has followed the same accounting policies as in the annual financial statements for 2011 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2012:

Amendment to IFRS 7, 'Financial instruments: Disclosures', on transfer of financial assets: These amendments are as part the IASBs comprehensive review of off balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The amendment does not have any material impact on the consolidated financial statements.

Below is a list of standards/interpretations that have been issued and are effective for periods after 1 January 2012.

Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income: The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Management is assessing the impact of these changes on the financial statements of the group.

Amendment to IAS 19, 'Employee benefits': These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. All actuarial profits and losses must be accounted immediately in other comprehensive income. Management is assessing the impact of these changes on the financial statements of the group.

Amendment to IFRS 1, 'First time adoption', on government loans: This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS

financial statements when the requirement was incorporated into IAS 20 in 2008. The amendments do not have an impact on the consolidated financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting: This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendments do not have a material impact on the consolidated financial statements.

Amendment to IFRSs 10, 11 and 12 on transition guidance: These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. Management is assessing the impact of these changes on the financial statements of the group.

IFRS 10, 'Consolidated financial statements': The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments do not have a material impact on the consolidated financial statements.

IFRS 13, 'Fair value measurement': IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The amendments do not have a material impact on the consolidated financial statements.

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting: These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments do not have a material impact on the consolidated financial statements.

IFRS 9, 'Financial instruments': IFRS 9 is the first standard issued as part of a wider project to replace

IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for) financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The amendments do not have a material impact on the consolidated financial statements.

1.2 Financial risk management

Vaisala has a risk management policy which has been approved by the Board of Directors, and which covers the company's business, operational, hazard, and financial risks. The policy aims at ensuring the safety of the company's personnel, operations and products, as well as the continuity and compliance of business operations. The policy also covers Vaisala's intellectual property, corporate image and brand protection.

Risk management is integrated into business processes and operations. This is accomplished by the risk management process, deployment of which has continued in 2012 and now covers all key businesses and functions. The risk management process consists of risk identification, risk assessment, risk management actions, follow-up, and risk reporting. The most significant risks are reported to the Audit committee and to the Board of Directors annually, and as needed. Vaisala's Risk Management Committee, represented by key internal stakeholders, is responsible for the oversight of the risk management process and assuring that all significant risks are identified and reported, and risks are acted upon on all necessary organizational levels and geographical locations.

Risks typical to international manufacturing business affect Vaisala's operating environment. The most significant of these are changes in the global economy, currency exchange rates, supply chain, and production. These may affect Vaisala's business both in the short and in the long term. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy.

Global insurance programs cover risks relating to property damage, business interruption, different liabilities, transportation, and business travel. In general, Vaisala's ability to tolerate risks is good due to strong capital structure.

Near-term risks and uncertainties

Vaisala's business is exposed to changes in global economy, politics, policies and regulations, and natural disasters, which may affect Vaisala's business in terms of for example component availability, order cancel-

lations, disturbance in logistics and loss in market potential.

The most significant near term risks and uncertainties that may affect both net sales and profitability relate to the company's ability to maintain its delivery capability, availability of critical components, interruptions in manufacturing and associated IT systems, changes in the global economy, currency exchange rates, customers' financing capability especially in the EU and in the US, changes in customers' purchasing or investment behavior, and delays or cancellations of orders. Changes in the competitive landscape may affect the volume and profitability of business through introduction of new competitors and price erosion in areas which traditionally have been strong for the company. Importance of Vaisala's project business continues to grow.

Project business performance and project schedules have dependencies to third parties, which may impact timing of revenue recognition, and profitability. Assumptions regarding new project and service business opportunities constitute a risk for both net sales and profitability.

Changes in subcontractor relations, their operations or operating environment may have a negative impact

on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with its risk management policy.

Interest rate risk

The company has no significant interest-bearing liabilities or receivables. Interest rate risk arises from the effects of interest rate changes on interest-bearing receivables and liabilities in different currencies. According to the company's management, the interest rate risk is currently immaterial if the interest rate changes. Interest rate changes affect the fair value of both cash flows and investments. A change of one percent point in the interest rate would affect the company's result after taxes by around EUR 244 (EUR 73) thousand. Further information on interest bearing receivables is given on notes 17 and 19.

Currency risk

The international nature of operations exposes the Group to risks that arise when investments in different currencies are converted into the parent company's functional currency. The most significant currencies for the Group are the US dollar, the Japanese yen and the British pound. The Group has many investments in

Effect on result after taxes EUR Thousand			
2012			
USD/EUR	Exchange rate rise	10.00%	1740
	Exchange rate fall	10.00%	-1581
JPY/EUR	Exchange rate rise	10.00%	562
	Exchange rate fall	10.00%	-511
GBP/EUR	Exchange rate rise	10.00%	16
	Exchange rate fall	10.00%	-14
2011			
USD/EUR	Exchange rate rise	10.00%	759.7
	Exchange rate fall	10.00%	-744.7
JPY/EUR	Exchange rate rise	10.00%	58.9
	Exchange rate fall	10.00%	-48.2
GBP/EUR	Exchange rate rise	10.00%	167.5
	Exchange rate fall	10.00%	-155.6

its foreign subsidiaries, whose net assets are exposed to currency risks. The Group does not hedge the currency risks related to its subsidiaries' net assets. The separate table features a sensitivity analysis on how changes in the rates of the most important currencies for the Group and in the euro, both in terms of average rate and balance sheet day rate, would affect the consolidated profit after taxes. The sensitivity analysis calculation does not incorporate the effects of parent company purchases in other currencies during the financial year.

The Group recognizes monetary items at net in accounting and hedges them with currency forwards to which the Group does not apply hedge accounting in accordance with IAS 39. Around 47% of the Group's net sales arises in EUR, 37% in USD, 6% in JPY and 5% in GBP. A significant proportion of Group purchases take place in euros. Currency forwards are used to hedge the net position arising from these. The degree of hedging is around 50 per cent of the order book and trade receivables. The degree of hedging at the end of the financial year was 55%. Hedging is arranged by the parent company. (Note 10. Financial income and Expense)

Market risk on investment activity

At the end of 2012 there were no significant investments. Further information on interest bearing receivables is given in Note 20.

Liquidity risk

The main principles of the liquid assets' investment policy in the order of their priority are a) minimizing credit loss risks, b) ensuring liquidity, and c) maximizing return on investment. The maximum term of investment is 12 months.

The Group aims to continuously assess and observe the level of funding required to finance the business to ensure that the Group has sufficient liquid assets for financing its operations. Group financing is arranged through the parent company, and the financing of the subsidiaries is arranged through internal loans. The parent company also provides the subsidiaries with the necessary credit limit guarantees. The parent company assumes responsibility for financial risk management and for investing surplus liquidity. To fulfill the liquidity need, the parent company has EUR 20 million credit loan limit, which is currently unused. Additionally, the subsidiaries have EUR 1.6 million credit loan limit, which can be drawn either guarantees or loans. Unused part for this limit is EUR 1.6 million. The company has no other external financial liabilities other than those related to finance leasing. Further information in note 23.

With the company's current balance sheet structure, liquidity risks are immaterial.

Counterparty risk

Liquid assets are directed, within set limits, to investments whose creditworthiness is good. The investments and investment limits are redefined annually. Further information on the classification of investments is given in Note 20. Cash and cash equivalents.

Credit risk

The Group applies a stringent credit issuance policy. Credit risks are hedged by using letters of credit, advance payments and bank guarantees as terms of payment. According to Group management, the company has no material credit risk concentrations, because no individual customer or customer group represents an excessive risk, resulting from global diversification of the company's customer pool. Total credit losses arising from accounts receivable and recognized for the financial year amounted to EUR 0.7 million (0.7). Bad debts are written off when official announcement of receivership, liquidation or bankruptcy is received confirming that the receivable will not be honored. The maximum amount of Group's Credit risk corresponds with the carrying amount of financial assets at the end of balance sheet period. The periodic distribution of accounts receivable items is presented in Note 19.

Management of capital assets

Management of the Group's capital assets aims at ensuring normal company operation and increasing shareholder value with an optimum capital structure. The goal is to attain the best possible returns over the long term. An optimum capital structure also ensures lower capital costs. Capital structure can be affected through dividend distribution and share repurchases or emission, for example. The Group can alter or adjust the amount of dividend payable to shareholders, the amount of capital returned to them or the number of new shares issued. The company has no significant financial liabilities. The shareholders' equity indicated in the consolidated balance sheet represents the capital assets managed. The company has no interest-bearing debt nor issued covenants.

1.3 Correction to the error in prior periods

Following IAS 8 Vaisala has adjusted EUR 5.7 million error related to share premium and retained earnings.

The adjustment has been done retrospectively to shareholder's equity as of January 1 2011. Share premium has been increased EUR 5.7 million and retained earnings decreased by EUR 5.7 million. Adjustment is related to opening balance of IFRS transition in 1.1.2004 when revaluations in the parent company in

the opening balance were reversed by decreasing share premium. As the revaluations were done for equity issue the reversal should have been done by decreasing unrestricted equity. Adjustment does not have any effect on distributable equity.

Balance sheet 1.1.2011 has not been presented because adjustment is solely related to equity classification. Adjustment is presented in a comparative the period of the equity in the balance sheet as well as in the consolidated statement of changes in the shareholder's equity. Adjustment does not have any effect on the profit reported in the previous year or neither diluted nor undiluted earnings per share.

2. Business segments

EUR million 2012	WEA *	CEN *	Other operations	Group
Sale of Goods	183.9	67.0	0.0	251.0
Sale of Services	34.1	8.2	0.0	42.3
Net Sales	218.0	75.3	0.0	293.3
Operating profit	22.5	9.4	-1.9	30.1
Financial income and expenses				-0.9
Share of associated companies' net profit				0.0
Net profit before taxes				29.1
Income taxes				-7.4
Net profit for the financial year				21.7
Assets	57.8	14.7	183.6	256.2
Holdings in associated companies	0.7	0.0	0.2	0.8
Liabilities	9.0	1.0	57.8	67.8
Depreciation	2.1	1.1	12.6	15.8

* WEA = Weather
* CEN = Controlled Environment

EUR million 2011	WEA *	CEN *	Other operations	Group
Sale of Goods	167.3	65.5	0.0	232.8
Sale of Services	34.5	6.3	0.0	40.8
Net Sales	201.8	71.7	0.0	273.6
Operating profit	5.9	10.5	-0.3	16.1
Financial income and expenses				0.1
Share of associated companies' net profit				0.0
Net profit before taxes				16.1
Income taxes				-5.8
Net profit for the financial year				10.4
Assets	68.0	13.4	169.4	250.8
Holdings in associated companies	0.6	0.0	0.0	0.6
Liabilities	4.3	0.7	63.3	68.3
Depreciation	2.0	0.1	12.6	14.7

* WEA = Weather
* CEN = Controlled Environment

3. Geographical segments

The Group has three geographical segments, EMEA, Americas and APAC

EUR million 2012	Net sales, by destination country ¹⁾	Net sales, by location country ²⁾	Assets ²⁾	Investments
EMEA	107.6	219.5	194.7	4.2
of which Finland	4.9	196.3	179.5	4.0
Americas	108.6	110.8	67.8	1.3
of which United States	84.9	104.9	59.2	1.2
APAC	77.2	37.8	14.2	0.3
Group eliminations		-74.8	-19.8	
Total	293.3	293.3	257.0	5.8

¹⁾ Sales to external customers have been presented as net sales by destination country

²⁾ Net sales, assets and investments have been presented by the Group's and associated companies' countries of location.

EUR million 2011	Net sales, by destination country ¹⁾	Net sales, by location country ²⁾	Assets ²⁾	Investments
EMEA	90.7	210.3	193.4	14.0
of which Finland	4.8	189.9	177.8	13.8
Americas	110.2	107.6	76.9	2.1
of which United States	87.1	102.6	67.3	2.1
APAC	72.7	36.5	18.7	0.5
Group eliminations		-80.9	-38.2	
Total	273.6	273.6	250.8	16.7

¹⁾ Sales to external customers have been presented as net sales by destination country

²⁾ Net sales, assets and investments have been presented by the Group's and associated companies' countries of location.

4. Long-term project

Net sales include EUR 7.4 million (2011; EUR 11.3 million) in revenue recognized for long-term projects.

EUR million Consolidated income statement extracts	2012	2011
Contract revenue	7.2	9.6
Contract costs	-3.8	-9.4
Gross profit	3.5	0.2

EUR million Consolidated balance sheet extracts	2012	2011
Trade and other receivables	3.5	4.1
Trade and other payables	1.4	2.4

Accounting principles for construction contracts are presented in the notes Accounting Principles.

5. Other operating income

EUR million	2012	2011
Gains on the disposal of fixed assets	0.4	0.0
Other	0.1	2.1
	0.5	2.1

Other operating income year 2012 includes the gain of wind profiler business divestment to Scintec AG.
Other operating income year 2011 includes income from technology know-how sale and compensation relating to the acquisition of Quixote Transportation Technologies, inc (QTT), which was made in December 2009.

6. Other operating costs

EUR million	2012	2011
Loss on the disposal of fixed assets	0.2	0.1
	0.2	0.1

7. Depreciation and impairment

EUR million	2012	2011
Depreciation by function		
Procurement and production	5.0	4.7
Sales and marketing	3.4	3.3
Research and development	0.6	0.7
Other administration	6.7	6.1
	15.8	14.7

Year 2011 numbers have been adjusted retrospectively to reflect the current organization structure.

8. Expenses arising from employee benefits

EUR million	2012	2011
Salaries	87.0	77.8
Share based payment	0.4	0.0
Social costs	7.6	8.1
Pensions		
Defined-benefit pension schemes	-0.1	0.2
Defined-contribution pension schemes	9.5	8.0
Personnel expenses, total	104.5	94.1
Expenses arising from employee benefits by function	2012	2011
Procurement and production	37.1	32.1
Sales and marketing	28.9	26.3
Research and development	22.1	20.7
Other administration	16.4	14.9
	104.5	94.1
Group personnel, average during the financial year by business unit	2012	2011
Weather	234	146
Controlled Environment	110	129
Other operations	1 078	1 111
	1 422	1 386
In Finland	824	792
Outside Finland	598	594
	1 422	1 386

On May 3, 2012 the Board of Directors resolved for the Group key employees a new share-based incentive plan that is based on the development of Group's profitability in calendar year 2012 and it will be paid partly in the Company's series A shares and partly in cash in spring 2015. The cash proportion will cover taxes and tax-related costs arising from the reward to a key employee. No reward will be paid, if a key employee's employment or service ends before the reward payment date. Maximum amount of 142,200 shares will be paid depending on the number of entitled persons in the company at the end of vesting period.

9. Research and development expenditure

The income statement includes research and development expenditure of EUR 28.0 million recognized as an expense in 2012 (EUR 28.0 million in 2011).

10. Financial income and expenses

EUR million	2012	2011
Dividend income	0.0	0.0
Other interest and financial income	0.2	0.3
Realized and unrealized gains arising from changes in fair value of derivative contracts and hedging activities	2.0	1.6
Other foreign exchange gains	5.3	6.9
Total financial income	7.6	8.8
Interest expenses		
Short- and long-term liabilities	0.0	0.0
Finance lease agreements	0.0	0.0
Other financial expenses	-0.1	-0.4
Realized and unrealized losses arising from changes in fair value of derivative contracts and hedging activities	-1.7	-2.3
Other foreign exchange losses	-6.7	-6.0
Total financial expenses	-8.5	-8.8

Other foreign exchange gains and losses arise from the business transactions.

11. Income taxes

EUR million	2012	2011
Tax based on taxable income for the financial year	7.2	4.0
Taxes from previous financial years	-0.9	0.2
Change in deferred tax assets and liabilities	1.1	1.6
	7.4	5.8

Reconciliation statement between income statement tax item and taxes calculated at the tax rate of the Group country of domicile

EUR million	2012	2011
Profit before taxes	29.1	16.1
Taxes calculated at Finnish tax rate	7.1	4.5
Effect of foreign subsidiaries' tax rates	0.9	0.3
Non-deductible expenses and tax-free revenue	0.2	-0.2
Tax losses for which no deferred income tax asset was recognised	0.1	0.7
Income tax and withholding taxes of permanent operating locations	0.0	0.2
Other	-0.9	0.1
Tax in income statement	7.4	5.8
Effective tax rate	25.6%	35.8%

Deferred taxes in balance sheet

EUR million	2012	2011
Deferred tax assets	5.1	5.7
Deferred tax liabilities	-1.0	-0.9
Deferred tax asset, net	4.1	4.8

Gross change in deferred taxes recognized in balance sheet:

	2012	2011
Deferred taxes 1 Jan.	4.8	6.2
Items recognized in income statement	-1.1	-1.6
Translation differences	0.4	0.2
Deferred tax asset, net	4.1	4.8

Changes in deferred taxes during 2012		Recognized in income statement	Translation differences	Purchased subsidiaries	
EUR million	31.12.2011				31.12.2012
Deferred tax assets:					
Internal margin of inventories and fixed assets	0.6	-0.4	0.0		0.2
Employee benefits	0.7	0.0	0.0		0.7
Unused tax losses	0.3	-0.1	0.0		0.2
Timing difference of depreciation on intangible items	2.3	-0.4	0.0		1.9
Other temporary timing differences*	1.7	-0.1	0.4	0.0	2.1
Total	5.7	-1.0	0.4	0.0	5.1
Deferred tax liabilities					
Timing difference between accounting and taxation	0.9	0.1	0.0	0.0	1.0
Deferred tax asset, net	4.8	-1.1	0.4	0.0	4.1

Current portion of net deferred taxes is EUR 2.6 million.

Changes in deferred taxes during 2011		Recognized in income statement	Translation differences	Purchased subsidiaries	
EUR million	31.12.2010				31.12.2011
Deferred tax assets:					
Internal margin of inventories and fixed assets	0.8	-0.2	0.0		0.6
Employee benefits	0.6	0.1	0.0		0.7
Unused tax losses	1.1	-0.8	0.0		0.3
Timing difference of depreciation on intangible items	2.8	-0.5	0.0		2.3
Other temporary timing differences*	1.7	-0.1	0.1	0.0	1.7
Total	7.0	-1.5	0.2	0.0	5.7
Deferred tax liabilities					
Timing difference between accounting and taxation	0.8	0.1	0.0	0.0	0.9
Deferred tax asset, net	6.2	-1.6	0.2	0.0	4.8

*Other temporary differences consist of intercompany sales, credit losses, inventory valuation and other temporary differences between accounting and taxation. Deferred taxes have not been calculated from distributable profit of foreign subsidiaries EUR 30.1 million (EUR 31.5 million) as the profit has been invested permanently to these countries.

12. Earnings per share

The undiluted earnings per share figure is calculated by dividing the profit for the financial year belonging to the parent company's shareholders by the weighted average number of shares outstanding.

	2012	2011
Profit attributable to shareholders of the parent company, undiluted	21.7	10.4
Weighted average number of shares outstanding, 1000 pcs	18 059	18 209
Earnings per share, EUR	1.20	0.57
Profit attributable to shareholders of the parent company, diluted	21.7	10.4
Weighted average number of shares outstanding, 1000 pcs, diluted	18 209	18 209
Earnings per share, diluted	1.19	0.57

In year 2012 dilution is due to share based payment

In year 2011 there was not neither shares nor options causing dilution effect.

13. Dividend per share

For 2011 a dividend of 0.65 euros per share was paid.

At the Annual General Meeting to held on 26 March 2013 the payment of a dividend of 0.90 euros per share will be proposed, representing a total dividend of EUR 16.3 million. The proposed dividend has not been recognized as a dividend liability in these financial statements.

14. Intangible assets

Intangible assets EUR million	Intangible rights*	Goodwill	Other intangible assets**	Total
Acquisition cost 1 Jan	44.5	17.8	7.3	69.7
Translation difference	-0.3	0.1	0.0	-0.3
Increases	0.5	0.0	0.1	0.6
Decreases	-0.4	-	-	0.0
Transfers to Non-current assets held for sale	-2.7	-	-	-2.7
Transfers between items	5.2	0.0	-3.7	-0.9
Acquisition cost 31 Dec	46.8	17.9	3.3	68.0
Accumulated depreciation and impairment 1 Jan	28.4	0.0	3.1	31.5
Translation difference	-0.3	-	0.0	-0.4
Accumulated depreciation of decreases and transfers	-1.8	0.0	-0.5	-2.2
Depreciation in financial year	5.8	-	0.2	6.0
Accumulated depreciation 31 Dec	32.1	0.0	2.8	34.9
Carrying amount 31 Dec 2012	14.7	17.9	0.5	33.1

Intangible assets EUR million	Intangible rights*	Goodwill	Other intangible assets**	Total
Acquisition cost 1 Jan	41.4	17.8	7.2	66.3
Translation difference	0.5	0.3	0.2	1.0
Increases	2.7	0.0	0.2	2.9
Decreases	-0.8	0.0	-0.2	-1.0
Transfers between items	0.7	0.0	0.0	0.7
Acquisition cost 31 Dec	44.5	18.1	7.3	70.0
Accumulated depreciation and impairment 1 Jan	23.5	0.0	2.9	26.4
Translation difference	0.6	-	0.1	0.7
Accumulated depreciation of decreases and transfers	-0.8	0.0	-0.2	-1.0
Depreciation in financial year	5.1	-	0.3	5.4
Accumulated depreciation 31 Dec	28.4	0.0	3.1	31.5
Carrying amount 31 Dec 2011	16.1	18.1	4.3	38.5

*Intangible rights contain patents, trademarks and software licences

Goodwill impairment testing

The balance sheet value of goodwill is assessed at least once per year to ascertain any possible impairment. For impairment testing the goodwill is attributed to two different cash generating units, ie. EUR 14.3 million (2011 EUR 14.5 million) to a North American Weather business and EUR 3.6 million (2011 EUR 3.6 million) to a North American Life Science business belonging to Controlled Environment segment.

The value of the recoverable amount of cash generating unit is based on value-in-use calculations.

The cash flow forecasts used in these calculations are based on actual operating profit and management approved 5 year forecasts. Estimated amounts of sales are based on existing fixed assets and the most important assumptions of the forecasts are the sales distributions for each country and the margin received from products.

Discount rate applied is Weighted Average Costs of Capital (WACC) before taxes that is for North American Weather business 14.2% (11.75%) and for North American Life Science business 11.5% (11.75%). The components of the yield requirements are the risk-free yield percentage, the market risk premium, the sector specific beta coefficient as well as the costs and target capital structure. Cash flows after the management approved forecasts period have been calculated using the residual value method in which the operating profit of the last planning period have been divided by discount rate reduced by growth rate and discounted by using the discount rate described above.

North American Weather business sales are expected to grow after year 2013 zero growth 3% in year 2014 and 5% annually thereafter until 2017 due to new products. Profitability is expected to improve 17% of sales until year 2017. After 2017 cash flows are expected to increase annually 2%. Recoverable amount of cash generating unit exceeds book value by EUR 38.3 million. Would the relative profitability of North American weather business deteriorate over 6.0% other assumptions unchanged there would have been an impairment loss. Would sales deteriorate over 9.4% other assumptions unchanged there would have been an impairment loss. If discount rate used would have been over 7.3% higher there would have been an impairment loss. The management does not see the change of these assumptions probable.

North American Life Science sales are expected to grow 25% annually until year 2017 when the profitability is expected to be 16% of sales. After 2017 cash flows are expected to increase annually 2%. Recoverable amount of cash generating unit exceeds book value by EUR 11.8 million. Would the relative profitability of North American weather business deteriorate over 6.5% other assumptions unchanged there would have been an impairment loss. Would sales deteriorate over 10.1% other assumptions unchanged there would have been an impairment loss. If discount rate used would have been over 6.3% higher there would have been an impairment loss. The management does not see the change of these assumptions probable.

15. Tangible assets

EUR million, Tangible assets 2012	Land and waters	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	2.8	47.8	72.9	0.0	7.2	130.7
Translation difference	0.0	0.0	-0.4	-	0.0	-0.5
Increases	0.0	0.0	2.8	-	2.3	5.1
Decreases	0.0	-	-6.6	-	-	-6.6
Transfers to Non-current assets held for sale	-	-	-0.6	-	-	-0.6
Transfers between items	-	1.6	2.8	-	-6.0	-1.5
Acquisition cost 31 Dec	2.8	49.4	70.9	0	3.5	126.6
Accumulated depreciation and impairment 1 Jan	-	21.0	53.9	-	-	74.8
Translation difference	-	0.0	-0.3	-	-	-0.4
Accumulated depreciation of decreases and transfers	-	0.0	-6.7	-	-	-6.7
Depreciation in financial year	-	2.6	7.2	-	-	9.8
Accumulated depreciation 31 Dec	0.0	23.5	54.0	0.0	0.0	77.5
Carrying amount 31 Dec 2012	2.8	25.9	16.9	0.0	3.5	49.1

The acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 45.8 million on 31.12.2012 (EUR 45.8 million 31.12.2011).

EUR million, Tangible assets 2011	Land and waters	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	2.8	33.7	71.3	0.0	16.6	124.5
Translation difference	0.0	0.1	0.7	-	0.1	0.9
Increases	0.0	0.3	5.6	0.0	8.0	13.9
Decreases	-0.1	-0.9	-6.8	-	-0.1	-7.9
Transfers to Non-current assets held for sale	-	-	-0.1	-	-	-0.1
Transfers between items	-	14.6	2.0	0.0	-17.3	-0.7
Acquisition cost 31 Dec	2.8	47.8	72.8	0.0	7.2	130.6
Accumulated depreciation and impairment 1 Jan	-	18.9	53.2	-	-	72.1
Translation difference	-	0.1	0.8	-	-	0.8
Accumulated depreciation of decreases and transfers	-	-0.5	-6.9	-	-	-7.4
Depreciation in financial year	-	2.5	6.8	-	-	9.2
Accumulated depreciation 31 Dec	0	21.0	53.9	0.0	0.0	74.8
Carrying amount 31 Dec 2011	2.8	26.9	18.9	0.0	7.2	55.8

Tangible assets include the following assets acquired on finance leases:

EUR million 2012	Machinery and equipment
Acquisition cost	1.3
Accumulated depreciation	-0.7
Carrying amount 31 Dec 2012	0.6

EUR million 2011	Machinery and equipment
Acquisition cost	1.1
Accumulated depreciation	-0.7
Carrying amount 31 Dec 2011	0.5

Assets leased on finance lease agreements are computers and their accessories as well as copiers.

16. Holdings in associated companies

EUR million	2012	2011
Acquisition cost 1 Jan	0.6	0.5
Share of result	0.1	0.1
Increase	0.1	0.0
Translation differences	0.1	0.0
Associated company investments, total 31 Dec	0.8	0.6

The carrying amount of associated companies does not include goodwill.

Information on Group associated companies as well as their combined assets, liabilities, net sales and profit/loss.

EUR million		Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Associated companies 2012							
Meteorage SA, France		Cedex	3.1	1.2	N/A	0.2	35%

The information presented in the table are based on the latest available financial statements.

EUR million		Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Osakkuusyritykset 2011							
Meteorage SA, France		Cedex	3.1	1.5	2.2	0.2	35%

The information presented in the table are based on the latest available financial statements.

Associated company Meteorage SA maintains lightning detection networks and sales information related to lightning detection.

17. Receivables (long-term)

EUR million	2012		2011	
	Balance sheet values	Fair values	Balance sheet values	Fair values
Loan receivables	0.1	0.1	0.1	0.1
Other receivables	0.1	0.1	0.3	0.3
	0.2	0.2	0.4	0.4

18. Inventories

EUR million	2012	2011
Materials and supplies	25.3	23.9
Work in progress	1.5	5.1
Finished goods	2.9	4.4
	29.8	33.4

An expense of EUR 151.6 million (EUR 146.1 million in 2011) was recognized in the financial period.

In the financial year expense of EUR 6.7 million was recorded, equivalent to the amount by which the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 5.0 million in 2011). The balance sheet value of these goods is zero.

19. Trade receivables and other receivables

EUR million	2012	2011
Trade receivables	50.2	56.4
Loan receivables	0.0	0.0
Advanced paid	0.3	0.7
Other receivables	2.0	6.3
Receivables from long-term project customers	3.5	4.1
Value-added tax receivables	2.2	0.9
Derivative contracts	0.5	0.0
Other prepaid expenses and accrued income	2.3	0.0
	60.9	68.4

Fair values of trade and other receivables materially corresponds to book values.

Age analysis for the trade receivables

EUR million	2012	Provision	Net 2012	2011	Provision	Net 2011
Invoices not due	31.4		31.4	27.9		27.9
Due less than 30 days	9.7		9.7	6.8		6.8
Due 31–90 days	6.1		6.1	20.5		20.5
Due over 90 days	8.7	2.3	6.5	3.0	1.7	1.3
Total	55.9		53.7	58.1		56.4

Impairments of trade receivables were in year 2012 EUR 0.7 million (EUR 0.7 million in 2011)

The carrying amounts of group's trade and other receivables are denominated in the following currencies:

EUR million	2012	2011
EUR	26.0	23.0
USD	20.1	23.6
GBP	3.1	1.1
JPY	2.0	3.1
AUD	0.8	1.9
CNY	1.2	0.8
Others	0.6	2.9
	53.7	56.4

20. Cash and cash equivalents

EUR million	2012	2011
Cash and bank deposits	74.8	45.5

The values of cash and cash equivalents is equivalent to their carrying amounts.

21. Non-current assets held for sale

Year 2012 non-current assets held for sale consists of tangible and intangible assets related to divestment of non-core measurement systems. The value of assets in the balance sheet is 1.4 EUR million. Business does not represent a separate major line of business and thus it has not been classified as discontinued operation according to IFRS 5. Business belongs to Weather segment and the 2012 sales is EUR 4.5 million.

Year 2011 non-current assets held for sale consist of tangible and intangible assets related to the divestment of wind profiler business. The value of assets in the balance sheet is EUR 0.1 Million. Business does not represent a separate major line of business and thus it has not been handled as a discontinued operation according to IFRS 5. There were no liabilities, accounts receivables nor orderbacklog included in the divestment. Contract was signed Jan 18 2012 and there will be a profit of EUR 0.4 Million recorded to the Weather segment. The sale contains a possibility to royalty income from wind profiler business starting from 12% in year 2012 decreasing annually by 0.8% until year 2027.

22. Notes relating to shareholders' equity

Vaisala applies the insider rules of the Helsinki Stock Exchange.

Vaisala has 18,218,364 shares, of which 3,389,351 are K shares and 14,829,013 are A shares. The shares do not have nominal value. Vaisala's maximum share capital is EUR 28.8 million. A maximum of 68,490,017 shares shall be K shares and a maximum of 68,490,017 shares shall be A shares, with the provision that the total number of shares shall be at least 17,122,505 and not more than 68,490,017. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote.

Share capital and share premium fund EUR million	Number of shares 1000	Share capital	Share premium fund	Other reserves	Treasury shares	Total
31.12.2011*	18 209	7.7	22.3	0.3	-0.3	30.1
Purchase of treasury shares	-150				-2.3	-2.3
Share based compensation				0.4		0.4
31.12.2012	18 059	7.7	22.3	0.8	-2.5	28.2
Treasury shares held by company	159					
	18 218					

Shareholders' equity consists of the share capital, share premium fund, reserve fund, translation differences and retained earnings. A change in the nominal value of share capital during the old Companies Act is recognized in the share premium fund. In addition, in those cases in which option rights have been decided under the old Companies Act (29.9.1978/734), the cash payments received from share subscriptions based on options have been recognized in accordance with the arrangement of the share capital and the share premium fund, less transaction expenses.

Other reserves, EUR 0.8 million contains items based on the local rules of other Group companies. The translation differences fund contains translation differences arising from the conversion of the financial statements of foreign units. The profit for the financial year is entered in retained earnings. The share premium fund is not a distributable equity fund. Restrictions based on local rules apply to the distributability of the reserve fund.

* Adjusted figures for year 2011, see Note 1.3.

Own shares held by company

The own shares (treasury shares) fund includes the acquisition cost of own shares held by the Group, and it is presented as a reduction in shareholders' equity.

Acquired own shares	Number of shares	Purchase price EUR million
Company's own shares on 31 December 2011	9 150	0.3
May, 201	139 379	2.1
June, 2012	10 621	0.2
Company's own shares on 31 December 2012	159 150	2.5

Board of Directors' authorization

The Annual General Meeting authorized the Board of Directors to decide on the transfer of a maximum of 1,000,000 own A-shares. Authorization is valid until next general meeting or latest until 28 September 2013. The maximum amount of authorization represents 5.49% of Company's all shares, 6.74% of all A-shares and 1.12% of all votes.

Acquisition of own A-shares

On the basis of the Annual General Meeting's authorization on March 28, 2012 the Board of Directors decided to commence the acquisition of own A-shares. The Group purchased a total of 150,000 A-shares representing approximately 0.82% of the Company's total shares, 1.01% of all series A-shares and 0.22% of the total voting rights. On December 31, 2012, the Group had 159,150 treasury shares in its possession.

The shares were acquired through public trading at the market price prevailing at the time of acquisition in accordance with the rules of the NASDAQ OMX Helsinki Ltd. The repurchase of own shares begun on May 14, 2012 and ended on June 13, 2012. The total purchase price paid for the shares was EUR 2,275,261.91 and the average price per share was approximately EUR 15.17. The purchased shares will be primarily used in Vaisala Group's share-based incentive program.

Board of Directors' authorization to decide on the transfer of the Company's own shares

The Annual General Meeting authorized the Board of Directors to decide on the transfer of a maximum of 1,000,000 own A-shares. The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights and not more than 330,000 A-shares may be transferred as a directed issue without payment as part of the Company's share based incentive plan. The authorization can also be used to grant special rights entitling subscription of own shares, and the subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The authorization is valid until March 28, 2017. The maximum amount of authorization represents 5.49% of Company's all shares, 6.74% of all A-shares and 1.12% of all votes.

Treasury shares

On December 31, 2012, the Group had 159,150 treasury A-shares in its possession that represent approximately 0.9% of share capital and 0.2% of voting rights. The considerations paid for the A-Shares were EUR 2,527,160. Treasury shares are to be used for share based incentive plan.

23. Other liabilities

EUR million	Balance sheet value 2012	Balance sheet value 2011
Long-term		
Finance lease liabilities	0.3	0.3
Other non-interest bearing long term liabilities	2.5	0.4
Derivative contracts	-	1.2
	<u>2.8</u>	<u>1.9</u>
Short-term		
Finance lease liability repayments	0.3	0.3
in next year	0.3	0.3
Interest-bearing liabilities, total	0.6	0.5

The fair values of the interest bearing liabilities is equivalent to their carrying amounts. In the end of year 2012 and 2011 the Group did not have interest bearing loans. The company has no loans that would mature after five years or a longer period. Other non-interest bearing long term liabilities comprise of long-term part of accounts payable of ASIC-circuits EUR 1.1 million. Circuits are Vaisala's property and they will be paid according to the use of current circuits during the years 2013 to 2016. Liability is interest-free.

Maturity dates of finance lease liabilities:

EUR million	2012	2011
Finance lease liabilities – total amount of minimum lease payments		
Up to 1 year	0.3	0.3
1–5 years	0.3	0.3
More than 5 years	0.0	0.0
	0.6	0.5
Future financial expenses	0.0	-0.1
Present value of finance lease liabilities	0.6	0.5
Present value of minimum payments of finance lease liabilities		
Up to 1 year	0.3	0.3
1–5 years	0.3	0.3
More than 5 years	-	-
Total	0.6	0.5

Derivative contracts

EUR million	2012	2011
Capital value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks		
Currency forwards	20.9	19.7
Capital value, total	20.9	19.7

Derivative contracts are denominated in the following currencies:	2012		2011	
	Currency million	EUR million	Currency million	EUR million
USD	22.5	17.4	22.5	16.3
AUD	2.0	1.6	2.0	1.5
JPY	165.0	1.6	165.0	1.6
GBP	0.3	0.3	0.3	0.3
		20.9		19.7

Maturity	2012	2011
Less than 90 days	10.4	9.2
over 90 days and less than 120 days	2.8	2.1
Over 120 days and less than 330 days	7.6	8.5
	20.9	19.7

Fair value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks

	2012	2011
Currency forwards	0.4	-1.2
Fair value, total	0.4	-1.2

Fair value of the derivative contracts are based on information that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In addition to the quoted prices the group will prepare own assessment using commonly acceptable valuation techniques. Hence group's derivative contracts belongs to the level 2.

24. Pension obligations

Group has a number of pension schemes, which have been classified as either defined-contribution or defined-benefit schemes. Under defined-contribution plans, contributions made are recognized as an expense in the income statement of the financial period in which the contributions are payable. TyEL pension cover managed in an insurance company are defined-contribution schemes. The defined-benefit schemes are in Finland. The Group has no other benefits post-employment benefits. The supplementary pension benefits managed in the Vaisala Pension Fund have been treated as defined-benefit pension schemes. The Pension Fund's obligations were transferred to a pension insurance company on 31 December 2005. The company retains, however, an obligation under IFRS 19 for future index and salary increases in terms of individuals covered by the Pension Fund who are employed by the company.

Items entered in the income statement

EUR million	2012	2011
Defined-benefit pension schemes	0.1	0.2
Defined-contribution pension schemes	9.5	8.0
	9.6	8.2

Items entered in the balance sheet

EUR million	2012	2011
Defined-contribution pension liability in subsidiaries	1.2	1.5
Defined-benefit pension liability in Finland	0.4	0.5
	1.6	2.0

Defined-benefit pension schemes has been allocated to administration function.

The balance-sheet defined-benefit pension liability is determined as follows:

EUR million	2012	2011
Present value of unfunded obligations		
Fair value of funded obligations	1.4	1.6
Fair value of assets	-0.9	-1.0
Deficit/surplus	0.5	0.6
Unrecognized net actuarial gains (+)/ losses (-)	-0.1	-0.1
Net liability present in balance sheet	0.4	0.5

Pension expenses in personnel expenses

EUR million	2012	2011
Service costs for the financial year	0.0	0.1
Interest costs	0.1	0.1
Expected yield from assets belonging to the scheme	0.0	-0.1
Actuarial gains and losses	0.0	0.0
Gains/losses from reduction of scheme	0.0	0.0
	0.1	0.2

Actual yield from assets belonging to the scheme	3.1%	4.9%
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Changes in the present Value of the Obligation

EUR million	2012	2011
Present value of obligation 1 Jan	1.6	1.9
Current service cost	0.0	0.1
Interest cost	0.1	0.1
Settlement and curtailments	-0.2	-0.2
Actuarial gain (-) loss (+) on obligation	-0.1	-0.3
Present value of obligation on 31 Dec	1.4	1.6

Changes in the Fair Value of Plan Assets

EUR million	2012	2011
Fair value of plan assets 1 Jan	1.0	1.1
Expected return on plan assets	0.0	0.1
Actuarial gain (+) loss (-) on plan assets	-0.1	0.0
Contributions	0.2	0.1
Settlements	-0.2	-0.2
Fair value of plan assets 31 Dec	0.9	1.0

Changes of liabilities presented in balance sheet

EUR million	2012	2011
At beginning of financial year	0.5	0.4
Paid contributions	0.1	-0.1
Pension expenses in income statement	-0.2	0.2
At end of financial year	0.4	0.5

Actuarial assumptions used:

Discount rate	3.00%	4.25%
Expected yield from assets belonging to the scheme	3.00%	4.50%
Future pension increases	3.25%	3.25%
Rate of inflation	2.00%	2.00%
Annual adjustments to pensions	2.10%	2.10%

25. Provisions

EUR million	Restructuring provision	
Long term	2012	2011
Provisions 1 Jan	0.1	0.1
Additional provisions	0.0	0.0
Used provisions	0.0	0.0
Provisions 31 Dec	0.1	0.1
Short term	2012	2011
Provisions 1 Jan	1.5	0.0
Additional provisions	0.5	1.5
Used provisions	-1.1	0.0
Provisions 31 Dec	0.9	1.5

Provisions in 2012 and 2011 relates to the restructuring or the company's organization.

26. Trade payables and other liabilities

EUR million		
Non-interest bearing	2012	2011
Trade payables	12.4	12.4
Salary and social cost allocations	20.3	14.5
Other accrued expenses and deferred income	7.4	11.8
Other short-term liabilities	16.3	19.0
Non-interest bearing liabilities, total	56.4	57.6

The fair value of the trade payables and other liabilities is equivalent to their carrying amounts.

27. Financial Assets and liabilities by category

EUR million	Assets/liabilities recognized at fair value through profit and loss and derivatives used for hedging	Loans and receivables	Financial liabilities at amortized cost	Carrying amount of balance sheet items	Fair value	Note
31 December 2012 Assets and Liabilities as per balance sheet						
Financial assets						
Long-term receivables		0.2		0.2	0.2	17
Trade receivables and other receivables	0.5	60.5		60.9	60.9	19
Cash and cash equivalents		74.8		74.8	74.8	20
Total	0.5	135.5	0.0	135.9	135.9	
Liabilities						
Interest-bearing long-term liabilities			0.3	0.3	0.3	23
Other interest bearing liabilities			0.3	0.3	0.3	24
Trade payables and other liabilities	0.0		0.0	0.1	0.1	26
	0.0		0.6	0.7	0.7	

EUR million	Assets/liabilities recognized at fair value through profit and loss and derivatives used for hedging	Loans and receivables	Financial liabilities at amortized cost	Carrying amount of balance sheet items	Fair value	Note
31 December 2011 Assets and Liabilities as per balance sheet						
Financial assets						
Long-term receivables		0.4		0.4	0.4	17
Trade receivables and other receivables		71.5		71.5	71.5	19
Cash and cash equivalents		45.5		45.5	45.5	20
Total	0.0	117.4	0.0	117.4	117.4	
Liabilities						
Interest-bearing long-term liabilities			0.3	0.3	0.3	23
Other interest bearing liabilities			0.3	0.3	0.3	23
Trade payables and other liabilities	1.2	0.0	57.6	58.9	58.9	26
	1.2	0.0	58.2	59.5	59.5	

28. Contingent liabilities and pledges given

EUR million	2012	2011
For own loans/commitments		
Other own liabilities	10.5	10.8
Pledges given	0.1	0.3
Other leases	5.5	6.9
Contingent liabilities and pledges given, total	16.2	18.0

The pledges given are lease guarantee deposits.

29. Related party transactions

Related parties of Vaisala group are group companies, associated companies, members of board and management team. The company has no significant transactions with the associated company.

The parent companies and subsidiaries are as follows:

Company	Group ownership %	Share of votes %
Parent Company Vaisala Oyj, Vantaa, Finland		
Vaisala Limited, Birmingham, United Kingdom	100%	100%
Vaisala Pty Ltd., Hawthorn, Australia	100%	100%
Vaisala GmbH, Hamburg, Germany	100%	100%
Vaisala KK, Tokyo, Japan	100%	100%
Vaisala Holding Inc., Woburn, United States	100%	100%
Vaisala Inc., Woburn, United States	100%	100%
Vaisala China Ltd, Beijing, China	100%	100%
Vaisala Canada Inc., Richmond, Canada	100%	100%
Tycho Technology Inc, Woburn, United States	100%	100%
Vaisala S.A., Argentina	100%	100%
Vaisala SAS , Saint-Quentin-En-Yvelines, France	100%	100%
Vaisala Sdn Bhd, Malaysia	100%	100%
Vaisala Servicos De Marketing Ltda, Brazil	100%	100%
Associated companies		
Meteorage SA, France	35%	35%

Related party transactions are based on market price of goods and services and common market terms.

EUR million		2012	2011
Employee benefits of management			
Salary and bonuses paid to President and CEO			
Forsén Kjell, President and CEO			
Salary		0.45	0.44
Bonuses		0.07	0.05
Share based payment		0.05	-
Other group management			
Salary		1.83	1.78
Bonuses		0.19	0.14
Share based payment		0.23	-
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	-	0.03
Lappalainen Timo	Member of the Board	0.03	0.03
Neuvo Yrjö	Member of the Board	0.03	0.03
Niinivaara Mikko	Member of the Board	0.03	0.03
Torkko Maija	Member of the Board	0.03	0.03
Voipio Mikko	Member of the Board	0.03	0.03
Voipio Raimo	Chairman of the Board	0.04	0.04
Total		2.99	2.60

Salaries and bonuses paid to managing directors of Group subsidiaries totaled EUR 0.8 million (2011 EUR 0.9 million). Age of retirement for the President and CEO is 62 years. The President and CEO has a compensation based retirement plan. Notice period, severance pay and conditions of other severance compensations: 6 months for the employee, 12 months for the employer, compensation equal to the salary.

Management share ownership

Vaisala Oyj's Board of Directors held and controlled 1,282,969 shares on 31 December 2012, accounting for 14.6% of the total votes (2011: 1,320,969 shares and 14.7% of the total votes).

The company's President and CEO held and controlled 2,720 A-shares on 31 December 2012.

The President and CEO and the Members of the Board have not been granted loans nor have guarantees or commitments been given on their behalf. The extended management team of Vaisala holds and controls 11087 Vaisala shares on December 31 2012 accounting for 0.01% of total votes (10840 shares and 0.01 voting rights in year 2011).

30. Auditor's fees

EUR million	2012	2011
Auditors of PricewaterhouseCoopers-chain		
Auditor's fees	0.31	0.30
Statements	0.02	0.01
Tax advice	0.11	0.05
Others fees	0.15	0.08
Total	0.58	0.43
Other independent public accountants		
Auditor's fees	-	0.01
Tax advice	-	0.00
Others fees	-	0.00
Total	0.00	0.02

31. Collected information

Information published during Vaisala previous financial year can be found on the Vaisala website: www.vaisala.com/investors

Parent Company Income Statement

Parent company accounts (Finnish accounting principles, FAS)

EUR million	Note	1.1.-31.12.2012	1.1.-31.12.2011
Net sales	2	196.30	190.14
Cost of production and procurement		-109.22	-108.83
Gross profit		87.08	81.30
Cost of sales and marketing	4	-21.67	-24.84
Cost of administration			
Development costs	4	-19.61	-21.64
Other administrative costs	4	-24.78	-44.46
Other operating income	3	0.05	0.70
Other operating costs	3	-0.05	-0.03
Operating profit		21.03	12.67
Financial income and expenses	5	1.65	2.11
Profit before provisions and taxes		22.68	14.78
Provisions		-0.39	-0.42
Direct taxes	6	3.96	3.35
Net profit for the financial year		18.33	11.01

Parent company Balance Sheet

Parent company accounts (Finnish accounting principles, FAS)

EUR million Assets	Note	31.12.2012		31.12.2011	
Non-current assets					
Intangible assets	7				
Intangible rights		11.54		12.96	
Other long-term expenditure		0.32	11.86	0.33	13.29
Tangible assets	7				
Land and waters		1.28		1.28	
Buildings		29.17		29.78	
Machinery and equipment		10.72		10.99	
Other tangible assets		0.04		0.04	
Advance payments and construction in progress		2.28	43.48	6.02	48.10
Investments	7				
Other shares and holdings		30.39		29.93	
Other receivables		0.10		0.10	
Receivables from subsidiaries		9.49	39.98	15.46	45.48
Current assets					
Inventories					
Materials and consumables		19.41		21.18	
Work in progress		0.10		1.70	
Finished goods		0.86	20.37	0.25	23.12
Receivables					
Trade receivables		35.16		43.14	
Loan receivables	16	5.45		10.18	
Other receivables	8	0.11		0.46	
Prepaid expenses and accrued income	9	6.52	47.25	1.09	54.87
Cash and bank balances	10		52.18		28.06
Assets, total			215.12		212.93

Parent Company Balance Sheet

Parent company accounts (Finnish accounting principles, FAS)

EUR million Shareholders' Equity and Liabilities	Note	31.12.2012		31.12.2011	
Shareholders' Equity	13				
Share capital		7.66		7.66	
Reserve fund		22.31		22.31	
Profit from previous years		115.60		118.90	
Profit for the financial year		18.33	163.89	11.01	159.88
Provisions					
Accumulated depreciation difference	11		3.96		3.57
Provisions	12		0.08		0.95
Liabilities					
Non current					
Other non current liabilities	14		1.08		1.24
Current					
Advances received		4.15		2.52	
Trade payables	16	11.50		13.30	
Other current liabilities		1.61		1.82	
Accrued expenses and deferred income	15	28.86	46.11	29.65	47.29
Shareholders' equity and liabilities, total			215.12		212.93

Parent Company Cash Flow

(Finnish accounting principles, FAS)

EUR million	Note	Parent company 1.1.-31.12.2012	Parent company 1.1.-31.12.2011
Cash flows from operating activities			
Cash receipts from customers		200.9	197.1
Other income from business operations	3	0.0	0.6
Cash paid to suppliers and employees		-164.6	-159.2
Cash flow from business operations before financial items and taxes		36.4	38.5
Interest received	5	0.6	0.1
Interest paid	5	0.0	0.0
Other financial items, net	5	-2.3	-0.6
Dividend received from business operations	5	2.2	1.7
Direct tax paid	6	-4.5	-5.8
Cash flow from business operations (A)		32.4	33.9
Cash flow from investing activities			
Investments in intangible assets	7	-2.0	-3.5
Investments in tangible assets	7	-2.0	-11.1
Proceeds from sale of fixed assets	7	0.0	0.0
Loans granted		-1.2	-3.4
Other investments	7	-0.5	-0.1
Repayments on loan receivables		11.7	0.0
Cash flow from investing activities (B)		6.1	-18.1
Cash flow from financing activities			
Purchase of treasury shares		-2.3	0.0
Dividend paid	12	-11.8	-11.8
Other transactions from Equity		-0.2	-0.3
Cash flow from financing activities (C)		-14.3	-12.1
Change in liquid funds (A+B+C) increase (+) / decrease (-)		24.1	3.6
Liquid funds at beginning of period	10	28.1	24.4
Liquid funds at end of period	10	52.2	28.1

Notes to the Parent Company Income Statement and Balance Sheets

1. Parent Company accounting principles (FAS)

The financial statements of the parent company have been prepared according to the Finnish accounting standards (FAS). Financial statement data are based on original acquisition costs if not otherwise stated in the accounting principles outlined below. Revaluations are not taken into account if not separately mentioned.

Non-current assets

The balance sheet values of fixed assets are stated at historical cost, less accumulated depreciation and amortization, with the exception of the office and factory premises at Vantaa, which were revalued in previous years by a total of EUR 5.7 million. Despite of the revaluations, the asset value is significantly less than the market value of the office and factory premises. The cost of self-constructed assets also includes overhead costs attributable to construction work. Interest is not capitalized on fixed assets. Depreciation and amortization is calculated on a straight-line basis over the expected useful lives of the assets, except for land, which is not depreciated. Estimated useful lives for various assets are:

Intangible rights	3–5 years
Buildings and structures	5–40 years
Machinery and equipment	3–10 years
Other tangible assets	5–15 years

Inventories

The cost of inventories comprises all costs of purchase. Finished goods produced include also fixed and variable production overheads. Inventories are valued using the average cost method.

Financial assets

Financial assets include income fund investments consisting of the short-term investment of liquid assets. These financial assets are recognised at fair value through profit and loss statement. The fair value of income fund investments has been determined based on price quotations published in an active market, namely the bid quotations on the closing date. Realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement in the period in which they arise.

Foreign currency items

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of transaction. Receivables and payables in foreign currency are valued at the exchange rates quoted by the European Central Bank at the balance sheet date. All foreign exchange gains and losses, including foreign exchange gains and losses on trade accounts receivable and payable, are recorded as financial income and expenses.

Pension costs

Pension costs are recorded according to the Finnish regulations. The additional pension coverage of parent company personnel is arranged by the Vaisala Pension Fund (closed on 1.1.1983). The pension liability of the fund is fully covered.

Research and development costs

Except for investments in machinery and equipment, which are amortized on a straight line basis over a period of five years, research and development costs are expensed in the financial period in which they occurred.

Income taxes

Income taxes consist of current and deferred tax. Current taxes in the income statement include estimated taxes payable or refundable on tax returns for the financial year and adjustments to tax accruals related to previous years. The deferred taxes in the income statement represent the net change in deferred tax liabilities and assets during the year.

Principles of revenue recognition

Sales of goods and services rendered

Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. Revenue recognition generally takes place when the transfer has taken place. Revenue for rendering of services is recognised when the service has been performed. When recognising turnover, indirect taxes and discounts, for example, have been deducted from sales revenue. Possible exchange rate differences are recognised in the financial income and expenses.

Long-term projects

Revenues from long-term projects are recognised using the percentage of completion method, when the outcome of the project can be estimated reliably.

The stage of completion is determined for each project by reference to the relationship between the costs incurred for work performed to date and the estimated total costs of the project or the relationship between the working hours performed to date and the estimated total working hours.

When the outcome of a long-term project cannot be estimated reliably, project costs are recognised as expenses in the same period when they arise and project revenues only to the extent of project costs incurred where it is probable that those costs will be recoverable. When it is probable that total costs

necessary to complete the project will exceed total project revenue, the expected loss is recognised as an expense immediately.

Other operating income and expenses

Gains on the disposal of assets as well as income other than that relating to actual performance-based sales, such as rental income, are recognised as other operating income.

Losses on the disposal of assets and expenses other than those relating to actual performance-based sales are included in other operating expenses.

2. Net sales by market area

EUR million	Parent Company 2012	Parent Company 2011
EMEA	98.5	80.4
from which Finland	5.7	5.1
Americas	41.4	49.0
from which United States	29.5	31.3
APAC	56.4	60.7
Total	196.3	190.1

3. Other operating income

EUR million	Parent Company 2012	Parent Company 2011
Gains on the disposal of fixed assets	0.0	0.0
Other operating income	0.1	0.7
Total	0.1	0.7
Other operating expenses		
Losses from disposal of fixed assets	0.0	0.0

4. Personnel

EUR million	Parent Company 2012	Parent Company 2011
Personnel costs		
Wages and salaries	47.3	42.0
Pension costs	8.4	6.8
Other personnel costs	1.7	2.6
Total	57.4	51.5
Personnel on average during the year (persons)		
In Finland	814	814
Outside Finland	10	9
Total	824	792
Personnel Dec 31		
In Finland	827	777
Outside Finland	10	7
Total	837	784

Salaries EUR million		Parent Company 2012	Parent Company 2011
Salary and bonuses paid to President and CEO			
Forsén Kjell	President and CEO		
Salary		0.45	0.44
Bonuses		0.07	0.05
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	-	0.03
Lappalainen Timo	Member of the Board	0.03	0.03
Neuvo Yrjö	Member of the Board	0.03	0.03
Niinivaara Mikko	Member of the Board	0.03	0.03
Torkko Maija	Member of the Board	0.03	0.03
Voipio Mikko	Member of the Board	0.03	0.03
Voipio Raimo	Chairman of the Board	0.04	0.04
Total		0.69	0.68
Salaries paid to the other employees		42.53	39.51
Total		43.22	40.19

Cash loans, securities or contingent liabilities were not granted to the President or to the members of the Board of Directors. Age of retirement for the President and CEO is 62 years. The President and CEO has a compensation based retirement plan. Notice period, severance pay and conditions of other severance compensations: 6 months for the employee, 12 months for the employer, compensation equal to the salary.

5. Financial income and expenses

EUR million	Parent Company 2012	Parent Company 2011
Dividend income		
From Group companies	2.2	1.7
From Others	0.0	0.0
Interest income on long-term investments		
From Group companies	0.4	0.4
Other interest and financial income		
From others	2.1	1.6
Interest and other financial expenses		
From others	-1.8	-2.6
Foreign exchange gains and losses		
From Group companies	-0.2	0.7
From others	-1.1	0.3
Total	1.6	2.1

6. Income taxes

EUR million	Parent Company 2012	Parent Company 2011
Taxes for the financial year	4.9	3.3
Taxes from previous years	-0.9	0.0
Taxes paid at source abroad	0.0	0.0
Total	4.0	3.3

7. Fixed assets and other long-term investments

Parent Company 2012

EUR million

Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	30.1	0.1	31.1
Increases	0.5	-	0.5
Decreases	-0.2	-	-0.2
Transfers between items	1.5	0.1	1.5
Acquisition cost Dec. 31	31.9	1.0	32.9
Accumulated depreciation and write-downs Jan. 1	17.1	0.6	17.8
Accumulated depreciation of decreases and transfers	-0.1	-	-0.1
Depreciation for the financial year	3.3	0.1	3.4
Accumulated depreciation Dec. 31	20.4	0.7	21.1
Balance sheet value Dec. 31, 2012	11.5	0.3	11.9

Parent Company 2011

EUR million

Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	27.5	0.9	28.4
Increases	2.7	0.1	2.7
Decreases	-0.8	-	-0.8
Transfers between items	0.7	-	0.7
Acquisition cost Dec. 31	30.1	1.0	31.1
Accumulated depreciation and write-downs Jan. 1	15.1	0.6	15.7
Accumulated depreciation of decreases and transfers	-0.8	-	-0.8
Depreciation for the financial year	2.9	0.1	2.9
Accumulated depreciation Dec. 31	17.1	0.6	17.8
Balance sheet value Dec. 31, 2011	13.0	0.3	13.3

Parent Company 2012

EUR million Tangible assets	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan. 1	1.2	43.6	46.6	0.0	6.0	97.4
Increases	-	-	1.3	-	2.3	3.6
Decreases	-	-	-0.6	-	0.0	-0.6
Transfers between items	-	1.7	2.8	-	-6.0	-1.5
Acquisition cost Dec. 31	1.2	45.3	50.1	0.0	2.3	98.8
Accumulated depreciation and write-downs Jan. 1		19.4	35.6	-	0.0	55.0
Accumulated depreciation of decreases and transfers	-		-0.5	-	0.0	-0.5
Depreciation for the financial year	-	2.3	4.3	-	0.0	6.5
Accumulated depreciation Dec. 31	0.0	21.7	39.3	0.0	0.0	61.1
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2012	1.3	29.2	10.7	0.0	2.3	43.5

Parent Company 2011

EUR million Tangible assets	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost Jan. 1	1.2	28.8	44.8	0.0	15.9	90.7
Increases	-	0.2	2.9	0.0	7.4	10.6
Decreases	-	0.0	-3.1	-	-0.1	-3.1
Transfers between items	-	14.6	1.9	0.0	-17.2	-0.7
Acquisition cost Dec. 31	1.2	43.6	46.6	0.0	6.0	97.4
Accumulated depreciation and write-downs Jan. 1	-	17.3	34.8	-	-	52.1
Accumulated depreciation of decreases and transfers	-	0.0	-3.0	-	-	-3.0
Depreciation for the financial year	-	2.2	3.8	-	-	5.9
Accumulated depreciation Dec. 31	0.0	19.4	35.6	0.0	6.0	55.0
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2011	1.3	29.8	11.0	0.0	6.0	48.1

The acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 34.3 million on 31.12.2012 (EUR 31.9 million 31.12.2011).

Parent Company 2012

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from Group companies	Total
Acquisition cost Jan. 1	29.9	0.1	15.5	45.5
Increases	0.5	-	1.2	1.6
Decreases	-	0.0	-7.1	-7.1
Balance sheet value Dec. 31	30.4	0.1	9.5	40.0

Parent Company 2011

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from Group companies	Total
Acquisition cost Jan. 1	29.8	0.1	18.0	47.9
Increases	0.1	-	3.4	3.5
Decreases	-	0.0	-5.9	-5.9
Balance sheet value Dec. 31	29.9	0.1	15.5	45.5

8. Other receivables

EUR million	2012	2011
Advances paid	0.1	0.1
Other	0.1	0.3
	0.1	0.5

9. Deferred assets

EUR million	2012	2011
Tax related deferred assets	3.8	0.6
Other deferred assets	2.7	0.5
	6.5	1.1

10. Cash and bank balances

EUR million	2012	2011
Cash and bank balances		
Cash and balance in the bank accounts	52.2	28.1
	52.2	28.1

EUR million	2012	2011
Fair value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks		
Currency forwards	0.4	-1.2
Fair value, total	0.4	-1.2

The change in fair value has been recognized in the income statement group financial income and expenses.

11. Deferred tax assets and liabilities

EUR million	2012	2011
Deferred tax assets/liabilities, net *	0.1	0.9

*Deferred taxes arising from accumulated depreciation difference has not been recognized to the parent company balance sheet. Deferred taxes arising from revaluation has not been recognized. If realized the tax effect of revaluation would be EUR 1397.0 thousand at the current 24.5% tax rate

12. Provisions

EUR million	2012	2011
Provision for R&D function restructuring	0.1	1.0

13. Shareholders' equity

The parent company's shares are divided into series, with 3,389,351 series K shares (20 votes/share) and 14,829,013 series A shares (1 vote/share). In accordance with the Company Articles, series K shares can be converted into series A shares through a procedure defined in detail in the Company Articles.

EUR million	2012	2011
Share capital		
Series A Jan.1	6.4	6.2
Converted from series K to A	-	0.1
Series A Dec.31	6.4	6.4
Series K Jan.1	1.3	1.4
Converted from series K to A	-	-0.1
Share capital Dec. 31	7.7	7.7
Reserve fund Jan.1	22.3	22.3
Reserve fund Dec. 31	22.3	22.3
Profit from previous periods Jan. 1	129.9	131.0
Dividends paid	-11.8	-11.8
Treasury shares	-2.3	-
Other transactions from Equity	-0.2	-0.3
Profit from previous periods Dec. 31	115.6	118.9
Net profit for the financial year	18.3	11.0
Total equity	163.9	159.9

14. Non-current liabilities

The company has no loans that would mature after five years or a longer period. Other non-interest bearing long term liabilities EUR 1.1 (2011; 1.2 million) Million comprise of long-term part of accounts payable of ASIC-circuits. Circuits are Vaisala's property and they will be paid according to the use of current circuits during the years 2013 to 2016. Liability is interest-free.

15. Accrued expenses and deferred income

EUR million	2012	2011
Wages, salaries and wage-related liabilities	11.0	9.1
Tax liabilities	1.1	0.8
Other accrued expenses and deferred income	16.3	19.8
	28.4	29.6

16. Receivables and liabilities from other companies in the Vaisala Group

EUR million	2012	2011
Non-current loan receivables	9.5	15.5
Current loan receivables	5.5	10.2
Trade receivables	5.9	8.6
Prepaid expenses and accrued income	1.2	0.7
Total receivables	22.1	35.0
Trade payables	1.6	2.6
Total liabilities	1.6	2.6

17. Contingent liabilities and pledges given

EUR million	2012	2011
For own debt or liability		
Guarantees	10.5	10.8
For Group companies		
Guarantees	2.0	2.0
Other own liabilities		
Pledges given	0.1	0.3
Leasing liabilities		
Payable during the financial year	0.7	0.5
Payable later	0.6	0.7
	1.3	1.2
Total contingent liabilities and pledges given	13.9	14.4

Derivative contracts

EUR million	2012	2011
Capital of off-balance sheet contracts made to hedge against exchange rate and interest risks		
Currency forwards	20.9	19.7
Total capital	20.9	19.7

18. Auditor's fees

EUR million	2012	2011
PricewaterhouseCoopers Oy, Authorized Public Accountants		
Auditor's fees	0.1	0.1
Tax advice	0.0	0.0
Others fees	0.2	0.1
Total	0.3	0.2

Signing of the Board of Directors' Report and Financial Statements

Vantaa, February 6, 2013

Timo Lappalainen

Yrjö Neuvo

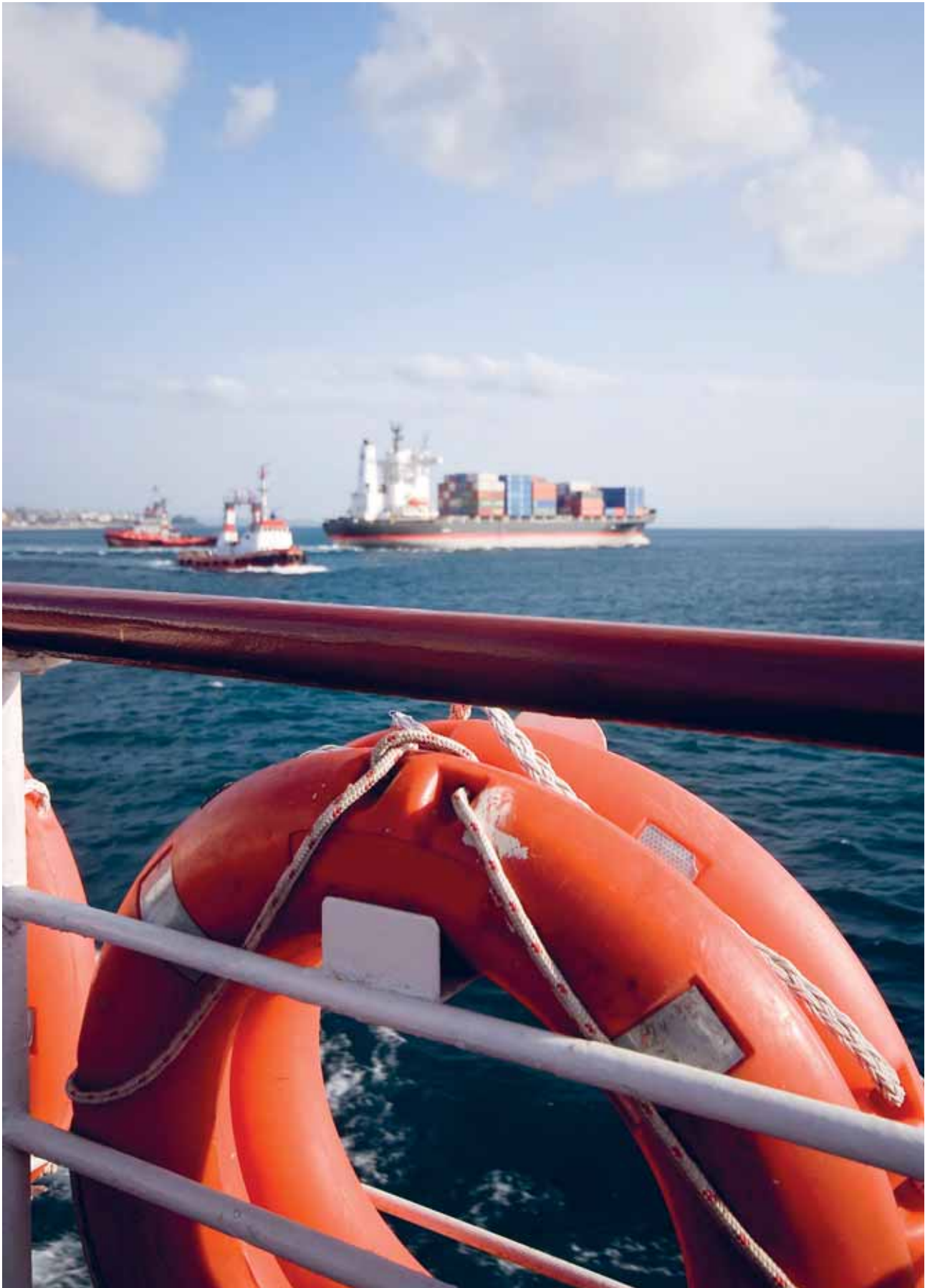
Mikko Niinivaara

Maija Torkko

Mikko Voipio

Raimo Voipio
Chairman of the Board

Kjell Forsén
President and CEO



Auditor's Report

To the Annual General Meeting of Vaisala Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Vaisala Oyj for the year ended 31 December, 2012. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the

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

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

Opinion on the Consolidated Financial Statements

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

Opinion on the Company's Financial Statements and the Report of the Board of Directors

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

Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet and the distribution of other unrestricted equity is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Vantaa, February 6, 2013

PricewaterhouseCoopers Oy,
Authorised Public Accountants
Hannu Pellinen,
Authorised Public Accountant

Information for Shareholders

Invitation to Annual General Meeting

Notice is given to the shareholders of Vaisala Corporation of the Annual General Meeting to be held on Tuesday, March 26, 2013 at 6 p.m. at Vaisala Corporation's head office, Vanha Nurmijärventie 21, 01670 Vantaa. The reception of persons who have registered for the meeting will commence at 5:15 p.m.

A. Matters on the agenda of the Annual General Meeting

At the Annual General Meeting, the following matters will be considered:

- 1. Opening of the Meeting**
- 2. Matters of order for the Meeting**
- 3. Election of the persons to confirm the minutes and to verify the counting of votes**
- 4. Recording the legal convening of the Meeting**
- 5. Recording the attendance at the Meeting and adoption of the list of votes**
- 6. Presentation of the annual accounts, the review by the Board of Directors and the auditor's report for the year 2012**

Review by the CEO & President

- 7. Adoption of the annual accounts**
- 8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend**

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.90 per share for the fiscal year 2012. The dividend would be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd on the record date of the dividend distribution, April 2, 2013. The Board of Directors proposes that the dividend will be paid on April 9, 2013.

- 9. Resolution on the discharge of the members of the Board of Directors and the CEO & President from liability**

- 10. Resolution on the remuneration of the members of the Board of Directors**

The Board of Directors proposes to the Annual General Meeting that the annual fee payable to the Board members elected at the same meeting for a term until the close of the Annual General Meeting in 2014 will be: the Chairman of the Board of Directors EUR 45,000 and each Board member EUR 35,000 per year.

The Board of Directors proposes to the Annual General Meeting that the compensation for the Chairman of the Audit Committee would be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit

Committee for a term until the close of the Annual General Meeting in 2014.

The Board of Directors proposes to the Annual General Meeting that the compensation for the Chairman and each member of the Remuneration Committee and any other committee established by the Board of Directors would be EUR 1,000 per attended meeting for a term until the close of the Annual General Meeting in 2014.

- 11. Resolution on the number of members of the Board of Directors**

Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to the Annual General Meeting, that the number of Board members be six. The proposal for the number of the Board members is integrally related to the proposal by the same shareholders for the election of the members of the Board of Directors as presented in section 12 below.

- 12. Election of members of the Board of Directors**

The terms of office of Board members Yrjö Neuvo and Maija Torkko will end at the Annual General Meeting. Shareholders representing more than 10% of all the votes in the company have announced their intention to propose to the Annual General Meeting, that Yrjö Neuvo and Maija Torkko are re-elected.

- 13. Resolution on the remuneration of the Auditor**

The Board of Directors proposes to the Annual General Meeting that the Auditors be reimbursed according to their reasonable invoice.

- 14. Election of Auditor**

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers Oy be re-elected as the auditor of the Company for the fiscal year 2013. PricewaterhouseCoopers Oy has informed that APA Hannu Pellinen will act as the auditor with the principal responsibility.

The proposed person and the auditor have given their consent to the re-election.

- 15. Proposal by the Board of Directors to decrease the share premium fund and distribution of funds to the shareholders as a return of capital**

The Board of Directors proposes to the Annual General Meeting that it would decide to decrease the share premium fund presented in the Company's balance sheet on December 31, 2012 by EUR 22,306,293.52 by transferring all the funds in the share premium fund into the invested non-restricted equity fund. The Board of Directors further proposes that of the funds transferred into the invested non-restricted equity funds EUR 1.23 per share would be distributed to the shareholders as a return of capital, which, at the date of the invitation, equals to approximately EUR 22.2 million return of capital.

Decreasing the share premium fund must be notified to the Finnish National Board of Patents and Registration for registration. Before decreasing the share premium fund the Finnish National Board of Patents and Registration shall publish a public summons to the creditors of the Company. The Company shall apply for the public summons to be given without delay after the Annual General Meeting. The Board of Directors expects that the due day set in the public summons, after which the decrease can be implemented, will be approximately in July 2013. The Board of Directors proposes that it would be authorized to decide on the record date for the distribution of funds and the payment date as soon as possible after the due date for the public summons. The distribution of funds is expected to take place approximately in August 2013. The return of capital is paid to a shareholder, who is registered on record date decided by the Board of Directors in the Register of Shareholders of the Company held by Euroclear Finland Ltd.

The reasoning of the proposal is to return the capital that exceeds the needs of the Company's business to the shareholders, which improves efficiency of the use of Company's capital without risking Company's equity ratio or liquidity.

16. Proposal by the Board of Directors for authorizing the Board of Directors to decide on the directed acquisition of own A-shares

The Board of Directors proposes that the General Meeting authorize the Board of Directors to decide on the directed acquisition of a maximum of 150,000 of the Company's own A-shares in one or more instalments with funds belonging to the Company's unrestricted equity.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the Company in public trading arranged by NASDAQ OMX Helsinki Ltd at the market price on the moment of acquisition. The shares shall be acquired and paid according to the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors is authorized to decide on the acquisition of own shares in all other respects.

It is proposed that the authorization is valid until the closing of the next Annual General Meeting, however, no longer than September 26, 2014. The authorization replaces the previous authorization for directed acquisition of own A-shares granted by the Annual General Meeting on March 28, 2012.

17. Proposal by the Board of Directors for authorizing the Board of Directors to decide on the transfer of the Company's own shares

The Board of Directors proposes that the General Meeting authorize the Board of Directors to decide on the transfer of the Company's own shares as follows.

The authorization concerns only A-shares held by the Company. The authorization is limited to a

maximum of 309,150 shares, which corresponds to approximately 2.1 per cent of all A-shares in the Company and to approximately 1.7 per cent of all shares in the Company.

The transfer of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization entitles the transfer of shares that are held by the Company as a directed issue without payment as part of the Company's share based incentive plan. The Board of Directors can also use this authorization to grant special rights entitling subscription of the Company's own shares that are held by the Company. The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind.

The Board of Directors decides on all other conditions of the transfer of own shares.

It is proposed that the authorization is valid until March 26, 2018. The authorization replaces the previous authorization for transferring own A-shares granted by the Annual General Meeting on March 28, 2012.

18. Proposal by the Board of Directors for authorizing the Board of Directors to decide on donations

The Board of Directors proposes that the Annual General Meeting authorize the Board of Directors to decide on donations of maximum EUR 250,000. The donations may be granted in one or several payments. The Board of Directors decides on the related payments.

It is proposed that the authorization is valid until the close of the Annual General Meeting in 2014.

19. Closing of the Meeting

B. Documents of the Annual General Meeting

The proposals of the Board of Directors relating to the agenda of the Annual General Meeting, this notice and Company's annual accounts, the review by the Board of Directors and the Auditor's report are on view on Vaisala Corporation's website at www.vaisala.com/investors. The proposals of the Board of Directors and the annual accounts will also be available on view at the Annual General Meeting at Corporation's head office in Vantaa, Vanha Nurmijärventie 21. Copies of these documents and of this notice will be sent to shareholders upon request.

C. Instructions for the participants in the Annual General Meeting

1. Right to attend and registration

Each shareholder, who is registered on March 14, 2013 in the Register of Shareholders held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her Finnish book-entry account, is registered in the Register of Shareholders of the Company.

A shareholder, who wishes to participate in the Annual General Meeting, may register for the Meeting

by giving a prior notice of participation no later than on March 21, 2013 at 10:00 a.m. (Finnish time).

A prior notice of participation can be given:

a) through Vaisala's website at

www.vaisala.com/investors

b) by email to paivi.aaltonen@vaisala.com

c) by telephone to +358 9 8949 2201 during working days between 9 a.m. and 11 a.m. (Finnish time).

In connection with the registration, a shareholder is expected to notify his/her name, personal identification number, address, telephone number, the name of a possible assistant and the name and the personal identification number of a possible proxy representative.

The personal data given to Vaisala Corporation will be used only in connection with the Annual General Meeting and with the processing of related registrations.

2. Proxy representative and powers of attorney

A shareholder may participate in the Annual General Meeting and exercise his/her rights at the Meeting by proxy. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the Annual General Meeting. Should a shareholder participate in the meeting by means of several proxy representatives representing the shareholder with shares in different book-entry accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the Annual General Meeting. Possible proxy documents should be delivered in originals to

Vaisala Oyj, Päivi Aaltonen, PL 26, 00421 Helsinki or by email to paivi.aaltonen@vaisala.com before the last date for registration.

3. Holders of nominee registered shares

A holder of nominee registered shares is advised without delay to request from his/her custodian bank necessary instructions regarding the registration in the Register of Shareholders of the Company, issuing of proxy documents and registration for the Annual General Meeting. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the Annual General Meeting, to be entered in the temporary Register of Shareholder of the Company at the latest on March 23, 2012 at 10:00 a.m. (Finnish time).

4. Other instructions and information

On the date of this notice of the Annual General Meeting, February 6, 2013, the total number of shares in Vaisala Corporation is 18 218 364 shares constituted of 3 389 351 class K-shares and 14 829 013 class A-shares. Each class K-share entitles its holder to twenty (20) votes and each class A-share entitles its holder to one (1) vote. The total number of votes is 82 616 033 of which K-shares represent 67 787 020 votes and A-shares represent 14 829 013 votes.

Vantaa 6 February, 2013

Vaisala Corporation,
Board of Directors

Investor Calendar 2013

Annual General Meeting

2013 Annual General Meeting March 26, 2013 at Vaisala's headquarters in Vantaa, Finland. See the notice on pages 74–76.

Interim reports

January–March (Q1)	April 24, 2013
January–June (Q2)	July 24, 2013
January–September (Q3)	October 23, 2013

Vaisala observes a silent period which starts at the end of the reporting quarter and ends to the publication of the respective quarterly or annual results. During this time, the company does not comment on the company's financial situation, markets or future outlook.



Financial Information

Vaisala Financial Statements are published in Finnish and English. A pdf version of the report is available at www.vaisala.com/investors. Printed copies can be ordered from www.vaisala.com/publications or info@vaisala.com.

Vaisala's online annual report and a printable pdf are available at www.vaisala.com/annualreport.

Interim reports, result presentations, webcasts and stock exchange releases are available at www.vaisala.com/investors.

Corporate Governance

Vaisala Group's corporate governance system is based on the Finnish Limited Liability Companies Act and Vaisala's Articles of Association. The company complies with the recommendations and instructions for listed companies issued by NASDAQ OMX Helsinki Ltd and the Finnish Financial Supervisory Authority. Vaisala's Corporate Governance Statement 2012 is available at www.vaisala.com/investors.

Investor Contacts

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kaarina.muurinen@vaisala.com

Liisa Ahtiluoto, Communications Director
liisa.ahtiluoto@vaisala.com

Vaisala Publications and Releases

Corporate Responsibility Report

Hard copies of Vaisala's corporate responsibility report can be ordered from www.vaisala.com/publications or info@vaisala.com. The report is also available in pdf at www.vaisala.com/sustainability.

Vaisala News

Vaisala News is the corporate customer magazine published twice a year. Pdf versions of the magazine are available at www.vaisala.com/vaisalaneews. Subscribe to the magazine or order hard copies from www.vaisala.com/publications or info@vaisala.com.

Vaisala Knowledge eNewsletter

Vaisala Knowledge eNewsletter introduces updates on environmental and industrial measurement topics. The different themes cover meteorology and hydrology, energy and water, life science, building automation, road solutions and industrial measurements. The newsletter is published six times a year and can be subscribed at www.vaisala.com/knowledge.

Releases and News

Vaisala press releases are available on the company website at www.vaisala.com/news. You can subscribe to releases at www.vaisala.com/subscribetoreleases.



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LinkedIn.com/company/vaisala-oyj

Vaisala World Wide

Finland

Head office

Vaisala Oyj
P.O. Box 26, 00421 Helsinki
Street address: Vanha Nurmijärventie 21,
01670 Vantaa
Switchboard: +358 9 894 91
Corporate communications: info@vaisala.com
Business ID 0124416-2

United Kingdom

Vaisala Ltd

- Birmingham
- Bury St Edmunds

France

Vaisala SAS

- Paris
- Lyon

Sweden

Vaisala Oyj

- Malmö
- Stockholm

Germany

Vaisala GmbH

- Hamburg
- Ugingen
- Bonn

Canada

Vaisala Canada Inc.

- Vancouver

United States

Vaisala Inc.

- Boston, MA
- Boulder, CO

North America head office

- Durham, NC
- Houston, TX
- Minneapolis, MN
- San Jose, CA
- St. Louis, MO
- Westford, MA

Brazil

Vaisala Servicos De Marketing Ltda

- Rio de Janeiro

United Arab Emirates

Vaisala Oyj

- Dubai

India

Vaisala Oyj

- New Delhi

Malaysia

Vaisala Sdn Bhd

- Kuala Lumpur

China

Vaisala China Ltd

- Beijing
- Shanghai
- Shenzhen

Korea

Vaisala Oyj

- Seoul

Japan

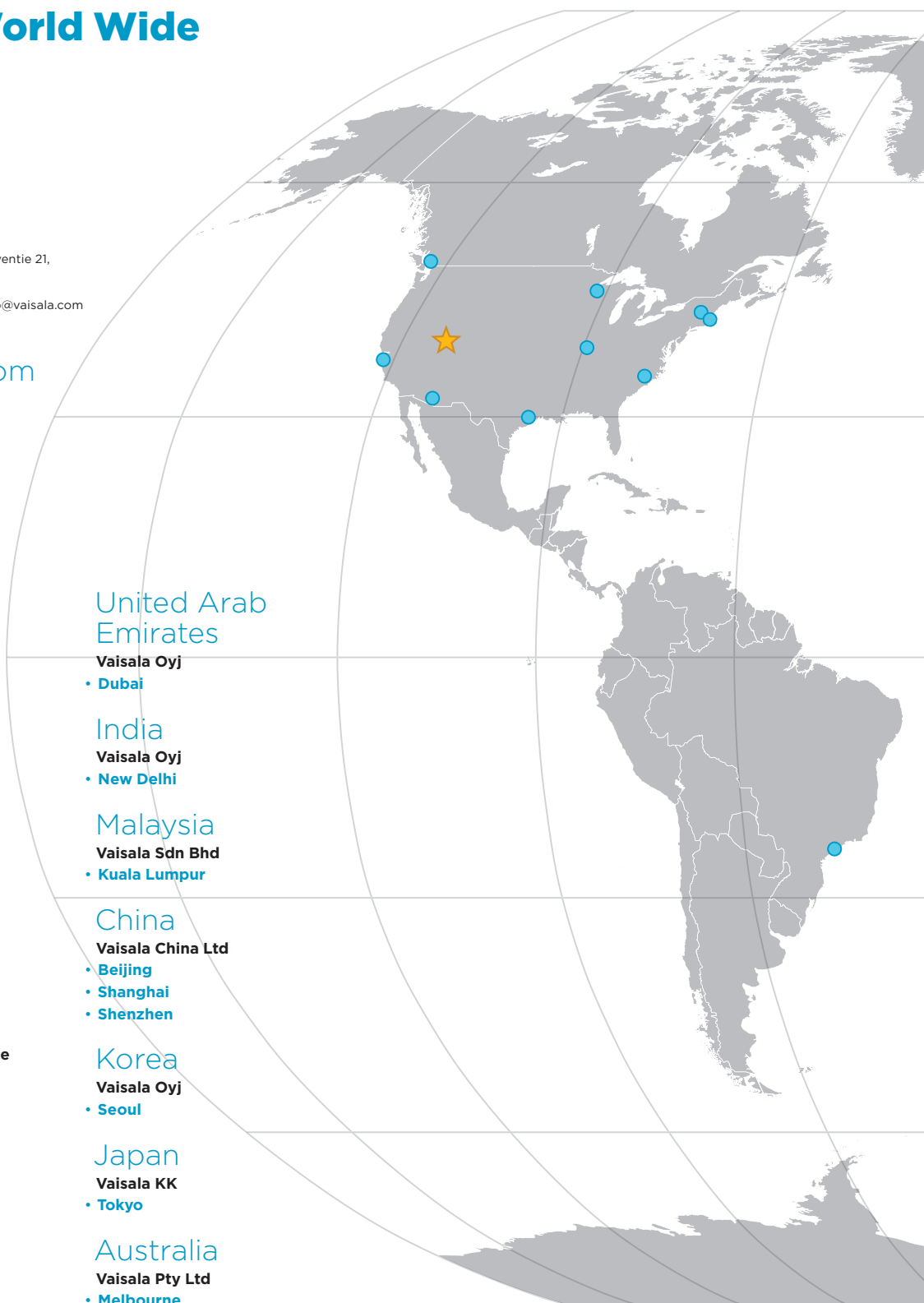
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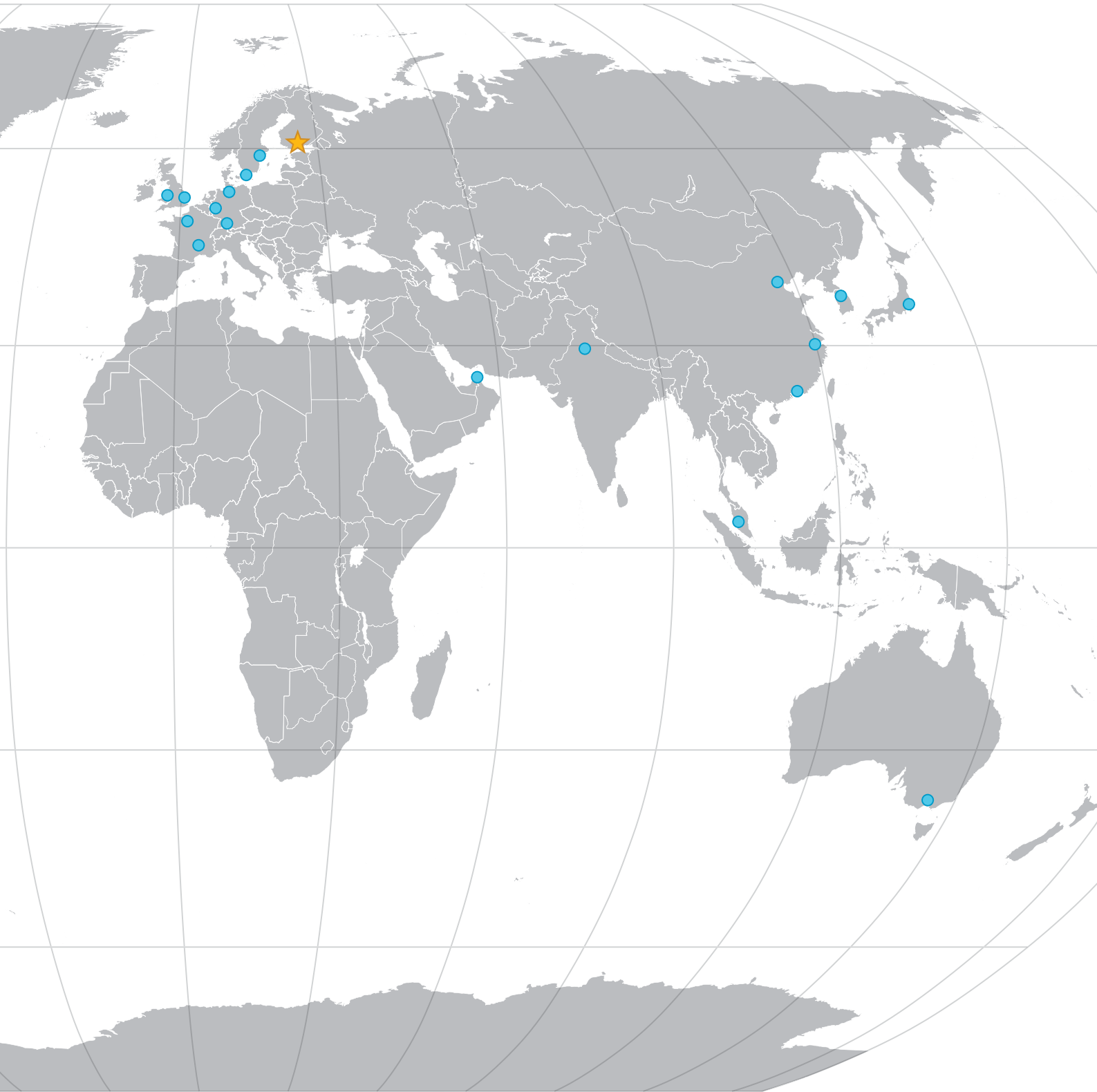
- Tokyo

Australia

Vaisala Pty Ltd

- Melbourne





Detailed contact information at: www.vaisala.com/contact



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www.vaisala.fi



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