

Financial Report 2008



VAISALA

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Year of renewal and growth, 2008



The net sales of the Vaisala Group grew over 8 percent in 2008 to EUR 242.5 million. The strongest growth was in Asia-Pacific where net sales grew nearly 28 percent. The company's result was burdened by ongoing development projects. The unfavorable exchange rates also had an impact on the result. Of the business areas, Vaisala Measurement Systems, Vaisala Instruments and Vaisala Solutions all increased their net sales, whereas the Services business was affected by personnel and infrastructure-related development costs.

We completed the new customer-driven strategy, and the organization and operating model aligned with it. The renewal was announced in November 2008 and the new organization became operational at the beginning of 2009. The most significant difference between the old and the new strategy is the change from a product-driven to a market-driven model.

I am extremely satisfied with the fact that despite the challenging economic situation and the unfavorable shifts of currency exchange rates, Vaisala has managed to maintain its strong market position and grow its net sales. Our strong order backlog will ensure a good start for 2009. The global economic recession has not yet affected us significantly, but we are monitoring the developments very closely.

Our customers, especially in the weather businesses, are mostly publicly funded which means slower and more moderate changes. This is why we expect the market situation to remain largely unchanged in 2009. We expect our growth to continue, but uncertainty regarding the end of the year has increased.

We continue to resolutely execute our new strategy, which will require significant investments. I am, however, confident that Vaisala will be able to further strengthen its position as the world leader in environmental measurement.

I would like to express my warm thanks to Vaisala personnel for their excellent results. They have once again demonstrated their competence and commitment. I would also like to thank Vaisala's customers and partners for their confidence in us.

Kjell Forsén

President and CEO

Vaisala in short

Vaisala is a global leader in environmental and industrial measurement. Building on more than 70 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 meteorology, weather critical operations and controlled environments. Headquartered in Finland, Vaisala employs over 1200 professionals worldwide and is listed on the NASDAQ OMX Helsinki.

www.vaisala.com

Online annual report

Vaisala publishes its annual reports online. The 2008 online report includes eg.:

- CEO Kjell Forsén's video
- A summary of the significant events of the year 2008
- Customer cases from Vaisala's various business areas
- The financial information in downloadable Excel format.

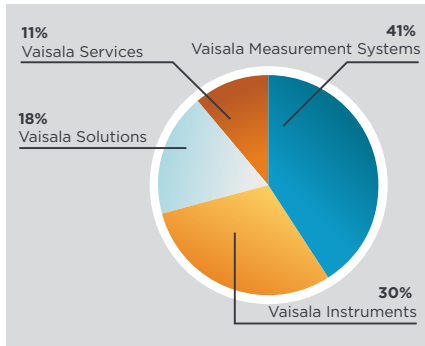
To subscribe to Vaisala press and stock exchange releases, please go to <http://www.vaisala.com/newsanddownloads/subscribetocorporateneews>. Once subscribed, you will receive all Vaisala releases by e-mail either in Finnish or English.

Visit the Vaisala annual report at www.vaisala.com/annualreport

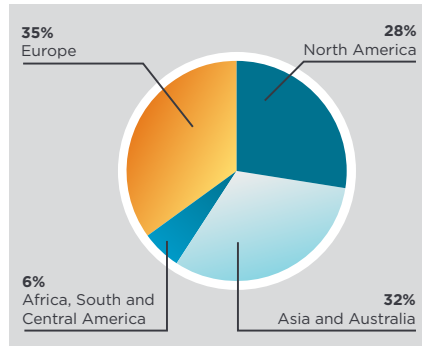


Key figures in graphs

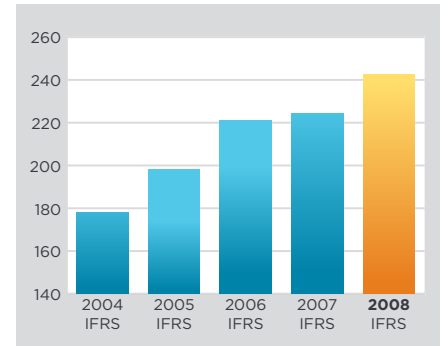
Net sales by business area



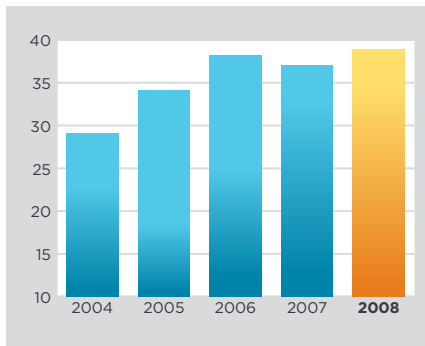
Net sales by market



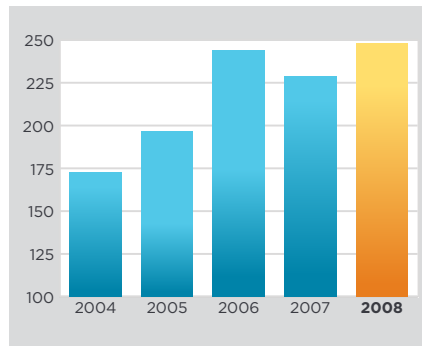
Development of net sales (M€)



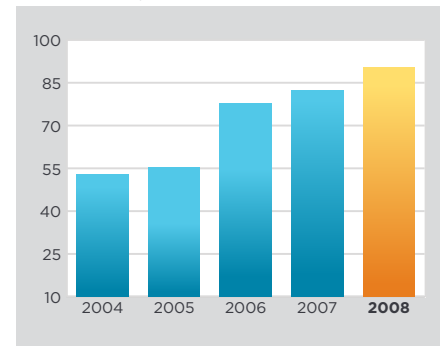
Profit before tax (M€)



Orders Received (M€)



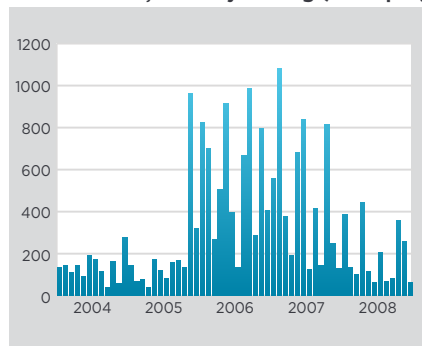
Orders book, Dec. 31 (M€)



Series A share, performance (€)



Series A share, monthly trading (1000 pcs)



Board of directors' report 2008

Overview of 2008

Net sales in 2008 were at a good level. Growth was highest in the Asia-Pacific region. Cost-intensive development projects continued and this shows in the overall group results. The development of exchange rates also had a negative impact, especially the weakening of the US dollar by approximately 7 percent. In the fourth quarter, Vaisala announced a new market-segment based strategy and redesigned its organization to support strategy execution.

Outlook

Instability in the world economy and shifts in currency exchange rates are expected to continue to affect Vaisala's business. Due to the structure of Vaisala's customer base, the company's market situation is expected to remain mostly unchanged in 2009. Vaisala's growth is expected to continue in 2009, but uncertainty towards the end of the year has increased.

Seasonal variations are typical of Vaisala's business, and therefore the first quarter will probably be weaker than subsequent ones.

Market situation, net sales and order book

The highest growth in Vaisala Group's net sales in 2008 was in Asia-Pacific, increasing by 27.8 percent on the previous year to EUR 76.9 (60.2) million. Net sales in Europe increased by 5.0 percent to EUR 84.8 million (80.7) and in Africa, South and Central America by 39.0 percent to EUR 13.9 (10.0) million. Sales in North America declined by 8.6 percent to EUR 66.8 (73.2) million. In comparable currencies, the North American segment would have declined by 2.1 percent.

Thanks to focused development work and maintained competitiveness, the company was able to retain its strong market shares.

The value of orders received grew by 8.5 percent from the comparison year and totaled EUR 247.9 million (EUR 228.5 million in 2007, 243.6 million in 2006). The end-of-year order book stood at EUR 90.3 million (82.3), of which some EUR 20 million can be recognized as sales in 2010 or later.

Vaisala Group's net sales increased by 8.2 percent on the comparison year and totaled EUR 242.5 million (EUR

224.1 million in 2007, EUR 220.8 million in 2006). Net sales of all the business areas apart from Vaisala Services grew: Vaisala Solutions by 24.4 percent, Vaisala Instruments by 12.1 percent and Vaisala Measurement Systems by 9.4 percent. Net sales of Vaisala Services fell by 16.8 percent. The deterioration in exchange rates had a negative impact on the growth of net sales. If the most significant currencies with respect to Vaisala had remained at the previous year's level, Vaisala's consolidated net sales would have been up by 11.9 percent. Operations outside Finland accounted for 94 (96) percent of net sales.

Performance and balance sheet

Operating profit for the financial year was EUR 38.0 million (35.3), or 15.7 percent of net sales. Profit before taxes was 16.0 percent of net sales and totaled EUR 38.9 (37.0) million, up by 5.1 percent. Net profit for the financial year was EUR 28.4 million (25.8), up by 10.0 percent from the previous year.

Vaisala Group's solvency ratio and liquidity remained strong. On December 31, 2008, the balance sheet total was EUR 241.7 million (EUR 225.6 million in 2007, EUR 219.2 million in 2006). The Group's solvency ratio at the end of the financial year was 82 percent (83% in 2007, 81% in 2006).

Vaisala's consolidated liquid assets totaled EUR 103.4 million (EUR, 99.2 in 2007, EUR 87.3 million in 2006).

Research and development

Investment in research and development in the financial year totaled EUR 24.6 million (EUR, 23.5 million in 2007, EUR 20.6 million in 2006), representing 10.1 percent of the Group's net sales.

Vaisala launched a new dewpoint transmitter for extremely dry conditions and a moisture in oil transmitter for the measurement of humidity in lubrication and hydraulic oil. Additionally, LAN and WLAN capabilities were added to the humidity, dewpoint, moisture in oil and pressure transmitters, improving Vaisala's ability to cater for our industrial customers.

Vaisala also launched a redesigned and improved humidity probe, weather transmitter, and wind sensor for weather measurement. Additionally, several customer-specific R&D projects either continued or were completed.

Capital expenditure

Gross capital expenditure totaled EUR 12.2 million (7.3 million in 2007; 20.4 million in 2006).

A new enterprise resource planning (ERP) system for the entire organization is being implemented. The new system supports the company strategy and business processes, replacing several systems that are used currently. The system will be taken into use gradually and the objective is to have it in use globally by the end of 2010.

Changes in financial reporting

From the first Interim Report for 2008, Vaisala Group's business has been reported in four segments, which are Vaisala Instruments, Vaisala Measurement Systems, Vaisala Solutions and Vaisala Services.

All figures for 2007 have been changed to correspond to the new reporting model, and are therefore comparable. These figures were published in a stock exchange release on April 30, 2008.

Vaisala Measurement Systems

Vaisala Measurement Systems consists of sounding, surface weather system, thunderstorm system, wind profiler, and weather radar business segments. In 2008, the range of products and services offered was added to by the transfer of individual products and systems from Vaisala Solutions. Correspondingly, the lightning detection services were moved to the Vaisala Services business area.

Vaisala Measurement Systems' net sales to customers outside the Group showed a year-on-year increase of 10.7 percent, growing to EUR 99.9 (90.2) million. In comparable currencies, the net sales to customers outside the Group would have grown by 13.9 percent. Operating profit was EUR 17.4 (12.3) million.

The growth of net sales was accelerated by several coinciding customer projects in the sounding and surface weather system businesses. Despite new projects, the net sales of wind profilers and lightning detection systems fell short of expectations. However, the market shares of these businesses remained unchanged. Vaisala has several weather radar orders on the books, with revenue expected mostly in 2009.

Annual fluctuation is typical of this business.

The delay caused by a temporary disruption in production in the first quarter was caught up during the third quarter, and the net sales of the soundings business in 2008 was approximately at the same level as in the previous year.

Vaisala and the Australian Bureau of Meteorology signed a three-year agreement to supply radiosondes for the upper air observation network of the Bureau.

Vaisala signed a USD 6.9 million contract with the US Federal Aviation Administration (FAA) for the delivery of weather radar signal processors and software for the FAA Terminal Doppler Weather Radar (TDWR) network, operating at major airports in the USA. The deliveries will take place in 2009.

Vaisala will provide the Russian Federal Service for Hydro-meteorology and Environmental Monitoring (Roshydromet) with state-of-the-art surface weather monitoring technology. The value of the contract is EUR 4.7 million, and deliveries started in 2008.

The value of orders received was EUR 109.3 million and the order book stood at EUR 41.7 million at the end of the financial year.

Vaisala Instruments

Vaisala Instruments consists of humidity, barometric pressure, carbon dioxide, dewpoint, oxygen, wind and optical measurement business segments.

The instruments business has developed well despite of the weakened US dollar. The business area's net sales to customers outside the Group increased by 8.8 percent to EUR 72.0 (66.2) million compared to the review period. In comparable currencies, the increase in net sales would have been 11.7 percent. Operating profit of the review period was EUR 24.3 (20.5) million.

The growth in the Instruments business came particularly from weather instruments and from sales to important industrial customers.

The value of orders received from external customers was EUR 71.5 million and the order book stood at EUR 7.8 million at the end of the financial year.

Vaisala Solutions

The focus of this business area is in comprehensive weath-

er observation solutions within aviation, traffic, meteorology and hydrology. Therefore single products and systems were transferred to the Vaisala Measurement Systems business area. Additionally, road weather services were moved to the Vaisala Services business area.

Vaisala Solutions' net sales to customers outside the Group showed a year-on-year increase of 24.4 percent, growing to EUR 43.1 (34.6) million. In comparable currencies, the net sales would have been up by 27.3 percent. Operating profit for the year was EUR -0.5 (-0.6) million. Vaisala Solutions has purchased products worth approximately EUR 10 million from Vaisala Instruments and Vaisala Measurement Systems, which shows in the results of these units.

Growth was especially favorable in the aviation and road weather businesses. In terms of meteorological and hydrological systems (MHS), several projects are ongoing with revenue in the books later.

The total value of orders received was EUR 41.8 million and the order book stood at EUR 27.9 million at the end of the financial year.

Vaisala services

Vaisala's services have been centralized under the Vaisala Services business area, which became operative at the beginning of 2008. Vaisala Services consists of two business segments, Product Services and Observation Services.

Net sales to customers outside the Group showed a year-on-year decrease of 16.8 percent year, to EUR 27.5 (33.0) million. In comparable currencies, the net sales would have been down by 11.0 percent. Operating profit for the year was EUR -0.2 (5.7) million.

Vaisala Services is a new business area and in a strong development phase. Competition in both observation and product services tightened during the year. Additionally the business area's global development initiatives for improving efficiency and enable growth increased the amount of fixed costs. These, together with the weakening of exchange rates, had a negative impact on the net sales and profitability of the services business. Over 70% of the net sales of Vaisala Services are in US dollars or British pounds.

The total value of orders received was EUR 25.3 million and the order book stood at EUR 12.9 million at the end of the financial year.

Personnel

The average number of people employed in the Vaisala Group during the financial year was 1,177 (1,113 in 2007; 1,069 in 2006). Some 39 percent of the personnel was based outside Finland (39% in 2007, 40% in 2006). About 20 percent of the personnel worked in research and development (21% in 2007, 19% in 2006).

Salaries paid by the company are based on local collective and individual agreements, individual performance and the demand level of each job. The base salaries are supplemented by results-based bonus systems, which cover all Vaisala personnel. The total sum of salaries and bonuses paid in 2008 was EUR 59.7 million (57.2 million in 2007, 57.3 million in 2006).

Vaisala has two incentive plans; one based on the development of sales and profitability and covering all employees, and the other, three-year plan, based on the development of profitability and covering key personnel.

Changes in Vaisala corporation's management

Martti Husu was appointed Executive Vice President of the Meteorology Business Area and a member of the Business Management Group starting January 1, 2009. Jouni Rantanen was appointed Executive Vice President of the Products and Technology unit and a member of the Business Management Group starting January 1, 2009. Kimmo Korpela was appointed Senior Vice President, Group Business Development and a member of the Strategic Management Group starting January 7, 2009.

Matti Ervasti, Director, Marketing and Sales and Tapio Engström, Director, Business Development resigned from Vaisala.

Risk management

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers the company's strategic, operating and financial risks. Vaisala's Strategic Management Group regularly assesses risk management policies, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of the company's personnel, operations

and products as well as the continuity of operations. The policy also covers intellectual capital, corporate image and brand protection. An appropriate and up-to-date risk concept is integrated in decision-making.

More detailed operational instructions are defined by the Strategic Management Group. These include approval, bidding and procurement authorizations and terms of payments.

The main principles of the 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 usual risks related to international business affect Vaisala's operating environment. The most significant of these are risks relating to changes in the global economy and hence in purchasing activities, currency exchange rates (with particular respect to the U.S. dollar), supply network management and production activities. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy. Vaisala's ability to tolerate risks is good and the company has a strong capital structure, ensuring capital adequacy.

Group-level insurance programs and risk-management methods have been established to deal with manageable operating risks. The insurance programs cover risks relating to property damage, business interruption, different liabilities, transport and business travel.

Near-term risks and uncertainties

The near term risks and uncertainties are estimated to relate to changes in the global economy, shifts of currency exchange rates, changes in purchasing or investment behavior or interruptions in manufacturing. Due to the uncertainty of the financial markets, supplier related risks have slightly increased during the review period.

Significant changes in subcontractor relations, activities or operating environment may have a negative impact on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with the Company's risk management policy.

The Company is currently implementing significant development projects and organizational changes, which lay the foundation for successful execution of Vaisala's new strat-

egy. A new Group-wide enterprise resource planning system is also under development. These efforts may constitute a short-term risk regarding Vaisala's net sales and result.

Interest rate risk

The company has no significant interest-bearing liabilities. 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 small, as the existing interest-bearing liabilities and receivables are but marginal compared with the scope of the company's business. Interest rate changes affect the fair value of both cash flows and investments. A change of one percentage point in the interest rate would affect the company's result after taxes by around EUR 396 (354) thousand. Further information on interest-bearing receivables is given in Note 21.

Market risk on investment activity

The Group invests its cash reserves in short-term income funds and is therefore exposed in its operations to a price risk arising from fluctuations in the quoted market prices of income funds. Because issuers (states, municipalities and financial institutions) whose credit rating is very good are selected as the locations for fund investments, the credit risk connected with the funds is low. The funds invest in euro-denominated interest income products, so there is no currency risk. A rise in short-term market interest rates might momentarily lower the value of fund shares. A change in fair value is recognized in the income statement in 'financial income and expenses'. If the value of income fund investments would increase or weaken by 5 per cent, with the investment holding remaining unchanged, its affect on the result after taxes would be EUR 963 (1,484) thousand. Further information on assets recognized at fair value through profit and loss 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 (SA)

			Effect on result after taxes EUR thousand
2008			
USD/EUR	Exchange rate rise	10.00%	675
	Exchange rate fall	10.00%	-642
JPY/EUR	Exchange rate rise	10.00%	226
	Exchange rate fall	10.00%	-185
GBP/EUR	Exchange rate rise	10.00%	554
	Exchange rate fall	10.00%	-509
2007			
USD/EUR	Exchange rate rise	10.00%	906
	Exchange rate fall	10.00%	-832
JPY/EUR	Exchange rate rise	10.00%	199
	Exchange rate fall	10.00%	-163
GBP/EUR	Exchange rate rise	10.00%	613
	Exchange rate fall	10.00%	-555

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 SA calculation does not incorporate the effects of parent company purchases in other currencies during the financial year, or the effect of hedging measures.

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 one third of the Group's net sales arises in US dollars. A significant proportion of Group purchases takes 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. Hedging is arranged by the parent company (Note 10. Financial income and expenses).

Liquidity risk

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. The company has no other external financial liabilities other than those related to finance leasing (Note 23. Other liabilities).

With the company's current balance sheet structure, liquidity risks are non-existent.

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 21. 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, thanks to global diversification of the company's customer pool. Total credit losses arising from accounts receivable and recognized for the financial year amounted to EUR 0.4 million (0.3), and the total net credit loss for the financial year was EUR 0.4 million (-0.1). The credit losses resulted from an unexpected change in the financial environment of a customer. The maximum amount of the Group's credit risk corresponds with the carrying amount of financial assets at the end of the financial year. The periodic distribution of accounts receivable items is presented in Note 19 in the Notes to the Financial Statements.

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 issues, 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, or it may decide to sell or divest asset items to reduce its liabilities. The company has no significant financial liabilities. The shareholders' equity indicated in the consolidated balance sheet represents the capital assets managed. The Group does not apply external capital requirements.

Internal control

Vaisala aims to be a good corporate citizen, and an appropriate level of documented internal control policies support this. According to the Finnish Corporate Governance Code, the purpose of internal control is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles. Internal control aims to improve the efficient fulfillment of the Board's supervision obligation.

Internal control is a process carried out by the Board of Directors, management and other employees within Vaisala. It is designed to provide reasonable assurance that:

- operations are effective, efficient and aligned with strategy,
- financial reporting and management information is reliable, complete and timely, and

- the Group is in compliance with applicable laws and regulations as well as Vaisala internal policies and ethical values, including sustainability.

The Vaisala internal control framework consists of:

- the internal control, risk management and corporate governance policies and principles set by the Board of Directors,
- management overseeing the implementation and application of the policies and principles
- finance department and business controllers monitoring the efficiency and effectiveness of the operations and reliability of the financial and management reporting
- enterprise risk management process identifying, assessing and mitigating risks threatening the realization of Vaisala's objectives
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values, including sustainability, are adhered to
- effective control environment at all organizational levels including control activities tailored for each process and creating group minimum requirements for business and geographical areas
- shared ethical values and internal control culture among all employees
- internal audit assignments reviewing the effectiveness of the internal controls as needed.

Internal control roles and responsibilities

Board of Directors

- Is ultimately responsible for the administration and the proper organization of the operations of the company
- Ensures that the company has duly endorsed the corporate values applied to its operations.
- Approves the internal control, risk management and corporate governance policies.
- The Board of Directors or the President and CEO can assign Vaisala's external auditors or other external service provider to perform internal audit assignments as needed.

President and CEO

- Is in charge of the day-to-day management of the company in accordance with the instructions and orders given by the Board
- Sets the ground of the internal control environment by providing leadership and direction to senior managers and reviewing the way they're controlling the business
- Ensures that the accounting practices of the company comply with the law and that the financial matters are handled in a reliable manner.

Management Group

- Senior managers assign responsibility for establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions. Of particular significance are financial officers and their staffs, whose control activities cut across, as well as up and down, the operating and other units of the group.

Finance and control function

- Helps units and functions to set up adequate control activities
- Together with risk management director, facilitates the enterprise risk management process and reporting its results to the management
- Operatively follows-up the adequacy and effectiveness of control activities.

Internal audit assignments

- Examines and evaluates the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

General Counsel, business area and corporate function directors

- Are responsible for making sure that all functions and employees in their responsibility areas adhere to applicable laws, regulations and internal policies.

Vaisala's shares

As at the end of 2008, the company's Board of Directors had no valid authorizations for increasing the share capital, granting special rights, or issuing stock option rights.

On December 31, 2007, the average price of Vaisala's A share in the OMX Nordic Exchange Helsinki was EUR 35.60, and on December 31, 2008 the share price was EUR 22.11. The highest quotation during the financial year was EUR 36.49 and the lowest EUR 19.50.

A total of 2,277,884 (5,595,292) Vaisala shares were traded in the stock exchange during the financial year.

Vaisala has 18,218,364 shares, of which 3,405,584 are series K shares and 14,812,780 are series A shares. The shares do not have nominal value. The K shares and A shares are differentiated by the fact that each K shares 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 81.3 percent of the total number of shares and 17.9 percent of the total votes. The K shares represent 18.7 percent of the total number of shares and 82.1 percent of the total votes.

The market value of Vaisala's A shares on 31.12.2008 was EUR 327.3 million, excluding the Company's own 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 final day of the financial year, the total year-end market value of all the A and K shares together was EUR 402.6 million, excluding the company's own shares.

Vaisala's main shareholders are listed on the company's website and in the Notes to the Financial Statements.

The shares give equal rights to dividends. According to the company's Articles of Association, the maximum number of shares is 68,490,017 and Vaisala's maximum share capital is EUR 28.8 million. All issued shares have been fully paid for. The shares have no consent or redemption clauses attached to them.

According to the Articles of Association, a K share can be converted into an A share in the manner specified in the Articles.

The number of shares held and controlled by Vaisala Corporation's Board of Directors on 31 December 2008 was 1,353,425, accounting for 15.6% of the total votes (2007: 1,394,601 shares and 16.6% of the total votes). The company's President and CEO did not own shares or options on December 31, 2008.

Conversion of unlisted shares series K into series A

Vaisala Corporation's 500 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on June 25, 2008. Listing of the new series A shares was applied for as of June 26, 2008.

Vaisala Corporation's 500 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on September 3, 2008. Listing of the new series A shares was applied for as of September 4, 2008.

Vaisala Corporation's 801 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on December 12, 2008. Listing of the new series A shares was applied for as of December 15, 2008.

Treasury shares and parent company shares

At the end of the financial year, the Company held a total of 9,150 Vaisala A shares, which represented 0.05 percent of the share capital and 0.01 percent of the votes. The consideration paid for these shares was EUR 251,898.31.

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 three (3) and at most six (6) members. According to current practice, the Board comprises six members. All Board members are appointed by a 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 six members of the Board of Directors are independent of the company. Evaluated against the criteria given in Recommendation 15, Yrjö Neuvo, Stig Gustavson, Mikko Niinivaara 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 of 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 management.

Events relating to the permanent group of insiders

No loans were granted to any of the persons belonging to the permanent group of insiders, and no contingent liabilities were made on their behalf.

Group structure

The company has regional offices in India, Canada, China, Malaysia and the United Arab Emirates. The addresses and contact details of the regional offices are available on Vaisala's website.

Environment

Vaisala entered a voluntary energy efficiency agreement of the Federation of Finnish Technology Industries as a signatory. The agreement aims at improving energy efficiency, generating cost savings, and countering climate change. An energy consumption analysis of the production facilities was carried out. This provides a basis for the allocation of energy efficiency investments and cost saving measures.

Vaisala announced that it will start a construction project to build more modern office space for approximately 200 employees. In line with the energy efficiency agreement, the new building will be more energy efficient and ecologically advanced. The project will start in the second quarter of

2009 and the new building is estimated to be in place by the end of 2010. The investment is expected to improve energy efficiency by 15 percent compared to the old facilities.

Vaisala initiated Corporate Responsibility reporting processes in 2008. The reporting is based on Global Reporting Initiative Guidelines (GRI G3). Vaisala also became signatory of UN Global Compact, an initiative endorsing human and labor rights, protection of the environment, and anti-corruption. Vaisala is committed to applying these values in practice and has embedded them in its Code of Conduct.

The first GRI-based Corporate Responsibility report will be published in March 2009.

Active involvement in the scientific community

Vaisala is involved in active discussion with different stakeholders, promoting advancement in science, particularly the development of environmental measurement. Vaisala collaborates in several projects with leading research institutes in the field, such as NOAA (the National Oceanic and Atmospheric Administration, USA), Colorado State University, VTT (Technical Research Centre of Finland) and the Helsinki University of Technology, Finland.

Vaisala's representatives participate in the Board of the Federation of Finnish Technology Industries and in its various committees, such as the Environmental Committee. 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 competence cluster for energy and environmental competencies, established in 2008.

Proposals to the Annual General Meeting

The Board of Directors' proposal for the distribution of profit

According to the financial statements for the year to December 31, 2008, the parent company's distributable funds amount to EUR 140,308,928.32, of which the profit for the financial year is EUR 24,794,249.46.

The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.90 per share be paid, totaling	EUR 16,388,292.60
- To be retained in shareholders' equity	EUR 123,920,635.72
Total	EUR 140,308,928.32

No material changes have occurred in the company's financial situation since the end of the financial year. The company's liquidity remains good and, in the view of the Board, is not threatened by the proposed profit distribution.

The record date for dividend payment has been set at March 31, 2009, and it is proposed that the dividend be paid on April 7, 2009.

The terms of office of Board members Stig Gustavson and Mikko Voipio will end at the Annual General Meeting. Shareholders representing more than 10 percent of all the votes in the company have announced their intention to propose to Vaisala's Annual General Meeting, to be held on March 26, 2009, that the number of Board members will be six. The Board proposes that Stig Gustavson and Mikko Voipio be re-elected.

The Board proposes that PricewaterhouseCoopers Oy, Authorized Public Accountants, and Hannu Pellinen, APA, be re-elected as Vaisala's auditor.

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

Events after the financial year

Vaisala's US subsidiary Vaisala Inc. acquired Aviation Systems Maintenance, Inc (ASMI), a Kansas, U.S. based airport service company. The acquisition closed on January 1st, 2009, and the value of the deal was 3.2 million USD.

Vantaa, Finland February 12, 2009

Vaisala Corporation
Board of Directors

Financial ratios and shares in figures

Financial ratios

		IFRS 2008	IFRS 2007	IFRS 2006
Net sales	M€	242.5	224.1	220.8
exports and international operations		94.5%	95.8%	96.6%
Operating profit	M€	38.0	35.3	38.6
% of net sales		15.7%	15.8%	17.5%
Profit before taxes	M€	38.9	37.0	38.2
% of net sales		16.0%	16.5%	17.3%
Return on equity (ROE)		15.5%	14.9%	16.4%
Return on investment (ROI)		15.5%	15.1%	16.4%
Solvency ratio		82.4%	82.6%	81.0%
Current ratio		3.6	3.5	3.3
Gross capital expenditure	M€	12.2	7.3	20.4
% of net sales		5.0%	3.3%	9.2%
R&D expenditure on machinery and equipment	M€	0.5	0.6	0.3
R&D expenditure	M€	24.6	23.5	20.6
% of net sales		10.1%	10.5%	9.3%
Orderbook on Dec. 31.	M€	90.3	82.3	77.6
Average personnel		1177	1113	1069

Shares in figures

		IFRS 2008	IFRS 2007	IFRS 2006
Earnings/share (EPS)	€	1.56	1.42	1.46
Earnings/share (EPS). calculated taking into account the dilution impact of the bond with warrants	€	1.56	1.42	1.46
Cash flow from business operations/share	€	1.77	1.98	1.96
Shareholders' equity/share	€	10.47	9.68	9.32
Dividend/share	€	*0.90	0.85	0.85
Dividend/earnings	%	**57.7%	59.9%	58.2%
Effective dividend yield ***		3.8%	2.4%	2.6%
Price/earnings (P/E)		14.18	25.11	22.65
A-share trading				
highest	€	36.49	41.99	33.33
lowest	€	19.50	29.43	23.10
weighted average	€	25.82	37.31	26.64
at balance sheet date	€	22.11	35.60	33.07
Market capitalisation at balance sheet date ***	M€	402.6	648.2	602.2
A-shares traded				
traded	pcs	2 277 884	5 595 292	6 873 504
% of entire series		15.4%	37.8%	46.4%
Adjusted number of shares	pcs	18 209 214	18 209 214	18 174 250
A-shares	pcs	14 812 780	14 810 979	14 809 079
K-shares	pcs	3 405 584	3 407 385	3 409 285
Number of shares at Dec. 31	pcs	18 209 214	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 (%)	=	$\frac{\text{Profit before taxes less taxes}}{\text{Shareholders' equity plus minority interest (average)}} \times 100$
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, (%)	=	$\frac{\text{Shareholders' equity plus minority interest}}{\text{Balance sheet total less advance payments}} \times 100$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Earnings / share, €	=	$\frac{\text{Profit before taxes less taxes +/- minority interest}}{\text{Average number of shares, adjusted}}$
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, (%)	=	$\frac{\text{Dividend}}{\text{Profit before taxes less taxes +/- minority interest}} \times 100$
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

EUR million Consolidated income statement	IFRS 12/2008	IFRS 12/2007	IFRS 12/2006	IFRS 12/2005	IFRS 12/2004
Net sales	242.5	224.1	220.8	197.9	178.1
Other operating income	0.1	0.0	0.1	0.3	0.2
Costs	196.4	180.6	171.5	158.4	140.1
Depreciation, amortization and impairment charges	8.2	8.2	10.8	8.4	9.4
Operating profit	38.0	35.3	38.6	31.5	28.7
Financial income and expenses	0.9	1.7	-0.4	2.6	0.3
Profit before tax	38.9	37.0	38.2	34.1	29.1
Income taxes	-10.5	-11.2	-11.6	-9.2	-8.1
Net profit for the period	28.4	25.8	26.6	24.9	21.0

EUR million Consolidated balance sheet	31.12.08	31.12.07	31.12.06	31.12.05	31.12.04
Assets					
Non-current assets	63.0	56.3	60.4	53.7	50.5
Inventories	22.8	16.1	17.6	14.1	15.0
Current asset	156.0	153.1	141.3	129.1	98.2
	241.7	225.6	219.2	196.9	163.7
Shareholders' equity and liabilities					
Equity attributable to equity holders of the parent	190.6	176.3	169.8	154.3	129.7
Liabilities, total	51.1	49.2	49.4	42.6	34.0
Interest bearing	0.4	0.9	0.9	1.5	2.0
Non-interest bearing	50.7	48.3	48.6	41.1	32.0
Balance sheet total	241.7	225.6	219.2	196.9	163.7

Consolidated income statement

EUR million	Note	1.1. -31.12.2008	1.1. -31.12.2007
Net sales	2. 3	242.5	224.1
Cost of production and procurement	7	-105.1	-99.6
Gross profit		137.4	124.5
		56.7%	55.6%
Other operating income	6	0.1	0.0
Cost of sales and marketing	7. 8. 9	-51.5	-46.2
Development costs	7. 8. 9	-24.6	-23.5
Other administrative costs	7. 8	-23.4	-19.5
Operating profit		38.0	35.3
		15.7%	15.8%
Financial income	10	11.3	7.4
Financial expenses	10	-10.4	-5.8
Share of results of associated companies	16	0.0	0.0
Profit before tax		38.9	37.0
		16.0%	16.5%
Income taxes	11	-10.5	-11.2
Profit after tax		28.4	25.8
		11.7%	11.5%
Attributable to			
Equity holders of the parent		28.4	25.8
Earnings per share for profit attributable to the equity holders of the parent			
Basic earnings per share, €	12	1.56	1.42
Diluted earnings per share,€		1.56	1.42

The notes constitute an essential part of the financial statements.

Consolidated balance sheet

EUR million	Note	31.12.2008	31.12.2007
Assets			
Non-current assets			
Intangible assets	14	17.3	17.8
Property, plant and equipment	15	39.1	33.1
Investments in associates	16	0.4	0.5
Receivables	17	0.4	0.1
Deferred tax assets	11	6.6	5.3
Current assets			
Inventories	18	22.8	16.1
Trade and other receivables	19	51.8	53.4
Accrued income tax receivables		0.8	0.5
Financial assets recognised at fair value through profit and loss	20	25.3	42.6
Cash and cash equivalents	21	78.1	56.6
Total assets		241.7	225.6

The notes constitute an essential part of the financial statements.

EUR million			
Shareholders' equity and liabilities	Note	31.12.2008	31.12.2007
Shareholders' equity			
Equity attributable to equity holders of the parent	22		
Share capital		7.7	7.7
Share premium reserve		16.6	16.6
Reserve fund		0.2	0.1
Own shares		-0.3	-0.3
Translation differences		-4.1	-5.4
Profit from previous years		142.1	131.8
Profit for the financial year		28.4	25.8
		190.6	176.3
Total equity	22	190.6	176.3
liabilities			
Long-term liabilities			
Retirement benefit obligations	24	0.3	0.3
Other liabilities	23	0.2	0.2
Provisions	25	0.5	0.2
Deferred tax liabilities	11	0.4	0.4
		1.4	1.1
Current liabilities			
Current portion of long-term borrowings	23	0.0	0.1
Current liabilities	23	0.2	0.7
Advances received		10.3	12.0
Accrued income tax payables		1.8	2.5
Trade and other payables	26	37.3	32.9
		49.7	48.1
Total liabilities		51.1	49.2
Total Shareholders' equity and liabilities		241.7	225.6

The notes constitute an essential part of the financial statements.

Consolidated cash flow statement

EUR million	Note	Group 1.1.-31.12.2008	Group 1.1.-31.12.2007
Cash flows from operating activities			
Cash receipts from customers	2. 3	241.4	228.2
Other income from business operations		0.1	-0.0
Cash paid to suppliers and employees		-197.6	-184.0
Cash flow from business operations before financial items and taxes		43.9	44.1
Interest received	10	0.0	3.4
Interest paid	10	-0.2	-0.4
Other financial items, net		0.9	-0.4
Direct tax paid	11	-12.5	-10.8
Total cash flow from business operations (A)		32.2	36.0
Cash flow from investing activities			
Investments in intangible assets		-0.5	-0.5
Investments in tangible assets		-12.0	-6.9
Proceeds from sale of fixed assets		0.2	0.0
Other investments	14	-0.2	0.0
The net change in financial assets recognised at fair value through profit and loss	20	17.3	-1.4
Loans granted		0.0	0.0
Total cash flow from investing activities (B)		4.9	-8.7
Cash flow from financing activities			
Repayment of long-term loans		0.1	-0.2
Dividend paid		-15.5	-15.5
Total cash flow from financing activities (C)		-15.4	-15.7
Change in liquid funds (A+B+C) increase (+) / decrease (-)		21.7	11.6
Liquid funds at beginning of period			
Foreign exchange effect on cash		-0.3	-1.0
Net increase in cash and cash equivalents		21.7	11.6
Liquid funds at end of period	20. 21	78.1	56.7

The net change in financial assets recognised at fair value through profit and loss has been transferred in the cash flow statement from financial assets to cash flow from investments and data for the comparison period correspondingly amended.

Consolidated statement of changes in shareholders' equity

EUR million	Note	Share capital	Share premium reserve	Reserve fund	Own shares	Translation differences	Retained earnings	Total equity
Balance at December 31, 2006		7.7	16.6	0.1	-0.3	-1.6	147.3	169.8
Translation differences	22			-0.0		-3.8		-3.8
Net profit for the period	22						25.8	25.8
Net income recognised directly in equity		0.0	0.0	-0.0	0.0	-3.8	25.8	22.0
Transferred from retained earnings to reserve fund	22			0.0			-0.0	0.0
Dividend paid	22						-15.5	-15.5
Balance at December 31, 2007		7.7	16.6	0.1	-0.3	-5.4	157.6	176.3
Translation differences	22			0.0		1.3		1.3
Net profit for the period	22						28.4	28.4
Net income recognised directly in equity		0.0	0.0	0.0	0.0	1.3	28.4	29.7
Transferred from retained earnings to reserve fund	22			0.1			-0.1	0.0
Dividend paid	22						-15.5	-15.5
Balance at December 31, 2008		7.7	16.6	0.2	-0.3	-4.1	170.4	190.6

Notes to the consolidated financial statements

Basic information

Vaisala Oyj is an international technology group which develops and manufactures electronic measuring systems and instruments. The areas of application of these products are meteorology, the environmental sciences, transport and industry. Vaisala's products create the basis for better quality of life, cost savings, environmental protection, security and efficiency.

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, North America, Canada, France, the UK, Germany, China, 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 12 February 2009, the Board of Directors of Vaisala Oyj has approved these financial statements for publication. Under the Finnish Companies Act, shareholders have an opportunity to accept or reject 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 2008 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

Segment information is presented in accordance with the Group's business and geographical segment divisions. The Group's primary segment reporting format is according to business segments. Business segments are based on the Group's internal organisational structure and internal financial reporting.

The business segments consist of asset categories and business operations whose product- or service-related risks and profitability differ from other business segments. The products or services of geographical segments are produced in a financial environment whose risks and profitability differ from the risks and profitability of the financial environment of other geographical segments.

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.

Vaisala's four business divisions are **Vaisala Instruments**, **Vaisala Measurement Systems**, **Vaisala Solutions** and **Vaisala Services**.

Vaisala Instruments

Vaisala Instruments business area develops and markets measurement instruments for selected industrial and meteo-

rological applications. In industry, measurements are used to increase the efficiency of production processes, reduce energy consumption and improve product quality and safety. Meteorological instruments are part of Vaisala's weather observations offering, and they are used as stand-alone or as parts of more comprehensive weather observation solutions.

Vaisala Measurement Systems

Vaisala Measurement Systems business area is responsible for the development and offering of Vaisala's weather observations systems. The core customers of Vaisala Measurement Systems are meteorological and hydrological institutes, aviation authorities, defense forces, road and rail organizations, system integrators, as well as businesses with weather-critical operations, such as insurance and energy companies.

Vaisala Solutions

Vaisala Solutions business area offers comprehensive tailored solutions for environmental measurement, in response to growing customer demand. Measurement solutions consist of project- and technology partnerships, in which Vaisala plays the key role. The focus of the Vaisala Solutions' offering is on aviation, traffic as well as meteorological and hydrological applications, where accurate and real-time environmental information is critical for success.

Vaisala Services

Vaisala's service business is concentrated in the Vaisala Services business area, which started operations at the beginning of 2008. Vaisala Services offers better and more comprehensive services to Vaisala customers. The Product Services business segment is responsible for the lifecycle services for Vaisala products and solutions. The Observation Services business segment offers customers alternatives for the production and management of environmental data.

In 2009 Vaisala will renew its strategy and introduce a reporting model based on market segments. The new three business divisions are Meteorology, Weather Critical Operations and Controlled Environment.

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. Subsidiaries are consolidated according to the IFRS 3 standard Business Combinations.

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, to which is added expenses directly arising from the acquisition. 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.

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. Minority interests have been separated from subsidiaries' results for the financial year and have been presented as a separate item in the Group's shareholders' equity.

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 share-

holders' equity of subsidiaries have been recognised as a separate item in shareholders' equity. 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 fixed assets

Fixed assets 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 fixed 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 fixed 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 fixed asset investments are recognised as a reduction in the carrying amounts of tangible

fixed assets. Grants are recognised in the form of smaller depreciations during the useful life of the asset.

Depreciation of a tangible fixed asset is discontinued when the tangible fixed 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.

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

Borrowing costs are recognised as an expense for the period during which they arise.

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. In determining the acquisition cost, standard cost accounting is applied and standard costs are adjusted regularly and changed if necessary according to the situation at the time in question. 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 fixed 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. 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. 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 trade 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.

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 impair-

ment, 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 provision of these receivables. An impairment provision 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, other short-term, highly liquid investments with original maturities of three months or less and which consist mainly of the short-term investment of cash assets. Bank overdrafts are included within current interest-bearing liabilities. Owing to their short-term nature, the fair values of cash funds and short-term investments have been estimated to be the same as their acquisition cost.

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.

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.

Unrealised and realised gains and losses arising from changes in fair value are recognised in the income statement in 'financial income and expenses' in the period during which they arise.

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.

Share-based payments

The Group has a number of incentive schemes in which payments are made either as equity instruments or in cash. Benefits granted in the schemes are valued at fair value at the time of granting and are recognised as expenses in the income statement uniformly over the vesting period. In schemes in which payments are made in cash, the recognised liability and its change in fair value are amortised correspondingly as an expense. The profit impact of the schemes is presented in the income statement in employment benefit expenses.

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, adjust-

ments 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.

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

New and amended standards and interpretation that are effective in 2008, but not relevant to the group's financial statements

IAS 39 (Amendment) and IFRS 7 (Amendment), 'Reclassification of financial assets'. The amendment permits an entity to reclassify non-derivative financial assets out of the

held for trading category and from the available-for-sale category in particular circumstances and with certain criteria. In case of reclassification additional disclosures are required. The amendment is effective from 1 July 2008.

The IASB has published the following standards and interpretations whose application will be mandatory in 2009 or later. The group has not early adopted these standards, but will adopt them in later periods.

The following standards and interpretations will be adopted by the group in 2009:

IAS 1 (Revised), 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changed in equity will be presented in the statement of comprehensive income.

Amendment to IAS 23, 'Borrowing Costs'. The amended standard requires an entity to capitalise borrowing costs directly attributable to a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will commence capitalisation of borrowing cost related to such undertakings as well as projects to be accounted for under the stage of completion method embarked in 2009. The amendment will not have a material impact on the group's financial statements.

Amendments to IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements' —Puttable Financial Instruments and Obligations Arising on Liquidation. The amendments require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendment is not expected to have an impact on the group's financial statements.

Amendment to IFRS 2, 'Share-based payment', clarifies that only service conditions and performance conditions are vesting conditions. All other features need to be included in the grant date fair value and do not impact the number of awards expected to vest or the valuation subsequent to grant date. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have

an impact on the group's financial statements.

IFRS 8, 'Operating Segments'. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The standard will not have impact on the group's financial statements.

IFRIC 11, 'IFRS 2 – Group and treasury share transactions'. The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The interpretation will not have a material impact on the group's financial statements.

IFRIC 13, 'Customer Loyalty Programmes'. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 will not have an effect on the group's financial statements as none of the group's companies operate loyalty programmes.

IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The interpretation will not have a material impact on the group's financial statements.

IFRIC 15, 'Agreements for the Construction of Real Estate'. The interpretation clarifies whether an agreement for the construction of real estate is within the scope of IAS 11, 'Construction Contracts', or IAS 18, 'Revenue', and when revenue from such construction projects can be recognised on a percentage of completion basis. This interpretation does not have an impact on the group's financial statements.*

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'. IFRIC 16 clarifies the accounting treatment in respect of a hedge of a net investment in a foreign operation. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency. In addition hedging instruments may be

held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. This interpretation does not have an impact on the group's financial statements.*

IASB published changes to 34 standards in May 2008 as part of the annual Improvements to IFRSs project. The following presentation includes those changes, that the group will adopt in 2009 and where the management assesses that the change may have an impact on the group's financial statements:

IAS 1 (Amendment), 'Presentation of financial statements'. The amendment clarifies that some rather than all financial assets classified as held for trading in accordance with IAS 39 are current assets. Management assesses that the amendment will not have a material impact on the financial statements of the group.

IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows'). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. Management is assessing the impact of this amendment on the financial statements of the group.*

IAS 19 (Amendment), 'Employee benefits'. The amendment clarifies among others things that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'. The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit accounted for in accordance with IAS 20. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 23 (Amendment), 'Borrowing costs'. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 27 (Amendment), 'Consolidated and separate financial statements'. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'). Where an investment in associate is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures'). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7). Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The group will not reduce the amount of information presented in the notes to the financial statements of the group in the way allowed by the amendment, but will continue the current presentation.*

IAS 36 (Amendment), 'Impairment of assets'. Where fair value less costs to sell is calculated on the basis of discounted cash

flows, disclosures equivalent to those for value-in-use calculation should be made. The change to the standard will increase the amount of information presented on impairment testing in the notes to the financial statements of the group.*

IAS 38 (Amendment), 'Intangible assets'. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the group has access to the catalogues and not when the catalogues are distributed to customers. Management assesses that the amendment will not have a material impact on the financial statements of the group.

IAS 38 (Amendment), 'Intangible assets'. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'. The amendment clarifies among other things the classification of derivative instruments where there is a change in the hedge accounting, the definition of financial asset or financial liability at fair value through profit or loss and requires use of a revised effective interest rate to remeasure the carrying amount of a debt instrument on cessation of fair value hedge accounting. Management assesses that the amendment will not have a material impact on the financial statements of the group.*

IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16). Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. Management assesses that the amendment will not have impact on the financial statements of the group.

The following new standards and interpretations effective in 2009 are not relevant to the financial statements of the group:

IAS 41 (Amendment), 'Agriculture'. The amended standard

requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and removes the prohibition on taking into account biological transformation when calculating fair value.*

IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and

separate financial statements'). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

The following standards and interpretations published by the IASB will be adopted by the group in 2010:

IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. Management is assessing the impact of this revision on the financial statements of the group.*

IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. Management is assessing the impact of this revision on the financial statements of the group.*

IAS 39 (amendment), 'Financial instruments: Recognition and measurement – Eligible Hedged Items'. The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including

time value in the one-sided hedged risk when designating options as hedges. This amendment does not have an impact on the group's financial statements.*

IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption'). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. Management is assessing the impact of this revision on the financial statements of the group.*

IFRIC 17, 'Distributions of non-cash assets to owners'. The interpretation clarifies how an entity should measure distributions of assets other than cash made as a dividend to its owners. Management is assessing the impact of this interpretation on the financial statements of the group.*

The following new standards and interpretations effective in 2010 are not relevant to the financial statements of the group:

IFRIC 12, 'Service Concession Arrangements'. The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.*

* The standard/ interpretation is still subject to endorsement by the European Union.

1.2. Financial risk management

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers strategic, operating and financial risks relating to the company. Vaisala's Corporate Management Group regularly assesses risk management policies, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of personnel and the company's operations and products and the continuity of operations.

The policy also covers intellectual capital, corporate image and brand protection. An appropriate and up-to-date risk concept is integrated in decision-making.

Vaisala's Management Group determines more specific guidelines for the Group's operations. These include authorizations for approvals, tendering and procurement, as well as payment terms.

The main principles of the 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 usual risks related to international business affect Vaisala's operations.

Interest rate risk

The company has no significant interest-bearing liabilities. 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 small, as the existing interest-bearing liabilities and receivables are but marginal compared with the scope of the company's business. Interest rate changes affect the fair value of both cash flows and investments. A change of one percentage point in the interest rate would affect the company's result after taxes by around 396 (354) thousand euros. Further information on interest-bearing receivables is given in Note 21.

Market risk on investment activity

The Group invests its cash reserves in short-term income funds and is therefore exposed in its operations to a price risk arising from fluctuations in the quoted market prices of income funds. Because issuers (states, municipalities and financial institutions) whose credit rating is very good are selected as the locations for fund investments, the credit risk connected with the funds is low. The funds invest in euro-denominated interest income products, so there is no currency risk. A rise in short-term market interest rates might momentarily lower the value of fund shares. A change in fair value is recognised in the income statement in 'financial income and expenses'. If the value of income fund investments would increase or weaken by 5 per cent, with the investment holding remaining unchanged, its affect on the result after taxes would be 963 (1,484) thousand euros. Further

information on assets recognised at fair value through profit and loss is given in Notes 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 (SA) 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 SA calculation does not incorporate the effects of parent company purchases in other currencies during the financial year, or the effect of hedging measures.

The Group recognises 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 one third of the Group's net sales arises in US dollars. A significant proportion of Group purchases takes 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. Hedging is arranged by the parent company (Note 10. Financial income and expenses).

Liquidity risk

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. The company has no other external financial liabilities other than those related to finance leasing (Note 23. Other liabilities).

With the company's current balance sheet structure, liquidity risks are non-existent.

			Effect on result after taxes EUR thousand
2008			
USD/EUR	Exchange rate rise	10.00%	675
	Exchange rate fall	10.00%	-642
JPY/EUR	Exchange rate rise	10.00%	226
	Exchange rate fall	10.00%	-185
GBP/EUR	Exchange rate rise	10.00%	554
	Exchange rate fall	10.00%	-509
2007			
USD/EUR	Exchange rate rise	10.00%	906
	Exchange rate fall	10.00%	-832
JPY/EUR	Exchange rate rise	10.00%	199
	Exchange rate fall	10.00%	-163
GBP/EUR	Exchange rate rise	10.00%	613
	Exchange rate fall	10.00%	-555

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 21. 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, thanks to global diversification of the company's customer pool. Total credit losses arising from accounts receivable and recognized for the financial year amounted to EUR 0.4 million (0.3), and the total net credit loss for the financial year was EUR 0.4 million (-0,1). The credit losses resulted from an unexpected change in the financial environment of a customer. The maximum amount of the Group's credit risk corresponds with the carrying amount of financial assets at the end of the financial year. The periodic distribu-

tion of accounts receivable items is presented in Note 19 in the Notes to the Financial Statements.

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 issues, 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, or it may decide to sell or divest asset items to reduce its liabilities. . The company has no significant financial liabilities. The shareholders' equity indicated in the consolidated balance sheet represents the capital assets managed. The Group does not apply external capital requirements.

2. Business segments

EUR million 2008	VMS *	VIN *	VSO *	VSE *	Other operations	Eliminations	Group
Net sales to external customers	99.9	72.0	43.1	27.5	0.0	0.0	242.5
Intragroup sales	4.5	13.8	0.0	0.0	0.1	-18.5	0.0
Net sales	104.4	85.8	43.1	27.5	0.2	-18.5	242.5
Operating profit	17.4	24.3	-0.5	-0.2	-3.0	0.0	38.0
Financial income and expenses							0.9
Share of associated companies' net profit							0.0
Net profit before taxes							38.9
Income taxes							-10.5
Net profit for the financial year							28.4
Assets	40.1	10.6	17.7	8.1	164.8	0.0	241.3
Holdings in associated companies	0.4	0.0	0.0	0.0	0.0	0.0	0.4
Liabilities	7.5	1.4	6.3	2.2	33.8	0.0	51.1
Investments	1.4	0.4	0.2	2.1	8.2	0.0	12.2
Depreciation	2.1	1.5	0.1	1.1	3.3	0.0	8.2
EUR million 2007	VMS *	VIN *	VSO *	VSE *	Other operations	Eliminations	Group
Net sales to external customers	90.2	66.2	34.6	33.0	0.0	0.0	224.1
Intragroup sales	5.2	10.4	0.0	0.0	0.0	-15.5	0.0
Net sales	95.4	76.6	34.6	33.0	0.0	-15.5	224.1
Operating profit	12.3	20.5	-0.6	5.7	-2.6	0.0	35.3
Financial income and expenses							1.7
Share of associated companies' net profit							0.0
Net profit before taxes							37.0
Income taxes							-11.2
Net profit for the financial year							25.8
Assets	46.0	18.2	12.8	7.6	140.5	0.0	225.1
Holdings in associated companies	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Liabilities	7.6	3.3	7.4	2.3	28.5	0.0	49.2
Investments	1.0	1.8	0.1	1.1	3.3	0.0	7.3
Depreciation	2.1	1.6	0.2	1.0	3.2	0.0	8.2

* VMS = Vaisala Measurement Systems * VIN = Vaisala Instruments * VSO = Vaisala Solutions * VSE = Vaisala Services

3. Geographical segments

EUR million 2008	Net sales, by destination country (1)	Net sales, by location country (2)	Assets (2)	Investments
Europe	84.8	201.7	193.7	9.3
of which Finland	13.3	183.7	181.5	9.2
North America	66.8	79.9	53.2	2.7
Asia and Australia	76.9	25.1	12.1	0.1
Africa, South and Central America	13.9			0.0
Group eliminations		-64.2	-22.9	
Unallocated items			5.0	
Total	242.5	242.5	241.3	12.2

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 2007	Net sales, by destination country (1)	Net sales, by location country (2)	Assets (2)	Investments
Europe	80.7	183.2	186.2	5.4
of which Finland	9.2	160.7	171.9	5.2
North America	73.2	81.8	48.8	1.7
Asia and Australia	60.2	20.7	9.1	0.2
Africa, South and Central America	10.0			0.0
Group eliminations		-61.6	-23.3	
Unallocated items			4.7	
Total	224.1	224.1	225.6	7.3

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. Company acquisitions

There were no acquisitions during the year 2008 and 2007.

5. Long-term project

Net sales include EUR 5.2 million (2007; EUR 8.9 million) in revenue recognised for long-term projects.

Revenue of EUR 0.1 million recognised for long-term projects in progress was included in the consolidated income statement (2007; EUR 0.8 million). Advance payments of EUR 1.7 million recognised for long-term projects in progress were included in the balance sheet at 31.12.2008 (EUR 5.4 million 31.12.2007).

6. Other operating income

EUR million	2008	2007
Gains on the disposal of fixed assets	0.0	0.0
Other	0.1	0.0
	0.1	0.0

7. Depreciation and impairment

EUR million	2008	2007
Depreciation by function		
Procurement and production	2.1	2.2
Sales and marketing	2.4	2.4
Research and development	0.5	0.4
Other administration	3.2	3.2
	8.2	8.2

8. Expenses arising from employee benefits

EUR million	2008	2007
Salaries	59.6	56.9
Options payable as cash	0.1	0.3
Social costs	8.6	6.8
Pensions		
Defined-benefit pension schemes	0.1	0.1
Defined-contribution pension schemes	6.8	5.4
Personnel expenses, total	75.2	69.5
Expenses arising from employee benefits by function	2008	2007
Procurement and production	19.2	15.9
Sales and marketing	30.6	28.8
Research and development	17.0	16.5
Other administration	8.3	8.3
	75.2	69.5
Group personnel, average during the financial year	2008	2007
By business unit		
Vaisala Measurement Systems	140	274
Vaisala Instruments	204	308
Vaisala Solutions	65	136
Vaisala Services	211	282
Other operations	557	113
	1 177	1 113
In Finland	734	677
Outside Finland	443	436
	1 177	1 113

9. Research and development expenditure

The income statement includes research and development expenditure of EUR 24.6 million recognised as an expense in 2008 (EUR 23.5 million in 2007).

10. Financial income and expenses

EUR million	2008	2007
Dividend income	0.0	0.0
Other interest and financial income	2.4	2.0
Change in fair value of assets recognised at fair value through profit an loss*		1.5
Realised and unrealised gains arising from changes in fair value of derivative contracts and hedging activities	2.0	1.5
Other foreign exchange gains	6.9	2.5
Total financial income	11.3	7.4
Interest expenses		
Short- and long-term liabilities	0.0	-0.3
Finance lease agreements	-0.0	-0.0
Change in fair value of assets recognised at fair value through profit an loss*	-2.2	0.0
Other financial expenses	-0.1	-0.1
Realised and unrealised losses arising from changes in fair value of derivative contracts and hedging activities	-2.3	-0.4
Other foreign exchange losses	-5.8	-5.1
Total financial expenses	-10.4	-5.8

*Change in fair value of income fund investments.

11. Income taxes

EUR million	2008	2007
Tax based on taxable income for the financial year	11.4	11.1
Taxes from previous financial years	0.0	-0.1
Change in deferred tax assets and liabilities	-0.9	0.1
Total	10.5	11.2

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

EUR million	2008	2007
Profit before taxes	38.9	37.0
Taxes calculated at Finnish tax rate	10.1	9.6
Effect of foreign subsidiaries' tax rates	0.7	1.2
Non-deductible expenses and tax-free revenue	-0.8	-0.8
Use of previously unrecognised tax losses	-1.4	-0.0
Effect of the group eliminations	1.0	0.9
Income tax and withholding taxes of permanent operating locations	0.9	0.3
Tax in income statement	10.5	11.2
Effective tax rate	27.0%	30.2%

Deferred taxes in balance sheet

EUR million	2008	2007
Deferred tax assets	5.8	4.7
Deferred tax liabilities	-0.4	-0.4
Deferred tax asset, net	5.4	4.3

Deferred tax is presented net in the balance sheet in respect of those companies between which the option exists in taxation for tax equalisation or which are taxed as one taxpayer.

Gross change in deferred taxes recognised in balance sheet:

	2008	2007
Deferred taxes 1 Jan	4.3	4.9
Items recognised in income statement	0.9	-0.1
Translation differences	0.2	-0.4
Deferred tax asset, net	5.4	4.3

In the consolidated financial statements has been recognised a EUR 0.8 million euro deferred tax asset for losses of a German subsidiary in earlier years. Based on the improved result forecasts of the German subsidiary, the realisation of these deferred tax assets is probable. In addition, the balance sheet includes EUR 0.8 million (2007 EUR 0.8 million) of deferred tax assets from the losses of other subsidiaries in earlier years. The recognition of these deferred tax assets is based on result forecasts that indicate that the realisation of the said deferred tax assets is probable.

Changes in deferred taxes during 2008

EUR million	31.12. 2007	Recognised in income statement	Translation differences	31.12. 2008
Deferred tax assets:				
Internal margin of inventories and fixed assets	0.5	0.1		0.6
Employee benefits	0.1	0.0		0.1
Unused tax losses	0.8	0.8		1.6
Timing difference of depreciation on intangible items	2.5	-0.3	0.1	2.3
Other temporary timing differences	0.9	0.3	0.0	1.2
Total	4.7	0.9	0.2	5.8
Deferred tax liabilities				
Timing difference between accounting and taxation	0.4	-0.0	-0.0	0.4
Deferred tax asset, net	4.3	0.9	0.2	5.4

Changes in deferred taxes during 2007

EUR million	31.12. 2006	Recognised in income statement	Translation differences	31.12. 2007
Deferred tax assets:				
Internal margin of inventories and fixed assets	0.2	0.3		0.5
Employee benefits	0.1	-0.0		0.1
Unused tax losses	0.8	0.0		0.8
Timing difference of depreciation on intangible items	3.1	-0.3	-0.3	2.5
Other temporary timing differences	1.1	-0.1	-0.1	0.9
Total	5.2	-0.1	-0.4	4.7
Deferred tax liabilities				
Accumulated depreciation difference	0.4	0.0	-0.0	0.4
Deferred tax asset, net	4.9	-0.1	-0.4	4.3

*Other temporary differences consist of the different handling in taxation and accounting of subsidiaries' sales, credit losses, inventories and other items.

For the EUR 31.5 million undistributed retained earnings of foreign subsidiaries in 2008 (28.9 million in 2007), no deferred tax liability has been recognised, because the assets have been invested permanently in the countries in question.

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 during the financial year.

	2008	2007
Profit for financial year belonging to parent company shareholders, EUR million	28	26
Weighted average number of shares outstanding, 1000 pcs	18 209	18 209
Earnings per share, EUR	1.56	1.42

The Group had no share options during the years 2008 and 2007 that increase the number of diluting shares.

13. Dividend per share

For 2007 a dividend of 0.85 euros per share was paid. At the Annual General Meeting to be held on 26 March 2009 the payment of a dividend of 0.90 euros per share will be proposed, representing a total dividend of EUR 16.4 million. The proposed dividend has not been recognised as a dividend liability in these financial statements.

14. Intangible assets

EUR million	Intangible rights	Goodwill	Trademark	Other intangible assets	Total
Acquisition cost 1 Jan	20.4	8.9	2.9	2.2	34.4
Translation difference	0.7	0.5	0.2	0.1	1.5
Increases	0.5	-	-	0.3	0.8
Acquisition of subsidiary Decreases	-0.4	-	-	0.3	-0.1
Transfers between items	0.4	-	-	-0.4	0.1
Acquisition cost 31 Dec	21.5	9.4	3.1	2.6	36.6
Accumulated depreciation and impairment 1 Jan	15.5	-	-	1.7	17.2
Translation difference	0.3	-	-	0.1	0.4
Accumulated depreciation of decreases and transfers	-0.4	-	-	-0.4	-0.8
Depreciation in financial year	2.1	-	-	0.5	2.6
Accumulated depreciation 31 Dec	17.4	-	-	1.9	19.3
Carrying amount 31 Dec 2008	4.1	9.4	3.1	0.8	17.3

Intangible assets	Intangible rights*	Goodwill	Trademark	Other intangible assets**	Total
Acquisition cost 1 Jan	20.6	10.0	3.2	2.3	36.1
Translation difference	-1.0	-1.1	-0.3	-0.1	-2.5
Increases	0.5	-	-	-	0.5
Acquisition of subsidiary Decreases	-0.3	-	-	-	-0.3
Transfers between items	0.6	-	-	-	0.6
Acquisition cost 31 Dec	20.4	8.9	2.9	2.2	34.4
Accumulated depreciation and impairment 1 Jan	13.7	-	-	1.4	15.1
Translation difference	-0.5	-	-	-0.1	-0.6
Accumulated depreciation of decreases and transfers	-0.3	-	-	-	-0.3
Depreciation in financial year	2.0	-	-	0.3	2.4
Accumulated depreciation 31 Dec	14.9	-	-	1.7	16.6
Carrying amount 31 Dec 2007	5.5	8.9	2.9	0.5	17.8

*Intangible rights include patents and trademarks as well as software licences. Trademarks which have an indefinite useful life and for which depreciation is not recognised - rather they are tested for impairment annually - have been reported as a separate item. This item consists of the Sigmet trademark, which is a well known and established trademark its own radar field of business. It has the potential to produce positive cash flow and thus an indefinite useful life is justified.

**Other intangible assets chiefly include subscription fees and capitalised Vaisala-brand development costs.

Goodwill and trademark impairment testing

Goodwill is attributed to the segments Vaisala Measurement Systems and Service. Trademark EUR 3,0 (2,9) million is attributed to the segment Vaisala Measurement Systems. The balance sheet value of goodwill and trademarks is assessed at least once per year to ascertain any possible impairment. Trademark value is assessed by the relief-from-royalty method by comparing present value of the royalty payments saved with the value of the trademark. For impairment testing the goodwill is attributed to two different cash generating units, i.e. EUR 6.0 million (2007 EUR 5.6 million) to a North American Service segment and EUR 3.4 million (2007 EUR million 3.3) to a North American radar systems business unit.

The value of the recoverable amount of the 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 five-year forecasts. Estimated amounts of sales are based on existing fixed assets and the most important assumptions of the forecasts are the sales distribution for each country and the margin received from the products. Two per cent annual growth has been used as the growth rate for service business sales, and profitability is expected to rise by several percentage points owing to decreasing guarantee costs. The relative profitability of the North American radar business is expected to remain as before and sales to fluctuate from strong growth in 2009 to a five per cent fall over a period of five years. Vaisala's sector-specific capital yield requirement before taxes (WACC) has been used as the discount rate. The components of the yield requirement are the risk-free yield percentage, the market risk premium, the sector-specific beta coefficient as well as the cost and target capital structure of borrowing. The discount rate in 2008 was 14.5% (2007 15.2%). Cash flows after the management-approved forecast period have been calculated using the residual value method, in which the average of operating profits of the last four planning periods have been multiplied by four and discounted using the discount rate described above and the zero-growth percentage. On the basis of impairment testing there is no need for impairment recognitions. On the basis of sensitivity analyses made, reasonable changes to the assumptions used do not result in impairment of the goodwill of North American Service segment or North American radar systems business unit. Shortening the useful life of Trademark to 10 years would result in an impairment recognition.

15. Tangible assets

Tangible assets 2008

EUR million Tangible assets	Land and waters	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	2.6	31.2	49.0	2.7	4.4	89.8
Translation difference	0.1	0.1	0.9	-	-	1.1
Increases	-	-	4.2	-	7.7	11.9
Decreases	-	-0.2	-0.9	-2.6	-	-3.7
Transfers between items	-	0.1	1.7	-	-1.9	-0.1
Acquisition cost 31 Dec	2.7	31.2	54.9	0.0	10.3	99.1
Accumulated depreciation and impairment 1 Jan	-	15.3	39.5	1.9	-	56.7
Translation difference	-	-	0.5	-	-	0.5
Accumulated depreciation of decreases and transfers	-	-	-0.8	-1.9	-	-2.7
Depreciation in financial year	-	1.6	4.0	-	-	5.6
Accumulated depreciation 31 Dec	-	16.9	43.2	0.0	-	60.0
Carrying amount 31 Dec 2008	2.7	14.4	11.7	0.0	10.3	39.1

The undepreciated acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 27.3 million on 31.12.2008 (EUR 25.4 million 31.12.2007).

Tangible assets 2007

EUR million Tangible assets	Land and waters	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	2.7	31.5	47.3	2.5	3.2	87.2
Translation difference	-0.2	-0.3	-1.1	-0.2	-	-1.8
Increases	-	-	2.8	0.4	3.7	7.0
Decreases	-	-	-1.9	-	-	-1.9
Transfers between items	-	-	1.8	-	-2.5	-0.6
Acquisition cost 31 Dec	2.6	31.2	49.0	2.7	4.4	89.8
Accumulated depreciation and impairment 1 Jan	-	13.7	38.5	1.6	-	53.8
Translation difference	-	-0.1	-0.9	-	-	-1.0
Accumulated depreciation of decreases and transfers	-	-	-1.9	-	-	-1.9
Depreciation in financial year	-	1.7	3.9	0.3	-	5.8
Accumulated depreciation 31 Dec	-	15.3	39.5	1.9	-	56.7
Carrying amount 31 Dec 2007	2.6	15.9	9.5	0.8	4.4	33.1

Tangible fixed assets include the following assets acquired on finance leases:

EUR million	
2008	Machinery and equipment
Acquisition cost	1.0
Accumulated depreciation	-0.6
Carrying amount 31 Dec 2008	0.4

EUR million	
2007	Machinery and equipment
Acquisition cost	1.2
Accumulated depreciation	-0.7
Carrying amount 31 Dec 2007	0.4

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

16. Holdings in associated companies

EUR million	2008	2007
Acquisition cost 1 Jan	0.5	0.4
Share of result	0.0	0.0
Translation differences	-0.1	0.0
Associated company investments, total 31 Dec	0.4	0.5

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						
Associated companies 2008	Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Meteorage SA, France	Cedex	1.7	0.6	1.6	0.1	35%

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

EUR million						
Associated companies 2007	Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Meteorage SA, France	Cedex	1.5	1.0	1.6	0.1	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	2008		2007	
	Balance sheet values	Fair values	Balance sheet values	Fair values
Loan receivables	0.0	0.0	0.0	0.0
Other receivables *	0.4	0.4	0.1	0.1
	0.4	0.4	0.1	0.1

Fair values have been calculated by discounting the future cash flows of every significant receivable at the market interest rate on the closing date.

*Other financial assets include an insubstantial quantity of unquoted shares, which have been valued at acquisition cost as well as lease guarantee deposits.

18. Inventories

EUR million	2008	2007
Materials and supplies	11.9	7.8
Work in progress	5.5	4.4
Finished goods	5.4	3.8
Advances paid	0.0	0.0
	22.8	16.1

An expense of EUR 98.4 million (EUR 101 million in 2007) was recognised in the financial period. In the financial year expense of EUR 1.4 million was recorded, equivalent to the amount by which the carrying amount of inventories was reduced to correspond with their net realisable value (EUR 1.7 million in 2007). The balance sheet value of these goods is zero.

19. Trade receivables and other receivables

EUR million	2008	2007
Trade receivables	42.7	39.4
Loan receivables	0.0	0.0
Advanced paid	0.8	0.9
Other receivables	0.4	2.3
Receivables from long-term project customers	4.5	6.6
Value-added tax receivables	1.0	2.9
Derivative contracts	0.2	0.4
Other prepaid expenses and accrued income	2.2	0.8
	51.8	53.4

The fair values of trade and other receivables essentially correspond to their carrying amounts. Other receivables principally include allocations of maintenance and data sales contracts. Other prepaid expenses and accrued income include interest and exchange rate allocations as well as miscellaneous allocations.

Age analysis for the trade receivables

EUR million	2008	provision for impairment	Net 2008	2007	provision for impairment	Net 2007
Invoices not due	3.7		3.7	5.1		5.1
Due less than 30 days	24.4		24.4	17.4		17.4
Due 31- 90 days	10.9		10.9	14.0		14.0
Due over 90 days	4.0	0.4	3.7	3.2	0.3	2.9
Total	43.0	0.4	42.7	39.7	0.3	39.4

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

EUR million	2008	2007
EUR	22.5	17.2
USD	14.0	16.1
GBP	2.2	3.4
JPY	2.7	1.7
AUD	0.4	0.4
CNY	0.4	0.0
Other	0.6	0.6
	42.7	39.4

Derivative contracts

EUR million	2008	2007
Capital value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks		
Currency forwards	14.8	14.3
Capital value, total	14.8	14.3

Derivative contracts are denominated in the following currencies:

	2008 Currency million	EUR million	2007 Currency million	EUR million
USD	17.0	12.3	16.5	11.6
AUD	2.0	1.0	1.5	0.9
JPY	115.0	0.9	115.0	0.7
GBP	0.5	0.5	0.8	1.1
		14.8		14.3

Maturity

EUR million	2008	2007
Less than 90 days	8.9	9.6
Over 90 days and less than 120 days	2.4	3.0
Over 120 days and less than 230 days	3.5	1.7
	14.8	14.3

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

EUR million	2008	2007
Currency forwards	0.2	0.4
Fair value, total	0.2	0.4

20. Financial assets recognised at fair value through profit and loss

EUR million	2008	2007
Income fund investments	25.3	42.6

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. Fixed income fund investments are publicly quoted securities whose fair value is determined in the market and whose liquidity is good. Investments are directed at euro-denominated fixed income funds of banks that are a good credit risk and under Finnish supervision. A change in fair value is recognised in the income statement in 'financial income and expenses'. A change in interest rate of 1 per cent upwards or downwards would correspondingly influence the value of the investments by around EUR 35,400 (63,900 in 2007).

21. Cash and cash equivalents

EUR million	2008	2007
Cash and bank deposits	36.5	24.8
Certificates of deposit		
Fixed-term bank deposits	6.0	10.5
Bank certificates of deposit	18.7	20.4
Commercial paper	16.9	1.0
Certificates of deposit, total	41.6	31.9
Total cash and cash equivalents	78.1	56.6

The values of cash and cash equivalents is equivalent to their carrying amounts. Certificates of deposit consist of short-term, highly liquid investments whose maturity is less than 3 months and which are mainly involved in the short-term investment of liquid assets. The average interest rate on the investments in 2008 was 4.5 % (4.1 % in 2007). Deposits consist of fund investments in Euros. These are provided by banks under Finnish official supervision and having a good credit rating. A change in interest rate of 1 per cent upwards or downwards would correspondingly influence the value of the investments by around EUR 56,800 /57,100 (EUR 14,600/14,600 in 2007).

22. Notes relating to shareholders' equity

Vaisala applies the insider rules of the Helsinki Stock Exchange.

Vaisala has 18,218,364 shares, of which 3,407,385 are K shares and 14,810,979 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 17,122,515 and not more than 68,490,017. The K shares and A shares are differentiated by the fact that each K shares 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 81.3 percent of the total number of shares and 17.9 percent of the total votes. The K shares represent 18.7 percent of the total number of shares and 82.1 percent of the total votes.

Share capital and share premium fund

EUR million	Number of shares 1000	Share capital	Share premium fund	Reserve fund	Own shares	Total
1.1.2007	18 209	7.7	16.6	0.1	-0.3	24.1
31.12.2007	18 209	7.7	16.6	0.1	-0.3	24.1
31.12.2008	18 209	7.7	16.6	0.1	-0.3	24.1
Own shares held by company	9					
	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 recognised 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 recognised in accordance with the arrangement of the share capital and the share premium fund, less transaction expenses.

The reserve fund of EUR 0.1 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.

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
February 2006	13 000	0.4
March 2006	22 000	0.6
Total	35 000	1.0
Shares transferred	-25 850	-0.7
Company's own shares on 31 December 2007	9 150	0.3
Shares transferred	-	-
Company's own shares on 31 December 2008	9 150	0.3

Optio scheme

The company has no effective optio schemes.

Share-based incentive schemes

2007 scheme

In 2007 Vaisala's Board of Directors instituted a new share-based incentive scheme for around 50 key individuals of the company. Some of these individuals belong to related parties of the Group. The incentive scheme is of two years' duration and it ends in February 2009. The performance period of incentive scheme was the financial year that began on 1 January 2007 and ended on 31 December 2007. The imputed number of shares to which individuals are entitled is based on the achievement of set financial targets, which are measured by earnings per share (EPS). A bonus corresponding to the imputed number of shares will be paid in cash and the share price used is the average price on the trading day that follows the publication of the 2008 final statements. Individuals must invest the proportion of the cash sum they receive that remains after taxes in Vaisala shares. Key individuals undertake to acquire the shares themselves at the market price. In addition, the shares have a restriction on sale of one year. The maximum cost of the incentive scheme corresponds to the value of 130,000 shares. Because financial targets were not met, the Group has no recognised expenses or liabilities from the scheme.

2006 scheme

In 2006 Vaisala's Board of Directors instituted a new share-based incentive scheme for around 50 key individuals of the company. Some of these individuals belong to related parties of the Group. The incentive scheme was of two years' duration and it ended in February 2008. The performance period of incentive scheme was the financial year that began on 1 January 2006 and ended on 31 December 2006. The imputed number of shares to which individuals were entitled was based on the achievement of set financial targets, which were measured by earnings per share (EPS). A bonus corresponding to the imputed number of shares was paid in cash and the share price used was the average price on the trading day that followed the publication of the 2007 final statements. Individuals had to invest the proportion of the cash sum they receive that remains after taxes in Vaisala shares. Key individuals undertook to acquire the shares themselves at the market price. In addition, the shares had a restriction on sale of one year. The maximum cost of the incentive scheme corresponded to the value of 130,000 shares. From the scheme, a EUR 0.3 million expense item for salary expenses was recognised in the consolidated result in 2007. The liability recognised for the scheme in the consolidated balance sheet at 31 December 2007 was EUR 3.3 million. Payments under the scheme were made in February 2008. No expense recognitions for the consolidated result arose from the scheme in 2008.

The incentive scheme is an arrangement that complies with IFRS 2. The fair value of the shares given as bonuses has been determined using the share price on the closing date. As the scheme involves the giving of shares for no consideration, no option pricing model has been used.

Authorisation of the Board of Directors

At the end of 2008, the Board of Directors had no authorisations to increase the share capital nor to issue convertible or warrant bonds.

23. Other liabilities

EUR million	Balance sheet value 2008	Balance sheet value 2007
Long-term		
Finance lease liabilities	0.2	0.2
	0.2	0.2
Short-term		
Loan repayments in next year	-	0.1
Other short-term liabilities	-	0.4
Finance lease liability repayments in next year	0.2	0.3
	0.2	0.8
Interest-bearing liabilities, total	0.4	0.9

The fair values of the interest-bearing liabilities is equivalent to their carrying amounts. In the end of year 2008 the Group did not have interestbearing loans. Other short-term liability during the year 2007 was interest-bearing liability related to the building of the clean room. Interest-bearing liabilities during the year 2007 were loans granted by Tekes, the interest rate on which is base rate confirmed by the Finnish Ministry of Finance less three percentage points, but at least one per cent. The interest rate on 31 December 2007 was 1.25%. The company has no loans that would mature after five years or a longer period.

Maturity dates of finance lease liabilities:

EUR million	2008	2007
Finance lease liabilities - total amount of minimum lease payments		
Up to 1 year	0.3	0.3
1 - 5 years	0.2	0.2
More than 5 years	-	-
	0.5	0.5
Future financial expenses	-0.1	-0.0
Present value of finance lease liabilities	0.4	0.5
Present value of minimum payments of finance lease liabilities		
Up to 1 year	0.2	0.3
1 - 5 years	0.2	0.2
More than 5 years	-	-
Total	0.4	0.5

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 recognised as an expense in the income statement of the financial period in which the contributions are payable. TEL 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	2008	2007
Defined-benefit pension schemes	0.1	0.1
Defined-contribution pension schemes	6.8	5.4
	6.9	5.5

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

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

EUR million	2008	2007
Present value of unfunded obligations		
Fair value of funded obligations	1.9	1.8
Fair value of assets	-1.5	-1.5
Deficit/surplus	0.4	0.4
Unrecognised net actuarial gains (+)/ losses (-)	-0.1	-0.1
Net liability present in balance sheet	0.3	0.3

Pension expenses in personnel expenses

EUR million	2008	2007
Service costs for the financial year	0.1	0.1
Interest costs	0.1	0.1
Expected yield from assets belonging to the scheme	-0.1	-0.1
Gains/losses from reduction of scheme	-0.0	-0.0
	0.1	0.1
Actual yield from assets belonging to the scheme	5.1%	5.5%

Overall expected return as calculated by the insurance company. Information on asset categories is not available. Expected contributions payable for the group during the year 2008 is EUR 0.1 million (EUR 0.1 million in 2007).

Changes in the present Value of the Obligation

EUR million	2008	2007
Present value of obligation 1 Jan	1.8	1.9
Current service cost	0.1	0.1
Interest cost	0.1	0.1
Settlement and curtailments	-0.1	-0.3
Actuarial gain (-) loss(+) on obligation	0.0	0.1
Present value of obligation on 31 Dec	1.9	1.8

Changes in the Fair Value of Plan Assets

EUR million	2008	2007
Fair value of plan assets 1 Jan	1.5	1.7
Expected return on plan assets	0.1	0.1
Actuarial gain (+) loss(-) on plan assets	-0.0	-0.1
Contributions	0.1	0.1
Settlements	-0.1	-0.3
Fair value of plan assets 31 Dec	1.5	1.5

Changes of liabilities presented in balance sheet

EUR million	2008	2007
At beginning of financial year	0.3	0.3
Paid contributions	-0.1	-0.1
Pension expenses in income statement	0.1	0.1
At end of financial year	0.3	0.3

Actuarial assumptions used:

Discount rate	5.25%	5.00%
Expected yield from assets belonging to the scheme	5.00%	5.00%
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	2008 Restructuring provision	2007 Restructuring provision
Provisions 1 Jan	0.2	0.0
Additional provisions	0.5	0.2
Used provisions	-0.2	-0.0
Provisions 31 Dec	0.5	0.2

The increase in provisions in 2008 and 2007 relates to the restructuring of the company's organisation.

26. Trade payables and other liabilities

EUR million	2008	2007
Non-interest bearing		
Trade payables	13.0	10.4
Salary and social cost allocations	16.7	15.5
Other accrued expenses and deferred income	5.9	5.0
Other short-term liabilities	1.8	1.9
Non-interest bearing liabilities, total	37.3	32.9

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	Asstes/liabilities recognised at fair value through profit and loss and derivatives used for hedging	Loans and receivables	Financial liabilities at amortised cost	Carrying amount of balance sheet items	Fair value	Note
31 December 2008 Assets and Liabilities as per balance sheet						
Financial assets						
Long-term receivables		0.4		0.4	0.4	18
Trade receivables and other receivables	0.2	51.5		51.8	51.8	20
Financial assets recognised at fair value through profit and loss	25.3			25.3	25.3	21
Cash and cash equivalents		78.1		78.1	78.1	22
Total	25.5	130.0		155.6	155.6	
Liabilities						
Interest-bearing long-term liabilities			0.2	0.2	0.2	24
Other interest bearing liabilities			0.2	0.2	0.2	24
Advances received			10.3	10.3	10.3	
Trade payables and other liabilities			37.3	37.3	37.3	27
	0.0	0.0	48.1	48.1	48.1	
31 December 2007 Assets and Liabilities as per balance sheet						
Financial assets						
Long-term receivables		0.1		0.1	0.1	18
Trade receivables and other receivables	0.5	52.9		53.4	53.4	20
Financial assets recognised at fair value through profit and loss	42.6			42.6	42.6	21
Cash and cash equivalents		56.6		56.6	56.6	22
Total	43.0	109.7	0.0	152.7	152.7	
Liabilities						
Interest-bearing long-term liabilities			0.2	0.2	0.2	24
Loan repayments in next year			0.1	0.1	0.1	24
Other interest bearing liabilities			0.7	0.7	0.7	24
Advances received			12.0	12.0	12.0	
Trade payables and other liabilities			32.9	32.9	32.9	27
	0.0	0.0	45.8	45.8	45.8	

28. Contingent liabilities and pledges given

EUR million	2008	2007
For own loans/commitments		
Guarantees	13.0	8.0
Other own liabilities		
Pledges given	0.1	0.1
Other leases	0.3	0.2
Contingent liabilities and pledges given, total	13.4	8.3

The pledges given are lease guarantee deposits.

For lease agreements, the sum recognised as an expense for the financial period was 224.9 thousand euros (168.6 thousand euros in 2007).

29. Related party transactions

The Vaisala Group's related parties include subsidiaries, associated companies, members of the Board of Directors, the President and CEO, and the Vaisala Pension Fund.

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, UK	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, USA	100%	100%
Vaisala Inc., Woburn, USA	100%	100%
Vaisala China Ltd, Beijing, China	100%	100%
Tycho Technology Inc, Woburn., USA	100%	100%
WSDM LCC, Minneapolis, USA	100%	100%
Vaisala S.A., Argentina	100%	100%
Vaisala SAS , Saint-Quentin-En-Yvelines, France	100%	100%

Employee benefits of management

EUR million		2008	2007
Salary and bonuses paid to President and CEO			
Kjell Forsen, President and CEO			
Salary		0.33	0.26
Bonuses		0.07	0.02
Pekka Ketonen, President and CEO			
Bonuses		0.22	0.28
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	0.03	0.02
Neuvo Yrjö	Member of the Board	0.03	0.02
Niinivaara Mikko	Member of the Board	0.03	0.02
Torkko Maija	Member of the Board	0.03	0.02
Voipio Mikko	Member of the Board	0.03	0.02
Voipio Raimo	Chairman of the Board	0.04	0.03
Total		0.77	0.69

Salaries and bonuses paid to managing directors of Group subsidiaries totalled EUR 0.4 million (2007 EUR 0.3 million) .

Age of retirement for the President and CEO is 62 years.

The President and CEO has a compensation based retirement plan.

Management share ownership

Vaisala Oyj's Board of Directors held and controlled 1,353,425 shares on 31 December 2008, accounting for 15.6% of the total votes (2007: 1,394,601 shares and 16.6% of the total votes). The company's President and CEO did not own shares or options on 31 December 2008.

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.

30. Auditor's fees

EUR million	2008	2007
PricewaterhouseCoopers Oy, Authorized Public Accountants		
Auditor's fees	0.14	0.15
Tax advice	0.04	0.07
Others fees	0.05	0.01
Total	0.23	0.23
Other independent public accountants		
Auditor's fees	0.04	0.05
Tax advice	0.02	0.02
Others fees	-	0.02
Total	0.06	0.09

31. Events after the balance sheet date

Company acquisitions in 2009

In January 2009 Vaisala acquired the entire share stock of the US company Aviation System Maintenance Inc (ASMI), which supplies airport services. The company has 10 employees and its estimated net sales for 2008 are EUR 1.8 million. The company is located in the state of Kansas and it has an extensive clientele plus more than 25 years' experience of the installation and maintenance of airport weather equipment. The acquisition significantly strengthens Vaisala's position as a provider of maintenance services in the US airport weather market, complementing Vaisala's present service agreements and expertise. These synergy benefits have contributed, according to preliminary calculations, the generation of goodwill amounting to EUR 1.3 million. The acquisition price was EUR 2.3 million.

32. 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. - 31.12.2008	1.1. - 31.12.2007
Net sales	2	183.7	160.7
Cost of production and procurement		-92.3	-82.6
Gross profit		91.4	78.1
Cost of sales and marketing		-24.5	-20.1
Cost of administration			
Development costs		-20.5	-18.5
Other administrative costs		-17.4	-15.1
Other operating income	3	0.1	0.0
Operating profit		29.2	24.5
Financial income and expenses	5	4.9	5.5
Profit before provisions and taxes		34.0	29.9
Provisions		0.1	-0.1
Direct taxes	6	9.3	7.2
Net profit for the financial year		24.8	22.7

Parent company balance sheet

Parent company accounts (Finnish accounting principles, FAS)

EUR million					
Assets	Note		31.12.2008		31.12.2007
Non-current assets					
Intangible assets	7				
Intangible rights		1.5		1.9	
Other long-term expenditure		0.4	1.9	0.3	2.2
Tangible assets	7				
Land and waters		1.3		1.3	
Buildings		17.9		19.3	
Machinery and equipment		8.1		7.0	
Other tangible assets		0.0		0.0	
Advance payments and construction in progress		9.2	36.5	4.0	31.6
Investments	7				
Other shares and holdings		21.4		21.4	
Other receivables		0.0		0.0	
Receivables from subsidiaries		8.8	30.4	9.7	31.1
Current assets					
Inventories					
Materials and consumables		10.2		6.0	
Work in progress		3.5		3.8	
Finished goods		3.1	16.8	2.9	12.8
Receivables					
Trade receivables		32.5		28.8	
Loan receivables	17	1.4		1.4	
Financial assets	9	25.3		42.6	
Other receivables	10	0.4		1.0	
Prepaid expenses and accrued income	8	2.7	62.5	7.9	81.6
Cash and bank balances	11		60.2		39.3
Assets, total			208.2		198.6

Parent company accounts (Finnish accounting principles, FAS)

EUR million					
Shareholders' equity and liabilities	Note		31.12.2008		31.12.2007
Shareholders' equity	13				
Share capital		7.7		7.7	
Reserve fund		22.3		22.3	
Profit from previous years		115.5		108.3	
Profit for the financial year		24.8	170.3	22.7	161.0
Provisions					
Accumulated depreciation difference	12		1.5		1.6
Obligatory provisions	14		0.5		0.2
Liabilities					
Non-current					
Other non-current liabilities	15		-		0.1
Current					
Advances received		7.0		9.8	
Trade payables		12.1		11.0	
Other current liabilities		1.2		1.5	
Accrued expenses and deferred income	16	15.7	36.0	13.5	35.8
Shareholders' equity and liabilities, total			208.2		198.6

Parent company cash flow

EUR Million	Note	Parent company 1.1.-31.12.2008	Parent company 1.1.-31.12.2007
Cash flows from operating activities			
Cash receipts from customers		180.1	162.6
Other income from business operations	3	0.1	0.0
Cash paid to suppliers and employees		-149.3	-132.6
Cash flow from business operations before financial items and taxes		30.9	30.0
Interest received	5	0.2	3.5
Interest paid	5	-0.0	-0.2
Other financial items, net	5	0.6	-0.5
Dividend received from business operations	5	4.0	3.7
Direct tax paid	6	-8.2	-8.5
Cash flow from business operations (A)		27.3	27.9
Cash flow from investing activities			
Investments in intangible assets	7	-0.5	-0.4
Investments in tangible assets	7	-9.2	-4.5
Proceeds from sale of fixed assets	7	0.0	0.0
Other investments	7	-0.1	0.0
Net change in financial assets	9	17.3	-1.4
Repayments on loan receivables		1.4	1.5
Cash flow from investing activities (B)		8.9	-4.7
Cash flow from financing activities			
Repayment of short-term loans		0.1	-0.2
Dividend paid	13	-15.5	-15.5
Cash flow from financing activities (C)		-15.4	-15.7
Change in liquid funds (A+B+C) increase (+) / decrease (-)		20.9	7.5
Liquid funds at beginning of period	11	39.3	31.8
Liquid funds at end of period	11	60.2	39.3

The net change in financial assets recognised at fair value through profit and loss has been transferred in the cash flow statement from financial assets to cash flow from investments and data for the comparison period correspondingly amended

Notes to the parent company income statements 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
Goodwill and group Goodwill	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 includes 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 2008	Parent Company 2007
Europe	72.8	67.2
of which Finland	13.3	9.3
North America	35.7	36.1
Asia and Australia	62.7	48.7
Africa, South and Central America	12.4	8.6
Total	183.7	160.7

3. Other operating income

EUR million	Emoyhtiö 2008	Emoyhtiö 2007
Gains on the disposal of fixed assets	0.01	0.00
Other operating income	0.07	0.00
Total	0.08	0.00

Other operating costs

Losses from derivative contracts	-2.3	-0.4
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4. Personnel

EUR million	Parent Company	Parent Company
Personnel costs	2008	2007
Wages and salaries	38.2	34.2
Pension costs	6.0	4.7
Other personnel costs	3.4	3.0
Total	47.6	41.9
Personnel on average during the year (persons)		
In Finland	724	669
Outside Finland	10	8
Total	734	677
Personnel Dec. 31		
In Finland	735	687
Outside Finland	12	7
Total	747	694

Salaries

EUR million		Parent Company	Parent Company
		2008	2007
Salary and bonuses paid to President and CEO			
Kjell Forsen	President and CEO		
Salary		0.33	0.26
Bonuses		0.07	0.02
Ketonen Pekka	President and CEO		
Bonuses		0.22	0.28
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	0.03	0.02
Neuvo Yrjö	Member of the Board	0.03	0.02
Niinivaara Mikko	Member of the Board	0.03	0.02
Torkko Maija	Member of the Board	0.03	0.02
Voipio Mikko	Member of the Board	0.03	0.02
Voipio Raimo	Chairman of the Board	0.04	0.03
Total		0.77	0.69
Salaries paid to the other employees		35.0	32.4
Total		35.8	33.1

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.

5. Financial income and expenses

EUR million	Parent Company 2008	Parent Company 2007
Dividend income		
From Group companies	4.0	3.7
Interest income on long-term investments		
From Group companies	0.6	0.8
Other interest and financial income		
From others	3.9	2.8
Change in fair value of assets recognised at fair value through profit an loss*	-2.2	1.5
Interest and other financial expenses		
From others	-2.4	-0.6
Foreign exchange gains and losses		
From Group companies	0.1	-1.4
From others	0.8	-1.1
Total	4.9	5.5

6. Income taxes

EUR million	Parent Company 2008	Parent Company 2007
Taxes for the financial year	8.0	7.0
Taxes from previous years	0.3	0.0
Taxes paid at source abroad	1.0	0.2
Total	9.3	7.2

7. Fixed assets and other long-term investments

Parent company 2008

EUR million			
Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	13.9	0.8	14.7
Increases	0.5	0.1	0.6
Decreases	-0.4	-0.0	-0.5
Transfers between items	0.1	-	0.1
Acquisition cost Dec. 31	14.0	0.9	14.8
Accumulated depreciation and write-downs Jan. 1	12.0	0.5	12.5
Accumulated depreciation of decreases and transfers	-0.4	-0.0	-0.5
Depreciation for the financial year	0.9	0.0	0.9
Accumulated depreciation Dec. 31	12.5	0.5	12.9
Balance sheet value Dec. 31, 2008	1.5	0.4	1.9

Parent company 2007

EUR million			
Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	13.2	0.8	14.0
Increases	0.4	-	0.4
Decreases	-0.3	-	-0.3
Transfers between items	0.6	-	0.6
Hankintameno 31.12.	13.9	0.8	14.7
Accumulated depreciation and write-downs Jan. 1	11.6	0.4	12.1
Accumulated depreciation of decreases and transfers	-0.3	-	-0.3
Depreciation for the financial year	0.7	0.0	0.8
Accumulated depreciation Dec. 31	12.0	0.5	12.5
Balance sheet value Dec. 31, 2007	1.9	0.3	2.1

Parent company 2008

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	28.4	34.6	0.0	4.0	68.2
Increases	-	-	2.5	-	6.4	8.9
Decreases	-	-	-0.7	-	-	-0.7
Transfers between items	-	0.1	1.1	-	-1.3	-0.1
Acquisition cost Dec. 31	1.2	28.5	37.5	0.0	9.2	76.3
Accumulated depreciation and write-downs Jan. 1	-	14.7	27.6	-	-	42.3
Accumulated depreciation of decreases and transfers	-	-	-0.7	-	-	-0.7
Depreciation for the financial year	-	1.5	2.5	-	-	4.0
Accumulated depreciation Dec. 31	-	16.2	29.4	-	-	45.5
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2008	1.3	17.9	8.1	0.0	9.2	36.5

Parent company 2007

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	28.4	32.7	0.0	3.0	65.3
Increases	-	-	1.6	-	3.0	4.6
Decreases	-	-	-1.0	-	-	-1.0
Transfers between items	-	-	1.5	-	-2.1	-0.6
Acquisition cost Dec. 31	1.2	28.4	34.6	0.0	4.0	68.2
Accumulated depreciation and write-downs Jan. 1	-	13.2	26.1	-	-	39.3
Accumulated depreciation of decreases and transfers	-	-	-1.0	-	-	-1.0
Depreciation for the financial year	-	1.5	2.5	-	-	4.0
Accumulated depreciation Dec. 31	-	14.7	27.6	-	-	42.3
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2007	1.3	19.3	7.0	0.0	4.0	31.6

The undepreciated acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 26.3 million on 31.12.2008 (EUR 24.7 million 31.12.2007).

Parent company 2008

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from group companies	Total
Acquisition cost Jan. 1	21.4	0.0	9.7	31.1
Increases	-	0.1	-	0.1
Decreases	-	-0.0	-0.9	-0.9
Balance sheet value Dec. 31	21.4	0.1	8.8	30.4

Parent company 2007

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from group companies	Total
Acquisition cost Jan. 1	21.4	0.0	12.4	33.8
Decreases	-	-0.0	-2.7	-2.7
Balance sheet value Dec. 31	21.4	0.0	9.7	31.1

8. Deferred assets

EUR million	2008	2007
Tax related deferred assets	1.0	2.9
Other deferred assets	1.8	4.9
	2.7	7.9

9. Financial assets

EUR million	2008	2007
Income fund interest-bearing papers	25.3	42.6

Financial assets recognised at fair value through profit and loss include income fund investments which involve the short-term investment of liquid assets. The maturity of these income fund interest-bearing papers is at most one year. The income fund investments are publicly quoted securities, whose fair value is determined in the market. The change in fair value has been recognised in the income statement group financial income and expenses.

10. Other receivables

EUR million	2008	2007
Advances paid	0.3	0.8
Other	0.1	0.2
	0.4	1.0

11. Cash and bank balances

EUR million	2008	2007
Cash and bank balances		
Cash and balance in the bank accounts	18.6	7.5
Certificates of deposit	41.6	31.9
	60.2	39.3

Certificates of deposit consist of short-term, highly liquid investments whose maturity is less than 3 months and which are mainly involved in the short-term investment of liquid assets.

EUR million	2008	2007
Fair value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks		
Currency forwards	0.2	0.4
Fair value, total	0.2	0.4

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

12. Deferred tax assets and liabilities

EUR million	2008	2007
Deferred tax assets/liabilities, net	0.4	0.4

The deferred tax liability arising from accumulated depreciation difference has not been taken into account.

The deferred tax liability arising from revaluation has not been taken into account. If realized, the tax effect of revaluation would be EUR 1.5 million at the current 26% tax rate.

13. Shareholders' equity

The parent company's shares are divided into series, with 3,405,584 series K shares (20 votes/share) and 14,812,780 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	2008	2007
Share capital		
Series A Jan.1	6.2	6.2
Converted from series K to A	0.0	0.0
Series A Dec.31	6.2	6.2
Series K Jan.1	1.4	1.4
Converted from series K to A	-0.0	-0.0
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 years Jan. 1	131.2	124.0
Dividends paid	-15.5	-15.5
Own shares	-0.3	-0.3
Profit from previous years Dec. 31	115.5	108.3
Net profit for the financial year	24.8	22.7
Total equity	170.3	161.0

14. Obligatory provisions

EUR million	2008	2007
Other reserve	0.5	0.2
	0.5	0.2

The increase in provisions in 2008 and 2007 relates to the restructuring of the company's organisation.

15. Non-current liabilities

The company has no loans that would mature after five years or a longer period.

16. Accrued expenses and deferred income

EUR million	2008	2007
Wages, salaries and wage-related liabilities	11.3	11.3
Tax liabilities	0.9	0.0
Other accrued expenses and deferred income	3.5	2.2
	15.7	13.5

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

EUR million	2008	2007
Non-current loan receivables	8.8	9.7
Current loan receivables	1.4	1.4
Trade receivables	8.9	8.6
Prepaid expenses and accrued income	0.0	0.0
Total receivables	19.2	19.7
Trade payables	1.7	0.9
Accrued expenses and deferred income	0.3	0.0
Total liabilities	1.9	0.9

18. Contingent liabilities and pledges given

EUR million	2008	2007
For own loans/commitments		
Guarantees	13.0	8.0
For Group companies		
Guarantees	1.7	1.6
Other own liabilities		
Pledges given	0.1	0.1
Leasing liabilities		
Payable during the financial year	0.4	0.4
Payable later	0.5	0.4
	0.9	0.8
Total contingent liabilities and pledges given	15.7	10.5

Derivative contracts

EUR million	2008	2007
Capital of off-balance sheet contracts made to hedge against exchange rate and interest risks		
Currency forwards	14.8	14.3
Total capital	14.8	14.3

19. Auditor's fees

EUR million	2008	2007
PricewaterhouseCoopers Oy, Authorized Public Accountants		
Auditor's fees	0.06	0.07
Tax advice	0.02	0.05
Others fees	0.05	0.01
Total	0.13	0.12

Shares and shareholders

Largest shareholders, Dec. 31, 2008	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Finnish Academy of Science and Letters	21.7	25.8	3.1	7.3
Novamator Oy	12.8	13.5	9.4	10.1
Mikko Voipio	7.7	8.8	2.2	3.4
Anja Caspers	7.0	8.3	1.3	2.6
Raimo Voipio	5.8	6.7	1.7	2.6
Tauno Voipio	4.2	4.6	2.0	2.5
Mandatum Life Insurance Company Limited	4.1	4.0	4.2	4.2
Inkeri Voipio	2.2		12.3	10.0
Minna Luokkanen	2.0	2.4	0.1	0.5
Jaakko Väisälä estate	1.6	1.8	1.1	1.2
Ilmarinen Mutual Pension Insurance Company	1.2		6.6	5.4
Nominee registered	4.4	0.0	24.4	19.8

Ownership structure by owner type, December 31, 2008	Number of owners	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Companies	195	13.2	13.5	11.5	11.9
Financial and insurance institutions	15	5.0	4.0	9.2	8.2
Municipalities	5	1.7		9.4	7.7
Non-profit organizations	63	22.1	25.8	4.8	8.7
Private individuals	4 249	53.6	56.6	39.5	42.7
Outside Finland and nominee registered	37	4.6	0.0	25.5	20.7
Not transferred to the book-entry system		0.0	0.0	0.1	0.0
Total	4 564	100.0	100.0	100.0	100.0

Ownership structure by shareholding, December 31, 2008

Number of shares	Owners	% of owners	% of votes	% of total shares.	owners of K shares	% of K shares	owners of A shares	% of A shares
1-100	1 767	38.7	0.1	0.6	2.0	0.0	1 767	0.7
101-1000	2 347	51.4	1.1	4.6	19.0	0.3	2 345	5.6
1001-10000	364	8.0	2.9	5.3	25.0	3.8	357	6.4
10001-100000	65	1.4	18.1	12.6	24.0	24.1	56	12.3
100001-	21	0.5	77.7	76.9	7.0	71.8	18	75.0
Not transferred to the book-entry system	-	-	0.0	0.0	-	0.0	-	0.1
Total	4 564	100.0	100.0	100.0	77	100.0	4 543	100.0

Vaisala Oyj's Board of Directors held and controlled 1,353,425 shares on 31 December 2008, accounting for 15.6% of the total votes (2007: 1,394,601 shares and 16.6% of the total votes). President and CEO did not have shares or options on 31 December 2008.

Signing of the Board of directors' report and Financial statements

Vantaa, February 12, 2009

Raimo Voipio
Chairman of the Board

Stig Gustavson

Mikko Niinivaara

Yrjö Neuvo

Mikko Voipio

Maija Torkko

Kjell Forsén
President and CEO

Auditors' report

To the Annual General Meeting of Vaisala Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Vaisala Corporation for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

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

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the President and CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the finan-

cial 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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.

Vantaa, 12 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Hannu Pellinen
Authorised Public Accountant



Information for shareholders

Annual General Meeting

Vaisala Oyj's Annual General Meeting will be held at 6 p.m. on Thursday March 26, 2009, at the company's head office, Vanha Nurmijärventie 21, 01670 Vantaa.

The following items will be presented at the Annual General Meeting:

The issues defined in Section 13 of the Group's Articles of Association and the Limited Liability Companies Act to be dealt with at Annual General Meetings. The Agenda does not include any other matters for decision. The Agenda includes the items associated with calling the meeting to order according to normal Annual General Meeting practice.

At the meeting, the Agenda will include the CEO's review, given in conjunction with the presentation of the financial statements. The review is not a matter for decision.

Distribution of profit and remuneration of the members of the Board

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.90 per share be paid for 2008. The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd (formerly the Finnish Central Securities Depository Ltd) on the record date March 31, 2009. The Board proposes that the dividend be paid on April 7, 2009.

The Board proposes to the Annual General Meeting that the remuneration of the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2010 will be as follows: EUR 35,000 for the Chairman and EUR 25,000 for each member.

Proposal for the election of the members of the Board of Directors

Board members Stig Gustavsson and Mikko Voipio are in turn to retire by rotation. Shareholders representing more than 10 percent of all the votes in the company have announced that they will propose to the Annual General Meeting held on March 26, 2009 the re-election of Stig Gustavsson and Mikko Voipio.

Proposal for the election of auditors and their fee

The Board proposes that PricewaterhouseCoopers Oy and Mr Hannu Pellinen APA, the current Authorized Public Accountants of Vaisala Oyj, be re-elected for the next term defined by the Articles of Association. The Board of Directors further proposes that the auditors' compensation will be based on reasonable invoicing presented to the company.

Documentation

Documents relating to the financial statements and the documentation for Annual General Meeting will be available on March 5, 2009 at the company's head office in Vantaa, Vanha Nurmijärventie 21. On request, copies will also be sent to shareholders. The material will also be available on www.vaisala.com/investors by March 5, 2009 at the latest.

Total number of shares and votes by series of shares

On February 13, 2009, the date of the invitation to the General Annual Meeting, Vaisala Oyj had 18,218,364 shares, out of which 3,405,584 are series K shares and 14,812,780 are series A shares. Each K share entitles its owner to 20 votes at a General Meeting while each A share entitles its owner to 1 vote. The total number of votes by all shares is 82,924,460 out of which the series K shares represent 68,111,680 votes and series A shares 14,812,780 votes.

Notice to the attendees

1. Right of attendance and registration

Shareholders who are registered in the company's share register maintained by Euroclear Finland Ltd (formerly the Finnish Central Securities Depository Ltd) by March 16, 2009 have the right to attend the Annual General Meeting. Shareholders whose shares have not been transferred to the book-entry securities system also have the right attend the Annual General Meeting, provided that such shareholders were registered in the company's share register before 21 October 1994. In such cases, shareholders must present evidence that their shareholding rights have not been transferred to the book-entry securities system.

Shareholders wishing to attend the Annual General Meeting must register by 4 p.m. on Tuesday, March 17, 2009 . Registration can be made either by letter addressed to Vaisala Oyj, Nina Andersin, P.O.Box 26, FIN-00421 Helsinki, Finland, by telefax to +358 9 8949 2206, by e-mail to nina.andersin@vaisala.com, or by telephone on weekdays between 9 a.m. and 11 a.m., tel. +358 9 8949 2201. Letters authorizing a proxy to vote on behalf of a shareholder should be sent to the company before the expiry of the registration period.

2. Holders of nominee registered shares

Holders of nominee registered shares who wish to attend the Annual General Meeting must be registered in the company's shareholders' register by the record date March 16, 2009.

Vantaa February 13, 2009

Vaisala Oyj
Board of Directors

Investor calendar

Vaisala Oyj will publish three interim reports, in Finnish and in English, in 2009 as follows:

May 8, 2009	Interim report 1.1. - 31.3.2009 (Q1)
Aug 11, 2009	Interim report 1.1. - 30.6.2009 (Q2)
Nov 5, 2009	Interim report 1.1. - 30.9.2009 (Q3)

Annual General Meeting 2009

March 26, 2009 Vanha Nurmijärventie 21, Vantaa Finland

Silent time

No analyst or investor meetings are arranged during a period of three weeks before the publication of annual financial results.

The Financial Report 2008 is published in Finnish and English. The brochure is distributed to all Vaisala shareholders on week 11/2009. The company's interim reports as well as other stock exchange releases and press releases are available on the Vaisala website at www.vaisala.com.

Financial reports can be ordered from:

Vaisala Oyj
Corporate Communications
P.o.Box 26, 00421 Helsinki, Finland
or by e-mail: info@vaisala.com



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