VAISALA

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Vaisala Group financial report 2009

Fourth quarter net sales at high level, full year net sales slightly lower than in previous year. Order book remains strong and long term objectives unchanged.

- Net sales EUR 231.8 (242.5) million, decline 4.4%. In comparable currencies, the decline would have been 6.9%.
- Operating profit EUR 12.0 (38.0) million, decline 68.5%.
- Earnings per share EUR 0.38 (1.56), decline 75.8%.
- Orders received: EUR 237.0 (247.9) million, decline 4.4%. Without QTT acquisition EUR 230.2 (247.9) million, decline 7.1%
- Cash flow from business operations EUR -3.2 (32.2) million
- Consolidated liquid assets EUR 50.1 (103.4) million

The whole year numbers presented in the financial report have been audited.

	1-12 2009 (MEUR)	1-12 2008 (MEUR)	Change (%)	10-12 2009 (MEUR)	10-12 2008 (MEUR)	Change (%)
Group net sales	231.8	242.5	-4.4	80.4	77.6	3.6
Meteorology	80.8	64.9	24.6	27.5	21.2	29.7
Controlled Environment	49.2	54.3	-9.4	12.1	13.4	-9.6
Weather Critical Operations	101.8	123.3	-17.4	40.7	43.0	-5.3
Operating profit, Group	12.0	38.0	-68.5	7.3	14.0	-48.0
Meteorology	3.4	8.0	-57.0	3.0	2.9	0.2
Controlled Environment	3.4	8.4	-59.7	-1.5	1.0	-245.6
Weather Critical Operations	5.5	24.6	-77.6	6.1	11.2	-45.7
Eliminations and other	-0.4	-3.0		-0.3	-1.2	
Profit before taxes	10.1	38.9	-74.1	7.8	13.0	-40.2
Net profit	6.9	28.4	-75.8	5.1	10.4	-50.7
Orders received	237.0	247.9	-4.4	57.5	59.8	-3.8
Order book	95.5	90.3		95.5	90.3	
Earnings per share	0.38	1.56	-75.8	0.28	0.57	-50.7
Return on equity (%)	3.7	15.5		3.7	15.5	

Comments on the fourth quarter

Net sales in the fourth quarter were slightly higher year on year but the operating profit was clearly lower than in 2008.

At the end of the year, Vaisala acquired Quixote Transportation Technologies (QTT), a US based company specialized at roads business. The value of the deal was USD 20 million. From QTT, the Vaisala 2009 financial report includes net sales (EUR 0.4 million), operating profit (EUR 0.1 million), order book (EUR 6.8 million) and one-off extraordinary acquisition costs (EUR 0.7 million).

The order book remained strong, even though the number of orders received declined year on year.

Overview of year 2009

Net sales and operating profit in 2009 declined year on year.

The result of the financial year was affected by lower gross profit, which was due to declined net sales and tightened competition, some significantly higher than anticipated project costs and some quality problems. The total one-off impact of these was EUR 7.5 million. Additionally, costs incurred by the ongoing development initiatives and the one-off costs of the QTT acquisition lowered the result.

Net sales grew in the Americas region (+27%), whereas sales in the EMEA region (-21.8%) and in APAC (-11.7%) declined. An exception was China, which grew by 14 percent.

Outlook

Instability of the global economy and shifts in the exchange rates are still expected to affect Vaisala's business. Due to the structure of Vaisala's customer base and the orders received, the company's market situation is expected to remain mostly unchanged and the business stable in 2010.

Vaisala expects its net sales in 2010 to grow slightly from the preceding year. Also profitability is expected to improve slightly. Strategic, growth oriented efforts will continue and burden Group profitability also this year.

The QTT acquisition is not expected to have a significant impact on the operating profit in 2010.

Seasonal fluctuation is typical of Vaisala's business, so the first quarter appears to be moderate.

The long term business outlook has not changed and Vaisala is still committed to continuing the implementation of its growth strategy.

President and CEO Kjell Forsén on Vaisala’s result:

"The challenging global economic situation affected also Vaisala's business last year. Even though net sales in the fourth quarter were record high, I cannot be satisfied with the development of our sales nor with the profitability of our business. At the end of the year, Vaisala's order book was thicker than the year before, but order intake decreased toward the end of the year. Our efforts to improve the delivery capability for higher volumes have been successful, strengthening our position as the markets start to pick up.

As anticipated, Vaisala's profitability was affected by the large ongoing development initiatives aiming at growth and improved quality and manufacturing capability, and by the acquisition made at the end of the year. Our profitability was also affected by increased price competition, costs of some demanding delivery projects and quality problems.

To address the situation, we have initiated a quality assurance program. In addition to that, we have launched a program to improve Vaisala's productivity. The program will e.g. review the profitability of our offering, sourcing and project activities.

I am especially pleased with the acquisition we made at the end of the year. We acquired QTT, a US based company specialized in road weather and information. The deal significantly strengthens our position in the global road weather markets and provides us with new offering especially in the area of new intelligent transportation systems.

We continue the execution of Vaisala's new strategy. This will require significant investments. I believe that the timing for these investments is right because they lay the foundation for future growth objectives and strengthen our position as the leader in environmental measurement."

Market situation, net sales and order book

Instability of the global economy is now affecting Vaisala's business. In the challenging economic situation Vaisala has nevertheless been able to retain its market shares.

In the Controlled Environment business area, i.e. in the industrial segments, the markets declined during 2009. The uncertain economic situation affects purchasing decisions also in the Weather Critical Operations and Meteorology business areas.

Vaisala Group’s net sales declined by 4.4 percent year on year and totaled EUR 231.8 (242.5/2008; 224.1/2007) million. Net sales of the Meteorology business area grew by 24.6 percent, whereas the net sales of Weather Critical Operations declined by 17.4 percent and Controlled Environment by 9.4 percent. In comparable currencies, Vaisala Group's net sales would have been down by 6.9 percent.

Operations outside Finland accounted for 97 (94) percent of net sales.

Net sales in euros increased by 27.0 percent in Americas, totaling EUR 94.3 (74.3) million. Net sales declined by 21.8 percent in the EMEA region to EUR 84.9 (108.5) million and in the APAC region by 11.7 percent to EUR 52.6 (59.6) million. In comparable currencies, the changes in net sales would have been Americas +20.9%, EMEA -20.9% and APAC -15.5%.

The value of orders received declined by 4.4 percent year on year and totaled EUR 237.0 (247.9/2008; 228.5/2007) million. Orders received include the order book from the acquired QTT company, in total EUR 6.8 million of new orders. The comparable value of orders received declined by 7.1 percent to EUR 230.2 million. The order book stood at EUR 95.5 (90.3) million at the end of the financial year. Of the order book, approximately EUR 16 million will be delivered in 2011 or later.

Performance and balance sheet

Operating profit for the financial year was EUR 12.0 (38.0) million or 5.2 percent of net sales. Profit before taxes was EUR 10.1 (38.9) million or 4.3 percent of net sales, down by 74.1 percent. Net profit for the financial year was EUR 6.9 (28.4) million or 3.0 percent of net sales, down by 75.8 percent.

Vaisala Group’s solvency ratio and liquidity remained strong. On December 31, 2009, the balance sheet total was EUR 231.4 (241.7/2008; 225.6/2007) million. The Group's solvency ratio at the end of the financial year was 81% (82%/2008; 83%/2007).

Vaisala's consolidated liquid assets totaled EUR 50.1 (103.4/2008; 99.2/2007) million.

Investments

Gross capital expenditure totaled EUR 27.7 (12.2/2008; 7.3/2007) million.

On January 1, 2009, Vaisala acquired all shares of Aviation System Maintenance Inc (ASMI), a US-based airport service company. The company has 10 employees and the net sales for 2009 were EUR 1.0 million and operating profit EUR 0.1 million. ASMI, which is located in Kansas, has a large customer base and over 25 years of experience in the installation and maintenance of airport weather equipment. The acquisition will considerably strengthen Vaisala's position as a supplier of maintenance services in the US airport weather business, complementing the existing service contracts and expertise. These synergy benefits have accrued to EUR 1.3 million goodwill. The deal price was EUR 2.2 million, which includes a conditional EUR 0.4 million deal price. This conditional price will be paid at the end of 2010, provided that the agreed performance expectations are met.

On 18 December 2009, Vaisala acquired Quixote Transportation Technologies, Inc (QTT), a subsidiary of Nasdaq-listed Quixote Corporation with sales of USD 16.2 million and approximately 100 employees in 2009. Net sales of the acquired business during 19 - 31 December 2009 were EUR 0.4 million and operating profit EUR 0.1 million.

Had the acquisition taken place on January 1, 2009, Vaisala group's net sales in the financial year would have been EUR 248 million and net profit EUR 7.9 million. QTT complements Vaisala's Roads segment offering and application knowledge, enabling the delivery of more complete solutions and customer service. QTT's offering of road and runway weather information, highway advisory radio, and traffic monitoring systems will significantly strengthen Vaisala's position in the Roads markets and open up new opportunities especially in the ITS (intelligent transportation systems) markets. The acquired new customer base together with the synergy benefits accrue to goodwill of EUR 2.8 million.

The gradual implementation of Vaisala's new ERP system continues according to the plan during this and next year.

The project to build new office space in Vantaa, Finland, is progressing according to plans. The old building was torn down during the second quarter of 2009, the excavation work started in the third quarter of the year and the construction of the new building frame in the fourth quarter.

Changes in financial reporting

Vaisala published its new strategy in November 2008. Going forward, the Group will focus on markets with the biggest growth potential in the environmental measurement business. The Group will seek growth from the current and new market segments. Vaisala also announced that it adopts a market segment based reporting model. From the first interim report in 2009, Vaisala Group's business will be reported in three segments, which are Meteorology, Weather Critical Operations and Controlled Environment. From the beginning of 2009, the Group adopted the amended IAS 1 Presentation of the Financial Statements standard and IFRS 8 Operating Segments standard. The amended standards have no significant impact on the presentation of the interim and financial reports.

Meteorology

Meteorology consists of Emerging markets and Established markets. The Meteorology business area serves national meteorological and hydrological institutes, whose primary interest is to provide national weather information and forecasts.

Net sales of Meteorology grew by 24.6 percent year on year to EUR 80.8 (64.9) million. In comparable currencies, the net sales would have grown by 21.3 percent. Operating profit for the review period was EUR 3.4 (8.0) million.

Vaisala participated in a large windpofiler renewal project for the US National Weather Service and delivered one wind profiler to the customer for pilot use in the third phase of the project. Larger than expected project costs burdened the operating profit of this business area in the financial year by approximately EUR 3.0 million.

Disruptions in radiosonde production affected the operating profit by approximately EUR 2.2 million during the financial year. These disruptions had no impact on net sales. Implementation of corrective measures has already started. Weather radar deliveries and other delivery projects burdened the operating profit by approximately EUR 2.3 million.

The value of orders received for Meteorology was EUR 76.4 million and the order book stood at EUR 36.6 million at the end of the review period.

In the second quarter, the modernization project for the Russian weather observation network was completed.

Japan Meteorological Agency ordered 10 sounding stations for their national upper air network. The order marked an important step in the Japanese markets; after its delivery, the majority of Japanese sounding stations use Vaisala's equipment.

Vaisala and the US National Oceanic and Atmospheric Administration (NOAA) signed a five-year contract in the second quarter, according to which Vaisala will deliver next generation GPS-dropsondes to the US National Hurricane Center to enable hurricane reconnaissance, research and storm track forecasting. The estimated value of the deal is USD 9.2 million

Deliveries of six new weather radars to the Turkish met office started in the fourth quarter. Of these, the first two radars will be taken into use in early 2010. Additionally, a comprehensive weather radar update was provided for the Malaysian met office in the fourth quarter.

Finnish Meteorological Institute took two new dual polarization weather radars into use, one in Kaivoksela and another one in Anjalankoski.

In Germany, in addition to the three previous ones, a fourth wind profiler was distributed to Deutscher Wetterdienst in the fourth quarter.

Controlled Environment

Controlled Environment consists of Cleanrooms and Chambers, Building Automation and Targeted Industrial Applications segments. This business area includes customers who operate in tightly controlled and demanding areas where the measurement of precise environmental conditions is required to increase operational quality, productivity and energy savings.

Net sales of Controlled Environment declined by 9.4 percent year on year to EUR 49.2 (54.3) million. In spite of declined net sales, Vaisala has been able to maintain its market shares. In comparable currencies, the net sales would have been down by 13.3 percent. Operating profit for the review period was EUR 3.4 (8.4) million.

The value of orders received for Controlled Environment was EUR 49.0 million the order book stood at EUR 3.3 million at the end of the review period.

Weather Critical Operations

Weather Critical Operations consists of Airports, Roads, Defense, Wind Energy and Targeted Business Development segments. This business area focuses on customers whose operations or businesses are affected by the weather, like aviation customers, road authorities, defense forces and wind parks.

Net sales of Weather Critical Operations declined by 17.4 percent year on year to EUR 101.8 (123.3) million. In comparable currencies, the net sales would have been down by 18.9 percent. Operating profit for the review period was EUR 5.5 (24.6) million.

The challenging economic situation affected the customers' purchasing decisions in this business area. Also, lack of larger individual projects lowered the sales.

The value of orders received for Weather Critical Operations was EUR 111.6 million and the order book stood at EUR 55.6 million at the end of the review period.

Disruptions in radiosonde production in the third quarter and the related scrapping costs burdened the operating profit of the Weather Critical Operations business area by approximately EUR 0.2 million. The situation did not affect the sales in 2009.

The deliveries of weather radar signal processors and weather observation systems for airports that were pending from the first quarter were completed during the second quarter.

In the first quarter, Vaisala signed a contract with a long standing customer for upper-air sounding equipment. The contract was valued at USD 8.6 million and the deliveries are expected to take place by the end of the first quarter in 2010.

Vaisala announced in the third quarter that it is, together with US National Center for Atmospheric Research (NCAR) and Xcel Energy, piloting a new observation and forecasting system for wind energy.

Vaisala's new runway visual range system was approved by FAA (Federal Aviation Authority) for air traffic control use in the USA in the fourth quarter. The availability of runway visual range information has a positive impact on flight safety and airport capacity. FAA approval also increases the potential for additional business and strengthens Vaisala's ability to respond to large scale turn-key programs.

Other functions

Research and development

Expenditure in research and development totaled EUR 28.4 (24.6/2008; 23.5/2007) million, representing 12.2% of the Group's net sales.

The share of research and development expenses of the Group's net sales will remain high in 2010. This is due to some extraordinary efforts aiming at aligned technology platforms and improved product modularity, usability and mass customization capability.

Vaisala launched 17 new products, solutions or services in 2009, covering all Vaisala product areas and market segments. The most significant were:

Vaisala Barometric Pressure Transfer Standard PTB330TS for reference measurement in field inspection and laboratory use.

Vaisala OMT364 for oxygen measurement in hazardous industrial processes.

Vaisala Global Lightning Dataset GLD360, a service provided by Vaisala that provides real-time lightning data anywhere in the world. The dataset provides information over oceanic and data-sparse regions where there is a shortage of real-time weather observations.

Vaisala Sigmet RVP900 signal processor. The RVP900 signal processing platform is used in Vaisala's weather radars, wind profilers and lightning detection equipment.

Vaisala Sounding equipment: RS92-D radiosonde for defense customers and the related upgrade kits for the RT20 systems. Vaisala BUFR Generator for older generation of Vaisala Ground Equipment.

Vaisala TLP, Total Lightning Processor, for lightning detection. TLP improves location accuracy of precision lightning detection networks through the use of Vaisala's patented location algorithm.

Vaisala FALLS (Fault Analysis and Lightning Location System), which provides electric utility engineers the ability to quickly and easily perform fault correlations with lightning events.

Reference radio sonde, which enables more accurate observations for climate change monitoring. The project will be carried out in co-operation with the international science community. The device will provide extremely accurate climatological information from the upper atmosphere.

Services

Starting in 2009, Vaisala's service business has been reported as part of the business areas. Services sales in the review period totaled EUR 28.1 (27.5) million.

In January 2009, Vaisala acquired Aviation Systems Maintenance Inc. (ASMI) to strengthen its airport weather service offering. The integration of ASMI's operations to Vaisala was completed on July 1, 2009.

Personnel

The average number of people employed in the Vaisala Group in the financial year was 1 302 (1 177/2008; 1 113/2007). 44 percent (39/2008; 39/2007) of the personnel was based outside Finland. 22 percent (20/2008; 21/2007) of the employees worked in research and development.

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 2009 was EUR 60.8 million (59.7/2008; 57.2/2007).

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 the company's management

MSc Timo Raikaslehto was appointed Senior Vice President, Group Marketing and Sales and a member of the strategic management group starting March 1, 2009. He resigned from Vaisala in January 2010.

PhD John Jiang was appointed President of Vaisala China and a member of the strategic management group starting January 1, 2010.

Vaisala's Chief Technology Officer (CTO) Ari Meskanen was appointed Senior Vice President, Group Marketing and Sales starting January 1, 2010. He continues in the role of CTO until a successor has been found.

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 financing 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 into decision-making and included in the business plan.

More detailed operational instructions are defined by the strategic management group. These include approval, bidding and procurement authorizations and terms of payments.

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, 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.

Group-level insurance programs have been established to deal with manageable operating risks. These programs cover risks relating to property damage, business interruption, different liabilities, transport and business travel. Vaisala's ability to tolerate risks is good and the company has a strong capital structure, ensuring capital adequacy.

Vaisala's risks are described in more detail in the Board of Directors' report 2009 which will be published on week 10 in March 2010.

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, interruptions in manufacturing, project delivery capabilities, customers' financing capability, changes in purchasing or investment behavior, and delays or cancellations of orders and deliveries. The biggest risks in realization of net sales relate to the industrial segments which are more sensitive to economic fluctuations and where the demand has clearly slowed down. The share of these segments is approximately 25 percent of Vaisala's net sales. Additionally, cancellations or delays of project deliveries that have been planned to take place this year may affect the net sales and operating profit.

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

Vaisala is currently implementing significant development projects and organizational changes, which lay the foundation for the execution of Vaisala's new strategy. A new Group-wide enterprise resource planning system is also under development. These efforts constitute a short-term risk regarding Vaisala's net sales and result.

Vaisala has made acquisitions and their impact on net sales and operating profit depends essentially on the success of integration activities. In case the assumptions about achievable synergies prove incorrect or the integration activities fail, they constitute a short-term risk regarding Vaisala's net sales and result.

Vaisala's shares

As at the end of the review period, the Group’s Board of Directors had no valid authorizations for increasing the share capital, granting special rights, or issuing stock option rights.

On December 31, 2008, the price of Vaisala’s A share in the NASDAQ OMX Helsinki Oy was EUR 22.11, and at the end of the review period, the share price was EUR 25.10. The highest quotation during the review period was EUR 28.46 and the lowest EUR 20.80. The number of shares traded in the stock exchange during the review period was 1,729,224.

On December 31, 2009, Vaisala had 18,218,364 shares, of which 3,397,684 are series K shares and 14,820,680 are series A shares. The shares have no counter book value. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K shares represent 18.6% of the total number of shares and 82.1% of the total votes.

The market value of Vaisala’s A shares on December 31, 2009 was EUR 371,8 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 457.1 million, excluding the Company’s own shares.

Vaisala’s main shareholders are listed on the Group 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 December 31, 2009 was 1,353,425; accounting for 15.6% of the total votes (2008: 1,353,425 shares and 15.6% of the total votes). The company's President and CEO owned 2720 shares.

Conversion of unlisted series K shares 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 March 5, 2009. Listing of the new series A shares was applied for as of March 6, 2009.

Vaisala Corporation's 6000 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on May 14, 2009. Listing of the new series A shares was applied for as of May 15, 2009.

Vaisala Corporation's 1400 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on November 19, 2009. Listing of the new series A shares was applied for as of November 20, 2009.

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% of the share capital and 0.01% 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.

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, 2009, the parent company's distributable funds amount to EUR 130,537,792.12, of which the profit for the financial year is EUR 6,617,173.40.

The Board of Directors propose to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.65 per share be paid, totaling	EUR 11.841.936.60
- To be retained in shareholders' equity	EUR 118,695,855.52
Total	EUR 130,537,792.12

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 30, 2010, and it is proposed that the dividend be paid on April 8, 2010.

The terms of office of Board members Maija Torkko and Yrjö Neuvo 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 25, 2010, that the number of Board members will be six. The Board proposes that Maija Torkko and Yrjö Neuvo 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.
The Board of Directors proposes that the General Meeting authorize donations of maximum EUR 250,000 to one or more universities. The donations would be granted in one or several payments. According to the proposal, the Board of Directors are authorized to decide on the recipients and the payments they receive. The authorization would be in force until the 2011 Annual General Meeting.

Events after the financial year

Petteri Naulapää was appointed Chief Information Officer (CIO) and a member of the strategic management group starting February 16, 2010. Jussi Kallunki, Vaisala's previous CIO, was appointed Chief Risk Officer.

Vantaa, February 19, 2010

Vaisala Corporation
Board of Directors

Publishing of Financial Statements

Printed Financial Statements for 2009, the online annual report and the corporate governance statement will be published on week 10 in March 2010.

Annual General Meeting documentation

Documents relating to financial statements as well as the Annual General Meeting documentation will be available on March 4, 2010 at the company's head office in Vantaa, Vanha Nurmijärventie 21. On request, copies will be sent to shareholders. The material will also be available on www.vaisala.com/investors on March 4, 2010 the latest.

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

Financial indicators	1-12 2009	1-12 2008	10-12 2009	10-12 2008
Return on equity (ROE)	3.7%	15.5%	3.7%	15.5%
Number of shares (1000 pcs)	18,209	18,209	18,209	18,209
Number of chares (1000 pcs), weighted average	18,209	18,209	18,209	18,209
Adjusted number of shares (1000 pcs)	18,209	18,209	18,209	18,209
Earnings/share (EUR)	0.38	1.56	0.28	0.57
Earnings/share (EUR),fully diluted	0.38	1.56	0.28	0.57
Net cash flow from operating activities/share (EUR)	-0.17	1.77		
Equity/share (EUR)	9.90	10.47	9.90	10.47
Solvency ratio	81 %	82 %	81 %	82 %
Gross capital expenditure (EUR Million)	27.7	12.2	14.9	4.4
Depreciation	9.6	8.2	2.5	2.2
Average personnel	1,302	1,177	1,341	1,205
Order book (EUR Million)	95.5	90.3	95.5	90.3
Liabilities from derivative contracts	15.8	14.8	15.8	14.8

The interim report has been prepared in accordance with the IAS 34 following the same accounting principles as in the annual financial statements. The whole year numbers presented in the financial report have been audited.

From the beginning of 2009, the Group adopted the amended IAS 1 Presentation of the Financial Statements standard and IFRS 8 Operating Segments standard. The amended standards have no significant impact on the presentation of the interim report.

CONSOLIDATED INCOME STATEMENT (IFRS, EUR Million)

	1-12 2009	1-12 2008	Change %	10-12 2009	10-12 2008	Change %
Net sales	231.8	242.5	-4.4	80.4	77.6	3.6
Cost of production and procurement	-121.1	-105.1	15.3	-42.5	-33.6	26.8
Gross profit	110.7	137.4	-19.4	37.8	44.0	-14.1
Other operating income	0.1	0.1	56.3	0.0	0.0	1700.0
Cost of sales and marketing	-48.6	-51.5	-5.7	-14.6	-15.8	-7.6
Development costs	-28.4	-24.6	15.7	-9.3	-7.0	33.6
Other administrative costs	-21.8	-23.4	-6.6	-6.6	-7.2	-8.0
Operating profit	12.0	38.0	-68.6	7.3	14.0	-48.0
Financial income and expenses	-1.9	0.9	-315.6	0.5	-1.1	-145.9
Share of results of associated companies	0.0	0.0	-100.0	0.0	0.0	-93.9
Profit before tax	10.1	38.9	-74.1	7.8	13.0	-40.2
Income taxes	-3.2	-10.5	-69.5	-2.6	-2.6	1.7
Profit after tax	6.9	28.4	-75.8	5.1	10.4	-50.7
Attributable to Equity holders of the parent	6.9	28.4	-75.8	5.1	10.4	-50.7

Taxes for the review period have been calculated under taxes.

Earnings per share for profit attributable to the equity holders of the parent						
Basic earnings per share, €	0.38	1.56	-75.8	0.28	0.57	-50.7
Diluted earnigns per share,€	0.38	1.56	-75.8	0.28	0.57	-50.7
STATEMENT OF COMPREHENSIVE INCOME						
Profit for the year	6.9	28.4	-75.8	5.1	10.4	-50.7
Other comprehensive income						
Exchange differences on translating foreign operations	-0.8	1.3	-160.9	0.5	0.5	15.9
Total comprehensive income	6.1	29.7	-79.6	5.7	10.9	-47.9
Total comprehensive income attributable to:						
Equity holders of the parent	6.1	29.7	-79.6	5.7	10.9	-47.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR million)	31.12.2009	31.12.2008	Change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	23.7	17.3	36.8
Tangible assets	49.8	39.1	27.5
Investments in associates	0.5	0.6	-18.5
Other financial assets	0.1	0.1	-28,9
Long-term receivables	0.3	0.1	198.9
Deferred tax assets	5.7	5.8	-1.7
CURRENT ASSETS			
Inventories	27.3	22.8	20.1
Trade and other receivables	67.9	51.7	31.1
Accrued income tax receivables	6.2	0.8	628.5
Financial assets recognized at fair value through profit and loss	0.0	25.3	-100.0
Cash and cash equivalents	50.1	78.1	-35.9
TOTAL ASSETS	231.4	241.7	-4.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7.7	7.7	0.0
Share premium reserve	16.6	16.6	0.0
Reserve fund	0.2	0.2	-4.0
Translation differences	-4.8	-4.1	17.3
Profit from previous years	154.0	142.1	8.4
Own shares	-0.3	-0.3	0.0
Profit for the financial year	6.9	28.4	-75.8
Total equity	180.3	190.6	-5.4
Liabilities			

Long-term liabilities			
Retirement benefit obligations	1.2	1.4	-13.5
Interest-bearing liabilities	0.7	0.2	235.3
Provisions	0.1	0.5	-83.4
Deferred tax liabilities	0.3	0.4	-26.9
Current liabilities			
Current interest-bearing liabilities	0.3	0.2	35.4
Advances received	10.2	10.3	-1.0
Accrued income tax payables	0.3	1.8	-82.4
Trade and other payables	38.0	36.2	4.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	231.4	241.7	-4.3

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
December 31, 2009 (EUR million)

	Share capital	Share issue	Share premium Resesrve	Reserve fund	Own shares	Translation differences	Retained earnings	Total equity
Balance at December 31, 2008	7.7	0.0	16.6	0.2	-0.3	-4.1	170.4	190.6
Total comprehensive income for the year				0.0		-0.8	6.9	6.1
Dividend paid							-16.4	-16.4
Balance at December 31, 2009	7.7	0.0	16.6	0.2	-0.3	-4.9	160.9	180.3

	Share capital	Share issue	Share premium Resesrve	Reserve fund	Own shares	Translation differences	Retained earnings	Total equity
Balance at December 31, 2007	7.7	0.0	16.6	0.1	-0.3	-5.4	157.6	176.3
Total comprehensive income for the year				0.0		1.3	28.4	29.7
Other changes				0.1			-0.1	0.0
Dividend paid							-15.5	-15.5
Balance at December 31, 2008	7.7	0.0	16.6	0.2	-0.3	-4.1	170.4	190.6

CONSOLIDATED CASH FLOW STATEMENT (EUR million)

	1-12 2009	1-12 2008	Change %
Cash flows from operating activities			
Cash receipts from customers	225.7	241.4	-6.5
Other income from business operations	0.0	0.1	-100.0
Cash paid to suppliers and employees	-218.0	-197.6	10.3
Interest received	1.0	0.0	5020.4
Interest paid	-0.1	-0.2	-41.7
Other financial items, net	-1.4	0.9	-255.7
Direct tax paid	-10.3	-12.5	-17.0
Cash flow from business operations (A)	-3.2	32.2	-109.8
Cash flow from investing activities			
Investments in intangible assets	-1.3	-0.5	188.5
Investments in tangible assets	-13.7	-12.0	14.5
Acquisition of subsidiary, net of cash acquired	-16.7	0.0	
Proceeds from sale of fixed assets	0.1	0.2	-57.6
Other investments	-0.1	-0.2	-53.1
Financial assets recognised at fair value through profit and loss	23.2	17.3	34.1
Cash flow from investing activities (B)	-8.5	4.9	-275.0
Cash flow from financing activities			
Repayment of short-term loans	-0.1	0.0	
Repayment of long-term loans	0.0	0.1	-100.0
Dividend paid and other distribution of profit	-16.4	-15.5	5.9
Cash flow from financing activities (C)	-16.5	-15.4	7.5
Change in liquid funds (A+B+C) increase (+) / decrease (-)	-28.2	21.7	-229.8
Liquid funds at beginning of period	78.1	56.7	37.8
Foreign exchange effect on cash	0.2	-0.3	-172.9
Net increase in cash and cash equivalents	-28.2	21.7	-229.8
Liquid funds at end of period	50.1	78.1	-35.9

Segment Report

Business segments

1-12/2009 EUR Million	WCO *	CEN *	MET *	Other operations	Group
Net sales to external customers	101.8	49.2	80.8	0.0	231.8
Net sales	101.8	49.2	80.8	0.0	231.8
Operating profit	5.5	3.4	3.4	-0.4	12.0
Financial income and expenses					-1.9
Share of associated companies' net profit					0.0
Net profit before taxes					10.1

Income taxes					-3.2
Net profit					6.9
Depreciation	0.8	0.1	1.4	7.3	9.6

* WCO= Weather critical operations
* CEN = Controlled environment
* MET= Meteorology

1-12/2008 EUR Million	WCO *	CEN *	MET *	Other operations	Group
Net sales to external customers	123.3	54.3	64.9	0.0	242.5
Net sales	123.3	54.3	64.9	0.0	242.5
Operating profit	24.6	8.4	8.0	-3.0	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					28.4
Depreciation	0.7	0.1	1.2	6.2	8.2

* WCO= Weather critical operations
* CEN = Controlled environment
* MET= Meteorology

10-12/2009 EUR Million	WCO *	CEN *	MET *	Other operations	Group
Net sales to external customers	40.7	12.1	27.5	0.0	80.4
Net sales	40.7	12.1	27.5	0.0	80.4
	0.0	0.0	0.0	0.0	0.0
Operating profit	6.1	-1.5	3.0	-0.3	7.3
Financial income and expenses					0.5
Share of associated companies' net profit					0.0
Net profit before taxes					7.8
Income taxes					-2.6
Net profit					5.1
Depreciation	0.2	0.0	0.3	1.9	2.5

* WCO= Weather critical operations
* CEN = Controlled environment
* MET= Meteorology

10-12/2008 EUR Million	WCO *	CEN *	MET *	Other operations	Group
Net sales to external customers	43.0	13.4	21.2	0.0	77.6
Net sales	43.0	13.4	21.2	0.0	77.6
Operating profit	11.2	1.0	2.9	-1.2	14.0
Financial income and expenses					-1.0
Share of associated companies' net profit					0.0
Net profit before taxes					13.0
Income taxes					-2.6
Net profit					10.4
Depreciation	0.2	0.0	0.3	1.7	2.2

* WCO= Weather critical operations
* CEN = Controlled environment
* MET= Meteorology

Contingent liabilities and pledges given	2009	2008
EUR million		
For own loans/commitments		
Guarantees	13,5	13,0
Other own liabilities		
Pledges given	0,4	0,1
Other leases	6,9	8,1
Contingent liabilities and pledges given, total	20,8	21,2

Other leases include long-term realestate rental agreements and operating lease agreements. Lease- and rental agreements comply with the normal terms in each country.

Calculation of financial indicators

Solvency ratio, (%) = Shareholders' equity plus minority interest / Balance sheet total less advance payments x 100

Earnings / share = Profit before taxes less taxes +/- minority interest / Average number of shares, adjusted

Cash flow from business operations / share = Cash flow from business operations / Number of shares at balance sheet date

Equity / share = Shareholders' equity / Number of shares at balance sheet date, adjusted

Dividend / share	=	Dividend -- Number of shares at balance sheet date, adjusted

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