Financial Statements 2010

VAISALA

Observations for a Better World

Vaisala is a global leader in environmental and industrial measurement. We provide a comprehensive range of innovative observation and measurement products and services for meteorology, weather critical operations and controlled environments.

The lives of millions of people all around the world are touched daily by the work we do and the technologies we create. Curiosity, the desire to meet challenges and an extraordinary ability to innovate are at Vaisala's core, both past and present.

As an active member in the society, Vaisala is committed to conduct all its business in a responsible way. We want to be transparent and report openly on the economic, social and environmental impacts of our work.

Vaisala was established in 1936. Headquartered in Finland, the company employs over 1300 professionals worldwide. Vaisala is listed on the NASDAQ OMX Helsinki stock exchange.

www.vaisala.com

New Strategy Beginning to Yield Results

The year 2010 was a turning point for Vaisala in the execution of our new market driven strategy. The results at the end of the year show that our long term investments are beginning to pay off.

The turning point was most visible in the results of the Controlled Environment business area. The Life Science and High Technology segment especially demonstrated good growth figures backed up by the Veriteq acquisition. The combined product and service offering of Vaisala and Veriteq strengthens our position in the life science market and brings clear benefits to our customers, i.e. the pharmaceutical industry, biotechnology companies and medical device manufacturers, for example.

We were also pleased to see that the additional R&D investments made during 2009–2010 had clearly made a difference in the operations of the Products & Technologies function. As a result Vaisala was able to launch a record number of new products in 2010.

Service business plays an important role in our growth strategy. During the last couple of years we have concentrated on building a versatile service offering and strengthening our delivery capability. In 2010, these investments yielded results as well and the net sales generated by Vaisala Services grew by approximately 20 percent.

In Finland, we implemented a new enterprise resource planning system, which had a positive effect on the management of project business and the harmonization of global customer service, for example. The system will be implemented in its entirety in all Vaisala offices during 2011–2012.

The recession still affected the sales volumes of the weather business, which kept Vaisala Group's organic net sales on the previous year's level. The Meteorology and Weather Critical Operations business areas did not meet expectations, mostly due to the lack of big project deliveries in 2010.

In addition, the Group was burdened by low margins and cost increases especially during the first half of the year. As a result, Vaisala initiated an efficiency program to improve the company's profitability and competitiveness. In order to reach sufficient cost savings, we were also forced to reduce the number of our personnel. The related consultation processes were completed in June.

Global component shortage affected the delivery capability of both Vaisala and our subcontrators during 2010. We strengthened cooperation with our main subcontractors, and worked together to solve the problems caused by the material shortage. Due to these efforts, we were able to decrease the number of delayed deliveries during the last quarter, especially in December, but despite of our best efforts some deliveries had to be postponed to 2011.

The last quarter is typically the most significant in terms of Vaisala's net sales. The year 2010 was no exception, on the contrary – the sales volumes and orders received during the fourth quarter were at an all time high level. The strong order book we now enjoy is a good starting point for the company's 75th operational year.

I want to thank all Vaisala personnel for their excellent work during this challenging year. I would also like to extend my thanks to our customers and partners for good cooperation in 2010.

Kjell Forsén
President and CEO

Contents

Observations for a Better World ... 2
New Strategy Beginning to Yield Results ... 3
2010 Key Figures ... 5
Leader in Environmental Measurement ... 6–7
Highlights in 2010 ... 8–9
Board of Directors' Report 2010 ... 11–20

Financial Ratios

Financial Ratios in Figures ... 21
Financial Shares in Figures ... 22
Calculation of Financial Ratios ... 23
Five Years in Figures ... 24

Consolidated Financial Statements (IFRS)

Consolidated Income Statement ... 25
Consolidated Balance Sheet ... 26–27
Consolidated Statement of Changes in Shareholders' Equity ... 28
Consolidated Cash Flow Statement ... 29
Notes to the Consolidated Financial Statements ... 30–61

Parent Company Financial Statements (FAS)

Parent Company Accounts ... 62
Parent Company Balance Sheet ... 63–64
Parent Company Cash Flow ... 65
Notes to the Parent Company Income Statements and Balance Sheets ... 66–73
Shares and Shareholders ... 74
Signing of the Board of Directors' Report and Financial Statements ... 75
Auditor's Report ... 76

Information for Shareholders ... 78–79
Investor Calendar 2011 ... 80
Corporate Publications and Releases ... 81
Vaisala Offices ... 82

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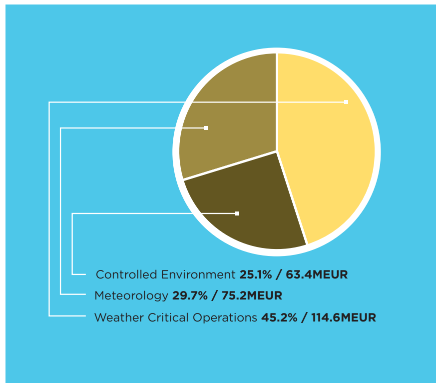
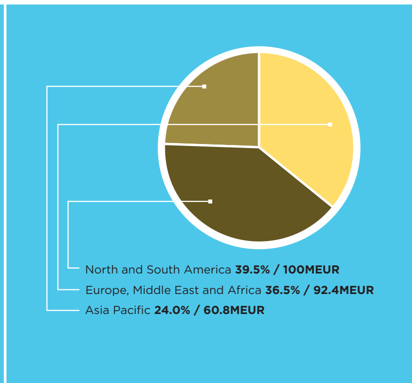
2010 Key Figures

Net Sales by Business Area 2010

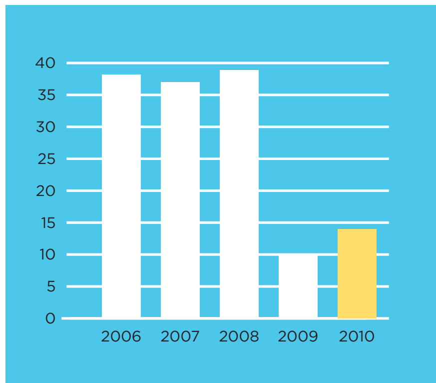


Net Sales by Region 2010

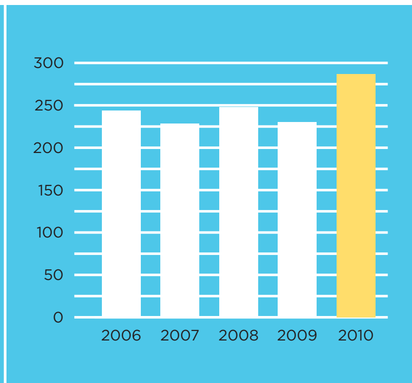


Development of Net Sales (MEUR)

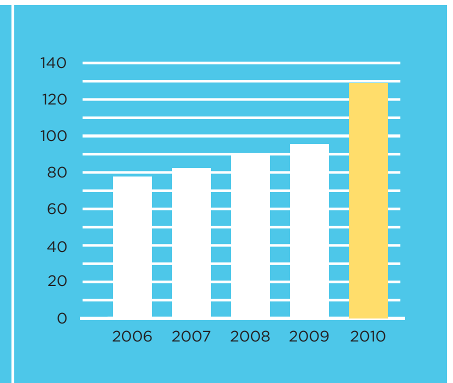
Net Profit Before Tax (MEUR)



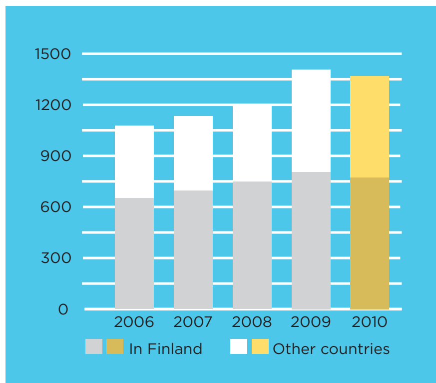
Orders Received (MEUR)



Order Book, Dec. 31, 2010 (MEUR)

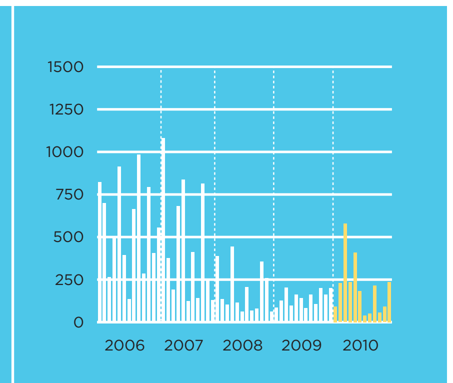


Personnel, Dec. 31, 2010



Series A Share Development, EUR

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



For financial ratios, shares in figures and five year development, see pages 21–24.

Leader in Environmental Measurement

Vaisala serves customers globally in several market segments: meteorology and hydrology, airports, roads, defense, weather critical energy, life science and high technology, building automation and targeted industrial applications.

Vaisala's comprehensive offering ranging from small humidity probes to comprehensive surface weather networks and data services provides our customers with the means to influence and better understand their environment. Adequate, reliable and real time information of environmental conditions are essential in the operational decision making of the customers.

Vaisala's own sales force together with reliable distributor network serve customers in over 140 countries. Geographically the markets are divided into three regions: Europe, Middle East and Africa (EMEA), Americas, and Asia Pacific (APAC).

Meteorology

Meteorology serves meteorological and hydrological institutes whose primary interest is the safety and wellbeing of people and the safeguarding of property. These customers are responsible for providing weather forecasts and warnings for the society. Weather observation data is also used to follow the climate change.

Globally, the meteorology markets are divided into two: established markets and emerging markets. In established markets, the focus is on increasing the cost-efficiency of products, further automation and remote monitoring, as well as expanding the services offering. In emerging markets, the needs vary from standard weather observation equipment to turnkey projects and capability upgrades for severe weather prediction.

Year 2010

Net sales of Meteorology declined by 7.0 percent year on year to 75.2 (80.8) million euros. Operating profit for the review period was 2.8 (3.4) million euros.

Controlled Environment

Controlled Environment serves customers in life science and high technology, building automation and industrial measurements segments. The main drivers of the customer groups are operational quality, productivity and energy savings.

The life science and high technology customers operate in demanding research, production and storage areas where precise continuous measuring and monitoring of environmental conditions is essential. As a rule their operations are tightly regulated by the authorities. The segment comprises of pharmaceutical, biotechnology and medical device companies as well as electronics and semiconductor industries.

In the building automation markets, the customers aim at optimizing energy consumption and indoor air quality by controlling and optimizing the heating, ventilating, air conditioning and refrigeration systems in buildings.

High energy costs and new legislation promote the use of advanced building automation solutions. The main

customer groups represent building automation system manufacturers, integrators, and facility management.

The customers of industrial measurements represent various demanding industries from power and steel to marine and plastics. Reliable and stable real-time measurements improve processes, extend equipment lifetime and prevent downtime.

Year 2010

Net sales of Controlled Environment increased by 29.0 percent year on year to 63.4 (49.2) million euros. Operating profit for the review period was 8.9 (3.4) million euros.

Weather Critical Operations

The Weather Critical Operations business area serves customers in airports, roads, defense and weather critical energy markets. It provides products and solutions to support customers in their operational decision making under any weather conditions. Accurate, real-time, uninterrupted and reliable weather data is the cornerstone of efficient operations for these customers.

At airports, Vaisala's weather observation offering supports decision making to improve the efficiency, safety and environmental compatibility of airport operations. Customers include aviation authorities, airport operators and maintenance.

Road organizations use Vaisala's weather observation products and solutions to ensure safety and optimize the efficiency of traffic management and road maintenance operations. The products and solutions offer reliable real time weather and traffic information to support operational decision making, and they are an integral part of intelligent transportation solutions

Operations in the energy market are significantly impacted by the weather all over the world. Vaisala provides the customers with the capability to measure, forecast and intelligently integrate environmental observations to enhance operational efficiency and decision making. The customers include wind farm developers and operators, turbine manufacturers, integrators, electric utilities, and transmission system operators.

In addition, defense forces and security organizations use Vaisala's weather observation systems and solutions to support operational decision making.

Year 2010

Net sales of Weather Critical Operations increased by 12.5 percent year on year to 114.6 (101.8) million euros. Operating profit for the review period was 1.0 (5.5) million euros.

Highlights in 2010

Vaisala Strengthens Its Position in Life Science Business

In April 2010 Vaisala acquired Veriteq, a leading company in continuous monitoring and data logger solutions for the life science market. The strategic acquisition of this Canadian based company was an important step for Vaisala in strengthening its position in the steadily growing life science market.

The combined product and service offering of Vaisala and Veriteq brings clear benefits to the customers including pharma, biotechnology and medical device companies. Life science is strictly regulated industry where measuring and monitoring the conditions is critical to ensure quality and high performance.

As a result of the acquisition, the market segment's name was changed from Cleanrooms and Chambers to Life Science and High Technology.

Vaisala Weather Observation Solutions to New York and New Jersey Airports

Vaisala signed a 5 million US dollar agreement with the Port Authority of New York and New Jersey for a weather observation solution in August 2010. The aim of the deal is to improve maintenance operations and aviation safety at the John F. Kennedy (JFK), LaGuardia, Newark, Teterboro and Stewart International airports.

Vaisala's solution brings simplicity to the airports operations as weather data elements are combined into a single, easy-to-use package. The solution comprises of weather data systems, weather data, software and ten-year maintenance services. The solution is based on the combined offering of Vaisala and former Quixote Transportation Technologies, a company acquired by Vaisala in 2009.

The installment work of the new weather observation systems started at the JFK in December and will continue at the other airports in the summer of 2011. All installments will be finalized by the end of September 2011, to ensure that the airports are well-equipped for the next winter.

Online Weather Information for Oman Airports

In November Vaisala signed a 9 million euro contract with Directorate General of Meteorology and Air Navigation of Sultanate of Oman to supply weather observation systems to two international and four regional airports in Oman.

The goal of Oman's extensive airport projects is to increase efficiency and safety and multiply passenger capacity. The Vaisala weather information systems will be integrated to the airports' air traffic management networks to provide online weather information to various user groups.

Vaisala's aviation weather systems are used in all major international airports in the area, such as Dubai, Abu Dhabi, and New Doha airport in Qatar. Muscat and Salalah airports in Oman will be valuable additions to this list.

Precise Rain Information in High Demand

Weather radars have been a part of Vaisala's offering for the past three years during which their demand and global market share have grown steadily. Customers are pleased with the accuracy and availability of the precipitation information provided by Vaisala's dual polarization weather radars which can distinguish between various types of precipitation such as rain, snow and hail.

In 2010 new radar orders were received from all over the world. Vaisala has ongoing delivery and installation projects in e.g. Turkey, Spain, South Korea, China and several South American countries. A Vaisala Weather Radar will also be used in 2014 Winter Olympics in Sochi.

New Energy Efficient Office Building in Vantaa

The construction of a new office building to Vaisala's headquarters in Vantaa, Finland was completed according to schedule at the end of the year. Environmental aspects, such as high self-supporting energy production together with low energy consumption were the guiding principles in the planning of the new building. Most of the heating energy is produced by the building's own geothermal energy system. In addition, 700 m^2 of solar panels have been installed on the building's rooftop and south wall which will provide approximately 15 percent of the annual energy demand.

Building automation solutions control the complex network of lighting, air condition and heating. Vaisala's carbon dioxide measurement technology is utilized to provide good indoor air quality energy-efficiently with the help of demand controlled ventilation.

Vaisala has applied for an international green building certificate (LEED) for the new building.

Board of Directors' Report 2010

Overview

Vaisala released preliminary information on its 2010 financial statement on February 1, 2011.

Net sales EUR 253.2 million in 2010 were 9.2 percent higher than in 2009. Comparable pro forma net sales in 2009, including QTT and Veriteq acquisitions, were EUR 252.2 million. Operating profit in 2010 remained at the same euro level as in 2009.

Net sales, operating profit and orders received improved significantly in the second half of the year compared to the previous year and the first half of 2010.

The performance of the Controlled Environment Business Area was strong throughout the year, whereas the net sales of the Meteorology Business Area declined year on year. The performance of the Weather Critical Operations Business Area did not meet the expectations, mostly due to lack of big projects and funding delays in the Airports, Roads and Defense businesses.

Delivery delays caused by component shortages and capacity constraints in the supply network affected the revenue generation especially in mid-year. The delivery capability and production capacity are now improving.

Services sales in the review period grew by 20.2 percent to EUR 33.8 million.

One off costs of EUR 2.4 million relating to the cost efficiency program were booked in the second quarter. One off costs relating to the integration of the QTT were EUR 1.3 million in 2010.

On September 30, 2010, Vaisala signed a contract to sell its oxygen measurement technology and business to SICK Maihak GmbH. A profit of EUR 1.3 million was entered for the transaction. The profit was booked in Eliminations and other.

Implementation of the company-wide ERP program progressed in 2010 and continues until the end of 2012.

In 2010, Vaisala implemented extraordinary projects to align technology platforms and improve product modularity and mass customization capability. In total, Vaisala launched 34 products in 2010. R&D spend is expected to decrease in 2011.

Net sales grew in all regions: APAC +15.5%, EMEA +8.8% and Americas +6.0%. Organic growth in Americas of combined Vaisala, QTT, and Veriteq was -12.8 percent.

Market outlook

Uncertainty in the global economy and shifts in exchange rates are still expected to affect Vaisala's business. Based on the structure of Vaisala's customer base and the orders received, the company's market situation is expected to remain mostly unchanged in 2011.

Financial guidance

Vaisala expects its net sales in 2011 to grow moderately from the preceding year. Also operating profit is expected to improve moderately.

As in previous years, seasonal fluctuation is typical of Vaisala's business, so the first quarter appears to be modest.

Vaisala's long-term business outlook remains unchanged.

President and CEO Kjell Forsén on Vaisala's result:

"A clear highlight in 2010 was the Life Science and High Technology (LSH) business, which has demonstrated high growth numbers, backed up by the acquisition of Veriteq. Overall, there was very positive development in the Controlled Environment Business Area which grew by 29 percent with a healthy profitability.

Net sales in the fourth quarter were record high and entering the new year, our order book is at an all-time high level.

In June, we announced an efficiency program to improve profitability and competitiveness. Savings were sought from personnel reductions, reductions in the use of professional services, more efficient sourcing and reduced travel costs. In terms of personnel reductions, the consultation processes were completed in June. As a result of the program, Vaisala's profitability has clearly improved towards the year-end.

During 2010 we were hit by the global shortage of electronics components and that also caused severe delays in our subcontracting network. The situation has improved towards the end of the year and the corrective action taken has given good results. The delivery capability and production capacity are now improving.

Entering 2011 we have a solid foundation to build on. Not only is our order book strong and cost base reduced, but our operational performance has also improved. Our delivery machine proved its capability in the fourth quarter

and our R&D efforts produced more product launches than ever before. Our customer-based strategy is starting to deliver."

Market Situation, Net Sales and Order Book

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

The review period was positive for the Controlled Environment business area. The uncertain economic situation affects purchasing decisions in the Weather Critical Operations and Meteorology business areas even though order intake in Weather Critical Operations was good towards the end of the review period.

Vaisala Group's net sales grew by 9.2 percent year on year and totaled EUR 253.2 (231.8/2009; 242.5/2008) million. In comparable currencies, Vaisala Group's net sales would have grown by 5.2 percent.

The organic growth of net sales, including the net sales of QTT and Veriteq in 2009 figures was 0.4 percent. Comparable proforma net sales in 2009 were EUR 252.2 million. Organically in comparable currencies, Vaisala Group's net sales would have decreased by 3.3 percent.

Net sales of the Weather Critical Operations business area grew by 12.5 percent (organic growth of combined Vaisala and QTT -3.5 percent) and Controlled Environment by 29.0 percent (organic growth of combined Vaisala and Veriteq 20.5 percent). Net sales of the Meteorology business area declined by 7.0 percent.

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

Net sales in euros increased by 6.0 percent in Americas, totaling EUR 100.0 (94.3/2009; 74.3/2008) million. Organic growth in Americas of combined Vaisala, QTT, and Veriteq was -12.8 percent.

Net sales increased by 8.8 percent in the EMEA region to EUR 92.4 (84.9/2009; 108.5/2008) million and in the APAC region by 15.5 percent to EUR 60.8 (52.6/2009; 59.6/2008) million.

The value of orders received increased by 21.0 percent year on year and totaled EUR 286.7 (237.0) million.

The order book at the end of the review period stood at EUR 129.0 (95.5) million. Of the order book, approximately EUR 32 million will be delivered in 2012 or later.

Performance and Balance Sheet

Operating result for the financial year was EUR 11.8 (12.0/2009; 38.0/2008) million or 4.7 percent of net sales. Pro forma operating result 2009, including QTT and Veriteq figures, was EUR 11.6 million. Profit before taxes was EUR 14.0 (10.1/2009; 38.9/2008) million or 5.5 percent of net sales, up by 38.8 percent. Net profit for the financial year was EUR 10.2 (6.9/2009; 28.4/2008) million or 4.0 percent of net sales, up by 48.4 percent.

Net sales and operating result were affected by delivery delays in May-December. The negative impact of these on the net sales was approximately EUR 8 million and on the operating result approximately EUR 4 million. The result was additionally burdened by EUR 2.4 million one-off costs from personnel reductions, booked in the second quarter and by EUR 1.3 million from one off costs relating to the integration of the QTT.

On September 30, 2010, Vaisala signed a contract to sell its oxygen measurement technology and business to SICK Maihak GmbH. A profit of EUR 1.3 million was entered for the transaction in the third quarter.

Vaisala Group's solvency ratio and liquidity remained strong. On December 31, 2010, the balance sheet total was EUR 248.7 (231.4/2009; 241.7/2008) million. The Group's solvency ratio at the end of the financial year was 76 percent (81%/2009; 82%/2008).

Vaisala's consolidated liquid assets totaled EUR 35.3 (50.1/2009; 103.4/2008) million.

Capital Expenditure

Gross capital expenditure totaled EUR 30.1 (27.7/2009; 12.2/2008) million.

On April 1, 2010 Vaisala acquired Veriteq Instruments Inc, a Canadian company operating in the life science markets.

The value of the deal was EUR 8.1 million, including a conditional purchase price of EUR 1.3 million. The deal significantly strengthens Vaisala's position in the life science markets, complementing the current competences and product offering. According to calculations, these synergy benefits have accrued to EUR 3.6 million goodwill.

The gradual implementation of Vaisala's new ERP system continues until the end of 2012.

The project to build new office space in Vantaa, Finland, progressed according to plan. The date of accomplishment was at the end of 2010.

Meteorology

Net sales of Meteorology declined by 7.0 percent year on year to EUR 75.2 (80.8/2009; 64.9/2008) million. In comparable currencies, the net sales would have been down by 10.4 percent.

Operating profit for the review period was EUR 2.8 (3.4/2009; 8.0/2008) million.

Net sales and result were affected by delivery delays in May-December. The negative impact of these on the net sales was approximately EUR 3 million and on the operating result approximately EUR 1.4 million. The result was additionally burdened by EUR 0.9 million one-off costs from personnel reductions, booked in the second quarter.

Lower net sales in Meteorology were also due to the fact that the number of large project deliveries was low in 2010. The subsequent decline in sales volumes lowered the profitability of this business.

The value of orders received for Meteorology was EUR 79.2 (76.4) million and the order book stood at EUR 40.6 million at the end of the review period.

Controlled Environment

Net sales of Controlled Environment grew by 29.0 percent year on year to EUR 63.4 (49.2/2009; 54.3/2008) million. In comparable currencies, the net sales would have grown by 22.7 percent. Organic growth of combined Vaisala and Veriteq was 20.5 percent. Organic growth in comparable currencies would have been 14.6 percent

Operating profit for the review period was EUR 8.9 (3.4/2009; 8.4/2008) million.

On April 1, 2010 Vaisala acquired Veriteq Instruments Inc, a Canadian company operating in the life science markets.

Veriteq is a leading provider of productized continuous monitoring systems and data logger solutions for the life science industry comprising of pharmaceutical, biotechnological and medical device companies. Veriteq Instruments Inc. reached EUR 5 million net sales in 2009. The company is located in Vancouver, Canada and employs approximately 40 people. The acquisition will significantly strengthen Vaisala's position in the Life Science markets, complementing the current competences and offering.

Net sales and result were affected by delivery delays in May-December. The negative impact of these on the net sales was approximately EUR 1 million and on the operating profit approximately EUR 0.6 million. The result was additionally burdened by EUR 0.4 million one-off costs from personnel reductions, booked in the second quarter.

Biggest growth was seen in the Life Science business.

The value of orders received for Controlled Environment was EUR 66.3 (49.0) million and the order book stood at EUR 6.1 million at the end of the review period.

Weather Critical Operations

Net sales of Weather Critical Operations increased by 12.5 percent year on year to EUR 114.6 (101.8/2009; 123.3/2008) million. In comparable currencies, the net sales would have grown by 9.2 percent. Organic growth of combined Vaisala Weather Critical Operations and QTT companies was -3.5 percent. Organically in comparable currencies, the net sales would have gone down by 6.3 percent

Operating profit for the review period was EUR 1.0 (5.5/2009; 24.6/2008) million.

The challenging economic situation affected the customers' purchasing decisions in this business area. The performance of the Weather Critical Operations business area did not meet the expectations, mostly due to lack of big projects and funding delays in the Airports, Roads and Defense businesses.

Net sales and result were affected by delivery delays in May-December. The negative impact of these on the net sales was approximately EUR 4 million and on the operating result approximately EUR 1.9 million. The result was additionally burdened by EUR 1.1 million one-off costs from personnel reductions, booked in the second quarter. The operating result includes EUR 1.3 million one-off reorganization costs relating to QTT integration. The arrangements aim at EUR 3-4 million synergy savings annually, starting in 2011.

The value of orders received for Weather Critical Operations was EUR 141.3 (111.6) million and the order book stood at EUR 82.3 million at the end of the review period.

The consolidation of operational activities in the US from Uniontown to the Boulder operations was completed according to schedule in the fourth quarter.

On August 5, 2010, Vaisala announced an agreement with the Port Authority of New York and New Jersey for Road Weather Information Systems (RWIS) equipment, lightning detection, weather forecasting, software and data services, and 10-year maintenance services. The value of the agreement is USD 5 million and it covers turnkey deliveries to all five airports operated by the Port Authority – John F. Kennedy, LaGuardia, Newark, Teterboro and Stewart International.

On December 2, 2010 Vaisala announced a contract to supply weather observation systems to six airports in the Sultanate of Oman. The value of the deal is over 9 million euros and the deliveries will take place between 2011 and 2014.

Other Functions

Research and development

Expenditure in research and development totaled EUR 31.4 (28.4/2009; 24.6/2008) million, representing 12.4% of the Group's net sales.

The share of research and development expenses of the Group's net sales is expected to decrease in 2011.

In total, Vaisala launched 34 products in 2010. Of these, the most significant were:

In the first quarter: Vaisala Ceilometer CL51; Vaisala HUMICAP Humidity and Temperature Probes HMP60 and HMP110 for humidity and temperature measurement; and Vaisala MetMan Webview 2.0, a web based meteorological data visualization software.

In the second quarter: Vaisala WINDCAP Ultrasonic Wind Sensor WMT700 Series for demanding meteorological and aviation applications, Vaisala Road Weather Advisor and the Vaisala Road Weather Observer, web-based road weather data visualization applications enabling road weather network monitoring, Vaisala MARWIN sounding system MW32 for defense use and Vaisala Boundary Layer View (BL-VIEW) application software for Vaisala ceilometers.

In the third quarter: Vaisala CARBOCAP Carbon Dioxide and Temperature Transmitter GMW116, a wall-mounted sensor designed for heating, ventilating and air conditioning (HVAC) applications; and Vaisala Road Weather Navigator 2.0 WID733, a web-based road weather data visualization application that enables the customers to observe their road weather network and effectively manage their operations.

In the fourth quarter: Vaisala INTERCAP Humidity and Temperature Transmitter Series HMW80, a cost-efficient, dependable solution for humidity and temperature measurement; Vaisala HUMICAP Humidity and Temperature Transmitters HMT120 and HMT130 that are especially designed for cleanroom continuous monitoring systems; Vaisala HUMICAP Hand-Held Humidity and Temperature Meter HM40 for various portable measurement applications; Vaisala Present Weather Sensor FS11P that delivers visibility measurement with a range of 5 m to 75 km, and identifies ground-based obscurations and 7 different precipitation types and Vaisala DigiCORA Sounding Software v. 3.64 that brings several improvements to various Vaisala Sounding systems

In terms of product launches, 2010 was a record-breaking year for Vaisala R&D: the number of product launches grew by 100 percent to 34 in 2010 (17/2009). The fourth quarter was especially productive; the number of product launches was 18 (7/2009).

Services

Vaisala's service business has been reported as part of the business areas. Services sales in the review period grew by 20.2 percent and totaled EUR 33.8 (28.1/2009; 27.5/2008) million.

In the Americas region, the integration of QTT has broadened the number of service contracts from surface transportation customers. Instrument repairs and calibrations have continued to grow as the installed base has steadily increased. As a result, a new calibration partnership in Brazil was formed to accommodate the growth in business. Further, the provisioning of spare parts to a variety of US customers added to the growth of the service business. The Vaisala owned US National Lightning Detection Network (NLDN) was updated in 2010, which further increased the overall competitiveness of the lightning data business.

In the UK and Germany, Vaisala signed new service contracts for road weather and upper air operations. Vaisala made the first Wind Energy site assessment contract in Europe, which includes wind data provisioning. A long-standing service contract for lightning network services was renewed in South Africa.

In the Asia-Pacific (APAC) region, Vaisala was awarded first-time service contracts for weather radar maintenance in India, airport system maintenance in China and upgrades to upper air systems in Australia. Instrument repairs and calibrations continue to grow as overall sales into APAC improve.

Personnel

The average number of people employed in the Vaisala Group in the financial year was 1,408 (1,302/2009; 1,177/2008). The number of employees at the end of the financial year was 1,367 people. 43 percent (44/2009; 39/2008) of the personnel was based outside Finland. 20 percent (22/2009; 20/2008) 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 2010 was EUR 68.8 (63.3/2009; 59.7/2008) million.

The consultation processes initiated in May 2010 ended in June 2010. In total, the company reduced its personnel by 79 people, of which 49 in Finland.

Vaisala has two types of 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

Ari Meskanen, the Chief Technology Officer (CTO) of Vaisala was appointed Senior Vice President, Group Marketing and Sales starting January 1, 2010.

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

Kai Konola was appointed Executive Vice President of the Weather Critical Operations Business Area and a member of the group's management group starting July 1, 2010.

Lauri Rintanen, Executive Vice President, Vaisala Operations resigned from the company starting January 1st, 2011.

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.

Risk management is integrated into business processes and operations and each employee's daily work. This is accomplished by the risk management process that was approved by Vaisala's strategic management group in May 2010. The deployment of the risk management process was started during the latter half of 2010 and is intended to cover most of the businesses and functions by the end of 2011.

The risk management process is a continuous tool for risk identification and management. The purpose of the process is to support the company's strategy and planning process and to provide more information, supporting better decision making.

Vaisala's risk management process consists of risk identification, risk assessment, risk management actions, follow-up and risk reporting. Risks are reported to the strategic management group quarterly. The most significant risks are reported to the board annually and whenever considered necessary.

Risk management in Vaisala is not a separate process, but it operates as part of the company's operating calendar.

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.

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.

Near-term risks and uncertainties

The most significant near term risks and uncertainties are estimated to relate to the company's ability to improve its delivery capability, availability of critical components, changes in the global economy, shifts of currency exchange rates, interruptions in manufacturing, customers' financing capability, changes in purchasing or investment behavior, and delays or cancellations of orders and deliveries. The changes in the competitive landscape may affect the volume and profitability of the business by introducing new competitors and price erosion in areas that traditionally have been strong for the company, which may constitute risks for both the net sales and profit.

Market development and the realization of projects in the industrial segments affect the net sales and operating result. The company has additionally expanded its project activities into emerging markets where the profitability of the projects is lower than normally, due to the market-making nature of the business. The share of project business out of the total business volume is also growing. Should the assumptions regarding the profitability and new business opportunities in the project business prove wrong, this may constitute risks for Vaisala's net sales and 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, which are building the foundation for a successful execution of Vaisala's strategy. A new Group-wide ERP system is in the implementation phase.

Vaisala has made acquisitions and their impact on net sales and operating result depends essentially on the success of integration activities. In case the assumptions about

achievable synergies prove incorrect or the integration fails, these 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 and it is included in the interest of the invested assets if the interest rate changes. 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 56 (358) thousand, calculated on an approximate investment position of EUR 7.5 (48.3) million. Further information on interest-bearing receivables is given in Note 21.

Market risk on investment activity

At the end of 2010 there were no significant investments. In 2008, the Group invested 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. The income fund investments were realized during 2009. 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 was low.

The funds invest in euro-denominated interest income products, so there was no currency risk. A rise in short-term market interest rates momentarily lowered the value of fund shares. A change in fair value of EUR 2,120 thousand loss (2,209) in 2009 was recognized in the income statement under 'financial income and expenses'. 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) 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

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 43% of the Group's net sales arises in US dollars, 6% in Japanese yens and 4% in British pounds. 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. The degree of hedging at the end of the financial year was 54%. Hedging is arranged by the parent company (Note 11. Financial income and expenses).

Liquidity risk

The Group aims to continuously assess and observe the

			Effect on result after taxes EUR thousand
2010			
USD/EUR	Exchange rate rise	10,00%	699.0
	Exchange rate fall	10,00%	-779.0
JPY/EUR	Exchange rate rise	10,00%	97.7
	Exchange rate fall	10,00%	-79.9
GBP/EUR	Exchange rate rise	10,00%	333.1
	Exchange rate fall	10,00%	-309.4
2009			
USD/EUR	Exchange rate rise	10,00%	459.1
	Exchange rate fall	10,00%	-447.5
JPY/EUR	Exchange rate rise	10,00%	91.6
	Exchange rate fall	10,00%	-75.0
GBP/EUR	Exchange rate rise	10,00%	209.3
	Exchange rate fall	10,00%	-190.6

level of funding required to finance the business to ensure that the Group has sufficient liquid assets for financing its operations. Group financing is arranged through the parent company, and the financing of the subsidiaries is arranged through internal loans. The parent company also provides the subsidiaries with the necessary credit limit guarantees. The parent company assumes responsibility for financial risk management and for investing surplus liquidity. To fulfill the liquidity need, the parent company has EUR 20 million credit loan limit, which is currently unused. Additionally, the subsidiaries have EUR 1.3 million credit loan limit, currently unused. The company has no other external financial liabilities other than those related to finance leasing (Note 24. Interest-bearing 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 0.5 million (0.5), and the total net credit loss for the financial year was EUR 0.5 million (0.5). 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 20 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. 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 supports 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, operative management and other employees within Vaisala. It is designed to provide reasonable assurance that the 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:

- 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 are 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 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, 2009, the price of Vaisala's A share in the NASDAQ OMX Helsinki Oy was EUR 25.10, and at the end of the review period, the share price was EUR 20.50. The highest quotation during the review period was EUR 25.77 and the lowest EUR 18.52. The number of shares traded in the stock exchange during the review period was 2,415,565.

On December 31, 2010, Vaisala had 18,218,364 shares, of which 3,389,684 are series K shares and 14,828,680 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, 2010 was EUR 303.8 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 373.3 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, 2010 was 1,312,249; accounting for 14.6% of the total votes (2009: 1,353,425 shares and 15.6% of the total votes). The company's President and CEO owned 2,720 shares.

Conversion of unlisted series K shares into series A

Vaisala Corporation's 400 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on April 14, 2010. Listing of the new series A shares was applied for as of April 15, 2010.

Vaisala Corporation's 3,000 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register on June 29, 2010. Listing of the new series A shares was applied for as of June 30, 2010.

Vaisala Oyj's 600 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register November 15, 2010. Listing of the new series A shares were applied for as of November 16, 2010.

Vaisala Oyj's 4,000 unlisted shares (series K) were converted into listed shares (series A). The conversion was registered in the Finnish Trade Register December 22, 2010. Listing of the new series A shares was applied for as of December 23, 2010.

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.

Related Party Transactions

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

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

Group Structure

The company has 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 has signed a voluntary energy efficiency agreement with the Federation of Finnish Technology Industries. The agreement aims at improving energy efficiency, generating cost savings, and countering climate change, and as a signatory Vaisala participates in a number of energy efficiency initiatives.

Full list of all the initiatives is published on March 2011 in the company's corporate responsibility report 2010, which is available on Vaisala's website at www.vaisala.com/cr.

In line with the energy efficiency agreement, Vaisala's new office building is energy efficient and ecological. Geothermal energy and solar panels are used in large scale. Electrical devices with low power consumption have been preferred. The modern building automation system has several innovative features which enable lower energy consumption and better adjustment of indoor conditions.

Vaisala Head Office was granted the right to use the Green Office mark issued by WWF Finland and associate itself with the Green Office Network, after having passed WWF's audit in March 2010. Vaisala has been systematically improving its environmental performance for more than a decade and this latest recognition reinforces our long term environmental strategy.

Active Involvement in the Scientific Community

Vaisala is involved in active discussion with different stakeholders, promoting advancement in science, particularly the development of environmental measurements. Vaisala collaborates in several projects with leading research institutes in the field, such as NOAA (the National Oceanic and Atmospheric Administration, USA), Finnish Meteorological Institute (FMI), Colorado State University, University of Massachusetts, the University of Oklahoma, the US National Center for Atmospheric Research (NCAR),

Deutscher Wetterdienst, VTT (Technical Research Centre of Finland), and the Aalto University, Finland.

Vaisala supports the Finland Distinguished Professor Program, the recipient is Professor Chandrasekar working at Finnish Meteorological Institute and University of Helsinki. Vaisala also supports a research scientist position at the University of Helsinki; the recipient is Dr Dmitri Moisseev.

Vaisala's representatives participate in the Board of the Federation of Finnish Technology Industries and in its committees, such as the Environmental Committee. Vaisala participates in the Board on Atmospheric Sciences and Climate of the National Research Council/National Academy of Sciences (USA). Vaisala also participates on the Board of Trustees of the University Corporation for Atmospheric Research, the Director's Advisory Committee of the National Center for Atmospheric Research, and the Dean's Advisory Board to the College of Engineering at Colorado State University.

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 also a partner of Cleen Oy, a strategic centre for science, technology and innovation for energy and environment businesses.

With a donation of EUR 200,000, Vaisala is one of two main sponsors of Science On a Sphere (SOS), a projection technique developed in the United States by the National Oceanic and Atmospheric Administration (NOAA). The sphere is on display at the Finnish Science Center Heureka in Vantaa.

Following a decision made at the 2010 Annual General Meeting, a donation of EUR 250,000 was granted to the Aalto University.

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, 2010, the parent company's distributable funds amount to EUR 130,988,120.20, of which the profit for the financial year is EUR 12,286,316.95.

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 11,835,989.10
- To be retained in shareholders' equity EUR 119,152,131.10
- Total EUR 130,988,120.20

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 29, 2011, and it is proposed that the dividend is paid on April 5, 2011.

Amendment of the Articles of Association

The Board of Directors propose that the Articles of Association 3§, 5§, 6§, 9§, 10§ and 12§ are amended. The main content of the amendment to the Articles of Association is to increase the maximum number of Board members to eight (8) and to make technical updates to meet the present wording of the Companies Act and established practices of the company.

The terms of office of Board members Mikko Niinivaara and Raimo 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 24, 2011, that Mikko Niinivaara and Raimo Voipio are re-elected.

The same shareholders have also proposed that the number of Board members in Vaisala Corporation's Board is seven (7) and that Timo Lappalainen is elected as a new member of the Board.

The Board proposes that PricewaterhouseCoopers Oy, Authorized Public Accountants, continues as the Company's auditor. PricewaterhouseCoopers Oy has informed that APA Hannu Pellinen will act as the auditor with the principal responsibility.

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

The Board of Directors proposes that the Annual 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 2012 Annual General Meeting.

Vantaa, February 17, 2011

Vaisala Corporation
Board of Directors

Financial Ratios and Share in Figures

Financial Ratios

		IFRS 2010	IFRS 2009	IFRS 2008
Net sales	**M€**	**253.2**	**231.8**	**242.5**
exports and international operations		97.4%	97.2%	94.5%
Operating profit	**M€**	**11.8**	**12.0**	**38.0**
% of net sales		4.7%	5.2%	15.7%
Profit before taxes	**M€**	**14.0**	**10.1**	**38.9**
% of net sales		5.5%	4.3%	16.0%
Return on equity (ROE)		5.6%	3.7%	15.5%
Return on investment (ROI)		5.7%	3.8%	15.5%
Solvency ratio		76.0%	81.5%	82.4%
Current ratio		2.4	3.1	3.6
Gross capital expenditure	**M€**	**30.1**	**27.7**	**12.2**
% of net sales		11.9%	11.9%	5.0%
R&D expenditure on machinery and equipment	**M€**	**1.7**	**0.4**	**0.5**
R&D expenditure	**M€**	**31.4**	**28.4**	**24.6**
% of net sales		12.4%	12.3%	10.1%
Orderbook on Dec. 31.	**M€**	**129.0**	**95.5**	**90.3**
Average personnel		1408	1302	1177

Shares in Figures

		IFRS 2010	IFRS 2009	IFRS 2008
Earnings/share (EPS)	€	0.56	0.38	1.56
Earnings/share (EPS), calculated taking into account the dilution impact of the bond with warrants	€	0.56	0.38	1.56
Cash flow from business operations/share	€	1.39	-0.17	1.77
Shareholders' equity/share	€	10.02	9.90	10.47
Dividend/share	€	*0.65	0.65	0.90
Dividend/earnings	%	**116.1%	172.2%	57.7%
Effective dividend yield ***		3.2%	2.6%	3.8%
Price/earnings (P/E)		36.61	66.51	14.18
A-share trading				
highest	€	25.77	28.46	36.49
lowest	€	18.52	21.42	19.50
weighted average	€	21.33	24.13	25.82
at balance sheet date	€	20.50	25.10	22.11
Market capitalisation at balance sheet date ***	M€	373.3	457.1	402.6
A-shares traded				
traded	pcs	2 415 565	1 729 224	2 277 884
% of entire series		16.3%	11.7%	15.4%
Adjusted number of shares	pcs	18 209 214	18 209 214	18 209 214
A-shares	pcs	14 828 680	14 820 680	14 812 780
K-shares	pcs	3 389 684	3 397 684	3 405 584
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

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

Five Years in Figures

Consolidated income statement EUR million	IFRS 12/2010	IFRS 12/2009	IFRS 12/2008	IFRS 12/2007	IFRS 12/2006
Net sales	**253.2**	**231.8**	**242.5**	**224.1**	**220.8**
Other operating income	1.8	0.1	0.1	0.0	0.1
Costs	229.0	210.4	196.4	180.6	171.5
Depreciation, amortization and impairment charges	14.1	9.6	8.2	8.2	10.8
Operating profit	**11.8**	**12.0**	**38.0**	**35.3**	**38.6**
Financial income and expenses	2.2	-1.9	0.9	1.7	-0.4
Profit before tax	**14.0**	**10.1**	**38.9**	**37.0**	**38.2**
Income taxes	-3.8	-3.2	-10.5	-11.2	-11.6
Net profit for the period	**10.2**	**6.9**	**28.4**	**25.8**	**26.6**

Consolidated balance sheet EUR million	31.12.10	31.12.09	31.12.08	31.12.07	31.12.06
Assets					
Non-current assets	100.2	80.0	63.0	56.3	60.4
Inventories	36.8	27.3	22.8	16.1	17.6
Current assest	111.7	124.1	156.0	153.1	141.3
	248.7	231.4	241.7	225.6	219.2
Shareholders' equity and liabilities					
Equity attributable to equity holders of the parent	182.4	180.3	190.6	176.3	169.8
Liabilites, total	66.4	51.2	51.1	49.2	49.4
Interest bearing	0.5	0.6	0.4	0.9	0.9
Non-interest bearing	65.8	50.6	50.7	48.3	48.6
Balance sheet total	**248.7**	**231.4**	**241.7**	**225.6**	**219.2**

Consolidated Income Statement

EUR million	Note	1.1. -31.12.2010		1.1. -31.12.2009	
Net sales	2, 3	**253.2**		**231.8**	
Cost of production and procurement	7	-124.2		-121.1	
Gross profit		**128.9**	**50.9%**	**110.7**	**47.7%**
Other operating income	6	1.8		0.1	
Cost of sales and marketing	8, 9, 10	-59.2		-48.6	
Development costs	8, 9, 10	-31.4		-28.4	
Other administrative costs	8, 9, 10	-28.4		-21.8	
Other operating cost	7	0.0		0.0	
Operating profit		**11.8**	**4.7%**	**12.0**	**5.2%**
Financial income	11	10.3		7.9	
Financial expenses	11	-8.2		-9.8	
Share of results of associated companies	17	0.0		0.0	
Profit before tax		**14.0**	**5.5%**	**10.1**	**4.3%**
Income taxes	12	-3.8		-3.2	
Profit for the year from continuing operations		**10.2**	**4.0%**	**6.9**	**3.0%**
Profit after tax		**10.2**		**6.9**	
Attributable to					
Equity holders of the parent		10.2		6.9	
Earnings per share for profit attributable to the equity holders of the parent					
Basic earnings per share, €	13	0.56		0.38	
Diluted earnigns per share,€		0.56		0.38	

Comprehensive income					
Profit for the year		10.2		6.9	
Other comprehensive income					
Currency translation differences		3.8		-0.8	
Total comprehensive income for the year		14.0		6.1	
Attributable to Equity holders of the parent		14.0		6.1	

The notes constitute an essential part of the financial statements.

Consolidated Balance Sheet

EUR million	Note		31.12.2010		31.12.2009
Assets					
Non-current assets					
Intangible assets	15		39.9		23.7
Property, plant and equipment	16		51.8		49.8
Investments in associates	17	0.5		0.5	
Receivables	18	0.4		0.4	
Deferred tax assets	12	7.0	7.9	5.7	6.5
Current assets					
Inventories	19		36.8		27.3
Trade and other receivables	20		73.5		67.9
Accrued income tax receivables			2.9		6.2
Cash and cash equivalents	21		35.3		50.1
Available-for-sale financial assets	22		0.6		0.0
Total assets			**248.7**		**231.4**

The notes constitute an essential part of the financial statements.

Consolidated Balance Sheet

Shareholders' equity and liabilities EUR million	Note	31.12.2010	31.12.2009
Shareholders' equity			
Equity attributable to equity holders of the parent	23		
Share capital		7.7	7.7
Share premium reserve		16.6	16.6
Reserve fund		0.3	0.2
Own shares		-0.3	-0.3
Translation differences		-1.2	-4.9
Profit from previous years		149.1	154.1
Profit for the financial year		10.2	6.9
		182.4	180.3
Total equity	**23**	**182.4**	**180.3**
Liabilities			
Long-term liabilities			
Retirement benefit obligations	25	1.6	1.2
Other liabilities	24	2.6	0.7
Provisions	26	0.1	0.1
Deferred tax liabilities	12	0.8	0.3
		5.1	**2.3**
Current liabilities			
Current liabilities	24	0.3	0.3
Advances received		8.9	10.2
Accrued income tax payables		3.7	0.3
Trade and other payables	27	48.3	38.0
		61.2	**48.9**
Total liabilities		**66.4**	**51.2**
Total Shareholders' equity and liabilities		**248.7**	**231.4**

The notes constitute an essential part of the financial statements.

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, 2008		**7.7**	**16.6**	**0.2**	**-0.3**	**-4.1**	**170.4**	**190.6**
Profit for the year	23						6.9	6.9
Other comprehensive income	23							
Currency translation differences	23			0.0		-0.8		-0.8
Total comprehensive income for the year		**0.0**	**0.0**	**0.0**	**0.0**	**-0.8**	**6.9**	**6.1**
Transactions with owners								
Dividend paid	23						-16.4	-16.4
Balance at December 31, 2009		**7.7**	**16.6**	**0.2**	**-0.3**	**-4.9**	**160.9**	**180.3**
Profit for the year	23						10.2	10.2
Other comprehensive income	23							
Currency translation differences	23			0.1		3.7		3.8
Total comprehensive income for the year		**0.0**	**0.0**	**0.1**	**0.0**	**3.7**	**10.2**	**14.0**
Transactions with owners								
Dividend paid	23						-11.8	-11.8
Balance at December 31, 2010		**7.7**	**16.6**	**0.3**	**-0.3**	**-1.2**	**159.3**	**182.4**

The notes constitute an essential part of the financial statements.

Consolidated Cash Flow Statement

EUR million	Note	Group 1.1.-31.12.2010	Group 1.1.-31.12.2009
Cash flows from operating activities			
Cash receipts from customers	2, 3	253.0	225.7
Other income from business operations		0.7	0.0
Cash paid to suppliers and employees		-231.5	-218.0
Interest received	11	0.2	1.0
Interest paid	11	-0.1	-0.1
Other financial items, net		0.4	-1.4
Direct tax paid	12	2.5	-10.3
Totall cash flow from business operations (A)		**25.3**	**-3.2**
Cash flow from investing activities			
Investments in intangible assets	15	-12.6	-1.3
Investments in tangible assets	16	-8.8	-13.7
Acquisition of subsidiary, net of cash acquired	4	-7.4	-16.7
Proceeds from sale of fixed assets		1.0	0.1
Other investments	15	-0.6	-0.1
The net change in financial assets recognised at fair value throug profit and loss		0.0	23.2
Total cash flow from investing activities (B)		**-28.4**	**-8.5**
Cash flow from financing activities			
Repayment of short-term loans		0.0	-0.1
Proceeds from borrowings		5.1	0.0
Repayment of long-term loans		-5.0	0.0
Dividend paid		-11.8	-16.4
Total cash flow from financing activities (C)		**-11.8**	**-16.5**
Change in liquid funds (A+B+C) increase (+) / decrease (-)		**-14.9**	**-28.2**
Liquid funds at beginning of period		**50.1**	**78.1**
Foreign exchange effect on cash		0.1	0.2
Net increase in cash and cash equivalents		-14.9	-28.2
Liquid funds at end of period	**21**	**35.3**	**50.1**

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 17 February 2011, the Board of Directors of Vaisala Oyj has approved these financial statements for publication. Under the Finnish Companies Act, shareholders have an opportunity to confirm or leave unconfirmed the financial statements in the Annual General Meeting to be held after their publication. The Annual General Meeting also has an opportunity to make a decision amending the financial statements.

1.1. Accounting Principles for the Consolidated Financial Statements

Vaisala's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and in their preparation all the obligatory IAS and IFRS standards as well as the SIC and IFRIC interpretations in effect on 31 December 2010 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

In 2009 the company adopted a market segment based reporting model. Operating segments are reported in a manner consistent with the internal reporting provided for the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, is the company's strategic management group.

The business segments consist of asset categories and business operations whose product, customer- 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 three business areas are Meteorology, Weather Critical Operations and Controlled Environment.

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.

Weather Critical Operations consists of Airports, Roads, Defense, Weather Critical 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.

Controlled Environment consists of Life Science and High Technology-, 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.

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 acquired before 1 January 2004 are consolidated at original acquisition cost, according to the exception mentioned in IFRS 1. Subsidiaries acquired on or after 1 January 2004 are consolidated according to the IFRS 3 (revised 2008) 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. All transaction costs are expensed. Identifiable acquired assets as well as assumed liabilities and contingent liabilities are valued initially at their fair values on the date of acquisition, irrespective of whether there are minority interests or not. The amount by which the acquisition cost exceeds the Group share of the fair value of the acquired identifiable net assets is recognised as goodwill. If the acquisition cost is lower than the acquired subsidiary's net assets, the difference is entered directly into the income statement. Changes in contingent liabilities after initial recognition are recognised in profit and loss as other operating income or cost.

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities, and the Group's internal distribution of profit are eliminated. Unrealised losses on intra-Group transactions are also eliminated unless costs are not recoverable or the loss results from an impairment. The consolidated financial statements are prepared applying consistent accounting principles to the same transactions and other events which are implemented under the same conditions. 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 shareholders' equity of subsidiaries have been recognised as a separate item under comprehensive income. When a foreign subsidiary or associated company is sold, the accumulated translation difference is recognised in the income statement as part of the gain or loss on the sale.

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

Tangible assets

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

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

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

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

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

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

Intangible assets

Goodwill

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

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

Other intangible assets

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

Estimated useful lives for intangible assets are:

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

Research and development expenditure

Research and development expenditures have been recognised as expenses in the financial period in which they were incurred, except for machinery and equipment acquired for research and development use, which are amortised using the straight-line method over 5 years. Costs relating to the development of new products and processes are not capitalised because the future earnings

obtained from them are only assured when the products come to market. According to IAS 38 an intangible asset is entered in the balance sheet only when it is probable that the company will derive financial benefit from the asset. Moreover, it is typical of the industry that it not possible to distinguish the research stage of an internal project that aims to create an asset from its development stage.

Borrowing costs

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

Inventories

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

Lease agreements

The Group is the lessee

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

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

Impairment

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

The recoverable amount is the higher of the asset item's fair value less the cost arising from disposal and its value in use. When determining value in use, the expected future cash flows are discounted based on their present values at discount interest rates which reflect the average capital cost before taxes of the country and business sector in question (WACC = weighted average cost of capital). The special risks of the assets in question are also taken into account in the discount interest rates. 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.

erecognition 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 impairment, the carrying amount is estimated and reduced immediately to correspond with the recoverable amount.

Trade receivables are valued initially at fair value and thereafter at their anticipated realisable value, which is the original invoicing value less the estimated impairment 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.

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

Non-current assets classified as held for sale

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

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

Employee benefits

Pension obligations

The Group has a number of pension schemes in different parts of the world which are based on local conditions and

practices. These pension schemes are classified as either defined-contribution or defined-benefit schemes. Under defined-contribution plans, expenses are recognised in the balance sheet in the financial period in which the contribution is payable.

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

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

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

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

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

Shareholders' equity, dividends and treasury shares

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

Shares issued by the company are presented as share capital. Expenses related to the issue or acquisition of shareholders' equity instruments are presented as a shareholders' equity reduction item. If the company buys back its shareholders' equity instruments, the consideration paid for them including direct costs is deducted from shareholders' equity.

Principles of revenue recognition

Sales of goods and services rendered
Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. Revenue recognition generally takes places 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 and changes in contingent liabilities after initial recognition of subsidiary's purchase price.

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

In preparing these interim financial statements, the group has followed the same accounting policies as in the annual financial statements for 2009 except for the effect of changes required by the adoption of the following standards, interpretations and amendments on 1 January 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 contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The revised standard was applied to the acquisition of the controlling interest in Canadian company Veriteq Inc. on 1 April 2010. Contingent consideration of 1.3 million eur was valued at fair value at 1 April 2010. On the 31 December 2010 contingent consideraton was re-valued and unrealized part 0.4 million gain was recorded in the income statement as other operating income. The contingent consideration would not have previously been recorded at the date of acquisition.

IAS 27 (Revised), Consolidated and Separate Financial Statements. IAS 27 (revised) has no impact on the consolidated financial statements.

IFRIC 12, Service Concession Arrangements. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 15, Agreements for the Construction of Real Estate. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 16, Net Investment in a Foreign Operation. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 17, Distribution of non-cash assets to owners. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 18, Transfers of Assets from Customers. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 9 and IAS 39 (Amendment), Reassessment of embedded derivatives on reclassification. The interpretation does not have an impact on the consolidated financial statements.

IAS 39 (Amendment), Financial instruments: Recognition and measurement – Eligible Hedged Items'. The interpretation does not have an impact on the consolidated financial statements.

IFRS 2 (Amendment), Share-based Payment – Group Cash-settled Share-based Payment Transactions. The interpretation does not have an impact on the consolidated financial statements.

IASB published changes to 12 standards or interpretations in April 2009 as part of the annual Improvements to IFRSs project, which were adopted by the group in 2010. The following presentation includes the most relevant changes to the group.

IFRS 2 (Amendment), Scope of IFRS 2 – Share-based Payment. The amendment is to confirm that in addition to business combinations as defined by IFRS 3 (revised) 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, 'Share-based payment'. The amendments do not have a material impact on the consolidated financial statements.

IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations. The amendment clarifies that

IFRS 5, 'Non-current assets held for sale and discontinued operations', specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendments do not have a material impact on the consolidated financial statements.

IFRS 8 (Amendment), Operating Segments. The amendments do not have a material impact on the consolidated financial statements.

IAS 1 (Amendment), Presentation of Financial Statements. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendments do not have a material impact on the consolidated financial statements.

IAS 7 (Amendment), Statement of Cash Flows. The amendment is to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendments do not have a material impact on the consolidated financial statements.

IAS 17 (Amendment), Leases. The amendments do not have a material impact on the consolidated financial statements.

IAS 18 (Amendment), Revenue. Additional guidance added to the appendix to IAS 18 Revenue regarding the determination as to whether an entity is acting as a principal or an agent. The amendments do not have a material impact on the consolidated financial statements.

IAS 36 (Amendment), Impairment of Assets. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by IFRS 8). The amendments do not have a material impact on the consolidated financial statements.

IAS 38 (Amendment), Intangible Assets. The amendment clarifies the requirements under IFRS 3 (2008) regarding accounting for intangible assets acquired in a business combination. The amendments do not have a material impact on the consolidated financial statements.

IAS 38 (Amendment), Intangible Assets. The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. The amendments do not have a material impact on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments. Recognition and Measurement. The amendment clarifies that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk should be considered closely related to the host debt contract. The amendments do not have a material impact on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments. The amendment to the scope exemption in paragraph 2(g) of IAS 39 to clarify that: (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date; (b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions. The amendments do not have a material impact on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments. The amendment clarifies when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendments do not have a material impact on the consolidated financial statements.

IFRIC 9 (Amendment), Reassessment of Embedded Derivatives. The amendment to the scope paragraph of IFRIC 9 clarifies that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. The amendments do not have a material impact on the consolidated financial statements.

IFRIC 16 (Amendment), Hedges of a net investment in a foreign operation. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are

satisfied. The amendments do not have a material impact on the consolidated financial statements.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the year 2010 will be adopted by the group in 2011:

IAS 32 (Amendment), Financial Instruments: Presentation – Classification of Rights Issues. The amendments do not have a material impact on the consolidated financial statements.

IAS 24 (Revised), Related Party Disclosures. The amendments do not have a material impact on the consolidated financial statements.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. The amendments do not have a material impact on the consolidated financial statements.

IFRIC 14 (Amendment), Prepayments of a Minimum Funding Requirement. The amendments do not have a material impact on the consolidated financial statements.

IASB published changes to 7 standards or interpretations in July 2010 as part of the annual Improvements to IFRSs project, which will be adopted by the group in 2011. The following presentation includes the most relevant changes to the group. The changes are still subject to endorsement by the European Union.

IFRS 3 (amendments), a) Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. b) Measurement of non-controlling interests. c) Un-replaced and voluntarily replaced share-based payment awards. The amendments will not have a material impact on the consolidated financial statements.

IFRS 7 (amendment), Financial instruments: Financial statement disclosures. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Management is assessing the impact of these changes on the financial statements of the group.

IAS 1 (amendment), Presentation of financial statements – statement of changes in equity. Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Management is assessing the impact of these changes on the financial statements of the group.

IAS 27 (amendment), Consolidated and separate financial statements. The amendments will not have impact on the consolidated financial statements.

IAS 34 (amendment), Interim financial reporting. The change provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

Management is assessing the impact of these changes on the financial statements of the group.

IFRIC 13 (amendment), Customer loyalty programmes. The amendments will not have impact on the consolidated financial statements.

The following standards, interpretations and amendments will be adopted in 2012 or later:

IFRS 9, Financial Assets – Classification and Measurement, The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. The Group will probably adopt the standard in its 2013 financial statements. However, the standard is still subject to EU endorsement. Management is currently assessing the impact of the standard on the financial statements of the group.

IFRS 9, Financial Liabilities – Classification and Measurement. The second part of IFRS 9 was published in October 2010. It complements previously issued IFRS 9, 'Financial instruments' to include guidance on financial liabilities. The accounting and presentation for financial liabilities shall remain the same except for those financial liabilities for which fair value option is applied. The Group will probably adopt the standard in its 2013 financial statements. However, the standard is still subject to EU endorsement. Management is assessing the impact of these changes on the financial statements of the group.

IFRS 7 (amendment), Disclosures - Transfers of financial assets, The amendment adds disclosure requirements related to risk exposures derived from transferred assets. Additional disclosures, where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, are required. The amendment can increase the disclosures in the notes to financial statements in the future. The Group will adopt the standard in its 2012 financial statements. The amendments will not have impact on the consolidated financial statements.

IAS 12 (Amendment), Currently IAS 12 requires an entity to estimate, which part of the carrying value of an item measured at fair value is recovered through use (for example, rental income) and which part through sale (capital gain). The amendment introduces a rebuttable presumption that certain assets measured at fair value are recovered entirely by sale. Presumption applies to deferred tax arising from investment properties, property, plant and equipment or intangible assets that are measured using the fair value model or revaluation model. The Group will adopt the standard in its 2012 financial statements. However, the standard is still subject to EU endorsement. Management is assessing the impact of these changes on the financial statements of the group.

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 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.

Risk management is integrated into business processes and operations and each employee's daily work. This is accomplished by the risk management process that was approved by Vaisala's strategic management group in May 2010. The deployment of the risk management process was started during the latter half of 2010 and is intended to cover most of the businesses and functions by the end of 2011.

The risk management process is a continuous tool for risk identification and management. The purpose of the process is to support the company's strategy and planning process and to provide more information, supporting better decision making.

Vaisala's risk management process consists of risk identification, risk assessment, risk management actions, follow-up and risk reporting. Risks are reported to the strategic management group quarterly. The most significant risks are reported to the board annually and whenever considered necessary.

Risk management in Vaisala is not a separate process, but it operates as part of the company's operating calendar.

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.

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.

Near-term risks and uncertainties

The most significant near term risks and uncertainties are estimated to relate to the company's ability to improve its delivery capability, availability of critical components, changes in the global economy, shifts of currency exchange rates, interruptions in manufacturing, customers' financing capability, changes in purchasing or investment behavior, and delays or cancellations of orders and deliveries. The changes in the competitive landscape may affect the volume and profitability of the business by introducing new competitors and price erosion in areas that traditionally have been strong for the company, which may constitute risks for both the net sales and profit.

Market development and the realization of projects in the industrial segments affect the net sales and operating result. The company has additionally expanded its project activities into emerging markets where the profitability of the projects is lower than normally, due to the market-making nature of the business. The share of project business out of the total business volume is also growing. Should the assumptions regarding the profitability and new business opportunities in the project business prove wrong, this may constitute risks for Vaisala's net sales and 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, which are building the foundation for a successful execution of Vaisala's strategy. A new Group-wide ERP system is in the implementation phase.

Vaisala has made acquisitions and their impact on net sales and operating result depends essentially on the success of integration activities. In case the assumptions about

achievable synergies prove incorrect or the integration fails, these 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 and it is included in the interest of the invested assets if the interest rate changes. 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 56 (358) thousand, calculated on an approximate investment position of EUR 7.5 (48.3) million. Further information on interest-bearing receivables is given in Note 21.

Market risk on investment activity

At the end of 2010 there were no significant investments. In 2008, the Group invested 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. The income fund investments were realized during 2009. 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 was low. The funds invest in euro-denominated interest income products, so there was no currency risk. A rise in short-term market interest rates momentarily lowered the value of fund shares. A change in fair value of EUR 2.120 thousand loss (2.209) in 2009 was recognized in the income statement under 'financial income and expenses'. 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) 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

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 43% of the Group's net sales arises in US dollars, 6% in Japanese yens and 4% in British pounds. 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. The degree of hedging at the end of the financial year was 54%. Hedging is arranged by the parent company (Note 11. Financial income and expenses).

			Effect on result after taxes EUR thousand
2010			
USD/EUR	Exchange rate rise	10,00%	699.0
	Exchange rate fall	10,00%	-779.0
JPY/EUR	Exchange rate rise	10,00%	97.7
	Exchange rate fall	10,00%	-79.9
GBP/EUR	Exchange rate rise	10,00%	333.1
	Exchange rate fall	10,00%	-309.4
2009			
USD/EUR	Exchange rate rise	10,00%	459.1
	Exchange rate fall	10,00%	-447.5
JPY/EUR	Exchange rate rise	10,00%	91.6
	Exchange rate fall	10,00%	-75.0
GBP/EUR	Exchange rate rise	10,00%	209.3
	Exchange rate fall	10,00%	-190.6

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. To fulfill the liquidity need, the parent company has EUR 20 million credit loan limit, which is currently unused. Additionally, the subsidiaries have EUR 1.3 million credit loan limit, currently unused. The company has no other external financial liabilities other than those related to finance leasing (Note 24. Interest-bearing 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 0.5 million (0.5), and the total net credit loss for the financial year was EUR 0.5 million (0.5). 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 20 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. 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

2010 EUR million	WCO*	CEN*	MET*	Other operations	Group
Net sales to external customers	114.6	63.4	75.2	0.0	253.2
Net sales	**114.6**	**63.4**	**75.2**	**0.0**	**253.2**
Operating profit	**1.0**	**8.9**	**2.8**	**-0.9**	**11.8**
Financial income and expenses					2.2
Share of associated companies' net profit					0.0
Net profit before taxes					**14.0**
Income taxes					-3.8
Net profit for the financial year					**10.2**
Assets	38.6	13.6	28.3	167.7	248.2
Holdings in associated companies	0.5	0.0	0.0	0.0	0.5
Liabilities	7.8	4.7	8.8	45.1	66.4
Investments	0.2	0.0	0.2	29.6	30.1
Depreciation	2.5	0.1	1.4	9.7	13.7
Impairment	0.4	0.0	0.0	0.0	0.4
Personnel at the end of the year	107	126	40	1 094	1 367
Orders received 1.1.–31.12.2010	141.3	66.3	79.2	0.0	286.7
Orderbooke on Dec. 31.	82.3	6.1	40.6	0.0	129.0

* WCO = Weather Critical Operations
* CEN = Controlled Environment
* MET = Meteorology

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 for the financial year					**6.9**
Assets	33.3	5.8	25.9	166.2	231.2
Holdings in associated companies	0.2	0.0	0.0	0.0	0.2
Liabilities	7.6	0.4	5.0	38.2	51.2
Investments	11.3	0.0	0.3	16.1	27.7
Depreciation	0.8	0.1	1.4	7.3	9.6
Impairment	0.0	0.0	0.0	0.0	0.0
Personnel at the end of the year	210	84	55	1 058	1 407
Orders received 1.1.–31.12.2009	111.6	49.0	76.4	0.0	237.0
Orderbooke on Dec. 31.	55.6	3.3	36.6	0.0	95.5

* WCO = Weather Critical Operations,
* CEN = Controlled Environment,
* MET = Meteorology

3. Geographical segments

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

2010 EUR million	Net sales, by destination country (1	Net sales, by location country (2	Assets (2	Investments
EMEA	92.4	195.1	191.1	19.2
of which Finland	6.5	175.5	175.7	17.6
Americas	100.0	100.8	81.5	10.7
of which United States	72.6	97.0	71.1	2.3
APAC	60.8	38.2	15.1	0.2
Group eliminations		-81.0	-38.9	
Total	**253.2**	**253.2**	**248.7**	**30.1**

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.

M€ 2009	Net sales, by destination country (1	Net sales, by location country (2	Assets (2	Investments
EMEA	84.9	178.5	184.0	12.6
of which Finland	6.4	104.0	168.8	12.5
Americas	94.3	94.7	72.5	14.5
of which United States	75.1	90.2	72.5	14.5
APAC	52.6	25.7	13.7	0.7
Group eliminations		-67.0	-38.8	
Total	**231.8**	**231.8**	**231.4**	**27.7**

1) Sales to external customers have been presented as net sales by destination country
2) Net sales, assets and investments have been presented by the Group's and associated companies' countries of location.

4. Company acquisitions

Company acquisitions 2010

Veriteq Instruments Inc.
On April 1, 2010 Vaisala acquired Veriteq Instruments Inc, a company located in Vancouver, Canada. Veriteq is a leading provider of productized continuous monitoring systems and data logger solutions for the life science industry, comprising of pharmaceutical, biotechnological and medical device companies. Veriteq Instruments Inc. reached EUR 5.0 million net sales in 2009. The company employs approximately 40 persons. Vaisala's ownership of Veriteq after the acquisition is 100%.

Net sales of the acquired company between April 1, 2010 and December 31, 2010 were EUR 3.8 million and operating result EUR 1.2 million. Had the acquisition taken place on January 1, 2010, the group net sales would have been EUR 254.4 million and net profit EUR 8.7 million.

The acquisition will strengthen Vaisala's position in the life science market. The global life science industry is strictly regulated by international and national authorities. In order to protect their high value goods and to comply with the regulations, the companies need to monitor and control the conditions of their critical environments such as cleanrooms, laboratories and warehouses.

Life science is a focus area for Vaisala's Controlled Environments business, and the acquisition of Veriteq, with its life science emphasis, aligns perfectly with Vaisala's strategy. The life science industry represents an extensive market with a steady growth rate and demanding customers who are used to working with companies that provide the most reliable products and services. Vaisala is currently known as an instrument provider in the global pharmaceutical market, but the objective is to expand the offering both to pharmaceutical and other life science customers. Through the acquisition of Veriteq, Vaisala gets access to additional knowhow, customer base, products and services.

The acquired new knowledge, customer base, product base and services together with the synergy benefits accrue to goodwill of EUR 3.6 million. Expenses relating to the acquisition, EUR 734 thousand, have been booked to other administration costs.

The purchase price, EUR 8.1 million, includes contingent purchase price, the range of which is EUR 0 to EUR 1.7 million. The contingent purchase price is divided into two categories, one that is dependent on the development of net sales (0 - EUR 0.8 million) and the other that is dependent on the retention of key employees (0 - EUR 0.9 million). The management estimates that the portion depending on the retention of the key employees will realize in full and none of the net sales targets will realize. At the time of the acquisition, the contingent purchase price of EUR 1.3 million was booked.

Purchase consideration: EUR million	
Purchase price paid	7.2
Contingent purchase price	1.3
Total purchase cost	8.5
Fair value of the acquired net identifiable assets	-4.9
Goodwill	**3.6**

Assets and liabilities arising from the acquisition are as follows		Fair value recognized in combination	Acquiree's carrying amount before combination
Tangible assets		0.3	0.2
Intangible assets			
Producton process (Calibration algorithm)		0.2	0.0
Quality system		0.2	0.0
Products and production tehcnology		3.0	0.0
Trademark		0.8	0.0
Customer value		0.1	0.0
Inventories		0.6	0.5
Receivables		1.4	1.5
Cash and cash equivalents		0.4	0.4
Non-interest-bearing liabilities		-0.4	-0.4
Interest-bearing liabilities		-1.5	-1.5
	Net identifiable assets	4.9	0.7
	Acquisition cost	8.5	
	Goodwill	**3.6**	

Purchase consideration settled in cash		7.8
Cash and cash equivalents in subsidiary acquired		-0.4
	Cash outflow on acquisition	**7,4**

Goodwill at the beginning of the reporting period 30 June, 2010	3.1
Foreign exchange effect	-0.1
Reconciliation of the net working capital	-0.2
Increase in contingent purchase price	0.8
Goodwill at the end of the period 31 December, 2010	**3.6**

Company acquisitions 2009

Aviation System Maintenance Inc (ASMI)

On January 1, 2009, Vaisala acquired all shares of Aviation System Maintenance Inc (ASMI), a US-based airport service company. The company had 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 goodwill is tax-deductible. The deal price was EUR 2.2 million, which includes a conditional EUR 0.4 million deal price. The conditional price was realized in full.

Purchase consideration: EUR million	
Purchase price paid	2.2
Total purchase cost	2.2
Fair value of the acquired net identifiable assets	-0.9
Goodwill	**1.3**

Assets and liabilities arising from the acquisition are as follows		Fair value recognized in combination	Acquiree's carrying amount before combination
Tangible assets		0.2	0.2
Intangible assets			
Order book		0.3	0.0
Customer value		0.4	0.0
Available-for-sale financial assets		0.0	0.0
Inventories		0.0	0.0
Receivables		0.1	0.1
Cash and cash equivalents		0.2	0.2
Deferred tax liabilities		-0.1	-0.1
Non-interest-bearing liabilities		-0.1	-0.1
Interest-bearing liabilities		-0.1	-0.1
	Net identifiable assets	0.9	0.3
	Acquisition cost	2.2	
	Goodwill	**1.3**	
Purchase consideration settled in cash		2.2	
Cash and cash equivalents in subsidiary acquired		-0.2	
	Cash outflow on acquisition	**2.1**	

Quixote Transportation Technologies, Incin (QTT)

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 goodwill is tax-deductible. The acquisition costs EUR 0.7 million were expensed during the financial period.

Purchase consideration: EUR million	
Purchase price paid	14.3
Total purchase cost	14.3
Fair value of the acquired net identifiable assets	-11.5
Goodwill	**2.8**

Assets and liabilities arising from the acquisition are as follows		Fair value recognized in combination	Acquiree's carrying amount before combination
Tangible assets		1.9	2.5
Intangible assets			
Software		0.1	0.1
Order book		0.5	0.0
Patents		0.7	0.7
Technology		1.4	0.8
Trademark		0.8	0.0
Customer value		0.8	0.0
Inventories		2.4	2.5
Receivables		4.2	4.1
Cash and cash equivalents		0.0	0.0
Non-interest-bearing liabilities		-1.5	-1.5
	Net identifiable assets	11.5	9.4
	Acquisition cost	14.3	
	Goodwill	**2.8**	
Purchase consideration settled in cash		14.3	
Cash and cash equivalents in subsidiary acquired		0.0	
	Cash outflow on acquisition	**14.3**	

5. Long-term project

Net sales include EUR 10.3 million (2009; EUR 5.0 million) in revenue recognized for long-term projects.

Revenue of EUR 0.6 million recognized for long-term projects in progress was included in the consolidated income statement (2009; EUR 0.1 million). Advance payments of EUR 3.4 million recognized for long-term projects in progress were included in the balance sheet at 31.12.2010 (EUR 1.5 million 31.12.2009).

6. Other operating income

EUR million	2010	2009
Gains on the disposal of fixed assets	0.0	0.0
Other	1.8	0.1
	1.8	**0.1**

7. Other operating costs

EUR million	2010	2009
Loss on the disposal of fixed assets	0.0	0.0

8. Depreciation and impairment

EUR million Depreciation by function	2010	2009
Procurement and production	7.9	5.6
Sales and marketing	0.1	0.1
Research and development	0.7	0.6
Other administration	5.4	3.3
	14.1	**9.6**
Impairments		
Other administration	0.4	0.0
	0.4	**0.0**

2010 impairment is related to the USA based real estate classified as held for sale (Note 22).
There were no impairments during the year 2009.

9. Expenses arising from employee benefits

EUR million	2010	2009
Salaries	68.8	63.3
Social costs	8.0	6.9
Pensions		
Defined-benefit pension schemes	0.2	0.1
Defined-contribution pension schemes	7.9	6.6
Personnel expenses, total	**84.9**	**76.9**

Expenses arising from employee benefits by function	2010	2009
Procurement and production	3.0	16.8
Sales and marketing	47,9	34.5
Research and development	21.7	18.6
Other administration	12.3	7.0
	84.9	**76.9**

Group personnel, average during the financial year By business unit	2010	2009
Weather Critical Operations	150	117
Controlled Environment	113	83
Meteorology	44	55
Other operations	1100	1047
	1408	**1302**
In Finland	810	803
Outside Finland	598	499
	1408	**1302**

10. Research and development expenditure

The income statement includes research and development expenditure of EUR 31.4 million recognized as an expense in 2010 (EUR 28.4 million in 2009).

11. Financial income and expenses

EUR million	2010	2009
Dividend income	0.0	0.0
Other interest and financial income	0.2	0.8
Realized and unrealized gains arising from changes in fair value of derivative contracts and hedging activities	1.2	2.0
Other foreign exchange gains	8.9	5.1
Total financial income	**10.3**	**7.9**
Interest expenses		
Short- and long-term liabilities	-0.1	-0.1
Finance lease agreements	0.0	0.0
Change in fair value of assets recognized at fair value through profit an loss*	0.0	-2.1
Other financial expenses	-0.2	-0.1
Realized and unrealized losses arising from changes in fair value of derivative contracts and hedging activities	-2.8	-1.8
Other foreign exchange losses	-5.2	-5.7
Total financial expenses	**-8.2**	**-9.8**

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

12. Income taxes

EUR million	2010	2009
Tax based on taxable income for the financial year	4.1	3.3
Taxes from previous financial years	0.1	0.1
Change in deferred tax assets and liabilities	-0.4	-0.2
	3.8	**3.2**

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

EUR million	2010	2009
Profit before taxes	14.0	10.1
Taxes calculated at Finnish tax rate	3.6	2.6
Effect of foreign subsidiaries' tax rates	-0.4	0.5
Non-deductible expenses and tax-free revenue	-0.3	-0.6
Use of previously unrecognized tax losses	-0.1	-0.3
Effect of the group eliminations	1.4	0.9
Income tax and withholding taxes of permanent operating locations	-0.5	0.2
Tax in income statement	**3.8**	**3.2**
Effective tax rate	**27.1%**	**31.8%**

Deferred taxes in balance sheet

EUR million	2010	2009
Deferred tax assets	7.0	5.7
Deferred tax liabilities	-0.8	-0.3
Deferred tax asset, net	**6.2**	**5.4**

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

Gross change in deferred taxes recognized in balance sheet:	2010	2009
Deferred taxes 1 Jan	5.4	5.4
Items recognized in income statement	0.4	0.2
Translation differences	0.4	-0.2
Acquisition of subsidiary	0.0	-0.1
Deferred tax asset, net	**6.2**	**5.4**

In the consolidated financial statements has been recognized a EUR 1.1 million euro deferred tax asset for losses of subsidiaries in earlier years (EUR 1.3 million in 2009).

Changes in deferred taxes during 2010 EUR million	31.12.2009	Recognized in income statement	Translation differences	Purchased subsidiaries	31.12.2010
Deferred tax assets:					
Internal margin of inventories and fixed assets	0.5	0.3	0.0		0.8
Employee benefits	0.4	0.1	0.1		0.6
Unused tax losses	1.3	-0.2	0.0		1.1
Timing difference of depreciation on intangible items	2.5	0.1	0.2		2.8
Other temporary timing differences	1.0	0.6	0.1	0.0	1.7
Total	5.7	0.9	0.4	0.0	7.0
Deferred tax liabilities					
Timing difference between accounting and taxation	0.3	0.5	0.0		0.8
Deferred tax asset, net	**5.4**	**0.4**	**0.4**	**0.0**	**6.2**

Changes in deferred taxes during 2009 EUR million	31.12.2008	Recognized in income statement	Translation differences	Purchased subsidiaries	31.12.2009
Deferred tax assets:					
Internal margin of inventories and fixed assets	0.6	-0.1	0.0		0.5
Employee benefits	0.1	0.4	0.0		0.4
Unused tax losses	1.6	-0.3	0.0		1.3
Timing difference of depreciation on intangible items	2.3	0.3	-0.1		2.5
Other temporary timing differences	1.2	-0.1	-0.1	-0.1	1.0
Total	**5.8**	**0.1**	**-0.2**	**-0.1**	**5.7**
Deferred tax liabilities					
Timing difference between accounting and taxation	0.4	-0.1	0.0		0.3
Deferred tax asset, net	**5.4**	**0.2**	**-0.2**	**-0.1**	**5.4**

*Other temporary differences consist of the different handling in taxation and accounting of subsidiaries' sales, credit losses, inventories and other items.
For the EUR 31.6 million undistributed retained earnings of foreign subsidiaries in 2010 (32.5 million in 2009), no deferred tax liability has been recognized, because the assets have been invested permanently in the countries in question.

13. 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.

	2010	2009
Profit for financial year belonging to parent company shareholders, EUR million	10.2	6.9
Weighted average number of shares outstanding, 1000 pcs	18 209	18 209
Earnings per share, EUR	0.56	0.38

The Group had no share options during the years 2010 and 2009 that increase the number of diluting shares.

14. Dividend per share

For 2009 a dividend of 0.65 euros per share was paid.
At the Annual General Meeting to held on 24 March 2011 the payment of a dividend of 0.65 euros per share will be proposed, representing a total dividend of EUR 11.8 million. The proposed dividend has not been recognized as a dividend liability in these financial statements.

15. Intangible assets

Intangible assets EUR million	rights	Intangible Goodwill	Other intangible assets**	Total
Acquisition cost 1 Jan	23.8	13.2	6.2	43.2
Translation difference	0.8	1.1	0.9	2.8
Increases	4.2	3.5	0.1	7.7
Acquisition of subsidiary	-	-	-	0.0
Decreases	-0.1	-	-	-0.1
Transfers between items	12.7	-	-	12.7
Acquisition cost 31 Dec	**41.4**	**17.8**	**7.2**	**66.3**
Accumulated depreciation and impairment 1 Jan	17.0	-	2.5	19.5
Translation difference	0.5	-	0.2	0.7
Accumulated depreciation of decreases and transfers	0.6	-	0.0	0.6
Depreciation in financial year	5.4	-	0.3	5.6
Accumulated depreciation 31 Dec	**23.5**	**0.0**	**2.9**	**26.4**
Carrying amount 31 Dec 2010	**17.9**	**17.8**	**4.2**	**39.9**

Intangible assets EUR million	Intangible rights*	Goodwill	Other intangible assets**	Total
Acquisition cost 1 Jan	17.7	9.4	5.7	32.8
Translation difference	0.7	-0.4	0.1	0.3
Increases	0.7	-	0.4	1.1
Acquisition of subsidiary	5.1	4.2	-	9.2
Decreases	-0.4	-	-	-0.4
Transfers between items	0.1	-	0.1	0.2
Acquisition cost 31 Dec	**23.8**	**13.2**	**6.2**	**43.2**
Accumulated depreciation and impairment 1 Jan	13.6	-	1.9	15.5
Translation difference	0.3	-	0.1	0.3
Accumulated depreciation of decreases and transfers	0.2	-	0.0	0.3
Depreciation in financial year	2.9	-	0.5	3.4
Accumulated depreciation 31 Dec	**17.0**	**0.0**	**2.5**	**19.5**
Carrying amount 31 Dec 2009	**6.8**	**13.2**	**3.7**	**23.7**

*Intangible rights include patents and trademarks as well as software licenses. Trademark consists of the Sigmet trademark which had indefinite useful life until the year 2008. On the beginning of the year 2009 it was decided, that Sigmet trademark will be merged with Vaisala trademark during the next five years. Estimated useful life for the trademark is five year from the beginning of the year 2009.

**Other intangible assets mainly include subscription fees and capitalized Vaisala-brand development costs.

Goodwill impairment testing

The balance sheet value of goodwill is assessed at least once per year to ascertain any possible impairment. For impairment testing the goodwill is attributed to two different cash generating units, i.e. EUR 14.2 million (2009 EUR 13.2 million) to a North American Meteorology and Weather Critical Operations and EUR 3.6 million to a North American Life Science segment consisting of in April 2010 acquired Canadian company Veriteq Instruments Inc. Comany is operating in life science industry.

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.

The relative profitability of the Meteorology and Weather Critical Operations is expected to remain as before and 11 per cent annual growth has been estimated for sales for the year 2011 and from 7 to 8 per cent annual growth after that. The relative profitability of the North American Life Science segment is expected to ramain as before and sales growth is expected to be 41 per cent for the year 2011 and ten per cent annual growth after that.

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 2010 was 13.9% (2009 14.4%). Cash flows after the management-approved forecast period have been calculated using the residual value method, in whichthe 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.

Would the relative profitability or sales of the Meteorology and Weather Critical Operations deteriorate over 40 per cent other assumptions unchanged, there would have been an impairment loss. If discount rate used would have been over 22 per cent other assumptions unchanged, there would have been an impairment loss. Would the relative profitability of Life Science business deteriorate over four per cent or sales over 23 per cent other assumptions unchanged, there would have been an impairment loss. If the discount rate used would have been over 17.5 per cent other assumptions unchanged, there would have been an impairment loss.

16. Tangible assets

Tangible assets 2010 EUR million	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	30.4	60.9	0.0	19.2	113.2
Translation difference	0.1	0.3	1.5	-	0.2	2.1
Increases	0.0	1.2	7.0	-	14.2	22.3
Acquisition of subsidiary	-	-	-	-	-	0.0
Decreases	-0.1	-0.9	-0.4	-	-	-1.4
Transfers between items	-	1.9	2.4	-	-17.0	-12.7
Acquisition cost 31 Dec	**2.7**	**32.8**	**71.3**	**0.0**	**16.6**	**123.5**
Accumulated depreciation and impairment 1 Jan	-	16.7	46.6	-	-	63.4
Translation difference	-	0.1	0.2	-	-	0.3
Accumulated depreciation of decreases and transfers	-	0.0	-0.1	-	-	-0.1
Depreciation in financial year	-	1.3	6.4	-	-	7.7
Impairment	-	0.4	-	-	-	0.4
Accumulated depreciation 31 Dec	**0.0**	**18.5**	**53.2**	**0.0**	**0.0**	**71.7**
Carrying amount 31 Dec 2010	**2.7**	**14.4**	**18.1**	**0.0**	**16.6**	**51.8**

The acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 32.4 million on 31.12.2010 (EUR 30.1 million 31.12.2009).

Tangible assets 2009 EUR million	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	31.2	54.9	0.0	10.3	99.1
Translation difference	0.0	-0.1	-0.2	-	-0.1	-0.4
Increases	-	0.0	3.6	-	11.6	15.3
Acquisition of subsidiary	0.1	0.8	1.1	-	-	2.1
Decreases	-	-1.7	-1.0	-	-	-2.7
Transfers between items	-	0.1	2.4	-	-2.6	-0.2
Acquisition cost 31 Dec	**2.7**	**30.4**	**60.9**	**0.0**	**19.2**	**113.2**
Accumulated depreciation and impairment 1 Jan	-	16.9	43.2	-	-	60.0
Translation difference	-	0.0	-0.4	-	-	-0.4
Accumulated depreciation of decreases and transfers	-	-1.7	-0.8	-	-	-2.5
Depreciation in financial year	-	1.5	4.7	-	-	6.2
Accumulated depreciation 31 Dec	**0.0**	**16.7**	**46.6**	**0.0**	**0.0**	**63.4**
Carrying amount 31 Dec 2009	**2.7**	**13.7**	**14.2**	**0.0**	**19.2**	**49.8**

Tangible assets include the following assets acquired on finance leases:

2010 EUR million	Machinery and equipment
Acquisition cost	1.0
Accumulated depreciation	-0.6
Carrying amount 31 Dec 2010	**0.4**

2009 EUR million	Machinery and equipment
Acquisition cost	1.0
Accumulated depreciation	-0.4
Carrying amount 31 Dec 2009	**0.5**

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

17. Holdings in associated companies

EUR million	2010	2009
Acquisition cost 1 Jan	0.5	0.4
Share of result	0.1	0.0
Increase	0.0	0.0
Translation differences	0.0	0.0
Associated company investments, total 31 Dec	**0.5**	**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.

Associated companies 2010 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Meteorage SA, France	Cedex	2.8	1.5	2.0	0.1	35%

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

Associated companies 2009 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Holding
Meteorage SA, France	Cedex	3.5	2.4	1.7	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.

18. Receivables (long-term)

EUR million	Balance sheet values	2010 Fair values	Balance sheet values	2009 Fair values
Loan receivables	0.1	0.1	0.1	0.1
Other receivables *	0.3	0.3	0.3	0.3
	0.4	**0.4**	**0.4**	**0.4**

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

19. Inventories

EUR million	2010	2009
Materials and supplies	27.0	14.0
Work in progress	5.3	4.8
Finished goods	4.6	8.4
	36.8	**27.3**

An expense of EUR 114.8 million (EUR 113.6 million in 2009) was recognized in the financial period.
In the financial year expense of EUR 2.0 million was recorded, equivalent to the amount by which the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 4.8 million in 2009).
The balance sheet value of these goods is zero.

20. Trade receivables and other receivables

EUR million	2010	2009
Trade receivables	56.4	53.5
Loan receivables	0.0	0.0
Advanced paid	1.3	0.9
Other receivables	3.8	2.0
Receivables from long-term project customers	4.8	1.6
Value-added tax receivables	3.9	3.8
Derivative contracts	0.1	0.1
Other prepaid expenses and accrued income	3.2	6.0
	73.5	**67.9**

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	2010	provision for impairment	Net 2010	2009	provision for impairment	Net 2009
invoices not due	35.8		35.8	22.1		22.1
due less than 30 days	11.9		11.9	28.0		28.0
due 31- 90 days	5.4		5.4	1.8		1.8
due over 90 days	3.9	0.5	3.3	2.0	0.5	1.5
Total	**56.9**	**0.5**	**56.4**	**54.0**	**0.5**	**53.5**

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

EUR million	2010	2009
EUR	19.9	24.4
USD	22.0	13.4
GBP	2.2	3.2
JPY	3.0	2.9
AUD	1.2	0.4
CNY	1.1	0.5
Other	6.9	8.6
	56.4	**53.5**

Derivative contracts

EUR million	2010	2009
Capital value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks		
Currency forwards	21.1	15.8
Capital value, total	**21.1**	**15.8**

	2010		2009	
Derivative contracts are denominated in the following currencies:	**Currency million**	**EUR million**	**Currency million**	**EUR million**
USD	23.5	17.8	19.0	13.3
AUD	2.0	1.4	2.0	1.2
JPY	165.0	1.5	115.0	0.9
GBP	0.3	0.3	0.4	0.4
		21.1		**15.8**

Maturity	2010	2009
Less than 90 days	10.6	9.0
over 90 days and less than 120 days	3.0	2.7
Over 120 days and less than 230 days	7.5	4.1
	21.1	**15.8**

Fair value of off-balance sheet contracts made to hedge against exchange rate and interest rate risks	2010	2009
Currency forwards	0.1	0.1
Fair value, total	**0.1**	**0.1**

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

21. Cash and cash equivalents

EUR million	2010	2009
Cash and bank deposits	35.3	36.1
Commercial paper	0.0	14.0
Total cash and cash equivalents	**35.3**	**50.1**

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 2010 was 0.7% (1.6% in 2009). Deposits consists of fund investments in Euros. These are provided by banks under Finnish official supervision and having a good credit rating. In the end of year 2010 company didn't have deposits. A change in interest rate of 1 per cent upwards or downwards during the year 2009 would have correspondingly influenced the value of the investments by around EUR 35.900/34.600.

22. Non-current assets held for sale

Non-current assets held for sale consist of land and building in USA, Lemont Furnance, PA. Value in the balance sheet is EUR 0.6 million. Group management has written a letter of intent to sell the assets and a sale during the first quarter 2011 is considered highly probable. Assets are stated at the fair value less costs to sell and impairment cost of EUR 0.4 million is recorded as impairment cost to Weather Critical Operations segment.

23. Notes relating to shareholders' equity

Vaisala applies the insider rules of the Helsinki Stock Exchange.

Vaisala has 18,218,364 shares, of which 3,389,684 are K shares and 14,828,680 are A shares. The shares do not have nominal value. Vaisala's maximum share capital is EUR 28.8 million. A maximum of 68,490,017 shares shall be K shares and a maximum of 68,490,017 shares shall be A shares, with the provision that the total number of shares shall be at least 17,122,505 and not more than 68,490,017. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote.

Share capital and share premium fund EUR million	Number of shares 1000	Share capital	Share premium fund	Reserve fund	Own shares	Total
1.1.2009	18 209	7.7	16.6	0.1	-0.3	24.1
31.12.2009	18 209	7.7	16.6	0.2	-0.3	24.2
31.12.2010	18 209	7.7	16.6	0.3	-0.3	24.3
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 recognized in the share premium fund. In addition, in those cases in which option rights have been decided under the old Companies Act (29.9.1978/734), the cash payments received from share subscriptions based on options have been recognized in accordance with the arrangement of the share capital and the share premium fund, less transaction expenses.

The reserve fund of EUR 0.3 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 2009	**9 150**	**0.3**
Company's own shares on 31 December 2010	**9 150**	**0.3**

Option scheme

The company has no effective option schemes.

Authorization of the Board of Directors

At the end of 2010, the Board of Directors had no authorizations to increase the share capital nor to issue convertible or warrant bonds.

24. Other liabilities

EUR million	Balance sheet value 2010	Balance sheet value 2009
Long-term		
Finance lease liabilities	0.2	0.2
Other non-interest bearing long term liabilities	2.4	0.5
	2.6	0.7
Short-term		
Finance lease liability repayments in next year	0.3	0.3
	0.3	0.3
Interest-bearing liabilities, total	**0.5**	**0.5**

The fair values of the interest bearing liabilities is equivalent to their carrying amounts.
In the end of year 2010 and 2009 the Group did not have interest bearing loans.
The company has no loans that would mature after five years or a longer period.
Other non-interest bearing long term liabities comprice of long-term part of accounts payable of ASIC-circuits, EUR 1.7 million.
Circuits are Vaisala's property and they will be paid according to the use of current circuits during the years 2012 to 2014.
Liability is interest-free.

Maturity dates of finance lease liabilities:

EUR million	2010	2009
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	0.0	-
	0.5	0.6
Future financial expenses	0.0	0.0
Present value of finance lease liabilities	0.5	0.5
Present value of minimum payments of finance lease liabilities		
Up to 1 year	0.3	0.3
1–5 years	0.2	0.2
More than 5 years	-	-
Total	**0.5**	**0.5**

25. Pension obligations

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

Items entered in the income statement

EUR million	2010	2009
Defined-benefit pension schemes	0.2	0.1
Defined-contribution pension schemes	7.9	6.6
	8.1	**6.8**

Defined-benefit pension schemes has been allocated to administration function.
The Group liabilities include EUR 1.2 (EUR 1.0 in 2009) million of subsidiaries defined-contribution long-term pension obligation.

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

EUR million	2010	2009
Present value of unfunded obligations		
Fair value of funded obligations	1.9	2.1
Fair value of assets	-1.1	-1.6
Deficit/surplus	0.8	0.5
Unrecognized net actuarial gains (+)/ losses (-)	-0.4	-0.3
Net liability present in balance sheet	**0.4**	**0.3**

Pension expenses in personnel expenses

EUR million	2010	2009
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
Actuarial gains and losses	0.0	-
Gains/losses from reduction of scheme	0.0	0.0
	0.2	**0.1**
Actual yield from assets belonging to the scheme	5.6%	5.0%

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 2010 is EUR 0.2 million (EUR 0.2 million in 2009).

Changes in the present Value of the Obligation

EUR million	2010	2009
Present value of obligation 1 Jan	2.1	1.9
Current service cost	0.1	0.1
Interest cost	0.1	0.1
Settlement and curtailments	-0.2	-0.1
Actuarial gain (-) loss(+) on obligation	-0.3	0.1
Present value of obligation on 31 Dec	**1.9**	**2.1**

Changes in the Fair Value of Plan Assets

EUR million	2010	2009
Fair value of plan assets 1 Jan	1.6	1.5
Expected return on plan assets	0.1	0.1
Actuarial gain (+) loss(-) on plan assets	-0.4	-0.1
Contributions	0.0	0.2
Settlements	-0.1	-0.1
Fair value of plan assets 31 Dec	**1.1**	**1.6**

Changes of liabilities presented in balance sheet

EUR million	2010	2009
At beginning of financial year	0.3	0.3
Paid contributions	0.0	-0.2
Pension expenses in income statement	0.2	0.1
At end of financial year	**0.4**	**0.3**

Actuarial assumptions used:

	2010	2009
Discount rate	4.00%	5.25%
Expected yield from assets belonging to the scheme	4.50%	5.00%
Future pension increases	3.25%	3.25%
Rate of inflation	2.00%	2.00%
Annual adjustments to pensions	2.10%	2.10%

26. Provisions

EUR million	2010 Restructuring provision	2009 Restructuring provision
Provisions 1 Jan	0.1	0.5
Additional provisions	0.0	0.1
Used provisions	0.0	-0.5
Provisions 31 Dec	0.1	0.1

The increase in provisions in 2010 and 2009 relates to the restructuring of the company's organization.

27. Trade payables and other liabilities

Non-interest bearing EUR million	2010	2009
Trade payables	16.0	15.4
Salary and social cost allocations	13.6	10.9
Other accrued expenses and deferred income	6.5	7.4
Other short-term liabilities	12.3	4.2
Non-interest bearing liabilities, total	48.3	38.0

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

28. Financial Assets and liabilities by category

EUR million 31 December 2010 Assets and Liabilities as per balance sheet	Assets/liabilities recognized at fair value through profit and loss and derivatives used for hedging	Loans and receivables	Financial liabilities at amortized cost	Carrying amount of balance sheet items	Fair value	Note
Financial assets						
Long-term receivables		0.4		0.4	0.4	18
Trade receivables and other receivables	0.1	73.4		73.5	73.5	20
Cash and cash equivalents		35.3		35.3	35.3	21
Total	**0.1**	**109.1**	**0.0**	**109.3**	**109.3**	
Liabilities						
Interest-bearing long-term liabilities			0.2	0.2	0.2	24
Other interest bearing liabilities			0.3	0.3	0.3	24
Trade payables and other liabilities			48.3	48.3	49.2	27
Total	**0.0**	**0.0**	**48.8**	**48.8**	**49.7**	

EUR million 31 December 2009 Assets and Liabilities as per balance sheet	Assets/liabilities recognized at fair value through profit and loss and derivatives used for hedging	Loans and receivables	Financial liabilities at amortized cost	Carrying amount of balance sheet items	Fair value	Note
Financial assets						
Long-term receivables		0.4		0.4	0.4	18
Trade receivables and other receivables	0.1	67.8		67.9	67.9	20
Cash and cash equivalents		50.1		50.1	50.1	21
Total	**0.1**	**118.3**	**0.0**	**118.3**	**118.3**	
Liabilities						
Interest-bearing long-term liabilities			0.2	0.2	0.2	24
Other interest bearing liabilities			0.3	0.3	0.3	24
Trade payables and other liabilities			38.1	38.1	38.1	27
	0.0	**0.0**	**38.7**	**38.7**	**38.7**	

29. Contingent liabilities and pledges given

EUR million	2010	2009
For own loans/commitments		
Guarantees	9.5	13.5
Other own liabilities		
Pledges given	0.7	0.4
Other leases	7.0	6.9
Contingent liabilities and pledges given, total	**17.1**	**20.8**

The pledges given are lease guarantee deposits.

30. 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%
Vaisala Canada Inc., Richmond, Canada	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%
Veriteq Instruments Inc., Richmond, Canada	100%	100%
Piquant Research Limited, Richmond, Canada	100%	100%
Associated companies		
Meteorage SA, France	35%	35%

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

Employee benefits of management

EUR million		2010	2009
Salary and bonuses paid to President and CEO			
Kjell Forsen, President and CEO			
Salary		0.42	0.42
Bonuses		0.00	0.19
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	0.03	0.03
Neuvo Yrjö	Member of the Board	0.03	0.03
Niinivaara Mikko	Member of the Board	0.03	0.03
Torkko Maija	Member of the Board	0.03	0.03
Voipio Mikko	Member of the Board	0.03	0.03
Voipio Raimo	Chairman of the Board	0.04	0.04
Total		**0.58**	**0.78**

Salaries and bonuses paid to managing directors of Group subsidiaries totaled EUR 0.8 million (2009 EUR 1.1million).
Age of retirement for the President and CEO is 62 years.
The President and CEO has a compensation based retirement plan. Notice period, severance pay and conditions of other severance compensations: 6 months for the employee, 12 months for the employer, compensation equal to the salary.

Management share ownership

Vaisala Oyj's Board of Directors held and controlled 1,312,249 shares on 31 December 2010, accounting for 14.6% of the total votes (2009: 1,353,425 shares and 15.6% of the total votes). The company's President and CEO held and controlled 2,720 A- shares on 31 December 2010 and had no options.

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.

31. Auditor's fees

EUR million	2010	2009
Auditors of PricewaterhouseCoopers-chain		
Auditor's fees	0.32	0.24
Statements	0.00	0.00
Tax advice	0.05	0.08
Others fees	0.24	0.17
Total	**0.61**	**0.49**
Other independent public accountants		
Auditor's fees	0.01	0.01
Tax advice	0.06	0.04
Others fees	0.11	0.02
Total	**0.18**	**0.07**

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

(Finnish accounting principles, FAS)

	Note		EUR million 1.1.–31.12.2010		EUR million 1.1.–31.12.2009
Net sales	**2**		**175.55**		**160.55**
Cost of production and procurement			-91.37		-89.93
Gross profit			**84.18**		**70.61**
Cost of sales and marketing	4		-26.16		-25.18
Cost of administration					
Development costs	4	-24.23		-23.36	
Other administrative costs	4	-20.69	-44.92	-16.57	-39.93
Other operating income	3		1.40		0.05
Operating profit			**14.50**		**5.56**
Financial income and expenses	5		4.26		2.18
Profit before provisions and taxes			**18.76**		**7.74**
Provisions			-2.03		0.41
Direct taxes	6		4.44		1.53
Net profit for the financial year			**12.29**		**6.62**

Parent Company Balance Sheet

(Finnish accounting principles, FAS)

Assets	Note		EUR million 31.12.2010		EUR million 31.12.2009
Non-current assets					
Intangible assets	7				
Intangible rights		12.39		1.52	
Other long-term expenditure		0.34	12.73	0.39	1.91
Tangible assets	7				
Land and waters		1.28		1.28	
Buildings		17.11		16.57	
Machinery and equipment		9.97		9.39	
Other tangible assets		0.03		0.03	
Advance payments and construction in progress		15.91	44.29	16.46	43.73
Investments	7				
Other shares and holdings		29.81		21.72	
Other receivables		0.10		0.10	
Receivables from subsidiaries		17.96	47.87	19.44	41.26
Current assets					
Inventories					
Materials and consumables		23.40		12.86	
Work in progress		2.98		3.82	
Finished goods		0.17	26.55	4.29	20.97
Receivables					
Trade receivables		44.61		36.37	
Loan receivables	15	3.89		2.78	
Other receivables	8	1.17		0.69	
Prepaid expenses and accrued income	9	5.10	54.78	13.34	53.18
Cash and bank balances	10		24.41		34.62
Assets, total			**210.63**		**195.67**

Parent Company Balance Sheet

(Finnish accounting principles, FAS)

Shareholders' Equity and Liabilities	Note		EUR million 31.12.2010		EUR million 31.12.2009
Shareholders' Equity	**12**				
Share capital		7.66		7.66	
Reserve fund		22.31		22.31	
Profit from previous years		118.70		123.92	
Profit for the financial year		12.29	160.96	6.62	160.50
Provisions					
Accumulated depreciation difference	11		3.15		1.11
Liabilities	**13**				
Non currrent					
Other non current liabilities	13		1.74		0.00
Current					
Advances received		6.84		7.55	
Trade payables	15	14.63		13.88	
Other current liabilities		2.24		2.93	
Accrued expenses and deferred income	14	21.08	44.79	9.70	34.05
Shareholders' equity and liabilities, total			**210.63**		**195.67**

Parent Company Cash Flow

(Finnish accounting principles, FAS)

	Note	EUR million Parent company 1.1.-31.12.2010	EUR million Parent company 1.1.-31.12.2009
Cash flows from operating activities			
Cash receipts from customers		174.02	156.07
Other income from business operations	3	0.28	0.00
Cash paid to suppliers and employees		-156.99	-160.20
Cash flow from business operations before financial items and taxes		17.32	-4.13
Interest received	5	0.60	1.22
Interest paid	5	-0.06	0.00
Other financial items, net	5	0.72	-1.09
Dividend received from business operations	5	1.46	3.52
Direct tax paid	6	3.94	-7.86
Cash flow from business operations (A)		**23.97**	**-8.35**
Cash flow from investing activities			
Investments in intangible assets	7	-12.80	-0.85
Investments in tangible assets	7	-4.61	-10.80
Acquisition of subsidiary, net of cash acquired	7	-7.36	0.00
Proceeds from sale of fixed assets	7	1.00	0.03
Loans granted		-0.87	-13.81
Other investments	7	-0.72	-0.30
Net change in financial assets		0.00	23.19
Repayments on loan receivables		3.02	1.70
Cash flow from investing activities (B)		**-22.34**	**-0.85**
Cash flow from financing activities			
Proceeds from borrowings		5.00	0.00
Repayment of long-term loans		-5.00	0.00
Dividend paid	12	-11.84	-16.39
Cash flow from financing activities (C)		-11.84	-16.39
Change in liquid funds (A+B+C) increase (+) / decrease (-)		**-10.21**	**-25.58**
Liquid funds at beginning of period	**10**	**34.62**	**60.20**
Liquid funds at end of period	**10**	**24.41**	**34.62**

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

Inventories

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

Financial assets

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

Foreign currency items

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

Pension costs

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

Research and development costs

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

Income taxes

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

Principles of revenue recognition
Sales of goods and services rendered

Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. Revenue recognition generally takes places 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 2010	Parent Company 2009
EMEA	81.7	74.4
from which Finland	6.5	6.4
Americas	51.6	45.7
from which United States	38.1	33.8
APAC	42.3	40.4
Total	**175.5**	**160.5**

3. Other operating income

EUR million	Parent Company 2010	Parent Company 2009
Gains on the disposal of fixed assets	0.0	0.0
Other operating income	1.4	0.0
Total	**1.4**	**0.1**

4. Personnel

EUR million Personnel costs	Parent Company 2010	Parent Company 2009
Wages and salaries	43.0	38.3
Pension costs	7.2	6.2
Other personnel costs	2.3	2.6
Total	**52.5**	**47.0**
Personnel on average during the year (persons)		
In Finland	799	792
Outside Finland	11	11
Total	**810**	**803**
Personnel Dec. 31		
In Finland	776	794
Outside Finland	10	11
Total	**786**	**805**

Salaries EUR million		Parent Company 2010	Parent Company 2009
Salary and bonuses paid to President and CEO			
Kjell Forsen	President and CEO		
Salary		0.42	0.42
Bonuses		0.00	0.19
Remuneration paid to Members of the Board of Directors			
Gustavsson Stig	Member of the Board	0.03	0.03
Neuvo Yrjö	Member of the Board	0.03	0.03
Niinivaara Mikko	Member of the Board	0.03	0.03
Torkko Maija	Member of the Board	0.03	0.03
Voipio Mikko	Member of the Board	0.03	0.03
Voipio Raimo	Chairman of the Board	0.04	0.04
Total		0.58	0.78
Salaries paid to the other employees		39.32	40.75
Total		**39.90**	**41.53**

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

5. Financial income and expenses

EUR million	Parent Company 2010	Parent Company 2009
Dividend income		
From Group companies	1.5	3.5
From Others	0.0	0.0
Interest income on long-term investments		
From Group companies	0.5	0.3
Other interest and financial income		
From others	1.3	2.6
Change in fair value of assets recognized at fair value through profit an loss*	0.0	-2.1
Interest and other financial expenses		
From others	-2.9	-1.8
Foreign exchange gains and losses		
From Group companies	1.3	0.8
From others	2.6	-1.1
Total	**4.3**	**2.2**

6. Income taxes

EUR million	Parent Company 2010	Parent Company 2009
Taxes for the financial year	4.1	1.3
Taxes from previous years	-0.1	0.1
Taxes paid at source abroad	0.4	0.1
Total	**4.4**	**1.5**

7. Fixed assets and other long-term investments

Parent Company 2010

EUR million Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	14.7	0.9	15.7
Increases	0.1	-	0.1
Decreases	-0.1	-	-0.1
Transfers between items	12.7	-	12.7
Acquisition cost Dec. 31	**27.5**	**0.9**	**28.4**
Accumulated depreciation and write-downs Jan. 1	13.2	0.5	13.7
Accumulated depreciation of decreases and transfers	-0.1	-	-0.1
Depreciation for the financial year	1.9	0.1	2.0
Accumulated depreciation Dec. 31	**15.1**	**0.6**	**15.7**
Balance sheet value Dec. 31, 2010	**12.4**	**0.3**	**12.7**

Parent Company 2009

EUR million Intangible assets	Intangible rights	Other long-term expenditure	Total
Acquisition cost Jan. 1	14.0	0.9	14.8
Increases	0.7	-	0.7
Decreases	0.0	0.0	0.0
Transfers between items	0.1	0.1	0.2
Acquisition cost Dec. 31	**14.7**	**0.9**	**15.7**
Accumulated depreciation and write-downs Jan. 1	12.5	0.5	12.9
Accumulated depreciation of decreases and transfers	0.0	-	0.0
Depreciation for the financial year	0.8	0.1	0.8
Accumulated depreciation Dec. 31	**13.2**	**0.5**	**13.7**
Balance sheet value Dec. 31, 2009	**1.5**	**0.4**	**1.9**

Parent Company 2010

EUR million Tangible assets	Land and waters	Buildings	Machinery and equipment	Muut aineelliset hyödykkeet	Advance payments and construction in progress	Total
Acquisition cost Jan. 1	1.2	26.9	41.5	0.0	16.5	86.0
Increases	-	-	1.3	-	24.5	25.9
Decreases	-	-	-0.4	-	-	-0.4
Transfers between items	-	1.9	2.4	-	-25.1	-20.8
Acquisition cost Dec. 31	**1.2**	**28.8**	**44.8**	**0.0**	**15.9**	**90.7**
Accumulated depreciation and write-downs Jan. 1	-	15.9	32.1	-	-	48.0
Accumulated depreciation of decreases and transfers	-	-	-0.6	-	-	-0.6
Depreciation for the financial year	-	1.3	3.4	-	-	4.7
Accumulated depreciation Dec. 31	**0.0**	**17.3**	**34.8**	**0.0**	**0.0**	**52.1**
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2009	**1.3**	**17.1**	**10.0**	**0.0**	**15.9**	**44.3**

Parent Company 2009

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	28.5	38.9	0.0	9.2	77.8
Increases	-	-	0.9	-	9.9	10.8
Decreases	-	-1.7	-0.8	-	-	-2.4
Transfers between items	-	0.1	2.4	-	-2.6	-0.2
Acquisition cost Dec. 31	**1.2**	**26.9**	**41.5**	**0.0**	**16.5**	**86.0**
Accumulated depreciation and write-downs Jan. 1	-	16.2	30.8	-	-	47.0
Accumulated depreciation of decreases and transfers	-	-1.7	-1.7	-	-	-3.3
Depreciation for the financial year	-	1.4	2.9	-	-	4.3
Accumulated depreciation Dec. 31	**0.0**	**15.9**	**32.1**	**0.0**	**0.0**	**48.0**
Revaluation	0.1	5.6	-	-	-	5.7
Balance sheet value Dec. 31, 2009	**1.3**	**16.6**	**9.4**	**0.0**	**16.5**	**43.7**

The acquisition cost of machinery and equipment belonging the tangible fixed assets was EUR 32.2 million on 31.12.2010 (EUR 29.9 million 31.12.2009).

Parent Company 2010

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from Group companies	Total
Acquisition cost Jan. 1	21.7	0.1	19.4	41.3
Increases	8.1	-	0.9	9.0
Decreases	-	0.0	-2.3	-2.3
Balance sheet value Dec. 31	**29.8**	**0.1**	**18.0**	**47.9**

Parent Company 2009

EUR million Investments	Subsidiary shares	Other shares and holdings	Other long-term receivables from Group companies	Total
Acquisition cost Jan. 1	21.4	0.1	8.8	30.4
Increases	0.3	-	13.8	14.1
Decreases	-	0.0	-3.2	-3.2
Balance sheet value Dec. 31	**21.7**	**0.1**	**19.4**	**41.3**

8. Deferred assets

EUR million	2010	2009
Tax related deferred assets	0.5	0.3
Other deferred assets	0.7	0.4
	1.2	**0.7**

9. Other receivables

EUR million	2010	2009
Advances paid	2.7	3.9
Other	2.4	12.1
	5.1	**13.3**

10. Cash and bank balances

EUR million Cash and bank balances	2010	2009
Cash and balance in the bank accounts	24.4	20.7
Certificates of deposit	0.0	14.0
	24.4	**34.6**

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.

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

EUR million	2010	2009
Currency forwards	0.1	0.1
Fair value, total	**0.1**	**0.1**

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

11. Deferred tax assets and liabilities

EUR million	2010	2009
Deferred tax assets/liabilities, net*	0.8	0.3

*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.

12. Shareholders' equity

The parent company's shares are divided into series, with 3,389,684 series K shares (20 votes/share) and 14,828,680 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 Share capital	2010	2009
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	130.8	140.6
Dividends paid	-11.8	-16.4
Own shares	-0.3	-0.3
Profit from previous years Dec. 31	118.7	123.9
Net profit for the financial year	12.3	6.6
Total equity	**161.0**	**160.5**

13. Non-current liabilities

The company has no loans that would mature after five years or a longer period.
Other non-interest bearing long term liabities comprice of long-term part of accounts payable of ASIC-circuits, EUR 1.7 million.
Circuits are Vaisala's property and they will be paid according to the use of current circuits during the years 2012 to 2014.
Liability is interest-free.

14. Accrued expenses and deferred income

EUR million	2010	2009
Wages, salaries and wage-related liabilities	8.2	6.3
Tax liabilities	3.1	0.0
Other accrued expenses and deferred income	9.7	3.4
	21.1	**9.7**

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

EUR million	2010	2009
Non-current loan receivables	18.0	19.4
Current loan receivables	3.9	2.8
Trade receivables	12.1	13.5
Prepaid expenses and accrued income	0.4	0.0
Total receivables	**34.3**	**35.8**
Trade payables	1.8	1.2
Total liabilities	**1.8**	**1.2**

16. Contingent liabilities and pledges given

EUR million	2010	2009
For own debt or liability		
Guarantees	9.5	13.5
For Group companies		
Guarantees	2.9	2.7
Other own liabilities		
Pledges given	0.7	0.4
Leasing liabilities		
Payable during the financial year	0.4	0.5
Payable later	0.4	0.6
	0.8	1.1
Total contingent liabilities and pledges given	**13.9**	**17.7**

Derivative contracts

EUR million	2010	2009
Capital of off-balance sheet contracts made to hedge against exchange rate and interest risks		
Currency forwards	21.1	15.8
Total capital	**21.1**	**15.8**

17. Auditor's fees

EUR million	2010	2009
PricewaterhouseCoopers Oy, Authorized Public Accountants		
Auditor's fees	0.15	0.13
Tax advice	0.01	0.03
Others fees	0.22	0.17
Total	**0.38**	**0.34**

Shares and Shareholders

Largest shareholders, Dec. 31, 2010

	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Finnish Academy of Science and Letters	21.8	25.9	3.1	7.3
Novametor Oy	13.0	13.7	9.4	10.2
Mikko Voipio	7.7	8.9	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	4.7	2.0	2.5
Mandatum Life Insurance Company Limited	4.1	4.1	4.2	4.2
Minna Väisälä	2.0	2.4	0.1	0.5
Jaakko Väisälä estate	1.6	1.8	1.1	1.2
Voipio Mari	1.4	1.4	1.3	1.3
Voipio Timo	1.4	1.4	1.3	1.3
Voipio Ville	1.4	1.4	1.3	1.3
Nominee registered	3.2	0.0	18.1	14.7

Ownership structure by owner type, December 31, 2010

	Number of owners	% of votes	% of Series K Shares	% of Series A Shares	% of total shares
Companies	288	13.4	13.7	11.8	12.2
Financial and insurance institutions	21	5.6	4.1	12.4	10.9
Municipalities	14	1.7	0.0	9.3	7.5
Non-profit organizations	85	22.2	25.9	5.2	9.1
Private individuals	6 300	53.9	56.3	42.9	45.4
Outside Finland and nominee registered	37	3.3	0.0	18.3	14.9
Not transferred to the book-entry system		0.0	0.0	0.0	0.0
Total	6 745	100.0	100.0	100.0	100.0

Ownership structure by shareholding, December 31, 2010

Number of shares	Number of owners	% of owners	% of votes	% of total shares.	owners of K shares	% of K shares	owners of A shares	% of A shares
1–100	2 931	43.5	0.2	0.9	2	0.0	2 931	1.2
101–1000	3 259	48.3	1.4	6.2	19	0.3	3 259	7.6
1001–10000	467	6.9	3.3	6.9	24	3.6	455	8.0
10001–100000	60	0.9	12.1	11.0	23	23.9	59	12.3
100001–	28	0.4	83.0	74.9	7	72.3	25	70.9
Not transferred to the book-entry system	-	-	0.0	0.0	-	0.0	-	0.0
Total	6 745	100.0	100.0	100.0	75	100.0	6 729	100.0

Vaisala Oyj's Board of Directors held and controlled 1,312,249 shares on 31 December 2010, accounting for 14.6% of the total votes (2009: 1,353,425 shares and 15.6% of the total votes).
The company's President and CEOheld and controlled 2,720 A- shares on 31 December 2010 and had no options.

Signing of the Board of Directors' Report and Financial Statements

Vantaa, 17 February 2011

Raimo Voipio
Chairman of the Board

Stig Gustavson	Mikko Niinivaara	Yrjö Neuvo
Mikko Voipio	Maija Torkko	Kjell Forsén CEO

Auditor's Report

To the Annual General Meeting of Vaisala Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Vaisala Oyj for the year ended 31 December, 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Other Opinions

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

Vantaa, 17 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen	Hannu Pellinen
Authorised Public Accountant	Authorised Public Accountant

Information for Shareholders

Annual General Meeting

Vaisala Oyj's Annual General Meeting will be held on Thursday March 24, 2011, at 6 p.m. at Vaisala's headquarters, Vanha Nurmijärventie 21, 01670 Vantaa, Finland. The reception of shareholders who have pre-registered to the meeting will start at 5.15 p.m.

The following items will be presented at the meeting:

1. The Board of Directors propose that the Articles of Association 3§, 5§, 6§, 9§, 10§ and 12§ are amended. The main content of the amendment is to increase the maximum number of Board members to eight (8) and to make technical updates to meet the present wording of the Companies Act and established practices of the company.

2. 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 includes the items associated with calling the meeting to order according to normal Annual General Meeting practice.

3. 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 0.65 per share be paid for 2010. The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd on the record date March 29, 2011. The Board proposes that the dividend be paid on April 5, 2011.

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 2012, will

be as follows: EUR 35,000 for the Chairman and EUR 25.000 for each member.

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

The terms of office of Board members Mikko Niinivaara and Raimo 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 24, 2011 that Mikko Niinivaara and Raimo Voipio are re-elected.

The same shareholders have also proposed that the number of Board members in Vaisala Corporation's Board is seven (7) and that Timo Lappalainen is elected as a new member of the Board.

Proposal for the election of auditors and their fee

The Board proposes that PricewaterhouseCoopers Oy, Authorized Public Accountants, continues as the Company's auditor. PricewaterhouseCoopers Oy has informed that APA Hannu Pellinen will act as the auditor with the principal responsibility.

The Board of Directors further proposes that the auditors' compensation will be based on reasonable invoicing presented to the company.

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

The authorization of the Board to grant donations

The Board of Directors proposes that the Annual 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 is authorized to decide on the recipients and the payments they receive. The authorization would be in force until the 2012 Annual General Meeting.

Documentation

Documents relating to the financial statements, Board of Directors' proposal for the amendment of the Articles of Association, and other documentation for Annual General Meeting will be available on March 3, 2011 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 by March 3, 2011 at the latest.

Total number of shares and votes by series of shares

On February 21, 2011, the date of the invitation to the General Annual Meeting, Vaisala Oyj had 18,218,364 shares, out of which 3,389,684 are series K shares and 14,828,680 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 82,622,360 out of which the series K shares represent 67,793,680 votes and series A shares 14,828,680 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 by March 14, 2011 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 to attend the Annual General Meeting, provided that such shareholders were registered in the company's share register before October 21, 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 Tuesday, March 15, 2011, 4 p.m. Registration starts on February 28, 2011 at 9 a.m.

Registration can be made

- on Vaisala's web site at www.vaisala.com/investors,
- by email to paivi.heinonen@vaisala.com
- by telephone on weekdays between 9 a.m. and 11 a.m., tel. +358 9 8949 2201,
- by letter addressed to Vaisala Oyj, Päivi Heinonen, P.O.Box 26, FI-00421 Helsinki, Finland

In connection with the registration, a shareholder shall notify his/her name, personal identification number, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of a proxy representative. The personal data given to Vaisala Oyj is used only in connection with the Annual General Meeting and with the processing of related registrations.

Letters authorizing a proxy to vote on behalf of a shareholder should be sent to the company by mail to Vaisala Oyj, Päivi Heinonen, P.O. Box 26, 00421 Helsinki or by email to paivi.heinonen@vaisala.com before the expiry of the registration period.

2. Holders of nominee registered shares

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholder's register of the company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the meeting, to be temporarily entered into the shareholders' register of the company at the latest on March 21, 2011 by 10 a.m.

Vantaa February 17, 2011

Vaisala Oyj
Board of Directors

Investor Calendar 2011

Interim Reports

January–March (Q1)	May 6, 2011
January–June (Q2)	August 4, 2011
January–September (Q3)	November 4, 2011

The result stock exchange releases, presentations and briefing webcasts will be published at **www.vaisala.com/investors**.

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

Annual General Meeting

The Annual General Meeting is held March 24, 2011 at Vaisala's headquarters in Vantaa, Finland. See previous pages for invitation and registration instructions.

Capital Markets Day

Vaisala will organize a Capital Markets Day for institutional investors and analysts in November (week 45).

Corporate Publications and Releases

Financial Statements

Vaisala Financial Statements are published in Finnish and English. A pdf version of the report is available at **www.vaisala.com/investors**.

Online Annual Report

Vaisala's annual report is available online at **www.vaisala.com/annualreport.** A pdf version can be accessed at the same address.

Corporate Responsibility Report

In addition to the financial statements and the online annual report, Vaisala publishes a printed corporate responsibility report. The CR report is also available online in pdf format at **www.vaisala.com/sustainability.**

Vaisala News

The corporate customer magazine, Vaisala News is published three times a year. Pdf versions of the magazine are available at **www.vaisala.com/vaisalanews**.

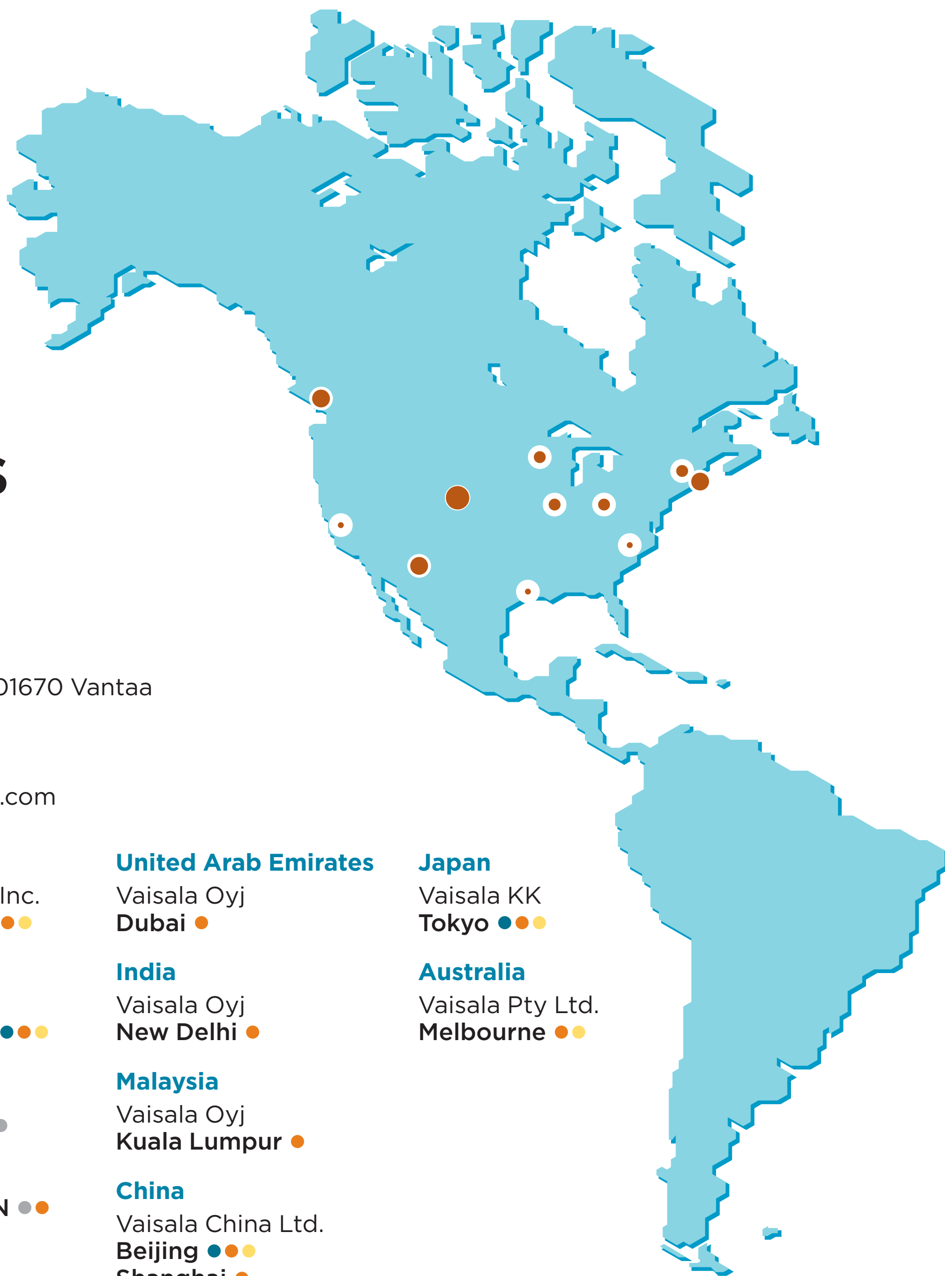
All the publications above can be ordered from **forms.vaisala.com/forms/publicationorder** or **info@vaisala.com**.

Releases and News

Stock exchange and press releases are available on the Vaisala website at **www.vaisala.com/press**. You can join the release distribution list at **www.vaisala.com/subscribetoreleases**.

Vaisala Knowledge eNewsletter

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



Vaisala Offices

Finland
Vaisala Oyj
Corporate Head Office ● ● ● ● ●

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France
Vaisala SAS
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Malmö ●
Stockholm ●

Germany
Vaisala GmbH
Hamburg ● ● ●
Uhingen ●
Bonn ●

Canada
Vaisala Canada Inc.
Vancouver ● ● ● ● ●

United States
Vaisala Inc.
Boulder, CO ● ● ● ● ●
NA Head Office

Boston, MA ● ●
Columbus, OH ●
Durham, NC ●
Houston, TX ●
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St. Louis, MO ●
Tucson, AZ ● ●
Westford, MA ●

United Arab Emirates
Vaisala Oyj
Dubai ●

India
Vaisala Oyj
New Delhi ●

Malaysia
Vaisala Oyj
Kuala Lumpur ●

China
Vaisala China Ltd.
Beijing ● ● ●
Shanghai ●
Shenzhen ●

Japan
Vaisala KK
Tokyo ● ● ●

Australia
Vaisala Pty Ltd.
Melbourne ● ●

Research and development ● | **Production** ● | **Service** ● | **Sales** ● | **Administration** ●

Offices contact details: **www.vaisala.com/en/contact/offices.**

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